

# Issues on Singapore's Competitiveness in an Increasingly Borderless

## World Economy

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### Abstract

Globalization is a very pervasive reality in the modern world economy that we are facing now and this can be a fortunate thing or an awful reality. Hence, the globalizing world economy necessitates countries to remain competitive in order to enjoy the benefits that globalization could bring if they do not want to be left out. The question now boils down to how can a country remain competitive in a globalizing world economy? In specific, how can Singapore, as a small-open economy, remain competitive in this increasingly borderless world?

Theoretically, there are several things that we have identified and argued here that could sustain one country's ability to remain competitive. Factors like a good and prudent government, certain level of infrastructure that must be satisfied by a country, the degree of openness of a country, and encouraging domestic savings to boost domestic investments will be discussed here.

Turning the focus to illuminate ways for Singapore to remain competitive in this global world economy, we identify some key challenges and opportunities from an increasingly borderless world such as: the needs for enhanced logistics and transportation services; world-class services sector; high quality education services and research & development (R&D) activities, and well-built financial hub. The position of Singapore in these areas will be discussed as well as to support the analysis of ways through which Singapore can remain competitive in the current trend of borderless world economy.

The main attention will be drawn to the intriguing issue of high labor cost in Singapore. It will be easy to suggest that for Singapore to remain competitive, she should cut wages down to a reasonable level which can result into those benefits that we have outlay in this essay. **But, is this really the precise step that Singapore should take?** In short, our answer is no. We will argue why Singapore should **not** cut the wages as the way to sustain her competitiveness. We then conclude by giving a very simple recommendation for Singapore to increase the level of competitiveness in the era of globalizing world economy. In addition to that, several sectors are also recommended as lucrative sectors that can function as engine of growth for Singapore in this globalizing world economy.

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## **1. Introduction**

Globalization is the process in which the world becomes progressively borderless and the national boundary that kept a country focusing only on its domestic matters is dwindled down. Looking in particular from the economics point of view, globalizing world economy is signified with an increasing trend in the mobility of goods, services, and labors across national borders. In other words, an increasing number of products originating from another country can now be found available in another country; services that once were obtainable only to a particular country can now be enjoyed in another country; and two of the factors of production (i.e. capital and labor) can now easily move from one country to another in search for better and challenging returns and opportunities. The fact that we are now living in a world that becomes less bounded can be a fortunate thing or an awful reality.

The volume of the managerial and technical skills, financial, capital, and other resources are flowing rapidly across countries that provide countries with greater opportunities to fuel the economic growth. In particular, the vast mobility in factors of production and services has resulted in significant changes in the world economic condition. For example, the so called third-world (developing) countries can now enjoy production and management techniques from developed countries that enable them to explore the valuable resources in their countries by utilizing the knowledge brought from abroad to improve the nation's welfare. These facts pointed out the promising side of globalizing world economy, especially from the knowledge-spillovers effects that globalization could bring. However, one should always be aware of the unfavorable

consequences that globalization might cause. The threats of the financial crises as we have just witnessed in the year 1997 speak clearly about the truth of the incautious use of these latent sources of economic growth that could turn countries into an economic nightmare. The increased instability caused by the globalizing world economy can be due to the facts that capital can now move more freely than before, causing the tractability of short- and long-term capital inflow to be less viable. Speculations motive, arbitraging-for-profits, and many other destabilizing actions are the main causes for the instability of a particular country in the setting of world economy that is becoming more global.

The question now boils down to how can a country remain competitive in a globalizing world economy? In specific, how can Singapore, as a small-open economy, remain competitive in this increasingly borderless world? We are going to answer these questions by stating modestly how and what a country should do, theoretically, to remain competitive in this globalizing world economy. It then proceeds to some details in addressing the Singapore's conditions and issues of remaining competitive in the midst of globalization. The hypothetical and practical sides will be discussed thoroughly as well.

