

**Bartosz Michalski**

University of Wrocław

**COOKING A BOWL OF ASIAN NOODLES WITH A SOUPÇON OF SINGAPORE.  
AN OVERVIEW OF SINGAPORE'S STRATEGIC MOTIVES FOR  
(CROSS-)REGIONAL TRADE AGREEMENTS**

**Abstract:** The paper addresses the issue of the third wave regionalism in the world economy by focusing attention on the Asia-Pacific region and analysing strategic motives of Singapore's foreign and trade policy pushing this city-state to the position of a regional trading hub. They are basically the consequence of the ineffective multilateral trade liberalisation based contemporarily on the so-called WTO-plus agenda (trade-related issues). Singapore's priorities and their enforcement are a good example of the agile balance between global and regional pressures. The overview was based on the primary sources: provisions covered by trade agreements, reports, protocols and international trade statistics.

**Key words:** international trade, cross-regional trade agreements, Singapore, East Asia

## **1. Introduction**

Regionalism is here to stay. This short phrase is being constantly repeated like a mantra in the context of contemporary debates on the relations between multilateral trade regime and proliferation of preferential/regional trade agreements (PTAs/RTAs). This is why the phenomenon of the third wave of regionalism has been for some time a subject of undiminished academic interest.<sup>1</sup>

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<sup>1</sup> Cf. WTO, *World Trade Report 2011. The WTO and Preferential Trade Agreements: From Co-existence to Coherence*, Geneva 2011; T. Cottier, P. Delimatsis (Eds.), *The Prospects of International Trade Regulation. From Fragmentation to Coherence*, Cambridge University Press, Cambridge 2011; K. Bagwell, P. Mavroidis (Eds.), *Preferential Trade Agreements. A Law and Economic Analysis*, Columbia Studies in WTO Law and Policy, Cambridge University Press, New York 2011; S. Lester, B. Mercurio (Eds.), *Bilateral and Regional Trade Agreements*, Cambridge University Press, Cambridge 2009; A. Estevadeordal, K. Suominen, R. Teh (Eds.), *Regional Rules in the Global Trading System*, Cambridge University Press, Cambridge 2009; R. Buckely, V.I. Lo, L. Boulle (Eds.), *Challenges to Multilateral Trade. The Impact of Bilateral and Regional Agreements*, Global Trade Law Series, Vol. 14, Kluwer Law International, Bedfordshire 2008; L. Bartels, F. Ortino (Eds.), *Regional Trade Agreements and the WTO Legal System*, Oxford University Press, New York 2006.

### **MASZYNOPSIS**

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There are many hypotheses indicating likely reasons of this state of matters. At first glance, one may be confused why member states of the World Trade Organisation (WTO), despite having accepted their formal obligations, engage so reluctantly in the further progress of trade liberalisation according to the so-called WTO-plus agenda. It indicates that ambitions of the WTO itself proved to be too far-reaching, because the debate on comprehensive trade-related issues (also known as Singapore issues) produces fears of their possible misuse as a new means of the behind-the-border protection. However, the other side of the coin is that countries would rather keep for themselves certain economic policy tools through which they can exercise a flexible and effective impact on the directions and structure of their international trade. That is why PTAs/RTAs may serve as a way of improving leverage in case of potential trade disputes.<sup>2</sup> No lesser significance have also domestic groups of interests (lobbies) pressing governments to establish institutional and legal framework within which they would benefit from specific incentives their competitors do not have access to.

Having said that, one may claim that despite having proved theoretical superiority of multilateral trade liberalisation in terms of opportunities and effectiveness of welfare generation, countries tend to prefer higher transaction costs resulting from non-transparent environment and thus being the price of their flexibility in policy making.

Focusing the attention on the Asia-Pacific region, it is necessary to stress the turn towards regionalism.<sup>3</sup> It took the form of both the consolidation of existing agreements as well as establishing new ones. On the one hand, these developments confirm the Asian-way approach aimed at flexibility and networking (“networkness”) rather than at closer European-style harmonisation.<sup>4</sup> On the other hand, however, among the biggest Asian economies and traders there appeared a specific competition for taking a position of the leader playing the role of a

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<sup>2</sup> Cf. E.D. Mansfield, E. Reinhardt, Multilateral determinants of regionalism: The effects of GATT/WTO on the formation of preferential trade arrangements, *International Organization* 2003, vol. 57.

<sup>3</sup> Cf. WTO, *Annual Report 2004*, Geneva 2004, p. 68; WTO, *Annual Report 2005*, Geneva 2005, p. 59; WTO, *Annual Report 2007*, Geneva 2007, p. 51; WTO, *Annual Report 2008*, Geneva 2008, p. 72; WTO, *Annual Report 2009*, Geneva 2009, p. 51; J. Ravenhill, The ‘new East Asian regionalism’: A political domino effect, *Review of International Political Economy* 2010, vol. 17, no. 2.

