

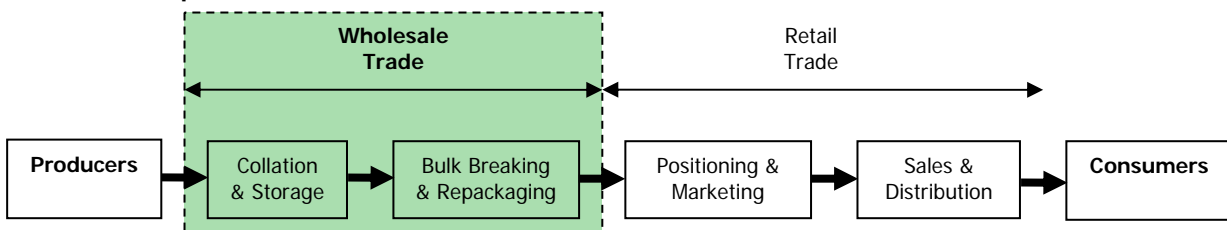
**Box 2.1: Overview of Singapore’s Wholesale Trade Sector**

The wholesale trade sector is one of the largest and fastest growing sectors in Singapore’s economy. It also provides a significant number of jobs. In this article, we provide an overview of the wholesale trade sector, including its growth drivers and manpower profile.

*Wholesalers serve as intermediaries for producers...*

The wholesale trade sector plays an important intermediary role in the production value chain. Wholesalers import or purchase goods from producers or other wholesale suppliers and subsequently on-sell to retailers, other wholesalers, manufacturers and overseas buyers. Before on-selling, wholesalers may collate, store, break bulk or repackage the goods (Exhibit 1). Beyond intermediation services, wholesalers may also provide credit facilities and technical advice to clients.

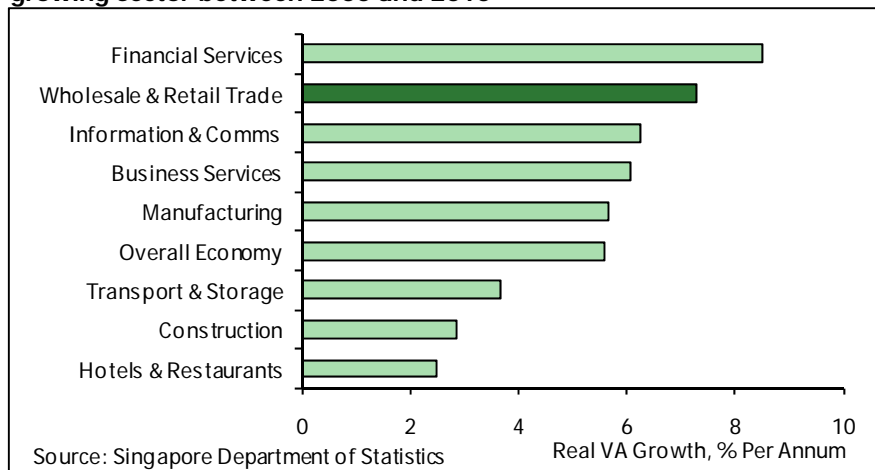
**Exhibit 1: Simplified Value Chain of the Wholesale and Retail Trade Sector**



