

Singapore's Trade in Services by Industry:

Examining Shifts in Services Trade Patterns in Recent Years

Introduction

International trade in services play a significant role in Singapore's economy, amounting to a total value of about 127% of Singapore's Gross Domestic Product (GDP) at current prices in 2022, up from 84% in 2010. The expansion of trade in services over the years was spurred by globalisation and technological advances which facilitated easier access to services abroad.

The Singapore Department of Statistics (DOS) has been publishing Singapore's trade in services statistics with further breakdown by services categories, export markets, and import sources. In 2024, trade in services by industry breakdown was released, offering insights into the industries that contribute to services trade in Singapore and the type of services traded by the respective industries. This article highlights trends in Singapore's trade in services by examining Singapore's exports and imports of services by industry from 2017 to 2022.

Scope and Coverage

The International Trade in Services survey, conducted annually by DOS, is the main source of data for Singapore's [trade in services](#) statistics. The survey covers services transactions between firms domiciled in Singapore and overseas trading partners. However, data for certain services categories such as Travel services and Government Goods and Services are compiled via administrative sources instead. Since administrative data sources lacks information on industry breakdown, these services categories are excluded from the estimates on trade in services by industry.

Trade in services by industry statistics are presented based on eight main industries, with an 'Others' category encompassing the remaining industries. These main industries contribute to the majority of services trade in Singapore, whereas industries in the 'Others' category includes either small industries or those driven by domestic consumption.

Singapore Standard Industrial Classification (SSIC) [1] of Industries

Industry	SSIC 2020
Manufacturing	10 to 32
Construction	41 to 43
Wholesale Trade	46
Transport & Storage	49 to 53
Information & Communications	58 to 63
Financial & Insurance	64 to 66
Professional Services	69 to 75
Administrative & Support Services	77 to 82
Others	All remaining SSICs

1] The [SSIC](#) is the national standard for classifying economic activities undertaken by economic units.

Findings

Services exports by the Transport & Storage Industry was the fastest growing industry in Singapore from 2017 to 2022, closely followed by the Information & Communications Industry.

From 2017 to 2022, Singapore's Transport & Storage industry was the top contributor to Singapore's services trade every year, recording a compound annual growth rate (CAGR) of 19.8%. This industry accounted for 42.5% (\$184 billion) of services exports and 23.3% (\$85.6 billion) of services imports in 2022 (Chart 1). Within the Transport & Storage industry, majority of its services exports was from the transport services [2], contributing 99% of the industry's total services exports in 2022.

Arising from the impact of the COVID-19 pandemic [3] and the accelerated pace of digitalisation in recent years, the Information & Communications industry had surpassed other industries to become the second largest contributor to Singapore's overall trade in services in 2022, recording a CAGR of 18.9% from 2017 to 2022.

With various measures such as remote working and social distancing introduced in response to the COVID-19 pandemic from 2020, the need for new digital tools to support these new arrangements rose sharply. Online conferencing for collaborative work, cloud storage, data security, and remote work solutions, together with digital entertainment such as streaming, proliferated. While these platforms and digitalisation trends were already present in the economy, the pandemic further compounded the demand for new digital products. This surge in demand led to a rapid growth in services exports by the Information & Communications industry from 2020 onwards (Chart 2A). Similarly, the Information & Communications industry experienced growth in services imports, overtaking the Manufacturing industry from 2021 as the third largest services importer (Chart 2B).