<sup>4</sup> Whereas European and North American countries pursued extra-regional partnerships after consolidating their regional blocs, East Asian countries embarked on cross-regionalism much sooner, when they were just beginning to launch their FTA initiatives. Cf. M. Solís, S.N. Katada, Introduction. Understanding East Asian regionalism: An analytical framework, *Pacific Affairs* 2007, vol. 80, no. 2, pp. 230, 231. The paper provides also a wide range of theoretical concepts and multidimensionality in terms of economic, security and diplomatic factors explaining East Asian (cross-)regional activities.

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trading hub which through its network of intra- and cross-regional relations binds together abundant partners (spokes).<sup>5</sup>

All these issues influence the situation when global spaghetti bowl<sup>6</sup> becomes in fact an Asian noodle bowl, a dish being the result of experimenting with an Asian-way fusion cuisine where chefs use a great deal of local ingredients hoping to cook something not only extraordinarily tasty, but also nourishing. This metaphor served the author as an inspiration for the paper and for considering the role of Singapore and its foreign economic policy in the region. It is also a spin-off of the Arsene Balihuta's<sup>7</sup> statement: "Countries say one thing at the WTO and do another while cooking up spaghetti. While developed countries negotiating in Geneva are still beholden to mercantilism and protectionism, it's even uglier when they turn to preferential trade agreements driven by the mercantilist thirst for captive markets."<sup>8</sup>

## 2. Research problem and methodological aspects

The main goal of the paper is to identify a set of political and economic motives rationalising the policy aimed at achieving by Singapore the position of a regional hub, which could and would have an impact on integration processes within the region. To consider this issue the author applied an approach characteristic for the International Political Economy, which interprets the proliferation of PTAs/RTAs as a strategic rivalry (competitive liberalisation<sup>9</sup>) resulting from the concept of relative gains being the effect of comparative advantages and willingness to improve them more effectively through establishing new trade agreements. They can bring about trade and foreign investment diversion effects at the expense of others. Assuming it theoretically they usually are more efficient producers and/or countries (so-called beggar-thy-neighbour policy).

From the standpoint of political science such institutional coalitions are understood as means directed towards blocking, impairing and/or impeding hegemonic policies through

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<sup>5</sup> Cross-regional trade agreements are meant to hedge against regional economic uncertainty and security risks, especially when East Asia in general, and ASEAN in particular, are volatile and unstable. Cf. L. Low, A case study of Singapore's bilateral and cross-regional free trade agreements, [in:] S.N. Katada, M. Solís (Eds.), *Cross-Regional Trade Agreements: Understanding Permeated Regionalism in East Asia*, Springer-Verlag, Berlin-Heidelberg 2008, p. 51.

<sup>6</sup> J. Bhagwati, *US Trade Policy: The Infatuation with FTAs*, Discussion Paper Series No. 726, Columbia University, April 1995.

<sup>7</sup> Ambassador and Permanent Representative of Uganda to the UN and other organisations in Geneva.

<sup>8</sup> Cf. R. Baldwin, P. Thornton, *Multilateralising Regionalism: Ideas for a WTO Action Plan on Regionalism*, Centre for Economic Policy Research, London 2008; <http://tradediversion.net/page/93/> (retrieved: 19.09.2012).

<sup>9</sup> Cf. S. Andriamananjara, *Competitive Liberalization: Preferential Trade Agreements and the Multilateral Trading System*, US International Trade Commission Office of Economics Working Paper, May 2003, [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=405080](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=405080) (retrieved: 17.12.2012).

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increasing their costs.<sup>10</sup> For this reason trade agreements are attributed the function of a sovereign remedy as one of the means of foreign policy.<sup>11</sup> They also constitute a self-defence and soft-balancing mechanism against solutions proposed and discussed by international organisations according to the “one-size-fits-all” rule. Facing it, regions, understood as social and political constructs, not necessarily relating to a particular geographical place or continent, are coalitions offering a buffer against unwanted and unnecessary restrictions and a platform to examine new possibilities.<sup>12</sup>

The analysis addresses the causes characteristic for Singapore’s policy and was based on the primary sources: provisions covered by trade agreements notified to the WTO together with all available relevant documents,<sup>13</sup> reports and protocols within the Trade Review Policy Mechanism (TPRM),<sup>14</sup> which in the case of Singapore took place on the 24–26 July 2012.<sup>15</sup>

An essential part is also a short assessment of the effects of this policy by checking whether and how these trade agreements helped to create and to increase the value of trade with most important partners. Respective data from the International Trade Centre (ITC)<sup>16</sup> and the WTO covering the period of 2001–2011 were used.