## **2. Issues on Singapore's Competitiveness**

Owing to the definition of competitiveness from the world competitiveness yearbook (WCY), we will use this concept of competitiveness of a country – and Singapore in particular – that is described as follows. A country is said to be competitive if it has the ability to conceptualize, create, and maintain a circumstance that affirms and sustains more (economic) value creation for enterprises in that nation and more prosperity for the

welfare of its people that are shaped by the realities and its policies. We will employ this understanding of competitiveness throughout the whole essay<sup>1</sup>. Having explained the meaning and definition of competitiveness, we should be asking further: why does competitiveness have anything to do with the current trend of globalizing world economy? The answer, apparently, lies in the fact that as the world economy is becoming more and more borderless, the only way that a country can gain more welfare and prosperity is by keeping herself competitive as to give distinct advantages above other countries in the goods or services sectors. Given the definition, we could infer that the role of government is particularly essential in creating conducive environment for corporations to carry out their invention and innovation process which will create more added value to a country. Major fiscal and monetary policies are definitely controlled by the state in order to sustain its growth path in the midst of globalizing world economy. Hence, it is clear that a good and prudent government would ensure the effectiveness and efficiency of every policy being implemented in order to gain competitiveness in a world economy.

Secondly, a country should have certain level of infrastructure as to obtain better outcomes from every process of value creation for achieving higher prosperity and welfare. Infrastructures can be defined as the capabilities of a nation to provide domestic technological arena and to supply certain extent of technological knowledge. Following

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<sup>1</sup> This definition is necessary to emphasize the fact that a country is **not** viewed as competitive based on *wealth* (as this can be the result of the country's abundant natural resources); *power* (since power is the combination of wealth and size of a nation – e.g. Singapore can be classified as a competitive nation despite its physical size); *GDP indicator* (since GDP does not take into account the volatility of the economy or growth sustainability and it excludes the impact of non tangible assets such as education and research and some other intangible materials that can be counted to determine its competitiveness).

the sufficient infrastructures, businesses efficiency is likely to be ensured. This will create incentives for multinational corporations to invest into that particular country and leverage its technological know-how to the host country. This will definitely benefit a country since it can obtain more technological skills and capabilities to sustain and increase its economic growth. In relation to that, the third important point will be the degree of openness of a country which will translate into the improvement of economic performance since higher level of openness will ensure more international trade activities to take place. This will yield an increase in the level of investment from abroad that is likely to be beneficial for host country.

Fourthly, if the increased domestic savings are also encouraged, the level of domestic investment will increase as well. That increment of domestic investment, coupled with the significant level of foreign investment (FDI), enables a country to go accelerating its economic growth even faster. Overall, the economic performance will be enhanced if a country can maintain its competitiveness, especially given the condition of an increasingly borderless world economy that necessitates a country to remain competitive in order to gain more prosperity and sound economic well being.

Turning the focus to illuminate ways for Singapore to remain competitive in this global world economy, we need to identify some key challenges and opportunities from an increasingly borderless world in the first instance. The challenges that have been identified here are: the needs for enhanced logistics and transportation services; world-

class services sector; high quality education services and research & development (R&D) activities, and well-built financial hub.

#### *Enhanced logistics and transportation services*

As one country exposes itself more towards international trade, it is necessary to provide certain adequate level of logistics and transportation services. In the era of globalization, it requires these logistics and transportation services to be enhanced, but not necessarily sophisticated. In particular, we already know that logistics and transportation services operate mainly through 3 media: air, land, sea. To ensure a smooth flow of traded goods across countries, the air and sea logistics services are required to perform effectively and efficiently as to handle an increasing volume of trade on a day-to-day basis. Efficiency should arise from the improved mechanisms of cargo clearance and also customs and excise duties procedures. Improved land transportation services will be required to guarantee just-in-time (JIT) processes since most of companies are trying to optimize their cost level by reducing the expenditure on storage capacity and switching more and more to JIT procedures. A domestic market competition amongst the local services providers is likely to ensure more efficiency and effectiveness. Nevertheless, the role of government bodies in regulating the rules and regulations in the logistics and transport sectors remains important. These 2 factors should be complementary in nature rather than substitution. Hence, balanced roles between them will guarantee an increase in the country's competitiveness.

