

Chapter 8

Non-Tariff Measures Update Singapore

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CHAPTER 8

NON-TARIFF MEASURES UPDATE ¹

SINGAPORE

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1. Introduction

1.1. Trade Structure

A unique, small, free-port country, Singapore heavily depends on international trade and transparent regulations. Despite the global economic slowdown in 2016–2018, Singapore maintained a positive trade balance in 2016 (Figure 8.1, Figure 8.2).

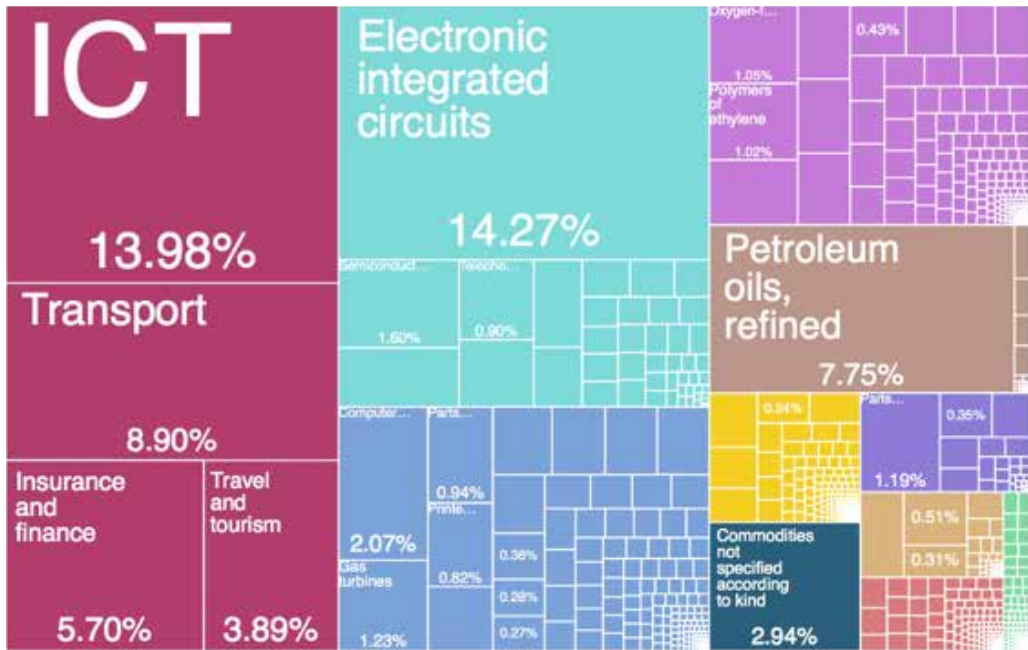
Singapore has built partnerships with all countries, particularly Association of Southeast Asian Nation (ASEAN) members, other developing countries, and developed countries such as the United States, European Union, Australia, and Japan.

Singapore's non-tariff measure (NTM) data released in 2016 indicated that the government has eased exporting and importing. Over 99% of all imports are duty-free but high excise taxes are imposed on alcohol and tobacco products, motor vehicles, and petroleum products because of their social and environmental impacts. Singapore also maintains one of the most liberal trading systems in the world (Lim, Widiana, and Aw, 2016). Therefore, the government always updates its export and import regulations following the dynamics of world trade.

Singapore's export value was US\$486 billion in 2016. Electronics were the main contributor to trade, specifically electronic integrated circuits (ICs) (14.27% of all exports) and information and communication technology (ICT)-related products (13.98%) (Figure 8.1). The second-largest contributor to exports were transportation-related products (8.90%), followed by petroleum oils (7.75%).

