CHAPTER-I

INTRODUCTION
The history of Singapore since it early development as a free trade export entrepot and there centre of British trade in the area from Sumatra to New Guinea and from Java to China was one of the growing prosperity and economic importance coupled with a shrinking trade area. Much of its China trade was transferred to Hong Kong after 1842. Its important trade with Indochina was cutoff by the French conquest, which resulted in the imposition of heavy duties on foreign trade and the establishment of direct steamship service between the colony and France. The somewhat belated establishment of Dutch steamship services between the principle ports of the Netherlands Indies and their overseas markets considerably changed Singapore’s relation with that area. In the present century port Swettenham began to draw much of the federation.

But Singapore remained the collecting and distributing centre of the Malaya peninsula, central Sumatra and Borneo, and the immense extension of rubber cultivation Malaya and Sumatra has more than compensated for the contraction on its trading area. Its trade with Java, Siam, and Indochina still remained important. The continuous improvement of its port facilities was one of the chief reasons for the maintenance of its position, as also the fact that it is extremely well placed on the principle trade route between Europe and the Far East. For instance, with oil becoming increasingly important it prove to be the most continent centre for the distribution of the oil produced in Sumatra, Dutch Borneo and Sarawak. Its total trade reached the 2000 million dollars mark before the Second World War.¹

The Republic of Singapore is an insular territory, with an area of 659.9 sq. kms (254.8 Sq. miles), lying to the south of the Malay Peninsula, to which it is joined by a causeway, 1.2 km long, carrying a road, a railway and a water pipeline across the

intervening straits of Johar. Singapore Island, which is situated less than 1.5° north of the equator, occupied a focal position at the turning point on the shortest sea-route from the Indian Ocean to the South China Sea.²

The mainly granitic core of the island, which rises in a few places to summits of over 100m, is surrounded by low lands, which of it mainly, through large areas are intensively cultivated. Singapore city has grown up the former ground adjacent to the Mt. Faber ridge, the foreshore of which provides deep-water anchorage in the lee of two small offshore islands, Pulau Sentosa and Palau Breni. In recent years, suburban growth has been rapid towards the north and along the eastern foreshore, and since 1961 a large example of mangrove swamp to the west of the dock area has been reclaimed to provide industrial estates for the Jurong Town Corporation.

The climate of Singapore, like that of the Malay Peninsula is hot and humid, with no clearly defined seasons, although February is usually the sunniest month and December often the least sunny. Rainfall average is 2,367 mm annually, and the average day time temperature is 26.6°C falling to an average minimum of 23.7°C at high (Demaine, 2003).³

According to the census of 30 June, 2000, the population (including non-residents) was 4,017,733. by mid-2002, the population was officially estimated at 4,163,700 with a population density of 6,309.6 per sq. kms one of the highest in the world. Of the total population (excluding non-residents) at the 2000 census, 76.8 percent were Chinese, 13.9 percent Malay and 7.9 percent Indian. In 2000 the birth rate was estimated at 11.3 per 1000 (compared with 18.4 in 1990) and death rate at 3.8 per 1000.⁴

³ Ibid.
⁴ Ibid.
There are four official languages: Chinese (in 1990, as the first language, Mandarin was spoken by 26 percent of the population, Chinese dialects by 36.7 percent), English (used by nearly 20 percent in 1990), Malay and Tamil. Chinese dialects were spoken as the first language by 24 percent of the population in 2000.  

Human habitation in Singapore has a record by going back possibly some 2000 years, but its early history is obscure. The very name of Singapura ('Lion city' in Sanskrit) is unexplained. Since the lion is not native to the region. The original seaport, Temasek, may have been part of the great Sumatran maritime empire of Srivijaya, which disintegrated in the 13th century. The earliest historical chronicle, the Malay Annals, described 14th century Tamasek as a prosperous trading center, and this time, it came to be known as Singapore. However, the island's prosperity brought it into the sphere of rival expanding empires like Thai Ayudhya and Javanese Majapahit. Due to attack by both the empires and existing internal strife, the city was destroyed in the final years of the 14th century. The ruler of the island and his followers fled to a more secure settlement in Melaka (Malacca).

