



economic survey of singapore 1991

MINISTRY OF TRADE AND INDUSTRY
REPUBLIC OF SINGAPORE

ECONOMIC SURVEY OF SINGAPORE 1991

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BASIC ECONOMIC DATA

	1960 ¹	1970 ¹	1980 ¹	1989	1990	1991p
National Income Aggregates						
Gross Domestic Product						
At Current Market Prices (\$m)	2,149.6	5,804.9	25,090.7	56,844.2	63,672.9	69,076.0
Annual Change (%)	9.9	15.1	10.7	13.7	12.0	8.5
At 1985 Market Prices						
Annual Change (%)	8.7	9.4	7.2	9.2	8.3	6.7
Gross National Product (GNP)						
At Current Market Prices (\$m)	2,189.0	5,861.1	24,188.5	57,278.1	64,467.4	70,657.1
Annual Change (%)	9.9	14.9	10.9	14.9	12.6	9.6
Per Capita GNP (\$)	1,329.6	2,825.3	9,940.6	19,542.8	21,372.3	22,867.1
Indigenous GNP (\$m)	na	4,989.9	19,039.1	45,255.8	51,031.2	55,338.8
Per Capita Indigenous GNP (\$) ²	na	2,478.1	8,342.8	17,093.2	18,864.8	20,030.7
Gross Fixed Capital Formation (GFCF)						
At Current Market Prices (\$m)						
Total	204.9	1,888.5	10,203.1	20,537.6	23,747.6	27,528.9
Private	145.1	1,521.2	7,710.2	16,745.9	19,369.6	22,038.1
Public	59.8	367.3	2,492.9	3,791.7	4,378.0	5,490.8
GFCF as % of GNP	9.4	32.2	42.2	35.9	36.8	39.0
At 1985 Market Prices						
Annual Change (%)						
Total	21.7	11.8	7.3	15.6	15.0	13.9
Private	23.1	12.2	8.2	25.0	16.0	12.3
Public	17.6	11.3	4.3	-12.9	10.9	21.3
Gross National Saving (\$m)	-52.3	1,129.7	8,282.0	24,518.3	28,850.5	33,107.6
As % of GNP	na	19.3	34.2	42.8	44.8	46.9
As % of GFCF	na	59.8	81.2	119.4	121.5	120.3
Employment						
Employed ('000)	448.6 ³	644.2	1,073.4	1,394.1	1,469.2	1,524.3
Unemployment Rate (%)	4.9 ³	6.0	3.0	2.2	1.7	1.9
Productivity (Annual Change in %)	na	4.3	4.8	4.8	3.5	1.5
Index of Industrial Production (1989 = 100)	na	18.7	56.2	100.0	109.9	115.7
Annual Change (%)	na	12.1	7.2	10.1	9.9	5.3
Retail Sales Volume Index (1987 = 100)	na	na	na	139.1	142.2	144.6
Unit Business Cost Index of Manufacturing (1983 = 100)	na	na	89.4	96.6	103.1	108.3
Unit Labour Cost Index of Manufacturing (1983 = 100)	na	na	77.1	103.1	109.9	117.4
Money Supply (M1) (\$m)	na	1,574.3	6,134.7	13,744.6	15,260.9	16,441.9
Annual Change (%)	na	15.6	9.2	14.9	11.0	7.7
Interest Rate						
Minimum Lending Rate (%)	na	8.00	13.60	6.25	7.73	7.10

¹ Annual changes refer to averages for the decade.

² Based on resident population.

³ Census of Population 1957.

BASIC ECONOMIC DATA (Cont'd)

