

# CHAPTER 4

## International Trade

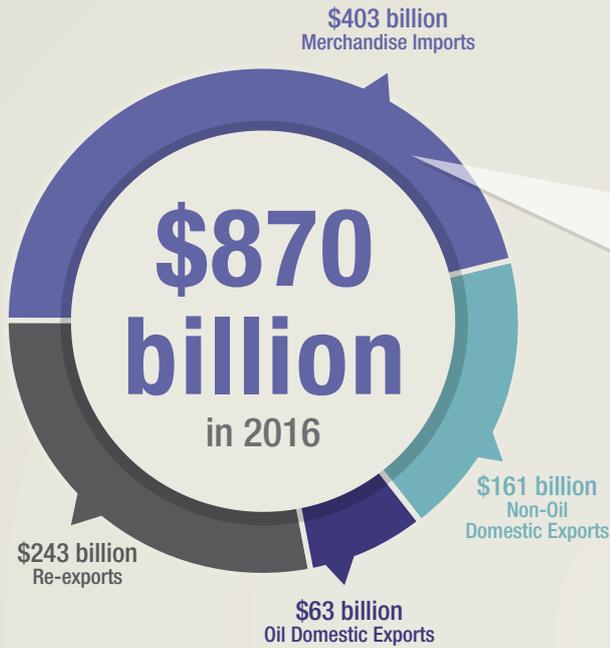




# CHAPTER 4

# INTERNATIONAL TRADE

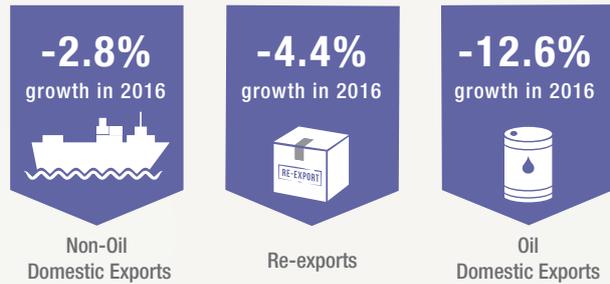
Total Merchandise Trade  
Amounted to...



## GROWTH IN MERCHANDISE TRADE



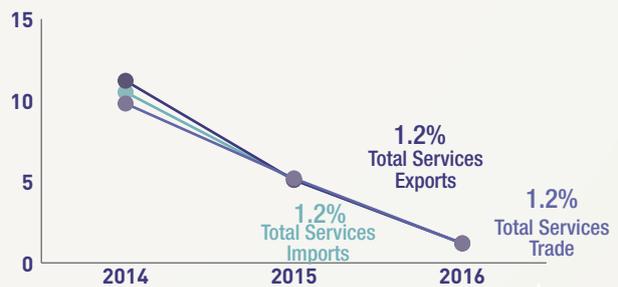
Total Merchandise Exports decreased by  
**5.1%** in 2016



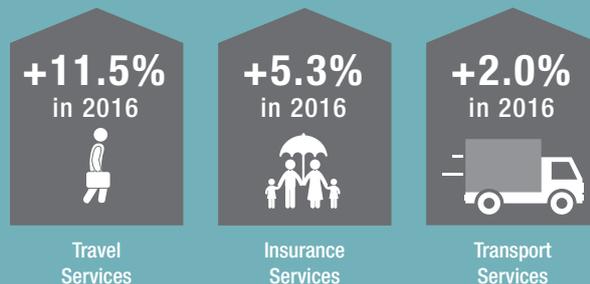
Total Services Trade  
Amounted to...



## GROWTH IN SERVICES TRADE



Main Drivers of Services Export Growth were...



## OVERVIEW

Singapore's total merchandise trade grew by 4.0 per cent in the fourth quarter of 2016, a turnaround from the 6.6 per cent decline in the preceding quarter. Meanwhile, total services trade increased by 3.4 per cent in the fourth quarter, following the 0.4 per cent growth in the third quarter.

