



Singapore

Singapore Economy in the Third Quarter 2004

Overall Performance

According to the government latest release the growth of the Singapore economy slowed down to 7.5% in 3Q04, from 12.5% in 2Q04. The growth momentum, on an annualized quarter-on-quarter basis, declined by 3.0%, after the 11.9% rise in 2Q04.

Sources of Growth : The total demand rose by 18.7% in 3Q04, compared with a 22.5% gain in 2Q04. This reflected a slower growth of both external and domestic demand.

External demand grew by 21.4% in the quarter, down from 25.8% in 2Q04, mainly on slowing electronics exports. Services exports also grew slower in 3Q04, particularly in the travel and transportation services sectors. This largely reflected the post-SARS recovery of activities in the year-ago period. The higher base effect also showed up in the growth of domestic demand, which slowed to 10.3% in 3Q04 compared with 13.6% a quarter earlier. Apart from slower growth in private consumption, this also reflected declining public sector spending.

Sectoral Performance

The construction sector is not in a growth phase however the construction companies have performed remarkably well outside the country. The lack of growth and opportunities at home due to the sluggish condition have prevented the construction companies contributing significantly to the economy.

Barring the construction sector all other sector contributed significantly to the growth of economy. The pace of growth of all sectors, however, has developed moderated from the second quarter.

This slowdown was mainly due to lower-than-expected biomedical output. The electronics cluster, however, expanded at a faster rate of 26.4%, following the 25.3% growth in 2Q04, on the back of strong demand for semiconductors and computer peripherals. Growth of output in the chemicals cluster also accelerated to 11.1% in 3Q04, compared with the 5.9% gain recorded in 2Q04.

The construction sector contracted further by 10.9% in 3Q04, following the 5.9% contraction in the quarter earlier. There was a weakening in both public and private sector construction activities. Public sector certified payments declined by 15.1%, with all segments recording slower activity. Similarly, private sector construction work also receded by 13.1%, with declines in all but the institutional segment. Total contracts awarded continued its downward slide, declining by 22.9%, following the fall of 13.9%.

Singapore, India to sign pact in 2005 to boost Trade, Investment

Singapore and India is ready to sign a wide-ranging economic agreement to boost trade and investment after resolving all outstanding issues. Among other provisions, the agreement aims to ease barriers to Singaporean firms investing in India's fast-growing economy and give greater access to Singapore's services industries for Indian professionals.

India will cut tariffs on its imports from Singapore by 80 per cent after the pact is signed, gradually reducing them to zero over five years. The agreement also calls for the liberalization of air transport between the two countries.

Singapore has invested 1.5 billion USD in India, making it India's biggest Asian investor and its third largest foreign investor. India expects Singapore to invest an additional 2 billion USD the technology, manufacturing, financial services and aviation sectors next year.

(Source : EEPC Singapore Office)

Vietnam

Vietnam Auto Industry Geared to Accelerate

The Government approved the Master Plan for the Development of the Vietnam Automobile Industry to 2010 in an effort to develop the fledging sector into a key national industry.

The plan, composed by the Ministry of Industry, sets a target of 240,000 domestically produced automobiles by 2010 and 400,000 by 2020, of which 5-10 per cent will be set aside for export.

Plans also include production of 173,000 commercial vehicles by 2010, meeting 80 per cent of domestic demand. Sixty per cent of the parts used in those vehicles will be made in Vietnam.

The industry plans produce 6,000 special-purpose vehicles, meeting 60 per cent of domestic demand, with 60 per cent local content.

It also aims to produce 60,000 luxury cars by 2010 with a localization rate of 40 per cent.

In order to realize the target, the industry will need to invest VND 18 trillion (US\$ 1.1 billion) between 2001 and 2010 and VND 40 trillion (\$ 2.5 billion) from 2010-20.

(Source : EEPC Singapore Office)