

Chapter 10

Non-tariff Measures in Singapore

Hank Lim

Singapore Institute of International Affairs, Singapore

Anika Widian

Center for Inclusive and Sustainable Development, Prasetiya Mulya School of Business and Economics, Jakarta, Indonesia

Bernard Aw

Singapore Institute of International Affairs, Singapore

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CHAPTER 10

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Singapore Institute of International Affairs, Singapore

Anika Widiana

Center for Inclusive and Sustainable Development, Prasetiya Mulya School of Business and Economics, Jakarta, Indonesia

Bernard Aw

Singapore Institute of International Affairs, Singapore

1. Overview of Singapore

Most small countries lack the resources that larger countries often enjoy, or have minimal resources. Small size also translates into a small domestic market, which is usually inadequate to sustain continuous economic growth. In order to overcome these disadvantages, small countries need to develop a reliance on imports and exports. Singapore is such a country, with an open economy in which trade is an important growth engine that is valued at over three times its gross domestic product (GDP).

A heavy reliance on trade is not without risks. Singapore has an exposed and vulnerable economy, susceptible to external vagaries and shocks. However, small size can be turned into an advantage. Not only is a smaller country more nimble and easier to manage, the government is able to manage its scarce resources more efficiently. Singapore is often admired for its ability to marshal labour resources to attract foreign investments and has invested significantly in human capital. Furthermore, it has made full use of robust macroeconomic policies to shape the economy, with an emphasis on growth.

Singapore's emphasis on growth was borne out of necessity after the country suddenly found itself a sovereign nation after being ejected from Malaya in August 1965. This forced the government to cultivate a pro-growth environment. It has put in place pro-business policies such as strict adherence to the rule of law, strong government institutions, good

⁴¹ We would like to acknowledge and thank the support from the Government of Singapore, particularly the assistance and consultation received from the Ministry of Trade and Industry.

infrastructure, competitive tax rates, and made significant investments in education, skills training, and research and development.

As a small nation that depends on imports of food, energy, and raw materials, Singapore embraces the multilateral trading system embodied by the World Trade Organization (WTO). A primary aim of Singapore's trade policy is to safeguard its trading interests by ensuring free and open international trading conditions. Beyond its support of the WTO, Singapore advocates continual improvements in trade efforts and strengthening of the multilateral trade system, in both regional and international contexts.

Since Singapore is so dependent on trade, the government has made exporting and importing as easy as possible. Singapore is generally a free port. Over 99 percent of all imports into Singapore are duty free. There are, however, high excise taxes on alcoholic and tobacco products, as well as motor vehicles and petroleum products. These are mostly levied for social or environmental reasons. All in all, Singapore maintains one of the most liberal trading systems in the world.

1.1. The legal framework of Singapore

Singapore is often regarded as a unique and successful case of the progress of an emerging market into a developed economy. Singapore's legal system reflects its cultural diversity and at times turbulent history. As a Commonwealth nation, the legal framework of Singapore has its roots in English law and practice. However, Singapore has made considerable amendments to its legal system in the past few decades in favour of local jurisprudence.

Approach to obtain legal comprehensiveness

A primary concern in NTM collection and classification is the legal comprehensiveness of the country's laws concerning NTMs. It is critical that an accurate, comprehensive, and accessible depository of the laws is readily available. While this depository may be available in printed or digital format or both, it is preferable to have a searchable online database.

Singapore's acts and regulations are accessible online through Singapore Statutes Online (SSO) (Attorney-General's Chambers, 2015). The SSO is the official website for Singapore's legislation and is managed by the Legislation Division of the Attorney-General's Chambers.

The SSO carries a comprehensive depository of the following:

- a. acts of Parliament and subsidiary legislation;
- b. revised editions of acts and subsidiary legislation;
- c. bills tabled in Parliament;
- d. act supplements, new subsidiary legislation, and amending subsidiary legislation published each year;
- e. historical versions of legislation; and
- f. PDF versions of legislation (where available).

The government makes every effort to keep the SSO updated. While it is not known how often the online depository is updated, the SSO is largely up to date.

Since the legal database comprises not just laws and regulations concerning NTMs, but also all the other legislation in effect in Singapore, it may be advisable to start collecting potential NTMs from government agencies identified to be involved in administering this legislation.

We identified a number of government agencies in Singapore that monitor laws and regulations potentially related to NTMs. These include the Agri-Food and Veterinary Authority (<http://www.ava.gov.sg/legislation>), the Ministry of Trade and Industry (<http://www.mti.gov.sg>), the Singapore Customs Authority (<http://www.customs.gov.sg>), and the Health Sciences Authority (<http://www.hsa.gov.sg>), to name a few. Combing through the websites of these agencies yields acts and regulations that we believe are NTMs.

