
ANALYSIS OF SINGAPORE'S FOREIGN ECONOMIC RELATIONS

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Annotation. There are few countries in the world for which foreign trade is a vital sector of the economy, as for Singapore. In this island republic, all raw materials and fuel needs and most of the food needs are being met through imports. This article analyzes foreign economic policy, directions and indicators of export and import. And also, proposals have been developed that are more advanced than the Singapore experience in foreign economic policy in Uzbekistan.

Keywords. Economic growth, export, import, market system, international trade, partner countries, foreign economic policy.

Introduction

The relevance of the study of economic growth is due to the ability to achieve higher rates of national economy and the need to enter the world economy. Since economic growth is one of the most important characteristics of the national economy and affects the improvement of the standard of living of all segments of the population. One of the countries that has shown a significant increase in GDP is Singapore. The economy of this country has grown 420 times from 1960 to 2016.

Singapore's economy is a developed market system. The economy of Singapore depends on the export of products, especially in such areas as consumer electronics, information technology, pharmaceuticals and financial services. An important role in the country's economy is played by transnational corporations. Singapore's economy is one of the most open and corruption-free economies. The

country maintains stable prices, and per capita GDP is one of the highest in the world (more than 26 thousand dollars)¹.

In 2001, Singapore experienced economic difficulties due to the global technology crisis. In 2005, the economy rose again. The government hopes to re-establish stable economic growth. Unemployment in 2008 amounted to 2.2% (in 2005 - 3.3%).

Real GDP growth in the period from 2004 to 2008 averaged 6.8%, but in 2009 due to the global financial crisis it fell to a level of 2.1%. The country's economy began to rebound in 2010 and the government predicts a growth of 3-5% per year. Singapore has attracted major investments in pharmaceuticals and medical production and will continue its efforts to develop Singapore as a financial and high-tech center for Southeast Asia.

Singapore is ranked as the "East Asian tigers" for the rapid economic leap to the level of developed countries. The country has developed electronics manufacturing, shipbuilding, financial services sector. Singapore Airlines, widely known in the world, Singapore-owned Fairmont Raffles Hotels International owns Swissotel, an international hotel chain. The country has developed electronics manufacturing (like many well-known European, American, Japanese companies, and Singapore, such as Flextronics), shipbuilding, and the financial services sector. One of the largest manufacturers of CD-drives. Conducted extensive research in the field of biotechnology. Singapore Raffles Holding owns an international network of hotels Swissotel².

The main obstacles to the growth of the Singapore economy should be highlighted:

1) High dependence on global demand, which makes the country very sensitive to slower global economic growth

¹ Pakhomova LF Models of prosperity (Singapore, Malaysia, Thailand, Indonesia) // Moscow 2007 // Art. 130-145..

² Singapore In The System Of International Economic Relations // http://geolike.ru/page/gl_5000.htm

2) Reduction of the working population of the country. In 1964, 87.5% of the population of Singapore was of working age, but this figure is constantly decreasing, and according to data for 2016 it was 37.9%. Currently, for every person over 64 years old there are 5.1 people of working age (by 2030 this figure will be 2.1 people). This can lead to a serious burden on the working population.

3) US policy towards China. If the United States imposes restrictions on trade with China, it will seriously hurt China's exports, and, consequently, Singapore, since China is one of the main importers of Singapore products.

4) Technology in the financial sector. At the moment, Singapore uses the world's best practices in the implementation of exchange trading. In the long term, if Singapore does not keep up with the times and apply revolutionary technologies in the industry (such as blockchain), this will lead to a decrease in the competitiveness of this sphere and serious consequences for the economy, since financial services constitute a significant share of the country's GDP.³

5) Effective foreign policy of the country.

In this article we will study the directions of foreign economic policy and its application in Uzbekistan.

Analysis and results

There are few countries in the world for which foreign trade is a vital sector of the economy, as for Singapore. In this island republic, all raw materials and fuel needs and most of the food needs are being met through imports. Through foreign trade on the world market, more than half of the products of its national economy are sold. The whole economy of the country is subordinated to the interests of foreign trade and maritime shipping.

GDP of \$ 297 billion. Singapore's share in the global economy is only 0.42%². However, the economy of Singapore is one of the most open: about 70% of the city-state's GDP is created by external demand. The volume of foreign trade

³ Singapore economy. Singapore's economic development model. <http://www.gecont.ru/articles/econ/singapur.htm>

in goods and services exceeds GDP by 3.1 times. The Republic ranks 14th among the largest exporters of goods (2.13% of world exports) and 16th among importers (1.77% of world imports), and also 9th in the list of exporters and importers of services (with shares of 2.93% and 3.11%, respectively)

The dynamics of Singapore's GDP corresponds to the world trend: after some post-crisis recovery in 2013-2014. (5.0% and 3.6%, respectively), the growth of the city-state economy slowed down significantly and amounted to 1.9% in 2015 and 2.0% in 2016. The driving force of growth in 2016 was industry, which in the country's economy is 19.6%. GDP growth in it amounted to + 3.6%. The best indicator (+ 4.4%) was achieved in electronics, the largest industry (its share in the economy is 4.4%), thanks to an increase in the production of semiconductors, which exceeded the reduction in the output of digital storage media, computer peripherals and consumer devices⁴.

