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REPRESENTATION OF SINGAPORE

Annexed to the present document for the consideration of the Committee is information submitted by the Permanent Mission of Singapore to the United Nations by its Note of 5 April 1979 addressed to the Secretary-General.

ANNEX

INFORMATION SUBMITTED BY THE GOVERNMENT OF SINGAPORE
TO THE COMMITTEE OF CONTRIBUTIONS IN APRIL 1979

As the Committee is aware, Singapore voted against General Assembly resolution 32/39 of December 1977 on the report of the Committee on Contributions. We took objection to Singapore's scale of assessment to the UN budget being raised from 0.04% to 0.08%. We noted with dismay the assertion in the Committee's report dated 26 August 1977 that "in the present stage of statistical science, national income is the only single indicator which can be statistically compiled for all countries and therefore utilised as the principal measure of capacity to pay". For middle-income developing countries, especially a small island economy, with no natural resources, this criterion does not fairly reflect the critical factors which affect its economy, nor the extent of its vulnerability to external factors certainly beyond its control.

Singapore is a small island State with a total land area of only 586.4 square kilometres. Owing to its limited land and lack of natural resources, Singapore is compelled to import practically all its food and other requirements at prices which it has no way of influencing. It does not have agricultural resources and mining to support it during lean periods. Agriculture, fishing and quarry account for only 1.8% of Singapore's GDP. All fuel and power and even some water requirements are imported. Singapore is thus heavily dependent on external sources of supply as indicated by the high import to GDP ratio of 1.8 to 1.

The small size of the domestic market and the economy's poverty in natural resources lead necessarily to a high level of dependence on foreign markets, capital and technology. The limited domestic market makes the export of goods and services the only means of support. However, Singapore's export performance is strongly influenced by external economic forces beyond its control. It has a large trade deficit which amounted to 41% of total GDP in 1978 compared with 37% in 1977. The outlook for the world economy with the expected rise in the price of oil and of other commodities does not bode well for Singapore's trade position.

In the investment field, unlike developed countries, Singapore will continue to be dependent on foreign investments. In the past 7 years, 81% of her investment commitments were from foreign sources. Having been steeped in a long tradition of trading activities, local entrepreneurship and investments in manufacturing have not developed to a level sophisticated and large enough for self-sustained growth. Foreign investments means foreign workers. Thus a large share of the compensation of employees and of the operating surplus as well as the consumption of fixed capital of establishments as recorded in conventional national accounts, accrues to foreigners and foreign companies. As such GDP/GNP as customarily defined on a residential basis and the per capita GDP/GNP so derived is not a true reflection of the income of Singaporeans. Hence, an alternative GNP series which excludes the contribution of resident foreigners (individuals and companies) has been compiled specifically for the International Monetary Fund (IMF) for determining the development status of Singapore. The indigenous per capita GNP so obtained for the years 1973 and 1974 were evaluated and accepted by the IMF. This involves the calculation of income accruing to foreign workers and foreign companies which are residents in Singapore and the exclusion of the amount from the GDP. Owing to the special features of the Singapore economy, the per capita GDP/GNP series based on the conventional concept gives an inflated figure of income of Singaporeans. The indigenous per capita income is the true measure of Singapore's wealth and therefore our capacity to pay. A table of Singapore's indigenous per capita income for 1967-1978 is below:

	INDIGENOUS GNP (S$M)	PER CAPITA INDIGENOUS GNP (S$)
1967	3,598	1,819
1968	3,922	1,949
1969	4,472	2,189
1970	4,989	2,404
1971	5,826	2,761
1972	6,884	3,206
1973	8,409	3,849
1974	9,966	4,491
1975	10,795	4,798
1976	11,713	5,142
1977	12,753	5,525
1978	13,965	5,982

As for the industrial sector, Singapore's industrial structure has yet to reach the level of maturity evident in developed countries. The manufacturing sector is still at a very low level of integration whereas full integration has been achieved in the developed countries. Labour productivity in Singapore is 45% and 52% of that in the US and West Germany respectively. Singapore's labour force participation rate at about 61% is lower than that in developed countries which exceeds 65%. Developed countries are also technologically dynamic through their expenditure in Research and Development. They spend an average of 2% or more of their national income on R & D. Singapore's own spending on R & D is insignificant in comparison. Hence, Singapore is heavily dependent on foreign investments for technological know-how to upgrade the industrial sector.

These glaring deficiencies in wealth invalidate the use of the income criterion as a measure of Singapore's ability to pay. The absence of a supporting agricultural base is a natural economic constraint but the use of the income and per capita income criteria as measures of ability to pay unfairly penalises city-state economies. It is felt that should the income criterion be used for international comparison, the income of Singapore's city-state should be compared rightly with the income of other cities and not with other economies with a supporting agricultural sector.

There is also an upward bias in Singapore's per capita GDP compared to other developing countries. The small size of the Singapore economy and the high degree of monetisation render statistical coverage easier than for developing countries with larger population and geographical spread.

The above points show that notwithstanding Singapore's economic progress, Singapore is still a developing country, not capable yet of self-generating growth. It is still in a crucial stage of development, struggling amidst more difficult external conditions to maintain growth in coming years. It is a small economy producing only 0.1% of world output. Therefore to increase Singapore's international obligations and to assess its development status based on per capita GNP would be unrealistic. It is felt that the Committee on Contributions should re-consider the criterion used for assessment, in particular for Singapore, as it merits special consideration due to its special economic circumstances.