

Written Comments by the Government of the Republic of Singapore to the Office of the United States Trade Representative on the Section 301 Investigation into the Acts, Policies, and Practices of Singapore relating to Structural Excess Capacity and Production in Manufacturing Sectors

On 11 March 2026, the Office of the United States Trade Representative (USTR) initiated an investigation under Section 301 of the Trade Act of 1974 into Singapore for acts, policies, and practices relating to structural excess capacity and production in specific manufacturing sectors. This submission sets out the Government of the Republic of Singapore's comments on the investigation.

Introduction

1 Singapore is a small island city-state located along the Strait of Malacca, which is one of the world's busiest shipping lanes. As a small country with no natural resources, Singapore and its economy are necessarily externally oriented and trade dependent. Today, total trade amounts to more than three times Singapore's gross domestic product (GDP).

2 As a nation highly dependent on trade, including with the U.S., Singapore welcomes the opportunity to engage with the U.S. and its other trading partners on the important issue of structural excess capacity. Although, on a global basis, Singapore has been a net exporter of goods since 1994 and a net exporter of services since 2018, the U.S. enjoys a trade surplus with Singapore. To the extent that Singapore has a trade surplus with other nations, it is a result of the market-driven outcomes of Singapore's geography and open economy, rather than non-market-oriented government interventions.

The U.S. enjoys a trade surplus with Singapore

3 **The U.S. has enjoyed a consistent trade surplus with Singapore for over 20 years.** According to the U.S. Bureau of Economic Analysis, the U.S. had a US\$1.9 billion goods trade surplus and a US\$25.1 billion services trade surplus with Singapore in 2024. Both the U.S.' goods and services trade surpluses with Singapore grew in 2025 to US\$3.6 billion and US\$29.6 billion, respectively.

4 Based on U.S. Census Bureau data, the U.S. ran trade surpluses with Singapore in 2024 in two of the three sectors highlighted in the USTR’s Section 301 Initiation Notice discussion of Singapore. In 2024, the U.S. ran a trade surplus with Singapore in semiconductors & electrical equipment (US\$1.8 billion) and petrochemicals (US\$463 million). The trade surpluses for these sectors grew in 2025 (US\$3.8 billion and US\$547 million, respectively). In terms of pharmaceuticals, the U.S. ran a trade deficit against Singapore in 2024 (US\$17.7 billion). Notably, the US’ trade deficit with Singapore for pharmaceuticals shrank in 2025 (US\$12.9 billion).

5 Moreover, records of U.S. trade remedy proceedings indicate that Singapore has been named as a respondent in only a single U.S. anti-dumping investigation—acetone—over the entirety of our trading relationship with the U.S.¹ The absence of repeated or multiple anti-dumping/countervailing duties investigations and determinations against Singapore suggests that Singapore’s industrial production is broadly aligned with market demand and healthy international trade norms.

6 These are the hallmarks of a longstanding and mutually beneficial economic relationship. Trade between the U.S. and Singapore has enabled both countries to benefit from each other’s comparative advantages. For example, although the U.S. purchases more battery cells and fiber optic cables from Singapore, Singapore purchases more agriculture, automobiles, semiconductors, and petrochemicals from the U.S. Such specialization enabled by U.S.-Singapore bilateral trade has allowed both countries to be more productive.

7 The foundation of this economic relationship is the U.S.-Singapore Free Trade Agreement (USSFTA). The USSFTA, which has been in force for over 20 years, was the U.S.’ first FTA with a partner in the Asia-Pacific and remains the U.S.’ only FTA with a trading partner in Southeast Asia. Under the USSFTA, Singapore levies no tariffs on U.S. exports to Singapore. Bilateral trade and

¹ See *Acetone From Belgium, the Republic of Korea, the Kingdom of Saudi Arabia, Singapore, the Republic of South Africa, and Spain: Initiation of Less-Than-Fair-Value Investigations*, 84 Fed. Reg. 9,755 (Mar. 18, 2019), <https://www.federalregister.gov/documents/2019/03/18/2019-05004/acetone-from-belgium-the-republic-of-korea-the-kingdom-of-saudi-arabia-singapore-the-republic-of-spain>; *Acetone from Singapore and Spain: Antidumping Duty Orders*, 84 Fed. Reg. 70146 (Dec. 20, 2019), <https://www.federalregister.gov/documents/2019/12/20/2019-27533/acetone-from-singapore-and-spain-antidumping-duty-orders>.

Singapore's investments in the U.S. support around 350,000 American jobs. Singapore is the third largest Asian investor in the U.S. with foreign direct investment stock at US\$71.7 billion in 2025.

Singapore's industrial occupancy rates are consistently high

8 In its Section 301 Initiation Notice, the USTR noted that "Singapore's state-owned industrial landlord continues to expand manufacturing capacity notwithstanding a recent drop in its industrial occupancy rate." Singapore would like to provide the USTR with the following additional information to inform its assessment of Singapore's acts, policies, and practices.

