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Singapore: Background and U.S. Relations

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Summary

A former trading and military outpost of the British Empire, the tiny Republic of Singapore has transformed itself into a modern Asian nation and a major player in the global economy, though it still substantially restricts political freedoms in the name of maintaining social stability and economic growth. Singapore's heavy dependence on international trade makes regional stability and the free flow of goods and services essential to its existence.

As a result, the island nation is a firm supporter of the U.S. security role in Asia, but it also maintains close relations with China. The Obama Administration's strategy of rebalancing U.S. foreign policy priorities to the Asia Pacific enhances Singapore's role as a key U.S. partner in the region. A formal strategic partnership agreement between the United States and Singapore outlines access to military facilities, cooperation in counterterrorism and counter-proliferation, joint military exercises, policy dialogues, and shared defense technology.

Singapore also supports U.S. international trade policy. Singapore and the United States are among the 12 countries on both sides of the Pacific involved in the Trans-Pacific Partnership (TPP), which is the centerpiece of the Obama Administration's economic rebalance to Asia. In 2015, Singapore was the 17th-largest U.S. trading partner with $47 billion in total two-way goods trade, and the country remains a substantial destination for U.S. foreign direct investment. The U.S.-Singapore Free Trade Agreement (FTA) went into effect in January 2004, and since then trade has burgeoned between the two countries.

Singapore's People's Action Party (PAP) has won every general election since the end of the colonial era in 1959, aided by a fragmented opposition, Singapore's economic success, and electoral procedures that strongly favor the ruling party. Some point to changes in the political and social environment that may herald more political pluralism, including generational changes and an increasingly international outlook among Singaporeans. However, the PAP maintains a dominant political position. In September 2015, it won nearly 70% of the popular vote in nationwide Parliamentary elections that left it with 83 of the 89 seats in Parliament.

In March 2015, Lee Kuan Yew, who was Singapore's Prime Minister from 1959 to 1990, passed away. He was—and still is—considered the founder of modern Singapore, and he is credited with transforming Singapore from an English colony into one of the world's wealthiest and least corrupt countries. His son, Lee Hsien Loong, is Singapore's current Prime Minister.

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Overview

Though only about three times the size of Washington, DC, and with a population of 5.5 million, the city-state of Singapore punches far above its weight in both economic and diplomatic influence. Its stable government, strong economic performance, educated citizenry, and strategic position along key shipping lanes make it a major player in regional affairs. For the United States, Singapore is a crucial partner in trade and security cooperation, as the Obama Administration executes its rebalance to Asia strategy. Singapore's value has only grown as the Administration has given special emphasis to the Association of Southeast Asian Nations (ASEAN) as a platform for multilateral engagement. Singapore's heavy dependence on international trade makes maintaining regional stability one of its foremost priorities. As a result, the nation is a firm supporter of both U.S. trade policy and the U.S. security role in Asia. However, the country also maintains close relations with China.

Figure 1. Map of Southeast Asia

Population: 4.7 million
Land Area: 647.5 sq. km. (about 3.5 times the size of the District of Columbia); one main island and 58 islets; extensive land reclamation
Ethnic Groups: 77% Chinese; 14% Malay; 8% Indian; 1% other
Language: Chinese (official); Malay (official and national); Tamil (official); English (official) widely used in business, professions, and schools
Life Expectancy at Birth: female, 86 yrs.; male, 81 yrs.
Literacy: 92.5%
GDP (PPP): $331.9 billion; per capita: $61,400 (2012 est.)
Trade: imports: $374.9 billion; exports: $435.8 billion (2012 est.)

Source: Map, CRS; statistics, CIA World Factbook.

Historical Background

As an English colony, Singapore was a trading post for the East India Company, but in 1959, Singapore gained a large degree of self-rule. That same year, Lee Kuan Yew, who was head of the People's Action Party (PAP), was elected prime minister. Singapore's leaders decided that, given the city-state's small size, it should unite with Malaysia.