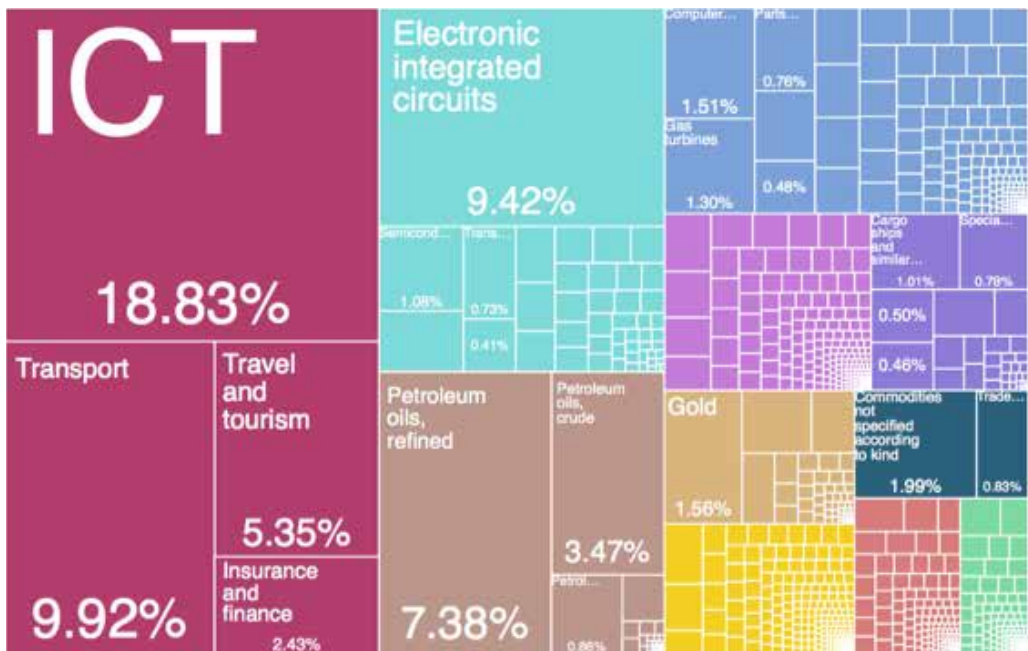
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Figure 8.1: Export Composition, Singapore, 2016



Source: CID (2019).

Figure 8.2: Import Composition, Singapore, 2016



Source: CID (2019).

Import values in 2016 totalled US\$445 billion, dominated by ICT-related products (18.83% of all imports). The next-largest contributors were transportation-related products (9.92%) and electronic ICs (9.42%). Demand for electronic products and software rose exponentially from 2013 to 2018.

In 2018, through the ASEAN Trade in Goods Agreement (ATIGA), Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore, and Thailand eliminated intra-ASEAN import duties on 99.65% of their tariff lines. Cambodia, the Lao People's Democratic Republic, Myanmar, and Viet Nam reduced their import duties to 0%–5% on 98.86% of their tariff lines. The focus is now on NTMs that could potentially have non-tariff barrier effects on trade and business (Gunawardane, 2018).

Figure 8.3: Most Favoured Nation Tariffs, Singapore, 2000–2015



Source: World Bank (2018).

Singapore has eliminated most import tariffs and signed 21 free trade agreements (FTAs) with 32 trading partners (KPMG, 2018). More than 99% of all imports enter duty-free. For social and/or environmental reasons, Singapore imposes high excise taxes on distilled spirits and wine, tobacco products, motor vehicles, and petroleum products.

Singapore imposes a 7% goods and services tax (GST). For dutiable goods, the taxable value for GST is calculated based on cost, insurance, and freight (CIF) value, all duties, and other charges. For non-dutiable goods, GST is based on the CIF value, any commission, and other incidental charges, whether or not printed on the invoice. If the goods are

dutiable, the GST is collected at the same time as duties. However, special provisions are made for goods stored in licensed warehouses and free trade zones.

1.2 Hierarchy of Laws and Regulations

A primary concern for NTM collection and classification is the comprehensiveness of the country's laws. An accurate, comprehensive, and readily accessible depository of laws is critical, whether print or digital or both. A searchable online database, however, is preferable.

