

Issues and Requests Relating to Foreign Trade and Investment - Singapore

Category	No	Issue	Issue Details	Requests	References
9 Restrictive Export/Import Trade, Duty, and Customs Clearance	(1)	Complex Procedures for Import/Export of Restricted Items	<p>- It is time consuming to complete the requisite procedures for <u>import/export or disposal of restricted items.</u></p> <p>(Actions)</p> <p>- Prior registration and licence acquisition are compulsory requirement upon Importers of the Products subject to import control. Importers may file licence application through online business licence service (OBLs). Importers with issued licence will then file import licence application via TradeNet, which is an EDI System.</p> <p>- Singapore Customs promulgated notice alerting all exporters to observe the advance export declaration (AED). Its full-fledged implementation has begun since October 2014 (the period between 1 April 2013 through 30 September 2014, being adjustment period): It is aimed at assuring a tightened security in the international trade. (Singapore Customs Notice No: 07/2014 "End of Adjustment Period for Advance Export Declaration")</p>	- It is requested that Government of Singapore (GOS) streamlines the <u>procedures to expedite the grant of licences and approvals in their entirety.</u>	- NIL
	(2)	Complexity in Obtaining Information on Export Control Parameter Sheet	- <u>Under the same list for export control such as Wassenaar Arrangement, its application method, the applicable period, etc. subtly vary from one country to another. It is quite burdensome upon exporters to collect new information, each time the goods cross the national border.</u>	- It is requested that GOJ and GOS <u>overhauls the parameter sheet under Wassenaar Arrangement (for example, the global version of Center for Information on Security Trade Controls (CISTEC).</u>	
	(3)	Nebulous Procedures for Registration of Imported Goods	<p>- The procedures are complex for product registration on importing and selling medical equipment.</p> <p>- <u>GOS requires product registration of prototype products imported for evaluation purposes.</u></p>	<p>- It is requested that GOS obviates the need for renewal of registration once the product is registered, as it is done in Japan.</p> <p>- It is requested that GOS streamlines <u>import procedures on products imported for evaluation purposes.</u></p>	
	(4)	Complex Customs Clearance Procedures under FTA Certificate of Origin	- On products destined to FTA signatory country (ROK), customs clearance procedures in Singapore are quite complex on issuance of certificate of origin. Should its issuance delay, it could jeopardise the delivery date a Member Firm's Subsidiary (MFS) committed with its customer. MFS has requested Singapore customs assistance for determining the applicable HS code number. For a single product, Singapore customs takes, at minimum, 30-business days for its determination.	- It is requested that GOS expedites <u>the procedures.</u>	- NIL'- Refer to Singapore Customs website at http://www.customs.gov.sg/