9 **Occupancy rates for manufacturing-specific industrial spaces in Singapore have remained consistently high, at around 90%, over the past five years, with reasonable buffers for frictional vacancy and cyclical factors.** Based on available statistics from brokers' reports, Singapore's occupancy rate is in line with global norms for industrial real estate, which range from 87% to 96% for advanced economies such as the U.S., United Kingdom, Sweden, and Hong Kong.

10 **Market indicators also show that there is no excess capacity in Singapore's industrial property sector.** Over the past five years, both industrial property prices and rentals have seen robust compound annual growth rates of approximately 5%, driven by sustained demand for industrial spaces in Singapore. Furthermore, industrial land tenders and tenders for land-based factories have consistently attracted strong market interest in recent years. These trends are not consistent with the presence of excess capacity in Singapore's industrial property sector.

11 **Land is a scarce resource in Singapore.** It is not in the Government's interest for land, including industrial land, to be under-utilized. Consequently, the Government has been proactively recycling and intensifying industrial real estate to support the growing demand for industrial space from larger enterprises, as well as small and medium enterprises which comprise over 95% of Singapore's industrialists. This approach involves identifying under-utilized industrial areas

and transforming them into higher-value, more productive industrial areas in response to industry demand.

Singapore's global trade surplus is the result of market factors

12 Singapore's economic policies are carefully designed to ensure that market forces are not distorted. These policies are in line with our international obligations under our FTAs and at the World Trade Organization. We do not have measures that are linked to export performance. As a small country with limited resources, we prioritize sectors that fit our economic profile and ensure market efficiency, while serving as a global business hub that welcomes legitimate firms with genuine investments and operations.

13 Singapore's global trade surplus reflects our outward-oriented economy and natural comparative advantages and disadvantages. Singapore's export structure has shifted over the years as our economy moved from labor-intensive manufactured products, such as textiles and low-end electronics, to knowledge-driven exports. Since the early 2000s, Singapore's top domestic exports have pivoted to semiconductors, electronic equipment, and pharmaceuticals as these are products that better match the skills of Singapore's workforce and the costs of doing business in Singapore.

14 Singapore generally imports lower-value inputs and transforms them into higher-value products which are then exported. The value-added by Singapore is reflected in the positive net exports (where the value of exports exceeds the value of imports) of the electronics and energy & chemicals sectors.² The net exports of these sectors are a significant contributor to our goods trade. In contrast, we have trade deficits in sectors where Singapore suffers from a comparative disadvantage, such as steel and aluminum articles, and agricultural products, due to a lack of access to raw materials and land.

15 We undertake market-oriented policies, long-term planning for economic development, and continuous workforce upskilling, underpinned by a trusted

² In 2025, Singapore's electronics and energy & chemicals sectors recorded net exports of S\$57.1B (US\$44.5B) and S\$29.5B (US\$23.0B), respectively.

business environment with a strong intellectual property regime, an extensive network of 29 FTAs, a strong rule of law, and a robust ecosystem for innovation and research and development.

16 In addition, Singapore's reputation as a trusted logistics services hub has made us a reliable goods exporter. Singapore was ranked No.1 in the World Bank's Logistics Performance Index in 2023 for efficiency of customs and border management clearance as well as quality of logistics services. Over the years, we have established advanced physical and digital port infrastructure and built a reputation for efficient operations and effective governance.

17 Singapore also serves as a key node in major trade routes between North America/Europe and the Asia-Pacific region. Singapore is located along the Strait of Malacca which supports about 25% of global seaborne trade by volume, and about 30% of global container traffic. Singapore's economy has benefited from our strategic location. For instance, our trade-related wholesale trade and transportation & storage sectors accounted for more than a quarter of Singapore's nominal GDP in 2025.

18 **The outcome of the above is that we have steady productivity growth and a healthy rate of firm churn, which are signs of an efficient market.** On average, Singapore's aggregate labor productivity grew by 2.7% annually over the past decade. This is comparable to the U.S.' annual productivity growth rate of 1.9% in the non-farm business sector.³ In 2023, 9.0% of firms in Singapore exited the market while 12.3% more firms entered. This is comparable to the U.S.' 9.4% exit rate and 10.6% entry rate.⁴ Singapore's manufacturing capacity utilization rate of 74.6% is also similar to the U.S.' 74.4%, according to the World Bank's latest available data.⁵

³ U.S. Bureau of Labor Statistics. <https://www.bls.gov/productivity/tables/labor-productivity-major-sectors.xlsx> (data released 24 March 2026).

⁴ U.S. Census Bureau. <https://www.census.gov/data/datasets/time-series/econ/bds/bds-datasets.html>

⁵ The World Bank. https://data360.worldbank.org/en/indicator/WB_ES_M_T3?country=SGP%2CUSA&view=trend

Conclusion

19 This submission demonstrates that Singapore and the U.S. have a mutually beneficial economic relationship and that Singapore's exports to the U.S. are not due to any form of excess capacity. Singapore understands the U.S.' concerns with structural excess capacity, which can distort markets and hurt domestic businesses and consumers. We look forward to engaging the U.S. further on this issue.

**MINISTRY OF TRADE AND INDUSTRY
GOVERNMENT OF THE REPUBLIC OF SINGAPORE**

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