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THE REPUBLIC OF SINGAPORE: INFORMED QUESTIONS

Background: Singapore is a modern miracle and an unlikely success story. A tiny island city-state of only 263 square miles (just over 3.5 times the size of the District of Columbia), its population of roughly 4.4 million makes Singapore one of the most densely populated countries in the world. Yet despite its size and paucity of natural resources, Singapore’s strategic location at the maritime crossroads of Southeast Asia, along with its industrious population and political stability, have given it economic stature disproportionate to its small size. According to CIA estimates of purchasing power parity, Singapore’s 2001 annual per capital GDP of US$ 24,700 is the third highest in Asia (after Japan and Hong Kong) and among the 20 highest in the world. A survey reported in the March 2002 issue of The Economist ranked Singapore’s quality of life above that of London and New York. Situated on the major sea lane linking the Indian and Pacific Oceans, through which more than half of the world’s merchant shipping tonnage moves annually, Singapore is the world’s busiest port and second-ranked containerized cargo transshipment center. Touting Singapore’s advantages as a reputable financial center and top location for foreign investment, the Singapore Economic Development Board proudly cites the findings of a 2002 survey by the Economist Intelligence Unit that Singapore has the best business environment in Asia, and of the World Economic Forum’s Global Competitiveness Report 2002-2003 that Singapore was rated the most competitive Asian economy.

Singapore’s government – although a functioning parliamentary democracy with an enviable reputation as nearly corruption-free – is widely regarded as intolerant of dissent, rigidly insistent on conformity, paternalistic in its direction of social as well as economic policy, and resistant to Western-style individual freedoms. As aptly expressed in Foreign Policy, “an ever watchful state…regimented almost every aspect of Singaporean life and snuffed out sparks of
political dissent, making Singapore the poster child for ‘soft’ authoritarianism.”\(^6\) Since the beginning of its self-governance in 1959, Singapore has been dominated by one political party – the People’s Action Party – that has held a near monopoly of parliamentary seats and political power. While the country’s astounding economic success must be attributed, in large part, to this stable if overbearing political culture, many now question whether Singapore’s economy can remain vibrant in the Information Age without a concomitant loosening of political control.

Multi-ethnic (76.7% Chinese, 14% Malay, 7.9% Indian, 1.4% other), multi-faith (Buddhist, Muslim, Christian, Hindu, Sikh, Taoist, and Confucianist), and multi-lingual (Mandarin Chinese, Malay, Tamil, and English are all official languages), Singaporean society has, until recently, exhibited a high degree of tolerance and social cohesion.\(^7\) Yet Singapore exists as a conspicuously wealthy, majority-Chinese enclave sandwiched between two far more populous, poorer, and predominantly Muslim countries (Malaysia and Indonesia), each with a history of periodic violence against their ethnic Chinese minorities. Long considered one of the safest countries in the world, Singapore’s recent arrests of Islamic radical cell members and its foiling of terrorist plots to attack American and Singaporean facilities highlights the fact that Singapore occupies an increasingly dangerous neighborhood.

**Terrorism:** After 11 September 2001, Southeast Asia emerged as the “second front” in the U.S.-led war against the al Qaeda terrorist network. In December 2001, Singapore’s Internal Security Department arrested 13 members of a local Jemaah Islamiyah (JI) terrorist cell who were plotting to bomb the American, British, Australian and Israeli embassies in Singapore.\(^8\) According to senior Singaporean government officials, videotape made by this Singapore cell was recovered from the rubble of the house of an al Qaeda leader in Afghanistan. The tape showed detailed reconnaissance of a proposed target – Singapore’s Yishun mass transit station
used daily by U.S. military personnel. In mid-September 2002, Singaporean security services uncovered a plot to bomb Singapore’s Ministry of Defense, water system, and international airport as retaliation against the earlier arrest of JI plotters. An additional 21 Singaporeans were arrested; of these, 19 were identified as members of the JI network, with the others linked to the Philippines-based Moro Islamic Liberation Front. Sheikh Abu Bakar Bashir, the suspected leader of JI, has condemned Singapore as “anti-Islam...[and] an ally of America,” and therefore a legitimate target for Muslim rage. After 9/11, Prime Minister Goh Chok Tong “proclaimed that Singapore stood with the U.S. in the fight against terrorism, despite the fact that there were ‘regional and domestic sensitivities to manage.’”