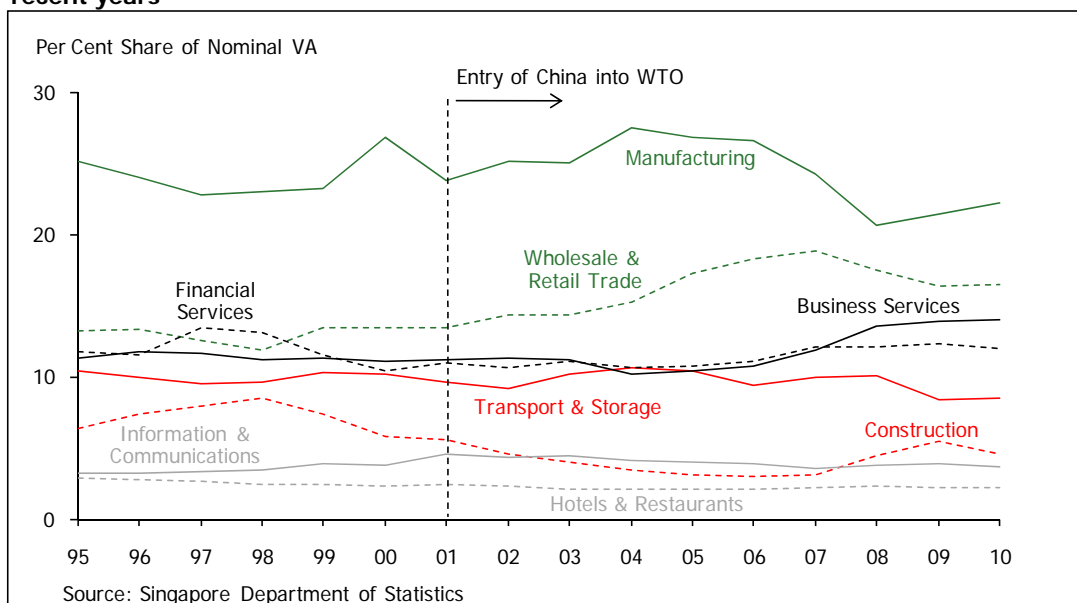
*The size of the wholesale trade sector has expanded significantly...*

The wholesale and retail trade sector is one of the fastest growing sectors in the economy, with much of the growth driven by wholesale trade (Exhibit 2).<sup>1</sup> Between 2000 and 2010, the wholesale trade sector grew by 8.1 per cent per annum (p.a.), around two percentage-points higher than the average growth achieved by the economy over the same period. By 2010, wholesale trade’s nominal value-added (VA) grew to \$42 billion or 15 per cent of Singapore’s nominal Gross Domestic Product, making it the second largest sector in the economy. Notably, the sector’s share of the economy expanded considerably after 2002 (Exhibit 3). This coincided with China’s entry into the World Trade Organisation (WTO) in late 2001, which led to flourishing intra-regional trade flows.

**Exhibit 2: The wholesale and retail trade sector was the second fastest growing sector between 2000 and 2010**



<sup>1</sup> Wholesale trade accounted for 89 per cent of the wholesale and retail trade sector in 2010.

**Exhibit 3: The size of the wholesale and retail trade sector has expanded considerably in recent years****Growth Drivers*****Foreign wholesale trade accounts for the bulk of the sector...***

Wholesale trade activities are classified as domestic or foreign. In general, domestic wholesale trade describes transactions between local wholesalers and *local* buyers, whilst foreign wholesale trade describes transactions between local wholesalers and *overseas* buyers. Foreign wholesale trade is further broken down into four components, namely domestic exports, re-exports, offshore trade and transshipment cargo (Exhibit 4).

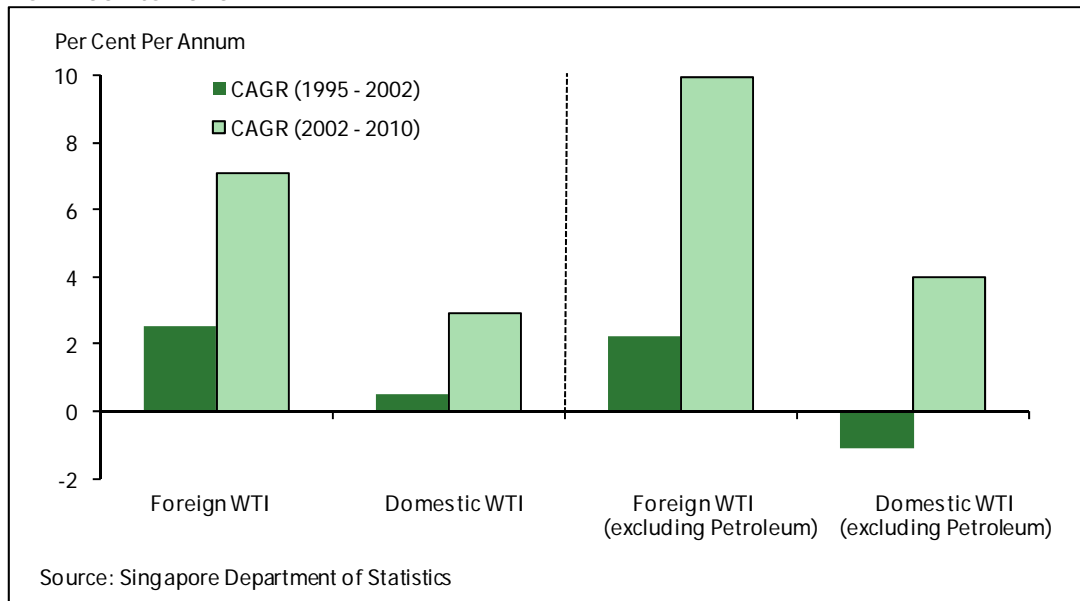
**Exhibit 4: Wholesale trade activities are classified as domestic or foreign**