### 3. Main characteristics of the Singapore’s international trade

The value of Singapore’s exports between 2001 and 2011 has more than tripled (3.4), while the world exports in the period covered was 2.9 times higher than at the beginning of the 21<sup>st</sup> century (see Figure 1). The data also prove extremely high openness of Singapore’s economy.<sup>17</sup> Another substantial feature remains also a strong diversification of trade partners (see Table 1), which together with the geographical location justifies the policy aimed at establishing of a hub-and-spoke alliance system.<sup>18</sup> The utmost attention deserve also high shares of mid-tech and high-tech goods in the Singapore’s trade (see Figure 2) as well as its relatively high intra-industry trade

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<sup>10</sup> Cf. J. Rüländ, Balancers, Multilateral utilities or regional identity builders? International relations and the study of interregionalism, *Journal of European Public Policy* 2010, vol. 17, no. 8, p. 1274.

<sup>11</sup> A. Estevadeordal, K. Suominen, *The Sovereign Remedy? Trade Agreements in a Globalizing World*, Oxford University Press, New York 2009.

<sup>12</sup> P.J. Katzenstein, *A World of Regions. Asia and Europe in the American Imperium*, Cornell University Press, New York 2005, p. 22.

<sup>13</sup> Available in the Regional Trade Agreements Information System (RTA-IS), a database provided by the WTO, <http://rtais.wto.org> (retrieved: 21.01.2013).

<sup>14</sup> [http://www.wto.org/english/tratop\\_e/tpr\\_e/tpr\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tpr_e.htm) (retrieved: 21.01.2013).

<sup>15</sup> [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp367\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp367_e.htm) (retrieved: 21.01.2013).

<sup>16</sup> <http://www.intracen.org/exporters/trade-statistics> (retrieved: 21.01.2013).

<sup>17</sup> Calculated as a value of exports and imports in relation to the country’s GDP.

<sup>18</sup> This is driven by the desire to exercise “benign” leadership on a wide stage through collaborative economic projects or to increase a country’s international image as a trade hub. M. Solís, S.N. Katada, *op. cit.*, p. 246.

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intensity (see Table 2), calculated according to the Grubel-Lloyd formula on the 6-digit disaggregation level of Harmonised System (HS) sections.

Another interesting aspect are generally low values of the index of vertical intra-industry trade. It justifies the assumption that certain processes completed within the Singapore's economy give an added substance to particular goods. That in turn changes their classification to the group of goods/sections in the tariff schedule. It proves thereby the gravity of their own relative comparative advantages (RCA) as well as competitive ones in creating added value (this refers also to the case of re-exported goods which amount for 47% share in the total exports) and in generating a sustainable trade surplus between 2001 and 2011.

In this particular context it becomes clear that for a knowledge-based economy lasting relations remain essential. They facilitate the diversification of business risks, the reinforcement and foundation of new ones, and at the same time the achievement of other goals related to security concepts (i.e. aforementioned soft-balancing). That is why they are recognised as a crucial issue in the first decade of the 21<sup>st</sup> century.

All these factors seem to have led to the combination of proactive policy making by highly paid ministers and bureaucrats, multinational corporations and government-linked companies along with a disciplined and skilled labour force which equated to a productive and resilient political economy capable of charting new policy directions to meet competitive challenges (such as cost-competition with China and India)<sup>19</sup>.

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<sup>19</sup> L. Low, *op. cit.*, p. 56.

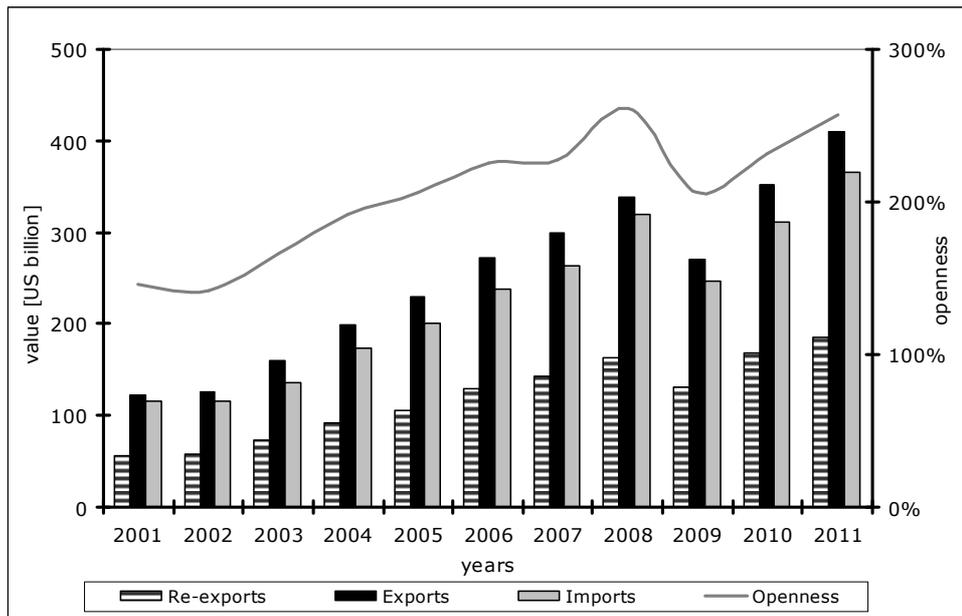


Figure 1. Singapore's exports, re-exports and imports and the international openness 2001–2011 (billion of USD)

Source: author's own elaboration based on <http://www.intracen.org/trade-support/trade-statistics> (retrieved: 21.01.2013); <http://stat.wto.org/StatisticalProgram/WSDViewData.aspx?Language=E> (retrieved 21.01.2013); Department of Statistics Singapore, <http://www.singstat.gov.sg/stats/themes/economy/hist/gdp1.html> (retrieved: 21.01.2013).