	1960 ¹	1970 ¹	1980 ¹	1989	1990	1991p
Measures of Inflation (Annual Change in %)						
Consumer Price Index	1.2	5.6	2.7	2.4	3.4	3.4
Domestic Supply Price Index	na	na	0.2	2.6	1.7	-5.7
GDP Deflator	1.0	5.3	3.3	4.1	3.4	1.6
Trade						
Total Trade at Current Prices (\$m)	7,554.8	12,289.6	92,797.1	183,980.2	205,012.0	216,074.4
Imports	4,077.7	7,533.8	51,344.8	96,863.7	109,806.0	114,194.9
Exports	3,477.1	4,755.8	41,452.3	87,116.5	95,206.0	101,879.5
Domestic Exports	217.1	1,832.2	25,805.2	55,251.7	62,754.2	66,031.1
Re-exports	3,260.0	2,923.6	15,647.1	31,864.8	32,451.8	35,848.4
Annual Change (%)						
Total Trade	4.2	20.2	10.3	10.0	11.4	5.4
Imports	4.8	19.9	9.7	9.8	13.4	4.0
Exports	3.5	20.6	10.9	10.2	9.3	7.0
Domestic Exports	25.5	26.9	11.7	11.5	13.6	5.2
Re-exports	-0.7	15.3	9.6	8.0	1.8	10.5
Terms of Trade (1985 = 100)	na	na	101.1	85.3	85.9	86.2
Transport and Communications						
Vessel Arrivals (Million GRT)	na	na	241.2	436.7	491.2	536.6
Sea Cargo Handled (Million FT)	na	43.5	86.3	174.3	187.8	206.4
Aircraft Landings ('000)	6.2	17.1	38.0	46.3	51.7	56.8
International Telephone Calls (Annual Change in %)	na	29.9	37.2	34.3	26.0	19.7
Tourism						
Visitor Arrivals ('000)	90.0	521.7	2,562.1	4,830.0	5,322.9	5,414.7
Hotel Occupancy Rate (%)	na	70.7	86.1	86.4	84.0	76.8
Balance of Payments						
Current Account Balance (\$m)	-244.7	-1,750.8	-3,345.6	4,736.2	3,932.4	7,269.6
Overall Balance (\$m)	140.1	564.8	1,433.8	5,334.2	9,892.5	7,255.2
Exchange Rate (Per US\$)						
	na	3.0942	2.1412	1.9503	1.8125	1.7276
Official Foreign Reserves						
Total at End of Year (\$m)	na	3,097.9	13,757.7	38,607.2	48,521.3	55,795.2
Ratio to Merchandise Imports (months)	na	4.9	3.2	4.8	5.3	5.9
Public Debt at End of Year (\$m)						
Domestic	na	1,842.8	13,732.5	46,071.0	51,357.7	59,000.3
External	na	173.8	937.0	138.7	67.9	40.8
Debt Servicing Ratio (%)						
	na	0.6	1.0	0.7	0.2	0.1

CONTENTS

	<i>Page</i>
1 THE WORLD ECONOMY	1
The United States	1
Japan	2
European Community	2
The Newly Industrialised Economies	3
Regional Economies	5
2 SINGAPORE'S ECONOMIC PERFORMANCE	7
Overall and Sectoral Performance	7
Sources of Growth	10
National Savings	12
Prices	13
Employment, Wages and Competitiveness	19
Balance of Payments	20
3 MACRO ECONOMIC POLICIES	25
Fiscal Policy	25
Monetary Policy	29
4 EMPLOYMENT, WAGES AND PRODUCTIVITY	38
Overview	38
Labour Demand	38
Labour Supply	40
Unemployment	41
Labour Costs	41
Productivity Performance	42
Labour Market Measures	43
5 ECONOMIC OUTLOOK	46
Leading Indicators	46
Business Expectations	47
Outlook for 1992	48

CONTENTS (Cont'd)

	<i>Page</i>
6 MANUFACTURING	49
Performance	49
Investment	52
Regional Distribution of Manufacturing Activities	54
Local Enterprise Sector	55
Research and Development	60
7 FINANCIAL AND BUSINESS SERVICES	62
Overview	62
Growth and Development of the Financial Services Sector	62
Growth and Development of the Business Services Sector	68
8 COMMERCE AND EXTERNAL TRADE	70
General Performance of the Commerce Sector	70
External Trade	73
9 TRANSPORT AND COMMUNICATIONS	82
General Performance	82
Developments in the Sector	83
10 CONSTRUCTION	88
Construction Demand	88
Construction Materials	89
Construction Labour	90
Construction Costs	91
Outlook	91
STATISTICAL APPENDIX	93
EDITORIAL COMMITTEE	152
STATISTICAL AND ADMINISTRATIVE SUPPORT	153

