

## Box Article 1.1

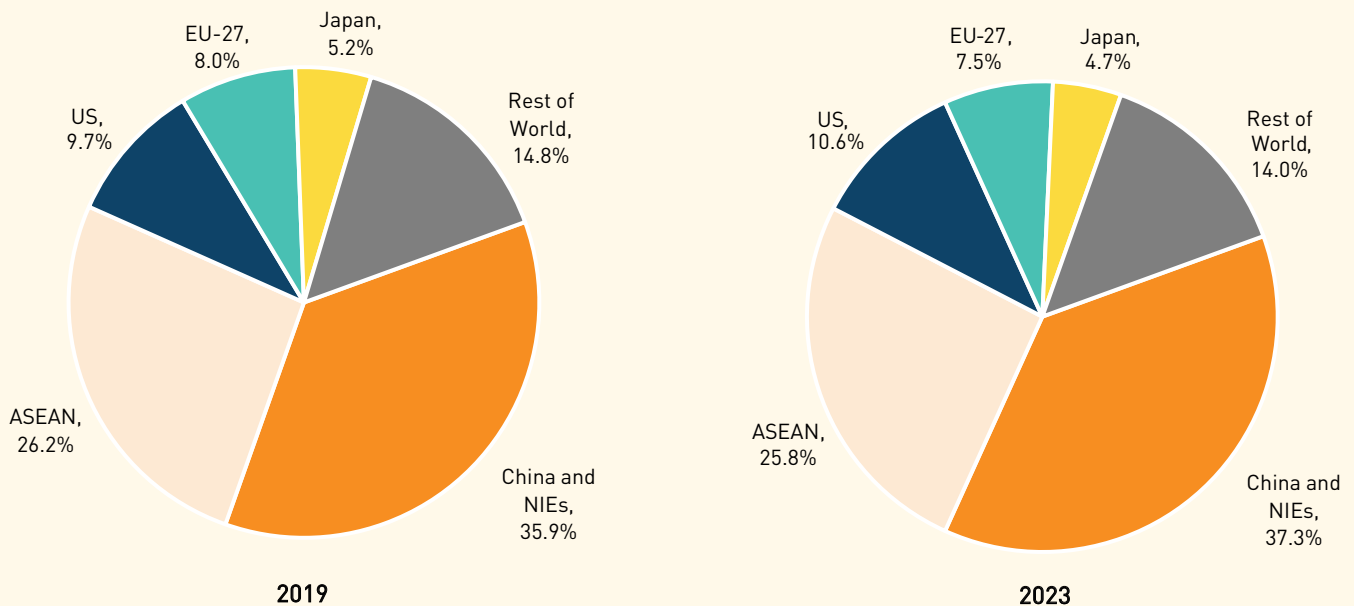
# SINGAPORE'S GOODS EXPORTS - DIVERSIFIED FOR A SMALL AND OPEN ECONOMY

This article examines Singapore's performance in our goods exports, particularly non-oil domestic exports (NODX) and non-oil re-exports (NORX), since 2019. It also deep-dives into the market diversification of our non-oil goods exports in the last two decades.

### Singapore's non-oil exports are diversified across markets

Singapore's non-oil exports (comprising both NODX and NORX) rose from S\$444.0 billion in 2019 to S\$522.5 billion in 2023, representing an annual average growth rate of 4.2 per cent. In 2023, China, Hong Kong, South Korea and Taiwan collectively accounted for slightly more than one-third of Singapore's exports, while ASEAN accounted for about one-quarter. Meanwhile, US' share of Singapore's non-oil exports came in at over 10 per cent, while that for EU-27 and Japan were around 8 per cent and 5 per cent respectively in 2023 (Exhibit 1).<sup>1</sup>