Legal documents and other subsidiary legislation are accessible online through Singapore Statutes Online (SSO) (<https://sso.agc.gov.sg>) (Attorney-General's Chambers, 2018), an official website and single repository for all legislation managed by the Legislation Division of the Attorney-General's Chambers.

The following describes the hierarchy of legal documents:

Priority	English Title	Description	Example
1	Constitution	The Constitution is the supreme law of Singapore.	Constitution of the Republic of Singapore 9th August 1965
2	Acts of Parliament	These are laws called statutes (or sometimes legislation) made by the Singapore Parliament. They are second hierarchy after the Constitution. They cannot be inconsistent with the Constitution. Section 2(1) of the Interpretation Act defines "Act" or "Act of Parliament" to mean: 'an Act of the Parliament of Singapore and includes any Ordinance or Act of Singapore or Malaysia having the force of law in Singapore'.	Carriage of Goods by Sea Act (now re-enacted as the Bills of Lading Act) Chapter 33, 16th January 1978
3	Ordinances	Ordinances are counterparts of Acts of Parliament. The difference is that they were enacted before Singapore became an Independent Nation in 1965. "Ordinance" is defined in section 2(1) of the Interpretation Act to mean: 'any Ordinance of Singapore, and includes any Ordinance of the Colony of the Straits Settlements, any Ordinance of the Colony of Singapore or of the State of Singapore and any Proclamation having that the force of law in Singapore'.	Daughters of Charity of the Canossian Institute Incorporation Ordinance Chapter 359, 23rd November 1949
4	Subsidiary legislation	Subsidiary legislation can take many forms. Section 2(1) of the Interpretation Acts Defines "Subsidiary Legislation" to mean: 'any order in council, proclamation, rule, regulation, order, notification, by-law or other instrument made under any Act, Ordinance or other lawful authority and having legislative effect'. Different types of subsidiary legislation: Regulations, Rules, Orders, Notifications, By-laws, Proclamations, Order in Council.	Carriage of Goods by Sea (Singapore Currency Equivalents) Order Chapter 33 Section 3(2); 25th June 1982

Source: Attorney-General's Chamber (2018).

Although the SSO is comprehensive, up to date, and reliable, updates and information should be confirmed from the official website of the issuing institutions to better understand the underlying context of the regulations.

2. Descriptive Statistics of Non-tariff Measures

Singapore actively supports and participates in ASEAN free trade and the implementation of NTMs. The government focuses on streamlining trade-related regulations without compromising domestic consumer protection or product performance and safety standards.

Table 8.1: Comprehensiveness of Non-tariff Measures, Singapore

No.	Comprehensiveness Indicator	Number in 2015	Number in 2018
1	Total NTM-related regulations	90	88
2	Total NTMs reported to the WTO	To be determined	22
3	Total number of coded NTMs	587	610
4	Total affected products (HS lines, national tariff lines)		
	a. Total number of affected products	10,635	10,635
	b. Affected products' share of total products	100%	100%
5	Total issuing institutions	23	23

No.	Summary of 2018 Updates	Total Updates	Subject to Amendment	New in 2018
1	Regulations	49	45	4
2	Measures	81	65	16

HS = Harmonized Commodity Description and Coding System, NTM = non-tariff measure, WTO = World Trade Organization.

Source: Authors' calculation based on updated 2018 NTM Database ASEAN-ERIA-UNCTAD (2018).

Table 8.1 summarises the descriptive statistics of NTMs in 2015–2018. The comprehensiveness of NTMs was updated by revisiting all regulations, focusing on trade-related ones, and identifying those that potentially contained NTMs. The number of NTM-related regulations was streamlined to 88, of which 22 were reported to the World Trade Organization.

However, the number of coded NTMs increased by 3.92% in 2018 to 610 measures from 587 in 2015. Some trade-related regulations have also been amended to include more specific protections or standards, leading to more NTMs but without changes in the number of issuing institutions.

In 2018, 10,635 products – that is, all products traded in Singapore – were affected by at least one NTM. The summary of updated trade-related regulations shows that after 2015,

four regulations were issued, including 16 new measures; 45 regulations were amended, affecting 65 measures.