Table 1. Singapore's main trading partners 2001–2011

Exports			Imports		
country	average share 2001–2011 (%)	share 2011 (%)	country	average share 2001–2011 (%)	share 2011 (%)
Malaysia	13.6	12.2	USA	12.6	10.8
Hong Kong, China	10.0	11.0	Malaysia	13.8	10.7
Indonesia	8.0	10.4	China	9.8	10.4
China	8.3	10.4	Chinese Taipei	5.8	7.4
USA	10.0	5.5	Japan	9.6	7.2
Japan	5.5	4.5	Republic of Korea	4.7	5.9
Australia	3.5	3.9	Indonesia	4.6	5.3
Republic of Korea	3.8	3.8	Saudi Arabia	3.7	4.8
Chinese Taipei	3.9	3.7	India	2.1	3.9
India	2.8	3.4	United Arab Emirates	1.7	3.2
World	100.0	100.0	World	100.0	100.0

Source: author's own elaboration based on <http://www.intracen.org/trade-support/trade-statistics> (retrieved: 21.01.2013).

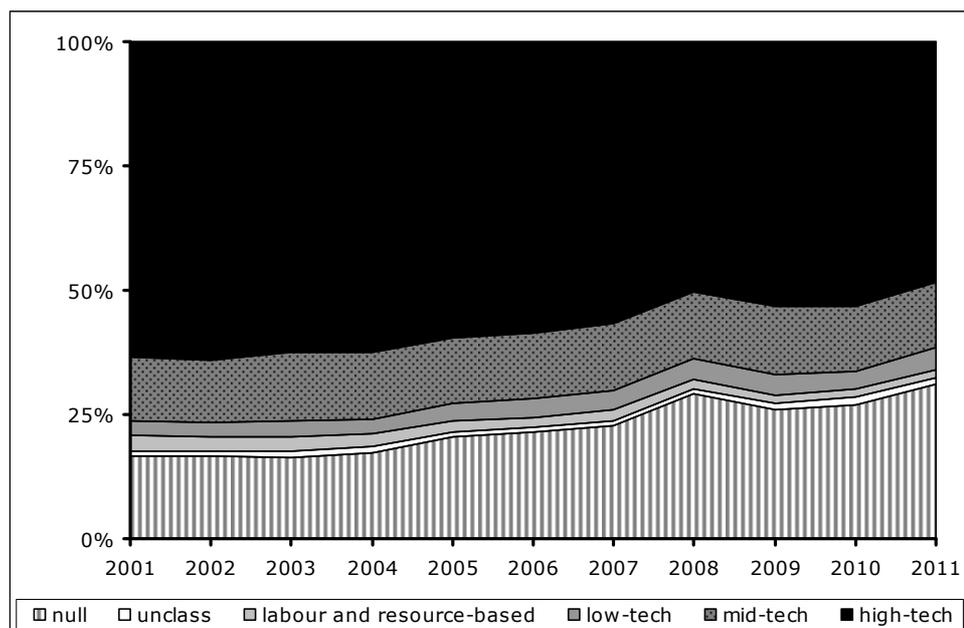


Figure 2. Technological intensity of Singapore's exports 2001–2011

Source: author's own elaboration based on <http://www.intracen.org/trade-support/trade-statistics> (retrieved: 21.01.2013).

Table 2. The Grubel–Lloyd index of the Singapore's international trade with main trading partners 2001–2011

Country	Index	001	002	003	004	005	006	007	008	009	010	011
Malaysia	GL-IIT	48.4	52.4	60.0	61.2	58.4	59.9	62.7	58.5	54.6	61.1	59.2
	VERT-IIT	1.1	3.3	17.6	18.0	3.4	8.0	16.1	10.3	0.9	2.2	2.7
Hong Kong	GL-IIT	28.1	28.9	27.0	27.0	23.7	19.2	16.6	13.6	12.4	10.7	10.4
	VERT-IIT	0.6	0.4	1.3	1.0	0.4	0.1	0.1	0.1	0.2	0.0	0.0
China	GL-IIT	42.9	36.1	33.5	32.9	36.4	37.4	35.6	37.4	33.7	34.7	30.5
	VERT-IIT	1.3	0.9	2.2	0.6	0.7	0.6	0.3	2.4	1.0	1.3	0.5
Indonesia	GL-IIT	.	.	39.3	41.9	40.8	41.6	37.9	33.0	33.9	30.8	26.3
	VERT-IIT	.	.	4.1	1.7	1.7	5.5	1.2	0.5	2.7	0.8	1.1
USA	GL-IIT	34.2	32.6	32.8	38.2	37.5	36.6	43.7	42.5	39.5	40.4	41.2
	VERT-IIT	0.2	1.0	0.4	3.3	1.2	0.9	8.2	3.4	4.0	1.7	2.4

GL-IIT: the overall value of the GL index;  $GL_i = 1 - [(X_i - M_i)/(X_i + M_i)]$ .