Segment	Revenue Share (2009, Per Cent)	Activity	Description
Domestic Wholesale Trade	20.7	Domestic Trade	Sale of imported or locally manufactured goods to local manufacturers, retailers or other wholesalers
Foreign Wholesale Trade	79.3	Domestic Exports (10.3 per cent of foreign sales)	Exports of goods with Singapore as the origin, including imports that underwent transformation
		Re-Exports (17.2 per cent of foreign sales)	Imports which are exported from Singapore without any transformation
		Offshore Trade (63.9 per cent of foreign sales)	Trade transaction where the goods are not exported from or imported into Singapore
		Transshipment Cargo (8.6 per cent of foreign sales)	Goods moved across Singapore in the course of transportation to another country without transfer of ownership to a local agent

Source: Singapore Department of Statistics

Foreign wholesale trade accounts for the bulk of the wholesale trade sector's sales (around 80 per cent in 2009) and also enjoys more robust growth than domestic wholesale trade. Indeed, the pace of growth in foreign wholesale trade picked up noticeably after 2002 as China became an important engine of intra-regional trade ([Exhibit 5](#)). Sales volume of foreign wholesale trade grew 7.1 per cent p.a. between 2002 and 2010, more than twice the rate achieved between 1995 and 2002. By comparison, the sales volume of domestic wholesale trade grew at a considerably slower pace of 2.9 per cent p.a. between 2002 and 2010.

**Exhibit 5: Foreign wholesale trade index (WTI) grew faster than domestic WTI, especially from 2002 to 2010**



Offshore trading activities are a key driver of the growth of foreign wholesale trade. Reflecting Singapore's status as an important trading hub for the region, offshore trade accounted for almost 64 per cent of foreign wholesale trade revenue in 2009. It was also one of the fastest growing components. From 2002 to 2009, offshore trade registered revenue growth of 18 per cent p.a., faster than the 14 per cent p.a. and 10 per cent p.a. growth posted by domestic exports and re-exports respectively.

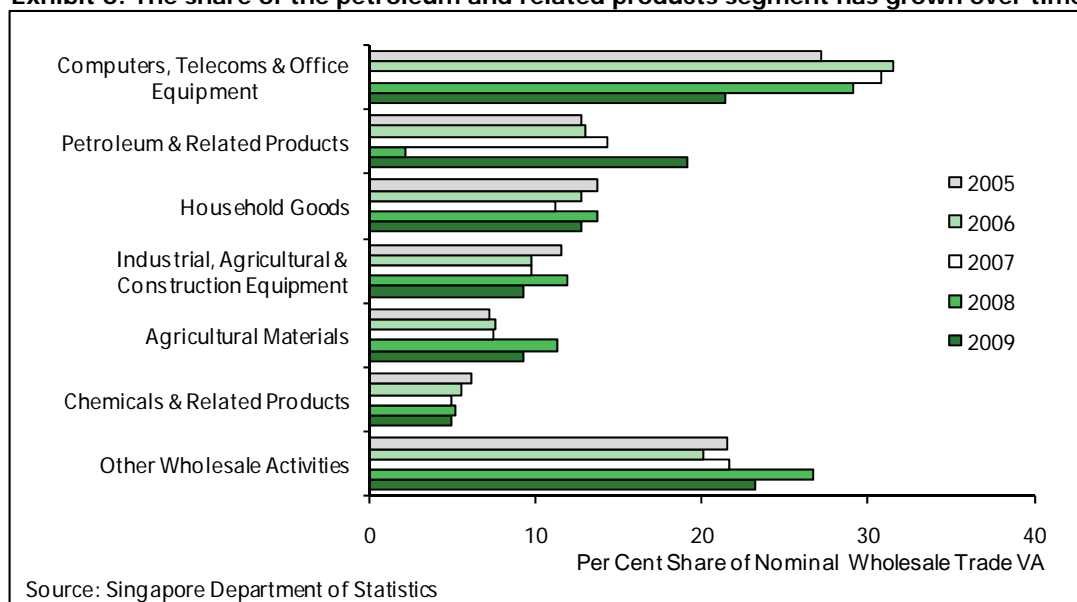
***In terms of business segments, the wholesale of petroleum and related products is the fastest growing...***