While the authorities encouraged policymakers and business leaders to increase economic cooperation and trade openness with ASEAN, the chief executive of the Singapore Business Federation told the ASEAN Business and Investment Summit (12 November 2018) that the increase in NTMs was a consequence of the trend of lowering tariffs in the region. A significant increase is expected in non-tariff barriers in agri-food sectors such as nutritional labelling, halal certification, pre-market product registration, and import and export certification (Au-Yong, 2018).

Table 8.2: Non-Tariff Measures by Issuing Institution, Singapore (number, %)

No.	Issuing Institution	2015		2018	
		Number of NTMs	Proportion of NTMs (%)	Number of NTMs	Proportion of NTMs (%)
1	Agri-Food & Veterinary Authority	359	61.16	364	59.67
2	Ministry of the Environment, National Environment Agency	47	8.01	47	7.70
3	Ministry of Health	29	4.94	41	6.72
4	Ministry of Trade and Industry, Customs Authority	22	3.75	36	5.90
5	Health Science Authority	34	5.79	23	3.77
6	Singapore Customs Authority	17	2.90	17	2.79
7	Singapore Armed Forces, Singapore Police Force	12	2.04	13	2.13
8	Singapore Productivity and Standards Board	10	1.70	10	1.64
9	Health Sciences Authority, Central Narcotics Bureau	8	1.36	8	1.31
10	Info-communications Development Authority of Singapore	8	1.36	8	1.31
11	All other institutions	41	6.98	43	7.05
	Total	587	100.00	610	100.00

Source: Authors, based on ERIA-UNCTAD (2018).

NTMs were dominated by the Agri-Food & Veterinary Authority (AVA), which issued mostly sanitary and phytosanitary (SPS) and technical barriers to trade (TBT) measures (Table 8.2). The number of NTMs issued by AVA increased from 359 in 2015 to 364 in 2018, although their proportion decreased in 2018 from 61.16% to 59.67%.

AVA tightened food safety and requirement standards and issued all the new SPS measures to protect consumers. The Ministry of the Environment's National Environment Agency (NEA) remained in second place, with steady numbers of NTMs, followed by the Ministry of Health (41 in 2018 from 29 in 2015). Through the NEA, the government issued

regulations to conserve energy and tighten environment standards (e.g., for vehicular emissions).

During 2016–2018, the Ministry of Health issued regulations to control and limit oral dental gums, therapeutic products, and tobacco. The government issued regulations on the advertisement, distribution, and sale of tobacco products, revoking previous regulations, to discourage tobacco consumption by young people.

The significant increase in NTMs issued by the Ministry of Trade and Industry was for national security. Import regulations were amended to restrict the import of arms, weapons, and military equipment and its related materials from some countries.

Using the Pareto Analysis on information in Table 8.2, only five institutions were responsible for most NTMs (83.76%).

Table 8.3: Non-tariff Measures by Chapter, Singapore, 2015 and 2018

Chapter		2015		2018	
		Number of NTMs	Proportion of NTMs (%)	Number of NTMs	Proportion of NTMs (%)
A	Sanitary and phytosanitary (SPS) measures	131	22.32	136	22.30
B	Technical barriers to trade (TBT)	302	51.45	301	49.34
C	Pre-shipment inspection and other formalities	0	-	0	-
D	Contingent trade protective measures	0	-	0	-
E	Non-automatic licensing, quotas, prohibitions, and quantity control measures for other than SPS or TBT reasons	55	9.37	63	10.33
F	Price control measures, including additional taxes and charges	45	7.67	44	7.21
G	Finance measures	0	-	0	-
H	Measures affecting competition	0	-	0	-
I	Trade-related investment measures	0	-	0	-
J	Distribution restrictions	0	-	1	0.16
K	Restriction on post-sales services	0	-	0	-
L	Subsidies (excluding export subsidies under P7)	0	-	0	-
M	Government procurement restrictions	0	-	0	-
N	Intellectual property	0	-	0	-
O	Rules of origin	0	-	0	-
P	Export-related measures	54	9.20	65	10.66
Total		587	100.0	610	100.0

NTM = non-tariff measure.