That merger took place in 1963, but the federation was short-lived. Disputes arose between Singapore leaders and those from Malaysia's ruling party, the United Malays National Organization (UMNO), over economic management and several other issues. UMNO advocated preferential policies to support ethnic Malays over the country's sizeable Indian and Chinese populations, and objected to PAP moves to seek greater influence across the merged federation. Many in Malaysia felt that Singapore, with a majority ethnic-Chinese population, could gain greater economic dominance over the federation.

In 1965, the Malaysian Parliament expelled Singapore from the federation. Despite concerns about Singapore's economic prospects and its scant resource base, the economy quickly grew. Because of its location on the Strait of Malacca—one of the world's busiest maritime thoroughfares—Singapore's port soon became one of the world's busiest, and the country attracted foreign businesses and investment. Now, Singapore's GDP per capita exceeds that of the United States, Japan, and Hong Kong.

Government and Politics

The PAP has won every general election since the end of the colonial era in 1959, aided by a fragmented opposition, Singapore's economic success, and electoral procedures, such as group districting, which strongly favor the ruling party. Opposition parties tallied their best results in Singapore's history in 2011 Parliamentary elections, garnering about 40% of the popular vote and leading PAP leaders to vow reforms that would respond to public concerns about widening wealth disparities and the country's expanding reliance on foreign laborers. In September 2015, following several gradual policy shifts including the imposition of some limits on foreign labor and improved benefits for the poor and elderly,[1] the PAP won nearly 70% of the popular vote in nationwide polls, leaving it with 83 of Parliament's 89 seats.

Singapore's parliamentary-style government is headed by the prime minister and cabinet, who represent the majority party in Parliament. The president serves as a ceremonial head of state, a position currently held by Tony Tan Keng Yam. Lee Hsien Loong has served as Prime Minister since 2004. Lee is the son of former Prime Minister Lee Kuan Yew, who stepped down in 1990 after 31 years at the helm. The senior Lee, who died in May 2015, still is widely acknowledged as the architect of Singapore's success as a nation. He resigned his post as "Minister Mentor" following the 2011 elections, citing a need to pass leadership on to the next generation.

In 2010, changes to the constitution guaranteed that more non-PAP members would be represented in the Parliament. The electoral reforms were seen as an acknowledgement by the PAP that it must adjust to a more open and diverse Singapore. The country's leaders have acknowledged a "contract" with the Singaporean people, under which individual rights are curtailed in the interest of maintaining a stable, prosperous society. Supporters praise the pragmatism of Singapore, noting its sustained economic growth and high standards of living. Others criticize the approach as stunting creativity and entrepreneurship, and insist that

[1] "Performance Legitimacy," *The Economist,* July 18, 2015.

Singapore's leaders must respond to an increasingly sophisticated and well-educated public's demand for greater liberties for economic survival.

Lee Kuan Yew and the "Singapore Model"

Lee Kuan Yew, Singapore's first Prime Minister, died in March 2015, at the age of 92. Lee had dominated Singapore's political system throughout the nation's history, and many see him as the primary architect of the nation's economic success and its authoritarian political system. Lee was one of Asia's most prominent political leaders of the post-colonial period, and his visions of authoritarian capitalism and of "Asian values" as a structure for organizing society have become, to many, synonymous with Singapore's national identity.

Lee was Singapore's Prime Minister for 31 years, from the nation's founding in 1959 until 1990. He exerted enormous influence in the years thereafter. Most Singaporeans describe him as a deeply pragmatic economic planner who combined a fundamental openness to foreign investment and trade with a belief that the state needed to have a dominant role in many aspects the nation's economic life. Lee's government built and subsidized public housing for a large majority of Singapore's population, created large state companies to provide banking, telecommunications, power, and other public services, and mandated that Singaporeans save a large percentage of their wages for retirement. At the same time, foreign investment soared and created employment, spurred by favorable investment incentives, Singapore's highly skilled workforce, and its vibrant port.

