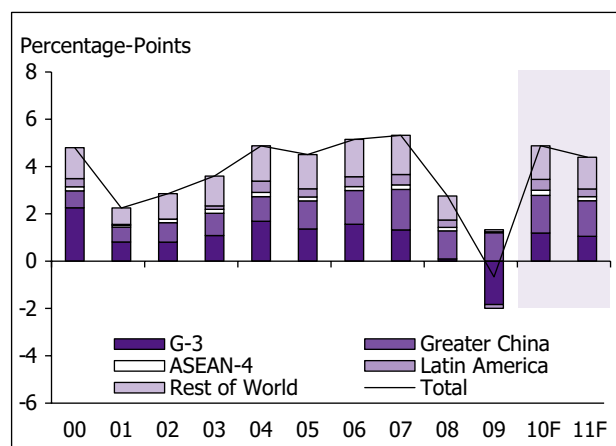


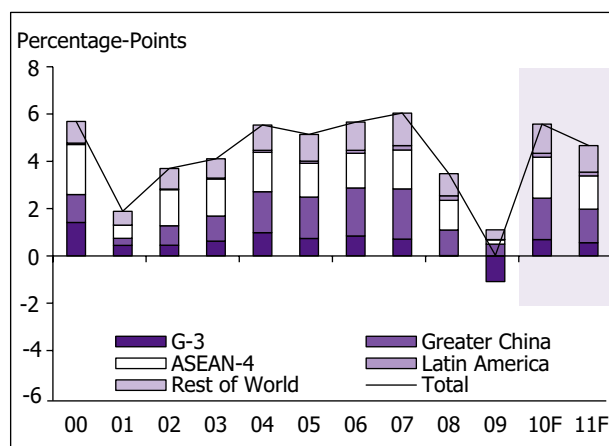
### Box 1.1: Global Demand Growth from Singapore's Perspective

The global economy has been on a "dual track", with emerging economies growing at a much faster pace compared to their developed counterparts over the past few years. As a result, the contributions of emerging economies towards world GDP growth have increased ([Exhibit 1A](#)). For example, key emerging Asian economies (Greater China and the ASEAN-4) are estimated to account for around 37 per cent of world GDP growth in 2010, compared to less than 30 per cent in the early 2000s.<sup>1</sup> Over the medium to longer term, the contributions from emerging Asia could rise further, given the region's strong economic fundamentals and better growth prospects underpinned by rapid urbanisation and supportive demographics. These economies therefore present immense demand potential and economic opportunities to the rest of the world.

**Exhibit 1A: Contributors to World GDP Growth by Broad Regions**



**Exhibit 1B: Contributors to World GDP Growth Weighted By Singapore's Export Share**



Source: International Monetary Fund World Economic Outlook Database, October 2010  
International Enterprise Singapore,  
Singapore Department of Statistics,  
Ministry of Trade and Industry Staff Estimates.

Given Singapore's deep economic linkages and rising export exposure to emerging Asia, such opportunities are likely to be more significant for Singapore. This is reflected in [Exhibit 1B](#), which plots world GDP growth aggregated based on Singapore's trade structure (i.e., weighted by Singapore's export share to the various regions).

As shown, the Singapore's export share-weighted measure of global GDP growth was higher compared to actual global GDP growth over the past decade, mainly due to the larger contribution (around 60 per cent) from emerging Asian economies. In 2010, world GDP growth – as projected by the International Monetary Fund – is expected to reach 5.0 per cent, but when viewed from Singapore's perspective, global demand growth is stronger at 5.6 per cent. In particular, ASEAN-4 and Greater China would each contribute 1.7 percentage-points to external demand growth for Singapore, compared to 0.2 percentage-points and 1.6 percentage-points respective contributions to actual world GDP growth. This reflects the relatively greater economic relevance of the region to Singapore, and the presence of intra-regional production networks to serve end-markets such as the G-3 economies. In contrast, the contribution from Latin America was lower when seen from Singapore's perspective, due to our weaker trade linkages to the region.

<sup>1</sup> Greater China refers to China, Hong Kong and Taiwan. ASEAN-4 refers to Malaysia, Indonesia, Thailand and the Philippines. Estimates are based on the IMF World Economic Outlook Database, October 2010.

Nevertheless, these estimates only reflect incremental demand growth and not the absolute drivers of Singapore's exports. The G-3 economies have been and continue to be a key driver of Singapore's export-oriented manufacturing and services activities, as they still account for more than a quarter of our total export volume.<sup>2</sup> Moreover, the G-3 economies remain the dominant source of value-added from Singapore's exports, since many of the products exported to these economies are in high value-added industries such as biomedical manufacturing and financial services (Jayaram and Neo, 2011).

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## REFERENCES

Jayaram and Neo. 2011. "Estimating the value-added from Singapore's exports to key markets". Economic Survey of Singapore 2010.

<sup>2</sup> G-3 economies refer to the United States, European Union and Japan.