Following this violent episode, Singapore remained almost deserted for more than 400 years, home of a few tribes of orang laut (boat people), who lived by fishing, piracy and petty trading by both and owed allegiance to the Malay–Riau-Johor Empire, centered nearby in the Riau archipelago. Soon all that remained of the old city were a few crumbling ramparts and the neglected graves of its former rulers on the hill above the Singapore River. Riau was a prosperous emporium for regional trade and commerce, but Singapore merely battened on the pivaical fringe of that trade.

5 Data from ASEAN Statistical Year Book, 2001 and 2004.
In the early 19th century, the Straits of Melaka and the southern part of the Malay Peninsula assumed a new commercial and strategic importance when British East India Company sought bases to protect its China trade and to challenge the Dutch commercial monopoly in the Malay Peninsula and archipelago. In 1819, Sir Stamford Raffles, an official of the Johor and the local chief, established a trading post at the Singapore River, and in 1824 the two Malay chiefs ceded the island in perpetuity to the East India Company and its successors, in lieu of money, payments and pensions. 

In 1826, the East India Company merged Singapore with its two other dependencies on the west coast of the Malay Peninsula: Pinang (Penang), acquired in 1786, and Melaka, ceded by the Dutch in 1824. These territories remained under one political entity known as the Straits Settlements for the next 120 years. Under the protection of the East India Company, a new port which was conveniently situated and free from customs duties or restrictions, attracted traders and settlers from all over the region. They came first from the nearby ports of Riau, Melaka and Pinang, and later from a field in the Indonesian archipelago, and also from Thailand, Indo-China, Burma (Now Myanmar), Borneo, the Philippines, India, China and Europe.

In 1833, the East India Company lost its monopoly over the China Trade, after which it had no further use for the Straits Settlements. Though the laxity of the government and freedom from taxation attracted steady immigration and trade, the European merchants of Singapore became increasingly dissatisfied with administrative inefficiency and the lack of representative institutions. In 1857, Singapore's merchants petitioned that the Straits Settlements be separated from India and brought under direct British rule. As a result the Straits Settlements became a

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crown colony in 1867, with a constitution that remained basically unchanged until the World War\textsuperscript{10}

The transfer of the Straits Settlements to direct British rule was soon followed by two events, which gave a new impetus to Singapore's development:

- The opening of Suez Canal in 1869; and
- The first treaties of protection between the Britisher's and ruler of the Malaya status in 1874.

With the opening of the Suez Canal, the India-Malaka Straits route, on which Singapore was situated in a dominating position, became the main highway from Europe to the Far East.

In the late 19\textsuperscript{th} and early 20\textsuperscript{th} century, Singapore became the commercial and financial centre for the whole region. Growing western interests in South-East Asia, the increasing use of steamships (which from the 1880s replaced sailing ships as the main carriers) and the development of telegraphs put Singapore, with its five natural sheltered harbours, at the hub of international trade in South-East Asia. It became a vital link in the chain of British ports, which stretched from Gibraltar, through the Mediterranean Sea and the Indian Ocean, to the Far East.\textsuperscript{11}

The 60 years from the opening of the Suez Canal to the onset of the Great Depression in 1929 were a period of almost unbroken peace, steady economic expansion and population growth in Singapore.\textsuperscript{12}

As early as 1827, the Chinese were the biggest single community in Singapore and by the beginning of the 20\textsuperscript{th} century, they constituted three-quarters of the

\textsuperscript{11} Ibid, p.
population, a proportion which has remained fairly constant since that time. Most Chinese come from the troubled Guangdon and Fujian provinces of southern China, representing a variety of dialect groups such as chiefly Fukien, Cantonese, Teochew, Hakka, Hainavne. Most of the immigrants included young adult men who aimed to make money abroad and then return to their native land, this shows the population of Singapore in the 20th century, was transitory and shifting. Besides women, children or old people were also formed an important part of the immigrants. Later on more women came to Singapore, and a large number of immigrants settled permanently and raised families. In 1927, a record of 360,000 Chinese landed in Singapore. However, the Great Depression of 1929-33 hit Singapore hard, landing to the first restrictions.

There was a little interest in local politics from the mid-1920s a Legislative Councilor, Tan Cheng Lock, began to call for elected representation on the Legislative Council for those who had made the Straits Settlements their home, but he found little backing even among this fellow Straits Chinese.