TABLES IN TEXT

	<i>Page</i>
 2 SINGAPORE'S ECONOMIC PERFORMANCE	
2.1 Annual Changes and Contribution to Growth in Gross Domestic Product at 1985 Market Prices, 1989–1991	10
2.2 Annual Changes and Contribution to Growth in Total Demand at 1985 Market Prices, 1989–1991	12
2.3 Annual Changes in Gross Fixed Capital Formation at 1985 Market Prices, 1989–1991	13
2.4 Percentage Distribution of Gross Fixed Capital Formation at Current Market Prices, 1989–1991	13
2.5 Measures of Inflation, 1987–1991	14
2.6 Changes in Gross Domestic Product Deflator, 1987–1991	18
2.7 Balance of Payments, 1987–1991	23
 3 MACRO ECONOMIC POLICIES	
3.1 Government Revenue and Expenditure, 1989–1991	26
3.2 Revenue and Expenditure of Ten Major Statutory Boards, 1989–1991	26
3.3 Government Recurrent Expenditure, 1989–1991	31
3.4 Government Development Expenditure, 1989–1991	34
 6 MANUFACTURING	
6.1 Manufacturing, 1989–1991	51
6.2 Loans Approved for Local Enterprises, 1987–1991	56
6.3 Grants Approved for Local Enterprises, 1987–1991	59
6.4 Tax Incentives Awarded to Local Enterprises, 1987–1991	60
 7 FINANCIAL AND BUSINESS SERVICES	
7.1 Value Added of Financial & Business Services Sector at 1985 Market Prices, 1989–1991	62
7.2 Assets and Liabilities of Financial Institutions, 1988–1991	64

TABLES IN TEXT *(Cont'd)*

	<i>Page</i>
8 COMMERCE AND EXTERNAL TRADE	
8.1 Value Added of Commerce Sector at 1985 Market Prices, 1989–1991	70
8.2 Top Ten Visitor Generating Markets, 1991	72
8.3 Tourism Indicators, 1986–1991	75
9 TRANSPORT AND COMMUNICATIONS	
9.1 Transport and Communications, 1989–1991	82
10 CONSTRUCTION	
10.1 Contracts Awarded, 1989–1991	88
10.2 Building Construction Cost	91
10.3 Projected Construction Demand in 1992	92

CHARTS IN TEXT

	<i>Page</i>
1 THE WORLD ECONOMY	
1.1 Economic Growth in Selected OECD Countries	1
1.2 Economic Growth in NIEs	4
1.3 Economic Growth in Selected ASEAN Countries	5
2 SINGAPORE'S ECONOMIC PERFORMANCE	
2.1 Gross Domestic Product at Market Prices	7
2.2 Changes in Gross Domestic Product at Market Prices	8
2.3 Changes in Real GDP by Sector	9
2.4 Changes in Total Demand at 1985 Market Prices	11
2.5 Sources of Inflation	14
2.6 Changes in Consumer Price Index	15
2.7 Changes in Domestic Supply Price Index	16
2.8 Changes in Price Indices	17
2.9 Wage Share in Nominal GDP	19
2.10 Unit Business Cost Index of the Manufacturing Sector	20
2.11 Singapore's Relative Unit Labour Cost in Manufacturing Against the other NIEs	21
2.12 Balance of Payments	22
3 MACRO ECONOMIC POLICIES	
3.1 Government Revenue as a Percentage of GDP	27
3.2 Financing of Government Expenditure, 1991	28
3.3 Government Expenditure as a Percentage of GDP	30
3.4 Movement of Singapore Dollar Against Major Currencies	32
3.5 Selected Interest Rates	33
3.6 Annual Growth Rates of Money Supply	33

CHARTS IN TEXT (Cont'd)

	<i>Page</i>
4 EMPLOYMENT, WAGES AND PRODUCTIVITY	
4.1 Changes in Total Employment	38
4.2 Changes in Employment by Sector	39
4.3 Employment in the Public Sector	40
4.4 Annual Changes in Labour Force Participation Rates by Age Group and Sex, 1991	41
4.5 Unemployment	42
4.6 Changes in Real Average Monthly Earnings and Productivity	43
4.7 Changes in Productivity by Sector	44
5 ECONOMIC OUTLOOK	
5.1 Gross Domestic Product and Composite Leading Index	46
5.2 General Business Situation of the Manufacturing Sector for the Next Six Months	47
5.3 General Business Expectations of the Services Sector for the Next Six Months	48
6 MANUFACTURING	
6.1 Quarterly Index of Industrial Production	49
6.2 Quarterly Index of Industrial Production of Selected Industries	50
6.3 Key Indicators in the Manufacturing Sector	53
6.4 Local Enterprises in Manufacturing, Commerce and Services, 1989	55
6.5 Performance of Local SMEs in Manufacturing	57
6.6 SMEs' Share of Total Manufacturing	58