The wholesaling of petroleum and related products is the fastest growing business activity within the wholesale trade sector. Between 2000 and 2009, the segment's nominal VA increased by 19 per cent p.a.<sup>2</sup> As a result, its share of the sector's nominal VA doubled from 9.6 per cent in 2000 to 19 per cent in 2009 ([Exhibit 6](#)). The segment's growth partly reflects International Enterprise (IE) Singapore's success in developing Singapore as a global oil trading centre. Over the past few years, major energy companies such as Shell, Petrobras and Glencore have been attracted to set up their regional trading bases here.

<sup>2</sup> The nominal VA of the segment fell sharply in 2008 due to extreme volatility in the oil markets. It has since recovered strongly.

Another major business activity in the sector is the wholesaling of computers, telecoms and office equipment. This segment accounted for 21 per cent of the sector's nominal VA in 2009, and also registered robust growth of 9.4 per cent p.a. between 2000 and 2009.<sup>3</sup> The importance of this segment underscores Singapore's key role in the global electronics supply chain. Our strong connectivity and logistics capability have led major electronics companies such as Qualcomm and Texas Instrument to establish distribution centres in Singapore.

**Exhibit 6: The share of the petroleum and related products segment has grown over time**



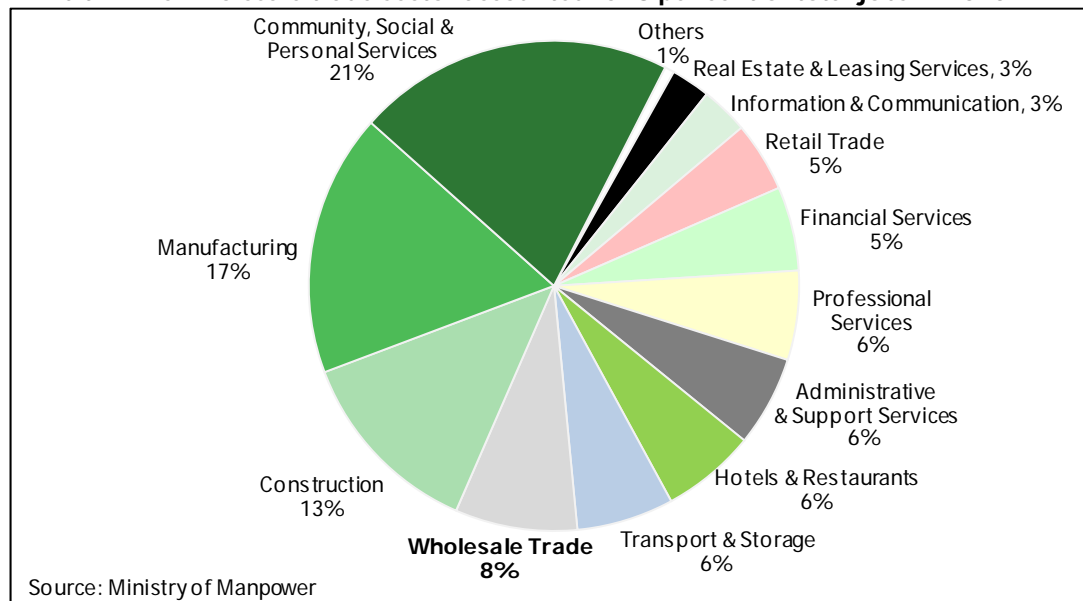
### **Manpower Profile**

#### **Wholesale trade provides jobs for slightly more than 250,000 workers...**

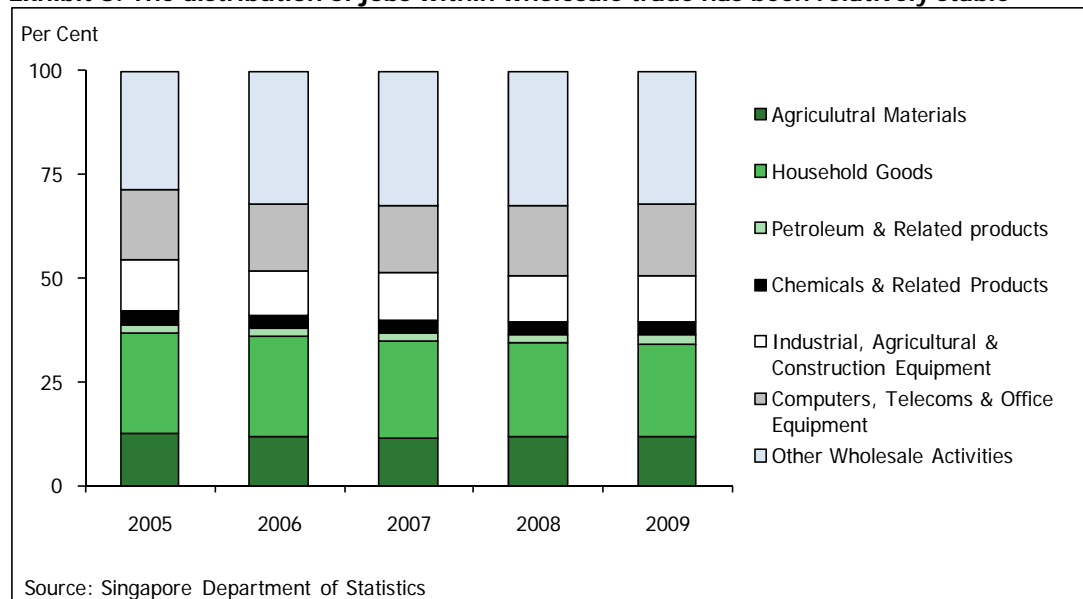