After the First World War, Singapore acquired a new strategic significance as a naval and military base and continued to be so till Japan attack on Malaya in December 1941 as part of a campaign to seize the raw materials it needed from South-East Asia. The Japanese conquered Singapore in February 1942 and kept under their occupation for more than three years.

Japan renamed Singapore as Syonan or 'light of the South', and intended to retain it as a permanent colony and military base, as a part of its proposed, 'Greater East Asia Co-Prosperity Sphere'. They destroyed the colonial economy without

\[^{13}\text{Ibid.}\]
\[^{14}\text{Ibid.}\]
\[^{15}\text{Population of Singapore, Institute of SEAS Studies, Singapore, p.4.}\]
replacing it by an Asian alternative, and tried to suppress the English language and colonial education without building up Japanese in its place. Japan did nothing to promote indigenous politics in Singapore.17

In September 1945, the Britishers set up a temporary military administration to restructure the colonial government. They aimed to unite the peninsula by creating a Malayan Union comprising all the Malay states, together with Pinang and Melaka. However, Singapore was separated as a Crown Colony.

In April 1946, civil rule was restored and the Malayan Union and Singapore Crown Colony came into being. These decisions were taken because of Singapore’s special position as a free port, its importance as a military base and the complications of trying to absorb it into a Malaya embarking on the road to self-government and independence. However, Singapore’s separation was not intended to be permanent.

As a part of this process development, Singapore’s first political party the Malayam Democratic Union (MDU) was created in 1945. The party joined other opposition groups in the peninsula to form the all Malay Council of Joint Action, which put forward proposals calling for the inclusion of Singapore in a Malayan federation. The peninsular Malaya nationalism swept aside, the country as a reaction against the Malayan Union, the loss of state identity, and the proposed liberal granting of citizenship to immigrants. As a result, a Federation of Malaya replaced the Malayan Union in 1948. Singapore remained separated, but this time on racial grounds, since the Malay leaders did not want to upset the ethnic balance of the federation by including a predominantly Chinese Singapore. 18

In this way Singapore became independent against the wishes of its own leaders. It joined the UN in September 1965 and was admitted as a member of the Commonwealth. The new Republic was committed to multi racial, non-communist, democratic socialistic policies and to co-operation with Malaysia, particularly in economic and defence matters.

Initially the British defence umbrella, continued to shelter Malaysia and Singapore, but in 1966 the U.K. decided to withdraw its bases from, ‘East of Suez’, during the mid-1970s. Singapore introduced compulsory national service and was working to build up a credible defence force when, less than two years later, the British Government advanced the withdrawal date to 1971.

The accelerated time table threatened Singapore’s economy, since the bases accounted for 20 percent of the country’s GNI, but the government took advantage of the situation to call an election in 1968, when it won a mandate to pass far-reaching labour legislation to provide right climate for foreign investment. As hopes for access to the Malaysian market evaporated, Singapore stepped up its efforts to achieve rapid export-oriented industrialization. To attract foreign and local capital and expertise, the Government rejected doctrinaire socialism favoring a mixed economy, largely privately owned and managed, but with a sizeable public ownership stake used by the Government to give impetus and direction to industrialization.

Singapore was a founder member of the ASEAN formed in 1967 along with Malaysia, Thailand, Indonesia, and the Philippines.

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The Singapore government was anxious to maintain cordial relations and to forge economic links with all countries: the West, communist states, developing countries, the Middle East, Japan, Taiwan and the People’s Republic of China. Despite developing substantial economic relations with China, however the Singapore Government waited until 1990 before establishing formal links at ambassadorial level, in order to minimize its image as an ethnic Chinese nation.\textsuperscript{22}

Independence of Singapore was followed by eight years of international boom, during which Singapore achieved an ‘economic miracle’ in industrialization. Official policy aimed at improve living standards without creating a welfare state: it encouraged full employment and subsidized education, housing and public health. Social reform was initially accompanied by a strict policy of family limitation and population control, together with stringent immigration measures.

