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Foreign Direct Investment in Singapore, 1995–2005

By

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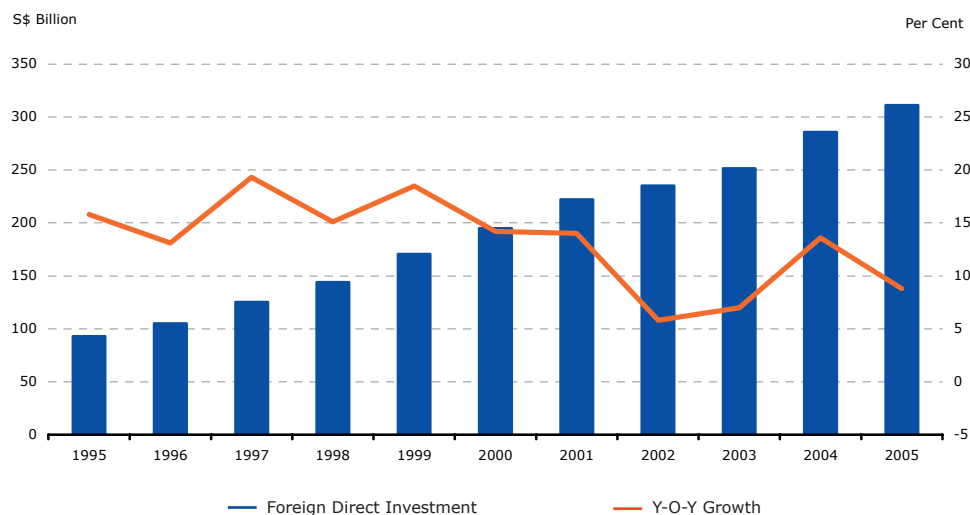
Introduction

This article analyses the trends in source and industrial composition of foreign direct investment (FDI)¹ in Singapore from 1995-2005. The data presented were compiled from the Survey of Financial Structure and Operations of Companies

(FSC)² conducted annually by the Singapore Department of Statistics.

Between 1995 and 2005, FDI stock in Singapore more than tripled from S\$93 billion to S\$311 billion, representing an average growth of 13 per cent per annum (Chart 1).

CHART 1 FDI IN SINGAPORE, 1995–2005
(Stock As At Year-End)



¹ Direct investment refers to investment made to establish a lasting interest in a domestic enterprise. The IMF Balance of Payments Manual, fifth edition (BPM5) recommends that investment exceeding 10 per cent equity interest be treated as direct investment. Direct investment stock comprises three components i.e. paid-up shares in affiliates, reserves attributed to the investor and net outstanding debt owed by the affiliates to their parent company.

² FSC covers companies incorporated or registered in Singapore, including branches of foreign companies.

FDI in Singapore by Region³

Europe, Asia and North America were important sources of FDI in Singapore (Chart 2). In 2005, these three regions accounted for 82 per cent of FDI stock in Singapore. From 1995 to 2005, Europe gained importance as Singapore's foreign investor, with its share increasing from 31 per cent to 43 per cent. In comparison, while FDI from North America and Asia had grown in absolute terms over the period, their shares had declined (North America: from 21 per cent to 15 per cent, Asia: from 33 per cent to 24 per cent).

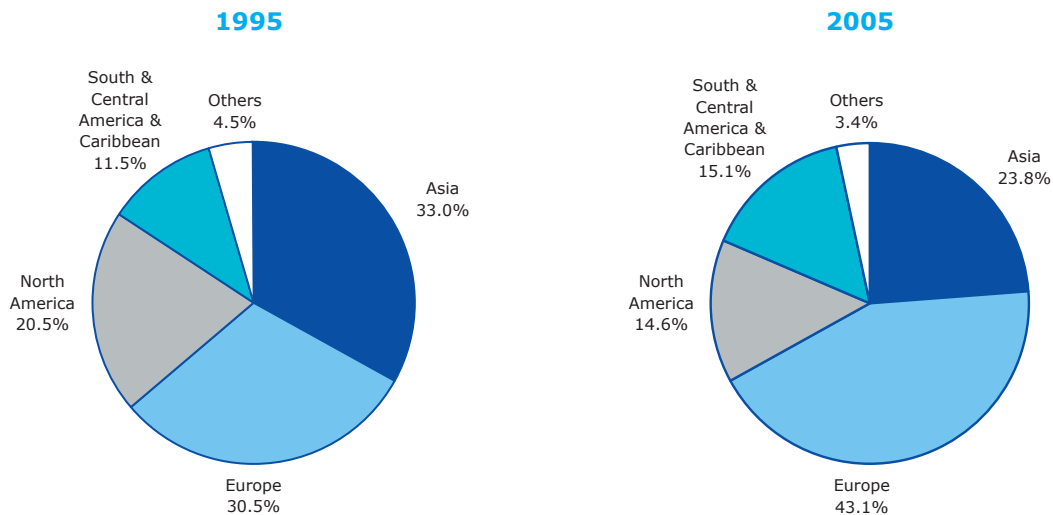
Europe

FDI stock from Europe amounted to S\$134 billion in 2005, nearly 5 times the value (S\$28 billion) in

1995 (Table 1). United Kingdom, the Netherlands and Switzerland were the top European investors in Singapore. Together, they accounted for more than three-quarters (77 per cent) of FDI stock from Europe. Compared with 1995, the share attributed to United Kingdom (34 per cent in 1995 vs 37 per cent in 2005) and the Netherlands (16 per cent in 1995 vs 24 per cent in 2005) had increased, while the share attributed to Switzerland (25 per cent in 1995 vs 16 per cent in 2005) had declined.