#### *World class management & services sectors*

The modern economy is heavily characterized not only by the innovations of goods and tangible products, but also the innovations and inventions of services that have been recognized as important elements to improve human welfare. Narrowly defined, we would like to draw the focus of this service sector to be that referring to the management techniques implemented by firms, efficiency in the public services intended to serve the people in that particular nation, the intangible products of excellent education services and R&D activities, and financial services. We will discuss the later 2 issues separately and concentrate on elucidating the world class services sector in the form of management techniques by firms and public services for the time being. As the era of information and communication technologies (ICT or sometimes referred to as IT era) started to emerge around the beginning and mid 1990s, the improvement in the level of sophistication of the management techniques have been humongous. Take for example the implementation of enterprise resource planning (ERP) that is pervasive in most of the companies nowadays. ERP system relies more on the software and IT system to plan the optimal allocation of storage capacity, human resources allocation, budgeting for new projects, feasibility assessments, etc. This sophisticated management techniques has enable more companies to obtain more efficient cost structures that are beneficial for them to stay competitive. Upper levels management can now see the top-down mechanisms in the company more clearly so that they can plan better for future strategies. In addition to that, another system called the customer relationship management (CRM) has also improved the companies' performances and effectiveness in dealing with customers' feedbacks and to maintain a good and long term relationship with their customers, abroad and domestically. These are two of many examples of sophisticated management techniques

that combine both people expertise in management with IT revolution in the modern economy to achieve better economic performance and create added value.

Furthermore, public service is one of the most important elements to ensure the effectiveness of relationship between the government and its people. The level of bureaucratic efficiency is expected to be high in order for a country to have comparable world class public services thus ensuring its competitiveness in the global market. Some of the most important public services are: the tax payment mechanisms, the processing time for business applications and other important documents, and an adequate level of integrity in enforcing the law of a nation. Once again, the role of IT has been forged with the traditional public services in most countries in the form of e-government services. This new method of giving a better service to the public has gained more and more acceptance in most of the countries. As the knowledge of the people increases, their ability to leverage the ICT sector to makes things rather flexible and hassle-free must also be improved. The e-government services can enable people to pay their personal or company taxes through the internet applications, avoiding the usually longer processing time from paper applications. Certain business applications and personal documents applications can now be made through the e-government services, enabling the users to save time in terms of the time required to receive the responses from authorities. However, there might be a latent threat of internet security that requires a sufficient level of cyber law to ensure the safety of these electronic applications and implementations. Hence, the integrity of the authorities to enforce the law and regulations should be ensured as well not just in terms of cyber law but also in a day-to-day practice. This

might include the adequate level of mechanisms to settle disputes among its citizens, the sufficient level of police protection for the people, and the clarity in the implementation of the business law. If all these ideal conditions of service sectors can be achieved, it could be assured that one country's competitiveness will be heightened which means that it will generate more welfare for its people.

### *High quality in education services and R&D activities*

As the world become increasingly inter-connected, people tends to look for higher educational level in order to understand one another's needs that are getting more complex in this global settings. Hence, the quality of educational services is an important element to show others that one is able to provide added value in satisfying other party's needs. It has been said earlier that the borderless movements of labor lures those people of higher quality to look for a place with higher returns and better challenges. This implies the fact that if a country can provide substantially good quality in education services, more and more people will come to tap the expertise provided by the country. This education services could be in the form of educational research and development efforts that have been achieved through a country's educational institutions such as universities, research laboratories, and study centers. The provision of high quality education service is like a double-edged sword. In one way, this will attract foreign students and learners to come to the country that provides the "up-to-date" knowledge such as those in the fields of engineering, biological and life sciences, and businesses. In addition to this and of complementary importance are the R&D activities of a nation. R&D is now the core indicator of the readiness in the infrastructure of a country for

supporting the innovative activities. The R&D is important in determining whether a country can engage in productive activities of creating and added value that can promise a greater return as well for that particular nation. This could mean an additional source of national income for a country and in turn they could afford more to provide better standards of education requirements. In another way, the people of this country can benefit from the provision of high quality of education services thus they will be able to lend their expertise elsewhere and contribute back to their nations in forms of “repatriated” gains obtained abroad. All in all, the ability of a nation to provide good quality in education services will enable them to stay competitive in the world market place.