For the whole of 2016, Singapore's total merchandise trade declined by 4.9 per cent to \$870 billion, compared to \$915 billion in 2015. Oil trade contracted by 18 per cent and non-oil trade decreased by 1.9 per cent. Merchandise exports fell by 5.1 per cent and merchandise imports declined by 4.7 per cent.

Services trade grew by 1.2 per cent to \$422 billion in 2016, from \$417 billion in 2015. Both services exports and imports saw their growth ease to 1.2 per cent in 2016.

## MERCHANDISE TRADE

### Merchandise Exports

Total merchandise exports rose by 2.1 per cent in the fourth quarter, rebounding from the 4.5 per cent decline in the preceding quarter (Exhibit 4.1). The increase was due to a turnaround in domestic exports, from the 8.0 per cent decline in the third quarter to a 7.6 per cent expansion in the fourth quarter. By contrast, re-exports decreased by 2.4 per cent, extending the 1.0 per cent decline in the preceding quarter.

*Exhibit 4.1: Growth Rates of Total Merchandise Trade, Merchandise Exports and Merchandise Imports (In Nominal Terms)*

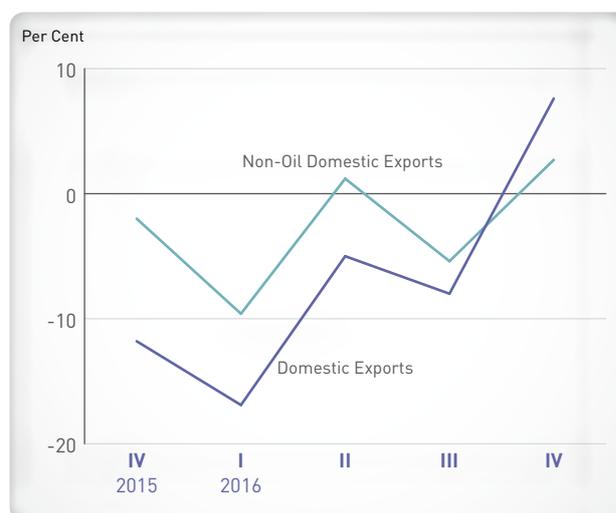
	2015	2016			2016
		II	III	IV	
<b>Total Merchandise Trade</b>	-8.9	-6.0	-6.6	4.0	<b>-4.9</b>
<b>Merchandise Exports</b>	-6.5	-4.8	-4.5	2.1	<b>-5.1</b>
<b>Domestic Exports</b>	-11.9	-5.0	-8.0	7.6	<b>-5.8</b>
Oil	-32.2	-18.0	-13.7	20.2	<b>-12.6</b>
Non-Oil	1.5	1.2	-5.4	2.7	<b>-2.8</b>
<b>Re-Exports</b>	-0.9	-4.6	-1.0	-2.4	<b>-4.4</b>
<b>Merchandise Imports</b>	-11.5	-7.4	-9.1	6.1	<b>-4.7</b>
Oil	-38.2	-29.2	-23.9	16.8	<b>-20.6</b>
Non-Oil	-0.1	-0.7	-4.9	3.9	<b>-0.6</b>

For the whole of 2016, total merchandise exports fell by 5.1 per cent, extending the 6.5 per cent decline in 2015.

### Non-Oil Domestic Exports

Non-oil domestic exports (NODX) increased by 2.7 per cent in the fourth quarter, reversing the 5.4 per cent decline in the preceding quarter (Exhibit 4.2). The growth in NODX was due to increases in both electronics and non-electronics NODX.

