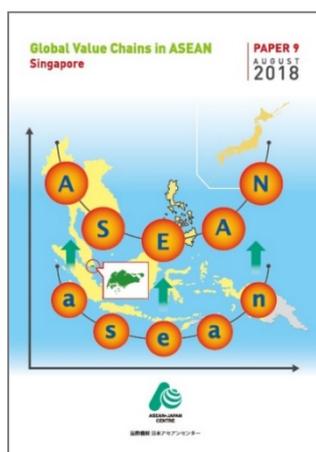


Some four-fifths of Singapore exports are of foreign origin, AJC says in a new study on GVCs in Singapore



Sixty-two per cent of value added exports from Singapore are created outside the country and, if they include exports from foreign affiliates in Singapore, the foreign share would rise to 80%, according to a study on global value chains (GVCs) in Singapore released by the ASEAN-Japan Centre (AJC) today.

AJC, an intergovernmental organization of ASEAN and Japan based in Tokyo, issued today a paper on global value chains (GVCs) in Singapore (https://www.asean.or.jp/en/centre-wide/centrewide_en/). The paper provides an in-depth analysis on Singapore GVCs and some practical advice for relevant government policymakers on how to maximize the benefits and minimize the risks associated with GVCs in a more sustainable development manner.

The paper, entitled as “Global Value Chains in ASEAN: Singapore”, is one of a 16-paper series on ASEAN GVCs. The AJC has already issued the paper on ASEAN as a whole, the country papers for Brunei and the Philippines, and the paper focused on the tourism industry since it started the study in 2016, and other 11 papers will be produced subsequently.¹

¹ This is a multiyear and first-phase research effort, producing and updating value chain data for individual countries of ASEAN and analytical papers based on the results of these data. Under this multiyear programme, 16 evidence-based and policy-oriented technical reports will be prepared: in addition to this general paper on ASEAN as a whole (Paper 1), individual reports on 10 ASEAN member countries (Papers 2–11) and five selected industries (Papers 12–16) – electronics, automobiles, textiles and clothing, agribusiness, and tourism.

These papers are based on data on value added trade that AJC has been creating in cooperation with Eora² and the United Nations Conference on Trade and Development (UNCTAD).

Major findings of the study on Singapore include the following:

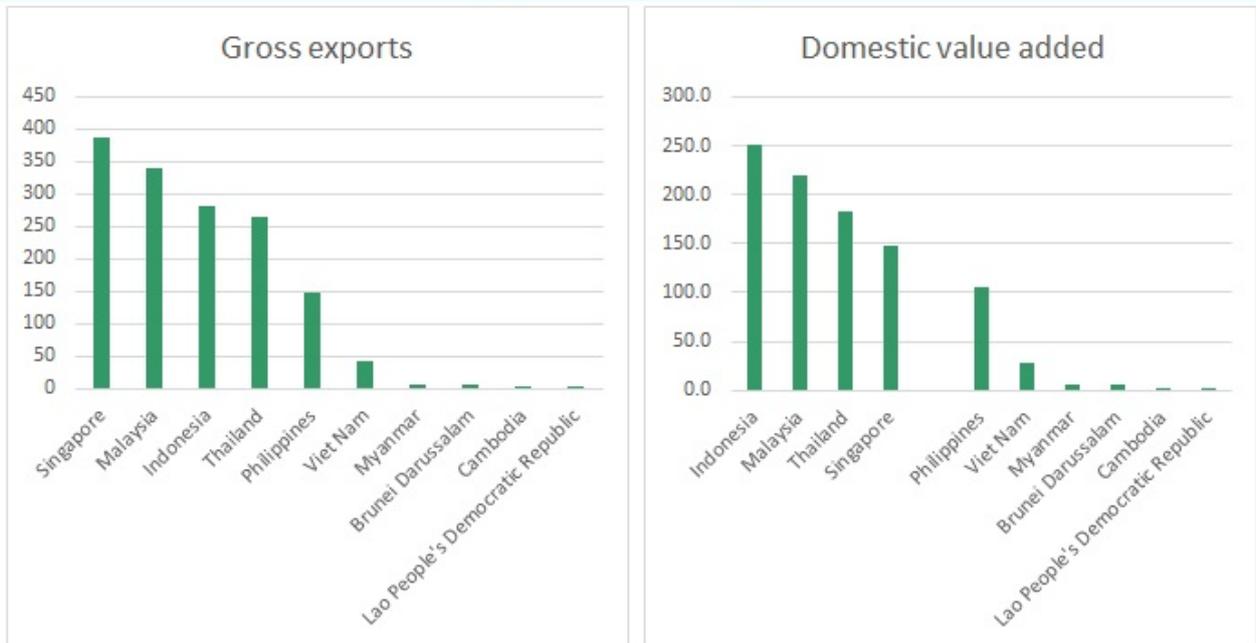
- ◆ Singapore, a small city-state that had no major economic assets at the time of its establishment, has become a large, services-oriented economy and the largest exporter among ASEAN countries. However, it has the largest share of value added trade that does not derive from the local economy but from other foreign countries. Therefore, Singapore would rank only the 4th in terms of value added falling in the country (Figure1).
- ◆ The share of foreign value added in gross exports varies by industry, with an all-industry average of 62 per cent (Figure 2), and with the evolution of countries participating in Singapore GVCs. The top two foreign countries providing inputs to Singapore – Japan and the United States – had lost the lead to ASEAN by 2005 (Figure 3), but their loss of home-country exports was compensated to a certain extent by international production.
- ◆ Japan-Singapore relations in GVCs incorporate many products, resulting in Japanese products' contributing to 6 per cent of Singapore's exports.
- ◆ As much as 80 per cent of the value added exports of Singapore are estimated to be of foreign origin.
- ◆ The downstream part of Singapore's GVCs are the shortest among ASEAN member states because Singapore's exported products are mainly for final demand and high-tech products that are embedded in final products.
- ◆ As Singapore's export products have a global market, the country's GVCs extend more than usually outside ASEAN.
- ◆ In order to maintain the benefits from GVCs for the economy, Singapore should take steps to upgrade its capacity to provide various functions by maintaining high levels of foreign direct investment (FDI) and distributing the benefits deriving from innovation.

To download the paper and the database, please visit the AJC website at

https://www.asean.or.jp/en/centre-wide/centrewide_en/

² Eora, or the Eora project, is based at the University of Sydney and comprises an international team of researchers who developed the "multi-region input-output database" (www.worldmrio.com). This database is the basis for value added trade estimates and their database was used in the AJC project on GVCs.

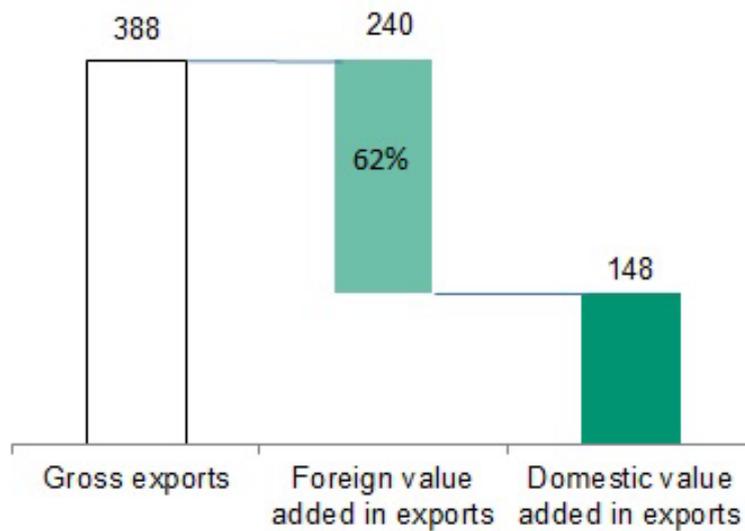
Figure 1. Value added exports (gross exports) and domestic value added in exports from Singapore, 2018: a comparison with other ASEAN Member States (Billions of dollars)



Source: ASEAN-Japan Centre, *Global Value Chains in ASEAN: Singapore*

Note: Gross exports refer to the sum of domestic value added and foreign value added.