Questions: Do you consider your country’s long, close association with Israel and the U.S. to make Singapore a more likely “target by association” of radical Islamic terrorism? How has your open diplomatic, military and intelligence support of the U.S.-led war against terrorism affected your internal and external security threats? What lessons can you offer to improve the effectiveness of the new U.S. Department of Homeland Security based upon your experience integrating counter-terrorism intelligence and operations upon the establishment of your new Joint Counter Terrorism Centre and Homefront Security Centre?

**Piracy:** The incidence of piracy in the Straits of Malacca and nearby waters of Southeast Asia is the highest in the world. Attacks in the Straits of Malacca jumped from none in 1997 and two in 1999 to 75 in 2000. Of the 370 reported attacks worldwide in 2002, 25 involved ship hijackings – many in the Straits of Malacca and South China Sea. Singapore’s bilateral anti-piracy patrol agreements with Indonesia and Malaysia virtually eliminated the piracy surge of 1990 – 1992, but have not countered the latest rise in piracy starting in 1998. Japan’s Maritime Self-Defense Force has conducted exercises in the Singapore Strait with Singapore’s navy since
1996; in March 2001, Singapore signed an additional bilateral anti-piracy agreement with South Korea.\(^\text{16}\) Singapore also established in 2001 a bilateral agreement on maritime cooperation with Indonesia, providing employment for Indonesian seafarers in Singapore’s merchant marine as an alternative to piracy.\(^\text{17}\) A number of regional fora have addressed the piracy problem: the October 2000 ASEAN Regional Forum intercessional meeting in Mumbai; the Council for Security Cooperation in the Asia Pacific (CSCAP) Maritime Working Group; and Japan’s April 2000 and October 2001 Conferences on Combating Piracy and Armed Robbery Against Ships.\(^\text{18}\)

Questions:  

*Why have your longstanding bilateral anti-piracy agreements with Malaysia and Indonesia failed to arrest this most recent upsurge in piracy?*  
*To what extents have Indonesian mariners accepted your offer of alternative employment, and has this program proven effective in reducing the incidence of piracy?*  
*Is the mutual recognition of a right of “hot pursuit” or “hot handoff” with Indonesia and Malaysia necessary to effectively combat piracy upon waters subject to adjoining territorial jurisdictions?*  
*Why, despite requests by the Singapore Shipping Association and the Society of International Laws, Singapore that all ASEAN member states ratify the International Maritime Organization’s 1988 Rome Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation, have you not done so?*\(^\text{19}\)  
*How do you view the proposal by Alan H. J. Chan, chairman of Singapore’s Petroships Pte Ltd, that a standing naval force, operating under United Nations auspices, is needed to patrol the Straits?*\(^\text{20}\)

**Environmental:** Large forest fires in Indonesia’s Sumatra and Kalimantan during 1997 and 1998 produced health-threatening “haze” affecting not only Indonesia but also Singapore, Brunei, and parts of Malaysia. Concerns about the smoke’s impacts on public health and tourism prompted establishment of ASEAN’s Regional Haze Action Plan. However, the Indonesian government’s lax enforcement of land-clearing practices has allowed illegal burning to continue.
In March 2002, Indonesian forestry officials claimed that they were powerless to prevent further forest fires.\(^{21}\)

Questions: *Have uncontrolled fires in Indonesia continued to deleteriously affect Singapore’s air quality? Have you conducted scientific or medical studies to assess the health risks posed by the “haze”? Can you identify an immediate economic impact associated with the “haze” problem, such as a decrease in the number of tourists? Does the inability or unwillingness of the Indonesian government to live up to its obligations under the Regional Haze Action Plan reflect an inherent weakness in ASEAN as a forum for resolution of the region’s transnational issues? What additional measures can Singapore take to deal with this problem, e.g., providing technical or financial assistance to Indonesia to better control its logging and land clearing practices?*