Source: Authors, based on ERIA-UNCTAD (2018).

Table 8.3 shows the proportion of NTMs categorised by type according to classification by the Economic Research Institute for ASEAN and East Asia (ERIA) and the United Nations Conference on Trade and Development (UNCTAD). In 2015 and 2018, more than 70% of trade measures were SPS and TBT measures. In both years, the measures were dominated by TBT, which decreased from 302 in 2015 to 301 in 2018.

The government issued the Energy Conservation Regulation (Regulated Goods and Registered Suppliers) 2017, which contributed the most to TBT measures, followed by changes in safety requirements for consumer protection due to new specifications of certain products and new regulations affecting specific products (e.g., oral dental gums). SPS-related measures increased slightly; all additional A-coded measures were introduced by the amendment to the Food Regulations, such as external triggers (e.g., food-related diseases from other countries) and any update on affected product lists and raised food standards by AVA.

In 2018, the government quietly turned its attention to protection related to quotas and quality control, with a significant increase from 55 chapter-E NTMs in 2015 to 63 in 2018. Export-related policy was treated the same way, with export-related measures rising from 54 in 2015 to 65 in 2018. Almost all new export-related measures were the result of the amendment of the Regulation of Imports and Exports Regulations. In 2017, the government significantly amended the regulation by restricting the trade of goods, specifically arms, weapons, and military equipment to some countries (such as the Democratic People's Republic of Korea, Syria, and Iraq) to protect national security and help resolve global conflict.

Table 8.4: Top-10 Non-tariff Measures, Singapore, 2015 and 2018 (number, %)

No	NTM Type	Description	2015		2018	
			Number of NTMs	Proportion of NTMs (%)	Number of NTMs	Proportion of NTMs (%)
1	B6	Product identity requirements	116	19.76	116	19.02
2	B31	Labelling requirements	72	12.27	70	11.48
3	E1	Non-auto import-licensing procedures (non-SPS and non-TBT)	48	8.01	51	8.03
4	A31	Labelling requirements	42	7.16	42	6.89
5	A22	Restricted use of certain substances in food	35	5.96	39	6.39
6	B7	Product quality, safety, or performance requirement	25	4.26	23	3.77
7	F65	Import license fee	18	3.07	19	3.11
8	F69	Additional charge, n.e.s.	21	3.58	19	3.11
9	B82	Testing requirement	18	3.07	18	2.95

No	NTM Type	Description	2015		2018	
			Number of NTMs	Proportion of NTMs (%)	Number of NTMs	Proportion of NTMs (%)
10	P11	Export prohibition for technical reasons	16	2.73	17	2.79
	Others		176	30.15	196	32.46

n.e.s. = not elsewhere specified, SPS = sanitary and phytosanitary, TBT = technical barriers to trade.

Source: Authors, based on ERIA-UNCTAD (2018).

Table 8.4 shows the top-10 NTMs by type. Table 8.3 shows that they mostly contain SPS and TBT measures. Measures on product identity requirements (B6) were highest ranked in 2015 and 2018, with a steady number, followed by labelling requirements (B31).

E-related measures were ranked third, with 49 NTMs in 2018, specifically non-automatic import-licensing procedures other than authorisations for SPS or TBT reasons.

SPS measures – labelling requirements (A31) and the restriction of use of certain substances in foods (A22) – are ranked below TBT such as B6, B31, and E1. The number of A31 measures was the same from 2015 to 2018, while there were few additional A22 measures (35 to 39).

Price-control measures (F69 and F65) were also on the list, with slightly different numbers in 2015 and 2018. Export-related measures, particularly export prohibition for technical reasons (P11), increased from 16 in 2015 to 17 in 2018.