#### *Well-built financial services*

Financial services have been one major important element in ensuring the attractiveness of a country to draw capital flights into that country. Setting non financial services-FDI aside, many other investments in the form of financial products and services from abroad have become increasingly popular as people tend to plan better for their future financial needs and higher returns. FDI usually takes place in the form of *hard* capital goods and management skills which is pointing more towards the hard-core of investments. On the other hand, investments in the form of financial products and services are somewhat distinct types of investments. A country with well-built financial services and offering certain sophisticated yet comprehensive financial products will attract more people from outside the country to think about investing into that nation. If this could be the case, then country that can attract more capital in this manner will tend to have more funding for the

operations of their companies. Hence, the innovation and invention processes could be stimulated even further in that country and yielding more level of competitiveness for that country. The off-balance sheets activities by most banks currently is one of the indicator that even businesses tend to look for more innovative investment opportunities as long as clarity of the innovative financial products is guaranteed and the law that backed up these financial services if enforced and highly regulated. Off-shore banks have been increasing in numbers, again creating more opportunities for firms, in particular, and a nation, in general, to offer some added value services in the financial sectors. Competitiveness could be the result out of these activities since it will bring about substantial and additional revenue for the economy that can fuel more growth and certain costs factor could be reduced by the cross subsidy that might be implemented by prudent and careful government regulations and surveillances.

We are now in a position to outline the opportunities possessed by Singapore and to propose steps for Singapore to remain competitive in the globalizing world economy. A city-state Singapore has a well-developed infrastructure for logistics services through air, sea, and land. On 1 Apr 1964, the Port of Singapore Authority (PSA) was formed to handle logistics services in Singapore's port. PSA is currently a global leader in the ports and terminals business whereby its flagship Singapore Terminals operates the world's largest trans-shipment hub. PSA is also a pioneer in the innovative application of technology to deliver significant enhancements in efficiency. For example, at the Singapore Terminals, PSA's flow-through gate system processes one truck every 25 seconds, and remotely-operated yard cranes are deployed at its new Pasir Panjang

Terminal. These services could ensure the JIT processes mentioned above to be implemented optimally. Hence, it will save costs for companies and in turn they could render the price competitiveness of their products. In addition to that, Singapore has also developed the world's first nationwide electronic trade documentation system, called **Tradenet** (see [http://www.tradenet.gov.sg/trdnet/index\\_home.jsp](http://www.tradenet.gov.sg/trdnet/index_home.jsp) for more information) that approves permit applications almost instantaneously. This system has contributed to Singapore's pro-business environment and this revolutionary system has also increases efficiency and lowers business costs for the trading community.

In terms of management techniques, many Singaporean companies have implemented to so-called Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) systems. These systems have enabled companies to plan better for their future needs and their internal managerial needs. The government of Singapore has also encouraged small and medium enterprises (SMEs) in Singapore to implement these systems as well since they will provide more flexibilities and efficiencies for the companies and they will enable the companies to provide better and improved services for their customers as well. Hence, efficiencies and flexibilities coupled with the high level of satisfaction for customers will result in higher level of competitiveness by companies in Singapore. This will translate into nation-wide competitiveness that will make Singapore a very lucrative nation that can leverage her expertise and advancements in the management techniques to other countries in the world.

Public services in Singapore have remarkably succeeded to forge the advancement in IT with the conventional way of providing public services. The user-friendly portal of <http://www.ecitizen.gov.sg> has compiled almost all public services and documentation services in Singapore. Take for example, Singapore citizens can file for their annual tax income or companies tax liabilities through the internet. They could also check their Central Provident Fund (CPF) account through the web that will save them time as compared to the conventional way of paper-based applications and processes. They could also apply online for passports, visa applications, birth extract, lodge a police report, seek legal advice, and many other things. The trend of paperless transaction and processes has transformed Singapore public services into a role model for many developing countries. The efficiencies in these Singapore public services can further sustain the competitiveness of Singapore economy from the fact that opportunity costs, in terms of savings in the processing time of documents and applications, can be minimized up to the optimal level. This will entice more businesses to set up their entities in Singapore and generating more income for the nation. Hence, Singapore would be able to keep on innovating and inventing advanced processes that will empower her to maintain the economy's competitiveness.

