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# THE AMERICAN BUSINESS PRESENCE IN SINGAPORE

*2020*

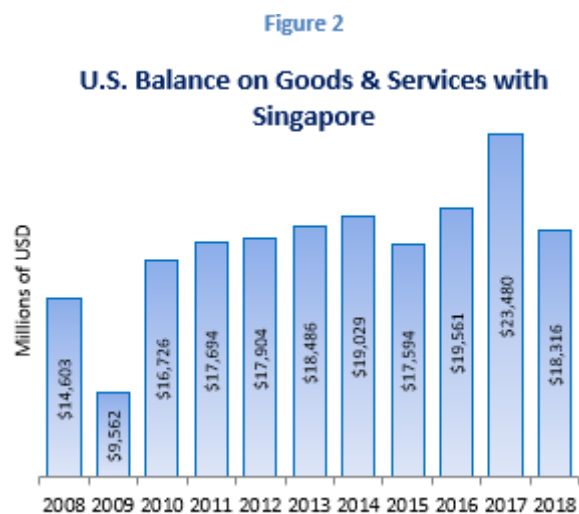
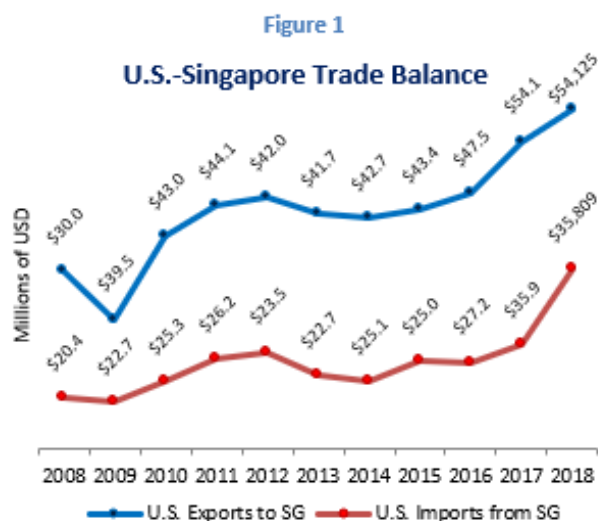


Singapore and the United States have a dynamic economic relationship, underpinned by the U.S. – Singapore Free Trade Agreement (USFTA), which came into effect in 2004. Both sides have seen significant growth in bilateral trade and investments since.

Over 4,000 American companies operate in Singapore<sup>1</sup>, with many using the city-state as their regional hub for Asia-Pacific business activities. Despite having a relatively small population of less than 6 million, Singapore has a remarkable ability to attract global trading partners and investment opportunities, making it a key member of the Association of Southeast Asian Nations (ASEAN) economic bloc.

## U.S. – Singapore Bilateral Trade

- In 2018, Singapore was the U.S.’ 16th largest goods trading partner and 12th largest export market<sup>2</sup>. Singapore is the U.S.’ largest trading partner in ASEAN.
- In 2018, total U.S.-Singapore goods and services trade totaled US\$90 billion (figure 1), an increase of 20% from 2017.
- The U.S. trade surplus with Singapore was US\$18.3 million in 2018 (figure 2)<sup>3</sup>.



Singapore’s welcome for U.S. trade and business was emphasized Singapore Minister for Foreign Affairs Dr. Vivian Balakrishnan at an address to AmCham Singapore members, affirming that “these liberal economic arrangements have generated jobs, enhanced competitiveness and maintained relevance for us as well as generated jobs in the US”.<sup>4</sup>

## Investment

In 2018, American Foreign Direct Investment (FDI) in Singapore stood at US\$218 billion in stock (figure 3).<sup>5</sup>

U.S. FDI in Singapore is made up primarily by non-bank holding companies, wholesale trade, and manufacturing.<sup>6</sup>





## Singapore as a Regional Hub

Singapore has historically been the ideal location for companies to base their headquarters for both the Southeast Asia region, as well as the broader Asia-Pacific. Although Hong Kong and Shanghai are also popular choices, they host half and quarter as many regional headquarters as there are in Singapore respectively. The choice of Singapore is underscored by the World Bank consistently ranking Singapore among the top nations to conduct business in.<sup>7</sup>

A survey of AmCham Singapore members summarizes the benefits to American companies by conducting business in Singapore.<sup>8</sup>

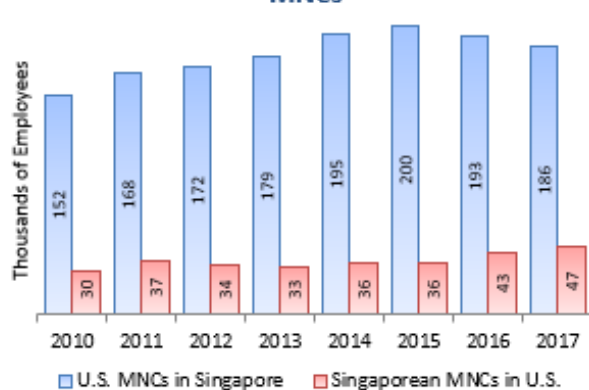
- 95% of member companies reported either consistent or increased trade and investment opportunities over the past two years.
- 97% are expecting either consistency or a further increase in trade and investment in the next five years.
- Every year since surveying began in 2012, the vast majority (76% in 2019) of surveyed American companies in Singapore have expected profit increases (figure 4).