Norway and Germany also had significant FDI in Singapore. While Norway's share of European FDI stock in Singapore rose more than seven-fold from less than 1 per cent (0.7 per cent) in 1995 to 5.9 per cent in 2005, Germany's share declined from 6.7 per cent in 1995 to 5.6 per cent in 2005.

CHART 2 SOURCES OF FDI BY MAJOR GEOGRAPHICAL REGION, 1995 & 2005 (Stock As At Year-End)



³ Data on FDI source are compiled on the basis of immediate source rather than on ultimate source. For example, if an investor from country A invests in Singapore via country B, the investment will be recorded as from country B (immediate source) and not from country A (ultimate source).

TABLE 1 MAJOR INVESTOR COUNTRIES FROM EUROPE, 1995–2005
 (Stock As At Year-End)

	S\$ Billion					
	1995	1997	1999	2001	2003	2005
Europe	28.3 (100.0)	39.9 (100.0)	62.8 (100.0)	87.3 (100.0)	106.3 (100.0)	134.0 (100.0)
United Kingdom	9.7 (34.2)	14.0 (35.1)	11.9 (18.9)	14.7 (16.9)	39.4 (37.0)	50.2 (37.4)
Netherlands	4.6 (16.3)	7.2 (18.0)	22.9 (36.5)	35.9 (41.1)	27.6 (25.9)	31.7 (23.7)
Switzerland	7.2 (25.4)	10.5 (26.3)	15.7 (25.1)	15.7 (17.9)	16.9 (15.9)	21.7 (16.2)
Norway	0.2 (0.7)	0.6 (1.4)	1.6 (2.5)	3.9 (4.5)	4.7 (4.4)	7.9 (5.9)
Germany	1.9 (6.7)	1.8 (4.5)	2.3 (3.7)	6.4 (7.3)	6.2 (5.8)	7.6 (5.6)

() : Percentage figures in parenthesis refer to country/economy composition of FDI in Europe.

Asia

Asian FDI stock in Singapore more than doubled from S\$31 billion in 1995 to S\$74 billion in 2005 (Table 2). Japan was the top Asian investor in Singapore, contributing S\$41 billion in FDI stock in 2005. Its share of Asian FDI stock remained in the range of 56 – 60 per cent over the period 1995–2005.

Malaysia and Taiwan were the second and third most important investors from Asia, with FDI stock of S\$7.2 billion and S\$7.1 billion in 2005, respectively. There was a sharp increase in Taiwan's FDI stock,

from slightly less than S\$1 billion in 1995 to S\$7.1 billion in 2005. Correspondingly, Taiwan's share of Asian FDI increased from 3.1 per cent in 1995 to 9.7 per cent in 2005. While Malaysia's FDI stock had also increased from S\$3.9 billion to S\$7.2 billion over the same period, its share declined from 13 per cent to 9.7 per cent. Hong Kong was the second largest Asian foreign direct investor in Singapore in 1995 but it had since been overtaken by Malaysia and Taiwan. While the value of its FDI stock hovered in the range of S\$4–6 billion during the period 1995–2005, its share of Asian FDI stock fell from 15 per cent to 6.6 per cent.

 TABLE 2 MAJOR INVESTOR COUNTRIES/REGIONS FROM ASIA, 1995–2005
 (Stock As At Year-End)

	S\$ Billion					
	1995	1997	1999	2001	2003	2005
Asia	30.7 (100.0)	36.4 (100.0)	47.8 (100.0)	52.0 (100.0)	58.4 (100.0)	74.0 (100.0)
Japan	18.0 (58.8)	21.3 (58.6)	28.6 (59.9)	30.0 (57.6)	34.0 (58.1)	41.1 (55.6)
Malaysia	3.9 (12.7)	5.2 (14.3)	6.4 (13.3)	6.0 (11.6)	4.6 (7.8)	7.2 (9.7)
Taiwan	0.9 (3.1)	1.8 (5.0)	3.1 (6.4)	4.8 (9.1)	5.9 (10.1)	7.1 (9.7)
Hong Kong	4.6 (15.1)	4.8 (13.1)	4.9 (10.2)	5.8 (11.2)	4.1 (6.9)	4.9 (6.6)

() : Percentage figures in parenthesis refer to country/economy composition of FDI in Asia.

North America

FDI stock from North America amounted to S\$45 billion in 2005, more than double the value of S\$19 billion in 1995 (Table 3). US was the top North American investor with its value of FDI stock increasing from S\$16 billion to S\$43 billion over the ten-year period.

FDI in Singapore by Industrial Sector

FDI in Singapore were concentrated in financial & insurance services (which include investment holding companies), manufacturing, and wholesale & retail trade, hotels & restaurants (Table 4). Together, these three sectors accounted for close to 90 per cent (87 per cent) of total FDI stock in Singapore in 2005.