Chart 1: Share to Total Services Exports/Imports, 2022

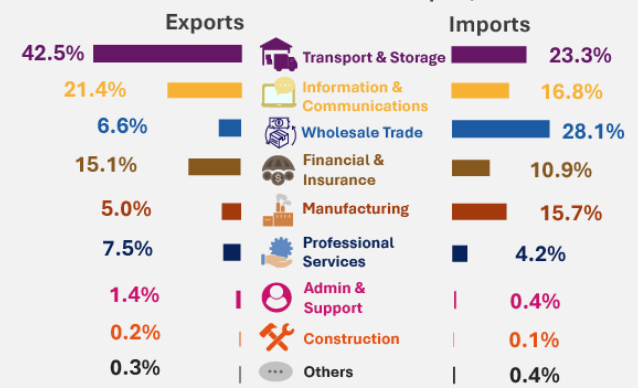


Chart 2A: Services Exports of Selected Industries, 2017-2022

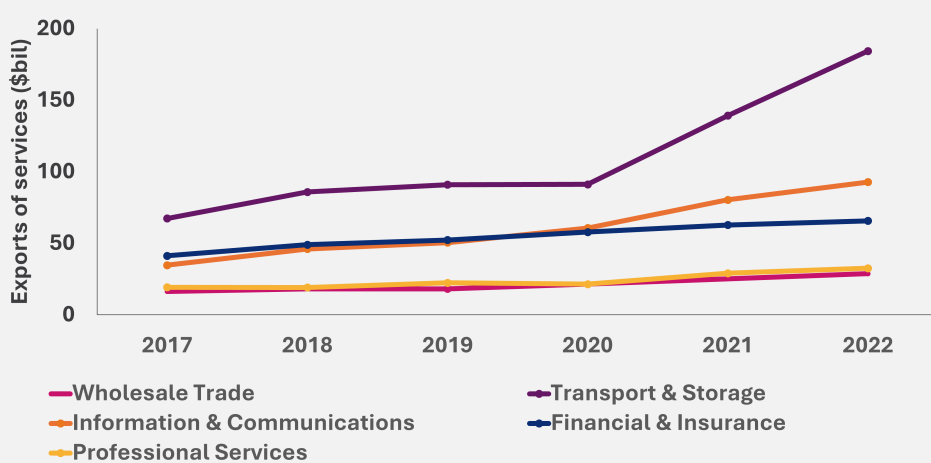
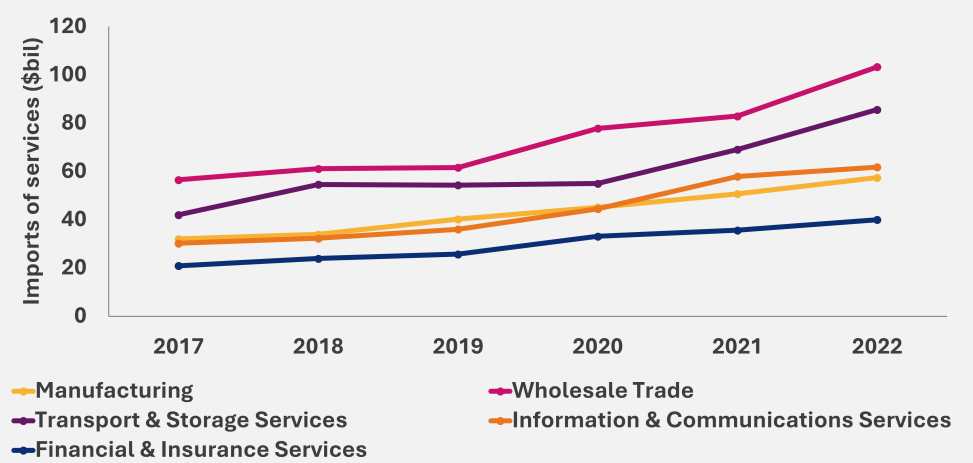


Chart 2B: Services Imports of Selected Industries, 2017-2022



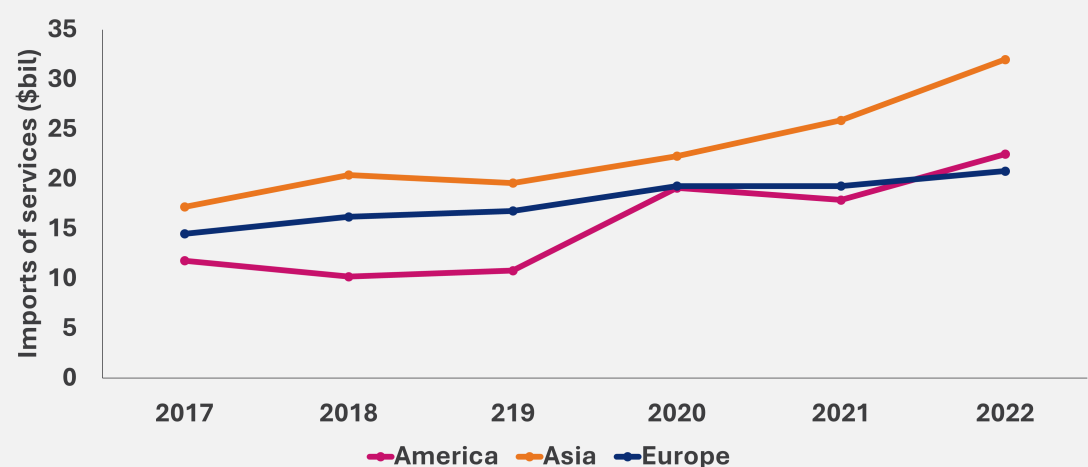
America Overtakes Europe as the Second Largest Source of Services Imported by the Wholesale Trade Industry

The Wholesale Trade industry was consistently the largest importer of services from 2017 to 2022. In 2022, it accounted for 28.1% of Singapore's services imports with transport services contributing 56.6% (\$58.5 billion) to the industry's services imports. Trade-related services [4] was the second largest imported service at 12.1% (\$12.5 billion).