VERT-IIT: the overall value of the vertical intra-industry trade index. Sections/groups of traded goods are considered as a part of vertical intra-industry trade if the relation of the value of exports ( $X_i$ ) and imports ( $M_i$ ) is closed within the interval  $<0.85-1.15>$ .

Source: author's own elaboration based on <http://www.intracen.org/trade-support/trade-statistics> (retrieved: 21.01.2013).

#### 4. The Singapore's (cross-)regional trade agreement network and its main rationales

Taking into account the above-mentioned context and particular issues of political and social nature, Singapore's efforts directed towards establishing a network of (cross-)regional trade agreements within the system of globalising economy accompanied especially by growing technological pressures resulted in an effective enforcement of formal trade linkages (see Table 3). Meanwhile Singapore persistently reaffirms its commitment to the idea of free trade

and that bilateral agreements are designed as building blocks towards broader regional integration, which will in turn strengthen the global consensus for free and open trade.<sup>20</sup> In general, Singapore's bilateral FTA approach can be explained by three key sets of reasons drawn from various sources:<sup>21</sup>

- an increasing awareness of the weaknesses of existing regional institutions,
- a deeper understanding of the economic benefits of free trade agreements (FTAs),
- strategic calculations pointing to the strengthening of foreign relations through FTAs.

Singapore's FTAs are typically fast, and in the views of some, disloyal to ASEAN's integration goals, in particular when they establish preferential cross-regional ties.<sup>22</sup> The evidence for this opinion could be ASEAN's FTAs with countries which became Singapore's formal trading partners few years earlier.

Analysing motives of Singapore's (cross-)regional trade agreements in the chronological order, the first framework to promote trade was the one with New Zealand. In this context it can be acknowledged that this particular arrangement is a symbolic beginning of the race for new extra-regional trade partners. What is also characteristic – as pointed out above – these developments had a substantial impact on the ASEAN's agenda setting while operating at the same time under the umbrella of APEC. Another compelling reason seems also the willingness to gain new set of experiences for further agreements planned in the nearest future. As symptomatic may be also seen the provision explaining the main goal of the agreement aimed at enhancing the already excellent bilateral relationship between Singapore and New Zealand, promoting economic growth for both parties, contributing to the wider liberalisation process in APEC, and complementing the WTO's efforts to create a more predictable, freer and open global trading environment.<sup>23</sup> This political narrative can be reckoned as typical for the beginning of the 21<sup>st</sup> century, when certain political and economic hopes used to be associated with multilateralism itself.

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<sup>20</sup> WTO, Trade Policy Review Body, *Trade Policy Review. Report by Singapore*, WT/TPR/G/267, 5 June 2012, p. 7.

<sup>21</sup> L.L. To, R.Y. Hooi, The politics of Singapore's bilateral free trade agreements: Enlightened self-interest to promote East Asian regionalism in the new millennium?, [in:] V.K. Aggarwal, S.Lee (Eds.), *Trade Policy in the Asia-Pacific. The Role of Ideas, Interests, and Domestic Institutions*, Springer-Verlag, New York 2011, pp. 122, 123.

<sup>22</sup> L. Low, *op. cit.*, p. 51.

<sup>23</sup> Cf. WTO, Committee on Regional Trade Agreements, *Examination of the Closer Economic Partnership between New Zealand and Singapore*, WT/REG127/M/1, 21 January 2003.

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Table 3. Singapore's intra and cross-regional trade agreement network

