



Decide with Confidence

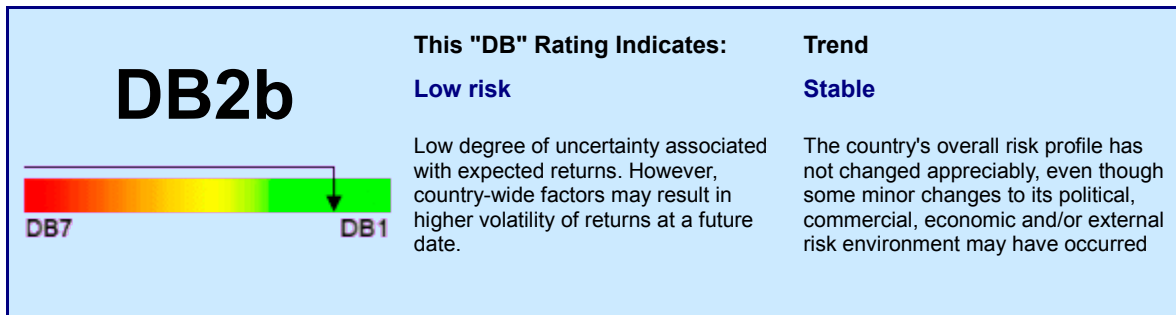
## D&B Country RiskLine Report

# SINGAPORE

Region : Asia Pacific

Edition : March 2014

### D&B Country Risk Indicator



The 'DB' risk indicator provides a comparative, cross-border assessment of the risk of doing business in a country and encapsulates the risk that country-wide factors pose to the predictability of export payments and investment returns over a two year time horizon. The 'DB' risk indicator is a composite index of four over-arching country risk categories:

*Political risk* - internal and external security situation, policy competency and consistency, and other such factors that determine whether a country fosters an enabling business environment;

*Commercial risk* - the sanctity of contract, judicial competence, regulatory transparency, degree of systemic corruption, and other such factors that determine whether the business environment facilitates the conduct of commercial transactions;

*External risk* - the current account balance, capital flows, FX reserves, size of external debt and all such factors that determine whether a country can generate enough FX to meet its trade and foreign investment liabilities;

*Macroeconomic risk* - the inflation rate, government balance, money supply growth and all such macroeconomic factors that determine whether a country is able to deliver sustainable economic growth to provide further expansion in business opportunities.

The DB risk indicator is divided into seven bands, ranging from DB1 through DB7. Each band is subdivided into quartiles (a-d), with an 'a' designation representing slightly less risk than a 'b' designation and so on. Only the DB7 indicator is not divided into quartiles.

## Key Facts

**Population:** 5.4m

**Surface area (sq km):** 716

**Mobile phones (per 1000 people):** 1,530

**Timezone:** GMT +08:00

**Official languages:** Malay; English; Mandarin Chinese; Tamil

**Head of state:** President Tony TAN Keng Yam

**GDP (USD):** 295.7bn

**GDP per capita (USD):** 54,646

**Life expectancy (years):** 82

**Literacy (% of adult pop.):** 92.5

### Country Overview:

Singapore island lies off the southern tip of the Malay Peninsula. The climate is hot, humid and rainy. Despite an extensive system of rain-fed reservoirs, and recycled water, Singapore remains highly dependent upon water piped from Malaysia. Politically, the state is extremely stable and enjoys some of the lowest crime rates in the world.

Since separating from Malaysia in 1965, Singapore's development indicators and income per capita have grown far faster than those of its neighbours. Its population is ethnically and linguistically defined: it has four official languages. Despite its tiny size and small population, Singapore maintains the best-equipped armed forces in the region and a national conscript army.

Singapore has adopted an open commercial environment since independence, benefiting from its strategic position as an entrepôt on major Asian and trans-Pacific trade routes. Since the 2000s, the economy has begun to focus on education, business services, private banking for high net worth individuals and pharmaceutical manufacturing.

## Trade & Commercial Environment

### Trade Terms

**Minimum Terms:** OA

The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

**Recommended Terms:** SD

D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

**Usual Terms:** 30-60 days

Normal period of credit associated with transactions with companies in the stated country.