After the 1961 crisis, the government pursued a consistently anti-communist policy, using the emergency regulations a legacy of colonial times – to imprison ‘hard core’ subversives.\textsuperscript{23}

In the two decades of remarkable economic progress, Singapore had achieved the third highest per capita income in Asia (excluding the Middle east), after Brunei and Japan. The Republic was also acquiring a sense of nationhood; the 1980 census showed that more than 78 percent of the population was Singapore born.

An economic recession in 1985-86 prompted the government to review some of its policies and to adopt new strategies for socio-economic development.\textsuperscript{24} In 1987, a new Population Policy was introduced, replacing the strict population control that resulted in a decline in fertility to below replacement levels. Early marriages were


\textsuperscript{23} Ibid.

encouraged, particularly among the more prosperous and better-educated groups. The 1990 census recorded population of 2.7 million and in 1991 an official Concept Plan set a target of 4.0 million by 2010. The government aimed at achieving this by raising fertility, encouraging the immigration of talented Asians and discouraging emigration by making life in Singapore more attractive.

In November 1990, Lee Kuan Yew stepped down as PM in favour of Goh Chok Tong, but remained in the Cabinet as Senior Minister, kept this influential post as PAP Secretary-General, and continued to travel extensively abroad promoting Singapore’s interests. Goh offered a more open political system and at this inauguration, invited “fellow citizens to join me, to run that next lap together.” An official programme entitled “The Next Lap”, which was published in 1991, promised to make Singapore more prosperous, gracious and interesting over the next 20 to 30 years’, as befitted an affluent, well-educated society.25

Seeking popular endorsement for his style of government, Prime Minister Goh called a ‘Snap’ election in August 1991, two years ahead of schedule, arguing that consensus and national unity precluded the need for a formal opposition.

When the term of office of the six NMPs, expired in 1994 the system was made permanent on the basis of two years appointments with the possibility of reappointment. In 1995 Maintenance of Parents Bill, introduced by NMP Dr. Walter Woon, offered destitute parents the right to claim maintenance from their children. As a Private Member’s Bill, this was open to free discussion and provoked spirited debate both in parliament and the press. The legislation, which gained widespread support and set up a tribunal in 1996, was designed to address one of Singapore’s most serious problems: the ageing of the population and the consequent concern to

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reduce pressure on health care and other social services by enforcing family responsibilities for the older generation. The birth rate continued to decline, despite government measures to encourage marriage and child-bearing, and in 1998, the retirement age was raised from 60 to 62.26

Profiting from the booming regional economy, Singapore consolidated its reputation as a leading financial centre. In 1996, the OECD promoted Singapore from the list of developing countries eligible for aid to the rank of 'more advanced developing country'. Goh Chok Tong and Lee Kuan Yew, however, continued to stress the Republic's vulnerability and the need for good government and a disciplined people to sustain the momentum of a dynamic economy.

Under the slogan 'Singapore 21: Make it over Best Home', the Prime Minister Goh contested the general election of January 1997 on three issues: his own impressive track record; a solid programme offering political stability, economic growth, high quality education and living standards; and a capable leadership to deal with various changes in 21st century.

Political stability, a sound economic infrastructure and massive foreign exchange reserves placed Singapore in a better position than its neighbours to withstand the economic crisis in mid-1997, which posed the most serious challenge to Goh's Government since its first took office. Growth decelerated in 1998, tax revenue declined for the first time in a decade and key manufacturing and commercial sectors showed negative growth.

The Housing and Development Board Upgrading Programme, which was financed out of budget surpluses, was scaled down. Both the Prime Minister and the leader of the NTUC gave priority to full employment by adjusting wages in order to

26 Ibid.
curb costs and save jobs. By November 1998, Singapore was formally in recession. The government introduced far-reaching measures to reduce business costs, which included wage cuts and the halving of employer’s Central Provident Fund (CPF) contributions from 20 percent to 10 percent. Ministers and senior civil servants suffered substantial pay cuts, and the civil service bonuses were slashed. At the same time, the government reduced corporate and property taxes, stamp duty, vehicle taxes, utility charges, Housing and Development Board rents and mortgage interest rates in order to lower costs and to ease the burden on citizens. However, it resisted pleas from the business community for more positive intervention, insisting that its priority was to continue to “invest in education, training programmes, defence and the economic infrastructure, in order to strengthen Singapore’s future prospects of profiting from the growth in the regional economy.