The capabilities of Singapore's human resources in terms of skills and abilities backed by sufficient education role and R&D activities have been nothing short of remarkable achievements. Singapore has plan ahead for the areas in education and R&D that are likely to be influential in years to come, such as those in biological and life sciences, precision engineering, advanced manufacturing and engineering. These

activities are reflected by the inception of the agency for science, technology, and research (A\* Singapore – see <http://www.a-star.gov.sg>) which embrace the latest development in the Singapore's R&D sectors. Major education institutions such as National University of Singapore (NUS), Nanyang Technological University (NTU), and the newly-established Singapore Management University (SMU) have also played important roles in ensuring the alignment of Singapore education services with the latest happenings and development in sciences, business, and engineering sectors amongst many others.

The role of state in performing surveillance to keep the economy stable and to provide reliable services especially in the financial sector are the responsibilities of Monetary Authority of Singapore (MAS). MAS has been monitoring the financial and insurance sectors in Singapore with high level of prudence and cautions. These are the factors that make the financial sectors in Singapore gain respectable reputations as being the country that provide a high standard financial products and services.

Having explained all the challenges, strengths, and opportunities that Singapore has, let me draw the attention to the most debatable and intriguing issue of high labor cost in Singapore, i.e. the labor wages. The conventional wisdom dictates that if we increase employer's contributions in the form of personal income taxes and unique to Singapore's case, the central provident fund (CPF) contributions, we will increase the cost of labor which will endanger the competitiveness of companies that will then have no other choices but to declare certain steps which we reluctantly please to hear such as

rationalization, down-sizing, redundancies, or relocation. In addition, if we tax capital goods and financial products, the matter will become worse by creating additional burdens for companies and the inventors of innovative financial products. This is what usually the unwanted side effect from globalization. In addition to that, the ageing problems in Singapore also pose another question about the financing pensions in the future without endangering the competitiveness of Singapore and without forcing companies or multi-national companies (MNC) to relocate because of the high labor cost in Singapore. From all those facts mentioned above, the competitiveness argument stipulates that decreases in labor costs (in terms of direct wages and “social costs” in the form of taxes and CPF) have beneficial effects on the economy and employment. In short, decreases in labor cost will translate into an increase in competitiveness. Some reasons could be very plausible for the statement we have made just now that decreases in labor cost will: enable companies to reduce prices and therefore win greater market shares abroad and protect the domestic market at the same time; enable companies to re-constitute their margins and costs allocation and therefore makes investments that improve their “non-price competitiveness” which result from quality; prevent relocation to countries with low labor costs; and attract capital from abroad that otherwise would go elsewhere. Given all these reasons, hence the unreasonably high and increasing labor costs in Singapore would be detrimental to employment and hence competitiveness of Singapore economy in the midst of globalizing world economy. Thus, it will be easy to conclude and suggest that for Singapore to remain competitive, she should cut wages down to a reasonable level which can result into those benefits that we have outlay above.