### Transfer Situation

**Local Delays:** 0-1 month

The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

**FX/Bank Delays:** 0-1 month

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.

### Trade & Commercial Environment

Singapore's first inaugural national risk assessment on money laundering and terrorist financing risks was published by the finance and home affairs ministries and the Monetary Authority of Singapore in March. The report found appropriate preventive measures were in place in the highly exposed banking and casino sectors, but that this was not yet guaranteed for a smaller-scale, second-tier set of financial services including remittance agents, FX bureaux, internet-based stored value facility holders (e.g. Bitcoin exchanges) and pawnbrokers. The (as yet) not completely explained death of a Bitcoin exchange entrepreneur in Singapore in February may have added to the government concerns, but overall the regulatory stance is open. The report was conducted over two years, surveying 22 sectors.

### Export Credit Agencies

<b>US Eximbank</b>	Full cover available
<b>Atradius</b>	Full cover available
<b>ECGD</b>	Full cover available
<b>Euler Hermes UK</b>	Full ST cover available

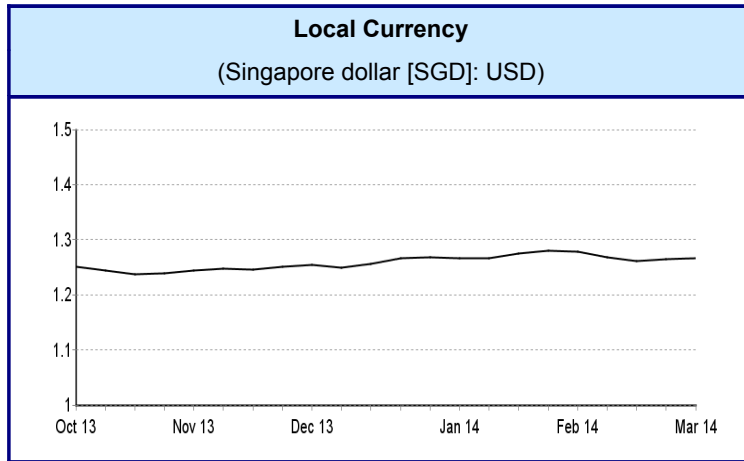
### Economic Indicators

	2011	2012	2013	2014f	2015f
<b>Real GDP growth, %</b>	4.9	1.3	1.9	2.9	5.7
<b>Inflation, annual ave, %</b>	5.3	4.5	4.0	3.5	2.5
<b>Govt balance, % GDP</b>	5.1	1.1	0.7	2.1	3.1
<b>Export growth, %</b>	15.7	-1.2	-0.2	4.7	4.6
<b>C/A balance, % GDP</b>	22.2	18.6	16.8	18.8	17.8

Export growth figures include oil exports and re-exports; government balance follows IMF definition.

### Currency Information

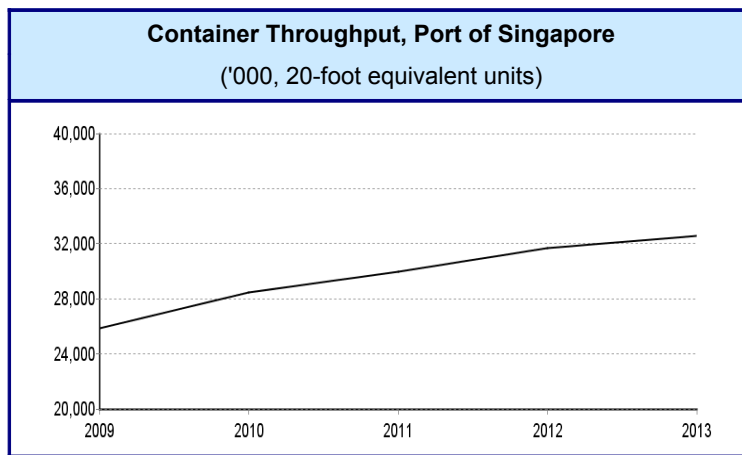
<b>Exchange Rates</b>	
(London, 10 Mar 14)	
EUR	1.7515
GBP	2.1199
JPY*	1.227
USD	1.2678
*(x 100)	