Another method was to examine Singapore's notifications to the WTO. It also led us to compare and assess the information provided in the WTO notifications with that provided in the United Nations Conference on Trade and Development (UNCTAD) collection. We searched the WTO website to find notified regulations relating to NTMs, specifically technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures (WTO, 2015a).

Therefore, the NTM collection exercise was carried out using a three-pronged approach:

- a. Individual government ministries, departments, and agencies. Visit the websites of identified government bodies to collect regulations that are indicative of NTMs. For example, we visited the website of the Agri-Food and Veterinary Authority of Singapore and combed through their legislation page.
- b. WTO notifications. Singapore regularly notifies and reports to the WTO any new regulations, as well as amendments.
- c. Singapore Statutes Online. We complemented the first two search processes with an examination of Singapore's legislation to ensure full legal comprehensiveness.

1.2. WTO notification

Members of the WTO are obliged to file notifications to the Central Registry of Notifications to ensure transparency in the multilateral trading system. The Uruguay Round Ministerial Decision on Notification Procedures provided an annex on the indicative list of notifiable measures (WTO, 2015b).

As a WTO member, Singapore is obliged to notify any new trade-related measures, including TBT, SPS, import licensing, and quantitative restriction measures to the WTO pursuant to the notification obligations under the various WTO agreements. Not only does the notification system help to promote transparency, it also ensures that traders are informed of upcoming measures so that they adapt in good time, if necessary. Singapore generally notifies within 1–2 months before a measure is implemented.

For classification of goods, Singapore uses the Harmonized System (HS). While the international nomenclature developed by the World Customs Organization is set at the 6-digit level, the HS code of goods in Singapore is an 8-digit code (Singapore Customs, 2015a). This is because Singapore follows the Association of Southeast Asian Nations (ASEAN) Harmonised Tariff Nomenclature (AHTN) code – a harmonised 8-digit level code across ASEAN member countries.

2. Non-tariff measures in Singapore

2.1. Singapore's NTM regime

Singapore's NTM regime is non-organized in nature, as reflected in the decentralised administration and enforcement of NTMs by various government agencies, instead of a centralised government ministry such as the Ministry of Trade and Industry. As such, Singapore's approach to NTM implementation is not based on targeted trade protectionism but on the need to protect human health and the environment.

The top three institutional sources of NTMs are the Agri-food and Veterinary Agency (AVA), the Health Sciences Authority, and the National Environmental Agency. These organizations are responsible for ensuring food safety, national health and safety, and protecting the environment, respectively. This underscores the non-protectionist stance of Singapore's NTM regime.

This decentralised nature makes it difficult for companies to understand the various NTMs in place. Moreover, NTM rules may be subject to regular change due to new international standards. However, companies usually do not need to understand the whole

spectrum of NTMs in order to operate. For example, a food manufacturing company only needs to know NTMs related to food production. Nonetheless, it could be beneficial for there to be a centralised depository of information related to Singapore's NTM regime.

2.2. Data collection

We collected 140 regulations within 58 acts and/or documents indicative of NTMs in the first phase. The second phase analysed the identified regulations to assess if they affected products, finding that 115 regulations (from 52 acts) indicative of NTMs had an impact. They were classified into 529 measures covering 9,558 products (Table 10.1).

Table 10.1. Non-tariff Measure Comprehensiveness in Singapore, 2015

Comprehensiveness Indicator	Number
Total NTM-related regulations	115 regulations
Total NTM reported to the WTO	32 regulations
Total number of coded NTMs	529 measures
Total affected products (HS lines, national tariff lines)	
a. Total number of affected products	9,558 products
b. Share of the number of affected products to the number of total products (%)	100%
Total issuing institutions	25 institutions

Source: Authors' calculation based on the newly constructed 2015 NTM database ASEAN-ERIA-UNCTAD raw data.

Singapore has adopted the HS-8 digit classification for its national tariff lines and has 9,558 tariff lines. All the products, which is 100 percent national tariff lines, in Singapore are affected by NTMs. Singapore has reported to the WTO at least 32 regulations covering about 500 NTMs. Our NTM classification yielded 529 coded NTMs, so it is fair to say almost all coded NTMs have been reported to the WTO.