By May 1999, Singapore was technically no longer in recession, and the economy experienced greater growth than expected for the rest of the year and throughout 2000. This prompted the National Wages Council to recommend wage increases, bonus payments and the restoration, at a more rapid rate than the proposed five-year period, of the 10 percent CPF reduction. Some 2 percent of the CPF decrease was restored in April 2000, and a further 4 percent in January 2001. In August 2000, Goh Chok Tong announced plans to receive the programme to upgrade Housing Development Board (HDB) flats.27

Singapore celebrated National Day in August 2000, in an optimistic mood, but the PM warned of ‘grave problems’, notably falling fertility, emigration and a widening gap between rich and poor. Despite tax incentives introduced in the mid-1980s to encourage the educated classes to have more children, the fertility rate had

declined sharply to less than 1.5 and was still falling and already one quarter of the population were non-Singaporeans.\(^{28}\)

In August 2000, further incentives were announced in the form of bonus payments and improved maternity leave for those parents producing a second and third child. To compound the fertility problem, competition from other countries to recruit talent in a global economy was encouraging many Singaporeans to emigrate, thus raising salaries among the most highly paid echelons.

While the upsurge in the economy created many new jobs or professionals and technicians, unemployment continued to increase among the unskilled, who had suffered most during the 1997 crisis. The gap between those earning ‘First World’ salaries and ‘Third World’ wages was widening, about 4 percent of the Singaporeans were living below the poverty line.

Singapore is a ‘planned economy’ in the sense that the mobilization, co-ordination, improvement and allocation of resources are subject to strong guidance from the public sector. The public sector decides which sectors should be subsidized. Furthermore, a significant part of Singapore’s output has been produced by public sector bodies such as the statutory boards and hundreds of Government Linked Companies (GLCs). GLCs benefited from access to cheaper bank loans, as bankers believed that they would always be supported by the government.\(^{29}\)

The principal planning body in Singapore is the Economic Development Board (EDB), a statutory body under the MTI, established in August 1961. The EDB’s aimed at attracting foreign investment into Singapore, fostering the development of domestic enterprises.

\(^{28}\) For details of Singapore’s economic indicators in the subsequent years see “Country Risk Service, Singapore: The Economic Intelligence Unit Limited, 2005.

The EDB became a ‘one step’ agency at which foreign investment could receive all necessary help and co-ordination with other agencies, enabling them to start production within a very short period of time.

The EDB’s Plan, Manufacturing 2000 (M 2000), was to ensure that manufacturing continued to account for a minimum of 25percent of the GDP and more than 20percent of employment.

Industry 21 (I-21) launched in January 1999, focused on knowledge - intensive activities and reflected the government’s intention to build a Knowledge - Based Economy (KBE).

The strategic plan, known as “Manpower–21” aimed at co-coordinating the development of the labour force in order to meet the output target set by the EDB. The continued emphasis on manufacturing contained in I-21 probably reflected the view that a large part of the labour force was not yet suitable for unemployment in the service sector and that a manufacturing sector of countries was not as stable as the service sector .

The EDB managed to maintain a high level of investment commitment by foreign firms despite the uncertainties caused by the Asian financial crisis of the late 1990s. In 2001, half of the investment commitments were in the electronics sector and 28percent in chemicals and chemicals products. Historically, as much as 80percent of the investment in manufacturing sector each year came from outside Singapore.

In 2001, USA provided 35percent of the fixed investment in manufacturing sector, Japan 15percent, the EU 21percent and Singapore 28percent. Total investment commitments in manufacturing sector reached S$ 9,171 million in 2001. The EDB stressed on development in water fabrication plants and the petrochemicals sector, in order to create knowledge based jobs.
Another initiative the EDB has taken into co-ordinate in building the fourth pillar of the economy through the development of the life sciences sector, which draws on the pharmaceuticals sector, medicine, medical equipment design and manufacture, health promotion and research in molecular biology and biotechnology.

The EBD invites MNCs and local forms to develop targeted sectors in Singapore and to encourage outward investment. In 1995, the EDB established the Promising Local Enterprises (PLEs) programme, which initially identified 100 local companies for support in order to increase their annual sales to S$ 100 million each by the year 2005.