*Exhibit 4.2: Changes in Domestic Exports*



Electronics NODX increased by 1.0 per cent in the fourth quarter, an improvement from the 8.6 per cent contraction in the previous quarter. The growth in electronics NODX was primarily due to the higher exports of integrated circuits (ICs), parts of personal computers (PCs) and office machines. Similarly, non-electronics NODX rose by 3.5 per cent in the fourth quarter, a reversal from the 4.1 per cent decline in the third quarter. The rise in non-electronics NODX was due to increased shipments of specialised machinery, petrochemicals and non-monetary gold.

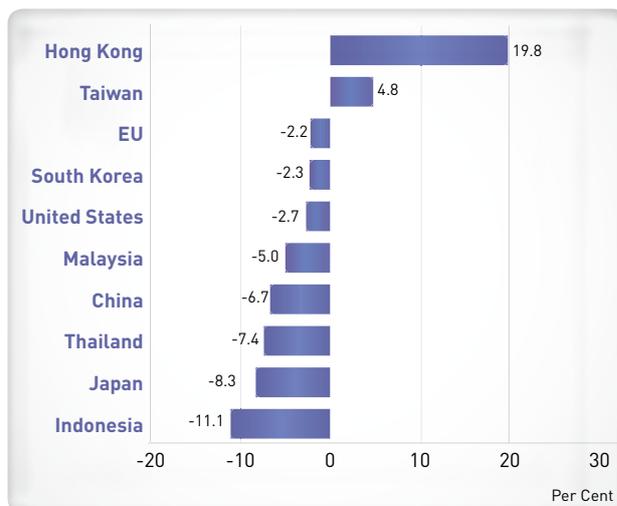
For the full year, NODX declined by 2.8 per cent, reversing the 1.5 per cent increase in 2015. The decline was due to a fall in both electronics (-4.0 per cent) and non-electronics NODX (-2.3 per cent).

The top ten NODX markets accounted for 78 per cent of Singapore's total NODX in 2016. Singapore's NODX to all top ten markets, except for Hong Kong and Taiwan, declined in 2016 (Exhibit 4.3).

China, Indonesia and Japan contributed the most to the decline in NODX. A fall in the sales of non-monetary gold, primary chemicals and pumps led to lower NODX to China. The decline in NODX to Indonesia was mainly due to a drop in the exports of petrochemicals, primary chemicals and bare printed circuit boards, while NODX to Japan contracted on the back of a fall in the exports of specialised machinery, ICs and tobacco manufactures.

By contrast, NODX to Hong Kong and Taiwan grew by 20 per cent and 4.8 per cent respectively. NODX to Hong Kong increased due to a rise in the exports of non-monetary gold, ICs and electrical machinery. On the other hand, increased shipments of specialised machinery, measuring instruments and precious stones & pearls led to the rise in NODX to Taiwan.

**Exhibit 4.3: Growth Rates of Non-Oil Domestic Exports to Top Ten Markets in 2016**



## Oil Domestic Exports

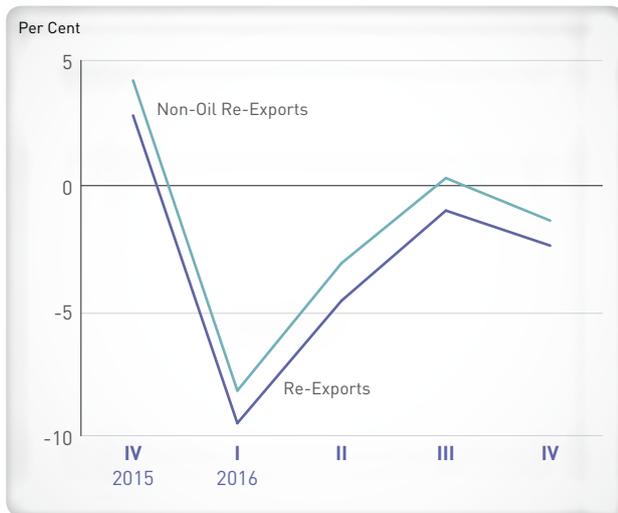
Oil domestic exports expanded by 20 per cent in the fourth quarter, in contrast to the 14 per cent contraction in the preceding quarter. The increase in the value of oil domestic exports was led by higher sales to Indonesia, China and Hong Kong, as oil prices rose in the fourth quarter compared to a year ago. In volume terms, growth in oil domestic exports continued to be positive, at 9.4 per cent in the fourth quarter, following the 4.1 per cent increase in the third quarter.