**Is this really the precise step that Singapore should take?** In short, our answer is no. We will counter argue all those benefits above in the case of Singapore and argue why Singapore should **not** cut the wages as the way to sustain her competitiveness. The data in the appendix has shown that after the Asian financial crisis, the share of wages in GDP has decreased in Singapore from 45.9% in year 1998 to only 42.7% in year 2000 and finally reached the level of 44.15% in year 2002. Those years, as we know, were the times where uncertainties and sluggishness fill the picture of Singapore's economy. What does this decrease in the share of wages in GDP mean? It means that real wages in Singapore have increased more slowly than the labor productivity. This fact can be seen that as the Singapore's GDP increased, the share of wages fell which can only mean that productivity increases but it is not coupled with increment in real wages. Therefore, the unit cost of labor and unit business cost have decreased and "cost competitiveness" has increased. From the data, we can see that Singapore's overall economy labor cost index has fell from 111.3 in 1998 to 95.3 in the recent third quarter of 2003. Singapore's unit business cost index of manufacturing has also fell from 101.2 in 1998 to 88.1 in Q3 2003. Other related indicators have shown the similar trend except for export price index that shown relatively stable index. However, the increase in the competitiveness due to the fall in the labor cost has only partly been used to increase real competitiveness because prices have not decreased in the same proportion. It is the wage or labor costs that have decreased! It means that Singaporean companies' margins have increased or in other words, the decrease in labor costs has not led to a decrease in prices but an increase in profits! To make the point clearer, this increase in profits has not resulted in an increase in the level of investments as can be seen from the fact that massive layoffs have painted

the Singapore news for this few months instead of favorable reports that more companies are investing and hiring. This is a very striking point: the restraint of wage costs have fed financial profits and not invested profits. Quite obviously the competition from low-wage countries such as China and India is very strong in some sectors but this should not be the main cause of wage cuts in Singapore. Furthermore, Singapore should have benefited from the provision of low-wage labor costs instead of feel threatened and thus cutting the wages. Singapore can benefit from this by using the opportunity to outsource some or most of its manual and labor-intensive mechanisms and concentrate on the bigger picture of creating sophisticated planning, innovations, and inventions of products and services. The reasons are: the scarcity of labor in Singapore will cause the costs of manpower relatively more expensive and the prestige in doing a particular jobs from the view of Singaporean people has cause a deterrent effect for Singaporean to engage into some particular jobs in which most low-wage labor costs country are more than willing to take that jobs.

Secondly, not all the effects of decreased wages are beneficial especially for Singapore that is highly open to trade and where most of the Singapore companies are of capitalism-type that requires high profits. The reason is in order for capitalism economy like Singapore to achieve higher profits; she needs an increase in the demand side as well. If we succumb to the proposed step of gaining competitiveness by decreasing wages, it is inevitable that demand will be depressed. Furthermore, such a policy is in contradiction with competitiveness based on other factors than price, such as skilled work, quality and the incorporation of new technologies that Singapore has substantially more than those

low wages countries have. The demand from Singapore should be boosted as well if we want to see increment in profits and in order for Singapore to do just that, cutting wages is clearly not the answer since it depresses people's intention of stimulating demand side. We must choose between the knowledge based economy policy and that conventional-base around competitiveness issue.

Thirdly, we are told that too high taxes lead to the flight of capital from Singapore and a brain drain. If we want to describe current reality, this picture is not precisely what is happening in Singapore. Singapore is not as repulsive as the advocate of zero taxes make out. What is at issue is the **right to a share of the value created**. In line with our description of competitiveness in the beginning of this paper, Singapore has been nothing short of remarkable in creating additional economic value in terms of inventions and innovations to enhance efficiency and effectiveness. If any of the benefits from reduction in labor costs mentioned above are called into question a bit forcefully, retaliatory measure will obviously be taken, in the form of relocations, export of capital or tax evasion from Singapore to countries with better returns and tax structures that can translate into the sustainability of their higher real wage level. Capital's mobility is high in Singapore and if it can be carefully prepared by deregulation and prudent supervisions, it could result into advantages over labor. Nevertheless, there are limits to these retaliatory measures: leaving Singapore means losing Singapore's highly valuable market, i.e. we can more or less easily export capital but you cannot move the real productive forces as easily: the people, know-how, machines and networks, etc which are very well established in Singapore.