The wholesale trade sector is one of the largest employers in Singapore ([Exhibit 7](#)). Employment within the sector grew from 190,300 in 2001 to 250,400 in 2010 (8.1 per cent of the total workforce). The distribution of employment across the various wholesale trade segments remained relatively stable over time ([Exhibit 8](#)). Wholesalers of household goods generated the largest number of jobs, accounting for an average of 24 per cent of the sector's employment between 2001 and 2009. By contrast, only around 2.0 per cent of the sector's workforce was in the wholesale trade of petroleum and related products segment.

<sup>3</sup> This segment was adversely affected by the global financial crisis in 2008 and 2009, which led to a decline in its share of the wholesale trade sector in those two years. However, the segment is expected to have recovered in 2010 in tandem with the upswing in the global electronics industry.

**Exhibit 7: The wholesale trade sector accounted for 8 per cent of total jobs in 2010**



**Exhibit 8: The distribution of jobs within wholesale trade has been relatively stable**



**Most of the resident workers are in skilled jobs...**

In 2009, the share of resident workers in the sector employed as professionals, managers, executives and technicians (PMET) was close to 60 per cent. This was much higher than the share employed as clerical, sales and service workers (CSS), at 29 per cent; and that employed as production and transport operators, cleaners, labourers and others (PROD), at 12 per cent.<sup>4</sup> The share of resident PMETs within the sector was also higher than that for the overall economy in 2009 (Exhibit 9).

<sup>4</sup> Others in the PROD group include agricultural and fisher workers, and workers not classifiable by occupation.