Politically, Lee was both respected and feared. In Singapore's early years of independence, critics say Lee used overly harsh means to sideline and even imprison domestic opponents. Even in later years, once Singapore was a stable nation and opposition seen as little threat, he made extensive use of libel lawsuits to bankrupt and marginalize political opponents. Restrictions on free speech—some formal and others informal—remain, and Singapore's domestic press is largely loyal to the government. To some, Lee's economic successes are dimmed by his political authoritarianism; to others, the success of Singapore's economic model is the ultimate testament to his vision.

Singapore's current prime minister is Lee Hsien Loong, Lee Kuan Yew's eldest son. Many political observers perceive a loosening of Singapore society, spurred by generational changes, growing affluence, and widespread international experiences by Singapore's population. Lee Kuan Yew's People's Action Party (PAP) still, however, holds all but six of the seats in Parliament.

U.S.-Singapore Relations

Trade and Investment

Singapore's economy depends heavily on trade and exports, particularly in consumer electronics, information technology products, pharmaceuticals, and financial services. The U.S.-Singapore Free Trade Agreement (FTA) went into effect in January 2004—the United States' first bilateral FTA with an Asian country—and trade has increased significantly as a result. In 2015, Singapore was the 17th-largest U.S. trading partner. Two-way goods trade amounted to $47 billion, with the United States exporting $28 billion to Singapore and importing $18 billion. Singapore is the largest U.S. trading partner in ASEAN, and the country remains a substantial destination for U.S. foreign direct investment (FDI). In 2012, the latest year for which FDI information is available, $138.6 billion was invested from the United States in Singapore.[2] According to the World Bank, the country's Gross National Income Per Capita is $52,090, one of the highest levels in the world.[3]

Singapore and the United States are among the 12 countries on both sides of the Pacific that are part of the proposed Trans-Pacific Partnership (TPP), the centerpiece of the Obama Administration's economic rebalance to Asia, which awaits ratification by each of its members.

[2] See https://ustr.gov/countries-regions/southeast-asia-pacific/singapore.

[3] World Bank. See http://data.worldbank.org/country/singapore.

Singapore was one of four nations that negotiated the TPP's predecessor agreement, the Trans-Pacific Strategic and Economic Partnership (P4) in 2006. (The others were Brunei, Chile, and New Zealand.) Singapore's economy is heavily dependent on trade, with annual trade volumes amounting to around three times its annual GDP.

Singapore actively encouraged U.S. participation in an expansion of that agreement, and has strongly urged the United States to ratify the proposed agreement, on both strategic and economic grounds. Singapore has concluded at least 18 FTAs, and is pursuing several more. One of them is the Regional Comprehensive Economic Partnership (RCEP). It comprises 16 Asian nations, and negotiations are ongoing, even though some of the participants are simultaneously working on the TPP. Singapore also was a signatory to the Chinese-led Asian Infrastructure Investment Bank (AIIB).

U.S.-Singapore Defense Cooperation

The 2005 "Strategic Framework Agreement" and a 2015 enhanced "Defense Cooperation Agreement" formalize the bilateral security and defense relationship between the United States and Singapore. The 2005 agreement was the first of its kind with a non-ally since the Cold War, and the two pacts build on the U.S. strategy of "places-not-bases" in the region, a concept that allows the U.S. military access to facilities on a rotational basis without bringing up sensitive sovereignty issues. The agreements allow the United States to operate resupply vessels from Singapore and to use a naval base, a ship repair facility, and an airfield on the island-state. The 2015 agreement allows the United States to operate surveillance aircraft from Singapore facilities.

The U.S. Navy also maintains a logistical command unit—Commander, Logistics Group Western Pacific—in Singapore that serves to coordinate warship deployment and logistics in the region. Changi Naval Base is the only facility in Southeast Asia that can dock a U.S. aircraft carrier. Singapore also hosts the Shangri-La Dialogue, an annual defense forum where defense ministers and military officials from 26 nations can discuss transnational security concerns, such as the threat of trans-national terrorism and the South China Sea disputes.