RTA Name	Type	Date of notification	Notification	Date of entry into force
Intra-regional trade agreements				
ASEAN-China	PSA & EIA	21.09.2005(G)/26.06.2008(S)	Enabling Clause & GATS Art. V	01.01.2005(G)/01.07.2007(S)
ASEAN-Japan	FTA	23.11.2009	GATT Art. XXIV	01.12.2008
ASEAN-Republic of Korea	FTA & EIA	–	–	01.01.2010(G)/01.05.2009(S)
ASEAN Free Trade Area	FTA	30.10.1992	Enabling Clause	28.01.1992
China-Singapore	FTA & EIA	02.03.2009	GATT Art. XXIV & GATS Art. V	01.01.2009
Japan-Singapore	FTA & EIA	08.11.2002	GATT Art. XXIV & GATS Art. V	30.11.2002
Republic of Korea-Singapore	FTA & EIA	21.02.2006	GATT Art. XXIV & GATS Art. V	02.03.2006
Cross-regional trade agreements				
ASEAN-Australia-New Zealand	FTA & EIA	08.04.2010	GATT Art. XXIV & GATS Art. V	01.01.2010
ASEAN-India	FTA	19.08.2010	Enabling Clause	01.01.2010
EFTA-Singapore	FTA & EIA	14.01.2003	GATT Art. XXIV & GATS Art. V	01.01.2003
Global System of Trade Preferences among Developing Countries (GSTP)	PSA	25.09.1989	Enabling Clause	19.04.1989
India-Singapore	FTA & EIA	03.03.2007	GATT Art. XXIV & GATS Art. V	01.08.2005
Jordan-Singapore	FTA & EIA	07.07.2006	GATT Art. XXIV & GATS Art. V	22.08.2005
New Zealand-Singapore	FTA & EIA	04.09.2001	GATT Art. XXIV & GATS Art. V	01.01.2001
Panama-Singapore	FTA & EIA	04.04.2007	GATT Art. XXIV & GATS Art. V	24.07.2006
Peru-Singapore	FTA & EIA	30.07.2009	GATT Art. XXIV & GATS Art. V	01.08.2009
Singapore-Australia	FTA & EIA	25.09.2003	GATT Art. XXIV & GATS Art. V	28.07.2003
Trans-Pacific Strategic Economic Partnership (TPSEP/P-4)	FTA & EIA	18.05.2007	GATT Art. XXIV & GATS Art. V	28.05.2006
US-Singapore	FTA & EIA	17.12.2003	GATT Art. XXIV & GATS Art. V	01.01.2004

New C-RTAs announced to the WTO: with Canada and Ukraine – under negotiation, with Costa Rica – signed, but not in force yet.

Abbreviations: FTA – free trade agreements, EIA – economic integration agreement, PSA – partial scope agreement, G – goods, S – services.

Source: Regional Trade Agreements Information System (RTA-IS), <http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx> (retrieved: 21.01.2013).

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The next country Singapore settled its trade agreement with was Japan. In bilateral relations a particular significance was assigned to high-tech trade promotion and cooperation in this sector (especially by encouraging corporate investments). Singapore was aiming in this way at creating the image of not only a regional trade hub, but also the base for corporations whose strategies assumed growing interests in developing their expansion in Asia and fostering partnership with the whole ASEAN. Similarly as in the case of the agreement with New Zealand parties reaffirmed their commitment to create and maintain open and competitive markets, contribute to the wider liberalisation process in APEC, and complement the WTO's efforts to create a more predictable, free and open global trading environment.<sup>24</sup>

Noticing the growing importance of re-localisation and re-configuration pressures exerted on corporate production (added value) chains Singapore has also to make an effort to institutionalise its relations with European countries. Whereas the European Union insisted on negotiating trade agreement *en bloc*, with the whole ASEAN, Singapore decided to sign the arrangement with the members states of European Free Trade Association (EFTA) which, when taking into account only bilateral trade, can be apprehended from Singapore's standpoint as a second-best solution. As expected parties declared their commitments of establishing close and lasting relations that would strengthen the important links between the EFTA States and Singapore. Once more was also expressed the political will of creating conditions that would encourage economic, trade and investment relations between both parties, providing a catalyst to broader regional co-operation between Europe and Asia and building on their WTO rights and obligations to create a more predictable, freer and open global trading environment.<sup>25</sup>

The trade agreement with Australia is seen in turn as a consequence of the earlier deal with New Zealand (Baldwin's domino effect). As a mutually strategic aim parties indicated trade and investment promotion.<sup>26</sup> The latter referred especially to financial and telecommunication sector.

An enormous significance to reaffirm Singapore's aspirations to achieve the position of regional trading hub had the free trade agreement with the United States. Singapore became thereby for the US the first Asian trade partner, which is meaningful in the above-mentioned concept of competitive liberalisation and selective bilateralism. From the standpoint of international security reasons it is claimed that this agreement strengthening bilateral partnership

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<sup>24</sup> Cf. WTO, Committee on Regional Trade Agreements, *Examination of the Agreement for a New-Age Economic Partnership between Japan and Singapore*, WT/REG140/M/1, 24 December 2003.

<sup>25</sup> Cf. WTO, Committee on Regional Trade Agreements, *Free Trade Agreement between the EFTA States and Singapore*, WT/REG148/M/1, 19 November 2004.