**Exhibit 1: Share of Singapore's Non-Oil Exports by Markets, 2019 and 2023**



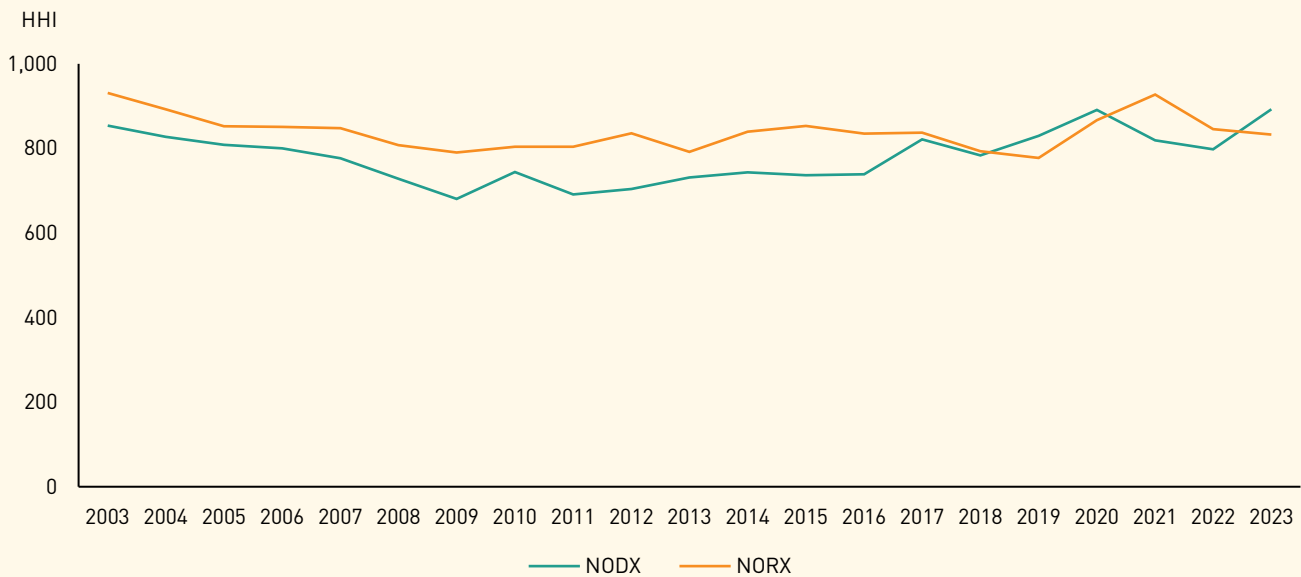
Source: EnterpriseSG

### The level of diversification across markets has been relatively stable over the longer term

Singapore's markets for our non-oil exports are well diversified at the overall level. In particular, over the past two decades, the Herfindahl-Hirshman Index (HHI), a measure of market concentration, was consistently below 1,000 for both NODX and NORX (Exhibit 2).<sup>2</sup>

<sup>1</sup> Newly-Industrialised Economies (NIEs) refer to Hong Kong, South Korea and Taiwan.

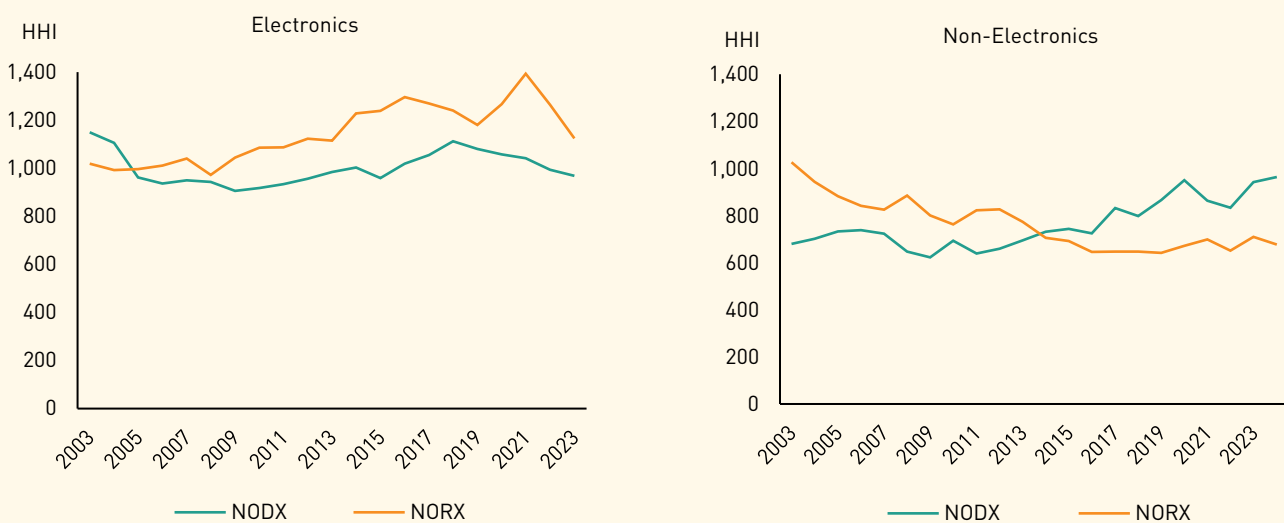
<sup>2</sup> The HHI is a measure of market concentration. A HHI of less than 1,500 is considered geographically diversified, 1,500 to 2,500 is moderately diversified, and 2,500 and above is highly concentrated.