**Environmental:** The Straits of Malacca provide the shortest sea route not only between three of the world’s most populous countries (China, India, and Indonesia) but also between the vast petroleum fields of the Middle East and the energy-intensive economies of Japan, South Korea and, increasingly, China. Japan, for example, relies upon oil for 56% of its energy needs, and 75% of this oil comes from the Persian Gulf – virtually all of it by tankship via the Straits of Malacca.\(^{22}\) Each year, more than half of the world’s merchant shipping tonnage transits the Straits. Nearly two-thirds of this tonnage is crude oil from the Persian Gulf.\(^{23}\) An estimated oil flow of 10.3 million barrels (one barrel is equivalent to 42 U.S. gallons) per day passed through the Straits in 2002.\(^{24}\) The U.S. Pacific Command recognizes that “annually, more than 1,100 fully laden supertankers pass eastbound through the [S]trait [of Malacca], many with only a meter or two of clearance between keel and bottom.”\(^{25}\) The narrowest point in this vital shipping lane is the Philip Channel in the southern end of the Straits, which is as little as 1.5 miles wide. Singapore sits astride a natural choke point in the world’s busiest sea-lane, with an average of
600 ship transits in the Straits of Malacca every day. In such a heavily trafficked waterway, the risk of an ecological and public safety catastrophe cannot be overstated. An oil spill resulting from a collision, grounding, piracy attack, or act of terrorism could close the Straits to shipping for days, creating international environmental and economic havoc.

Questions: Do you believe there are adequate marine firefighting, pollution response and salvage assets readily available for response to a massive tankship casualty in the vicinity of the Singapore Strait? What regional fora, bilateral agreements, or public/private partnerships could be used to enhance your maritime response capability and readiness? In view of the proven existence within Singapore of al Qaeda-affiliated terrorist cells and al Qaeda’s October 2002 maritime attack on the French Very Large Crude Carrier LIMBURG, what additional measures have you implemented or considered to increase the security of oil and chemical tankers and gas carriers transiting the Straits?

Social: Singaporeans, to the dismay of their government, are under-reproducing. The 2002 estimated fertility rate of only 1.23 children per woman of childbearing age is well below the regeneration rate of 2.1 needed to maintain a population. Forty years ago, amid concerns that Singapore’s economy could not expand rapidly enough to provide housing, health care, education and employment for the rapidly growing population, the ruling People’s Action Party urged citizens to limit their families to not more than two children. Now the government asks parents to have three or more children, offering tax breaks and a bonus of $5,100 for a second child and twice that for a third. But Singaporeans are not heeding this call. Published interviews report that well educated, professionally successful Singaporeans are reluctant to sacrifice their time and lifestyle to raise children. Meanwhile, labor shortages plague the service sector, as well as the electronics and construction industries. To maintain the workforce, the
government allows in over 20,000 new foreign workers annually; two years ago, this immigrant workforce comprised nearly one-fifth of Singapore’s population. This large influx of immigrants threatens to alter Singapore’s ethnic composition and thus undermine the social cohesion upon which the country’s stability and prosperity depend.

Questions: In view of evidence that the declining birthrate among Singaporeans can be attributed, at least in part, to parents’ quality of life concerns, what incentives – such as expanded childcare availability – are you pursuing to assist working parents? How would adopting a shorter, more family-friendly workweek, as suggested by Singaporean scholar and legislator Simon S. C. Tay, affect Singapore’s competitiveness? Have other major employers followed the lead of state-owned DBS Bank, which announced in November 2000 that it would adopt a five-day workweek? Do you see the large immigrant population today as causing imbalance in or alteration of Singapore’s national identity? Can you afford the economic consequences of limiting immigration in order to maintain Singapore’s demographic status quo?

Social: Even before 9/11, Singapore’s government was taking bold measures in response to perceived threats to the nation’s prized social cohesion. In March 2001, the government initiated high-level dialog with Malay community leaders to address discontent among the Malay community over the status of Muslim schools and perceived ethnic discrimination in the Singapore Armed Forces. In his National Day speech on 9 August 2001, Prime Minister Goh Chok Tong proposed a “new social compact” to better share Singapore’s wealth with lower-income social groups to avert social instability due to the growing “income gap.” This resulted in the New Singapore Share program, a distribution of government bonds primarily to Singapore’s poorest citizens. In the wake of the 9/11 attacks and Singapore’s arrests of alleged JI terrorists, Singapore’s Muslim community condemned terrorism and repudiated the JI plotters.
Still, Singapore’s government considered it prudent to establish Inter-Racial Confidence Circles to foster better communication and harmony among the country’s races and religious groups.\textsuperscript{33} Singapore’s Senior Minister of State for Transport and Information, Communications and the Arts stated, “Without stability, there can be no economic development. And without economic development, there would be political chaos and abject poverty, the ideal conditions for extremism.”\textsuperscript{34} Yet despite four decades of political stability and incontrovertible economic development, Islamic terrorist cells have taken root within Singapore.