## Employment Opportunities

American businesses are a strong source of employment for Singaporeans. In 2017, American multinational companies based in Singapore employed 186,000 workers in Singapore (figure 5).<sup>9</sup>

Figure 5

Employment by U.S. & Singaporean MNCs

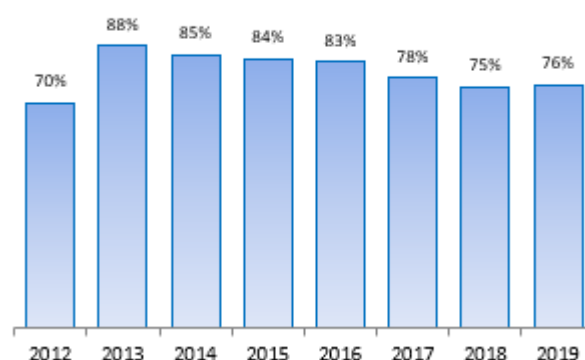


## Future Areas of Cooperation

In 2016, Singapore and the U.S. signed a Memorandum of Understanding (MOU) to establish a United States–Singapore Collaboration Platform to bolster the e-commerce and financial technology (fintech) sectors. This agreement included the creation of joint capacity-building initiatives for Singapore and American businesses, and the promotion of technology partnerships between businesses of both countries in third-party markets. This agreement was renewed in November 2018 with its scope expanded to include cooperation in energy, standards, and advanced manufacturing.<sup>12</sup>

Figure 4

% of U.S. Businesses in Singapore Expecting Profits to Increase



- 58% of surveyed American companies in Singapore comprise of a workforce where more than half of the employees are Singaporean citizens.
- 46% of surveyed companies report a senior-level workforce where more than half are Singaporean citizens.<sup>10</sup>

Singapore businesses also provide employment opportunities for American professionals. Manpower Minister Josephine Teo remarked that Singapore's policies are geared to "enable Singapore-based businesses to assemble the best international teams to compete on the world stage, and create more quality jobs for our people while build[ing] the local pipeline."<sup>11</sup>

In the same month, a Tax Information Exchange Agreement was signed to enhance tax transparency and prevent tax-related crimes. It allows authorities in Singapore and the U.S. to request information that is relevant to enforcing tax laws and is accompanied by a reciprocal Inter-Governmental Agreement.<sup>13</sup>

A Declaration of Intent (DOI) was also signed to collaborate on a Singapore-U.S. Cybersecurity Technical Assistance Programme for ASEAN Members. It will build on Singapore's ASEAN Cyber Capacity Programme (ACCP) and the U.S.' Digital Connectivity and Cybersecurity Partnership initiatives, and provide training workshops with key industry partners.<sup>14</sup>

In September 2019, Singapore and the U.S. renewed for another 15 years a key defense pact allowing American forces to use Singapore's air and naval bases. The landmark agreement, known as the 1990 MOU Regarding United States Use of Facilities in Singapore, has facilitated the U.S.'s security presence in the region for 30 years.

## Endnotes

- 1 U.S. Embassy in Singapore, "U.S.-Singapore Relations" (<https://sg.usembassy.gov/our-relationship/policy-history/us-country-relations/>)
- 2 International Trade Administration, "Singapore Country Commercial Guide" (<https://www.export.gov/article?id=Singapore-Market-Overview>)
- 3 Bureau of Economic Analysis, "International Trade in Goods and Services" (<https://www.bea.gov/data/intl-trade-investment/international-trade-goods-and-services>)
- 4 Derek Wong, Straits Times, "US businesses in Singapore very confident about growth in Asean: Survey" (<https://www.straitstimes.com/business/companies-markets/us-businesses-in-singapore-very-confident-about-growth-potential-in-asean>)
- 5 Data.gov.sg by GovTech, "Stock of Foreign Direct Investment in Singapore by Country, Annual" ([https://data.gov.sg/dataset/foreign-direct-investment-in-singapore-by-country-region-stock-as-at-year-end-annual?resource\\_id=44764a59-1b20-48d2-955c-60862af46bf3](https://data.gov.sg/dataset/foreign-direct-investment-in-singapore-by-country-region-stock-as-at-year-end-annual?resource_id=44764a59-1b20-48d2-955c-60862af46bf3))
- 6 United States Trade Representative, "Singapore" (<https://ustr.gov/countries-regions/southeast-asia-pacific/singapore>)
- 7 The World Bank "Rankings & Ease of Doing Business" (<https://www.doingbusiness.org/en/rankings>)
- 8 AmCham Singapore. "ASEAN Business Outlook Survey 2012-2019." (<http://www.amcham.org.sg/public-affairs/publications/>)
- 9 Bureau of Economic Analysis, U.S. Department of Commerce. "U.S. International Trade in Goods and Services." (<http://www.bea.gov/international/factsheet/factsheet.cfm?Area=625>)
- 10 AmCham Singapore. "2019 ASEAN Business Outlook Survey." (<http://www.amcham.org.sg/public-affairspublicationsasean-business-outlook-survey-2019/>)
- 11 Joanna Seow, Straits Times, "Stiffer salary rules for firms to hire foreign workers." (<https://www.straitstimes.com/politics/stiffer-salary-rules-for-firms-to-hire-foreign-workers>)
- 12 Ministry of Foreign Affairs. "MFA Press Statement: Official Visit of Vice President of the United States Michael R Pence, 13 to 16 November 2018." ([https://www1.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2018/11/16112018\\_Pence](https://www1.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2018/11/16112018_Pence))
- 13 Ministry of Foreign Affairs. "MFA Press Statement: Official Visit of Vice President of the United States Michael R Pence, 13 to 16 November 2018." ([https://www1.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2018/11/16112018\\_Pence](https://www1.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2018/11/16112018_Pence))
- 14 Ministry of Communications and Information. "Singapore and the United States sign Declaration of Intent on Cybersecurity Technical Assistance Programme." (<https://www.csa.gov.sg/news/press-releases/singapore-and-the-us-sign-doi-on-cybersecurity-technical-assistance-programme#sthash.kb1X7w76.dpuf>)