**Local Currency**  
(Singapore dollar [SGD]: USD)

	Oct 13	Nov 13	Dec 13	Jan 14	Feb 14	Mar 14
<b>Week 1</b>	1.251	1.244	1.254	1.266	1.278	1.267
<b>Week 2</b>	1.244	1.247	1.250	1.267	1.268	
<b>Week 3</b>	1.237	1.246	1.256	1.274	1.260	
<b>Week 4</b>	1.238	1.251	1.267	1.280	1.265	
<b>Week 5</b>			1.268			

### Container Throughput, Port of Singapore



**Data Table**

2009	2010	2011	2012	2013
25866.5	28431.1	29937.6	31649.4	32600.0

## Risk Factor

Manufacturing and financial services will together continue to be more important for the overall macroeconomic trend in Singapore than property. While some concerns exist around a slowdown in Asian industrial activity led by China into Q2 we see the expansion trajectory for manufacturing as intact. Likewise, the financial sector, although also exposed to the possibility of a downturn in Chinese capital-raising business and exposure to China, has other structural positives ahead.

The 2013 data for trade showed a 9.8% growth in re-exports in local currency (SGD) terms, driven by a range of types of trans-shipments, ranging from telecommunications parts and transport machinery to marine engineering products. However, the 6.0% drop in non-oil domestic exports, led by 20% or more declines in the value of electronics exports, and exports to South Korea and the EU, indicated there was a structural or heavily cyclical slump in the sourcing of integrated circuits, personal computer parts and disk drives from Singapore. However, we note that this was unable to prevent the economy from growing by over 3%: a positive indication it is more resilient to tech-sector volatility and restructuring of operations, thanks to a policy of economic diversification since 2001. Also, the sector could be poised for recovery in 2014. The manufacturing Purchasing Managers' Index (PMI), still influenced by electronics volumes, rose over the 50 mark to hit 50.9 in February, up from 49.7 in December, indicating expansion. Meanwhile, there are anecdotal reports that Singapore is benefitting from Thailand's political problems, with orders diverted (in some cases, probably diverted back) to Singapore, despite higher costs. Political risk could thus keep Singapore's electronics industries in contracts through the mid-2010s as customers try to build diversification and redundancy in supply chains. In any case, the share price of Flextronics (a major player in the local electronics industry) has trended up so far in all its listed global exchanges during 2014.

Non-electronics manufacturing activity levels are also due to receive a boost from new petrochemical plants that started operation in 2013, and are ramping up capacity; while from May, three new Liquefied Natural Gas (LNG) regasification terminals are due to begin operation. Turning to the financial sector, which grew almost 11% in real terms in 2013, adding 4,500 jobs, the outlook continues to be supported by the new business lines around the offshore renminbi: CNH deposits in Singapore (as opposed to the onshore yuan, CNY) rose by 70% to CNH170bn in the ten months to end-2013. Planned deepening of financial co-operation with the UK, announced in February, will also help to cement Singapore's position as a financial centre for FX trading (it is already third-largest in the world). These trends should help cushion any impact of a slowing local property market and credit risks in China.

## Glossary & Definitions

### DEFINITIONS

#### Minimum Terms:

The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

#### Recommended Terms:

D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

#### Usual Terms:

Normal period of credit associated with transactions with companies in the stated country.

#### Local Delays:

The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

#### F/X Bank Delays:

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.

C/A (current account) balance, % GDP:

Part of the balance of payments that records a nation's exports and imports of goods and services, and income and transfer payments.

DSR (debt service ratio), %:

Annual interest and principal payments on a country's external debts as a percentage of exports of goods and services.

Govt balance, % GDP:

The balance of government expenditure and receipts.

Real GDP growth, %:

GDP adjusted for inflation.

Inflation, %:

The increase in prices over a given period.

## GLOSSARY

CiA	Cash in Advance
CLC	Confirmed Letter of Credit
CWP	Claims Waiting Period
FX	Foreign Exchange
LC	Letter of Credit
LT	Long term
MT	Medium term
OA	Open Account
SD	Sight Draft
ST	Short term

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