**Exhibit 2: HHI for Markets of NODX and NORX, 2003 to 2023**

Source: Author's calculations

### Singapore serves diverse markets as part of the global production network and as a supply chain hub

The markets for Singapore's non-oil exports are also well diversified at the broad product level. Specifically, the markets for Singapore's electronics exports are generally well diversified, with the HHI consistently below 1,500 for both electronics NODX and electronics NORX (Exhibit 3). For electronics NODX, this reflects the demand from diverse markets for intermediate electronics products manufactured in Singapore<sup>3</sup> as part of the intra-regional production network. As for electronics NORX, this reflects Singapore's capabilities as a global and regional supply chain management hub. Similarly, the markets for our non-oil non-electronics exports are well diversified, with the HHI averaging 760 over the past twenty years (Exhibit 3).

**Exhibit 3: HHI for Markets of Singapore's Non-Oil Electronics and Non-Electronics Exports, 2003 to 2023**

Source: Author's calculations

3 Nearly 70% of Singapore's electronics NODX are intermediate products.

## Exports of capital, intermediate and consumption goods are well diversified across markets

We further examine the market diversification of Singapore's non-oil exports by the end-use of the exported products (i.e., as capital goods, intermediate goods or consumption goods)<sup>4</sup>. We find that the markets for our exports of capital goods, intermediate goods and consumption goods are well diversified, with their respective HHIs coming in below 1,000 in 2023 (Exhibit 4). The HHIs of the markets for our electronics exports by end-use types were similarly below 1,500 across the board. However, for pharmaceuticals exports, the HHIs indicate moderate market concentration, reflecting the highly specialised nature of pharmaceutical products.

**Exhibit 4: HHI for Markets of Singapore's Non-Oil Exports, 2023**

	Capital Goods	Intermediate Goods	Consumption Goods
<b>All Goods</b>	853	885	717
<b>Electronics</b>	756	1,280	1,422
<b>Pharmaceuticals</b>	-	2,143	2,049

Source: Author's calculations

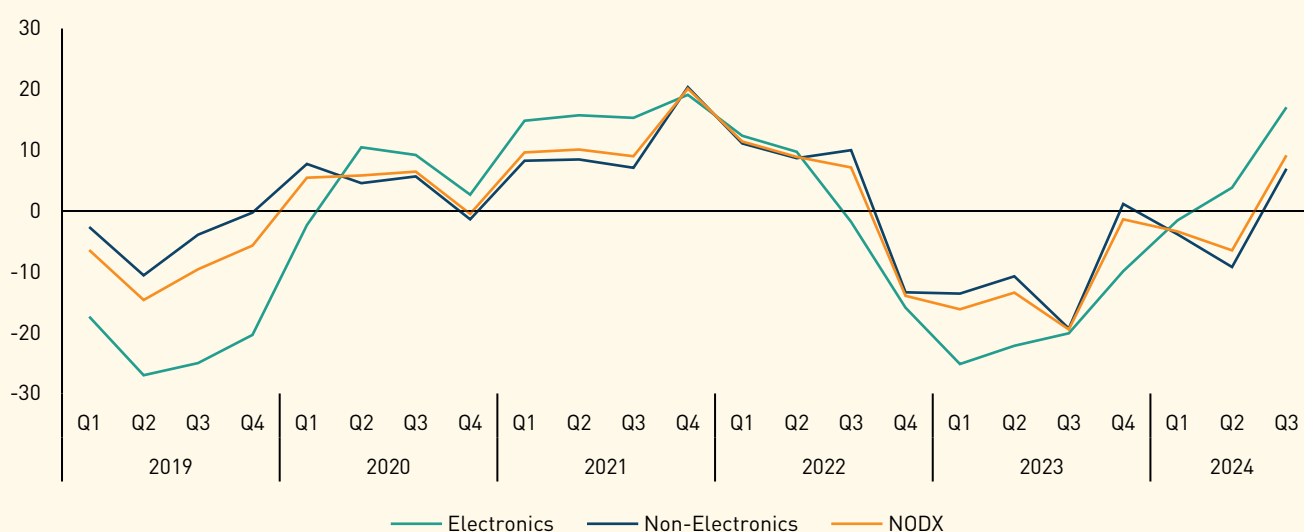
## Having diversified markets for our exports provides buffer amidst global headwinds and sectoral downcycles

