

# The American Business Presence in Singapore

## 2023 Facts and Figures

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

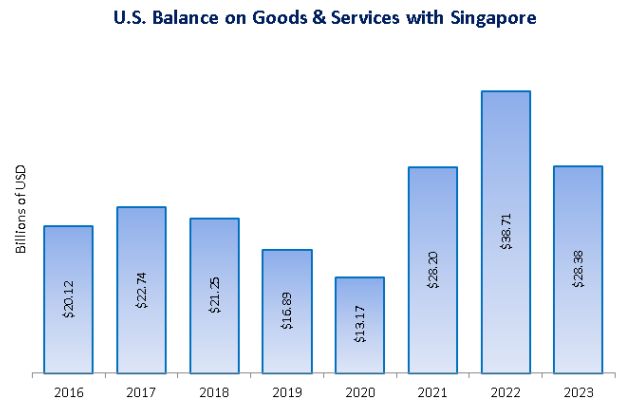
There are 5,700 American companies operating in Singapore,<sup>1</sup> with many using the city-state as their regional hub for Asia-Pacific business activities. Despite having a relatively small population of nearly 6 million, Singapore has a remarkable ability to attract global trading partners and investment opportunities, making it a key member of the Association of Southeast Asian Nations (ASEAN) economic bloc.

### U.S.–Singapore Bilateral Trade

- January 1, 2024 marks the 20th anniversary of the implementation of the U.S.-Singapore Free Trade Agreement. Since 2004, Singapore-U.S. trade has almost tripled from US\$83 billion to **US\$207 billion** in 2021.<sup>2</sup>
- In 2023, U.S.-Singapore goods & services trade totalled over **US\$131 billion**, with U.S. exports to Singapore coming to over US\$80 billion. The U.S. trade surplus with Singapore in 2023 was **US\$28.4 billion**, a drop from US\$38.7 billion in 2022 (Figure 1).<sup>3</sup>
- In 2023, U.S.-Singapore goods trade totalled over **US\$82 billion**<sup>4</sup>, with Singapore being the 11th largest goods export market for the U.S.<sup>5</sup> While goods exports to Singapore slumped to **US\$42.5 billion** in 2023, an 8.1% decrease from 2022, the U.S. remains Singapore’s 3rd top goods importer.<sup>6</sup> Leading exports include commodities, chemicals, aerospace machinery and other mechanical and electronic equipment, and optical and medical instruments and pharmaceutical products.<sup>7</sup>

- In 2023, U.S.-Singapore services trade totalled over **US\$49 billion**. U.S. services exports to Singapore hit an all-time high of **US\$37 billion** in 2023, a 9.6% increase from 2022.<sup>8</sup>

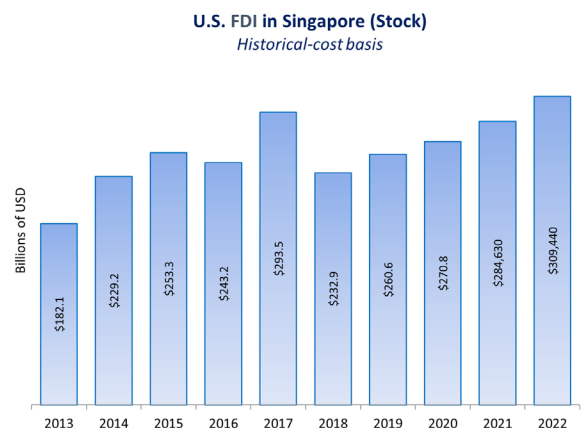
Figure 1<sup>9</sup>



### Investment

- In 2022, U.S. Foreign Direct Investment (FDI) in Singapore stood at **US\$309.4 billion** (Figure 2), an 8.7 percent increase from 2021.<sup>10</sup> It is more than in Mainland China, Japan, and South Korea combined, and consists primarily of non-bank holding companies, manufacturing, and wholesale trade.<sup>11</sup> The presence of American companies in Singapore support around 215,000 American jobs.<sup>12</sup>
- Meanwhile, Singapore’s investment in the U.S. stood at \$44 billion in 2021, ranking third amongst Asian countries.<sup>13</sup>

Figure 2<sup>14</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. The choice of Singapore is underscored by the World Bank consistently ranking Singapore among the top nations to conduct business in.<sup>15</sup>

This is due to several reasons, including:

- Over 25 Free Trade Agreements (FTAs) provide Singapore-based firms access to the markets of partner countries. Singapore also has over 90 Double Taxation Agreements (DTAs) that can reduce the tax burden of employees of financial institutions (FIs) with a presence in Singapore and a partner country.<sup>16</sup> Furthermore, Singapore has four Digital Economy Agreements (DEA) with countries such as the UK Australia, Korea, Chile, and New Zealand. DEAs facilitate seamless end-to-end digital trade, enable trusted data flows, and create trust in digital systems, building on the provisions of FTAs.<sup>17</sup>
- Excellent global connectivity to serve the fast-growing markets of Southeast Asia and beyond. As a major air, sea and telecommunications hub in Asia, Singapore offers market access to 4 billion people within a 7-hour flight radius. In fact, Changi International Airport receives over 7,000 flights a week to 400 cities in 100 countries.<sup>18</sup>
- A highly skilled labour force that ranks 2nd globally, and 1st in Asia-Pacific in INSEAD's Global Talent Competitiveness Index 2022.<sup>19</sup> More than 30 per cent of its workforce hold a university degree, with another 15 per cent having earned a diploma or professional qualification. Singapore's bilingual education policy also means that its people are proficient in both English and another regional language, such as Mandarin, Malay or Tamil.<sup>20</sup>

- Its ability to attract and grow talent, which is rank 2nd globally. This is due to its safety, political stability, quality of life, strong rule of law, digital friendly environment, high quality infrastructure, excellent digital connectivity, and efforts in adopting technologies efficiently.<sup>21</sup>

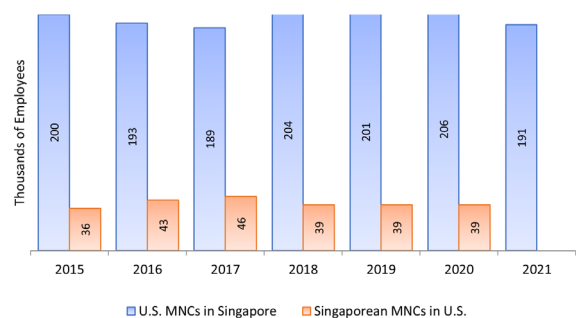
These domestic factors are complemented by numerous regional trade facilitation schemes such as the ASEAN Free Trade Area, ASEAN Investment Area, ASEAN Framework Agreement on Services, and ASEAN Single Window that allows businesses to easily access regional markets.<sup>22</sup>

## Employment Opportunities

American businesses are a strong source of employment for Singaporeans. In 2021, American multinational companies based in Singapore employed 191,400 workers (Figure 3).<sup>23</sup>

**Figure 3**

Employment by U.S. & Singaporean MNCs



A survey of AmCham Singapore members in 2023 highlighted opportunities and challenges facing member companies when it comes to talent recruitment and retention.

- **A third** of surveyed companies report that for their Singapore offices, they have a senior-level workforce where more than half are Singaporean citizens.

- Around **40%** of member companies report that in their Southeast Asia offices, excluding Singapore, more than half of their workforce are Singaporeans.
- While employers looking to hire entry-level Singaporeans continue to find it challenging to recruit local candidates with relevant skills, the technical skills gap has reduced considerably compared to 2022, from 52% to **41%**.<sup>24</sup>

## New and Ongoing Initiatives in U.S.-Singapore Relations

- U.S.-Singapore Partnership for Growth and Innovation (2021-current)
  - » Aims to increase collaboration between U.S. and Singapore companies by strengthening trade and investment collaboration in new and forward-looking areas, starting with (i) digital economy and smart cities; (ii) advanced manufacturing and supply chains; (iii) clean energy and environmental technologies; and (iv) healthcare.<sup>25</sup>
- Third Country Training Programme (2021-current)
  - » Jointly offers technical assistance and capacity building to other countries, particularly in ASEAN. In 2023, the Programme was expanded to include members of the Pacific Islands Forum. The TCTP has hosted more than 1,000 officials in 40 courses since its establishment in 2012.<sup>26</sup>
- U.S.-Singapore Climate Partnership (2021-current)
  - » Advances and strengthens both countries' collaboration on climate action, environmental governance and standards, sustainable development R&D, and low- and zero-emission solutions. The partnership was updated in 2023 to intensify efforts in five areas: regional energy transition; low- and zero-emission technologies and solutions; nature-based solutions and carbon markets; urban decarbonisation and resilience; and capacity building.<sup>27</sup>
- U.S.-Singapore Critical and Emerging Technology Dialogue (2023 - current)
  - » Bolsters cooperation in six key focus areas related to high-end and emerging technology fields: AI, digital economy and data governance, biotechnology, critical infrastructure and technology supply chains, defense innovation, and quantum information science and technology.<sup>28</sup>
- Infocomm Media Development Authority (IMDA) - Federal Communications Commission (FCC) Memorandum of Understanding (MOU) (2023 - current)
  - » Strengthens cross-border efforts to combat unsolicited and unlawful communications including scams by enhancing cooperation in regulatory enforcement activities; and mutual information exchanges in areas such as regulatory frameworks and technical and policy solutions related to unsolicited and unlawful communications in Singapore and the U.S.<sup>29</sup>
- U.S.-Singapore Space Dialogue (2023 - current)
  - » Platform designed to strengthen bilateral exchanges and entrench cooperation in civil space matters, including earth observation and sustainability of the outer space environment.<sup>30</sup>

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