THE MINERAL INDUSTRY OF SINGAPORE

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Singapore is a city-state located in the Strait of Malacca in Southeast Asia. Singapore is one of the world’s busiest ports and identifies itself as “the place where Asia and the West meet.” The country is highly dependent on trade for its economic growth. In 2012, the slow recovery of industrial activities in the West affected the country’s exports. As a result, Singapore’s real gross domestic product (GDP) had increased only by 2.5% in 2012. In 2013, propelled by increased exports, the country’s GDP increased by 3.9% (Department of Statistics, 2014a, p. 2).

Because it has limited mineral resources, Singapore must import most of the raw materials needed for manufacturing. The value of output of the service sector accounted for 68.9% and 70.3% of the GDP in 2012 and 2013, respectively. Growth took place across the service sector but the highest growth rates were in the areas of finance and insurance. The manufacturing and construction sectors accounted for 25.1% and 23.7% of the GDP in 2012 and 2013, respectively. The value of non-oil exports increased by 3.4% in 2013 after increasing by 0.4% in 2012 owing to the higher value of nonelectronic exports, which increased by 3.0% in 2013 following a decrease of 2.0% in 2012. The higher value of nonelectronic products was the result of increased exports of engineering equipment, pharmaceutical products, and printed materials. Although electronics remained the leading trade commodity in Singapore, the country’s total trade was valued at US$758 billion (S$985 billion) in 2012 and 2013, respectively. Growth in productivity, could hinder economic growth and cause higher inflation. Several construction projects, including the expansion of a financial center and the development of new infrastructure, are in process. The demand for steel products is expected to increase during the next 2 to 3 years, and Singapore will continue to rely on steel imports to meet its domestic needs. Facing strong competition from neighboring countries, the Singaporean electronics companies have made plans to reexports after electronics. Major multinational petrochemical companies, such as BASF Group of Germany, Chevron Corp. and Exxon Mobil Corp. of the United States, Mitsui Chemical Co. and Sumitomo Chemical Co. of Japan, and Royal Dutch/Shell Group of the Netherlands, had set up plants on the island.

Outlook

The global economic recovery is expected to help maintain continued economic growth in Singapore. The global demand for electronics, which was a major component of the country’s export revenue, is expected to increase during the next several years. The domestic construction sector is likely to be the major source of demand for construction materials during the next 2 years. Rising labor costs, if not accompanied by improvements in productivity, could hinder economic growth and cause higher inflation. Several construction projects, including the expansion of a financial center and the development of new infrastructure, are in process. The demand for steel products is expected to increase during the next 2 to 3 years, and Singapore will continue to rely on steel imports to meet its domestic needs. Facing strong competition from neighboring countries, the Singaporean electronics companies have made plans to restructure and seek higher value-added products. Biomedical manufacturing appears to have strong growth potential in Singapore.

References Cited

South East Asia Iron and Steel Institute, 2014, 2013 steel statistical yearbook: Selangor Darul Ehsan, Malaysia, South East Asia Iron and Steel Institute, 102 p.

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