Given volatility in global markets, having a diversified portfolio of markets and products for our exports helps to provide some resilience to our exports performance. For example, amidst weakness in manufacturing activity due in part to the global electronics downcycle and global oversupply in chemicals, NODX fell for seven consecutive quarters in year-on-year (y-o-y) terms from 4Q 2022 to 2Q 2024, before posting growth in 3Q 2024 in tandem with the global electronics recovery (Exhibit 5A). Over this period, NODX to key markets such as Taiwan and South Korea declined, even as NODX to markets like China and Hong Kong provided some support. At the same time, NORX helped to mitigate the decline in our non-oil exports by posting growth since 4Q 2023<sup>5</sup> (Exhibit 5B). NORX growth over this period was led by NORX to key markets such as China, Hong Kong, Thailand and Vietnam.

In terms of specific products in electronics NODX, disk media products was the first to pick up in 4Q 2023, driven by exports to Thailand, US and the EU-27 (Exhibit 6). By 1Q 2024, electronics NODX growth had broadened to other electronics products – consisting of ICs, disk media products and PCs – and continued to grow in y-o-y terms in the subsequent quarters to 3Q 2024.

**Exhibit 5A: Electronics and Non-Electronics NODX Growth, 1Q 2019 to 3Q 2024**

Y-o-Y Per Cent Growth