The Asia region was the largest source of services imports for the Wholesale Trade industry from 2017 to 2022, due to its geographical proximity to Singapore (Chart 3).

Until 2021, Europe was the next largest source of services imports, closely followed by the America region. However in 2022, the Wholesale Trade industry imported more services from Asia and America which may be due to economic uncertainties in Europe stemming from the Russia-Ukraine war.

Chart 3: Services Imports of Wholesale Trade Industry from Selected Regions, 2017-2022



[2] Transport services include shipping of goods between countries and transport of passengers between countries.

[3] The World Health Organisation declared the COVID-19 outbreak a pandemic on 11 March 2020.

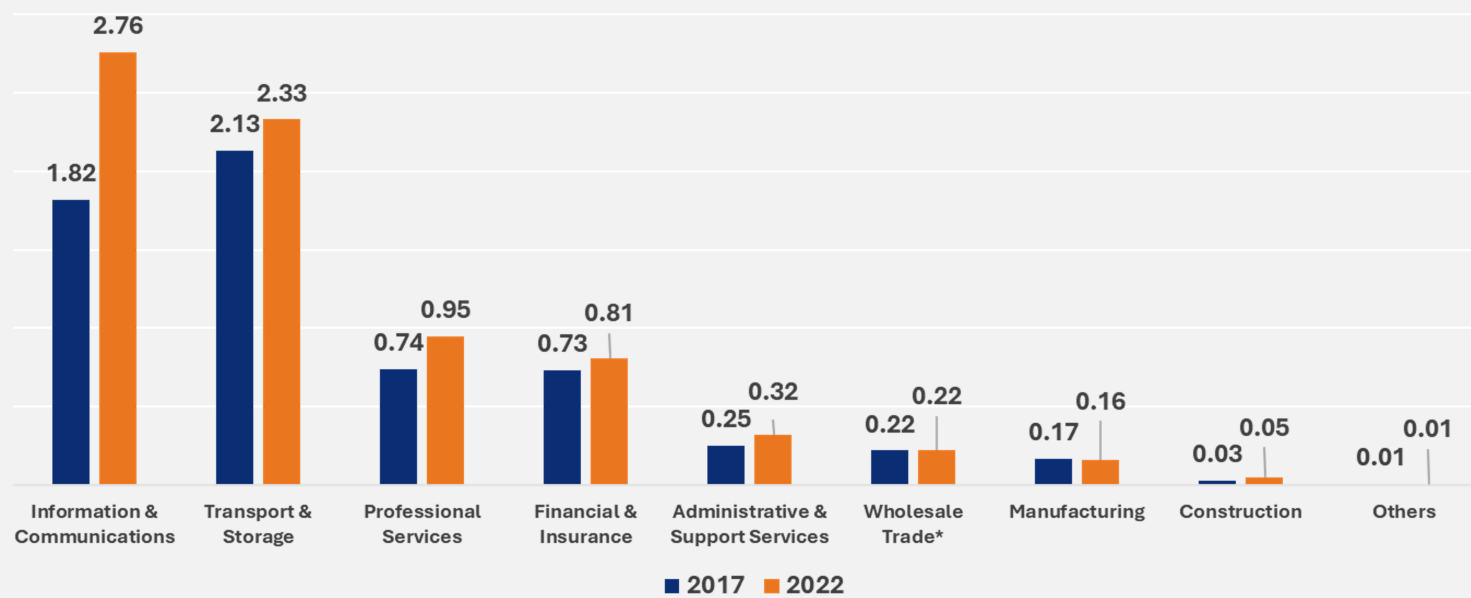
[4] Trade-related services consist of commissions, agency fees and distributor fees.

Export Propensity and Market Diversification: A Tale of Two Industries

By combining trade in services by industry statistics with other statistics such as value added by industry, additional insights can be derived. The services export propensity ratio (services exports by industry divided by [value added by industry](#)) measures the degree to which industries depend on external demand for services. The Information & Communications and Transport & Storage industries had export propensity ratios of 2.8 and 2.3 respectively in 2022, which suggested that these industries were more dependent on external demand. In contrast, other industries such as Administrative & Support Services had an export propensity ratio of 0.3 (Chart 4A).

A high export propensity ratio may indicate an industry's susceptibility to global economic trends and trade dynamics. For a more holistic picture, export propensity ratios should be analysed in conjunction with other indicators such as market concentration.