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	(5)	<u>Vexatiously Complex FTA Certificate of Origin Issuance Procedures at Singapore Customs</u>	- <u>Singapore customs directed MFS: "The last party in Singapore that issues invoice to overseas purchaser should be the exporter filing customs declaration," without, however, showing the underlining legislative provisions for this direction. How this direction works is unclear in the case where plural Singaporean enterprises are included in the chain of transaction among the overseas enterprises. [For example, SPE(FOB)=>JPE(FOB)=>SPE(FOB)=>SPE(FOB)=>THE], where: SPE means Singapore enterprise, JPE, Japanese enterprise, and THE, Thailand enterprise.]</u>	- It is requested that GOS: -- identifies the applicable legislative provisions, and -- makes crystal clear the Full operational details for this direction.	- <u>FAQ at Singapore Customs Home Page</u>
	(6)	<u>Rigorous AEO (STP-Plus) Requirements</u>	- <u>On acquisition of STP-Plus status of AEO, it is difficult to meet the rigid security requirements when the goods are stored in external warehouses or at customers' premises (upon a vendor's request).</u>	- It is requested that GOS accommodate flexibly the security requirements, responsive to the business patterns and the commodity characteristics.	- <u>Secure Trade Partnership Programme</u>
12 Exchange Controls	(1)	<u>Rapid Exchange Fluctuations</u>	- <u>Radical exchange fluctuations prevail. As it stands, Member Firm's Subsidiary (MFS) benefits from exchange gain on a direct export transaction in yen. Nevertheless, negotiation for raise in price is difficult. In a transaction with its parent company, the prevailing Yen depreciation enables MFS to offer special prices to its customers. However, MFS runs on a thin margin, so that if the exchange rate swings toward appreciation of Yen, it will instantly show operational loss: such is the severity of the fluctuation band.</u>	- It is requested that GOP takes step to: -- stabilise foreign exchange fluctuations, and -- holds the fluctuation band within a few percents in 6-months.	
14 Taxation Systems	(1)	<u>Heavy Car Tax</u>	- The heavy car tax obstructs ownership of company cars.	- It is requested that GOS deregulates the heavy car tax.	
	(2)	<u>The Risk of Double Taxation under IPTS</u>	- <u>A member firm, as a group of companies, must cope with the risk of double taxation levy especially in the context of transfer price taxation system about which rules differ among the countries.</u>	- It is requested that GOS & GOJ: -- overhaul legislation to create the world model transfer price taxation system (guidelines, etc.) -- embellish advance pricing agreement scheme.	
16 Employment	(1)	<u>Prioritised Employment Policy of the Singapore Nationals</u>	- <u>Compulsion of FCF (Fair Consideration Framework) scheme has made difficult and costly employment of skilled foreign workers.</u>	- It is requested that GOS relaxes compulsion of FCF as regards manufacturing enterprises.	

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			<p>- Since 1 August 2013, Ministry of Manpower (MOM) has enforced Fair Consideration Framework (FCF) that necessitates registration at the human resources bank first before applying for employment pass, offering the position first to Singaporean nationals, (exempting, however, recruitment for a position with monthly revenue of more than SGD12,000, and enterprises with less than 25-employees).</p> <p>While the measure is directed to securing positions for Singaporean nationals, it impacts heavily upon multi-national-companies such as member firm of JBCTIF. The FCF will narrow the member firm's ability to receive fledgling employees for providing vocational training.</p>	<p>- It is requested that GOP deregulates the measures under FCF.</p>	
	(2)	Restricted Foreign Worker Employment / Tightened Immigration Control	<p>- Since GOS set the target to reduce the foreign workers' ratio to less than <u>one-third of the total working population</u>, GOS has <u>tightened the requisite conditions for acquiring various visas</u>. It is difficult to fill the <u>need for engineers only by Singaporeans, especially on construction projects</u>. <u>Therefore, it is indispensable to rely on foreign workers</u>. <u>However, it is quite possible that visa application gets rejected</u>.</p> <p>- While GOS favours especially entry of foreign "Specialists", it has <u>tightened its control on entry of foreign workers</u>. It has become <u>increasingly difficult to secure skilled workers at the production depots in Singapore</u>.</p> <p>- The domestic unemployment rate determines GOS's exclusionary measures, such as rejection of visa issuance and visa renewal, etc.</p> <p>- <u>While Singaporean youth generations do not care for working in manufacturing enterprises, senior workers have dwindled in number</u>. <u>Consequently employers have no alternative but relay on foreign workers</u>. <u>However, GOS's restrictions on foreign workers have driven up their wages</u>.</p> <p>(Reference)</p> <p>- Work Permit for foreign worker: (http://www.mom.gov.sg/passes-and-permits/work-permit-for-foreign-worker)</p> <p>- Fair Consideration Framework: (http://www.mom.gov.sg/employment-practices/fair-consideration-framework/Pages/fair-consideration-framework.aspx)</p>	<p>- It is requested that GOS deregulates <u>employment restrictions on foreign engineers, etc.</u></p> <p>- It is requested that GOS:</p> <p>-- <u>permits employment of foreign workers not only from Malaysia, and PRC, but also from Myanmar and India, and</u></p> <p>-- <u>reduces tax levy upon foreign workers, based on the employment situation of each enterprise.</u></p>	<p>Amendments to the Employment of Foreign Manpower Act</p> <p>- Fair Consideration Framework</p> <p>- Refer to Ministry of Manpower at http://www.mom.gov.sg/</p>