Between 1995 and 2005, the share of FDI stock in wholesale & retail trade, hotels & restaurants rose from 13 per cent to 16 per cent, whilst that for manufacturing sector declined from 38 per cent to 33 per cent. The share attributed to financial & insurance services increased marginally from 37 per cent to 38 per cent.

FDI in transport & storage, information & communications, and professional & technical, administrative & support services had gained importance over the years. For the transport & storage sector, its share of FDI grew from 3.1 per cent in 1995 to 5.4 per cent in 2005. Similarly, the shares of FDI also increased during the same period for information & communications (from 0.6 per cent to 1.1 per cent) and professional & technical, administrative & support services (from 1.7 per cent to 3.1 per cent).

TABLE 3 MAJOR INVESTOR COUNTRY FROM NORTH AMERICA, 1995–2005
(Stock As At Year-End)

	S\$ Billion					
	1995	1997	1999	2001	2003	2005
North America	19.1 (100.0)	27.2 (100.0)	29.0 (100.0)	40.4 (100.0)	40.3 (100.0)	45.3 (100.0)
US	16.2 (84.9)	23.5 (86.4)	24.8 (85.6)	37.2 (92.1)	37.7 (93.5)	42.8 (94.3)

() : Percentage figures in parenthesis refer to country/economy composition of FDI in North America.

TABLE 4 PERCENTAGE DISTRIBUTION OF FDI BY INDUSTRY, 1995 & 2005
(Stock As At Year-End)

	Per Cent	
	1995	2005
Total	100.0	100.0
Financial & Insurance Services	37.3	38.3
Manufacturing	38.2	33.3
Wholesale & Retail Trade, Hotels & Restaurants	13.2	15.7
Transport & Storage	3.1	5.4
Professional & Technical, Administrative & Support Services	1.7	3.1
Real Estate, Rental & Leasing Services	4.7	2.6
Information & Communications	0.6	1.1

Financial & Insurance Services

The FDI stock in financial & insurance services more than tripled from S\$35 billion in 1995 to S\$119 billion in 2005 (Table 5). Increasingly, foreign investors are using holding companies as investment vehicles. As a result, FDI in holding companies increased from S\$20 billion in 1995 to S\$94 billion in 2005. Its corresponding share of FDI stock in financial & insurance services also expanded steadily from 58 per cent to 79 per cent.

Manufacturing

FDI stock in manufacturing rose strongly from S\$36 billion in 1995 to

S\$104 billion in 2005. The top three manufacturing industries which attracted the highest amount of FDI in 2005 were pharmaceuticals (S\$39 billion), electronics (S\$29 billion) and petroleum (S\$14 billion) (Table 6). Pharmaceuticals' share of FDI stock in manufacturing rose from 8.3 per cent in 1995 to 37 per cent in 2005. The strong growth in pharmaceuticals FDI stock in more recent years was mainly attributed to the accumulation in reserves (from retained surpluses) resulting from healthy profits registered by such companies. In contrast, electronics' share declined from 49 per cent to 28 per cent, although in absolute terms, its FDI stock of S\$29 billion in 2005 was higher than S\$18 billion in 1995.

TABLE 5 FDI IN FINANCIAL & INSURANCE SERVICES SECTOR, 1995–2005
(Stock As At Year-End)

	S\$ Billion					
	1995	1997	1999	2001	2003	2005
Financial & Insurance Services	34.7 (100.0)	47.2 (100.0)	66.4 (100.0)	81.0 (100.0)	89.6 (100.0)	119.1 (100.0)
Investment Holding Companies	20.1 (57.9)	34.1 (72.3)	50.1 (75.4)	61.9 (76.5)	69.1 (77.1)	94.4 (79.2)
Banks	8.7 (25.0)	8.1 (17.2)	8.4 (12.6)	8.8 (10.8)	9.0 (10.0)	9.0 (7.6)

() : Percentage figures in parenthesis refer to sub-sectoral composition of FDI in the financial & insurance services sector.

TABLE 6 FDI IN MANUFACTURING SECTOR, 1995–2005
(Stock As At Year-End)

	S\$ Billion					
	1995	1997	1999	2001	2003	2005
Manufacturing	35.5 (100.0)	47.2 (100.0)	56.9 (100.0)	81.9 (100.0)	91.7 (100.0)	103.6 (100.0)
Pharmaceuticals	3.0 (8.3)	6.6 (14.1)	11.4 (20.1)	18.1 (22.1)	29.3 (32.0)	38.7 (37.3)
Electronics	17.5 (49.2)	23.6 (50.0)	28.1 (49.3)	36.0 (44.0)	29.7 (32.3)	29.2 (28.1)
Petroleum	3.5 (9.9)	3.6 (7.7)	5.0 (8.7)	12.3 (15.0)	13.6 (14.9)	14.0 (13.5)

() : Percentage figures in parenthesis refer to sub-sectoral composition of FDI in the manufacturing sector.

Wholesale & Retail Trade, Hotels & Restaurants

Between 1995 and 2005, the FDI stock in wholesale & retail trade, hotels & restaurants quadrupled from S\$12 billion in 1995 to reach S\$49 billion. The wholesale trade industry accounted for the bulk of FDI stock in the sector and its share increased further from 89 per cent in 1995 to 94 per cent in 2005 (Table 7). This reflected Singapore's attractiveness to foreign investors as a trading hub.