3. Non-tariff Measure Indicators

3.1 Non-tariff Measure Indicators for Imports in 2018

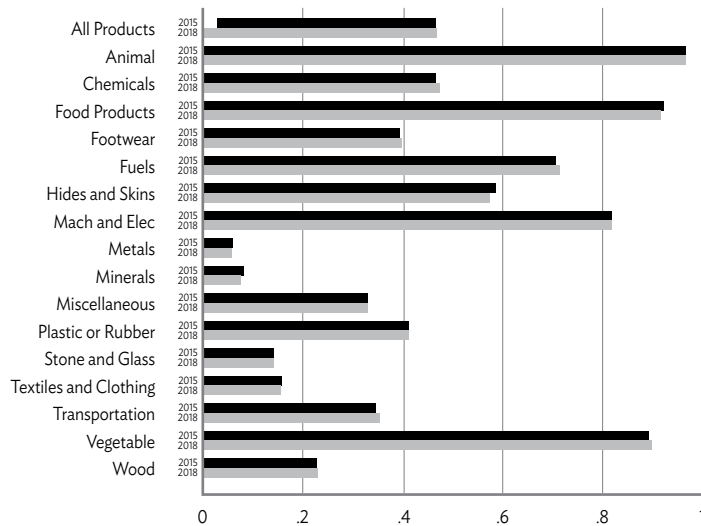
The NTM indicators are the frequency index, coverage ratio, and prevalence score. The frequency index shows the percentage of products affected by NTMs. It captures a country's share of traded product lines subject to at least one NTM. The figures below show the frequency index categorised by HS2 product groups for imports and exports.

First, the frequency index is well below 100%, even though all coded NTMs within 88 regulations (Table 8.1) cover 100% of products in national tariff lines. This discrepancy arises from the exclusion of partial coverage measures, that is, measures affecting only a fraction of HS 6-digit products, in computing the indicator.

In 2018, partial coverage measures accounted for 40.33% of all measures (246 out of 610), with 17.86% unique HS codes with partial coverage indication (1,899 out of 10,635 products) subject to at least one NTM. For example, the Fisheries (Piranha) Rules from the Fisheries Act (Chapter 111) forbid the import or export of piranha. There is no specific HS code for piranha, so it is considered as other freshwater fish (HS Code 03019949), with partial coverage indication.

There were no significant changes in the frequency index for all products imported by Singapore in 2015 and 2018. In 2015 and 2018, the highest frequency index for imports were animal products, food products and vegetables, and machinery equipment.

Figure 8.4: Frequency Index of Imports, Country Total and by HS2 Product Group, Singapore, 2015 and 2018



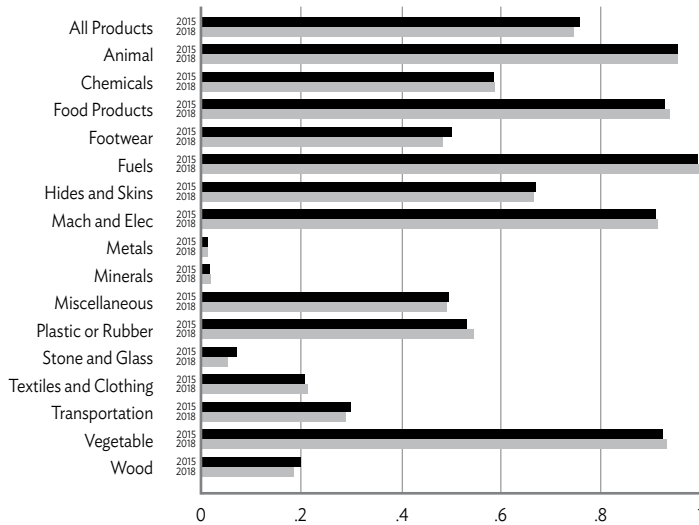
Source: UNCTAD, based on ERIA-UNCTAD (2018).

The coverage ratio for imported products saw a small decrease from 2015 to 2018, For both years the coverage ratios were slightly lower than 50%.