By 2000, 52 PLEs had achieved revenues of not less than S $ 100 m. Tax incentives, financial assistance, innovation grants, the arrangement of strategic partnerships and the development of business contracts for the PLEs are the methods used by the EDB. In 2000, there were about 300 PLEs in both the manufacturing and services sectors and at least 13 PLEs were listed on the national stock exchange of the country.

Another government initiative, the Technopremiership-21 (T-21) programme, was announced in April 1999. The five aspects of this programme were:

(1) To develop a pro-enterprise environment
(2) To develop suitable physical infrastructure
(3) To develop a venture investment infrastructure
(4) To develop the education system to encourage entrepreneurship; and
(5) Initiative and risk taking.

Singapore’s strategy of industrializing a service-based, enter pot economy has had profound effect on its production structure in 1965, manufacturing sector contributed 24.9 percent of the GDP. The contribution of other sectors to the GDP
were, commence 18.6 percent; transport and communication 11.1 percent; financial and business services 26.9 percent; utilities 1.5 percent; construction 6.7 percent; and other services 10.0 percent. In 2002, manufacturing sector contributed 24.4 percent of the GDP and financial and business services 24.4 percent.  

Singapore’s strategy of attracting export-oriented MNCs and high infrastructure investment and fixed capital formation has had profound implications for the structure of expenditures in the economy. In 1965, private consumption expenditure made up 79.2 percent of the GDP and government consumption expenditures represented 10.4 percent with gross fixed capital formation at 21.1 percent of the GDP and stock accumulation at 0.8 percent net exports had to be equivalent to 12 percent of the GDP (imports exceed exports), showing that Singapore was borrowing from abroad in order to finance domestic expenditures, which were 112 percent of domestic production.

By 1995, personal consumption expenditure had been reduced to 40.7 percent of the GDP and, with government consumption expenditure at only 8.5 percent of the GDP, Singapore’s gross fixed capital formation reached 33 percent of the GDP and net exports were equivalent to 18.1 percent of the GDP. Net exports only became positive in the mid-1980s, and this had implications for Singapore’s balance of payments accounts. The reduction of private consumption expenditure as a proportion of GDP means that private consumption expenditures continued to grow in real terms each year but a slower rate than that of overall output.

Singapore’s export-oriented policy, together with the constant pressure to move to higher levels of technology, has created a significant manufacturing sector based on a few important industries. This was the most significant contributor to

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economic expansion in 2000-02. In terms of sub-sector growth, chemical and chemical products performed best in 2002 at 40 percent compared with 7.6 percent in 2001 and 6.8 percent in 2000. Electronics, which had performed well in 2000, recording growth of 25.2 percent, achieved expansion of only 4.1 percent in 2002 after a contraction of 21 percent in 2001. Machinery and equipment production has also been volatile, with a growth rate of 27 percent in 2000 followed by a contraction of 16 percent in 2001 and expansion of only 0.2 percent in 2002.31

Although Singapore has few areas of natural beauty, it has always been an important tourist destination, mainly for those going in transit or who include a visit to Singapore as part of a trip to Indonesia, Malaysia and Thailand. By 2000, the average length of stay by a tourist was 3.2 days, having declined steadily since the early 1990s, and was much shorter than the length of visits to such places as Indonesia and the Philippines at 10 days each and Thailand at 7.4 days.32

Combining a modern and efficient city with diverge example of Asian culture, Singapore has been called ‘Asia for beginners’. For many years, it was promoted as a ‘shopper’s paradise’, but despite the continuing annual ‘Great Singapore Sale’ in May and June or July, this aspects had also faded, mainly owing to the appreciation of the Singapore dollar. Visitors can obtain a rebate of the goods and service tax on purchase of more than S $300 in any participating retail outlet.

During the economic crisis, tourism, retail and hotel sectors, suffered due to strong Singapore dollar, decline in income in neighbouring countries and the return of smoke pollution from forest fires in Indonesia. In 2001, the number of visitor arrivals contracted by 3.2 percent compared with 2001, but arrivals rose marginally in 2002, to an estimated 7,56,600.