**Exhibit 9: PMET was the dominant occupational group in wholesale trade in 2009**

	PMET	CSS	PROD
Wholesale Trade	59%	29%	12%
Overall Economy	52%	24%	24%

Source: Manpower Research & Statistics Department, Ministry of Manpower

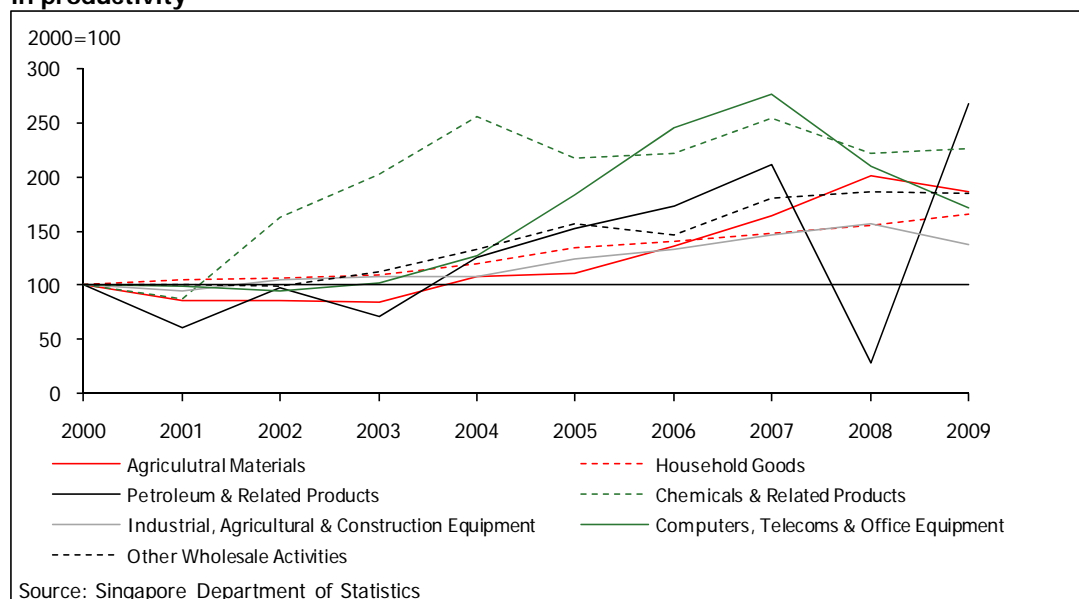
Notes: (1) Percentages refer to the share of employed residents aged 15 years and over as at June 2009;

(2) Residents refer to Singapore Citizens and Permanent Residents.

The PMET jobs were spread across business functions like general management, human resource, sales, finance, IT and operations. Workers in the CSS occupational group were mostly involved in sales (e.g., sales representatives) or administrative/clerical support work (e.g., office clerks), while those in the PROD occupational group included workers involved in the preparation of goods or shipments and lorry/van drivers.

**Segments with high nominal VA per worker growth include petroleum & related products and chemicals & related products...**

Productivity growth trends differ across the various wholesale trade segments ([Exhibit 10](#)). The wholesaling of petroleum and related products registered the fastest growth in nominal VA per worker of around 12 per cent p.a. between 2000 and 2009. The chemicals and related products segment had the next highest growth in nominal VA per worker of 9.5 per cent. Even though the productivity of the computers, telecoms and office equipment segment fell considerably in 2008 and 2009 due to the global economic crisis, its productivity growth trend over a longer period remained positive. Between 2000 and 2009, the nominal VA generated by an average worker in this segment registered healthy gains of 6.1 per cent p.a..

**Exhibit 10: Wholesale of petroleum and related products experienced the fastest growth in productivity**

### Conclusion

The wholesale trade sector, particularly its foreign wholesale trade component, is a key engine of growth for the Singapore economy. By facilitating our domestic exports (e.g., in electronics and petroleum products), the sector is intricately linked to the domestic manufacturing sector. However, offshore trade is also gaining prominence with an increasing number of companies setting up trading bases in Singapore. The sector also provides a large number of skilled jobs for residents.

The longer term outlook for the wholesale trade sector remains positive. Continued strength in our manufacturing and logistics sectors and the emergence of new offshore trading products (e.g., Liquefied Natural Gas) will help to drive growth in the future. New employment opportunities in the sector, particularly in offshore trading, are also likely to emerge. It is therefore important to ensure that our workers are well equipped to seize such new opportunities.

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