Conclusion

Singapore's FDI stock had registered healthy growths between 1995 and 2005. Among the top investors, Europe had garnered higher share of FDI compared to Asia and North America. FDI has become more diversified, with wholesale & retail trade, hotels & restaurants, transport & storage, information & communications, and professional & technical, administrative & support sectors accounting for a bigger share. Within the manufacturing sector, pharmaceuticals emerged as the top industry for FDI.

TABLE 7 FDI IN WHOLESALE & RETAIL TRADE, HOTELS & RESTAURANTS, 1995–2005
(Stock As At Year-End)

	S\$ Billion					
	1995	1997	1999	2001	2003	2005
Wholesale & Retail Trade, Hotels & Restaurants	12.2	15.2	28.0	34.1	40.1	48.8
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
Wholesale Trade	10.9	13.7	24.8	30.5	36.7	45.8
	(88.7)	(90.4)	(88.5)	(89.3)	(91.5)	(93.9)

() : Percentage figures in parenthesis refer to sub-sectoral composition of FDI in the wholesale & retail trade, hotels & restaurants sector.

The latest report on *Foreign Equity Investment in Singapore 2005* contains key findings of the Survey of Financial Structure and Operations of Companies carried out in 2006/07 for reference year 2005. The report is available for free downloading from the SingStat website at

<http://www.singstat.gov.sg/pubn/business.html#fei>

Latest data on Singapore's overseas investment are available in the report on *Singapore's Investment Abroad 2005*, which contains key findings of the Survey of Singapore's Investment Abroad carried out in 2006/07 for reference year 2005. More information on this publication is posted on the SingStat website at

<http://www.singstat.gov.sg/pubn/business.html#sia>

Formation and Cessation of Companies and Businesses, January–June 2007

Companies

The number of companies formed in 1H07 was 12,780, an increase of 21 per cent from 10,530 in 1H06. Except for information & communications, all major industries recorded increases with real estate, rental & leasing (86 per cent) in the lead, followed by financial & insurance services (47 per cent) and construction (39 per cent).

Company cessations numbered 5,040 in 1H07, about 0.4 per cent lower than 5,060 in 1H06. Industries registering double-digit declines were construction (-16 per cent) and information & communications (-12 per cent). In contrast, increases were recorded for arts, entertainment & recreation activities (24 per cent) and financial & insurance services (15 per cent).

Businesses

The number of business formations increased by 1.9 per cent to 12,380 in 1H07 from 12,150 in 1H06. As with company formations, the largest increase in business formations was in real estate, rental & leasing (68 per cent). This was followed by education, health & social work activities (19 per cent) and transport & storage (14 per cent).

Business cessations numbered 10,460 in 1H07, a decline of 30 per cent from 14,860 in 1H06. All major industries recorded double-digit year-on-year declines, ranging from -12 per cent (real estate, rental & leasing) to -41 per cent (administrative & support service activities).