We also analysed which government agencies issued the largest number of NTMs, revealing that there were 25 issuing bodies. Table 10.2 lists the top 10 bodies. The AVA issued the most NTMs, approximately 60 percent of the total measures. The majority of these NTMs are for products related to foods, feeds, animals, plants, and endangered species, as the AVA is the government agency responsible for food safety, animal welfare, and plant health. Given that NTMs are usually introduced in response to concerns over food safety, animal welfare, sanitary and phytosanitary matters, as well as the environment, and given that the AVA is responsible for most of these concerns, it has the greatest share of issued NTMs.

The Health Sciences Authority was a distant second at 7.1 percent, with NTMs covering product medicines and poisons. The National Environmental Agency was third, with 4.1 percent of total NTMs, covering motor vehicles, air-conditioners, clothes dryers, refrigerators, and televisions.

Table 10.2. Non-Tariff Measures by Issuing Institution, 2015

Number	Issuing Institution	Number of NTMs	Total Number of NTMs (%)
1	Agri-Food & Veterinary Authority	317	59.9
2	Health Science Authority	38	7.2
3	National Environment Agency	22	4.2
4	Ministry of Health	18	3.4
5	Singapore Customs Authority	18	3.4
6	National Environmental Agency, Ministry of the Environment	14	2.6
7	Singapore Armed Forces, Singapore Police Force	11	2.1
8	Singapore Civil Defence Force	10	1.9
9	Minister for Health	8	1.5
10	Ministry of Trade and Industry (MTI), International Enterprise Singapore Board, Customs Authority	8	1.5
11	The rest institutions	65	12.3
	Total	529	100

Source: Authors' calculation based on the newly constructed 2015 NTM database ASEAN-ERIA-UNCTAD raw data.

Next we looked at the most common types of NTMs implemented. In Table 10.3, 59.2 percent of total NTMs were classified as technical barriers to trade (TBT), particularly for the products of food, animal, vegetables, medicines, textiles, and machinery. The second-largest share was attributed to sanitary and phytosanitary (SPS) measures, accounting for 24 percent, peculiarly imposed on almost all related to food products. Pre-shipment inspection and other formalities measure only accounted for 0.4 percent.

Table 10.3. Non-tariff Measures by Type in Singapore, 2015

Code	NTM by type	Number of NTMs	%
A	Sanitary and phytosanitary (SPS) measures	127	24.0
B	Technical barriers to trade (TBT)	313	59.2
C	Pre-shipment inspection and other formalities	2	0.4
E	Non-automatic licensing, quotas, prohibitions, and quantity control measures other than for SPS or TBT reasons	1	0.2
F	Price control measures including additional taxes and charges	36	6.8
P	Export-related measures	50	9.5
	Total coded NTMs	529	100

Source: Authors' calculation based on the newly constructed 2015 NTM database ASEAN-ERIA-UNCTAD raw data.

Meanwhile, non-technical measures (E+F) imposed on imports coming into Singapore amounted to 7.0 percent of total NTMs, consisting of non-automatic licensing, quotas, prohibitions, and quantity control measures (0.2 percent) and price control measures including additional taxes and charges (6.8 percent). Measures affecting export activities amounted to 9.5 percent. Most export regulations related to NTMs are based on trade agreements between Singapore and other countries in international conventions, especially for medicines, plant products, psychotropic substances, chemical substances, tobacco, motor vehicles, live fish, medical devices, and rough diamonds.

There are 48 types of measures from the NTM classification in Singapore based on Multi Agency Support Team (MAST) February 2012 classification, consisting of SPS, TBT, pre-shipment inspection, and other formalities, non-automatic licensing, quotas, prohibitions, and quantity control measures other than for SPS or TBT reasons, price control measures including additional taxes and charges, and export-related measures.

Table 10.4 shows the top 10 types of NTMs most frequently imposed on imported and exported products. B6 measures relating to product identity requirement were the most often used, accounting for 17.6 percent of total NTMs imposed on imported products. Next was B31 (labelling requirement–TBT) at 13.8 percent, and then B14 (authorisation requirement for TBT reasons) at 8.1 percent.