The prevalence score indicates a country’s average number of distinct NTMs applied to regulated products. It measures the diversity of NTM types applied and provides some indication of the intensity of regulation.

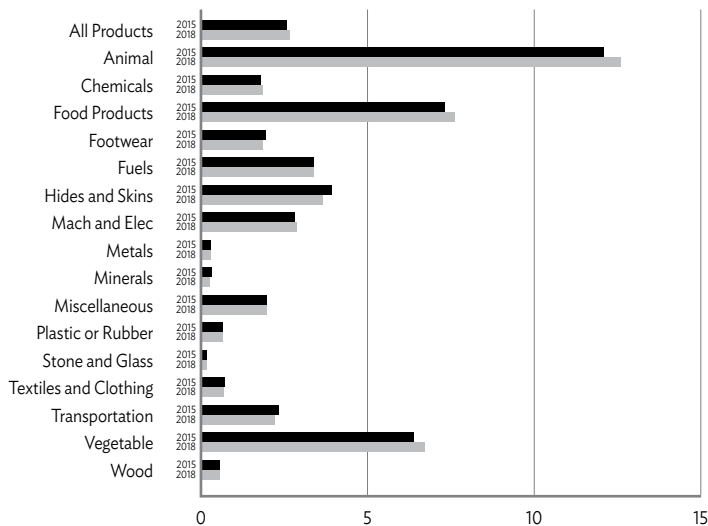
The prevalence score for imports saw a small increase from 2015 to 2018 because of animal products, food products, vegetables, and hides and skins.

Figure 8.5: Coverage Ratio of Imports, Country Total and by HS2 Product Group, Singapore, 2015 and 2018



Source: UNCTAD, based on ERIA-UNCTAD (2018).

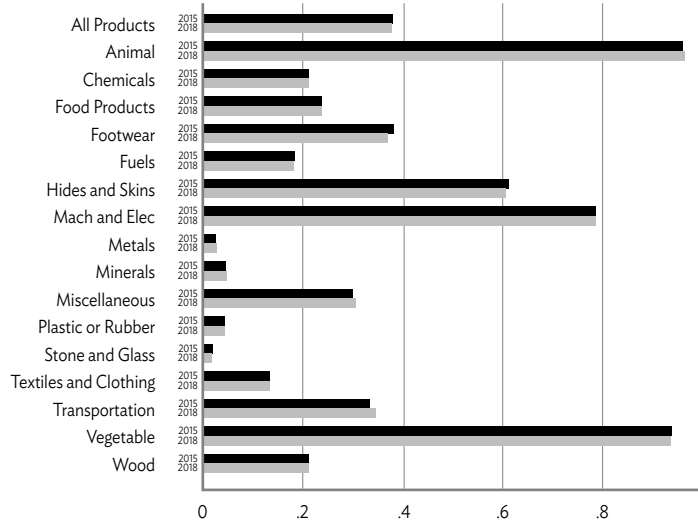
Figure 8.6: Prevalence Score of Imports, Country Total and by HS2 Product Group, Singapore, 2015 and 2018



Source: UNCTAD, based on ERIA-UNCTAD (2018).

3.2 Non-tariff Measure Indicators for Exports in 2018

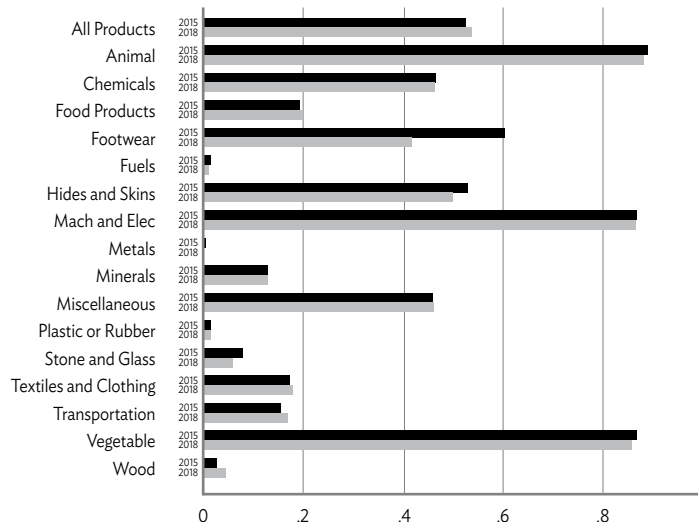
Figure 8.7: Frequency Index of Exports, Country Total and by HS2 Product Group, Singapore, 2015 and 2018



Source: UNCTAD, based on ERIA-UNCTAD (2018).