Chart 4A: Services Export Propensity by Industry, 2017 and 2022

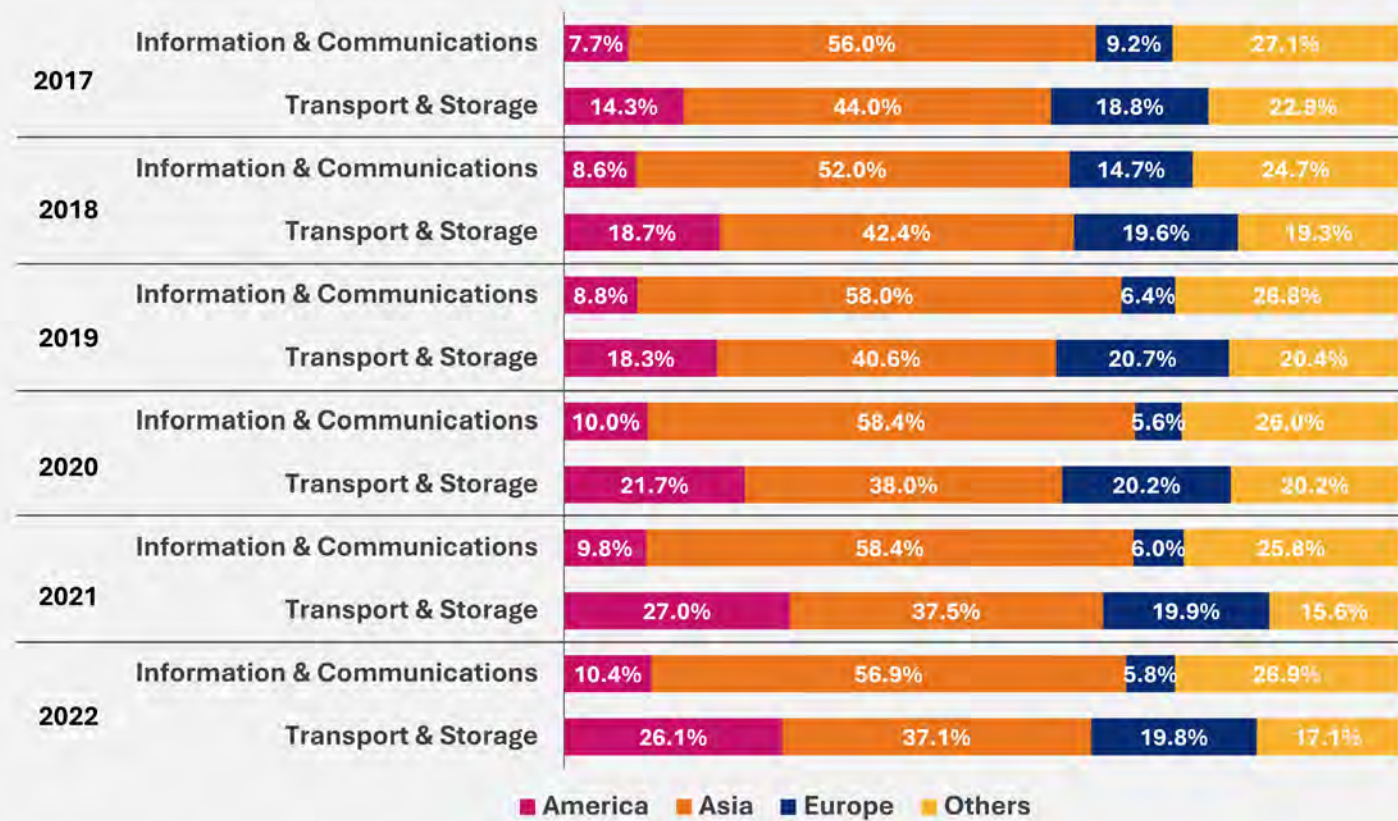


* The services exports propensity for the Wholesale Trade industry is low because the industry is primarily involved in the buying and selling of goods, and not so much in services. As such, the industry would have large exports of goods relative to its services exports.

The Transport & Storage industry's services exports to the America region increased from 14.3% in 2017 to 26.1% in 2022 while exports to Asia steadily decreased from 44.0% in 2017 to 37.1% in 2022, showing diversification across the export markets (Chart 4B). The Information & Communications industry had high export propensity ratios from 2017 to 2022. On average, 56.6% of the Information & Communications industry's exports were concentrated in the Asia region during the period (Chart 4B).

Analysed together, this suggests that the Transport & Storage industry would likely be more resilient to adverse economic events compared to the Information & Communications industry, due to its more diversified exports.

Chart 4B: Concentration of Services Exports by Region for Selected Industries, 2017-2022



Conclusion

Singapore's trade in services has advanced substantially in recent years, driven by factors such as the services-oriented economy of Singapore, increasing digitalisation of services, and general post-pandemic recovery. Global events have caused disruption to the world economy and led to shifts in industry-specific trends. The newly published statistics on international trade in services by industry provide an additional lens to understand these changes in Singapore's services trade landscape.