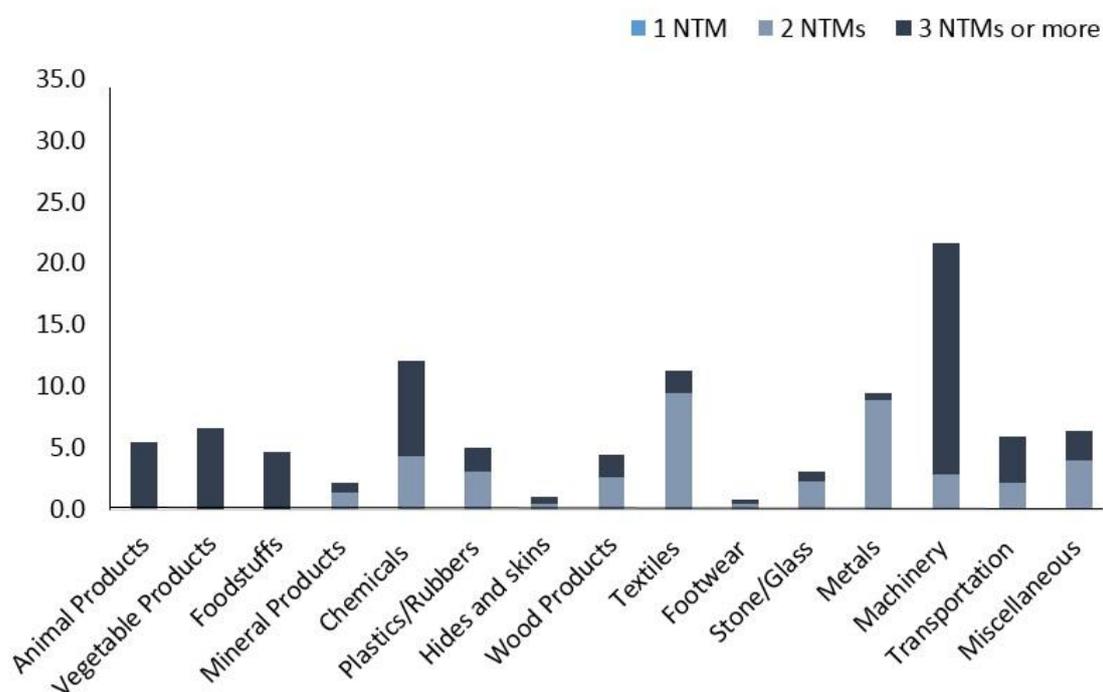
Table 10.4. Top 10 Most Frequent Non-tariff Measures in Singapore, 2015

Number	NTM by Type	Description	Number of NTMs	%
1	B6	Product identity requirement	93	17.6
2	B31	Labelling requirement for TBT reasons	73	13.8
3	B14	Authorisation requirement for TBT reasons	43	8.1
4	A31	Labelling requirement for SPS reasons	40	7.6
5	A22	Restricted use in foods and feeds	35	6.6
6	P13	Licensing or permit requirement for export	20	3.8
7	F69	Additional charges, n.e.s.	19	3.6
8	B42	TBT regulations on transport and storage	15	2.8
9	B82	Testing requirement related to TBT	15	2.8
10	F65	Import licence fee	12	2.3

Source: Authors' calculation based on the newly constructed 2015 NTM database ASEAN-ERIA-UNCTAD raw data.

Export measures most widely used in Singapore were concerned with licensing or permit requirements for export, accounting for 3.8 percent of total NTMs. Additional charges and import licence fee measures were also numerous, accounting for 3.6 percent and 2.3 percent, respectively.

Figure 10.1. Percentage of Non-tariff Measures in Products to Total



Source: Authors' calculation based on the newly constructed 2015 NTM database ASEAN-ERIA-UNCTAD raw data.

As many as 57.9 percent of products were affected by three or more NTMs, while 42.1 percent were affected by two NTMs. Machinery/electrical products were the most affected by NTMs (more than three NTMs), at 18.8 percent, followed by chemical products (7.7 percent), and vegetable products (6.5 percent). Most of the products affected by two NTMs were textiles, at 9.4 percent. No products were affected by just one NTM.

Relationship with other countries

Given its dependency on trade to drive economic growth, Singapore places a high priority on building relationships with other countries, especially in trade. Singapore participates in various international conventions and trade agreements within ASEAN, and with non-ASEAN countries. Outcomes from international conventions, or bilateral agreements, are passed in Parliament as legislation. Subsequently, the relevant agencies in Singapore issue acts and regulations.

The list below shows some international conventions adhered to by Singapore:

- a. Montreal Protocol (Ozone depleting products and substances): regulated in the Environmental Protection and Management Act (Chapter 94A)
- b. Chemical Weapons Convention: regulated in the Chemical Weapons (Prohibition) Act (Chapter 37B)
- c. Basel Convention: regulated in the Hazardous Waste (Control of Export, Import and Transit) Act (Chapter 122A)
- d. Rotterdam Convention: regulated in the Poisons Act (Chapter 234) and the Control of Plants Act (Chapter 57A)
- e. Kimberley Process (rough diamonds): regulated in the Regulation of Imports and Exports Act (Chapter 272A)
- f. CITES Convention (endangered species): regulated in the Endangered Species (Import and Export) Act (Chapter 92A)
- g. Several regulations that regulate trade activities between Singapore and other ASEAN members.