For the full year, oil domestic exports decreased by 13 per cent, a smaller decline as compared to the 32 per cent contraction in 2015. The decline in the value of oil domestic exports was driven mainly by lower sales to Malaysia, Panama and Australia, on the back of lower oil prices compared to 2015. In volume terms, oil domestic exports increased by 7.4 per cent, after rising by 6.8 per cent in 2015.

## Non-Oil Re-Exports

Non-oil re-exports (NORX) decreased by 1.4 per cent in the fourth quarter, reversing the 0.3 per cent growth in the preceding quarter (Exhibit 4.4). The decline in electronics re-exports outweighed the rise in non-electronics re-exports. In particular, electronics re-exports fell by 3.6 per cent, following the 2.0 per cent decrease in the third quarter, due to a decline in the re-exports of ICs, diodes & transistors and disk drives. On the other hand, non-electronics NORX rose by 0.7 per cent, following the 2.7 per cent increase in the preceding quarter, mainly due to the higher re-exports of petrochemicals, personal beauty products and aluminium.

**Exhibit 4.4: Changes in Re-Exports**

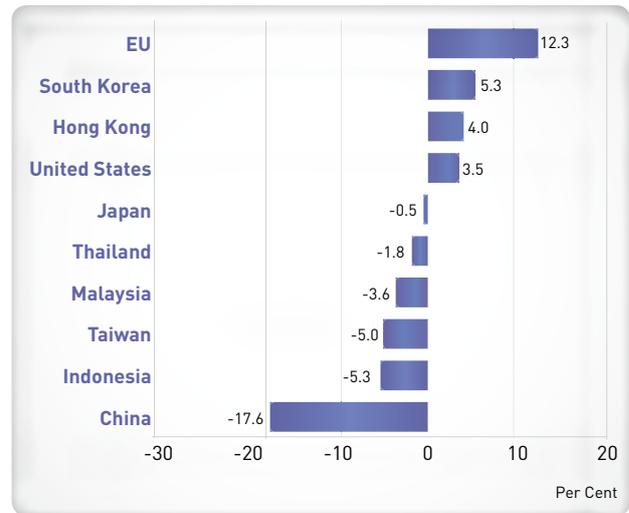


For the whole of 2016, NORX decreased by 3.1 per cent, a reversal from the 1.8 per cent increase in 2015. The decline was due to a fall in both electronics (-4.5 per cent) and non-electronics (-1.8 per cent) NORX.

NORX to the top ten markets declined in 2016, except for the EU 28, South Korea, Hong Kong and the US (Exhibit 4.5). NORX to China contracted the most, by 18 per cent, due to the lower re-exports of ICs, non-monetary gold and nickel. Lower shipments of non-monetary gold, ICs and civil engineering equipment parts led to the 5.3 per cent decline in NORX to Indonesia. Re-exports to Malaysia decreased by 3.6 per cent, due to declines in the re-exports of non-monetary gold, telecommunications equipment and civil engineering equipment parts.

On the other hand, NORX to the EU 28 rose by 12 per cent on the back of an increase in the shipments of ICs, non-electric engines & motors and pharmaceutical products. NORX to Hong Kong increased by 4.0 per cent, due to a rise in the shipments of ICs, diodes & transistors and aircraft parts. NORX to South Korea grew by 5.3 per cent due to increased shipments of personal beauty products, ICs and measuring instruments.