Questions: \textit{What credible grievances or measures to promote greater ethnic and religious harmony have been identified via dialog with Malay community leaders and the Inter-Racial Confidence Circles? How do you plan to implement the recommendation of the 24 October 2002 “Report on Institute of Policy Studies (IPS) Research Forum on Ethnic Relations in Singapore” that the Presidential Council for Minority Rights be transformed from a “toothless tiger” to a strong institution for safeguarding minority interests?\textsuperscript{35} How do you now propose to handle internal dissent by Malay activist such as Zulfikar Mohamad and the Fateha group? In view of the findings of your report “The Jemaah Islamiyah Arrests and the Threat of Terrorism” that recently arrested JI suspects “were not ignorant, destitute or disenfranchised outcasts” and had “average or above-average intelligence,” do you believe that the world’s liberal democracies are engaged in a clash of civilizations with notoriously illiberal jihadist Islam?\textsuperscript{36}}

\textbf{Economics:} Perhaps the world’s most trade-intensive economy, Singapore’s total trade value in 2001 amounted to 341.5\% of its GDP – a proportion more than 13 times higher than that of the United States.\textsuperscript{37} It should therefore come as no surprise that Singapore has negotiated free trade agreements (FTAs) with its major trading partners. By the close of 2002, Singapore had concluded bilateral FTAs with Japan, New Zealand, Switzerland, and the European Free Trade
Association. FTA negotiations with Canada, Australia and Mexico are currently in progress. On 15 January 2003, the U.S. Department of the Treasury and the Monetary Authority of Singapore reached agreement on capital and investment transfer issues, clearing the way for ratification of a bilateral FTA expected to eliminate tariffs on $38 billion in annual trade between the U.S. and Singapore.\(^{38}\) The Institute for International Economics estimated that the U.S.-Singapore FTA would increase Singapore’s GDP by at least 0.7%.\(^{39}\) The principal benefits of this agreement to the U.S. will be the nearly unrestricted opening of Singapore’s market to U.S. firms providing services such as banking and investment, insurance, engineering and architecture, law, and telecommunications.\(^{40}\) As a member of ASEAN and the APEC, Singapore also participates in multilateral FTA negotiations. The APEC nations committed themselves in 1994 to achieving free and open trade and capital investment by 2010 for industrialized economies and by 2020 for developing economies.\(^{41}\) The ASEAN nations are working toward a complete ASEAN FTA among all ten members by 2008, as well as an ASEAN-China FTA by 2011.\(^{42}\)

Questions: Do you agree with the view that Indonesia’s requests for selective exemptions from tariff reductions have been a significant factor slowing progress towards establishment of the ASEAN FTA? Despite the statement by Minister Khaw Boon Wan in an October 2002 speech at The Johns Hopkins University that “the U.S. should strive to strengthen the multilateral framework of free trade under the WTO,” Singapore has aggressively pursued a number of bilateral trade agreements.\(^{43}\) How, then, do you respond to the concern voiced by Pacific Economic Outlook analysts that the proliferation of preferential trade arrangements in bilateral FTAs seriously undermines the progress of multilateral trade liberalization? Does the opening of your services sector to U.S. firms and the January 2000 passage of the Legal Profession (Amendment) Act lend credence to the protectionist arguments of the opposition Singapore
Democratic Alliance and Singapore Democratic Party by encouraging the employment of foreign talent, particularly in the professions? The 15 January 2003 agreement does not prohibit capital controls, but requires compensation for U.S. investors if restrictions that “substantially impede transfers” are imposed. Do you view this provision as preserving your ability to reintroduce your “noninternationalization policy,” lifted in March 2002, to restrict nonresidents’ borrowing of Singaporean dollars during a financial crisis?