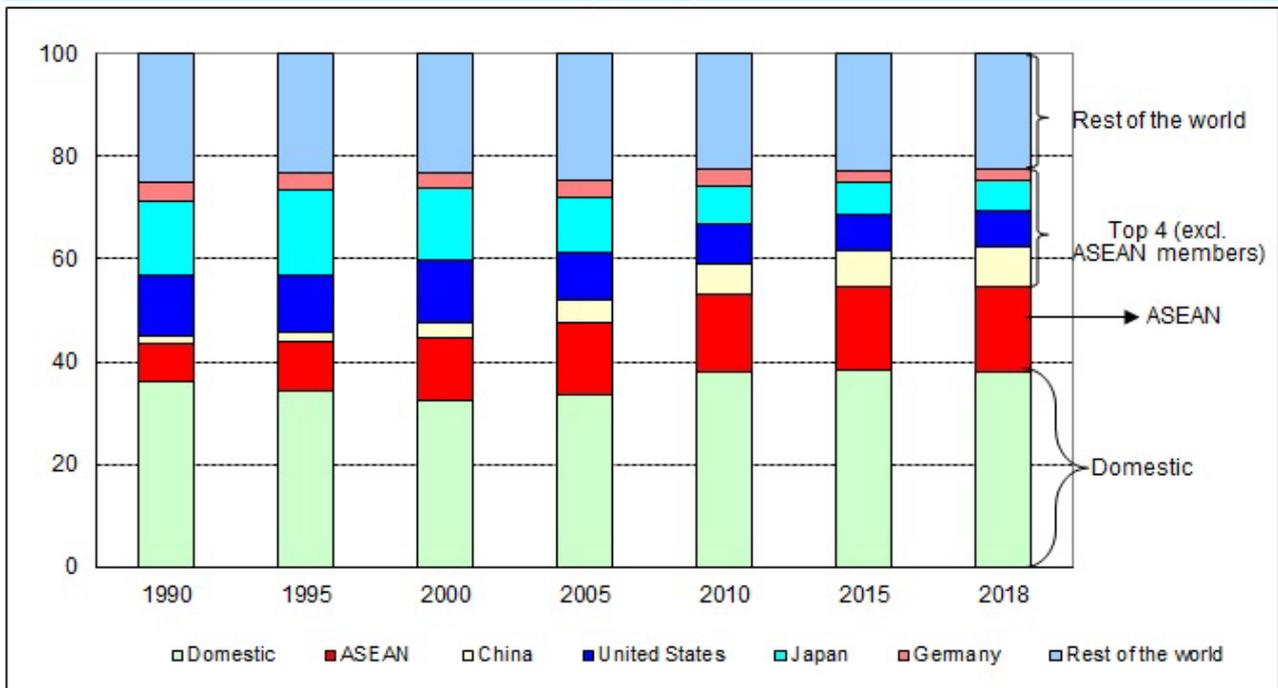
Figure 2. Value added exports from Singapore, 2018 (Billions of dollars)



Source: ASEAN-Japan Centre, *Global Value Chains in ASEAN: Singapore*

Figure 3. Value added exports from Singapore, by value added creators, 1990–2018

(Per cent)



Source: ASEAN-Japan Centre, *Global Value Chains in ASEAN: Singapore*

Note: Value added exports for 2016–2018 are projected by UNCTAD and Eora.

<< **ASEAN-Japan Centre** >>

The ASEAN-Japan Centre is an intergovernmental organization established by the ASEAN Member States and Japan in 1981. It has been promoting exports from ASEAN to Japan while revitalizing investment, tourism as well as people-to-people exchanges between the ASEAN Member States and Japan.

URL : <https://www.asean.or.jp/en/>

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