CHART 1 FORMATION AND CESSATION OF COMPANIES

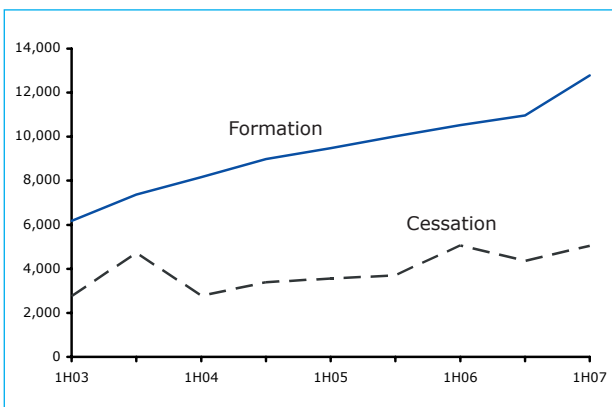
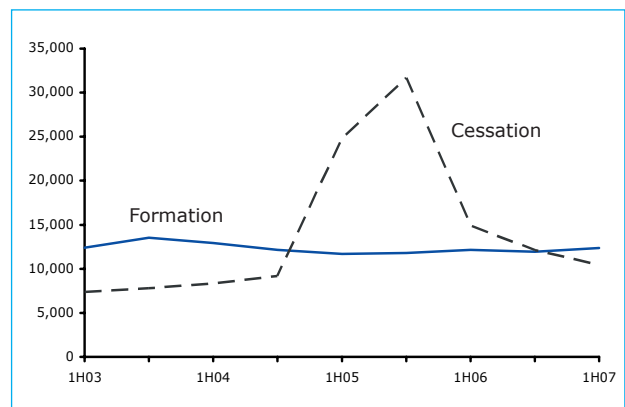
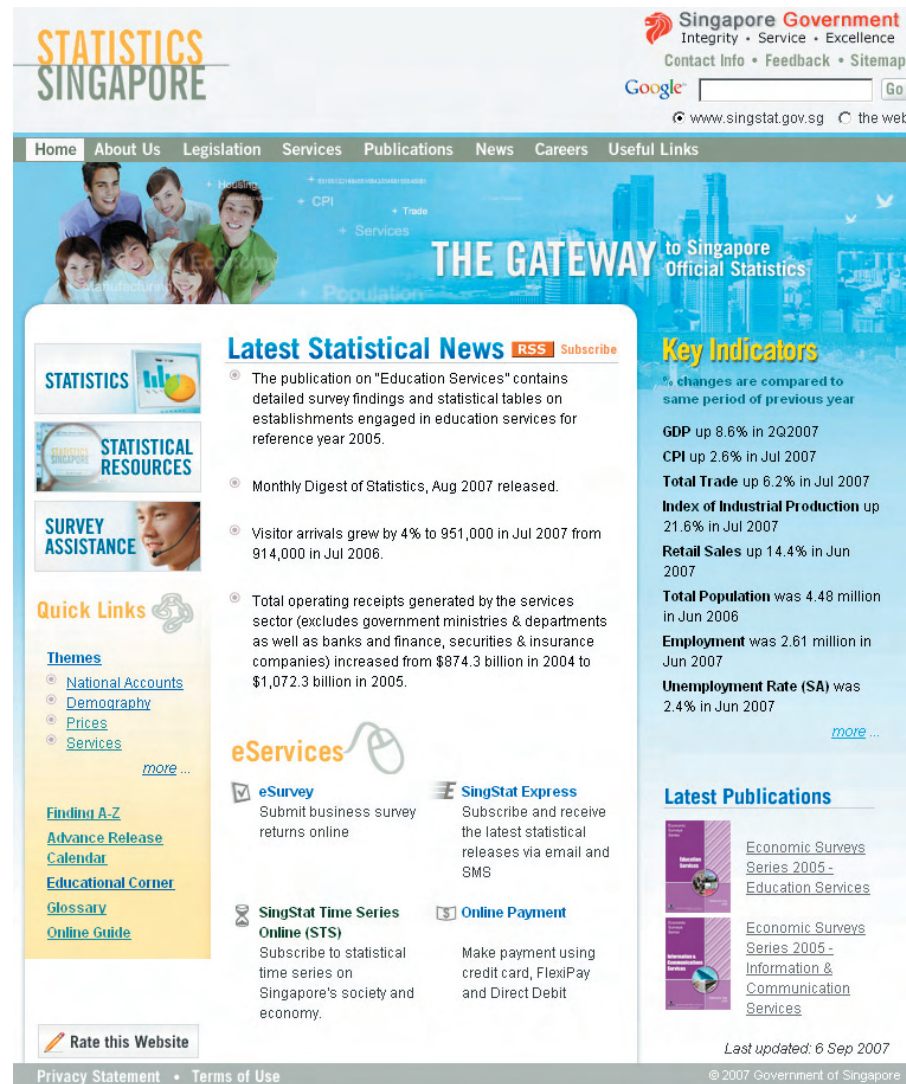


CHART 2 FORMATION AND CESSATION OF BUSINESSES



Statistics Singapore Website Has Been Revamped!

Launched on 19 July 2007, the revamped Statistics Singapore (SingStat) Website features a new look & feel, enhanced navigation features, enriched contents and more services.



The SingStat website (www.singstat.gov.sg) serves as a portal to official statistics compiled by the Singapore Department of Statistics and other local government agencies. Since its launch in 1995, it has undergone several enhancements/revamp to meet the changing needs of our users. The growing number of unique visitors over the years shows that we have been able to effectively promote the SingStat website as the first contact point for data on the Singapore economy and society.

Prior to revamping the SingStat website, we conducted a survey on users' experience and expectations of the website. Feedback from the survey were considered in planning for the enhancements and new services to be included in the revamped website. We hope the revamped SingStat website will result in improved website navigation experience that meets user needs through a wide range of useful and relevant services.

What's New

THEMES

Theme pages facilitate easy access to statistical information, data, press releases and publications on specific areas of statistics. Where appropriate, hyperlinks to relevant sources such as trade, manufacturing, employment statistics compiled by the Research and Statistics Units of other government agencies are provided.

Really Simple Syndication (RSS)

Users can subscribe to alerts via our RSS feeds and be updated automatically on our latest statistical releases.



The revamped website offers the **Google** search facility to enhance searching experience.

Finding A-Z

Users can search for relevant statistical indicators and data based on subject index.

Online Guide

First time visitors to the revamped website can familiarise themselves on how to obtain information and data through this guide.

Educational Corner

This section includes simple yet concise write-ups on statistical concepts and methodologies in specific areas of statistics, as well as brief articles on interesting statistical trends in Singapore's economy and society. It serves to raise awareness of and to contribute to better understanding of statistics.

Other User Friendly Features

- ◆ 'Related Links' is included at the top right corner of selected pages for ease of reference.
- ◆ Softcopies of publications released are available for free downloading. Popular publications can now be accessed directly from the SingStat Home Page. Alternatively, users can also browse through the online publication catalogue.
- ◆ Our online services are featured prominently on the SingStat Home Page under the 'eServices' section.
- ◆ In addition, printer friendly function is introduced to facilitate users in printing main contents.

If you have any comments on the revamped website and the enhanced services, please let us know through the Feedback Form at <http://app.singstat.gov.sg/asp/feedback/feedback.asp> or on the SingStat Home Page.