<sup>26</sup> Cf. WTO, Committee on Regional Trade Agreements, *Free Trade Agreement between Australia and Singapore*, WT/REG158/M/1, 19 November 2004.

was also a kind of reward for Singapore's support in the global war on terror. In the strict economic dimension a priority was also the access to new technologies and strategic industries attractive for Singaporean companies, freedom of business travels and intellectual property rights (IPRs). The pressure to fight electronic piracy is understood as a price paid for fostering cooperation with the US in the area of research and development and for the inflow of American investments to Singapore. In the official statements – as aforementioned – the agreement was to enhance the already excellent bilateral relationship between Singapore and the United States, promote economic growth for both parties, contribute to the wider liberalisation process in APEC; and complement the WTO's efforts to create a more predictable, freer and open global trading environment.<sup>27</sup>

Subsequent partner country in the Singapore's C-RTA network was India. Due to essential discrepancies in the economic development the general purpose of this agreement was to liberalise bilateral trade, support foreign investments, cooperation in areas of science and technology, media, education and IPRs. What is interesting, this agreement raised also concerns on India's liberalisation commitments in line with the discussion on “substantially all the trade,” especially when 76.4% of tariff lines remained dutiable.<sup>28</sup>

Jordan was the first country in the Middle East to sign a FTA with Singapore creating a gateway for business partnerships in the region and Southeast Asia.<sup>29</sup> This may be interpreted as a piece of evidence that Singapore as an actor of international relations playing the role of Asian trading hub is able to re-define its main challenges and to commence strategy of global presence on every continent, except for Africa for the time being. This illustrates key motives of national security being important for the city-state. This might be even called as a “kitchen-door” rationale which makes possible to discuss, develop and apply new concepts within the foreign and strategic trade policy in the new parts of the world.

The trade agreement with the Republic of Korea – a newly industrialised country – was mainly perceived through the motive of being ideal trade and investment partners, sharing many

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<sup>27</sup>Cf. WTO, Committee on Regional Trade Agreements, *Examination of the Free Trade Agreement between the United States and Singapore. Goods and Services*, WT/REG161/M/1, 14 March 2005.

<sup>28</sup> Cf. WTO, Committee on Regional Trade Agreements, *Consideration of the Comprehensive Economic Cooperation Agreement between India and Singapore. Goods and Services*, WT/REG228/M/1, 27 October 2008.

<sup>29</sup> Cf. WTO, Committee on Regional Trade Agreements, *Consideration of the Free Trade Agreement between Jordan and Singapore. Goods and Services*, WT/REG215/M/1, 19 December 2008.

complementary strengths.<sup>30</sup> What it was all about, were the access to new technologies and deeper liberalisation and intensification of economic relations.

The establishment of Trans-Pacific Strategic Economic Partnership was envisioned to be a pathway towards a Free Trade Area of the Asia-Pacific (FTAAP)<sup>31</sup> and to build a wider regional trade agreement under the ASEAN Framework on Regional Comprehensive Economic Partnership.<sup>32</sup> In other words, the agreement had been conceived as a way to build new strategic and economic links between four fellow Asia-Pacific Economic Cooperation (APEC) economies, and as a pathway to wider Asia-Pacific economic integration within the broader WTO context.<sup>33</sup> Hence it opened new routes of developing trade and issues related between Singapore's economy and the region of Latin America.

The trade agreement with Panama was the consequence of the fact that this country was the biggest Singapore's trading partner in this part of the world. What is more, due to its key geographic location Panama was a major trading and trans-shipment hub for the Americas; just as Singapore was for Asia.<sup>34</sup> In the case of Peru it allowed Singapore to leverage on their respective strengths and reach more deeply into the Latin American and Asian markets by deepening bilateral economic relations. The agreement was also perceived as a building block towards increased engagement between Latin America and Asia-Pacific, a pertinent element going forward, as Peru and Singapore had engaged in negotiations for the Trans-Pacific Partnership Agreement.<sup>35</sup>

The last trade arrangement covered relations with China. The unquestionable gravity of Chinese impact on the global economy and international trade justifies both main economic as well as security motives based on the promotion of bilateral trade and investments.<sup>36</sup> Singapore aims at creating itself in the eyes of Chinese managers and corporations as a temporary haven on

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<sup>30</sup> Cf. WTO, Committee on Regional Trade Agreements, *Consideration of the Free Trade Agreement between the Republic of Korea and Singapore. Goods and Services*, WT/REG210/M/1, 28 September 2009.

<sup>31</sup> WTO, Trade Policy Review Body, *Trade Policy Review. Report by Singapore*, p. 7.

<sup>32</sup> WTO, Trade Policy Review Body, *Trade Policy Review. Singapore*, Record of the Meeting, WT/TPR/M/267, 8 October 2012, p. 6. See also: WTO, Trade Policy Review Body, *Trade Policy Review. Report by the Secretariat. Singapore*, WT/TPR/S/267, 5 June 2012.

<sup>33</sup> Cf. WTO, Committee on Regional Trade Agreements, *Consideration of the Trans-Pacific Strategic Economic Partnership Agreement between Brunei Darussalam, Chile, New Zealand and Singapore. Goods and Services*, WT/REG229/M/1/Rev. 1, 4 November 2008.

<sup>34</sup> Cf. WTO, Committee on Regional Trade Agreements, *Consideration of the Free Trade Agreement between Panama and Singapore. Goods and Services*, WT/REG227/M/1, 20 May 2008.