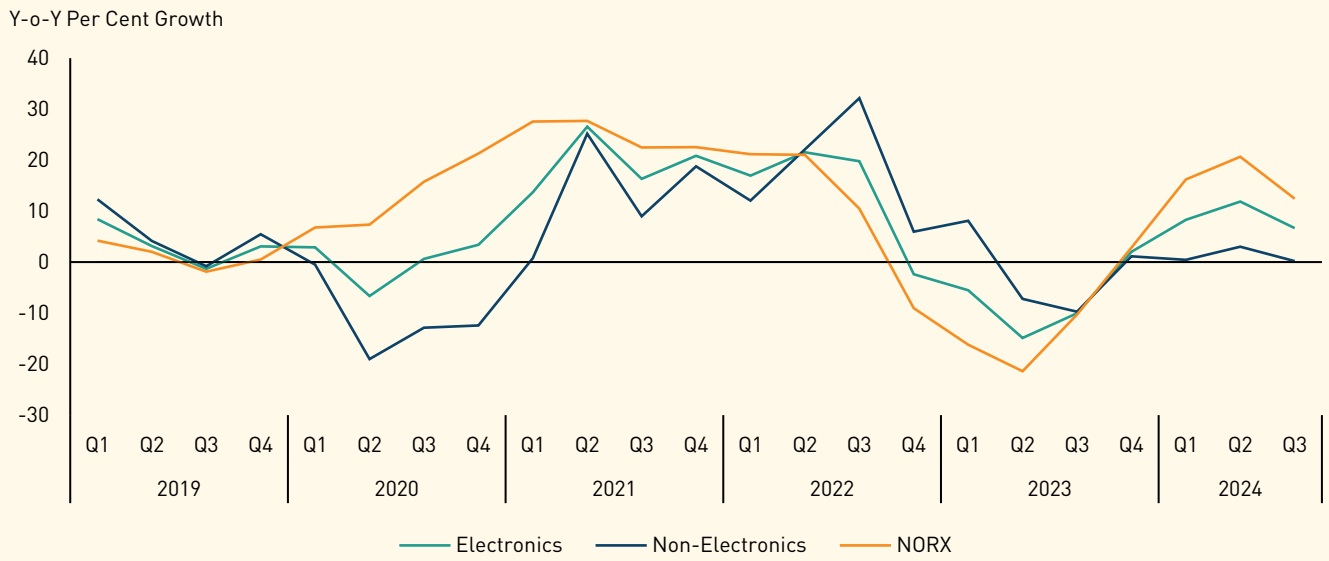


Source: EnterpriseSG

<sup>4</sup> Based on the Broad Economic Categories (BEC) classification developed by the United Nations Statistics Division, the BEC classifies products by three broad end-use categories. Capital goods include fixed assets such as machinery used in production, while intermediate goods are semi-finished goods used to produce the final product. Consumption goods are the end products of the manufacturing process.

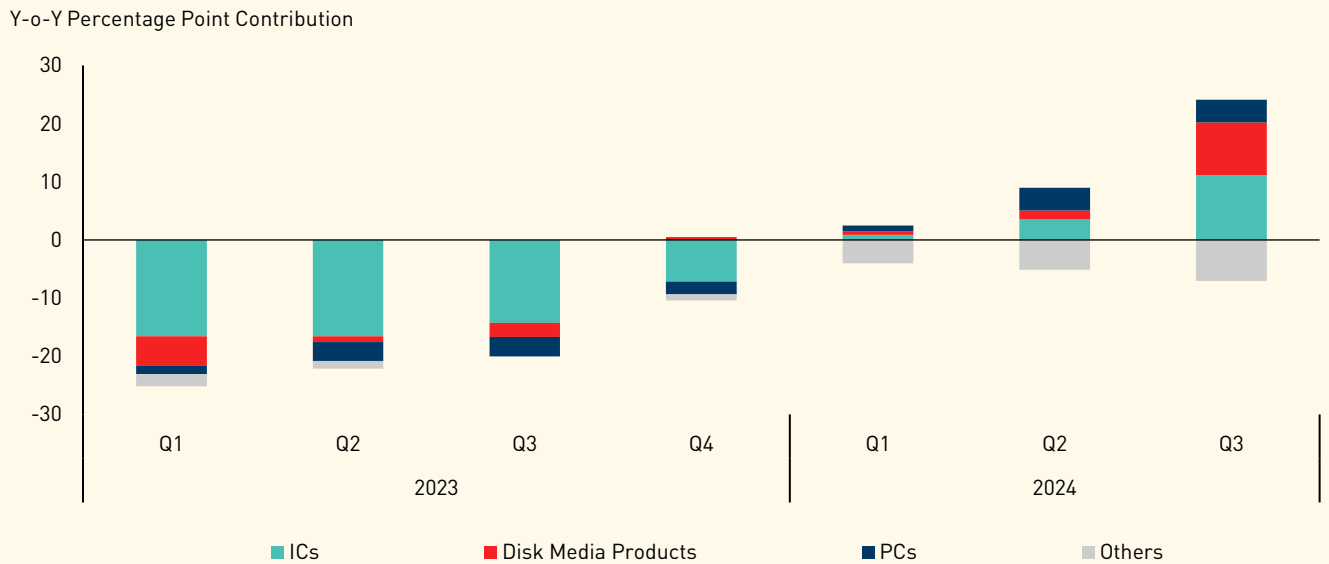
<sup>5</sup> NORX grew by 6.6% y-o-y for the period 4Q 2023 to 3Q 2024.

**Exhibit 5B: Electronics and Non-Electronics NORX Growth, 1Q 2019 to 3Q 2024**



Source: EnterpriseSG

**Exhibit 6: Electronics NODX Growth by Products, 1Q 2023 to 3Q 2024**



Source: EnterpriseSG

## Enterprise Singapore will continue to help Singapore companies expand their markets both regionally and globally

As a small and open economy, Singapore's export markets have remained well diversified over the years at both the overall and broad product levels. Enterprise Singapore will continue to support local companies with access to overseas markets and expand their trade regionally as well as globally, further strengthen Singapore's trade connectivity, and explore new ways to deepen economic collaboration with global partners.

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