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			<p>(Actions)</p> <ul style="list-style-type: none"> - The unemployment rate of Singapore went up from 1.4% of the pre-Asian currency crisis to 4.8% in 2003 and declined thereafter. However, it continues to stay at the high of 3.3% at the end of September, 2003. - Since May 2009, Ministry of Manpower (MOM) has begun Professional Skills Programme Traineeships (PSPT) to support training of human resources for the benefit of enterprises in the promising sectors for growth in the future. - Effective 1 June 2009, Ministry of Manpower (MOM) has tightened the basis for the issuance (and renewal) of "S-Pass" that concerns foreign mid-level skilled workers, such as technicians who wish to work in Singapore (in respect of academic degree, practicing experience, etc.). - Since 1 July 2011, MOM has raised basic monthly salaries that serve as the basis of the Employment Pass (EP) to the level in the range from S\$ 300 to 1,000 and the S-Pass to S\$200, respectively. (S\$1.00 is about 66.7 Japanese yen). In addition, MOM announced in its press release of 16 August 2011, effective from 1 January 2012, "We will tighten the educational qualifications requirements so that only those from good quality institutions will be eligible. - In 2010, GOS established a new target of restricting the foreign workers within one-third of the total working population, as a new economic strategy. - Since October 2010, GOS raised Foreign Worker Employment Tax against employers in every half-a-year upon low-level skilled foreign workers, Work Permit (WP) and mid-level skilled workers' S-Pass. - GOP Budget 2013 released in February 2013 has revealed: <ol style="list-style-type: none"> (1) In respect of Work Permit (WP) for low-level skilled foreign workers, GOP raises the tax in stages during 2014-20, while reducing the employment limit in service and construction sectors, while raising the bottom limit of the basic wages, and (2) Tightening its examination for Q1 Pass for foreign supervisory and specialist employment, in addition to establishment of employees framework geared toward curtailing foreign workers employment. 		
	(3)	Restricted Nationalities of Foreign Workers	<p>- <u>GOS restricts employment of foreign workers in the manufacturing sector to those from PRC, Hong Kong, Macao, Taiwan, South Korea and Malaysia, whose wage levels are higher than local workers in Singapore.</u></p> <p>(Reference)</p> <p>- Guidelines on the Calculation of Quota and Levy Bill ϕ URL: http://www.mom.gov.sg/foreign-manpower/foreign-worker-levies/Pages/calculation-of-foreign-worker-quotas.aspx</p>	<p>- It is requested that GOS authorises <u>manufacturing enterprises to employ foreign workers at lower wages from Thailand, India, Myanmar, the Philippines, Indonesia, and Bangladesh.</u></p>	<p>- Guidelines on the Calculation of Quota and Levy Bill</p>
	(4)	Vexatiously Complex and Delayed Acquisition of Expatriates Visa Acquisition/Renewal	<p>- <u>Plural visa types are available for alien's work permit: most expatriates assume job responsibility by acquisition of Employment Pass (EP) for managerial staff (other than EP, visas for unskilled workers and investors are also available).</u></p> <p>- <u>Since August 2014, Ministry of Manpower (MOM) has introduced Fair Consideration Framework (FCF), necessitating placement of advertisement (at no charge) for 14-days at the jobs bank, administered</u></p>	<p>- It is requested that MOM:</p> <ul style="list-style-type: none"> -- <u>expedites EP issuance based on ICT, and</u> -- <u>issues guideline that gives clear definition of ICT that provides substantive cases of its application.</u> 	<p>- <u>Employment of Foreign Manpower Act (Chapter 91A)</u></p> <p>- <u>Fair Consideration Framework (FCF), (released by MOM on 23 September 2013)</u></p>