CHARTS IN TEXT (Cont'd)

	Page
7 FINANCIAL AND BUSINESS SERVICES	
7.1 Changes in Bank Loans and Advances by Sector	64
8 COMMERCE AND EXTERNAL TRADE	
8.1 Singapore's Visitor Arrivals	71
8.2 Singapore's Average Occupancy Rate of Gazetted Hotels	73
8.3 Singapore's Average Hotel Room Rate	74
8.4 External Trade	76
8.5 Exports	77
8.6 Domestic Exports	78
8.7 Singapore's Major Export Markets	79
9 TRANSPORT AND COMMUNICATIONS	
9.1 Air Cargo Handled	83
9.2 Sea Cargo Handled	84
9.3 Motor Vehicles Registered	85
9.4 Outgoing International Telephone Calls	86
10 CONSTRUCTION	
10.1 Contracts Awarded	89
10.2 Material and Labour Cost Indices	90

TABLES IN STATISTICAL APPENDIX

	<i>Page</i>
ECONOMIC PERFORMANCE	
A1.1 Gross Domestic Product by Industry, 1960, 1970, 1980 and 1989–1991	95
A1.2 Gross Domestic Product Deflators by Industry, 1960, 1970, 1980 and 1989–1991	97
A1.3 Expenditure on Gross Domestic Product, 1960, 1970, 1980 and 1989–1991	98
A1.4 Deflators of Expenditure on Gross Domestic Product, 1960, 1970, 1980 and 1989–1991	99
A1.5 Private Consumption Expenditure, 1960, 1970, 1980 and 1989–1991	100
A1.6 Gross Fixed Capital Formation, 1960, 1970, 1980 and 1989–1991	102
A1.7 Gross Fixed Capital Formation by Public and Private Sector, 1990 and 1991	103
A1.8 Output, Saving and Investment, 1960, 1970, 1980 and 1989–1991	104
PRICES	
A2.1 Consumer Price Index, 1986–1991	105
A2.2 Domestic Supply Price Index, 1986–1991	106
BALANCE OF PAYMENTS	
A3.1 Balance of Payments, 1970, 1980 and 1987–1991	107
PUBLIC FINANCE	
A4.1 Government Revenue, 1975, 1980 and 1988–1991	108
A4.2 Government Recurrent Expenditure, 1975, 1980 and 1988–1991	109
A4.3 Government Development Expenditure, 1975, 1980 and 1988–1991	110
A4.4 Government Debt, 1965, 1970 and 1978–1991	111

TABLES IN STATISTICAL APPENDIX (Cont'd)

	<i>Page</i>
 MANPOWER	
A5.1 Changes in Employment, 1986–1991	112
A5.2 Persons Aged 15 and Over by Activity Status, Age Group and Sex, 1991	113
A5.3 Persons Employed Aged 15 and Over by Industry, Age Group and Sex, 1991	114
A5.4 Persons Employed Aged 15 and Over by Occupation, Age Group and Sex, 1991	115
A5.5 Persons Employed Aged 15 and Over by Industry and Occupation, 1991	116
A5.6 Age-Sex Specific Labour Force Participation Rates, 1970, 1980, 1990 and 1991	117
A5.7 Changes in Average Monthly Earnings, 1982–1991	118
A5.8 Changes in Productivity by Sector, 1982–1991	119
A5.9 Changes in Value Added Per Worker Adjusted for Hours Worked, 1982–1991	120
 ECONOMIC OUTLOOK	
A6.1 Quarterly Composite Leading Index, 1978–1991	121
A6.2 Business Expectations for the Manufacturing Sector, 1987–1991	122
A6.3 Business Expectations for the Services Sector, 1987–1991	123
 MANUFACTURING	
A7.1 Principal Statistics of Manufacturing, 1960, 1970, 1980 and 1989–1991	124
A7.2 Principal Statistics of Manufacturing by Major Industry Group, 1990	125
A7.3 Principal Statistics of Manufacturing by Major Industry Group, 1991	126
A7.4 Index of Industrial Production of Selected Industries, 1986–1991	127
A7.5 Net Investment Commitments in Manufacturing by Industry, 1987–1991	128
A7.6 Expected Fixed Assets Per Worker and Value Added Per Worker of New Investment Commitments by Industry, 1987–1991	129
A7.7 Investment Commitments by Country of Origin, 1984–1991	130