Singapore and the United States have increased bilateral exercises and training, including combined air combat exercises with fighter units from other countries' air forces, as well as enhanced joint urban training at Singapore's sophisticated Murai Urban Training Facility. Singapore forces also train regularly in the United States. An April 2012 agreement outlines bilateral initiatives to strengthen global cargo security procedures; in 2003, Singapore was the first Asian country to join the Container Security Initiative (CSI), a series of bilateral, reciprocal agreements that allow U.S. Customs and Border Patrol officials at selected foreign ports to pre-screen U.S.-bound containers. Singapore also was a founding member of the Proliferation Security Initiative (PSI), a program that aims to interdict weapons of mass destruction-related shipments.

In April 2013, the USS *Freedom*, a U.S. Navy littoral combat ship (LCS), arrived in Singapore to begin an eight-month deployment in Southeast Asia. In 2016, the U.S. Navy deployed two of the vessels to Changi Naval Base, with plans to add two more in the coming years. The stationing of the LCS is emblematic of the role that Singapore can play in the U.S. "pivot" to the region. The vessel is the first U.S. Navy ship to be designed to fight close to shore in shallow waters, to carry a smaller crew, and to boast flexible capabilities that include anti-mine and anti-submarine missions. The smaller size also makes the LCS more amenable to doing exercises with countries that have smaller-scale naval forces. Singapore's combination of sophisticated facilities and political standing in the region allows it to host such U.S. naval assets.

Law Enforcement Cooperation

The United States and Singapore engage in ongoing law enforcement cooperation. Singapore is a transit point for a wide range of individuals, including suspected terrorists from neighboring countries, and its active port is a trans-shipment point. In the past, some U.S. officials have expressed concerns about the strength of cooperation. The State Department's 2013 country report on terrorism, however, said that cooperation has "benefited from improved working level dialogue on many of the issues that had previously impeded the development of more strategic and productive agency-to-agency relationships." Among U.S. priorities are improvements in Singapore's port security, where the Department of Homeland Security hopes to see Singapore make greater use of advance manifests to screen containers through its busy port, and improvements to the bilateral extradition treaty.

Singapore's Relations with ASEAN and China

Singapore was a founding member of ASEAN, the region's leading multilateral body, which allows Southeast Asia's mostly smaller countries to influence regional diplomacy, particularly vis-à-vis China. Renewed U.S. engagement in the Asia Pacific under the Obama Administration has pleased Singapore and may have allowed it more diplomatic space to stand up to Beijing on key issues. Singapore has praised the Administration's "rebalancing" effort toward Asia, yet has been careful to warn that anti-China rhetoric or efforts to "contain" China's rise will be counterproductive. At the same time, Singapore leaders have publicly told Chinese audiences that deeper tensions between China and the United States are detrimental to the broader Asia region.[4]

Maintaining strong relations with both China and the United States is a keystone of Singapore's foreign policy. Singapore often portrays itself as a useful balancer and intermediary between major powers in the region. In the South China Sea dispute, for example, in 2011, Singapore—a non-claimant—called on China to clarify its island claims, characterizing its stance on the issue as neutral, yet concerned because of the threat to maritime stability. At the same time, Singapore was hosting a port visit by a Chinese surveillance vessel, part of an ongoing exchange on technical cooperation on maritime safety with Beijing.

China's economic power makes it a crucial component of trade policy for all countries in the region, but Singapore's ties with Beijing are multifaceted and extend to cultural, political, and educational exchanges as well. China is Singapore's largest trading partner, and Singapore signed on to the Chinese-led Asian Infrastructure Investment Bank (AIIB). There also are frequent high-level visits between Singapore and China. Singapore adheres to a one-China policy, but has an extensive relationship with Taiwan and has managed it carefully to avoid jeopardizing its strong relations with Beijing. Taiwan and Singapore have held large-scale military exercises annually for over 30 years and, in 2010, announced the launch of talks related to a free-trade pact under the framework of the World Trade Organization.