Rebasing and Revision of Import, Export, Singapore Manufactured Products and Domestic Supply Price Indices

By

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The Singapore Department of Statistics has recently completed the rebasing and revision of the Foreign Trade and Producer Price Indices to reference year 2006, namely the Import Price Index (IPI), Export Price Index (EPI), Singapore Manufactured Products Price Index (SMPPI) and Domestic Supply Price Index (DSPI). This ensures that the coverage of commodities and the weighting pattern of the four indices are representative of the current structure of imports, exports, manufactured products and domestic supply. In the 2006 rebasing exercise, methodological changes were introduced to enhance the accuracy of the price indices and facilitate the early completion of the revision.

This article presents an overview of the approach and methodological improvements, and highlight changes in the weighting patterns and trends of the 2006-based price indices compared with the 2000-based series.

Methodological Issues

Index Classification and Weights Structure

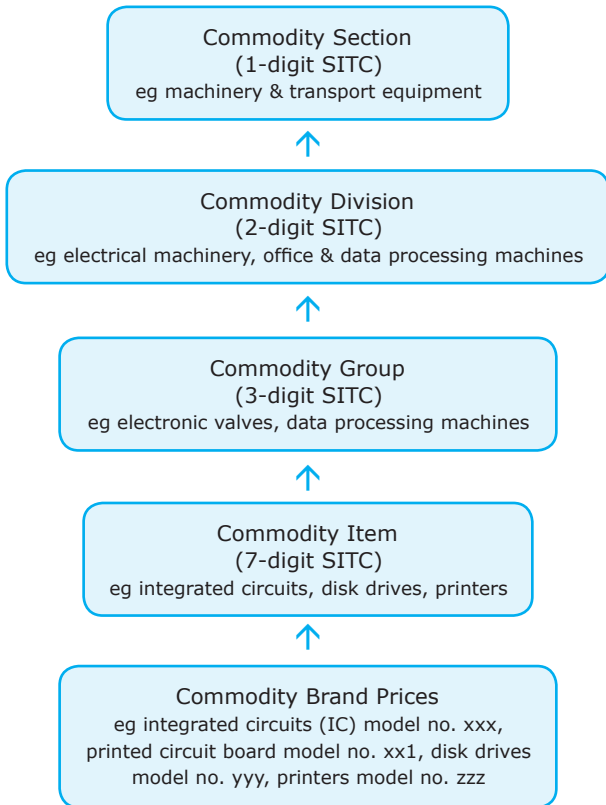
The four price indices are classified in accordance with the Standard International

Trade Classification, Revision 3 (SITC, Rev 3). Figure 1 shows the structure of the IPI, EPI and SMPPI. At the lowest level are the specific brand prices of the imported, exported and manufactured products. The indices at 7-digit commodity item level together with the attached weights form the elementary aggregates, from which the indices at 3-digit group level, 2-digit division level and 1-digit section level are built up. The DSPI is similarly constructed, starting from the commodity item level.

The weights at upper level of 1-, 2-, 3- and 7-digit SITC for the IPI, EPI and SMPPI are derived from imports, exports and production values for 2005. At the brand level, as data are not available to estimate the individual weights, equal weights are assumed for the individual brands within the elementary aggregates.

The domestic supply of goods is from external and local sources. The weight of the DSPI's external supply component is based on the "retained imports" which refers to the values of imports less re-exports in 2005. The weight of the DSPI's local supply component is based on the "domestic sales of locally manufactured goods" which is the total sales of local producers less the amount exported in 2005.

FIGURE 1 THE STRUCTURE OF IPI, EPI AND SMPPI



The DSPI, at the commodity item level, is the weighted average of the constituent IPI and SMPPI price relatives.

As it is neither possible nor practical to price every product, the weights of products for which price data at the commodity item level are not available were distributed to commodity items which shared similar product characteristics. It is reasonable to expect that the price trends of similar items would move in tandem with each other. It follows that commodity items with relative weights assigned in the basket not only carry their own weights but also the weights of similar items which are not specifically priced.

Improvements and Changes

In the latest revision, two methodological changes were introduced to further improve the accuracy and timeliness of the rebasing exercise.

Use of Different Weight/ Price Reference Period

A 'modified Laspeyres' index formula (also known as the Young index formula) where the weight reference period of 2005 preceded the price reference period of 2006 is adopted for the 2006-based series. This allowed the four price indices to be compiled concurrently and facilitated the early completion of the revision. The method is widely used by other countries for price index computation and rebasing.

The 2000-based series were compiled using the Laspeyres index formula, with the price and weight reference periods aligned to the same year 2000. Under this approach, the monthly prices and weights for 2000 were available for the compilation of the IPI and EPI in 2001. However, as the production and domestic supply data for 2000 used for the weights compilation of SMPPI and DSPI lagged the 2000 imports and exports data by at least a year, these two indices could not be compiled concurrently with the IPI and EPI. The 2000 rebasing exercise therefore took a longer time to complete.

Use of Geometric Mean Formula to Compute Elementary Price Indices

The calculation of price indices is first carried out at the base level and progressively built up to higher levels. It begins with the construction of the elementary aggregates (the lowest level aggregates), followed by the averaging of the elementary aggregates to obtain higher level indices.