TABLES IN STATISTICAL APPENDIX *(Cont'd)*

	<i>Page</i>
 MONEY AND BANKING	
A8.1 Exchange Rates, 1982–1991	131
A8.2 Interest Rates, 1960, 1965, 1970, 1980 and 1989–1991	132
A8.3 Money Supply, 1965, 1970, 1980 and 1989–1991	133
A8.4 Assets and Liabilities of Banks, 1960, 1970, 1980 and 1989–1991	134
A8.5 Bank Loans and Advances to Non-Bank Customers, 1966, 1970, 1980 and 1989–1991	135
A8.6 Assets and Liabilities of Asian Currency Units, 1968, 1970, 1980 and 1989–1991	136
 COMMERCE	
A9.1 Retail Sales Index, 1986–1991	137
 TOURISM	
A10.1 Visitor Arrivals by Country of Residence, 1970, 1980 and 1988–1991	138
A10.2 Supply of Hotel Rooms, Hotel Occupancy and Hotel Tariffs, 1982–1991	139
 EXTERNAL TRADE	
A11.1 Singapore's External Trade, 1980 and 1987–1991	140
A11.2 Total Trade by Selected Country, 1960, 1970, 1980 and 1989–1991	141
A11.3 Exports by Selected Country of Destination, 1960, 1970, 1980 and 1989–1991	143
A11.4 Exports by Major Commodity, 1960, 1970, 1980 and 1989–1991	145
A11.5 Domestic Exports by Major Commodity, 1960, 1970, 1980 and 1989–1991	146
A11.6 Imports by Selected Country of Origin, 1960, 1970, 1980 and 1989–1991	147
A11.7 Imports by Major Commodity, 1960, 1970, 1980 and 1989–1991	149

TABLES IN STATISTICAL APPENDIX (Cont'd)

	<i>Page</i>
TRANSPORT AND COMMUNICATIONS	
A12.1 Transport and Communications, 1960, 1970, 1980 and 1989–1991	150
CONSTRUCTION	
A13.1 Building and Construction Activities, 1986–1991	151

NOTATIONS

p	preliminary
—	nil, zero or negligible
na	not applicable or not available
nie	not included elsewhere

1 THE WORLD ECONOMY

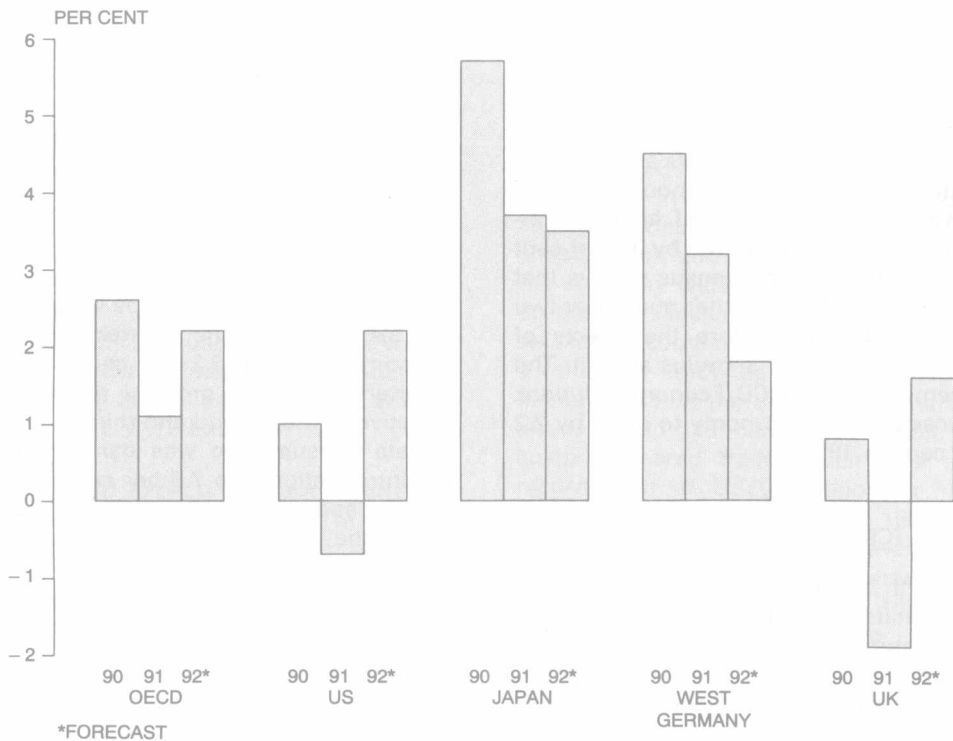
The world economy slowed down further in 1991 to an estimated 0.9 per cent growth compared with 2.2 per cent in 1990. Many industrial countries (like the US, UK, Canada and Australia) experienced recession while some (for example, Japan and Germany) saw a slowdown in their economic growth. Economic growth in the Organisation for Economic Cooperation and Development (OECD) economies was estimated to be 1.1 per cent in 1991, down from 2.6 per cent in 1990 (Chart 1.1). Inflation has also moderated to 4.6 per cent compared with 5.2 per cent in 1990.