The increase in the production of semiconductor manufacturing equipment was compensated for by a reduction in demand for oil and gas equipment, which resulted in only a slight (+ 0.1%) increase in precision engineering (the share of 2.5%). The leader of the fall for the second year in a row is transport engineering (share of 2.3%), where value added decreased by 3.1%. The reason was low oil prices, which led to a reduction in orders for drilling platforms and support vessels, about 70% of the world production of which is concentrated in Singapore. Even good performance in the aerospace industry and the production of ground transportation could not lead the industry out of the negative zone. The reasons for the negative dynamics (-0.1%) in the chemical industry (share of 3.9%) were the decline in production in the petrochemical industry, caused by plant shutdowns for preventive maintenance⁵.

⁴ Singapore's Economic Development (англ.) (16 April 2018).

⁵ Singapore: social and economic foundations of prosperity // Bulletin on current trends in the global economy // September 2018 // <http://ac.gov.ru/files/publication/a/18296.pdf>

Agriculture in Singapore is almost non-existent, and statistics for this industry are not published. In the services sector, the share of which in the economy over the past 15 years has increased by 4.5% and reached 69.4%, an increase was only 1%, including: - Wholesale and retail trade - 0.6% (specific weight 14.2%), - business services - minus 0.9% (15.8%), - financial and insurance sector - 0.7% (13.1%), - transportation and storage services - 2.3 % (7.6%), - information and communication services - 2.3% (4.2%), - hotel and public catering - 1.7% (2.2%), - other services - 12.2 %

5 In 2015, 4 R & D expenditures amounted to 2.4% of GDP (according to this indicator, Singapore is among the top ten in the world), while the share of private sector spending in the total funding amounts to 61%. By the number of researchers per thousand employed - 12.1 people. - Singapore also occupies one of the leading places in the world.

Table 1.

Export of Singapore in 2006-2017⁶

DATE	VALUE	CHANGE%
2017	561 467 494 614	7,77%
2016	520 980 488 925	-3,42%
2015	539 434 400 742	-9,48%
2014	595 915 867 566	0,85%
2013	590 892 431 871	3,16%
2012	572 804 377 549	2,13%
2011	560 879 257 419	18,77%
2010	472 243 611 761	27,72%
2009	369 743 801 854	-16,80%
2008	444 427 950 217	14,98%

⁶ World data atlas <https://knoema.ru/atlas>

2007	386 533 976 363	13,66%
2006	340 083 620 039	

Foreign trade turnover decreased by 5.4% to \$ 630 billion. Imports of goods amounted to \$ 291.9 billion (-5.2%), exports - \$ 338.0 billion (-5.5%). In the structure of exports, 52% accounted for re-export operations. Main trading partners: China (14% of total trade), Malaysia (11%), European Union (10%), USA (8.5%), Indonesia (6.6%), Hong Kong (6.5%), Taiwan (6.1%), Japan (5.3%), Republic of Korea (5.1%), Thailand (3.3%).

The main products exported from Singapore are petroleum products, electronic integrated circuits and microcomponents, equipment for digital data processing, telecommunications equipment, medicines and medical devices, chemicals.

Table 2.

Singapore imports in 2006-2017⁷

DATE	VALUE	CHANGE%
2017	482 881 619 205	9,73%
2016	440 048 641 147	-4,58%
2015	461 174 694 961	-11,88%
2014	523 345 961 091	0,17%
2013	522 476 224 726	3,52%
2012	504 702 976 764	3,65%
2011	486 943 827 677	18,58%
2010	410 655 209 295	26,47%
2009	324 712 768 896	-19,72%
2008	404 472 359 767	22,15%
2007	331 133 002 529	11,87%
2006	296 009 901 821	

⁷ World data atlas <https://knoema.ru/atlas>

The main imported goods are oil and oil products, telecommunications equipment, airplanes, electronic components, equipment for digital data processing, electrical apparatus and machines, parts for instruments and equipment. Foreign trade in services reached 48% of the volume of commodity supplies and amounted to US \$ 305 billion, incl. Exports - \$ 149.6 billion and imports - \$ 155.6 billion. The main recipients of Singapore services are the EU (13.7% of the total), the USA (11.4%), Australia (6.8%) and Japan (6.0%). The main service providers in Singapore are the USA (16.8%), the EU (15.9%), China (5.2%) and Hong Kong (3.9%). Singapore remains an attractive and reliable destination for foreign investors. The volume of accumulated foreign direct investment in Singapore at the end of 2015 amounted to US \$ 5,888 billion, incl. 44% - in holding investment companies, 18% - in wholesale trade and 14% - in industry. In turn, the accumulated direct Singaporean investments abroad at the end of 2015 amounted to \$ 471 billion, of which 49% came from financial and insurance services and 18% from industry⁸.

Thus, we see that international trade plays a vital role in the economic development of Singapore. The interests of foreign policy are put in the first place. Singapore with its specific economic position of the city-state has firmly entered into the system of world economic relations and established itself in the world market, having achieved a favorable attitude towards itself from both regional and non-regional states. Despite the fact that the share of foreign trade operations of Singapore in world exports and imports is not so great, this figure continues to grow. In addition, the geography of exports and imports of Singapore is determined not only by its geographical location, but also the historical past of the country. Singapore's colonial past reflected in the fact that today the United Kingdom is one of the country's major trading partners on the world stage, although most of Singapore's exports and imports come from Asia. So, in the

⁸ An Economic History of Singapore: 1965-2065 (англ.) (5 August 2015).

system of international economic relations, Singapore acts as an exporter of industrial goods, machinery and transport equipment.

Recommendation

Especially, the following directions can be applied in Uzbekistan.

1) Uzbekistan, in order to support exports, should develop the system in stages

2) Uzbekistan should choose an export-oriented policy. The export-oriented policy will provide an opportunity to increase the export of finished products.

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