Like imports, exports saw no significant changes in the frequency index from 2015 to 2018. The highest frequency index for exports was for animal products, vegetables, and machinery and electronics.

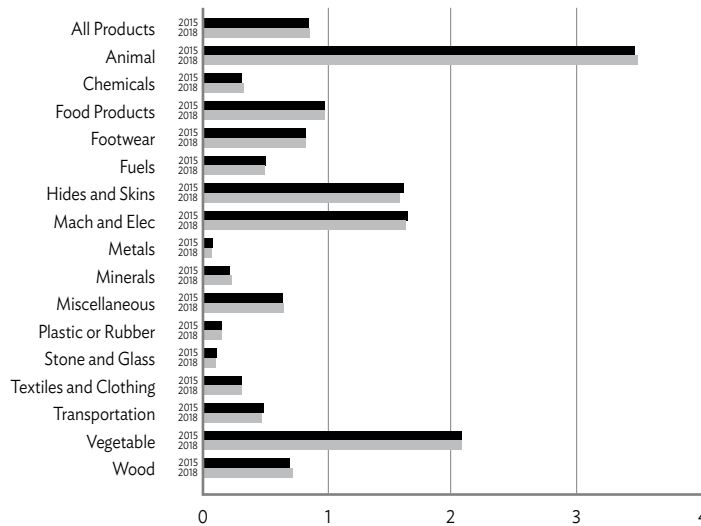
Figure 8.8: Coverage Ratio of Exports, Country Total and by HS2 Product Group, Singapore, 2015 and 2018



Source: UNCTAD, based on ERIA-UNCTAD (2018).

The export coverage ratio remained constant across the years. For most products, the changes remained minor. The only exception is footwear, which coverage ratio shrank from 60% to around 40% without a significant change in frequency index.

Figure 8.9: Prevalence Score of Exports, Country Total and by HS2 Product Group, Singapore, 2015 and 2018



Source: UNCTAD, based on ERIA-UNCTAD (2018).

The prevalence score for exports remained stable for all products. Animal products had the highest prevalence score in 2015 and 2018.

4. Conclusion and Policy Recommendations

Ensuring legal comprehensiveness is essential to ensure full coverage of NTM-related regulations. Singapore continues to produce transparent and relevant policies. These consistent steps will improve the ease of doing business.

Singapore will also continue to update and ensure the reliability of its online single repository for regulations in the SSO. While the SSO is a central reference, the context and nature of each regulation can be obtained from the official website of the issuing institutions.

During the 2018 update, NTMs were dominated by SPS and TBT measures. Streamlining and harmonisation to make NTMs more effective can be done in the top five institutions, which contribute more than 80% of all NTMs (Table 8.2).

Singapore could boost export-related measures to ensure excellent export quality and competitiveness. The finance minister of Singapore said on 30 August 2018, during a public dialogue on NTMs and regional trade, that certain areas could benefit from reciprocity amongst member states, especially if policymakers begin where there is greater interest (Leow, 2018).

In conclusion, Singapore has a good regulatory framework to support its trade activities. By keeping regulations transparent, updated, and available in a single repository, and by ensuring that there is no overlap amongst regulations and policymakers, Singapore may be a good role model for pro-trade policy. Singapore has been actively developing transparent export–import regulations and related NTMs and encouraging ASEAN members to do the same. Transparency of NTMs is important to encourage trade, especially between ASEAN members.

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