<sup>35</sup> Cf. WTO, Committee on Regional Trade Agreements, *Consideration of the Free Trade Agreement between Peru and Singapore. Goods and Services*, WT/REG269/M/1, 1 October 2010.

<sup>36</sup> However, it is also claimed that market shares of ASEAN and developing East Asia have shown remarkable resilience to China's rise, both in parts and components and in final goods trade. Cf. P.-C. Athukorala, Singapore and ASEAN in the new regional division of labor, *The Singapore Economic Review* 2008, vol. 53, no. 3, p. 503.

their way to “go global.” The agreement is thus the means practically applying an old, well-known rule of international politics: if cannot beat them, join them.

Having presented main factors pushing Singapore towards creation of (cross-)regional trade agreements, one question must be addressed and this is whether all these deals brought about the trade creation effect. There was made a comparison between average growth rates of overall Singapore’s trade value (year to year) with respective values for the countries covered short after the agreement came into force. The results are not surprising, which means that the growth rates of bilateral trade were higher only in the case of relations with New Zealand, Australia, India, Jordan, Panama, China, Brunei Darussalam, Chile and Peru. This may be a hint that the most effective way to promote and sustain trade are intra-regional agreements, within South and East Asia, as well as these of the trans-Pacific dimension. International business may have become global, but geographical proximity still matters.

## 5. Conclusions

Singapore seems to be a leading indicator of sorts in C-RTAs partner selection for the other Southeast Asian countries.<sup>37</sup> The effective achievement of the addressed goals may be the aftermath of a consistent policy aiming at winning the rivalry for the position of a regional leader and trading hub. Because of that the city-state is still able to influence positive outcomes in terms of directions and intensity of cooperation within intra- and cross-regional integration. Another facet deserving the utmost attention is that the whole political concept is credited to the government and domestic agencies.<sup>38</sup> This means that Singaporean interest groups – in the framework of the political system being far from Western democratic standards these are mainly business circles – shared the vision.

To sum up, referring again to the cuisine metaphor used in the title of this paper, the bowl of Asian noodles seems to be cooked in a fusion style, where relatively tiny,<sup>39</sup> but essential Singaporean ingredients/spices are supposed to inspire other regional chefs to perform better as well as to refine and boost the taste of the whole dish to levels and dimensions unknown before. Singapore’s FTA strategy or approach could also be viewed as “qu yi bu qu nan” (taking the

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<sup>37</sup> L. Low, *op. cit.*, p. 52.

<sup>38</sup> The Singapore’s efficiency in the administration has been widely recognised. Cf. S. Garelli, *Top Class Competitors. How Nations, Firms and Individuals Succeed in the New World of Competitiveness*, John Wiley & Sons, Chichester 2006, p. 6 and also latest rankings of the Institute of Management Development, [http://www.imd.org/research/publications/wcy/wcy\\_online.cfm](http://www.imd.org/research/publications/wcy/wcy_online.cfm) (retrieved: 21.01.2013), in which Singapore’s government efficiency is ranked first or second in the world.

<sup>39</sup> In terms of shares in the world’s and region’s exports/imports.

easier rather than the more difficult option).<sup>40</sup> Thus the main conclusion of the lesson how to enjoy this meal might be that perfection lies in simplicity. So enjoy the meal! (alternatively: Qǐng màn yòng! or Selamat makan!).

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### MASZYNOPSIS

Publikacja chroniona prawem autorskim. Cytowanie jedynie poprzez podanie pełnego adresu internetowego oraz/lub pełnego przypisu bibliograficznego do źródła papierowego.

**GOTUJĄC MISKĘ AZJATYCKICH KLUSEK Z ODRÓBINĄ SINGAPURU.**

**PRZEGLĄD STRATEGICZNYCH MOTYWÓW SINGAPURU W KWESTII (MIĘDZY)REGIONALNYCH POROZUMIEŃ HANDLOWYCH**

**Streszczenie:** Autor odnosi się do zagadnienia trzeciej fali regionalizmu w gospodarce światowej, skupiając uwagę na regionie Azji i Pacyfiku i analizie strategicznych motywów singapurskiej polityki zagranicznej i handlowej pchającej to państwo-miasto ku osiągnięciu pozycji regionalnego huba handlowego. Wynikają one zasadniczo z nieefektywności wielostronnej liberalizacji handlu opartej współcześnie na tzw. agendzie WTO-plus (zagadnieniach powiązanych z handlem). Priorytety Singapuru i samo ich wdrażanie są dobrym przykładem sprawnego równoważenia globalnych i regionalnych wyzwań. Przegląd oparto na źródłach pierwotnych: regulacjach zawartych w umowach handlowych, raportach, protokołach oraz statystykach odnoszących się do wymiany międzynarodowej.

**Słowa kluczowe:** handel międzynarodowy, międzyregionalne porozumienia handlowe, Singapur, Azja Wschodnia