Table 1 shows the formulae used in the computation of the elementary and higher levels of the IPI, EPI, SMPPI and DSPI. For the 2006-based series, the Geometric Mean (GM) formula has been adopted in the computation of elementary indices without weights in place of the Arithmetic Mean (AM) formula. This is in line with the recommendation in the International Monetary Fund (IMF) Producer Price Index Manual 2004. As the unweighted AM is biased towards observations with large price increases, GM is used in the calculation of price indices at the elementary aggregate level as weights are unavailable. The AM formula is retained for compiling indices at higher levels of aggregation where weights of specific sub-indices are available.

Sources of Price Data

The monthly prices required for the compilation of IPI, EPI and SMPPI are collected directly from the importers, exporters and manufacturers through surveys. The coverage of the three price surveys are given in Table 2.

The price information required to compile the DSPI are obtained from both the Import Price Survey and the Singapore Manufactured Products Price Survey. The DSPI is compiled from 583 commodity items from the IPI and 240 commodity items from the SMPPI.

TABLE 2 NUMBER OF COMPANIES, COMMODITY ITEMS AND BRAND PRICES

Price Index	Companies Covered	Commodity Items Included	Products Priced
Total	3,064	1,540	4,551
IPI	1,230	640	2,372
EPI	1,060	585	2,179
SMPPI	774	315	5,729

TABLE 1 FORMULAE USED FOR COMPUTATION OF ELEMENTARY AND HIGHER LEVELS OF THE IPI, EPI, SMPPI AND DSPI

Base Year of PPI	Index Formula	
	Elementary Level	Higher Level
2000, 1995, 1990 & Earlier Years	Unweighted AM of Price Relatives	Weighted AM Index
2006	Unweighted GM of Price Relatives	Weighted AM Index

Significant Changes in the Rebased Series

Weighting Patterns

There were significant changes in the weighting patterns of the 2000-based and 2006-based IPI, EPI, SMPPI and DSPI particularly in the oil, electronic and chemicals sectors, due to rapid changes in these industries during 2000 to 2005. Table 3 compares the new and old weights of the four price indices.

Between 2000 and 2005, though the Machinery & Transport Equipment

section, which comprises predominantly electronic products, continued to account for the largest share of imports, exports, production and domestic supply, its relative weight fell due to declines in the share of information & communications technology related products during the period. On the other hand, increasing global demand for crude oil led to a rise in oil prices which contributed to increases in the relative share of Oil for all four price indices between 2000 and 2005. In addition, recent expansion in the chemicals sector resulted in significant increases in the relative weight of Chemicals & Chemical Products.

TABLE 3 WEIGHTING PATTERNS BY COMMODITY SECTION

Commodity Section	IPI		EPI		SMPPI		DSPI	
	2005	2000	2005	2000	2005	2000	2005	2000
Total	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Oil	1,798	1,214	1,518	982	2,182	1,327	2,855	2,076
Non-Oil	8,202	8,786	8,482	9,018	7,818	8,673	7,145	7,924
Food	203	247	102	134	186	151	308	281
Beverages & Tobacco	67	84	54	78	47	55	54	50
Crude Materials	66	102	60	73	6	19	43	81
Animal & Vegetable Oils	15	16	11	15	23	24	27	25
Chemicals & Chemical Products	631	565	1,153	726	2,053	1,044	1,373	753
Manufactured Goods	761	737	463	419	430	579	807	891
Machinery & Transport Equipment	5,653	6,087	5,950	6,749	4,510	6,180	3,786	5,083
ICT-Related Products	4,524	4,782	5,098	5,929	4,033	5,717	2,963	4,369
Electrical Machinery	2,803	3,352	2,952	3,082	2,126	2,430	1,737	2,951
Office & Data Processing Machines	1,035	787	1,447	2,176	1,498	2,887	782	1,028
Telecommunication Apparatus	686	643	699	671	409	400	444	390
Others	1,129	1,305	852	820	477	463	823	714
Miscellaneous Manufactures	806	948	689	824	563	621	747	760

Price Trends

Table 4 shows the year-on-year changes of the 2006-based and 2000-based IPI, EPI, SMPPI and DSPI from January to March 2007.

The 2006-based and 2000-based series of the IPI, EPI, SMPPI and DSPI generally moved in the same direction, but some with marked differences in the magnitude of change due to different composition of items, introduction of new items, deletion of obsolete items and changes to the formula used for index computation. Due to their large relative weights, the Machinery & Transport Equipment index, Oil index and Chemicals & Chemical Products index had significant influence on both the 2006-based and 2000-based overall index. Table 5 shows the year-on-year changes of these three major sub-indices for the new and old rebased series of the four price indices.

Within the four price indices series, the 2006-based Machinery & Transport Equipment index declined more than the

2000-based series. This was because the prices of newer models of electronic products captured in the 2006-based series generally fell at a faster rate than the prices of older models represented in the 2000-based series.

Both the 2000- and 2006-based Oil indices within the four index series fell during January to March 2007, though with differences in their magnitude of decline. Ample oil supply in the global market, partially offset by supply uncertainty caused by geopolitical risks in the Middle East, was the main reason contributing to their declines.

The 2006-based Chemicals & Chemical Products index of exports and manufactured products differed considerably from their corresponding 2000-based series as a result of differences in product composition, addition of new products and substantial changes to the relative share of products within the section. This was attributed to rapid growth occurring in the chemicals and pharmaceutical industries in recent years.