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			<p><u>by the Workforce Singapore (WSG), a government organisation. MOM's introduction of FCF disables prompt despatch of Inter-Company Transferees (ITCs), with the unreasonable requirement, namely, Placement of advertisement, plus WSG's examination of the job wanted documents.</u></p> <p><u>While this scheme exceptionally obviates the need for job wanted advertisement in cases of ICTs under the WTO GATS, in increasing number of cases, EP applications get rejected, even when the ICTs are despatched from the headquarters in Japan. It does not work in practice, as it could take a month or more sometimes to determine if the applicant is really an ICT.</u></p> <p><u>In addition, abridgement of the validity period from 6 to 3-months of the training employment pass has become a factor that interferes with the training programme in Singapore.</u></p> <p><u>- GOS's Introduction of the Fair Consideration Framework (FCF) may likely prolong the visa acquisition time for despatch of our member firm's expatriates to its subsidiary (MFS) in Singapore.</u></p> <p>- The standard tends to get stricter for acquisition and renewal of Work Visa.</p>	<p>- It is requested that MOM makes the <u>validity of training employment pass minimum 6-months in regard to accepting employees from a group company (under the umbrella of the same company).</u></p> <p>- It is requested that GOS excludes <u>expatriates (Inter-Company Transferees) from the scope of FCF, as they are not interchangeable with those made available by human resources banks.</u></p> <p>- It is requested that GOS deregulates the scheme for visa issuance.</p>	
	(5)	Vexatiously Complex Visa Application Procedures for the Accompanying Spouse	<p><u>- Sometimes, Government of Singapore (GOS) requires submission of diplomas for the accompanying spouse in filing application for her entry visa.</u></p> <p>(Actions)</p> <p>- Ministry of Manpower (MOM) issues Work Pass (Permit) commensurate with the skill, academic background, and wages of the applicants: EP-Pass (for workers in managerial, professional positions), S-Pass (for midium skilled workers) and WP-Pass (for least skilled workers). With effect from 1 September 2012, MOM has increased to SP\$4,000 per month across-the-board, the minimum wages for any foreign workers accompanying spouses and children for them to qualify for EP-Pass and S-Pass.</p> <p><u>- Effective 1 September 2015, MOM lifted the monthly wage level from "S\$4,000 or more to S\$5,000" or more, for accompanying spouse and child(ren), and "from S\$8,000 or more to S\$10,000 or more for the parents".</u></p>	<p>- It is requested that GOS issues <u>visa for the accompanying spouse of the expatriate, based on the stay visa issued to the expatriate.</u></p>	

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17	Implementation of Intellectual Property Rights ("IPRs")	(1)	Ambiguous Legislative Provision of the First to file Principle	- <u>In the new developing countries where the needs grow for the local development of technology, many countries retain first to file principle in their patent laws. Ambiguous nature of the legislation makes it difficult to secure effective protection of intellectual property rights (IPRs).</u> <u>Nowadays when the needs grow for cross-border R&D activities, first to file principle applied in plural countries could result in infringement.</u>	- <u>It is requested that GOS:</u> <u>-- deregulates or repeals first to file principle, or provides a clear cut definition in legislation,</u> <u>-- and deregulates application of first to file principle on the cross-border R&D activity concluding plurilateral agreement, etc.</u>	
23	Inefficient Administrative Procedures, Regimes and Practices	(1)	<u>Prohibited Cross-Border Transfer of Personal Information</u>	- <u>Excepting the case where personal information is given to "the country that affords equivalent protection on personal information" as does EU, GOS prohibits, in principle, external cross-border movement of personal information. It leaves anxiety of the inability to use actively the data and information.</u>	- <u>It is requested that GOJ expedites bilateral negotiation with GOS that Japan is "the country that affords equivalent protection on personal information".</u>	- <u>Personal Data Protection Act</u>