3. Conclusions and development

Conclusions

In Singapore, the trend in NTM policy is consistent with regional countries, where the majority of NTMs are SPS or TBT in nature. In addition, the focus on food safety and environmental protection is also aligned with the region.

However, the number of NTMs is not indicative of whether a country has too many or too few regulations. The fact that ASEAN countries have a number of differences, including economic structure, export structure, legal framework, and policy effectiveness, means that they have a varying number of policies, including NTMs. NTMs do not and should not have a negative connotation as such, although some can be construed as trade barriers.

While Singapore's trade measures and policies are available on the Internet, they can be difficult to find. Singapore Customs has anticipated this difficulty in understanding how to conduct trade in Singapore and has an online guide on its website to facilitate the registration of trading for interested businesses (Singapore Customs, 2015b).

The reliance on trade to drive Singapore's economy means that the government tries to make it as easy as possible for businesses interested in trading with Singapore. Naturally, NTMs are an important trade issue for Singapore. If appropriate, Singapore strives to take guidance from best practices, as well as international standards, in the development of its NTMs.

In particular, Singapore has an interest in improving the transparency of NTMs in the region as well as globally, underscoring its commitment to the multilateral trading system. The Ministry of Trade and Industry has set up an NTM unit to allocate resources to the issues concerning NTMs. The main objective of the NTM unit, however, is to help Singaporean companies in addressing NTM issues overseas. This could stem from Singapore's commitment to being transparent about its trade policies, as evident from its timely WTO notifications and publicly assessable information on trade policies and related measures. Important feedback from Singapore firms is that NTMs and rules are more restrictive and non-transparent in other ASEAN countries. Therefore, this UNCTAD–ERIA project aims to have more open and transparent NTM rules in all ASEAN countries.

Furthermore, Singapore is always keen to achieve optimal regulation, avoiding both over- and under-regulating economic sectors. In 2005, the government formed the Smart Regulation Committee to improve the knowledge, awareness, and practice of regulations across the public service. The committee is tasked with finding ways to cut red tape and achieve optimal regulation.

Overall, we believe the UNCTAD–ERIA project on NTMs will contribute to the transparency of NTMs in ASEAN, which has been lacking. This is not due to a lack of effort but an absence of a central and neutral organization to collect and study the information. The involvement of other ASEAN governments in this project is testament to this. Nonetheless, we continue to encourage the establishment of more effective cooperation between the various research teams and their respective national governments.

The value-added of this UNCTAD–ERIA project is to provide a better understanding of Singapore's NTMs and a comparative understanding to provide insights on NTM policies of other ASEAN countries. We believe the project will be a catalyst for further discussion of NTMs in the ASEAN context. However, we must be careful not to make the purpose of such an endeavour an exercise in judging the legitimacy or effectiveness of NTMs imposed by ASEAN countries. Rather, it should be viewed as an opportunity to better understand the NTM regimes in the region. This will also support the broader goal of global NTM transparency, which will be the first step to addressing the impact of NTMs on free trade.

Development

While we do not have many specific recommendations for Singapore, the following would help to build on the momentum of this project.

- a. Improve understanding of Singapore NTMs.
 - It is important for the government to disseminate widely and provide an effective information mechanism on NTM rules.
- b. Comparative NTM study and analysis among ASEAN member states.
 - Important feedback from Singapore firms is that NTMs are more restrictive and non-transparent in other ASEAN countries. A comparative study of ASEAN member states may be useful to assess how the NTM regimes in each country differ. This may foster greater understanding and cooperation between national governments to improve trade flows and contributes to the establishment of the ASEAN Economic Community.
- c. Focus on studying NTMs by sectors or types of measures (for example, food labelling).
 - Food safety and environmental protection are two of the most common reasons identified for the existence of NTMs. Besides looking at NTMs at a national level, it may be useful to drill deeper into the sectoral level. Clearly, certain industries such as food manufacturing may be affected more by NTMs than others.
- d. Improve understanding of regional NTMs by promoting more transparency.
 - The UNCTAD–ERIA project on NTMs is an initiative to promote more transparency and cooperation between ASEAN governments. This will sustain efforts to encourage and maintain this climate of improving transparency.
- e. Build regulatory cooperation between governments and regulatory bodies.
 - Continuing efforts to build closer cooperation between governments and regulatory bodies are important in supporting the broader goal of achieving NTM transparency.

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