TABLE 4 2006-BASED AND 2000-BASED IPI, EPI, SMPPI AND DSPI
JANUARY-MARCH 2007

Price Index	% Change Year-On-Year					
	Base Year 2006			Base Year 2000		
	Jan 2007	Feb 2007	Mar 2007	Jan 2007	Feb 2007	Mar 2007
IPI	-5.4	-4.5	-3.5	-3.1	-1.3	-0.9
EPI	-7.2	-7.1	-5.2	-3.0	-2.9	-2.9
SMPPI	-6.8	-5.0	-3.8	-3.0	-2.3	-0.2
DSPI	-5.3	-4.0	-2.7	-4.0	-1.2	0.2

TABLE 5 SELECTED SUB-INDICES OF 2006-BASED AND 2000-BASED IPI, EPI, SMPPI AND DSPI
 JANUARY-MARCH 2007

Price Index	Commodity Section	% Change Year-On-Year					
		Base Year 2006			Base Year 2000		
		Jan 2007	Feb 2007	Mar 2007	Jan 2007	Feb 2007	Mar 2007
IPI	Machinery & Transport Equipment	-5.9	-5.6	-4.9	-2.9	-2.8	-3.4
	Oil	-14.2	-10.4	-7.3	-11.0	-6.0	-2.6
	Chemicals & Chemical Products	1.9	2.1	1.5	-0.4	0.6	0.0
EPI	Machinery & Transport Equipment	-10.4	-10.8	-8.4	-2.8	-3.4	-3.4
	Oil	-6.6	-4.4	-2.4	-10.1	-6.4	-5.5
	Chemicals & Chemical Products	0.6	-0.3	-0.4	3.6	1.9	1.6
SMPPI	Machinery & Transport Equipment	-10.0	-9.9	-9.3	-3.4	-5.0	-3.9
	Oil	-12.6	-5.7	-3.1	-12.9	-6.4	-2.8
	Chemicals & Chemical Products	3.0	3.2	3.5	12.0	8.9	9.9
DSPI	Machinery & Transport Equipment	-6.3	-6.4	-5.9	-2.7	-2.9	-3.2
	Oil	-14.7	-10.1	-7.4	-12.0	-6.3	-3.0
	Chemicals & Chemical Products	5.2	4.1	4.7	6.6	4.9	4.9

Conclusion

The rebasing and revision of the four price indices to update the weighting pattern and improve the product coverage has been completed with

significant improvements in timeliness and accuracy. This would provide users with more timely and reliable data in analysing the price trends and as price deflators for a wide range of economic statistics.

Overseas Visitors

The Singapore Department of Statistics received the following visitors in the past six months.

Topics discussed include information on the purpose of the ASEAN Community Progress Monitoring System (ACPMS) and ASEAN Statistical Indicators Framework (ASI), as well as indicators relevant to these projects.

Other topics that were discussed included the collection of inward and outward investment data and the compilation of Singapore's international investment position.

ASEAN Secretariat

- [ACPMS](#)
- Dr Young Jongsay
Australian Coordinating Partner
Melbourne Institute of Applied Economic
and Social Research, University of Melbourne
- Dr Celia Reyes
ASEAN Partner
Philippines Institute for Development Studies
- [ASI](#)
- Mr Michael Ward
Consultant

Sri Lanka

- [Board of Investment of Sri Lanka](#)
- Dr Nihal Samarappuli
Executive Director
- [Central Bank of Sri Lanka](#)
- Mr G C R Tharanga
Economist

Household Expenditure Survey 2007/2008

The Singapore Department of Statistics (DOS) conducts the Household Expenditure Survey (HES) at five-year intervals. The ninth HES will be carried out from October 2007 to September 2008. The main objective of the HES is to collect detailed information on the latest expenditure of households and persons. This information will be used to revise the weighting pattern and update the basket of goods and services for the compilation of the Consumer Price Index (CPI). Data collected in the HES is also used for social and economic policy planning as well as for studies on expenditure trends.

Some 11,000 households in Singapore have been selected to participate in the forthcoming HES. These households are divided into 26 groups and each of them will be required to record their daily and regular expenditure for a period of 14 days. Interviewers from the Department will visit the households to assist them in their recordings. They will also obtain additional information such as purchases of household durables, travel expenses, house mortgage payment and household income.

A series of publicity programmes will be launched to generate public awareness of the survey. These include monthly press releases as well as radio announcements. Publicity letters and information pamphlets will also be mailed to the selected households before the commencement of the survey to notify them of the impending visit of our interviewers. DOS will present a small token of appreciation to each co-operative household at the completion of the survey.

More information can be found at www.singstat.gov.sg/hes0708.

Contents

- 1 Foreign Direct Investment in Singapore, 1995–2005**
- 7 Formation and Cessation of Companies and Businesses, January–June 2007**
- 10 Rebasing and Revision of Import, Export, Singapore Manufactured Products and Domestic Supply Price Indices**
- 15 Overseas Visitors**

The *Statistics Singapore Newsletter* is issued half-yearly by the Singapore Department of Statistics. It aims to provide readers with news of recent research and survey findings. It also serves as a vehicle to inform readers of the latest statistical activities in the Singapore statistical service.

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