31 Gavin Peebles, Ibid., p. 1016.
32 Ibid.
The hotel occupancy rate fell to 74 percent in 2002 from 76.3 percent in 2001 and over 84 percent in 2000, but was still higher than its lowest rate of 71.3 percent in 1998. Total revenue from the sector was S $ 933 millions in 2002, a 5.6 percent decrease from 2001. The sector was unlikely to perform well in 2003 as it was badly affected by the SARS epidemic. In the first two weeks of May 2003 tourist arrivals had fallen by 75 percent compared with the corresponding period one year previously.\(^3\)

The Tourism -21 plan, adopted by the Singapore Tourist Board (STB), featured more promotions with neighbouring Asian countries and Western Australia. One aspect of its marketing was to link tourism with Singapore's plans to become an arts hub ('Global City for the Arts' being the slogan), and tourist promotions have been linked to Singapore's hosting of popular musical and theoretical events, and the location for major international conferences, conventions and exhibitions.\(^4\)

The share of foreign investment in Singapore rose steadily from US$ 7208.3 million to US$ 8984.1 million, but it declined to US$6390.2 in 2000, in which the FDIs from EU-15 and US were maximum. FDI from India to Singapore in 1995 was US$ 20.5 million and US$ 5.0 million in 2000. But the FDI from intra-ASEAN countries was US$ 503.2 million in 1995, but it declined to US$ 157.8 million in 2000. In the NIEs, Hong Kong is the pivotal country whose FDI in Singapore is larger. Hong Kong invested US$ 35.4 million in 1995 and US$ 147.0 million in 2000. The only one country with the zero FDI in Singapore is Russia. China's FDI in Singapore is declining.\(^5\) However the scenario has been changed after China's signed

\(^3\) Ibid.
\(^4\) Ibid.
\(^5\) Analysis Based on the various data from ASEAN Statistical Year Book, 2001, ISEAS: Singapore.
WTO. China becomes a fruitful trade partner especially for East Asian nations because of the geographical reasons.

In 1997 the FDI from various countries like Japan, Hong Kong, South Korea, India, EU-15, Australia and New Zealand has declined. But countries like USA, Taiwan, Canada and Switzerland invested more in Singapore. FDI from Indonesia and Malaysia’s also declined in this period. Indonesia’s FDI in 1997 was US$ 1763.8 million. But after the economic crisis in 1997, it declined to US$ 26.7 million in 1998. The same case was with Malaysia in 1997, whose FDI in Singapore was 158.5 million but in 1998, it was only US$ 95.6 million.⁶

China’s entry into the WTO would accelerate its ability and willingness to play by global rules. It rather emphasized that the expected law-abiding attitude of China was important pre-requisite for stable economic and diplomatic relations between China and rest of the world.

In 1997, World Bank forecast on the occasion of launch of its China 2020 reports that China’s share in the world trade would triple over the next 25 years to 10 percent, making it major engine of growth for world trade. The signing of WTO gets China to closer global integration bringing rising wages for both industrialised and developing relations.⁷

Thus many Asia Pacific nations believed that the China’s entry would vastly promote regional interests. Economically, the market of China is incredibly promising domestically as well as for neighboring countries and its inclusion for the trade body seemingly would make market-oriented reforms of China irreversible. Asia Pacific

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nations considered that the economic merits of China’s entry would bring about favorable political effects and win-win situation for its neighbors.

The entire world has been witnessing the menace of terrorism, fearing terrorist activities or attacks in the country. Singapore authorities have stepped up efforts against terrorists are broad and comprehensive. There appear to be two levels of participation: at level one, coalition members clearly employ forces against terrorists, while level two countries oppose terrorism, but are either unwilling or unable to employ force in coordination with another country.  

Level one countries view terrorism as a global threat and the war against terrorism as a common effort that benefits all countries. They have been employing force against terrorists and area working bilaterally with the US and also with each other to pursue the war on terrorism. Australia, New Zealand, Singapore, Malaysia and the Philippines are among level one country.

After September 11, 2001, the Singapore government established an Inter-Ministerial Task Force on anti-terrorism. In October 2001, it issued regulations that permitted implementation of UN Security Council resolutions on counter terrorism. The monetary authority of Singapore instructed all banks and financial institutions to identify customers suspected of financing terrorist activities who are engaged in money laundering activities.

39 Ibid.
40 Straits Times, June 12, 2002.