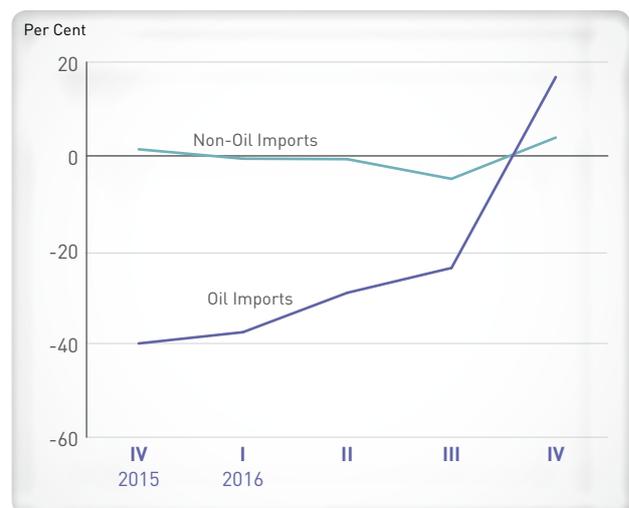
**Exhibit 4.5: Growth Rates of Non-Oil Re-Exports to Top Ten Markets in 2016**



## Merchandise Imports

Non-oil imports rose by 3.9 per cent in the fourth quarter, a reversal from the 4.9 per cent decline in the preceding quarter (Exhibit 4.6). The increase in non-oil imports was due to both electronics and non-electronics imports. Higher purchases of ICs, telecommunications equipment and disk media products contributed to the 3.5 per cent increase in electronics imports. Non-electronics imports grew by 4.2 per cent on the back of a rise in the imports of non-monetary gold, other specialty chemicals and non-electric engines & motors.

**Exhibit 4.6: Changes in Merchandise Imports**



Oil imports grew by 17 per cent in the fourth quarter, a turnaround from the 24 per cent contraction in the preceding quarter, due to the pick-up in oil prices. In volume terms, oil imports declined by 2.5 per cent, an improvement from the 12 per cent contraction in the preceding quarter.

For the full year, non-oil imports decreased by 0.6 per cent, extending the 0.1 per cent decline in 2015. Oil imports fell by 21 per cent in 2016, a moderation from the 38 per cent contraction in 2015.

## SERVICES TRADE

### Services Exports

Services exports increased at a faster pace of 3.1 per cent in the fourth quarter, compared to the 0.6 per cent increase in the preceding quarter (Exhibit 4.7). The increase was mainly due to growth in the exports of transport (6.1 per cent) and travel (12 per cent) services. On the other hand, the exports of financial services saw the largest decline of 8.0 per cent, extending the 9.9 per cent contraction in the preceding quarter.

For 2016 as a whole, services exports grew by 1.2 per cent, moderating from the growth of 5.1 per cent in 2015. Exports of all services categories rose in 2016, with the exception of financial services which declined by 10 per cent.

*Exhibit 4.7: Growth Rates of Total Services Trade, Services Exports and Services Imports (In Nominal Terms)*

	2015	2016			2016
		II	III	IV	
<b>Total Services Trade</b>	5.1	1.4	0.4	3.4	<b>1.2</b>
<b>Services Exports</b>	5.1	2.0	0.6	3.1	<b>1.2</b>
<b>Services Imports</b>	5.2	0.9	0.2	3.7	<b>1.2</b>

### Services Imports

Services imports expanded by 3.7 per cent in the fourth quarter, a pick-up from the 0.2 per cent gain in the third quarter, primarily supported by higher payments for transport services and the use of intellectual property, which contributed 1.4 percentage-points to growth each.

Among the services categories, insurance services saw the fastest imports growth in the fourth quarter, at 19 per cent. By contrast, the imports of travel services declined by 4.0 per cent.

For the full year, services imports rose by 1.2 per cent, a slowdown from the 5.2 per cent growth in 2015. Apart from the imports of maintenance & repair services which declined by 2.0 per cent, the rest of the services categories saw a rise in imports in 2016.