Economics: The year 2001 proved to be the worst for Singapore’s economy since independence as its GDP growth rate plunged from 10.1% in 2000 to negative 2.2%. This economic contraction resulted from a weak worldwide demand for electronics products, the continued stagnation of the U.S. economy, and the adverse consequences of the 9/11 terrorist attacks on tourism and consumer confidence. The electronics industry accounts for some 40% of Singapore’s manufacturing output, and electronics exports contracted by nearly 15% in 2001. Tourism had regularly accounted for 5% of GDP, and tourist arrivals in 2001 decreased by 2.2%, prompting Singapore Airlines to suspend several overseas flights. The government responded with two off-budget measures (of US$1.2 billion in July and US$6.2 billion in October) to accelerate government infrastructure projects, help companies cut costs, and promote worker training in order to minimize the recession’s impact on employment; moreover, the salaries of senior government ministers, member of parliament and judges were cut by 17-20%. To further spur Singapore’s competitiveness, the government initiated a phased reduction in corporate and personal income tax rates from 26% to 20% over 3 years. Singapore also faced intense competition in the maritime shipping business from a new port facility just across the Johor Straits in Malaysia, quickly losing nearly one-eighth of its container volume due to Malaysia’s 30% lower cost of doing business.
Questions: How have the Bali bombing, the arrests of JI terrorists, and the U.S.-led war in Afghanistan and buildup for possible war against Iraq affected tourism? Given the global feeling of insecurity due to terrorism, what steps can you take to boost tourism in Singapore? Regardless of corporate cost-cutting measures and efforts to enhance competitiveness, can Singapore hope to compete in the manufacturing sector with China’s vast low-cost labor pool and its increasing share of Foreign Direct Investment coming into Asia? Have the changes in the corporate tax structure had the anticipated expansionary effect on the economy? What competitive advantages can the Port of Singapore offer to keep other shipping lines from following Maersk Sealand and Evergreen Marine to Malaysian ports run by world-class players Maersk Sealand and Hutchinson International Terminals Ltd? Was your decision to become the world’s first port to agree to the U.S. Customs Service’s Container Security Initiative motivated by the desire to obtain a competitive advantage via CSI’s expedited “green lane” clearances?

Regional Relations: Singapore participates in a number of regional security structures: the Five Power Defense Arrangement, ASEAN, ASEAN Regional Forum (ARF), Asia Pacific Economic Cooperation (APEC), ASEAN Plus Three (APT), and Council for Security Cooperation in the Asia Pacific (CSCAP). All have inherent limitations that restrict their effectiveness in addressing evolving post-Cold War regional security challenges. The Five Power Defense Arrangement (with the UK, Australia, New Zealand, and Malaysia) is deemed inappropriate to deal with security matters of a nonmilitary nature such as transnational crime, environmental hazards, and mass population movements. ASEAN’s rigid adherence to the doctrine of non-interference in the internal affairs of member states, enshrined in its 1976 Treaty of Amity and Cooperation, has caused it to remain silent on numerous intra-ASEAN disputes. A senior Singaporean government minister publicly admitted, “ASEAN…suffered a dent in its credibility
as a regional grouping during the [1997-1998 Asian financial] crisis.” As observed by McMaster University’s Professor Richard Stubbs, the ARF, too, “has so far proven unable to provide practical solutions to the region’s security problems.” Constrained by the noninterference principle, ARF failed to deal with the East Timor crisis. In addition, China has successfully obstructed attempts to use the ARF to resolve contested territorial claims in the South China Sea, maintaining that the purpose of the ARF “is to exchange views, not to negotiate.” APEC’s expansion from 12 to 23 members has led to divisions over trade liberalization policies and made it difficult to attain an institutional consensus. CSCAP, as a non-governmental (Track II) forum for security dialog, is constrained in addressing members’ domestic affairs and unable to effect binding conflict resolution. The APT, dating only from 1997, is emerging as primarily a regional economic organization.

Questions: How does government funding of your CSCAP representation, via the Defense Ministry’s Institute for Defense and Strategic Studies, influence Singapore’s representation in this nominally non-governmental organization? How can competing territorial claims to the Spratly Islands be resolved among China, Taiwan, Brunei, Malaysia, The Philippines, and Vietnam when China refuses third-party mediation and insists upon only bilateral negotiations with other claimants? How do you view the competing claims by Indonesia, Vietnam, Malaysia and China to the Natuna Island area as impacting your January 2001 agreement with Indonesia to import natural gas from the West Natuna fields for 22 years? Can sensitive transnational issues such as counter-terrorism intelligence sharing be addressed effectively via multilateral fora, or must they be tackled within discrete bilateral relationships? Given the recent ascendance of ASEAN Plus Three in regional finance, trade and development matters, do you believe the APT has eclipsed ASEAN in relevance?
Notes