Singapore and Regional Diplomacy over the South China Sea

Singapore does not have territorial claims in the South China Sea, but its trade-dependent economy means it has a direct interest in managing tensions and maintaining freedom of navigation in the increasingly tense waters. Singapore diplomacy towards the maritime disputes

[4] Embassy of the Republic of Singapore, Beijing, "Speech by Prime Minister Lee Hsien Loong at Central Party School, Beijing, 6 September 2012," https://www.mfa.gov.sg/content/mfa/overseasmission/beijing/press_statements_speeches/2012/201209/Press_20120906.html.

between China and Southeast Asian states generally stresses the importance of refraining from provocative behavior, conducting active diplomacy to lower tensions, and resolving disputes in accordance with international law, including the United Nations Convention on the Law of the Sea (UNCLOS).

Beginning in 2015, Singapore has served as ASEAN's rotating country coordinator for ASEAN-China dialogue, with the responsibility of brokering common ASEAN positions on the disputes. In that role, it is generally cautious about promoting consensus between ASEAN's ten members, who have widely different interests and approaches to the disputes. However, Singapore officials have occasionally spoken strongly about actions they see as provocative or liable to increase tensions.

Human and Civil Rights Issues

While the PAP has been elected by a comfortable majority in every election since Singapore's founding, the government "has broad powers to limit citizens' rights," according to the U.S. State Department's 2015 Country Report on Human Rights Practices.[5] The State Department noted that "the government could and did censor the media (from television shows to websites) if it determined that the content would undermine social harmony or criticized the government." It also noted that Singapore's broad Internal Security Act (ISA) permits preventive detention without normal judicial review, although "in recent years, the government has used it against alleged terrorists and not against persons in the political opposition."

PAP's ideology stresses the government's role in enforcing social discipline and harmony, and the party, in the past, has been particularly concerned about racial tensions in Singapore. In the 1960s, there were several race riots in the country, pitting ethnic Malays against ethnic Chinese. (Singapore's population is 74% Chinese, 13% Malay, and 9% Indian.[6]) Race riots, since then, have been relatively rare. Yet in December 2013 a traffic accident, which killed an Indian national, sparked widespread rioting in Singapore's Little India district, involving over 400 people. The police were able to regain control, but the incident may have pointed to frustrations among Singapore's migrant laborers.[7]

Greater, and generally freer, use of the Internet may be threatening to some of the leadership; in the past the government attempted to tighten control over bloggers, who may not exercise the same restraint as the mainstream media in limiting criticism of the ruling party or touching on sensitive issues such as race in Singapore's multi-ethnic environment. In 2015, a teenage blogger was arrested for posting a video criticizing Lee Kuan Yew after his death. He was convicted on charges of obscenity and insulting religious feelings, and was sentenced to four weeks imprisonment.

International watchdog agencies criticize Singapore's control of the press as well. Singaporean officials have used defamation suits to intimidate reporters and news outlets, including *The Economist* and *The New York Times*, and in 2016 Reporters Without Borders ranked Singapore 154th out of 180 countries in terms of press freedom, below other nations in the region, including Burma, Malaysia, and Thailand.[8] New media controls have been stepped up as well: in 2013 the government issued new regulations for online news sites that report on Singapore, prompting

[5] See http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper.

[6] "The Singapore Exception," *The Economist,* July 18, 2015.

[7] Chen, Sharon and Weiyi Lin, "Singapore Warns on Violence After Riot in Indian District," *Bloomberg Business,* December 9, 2013.

[8] Reporters Without Borders, "World Press Freedom Index—2016," available at https://rsf.org/en/ranking.

international Internet companies with a presence in the city-state to criticize the move as backward-looking.

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