### **3. Conclusions**

There is a very simple answer and recommendation for Singapore to increase the level of competitiveness in the era of globalizing world economy: reduce the financial profits and reallocate them to wages and pensions. Not only this measure will become fairer for the society, it will also be more economically efficient in a sense that this will stimulate and support demand even further which we know can translate into higher profits to sustain competitiveness. This also answers our worry about the future pension funds planning and at the same time keeping Singapore's competitiveness intact. Again looking at the data in the appendix, I would suggest that Singapore can look for better way and mechanisms to exploit services sectors in general, education services and logistics services in specific as they show an increasing role of importance in Singapore's GDP decomposition and Singapore has a well-established infrastructures and expertise in those areas mentioned. The role of foreign direct investment in the financial services can be examined more thoroughly as it provides latent source of economic fuels for Singapore to enhance her competitiveness even further. Singapore's bond market and offshore financial and banking activities can be stimulated even further as this attempt could provide Singapore with areas in which she can innovate and invent more services which translate into further increment in the level of competitiveness.

What I have elaborated and painted here is a picture of Singapore's condition in general and her position in midst of globalizing world economy and to suggest certain ways for Singapore to remain competitive. All in all, let us stress out once again that lowering down the level of labor costs is not the answer for knowledge-based economy

like Singapore. Instead, Singapore should come up with more innovations and inventions in terms of products and services and utilizing her expertise and advancement in technical skills to remain competitive in the current globalizing world economy.

*Appendix*  
Singapore's Economic Indicators

Economic Indicators	1998	1999	2000	2001	2002	2003 I	2003 II	2003 III
Export Price Index (1995 = 100)	89.2	89.8	95.0	91.3	89.3	91.6	89.6	89.8
Unit Labor Cost Index of Overall Economy (1993 = 100)	111.3	100.8	101.0	107.2	102.7	110.3	98.8	95.3
Unit Business Cost Index of Manufacturing (1993 = 100)	101.2	91.3	91.9	98.4	92.7	95.8	91.2	88.1
Unit Labor Cost (1993 = 100)	97.9	82.3	79.1	90.8	82.1	89.4	78.1	71.7
Services Cost (1993 = 100)	104.3	99.8	103.5	105.6	102.6	102.1	103.1	102.9
Gross Domestic Product – GDP (at Million S\$ current market prices)	137,084.8	137,935.1	157,700.2	152,065.5	155,726.6	-	-	-
Compensation of Employees – CE (at Million S\$ current market prices)	62,917.7	61,075.3	67,343.6	70,047.3	68,761.6	-	-	-
Gross Value Added at Factor Cost – GVA (at Million S\$ current market prices)	124,836.2	125,867.2	142,893.7	138,651.9	143,623.2	-	-	-
Services Sector Value Added (SSVA) (at Million S\$ current market prices)	-	63,919	71,544	70,958	-	-	-	-
Education Sector Value Added (ESVA) (at Million S\$ current market prices)	-	2,529	3,023	3,248	-	-	-	-
Logistics Services Value Added (LSVA) (at Million S\$ current market prices)	-	12,206	13,682	12,405	-	-	-	-
Government Development Expenditure – GDE (at Million S\$ current market prices)	10,557	11,039	9,078	9,999	7,877	-	-	-
Foreign Direct Investment in Financial Services – FDI FS (at Million S\$ current market prices)	50,778	61,758	67,786	77,244	-	-	-	-
CE/GDP (%)	45.89692%	44.27829%	42.70356%	46.06390%	44.15533%	-	-	-
GVA/GDP (%)	91.06495%	91.25103%	90.61098%	91.17906%	92.22779%	-	-	-
CE/GVA (%)	50.40020%	48.52360%	47.12846%	50.52026%	47.87639%	-	-	-
SSVA/GDP (%)		46.6273%	51.8679%	44.9955%				
ESVA/GDP (%)		1.8448%	2.1916%	2.0596%				
LSVA/GDP (%)		8.9040%	9.9192%	7.8662%				
GDE/GDP (%)		8.0527%	6.5814%	6.3405%	5.1800%			
FDI FS/GDP (%)		45.0509%	49.1434%	48.9815%				

Source: Singapore Department of Statistics (<http://www.singstat.gov.sg/keystats/keystats.html#key>)

Reference:

*The World Competitiveness Yearbook*. Lausanne, Switzerland: International Institute for Management Development. (2003).

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Statistical & Data Reference:

Singapore Department of Statistic Web Publications

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