THE UNITED STATES (Chart 1.1)

The US economy's GDP declined by 0.7 per cent compared with 1 per cent growth in 1990. With the end of the Gulf war, consumer confidence picked up and the economy recovered in the second and third quarters. However, the recovery stagnated in the fourth quarter as consumer and business debts remained high and consumer confidence experienced the worst slump since World War II. With sluggish economic growth, the unemployment rate rose further to 7.1 per cent in December and the number of unemployed stood at 8.9 million.

Chart 1.1

ECONOMIC GROWTH IN SELECTED OECD COUNTRIES



Inflation has slackened in line with weaker economic growth. The inflation rate dropped from 6.1 per cent in 1990 to 3.1 per cent, the second lowest rate in 24 years. Although the drop in energy prices since the end of the Gulf war was mainly responsible for the lower inflation, the core inflation rate (excluding the volatile energy and food sectors) was also lower at 4.4 per cent compared with 5.2 per cent in 1990. The trade deficit has fallen too. For the whole of 1991, it is expected to be less than US\$70 billion, down from US\$102 billion in 1990.

Monetary policy has been progressively eased. Since the recession started in July 1990, the Federal Reserve has cut key interest rates more than a dozen times. On 20 December 1991, the discount rate was further lowered to 3.5 per cent, its lowest level since World War II. US President Bush has also proposed a fiscal package involving lower capital gains tax and tax incentives for business investment to stimulate the economy. This will, however, bring the budget deficit to a high of US\$399 billion for fiscal year 1992.

Prospects for the US economy are uncertain. Some bright spots are improvements in retail sales and housing starts. However, the US index of leading indicators continued to decline by 0.3 per cent in December. The consensus view is that the US would face another quarter or two of weak demand before the effects of monetary and fiscal stimulus are felt. The December 1991 OECD Economic Outlook forecasts the US economy to grow by 2.2 per cent in 1992.

JAPAN (Chart 1.1)

Growth in Japan's GNP slowed down to an estimated 3.7 per cent in fiscal year (FY) 1991 compared with the previous year's 5.7 per cent. Capital investment, which played a major role in fuelling the economic expansion in recent years, has slowed

down considerably. This was reflected in the build-up of inventories of capital and construction goods. According to the Bank of Japan's quarterly short-term economic survey, corporate confidence has fallen in the second half of FY 1991.

Inflation, on the other hand, has been modest. The Economic Planning Agency estimates growth in consumer price index for FY 1991 to be 2.9 per cent, down from 3.3 per cent in FY 1990. The trade surplus increased by 50 per cent from US\$52 billion in 1990 to US\$78 billion in 1991. Total imports rose by a marginal 0.7 per cent while exports increased by 9.6 per cent.

The slowing economy has prompted the Central Bank to cut its discount rate three times in 1991, from the initial 6 per cent to 4.5 per cent on 30 December 1991. The Japanese government estimates growth for FY 1992 to be 3.5 per cent.

EUROPEAN COMMUNITY (Chart 1.1)

The **European Community** (EC) economies are estimated by the OECD to have grown by 1.4 per cent in 1991, down from 2.9 per cent in 1990. All EC countries (except Luxembourg) saw slower growth, with the UK in recession. The EC is projected to grow by 2.1 per cent in 1992.

After expanding strongly by 4.5 per cent in 1990, GNP in the **western German** economy grew by 3.2 per cent in 1991. Quarter-on-quarter growth rates were negative in the second and third quarters. Private consumption was dampened by the introduction of a 7.5 per cent income tax levy and other duty rises in the second half of the year. With the US in recession and other EC countries experiencing slower growth, external demand was also dampened.

Despite slower growth, the inflation rate rose from 2.7 per cent in 1990 to 3.5 per cent in 1991, high by German standards.