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SYNOPSIS

Singapore, due to its strategic location, robust infrastructure, and strategic neutrality, plays a vital role in stabilising global supply chains, especially in high-tech sectors, amid escalating US-China tariff wars and technology competition. It acts not merely as a transit point but as a geoeconomic anchor for the global economy in times of uncertainty.

COMMENTARY

In an era of increasing geopolitical friction and economic protectionism, the global flow of goods faces unprecedented challenges. High-end technological goods and services have become arenas for renewed competition between global and regional hegemons. The ongoing tariff war between the United States and China, underscored by this fierce competition in advanced technologies, has introduced significant volatility into international trade.

Even the European Union, Japan, and India have followed suit, and the targeting of advanced technologies considered strategic is increasingly common globally these days. From semiconductors to 5G, quantum computing to artificial intelligence, advanced robotics to biotechnology, every technology is increasingly scrutinised with a strategic lens. The n-th order effects on the stability of global supply chains point to a tumultuous future.

Against this backdrop, Singapore emerges not just as a participant but as a pivotal anchor for global supply chain stability. One of the world's most open and connected economies, Singapore holds a trade-to-GDP ratio of 322 per cent – the fourth highest globally in 2024. This exceptional degree of integration speaks volumes about the city-

state's role in facilitating international commerce. But numbers alone do not tell the whole story.

At the intersection of East and West, Singapore serves as a bridge, one that links two of the largest and most competitive economies on the planet: the United States and China. The two economies, which comprise nearly 40 per cent of the global GDP, are increasingly locked in a fierce trade competition, weaponising every facet of trade. This makes Singapore indispensable not only in global trade writ large, but particularly in the critical domain of technology. The semiconductor industry serves as the bedrock of this complex interdependence.

Singapore's Trade Relationship with the US and China

A closer examination of Singapore's trade relationships shows that they are extensive and multifaceted. In 2024, Singapore recorded a S$170.2 billion trade surplus with China and a S$132.0 billion trade deficit with the United States. Yet these figures barely scratch the surface of the complex interdependence between these economies.

Non-oil merchandise trade from Singapore reached S$363.2 billion, with machinery and equipment leading the way, followed by chemicals and manufactured articles. Singapore's exports are sophisticated, technologically dense, and integral to several high-value sectors. Machinery alone accounted for 40.5 per cent of non-oil domestic exports, while chemicals made up 25.6 per cent. Moreover, re-exports – goods transiting through Singapore before reaching their final destinations – stood at S$292.8 billion, with 76.1 per cent involving machinery.

The patterns are striking. To the United States, Singapore exports not only electric and electronic machinery but also high-end instruments, plastics, and even cosmetics. From the United States, it imports advanced goods like high-precision instruments and petroleum products. With China, the trade focus remains squarely on precision machinery and electronics. Notably, Singapore's trade with Hong Kong – valued at over US$42 billion – is heavily centred on integrated circuits and machinery. Hong Kong serves as a great nodal point due to its proximity to nearby Shenzhen, which acts as a critical innovation hub just a short train ride away.

In other words, Singapore is not merely trading – it is enabling the movement of core technological goods at scale and with speed.

Case in Point: The Semiconductor Supply Chain

Nowhere is Singapore's role more essential than in the semiconductor supply chains. While it is commonly recognised for its downstream capabilities in assembling, testing, and packaging (ATP), a closer look at trade flows uncovers a deeper pattern.

Singapore functions as a vital transit point for highly specialised intermediate components, including advanced chip-making tools and photomasks – key ingredients in the chip fabrication process. These components may originate in the US or Japan, transit through Singapore, and reach fabrication plants in Taiwan, South Korea, or mainland China. This steady and stable continuous flow of key technological

components through Singapore's port plays a vital role in sustaining the global semiconductor supply chain.

Unlike headlines that spotlight the giants of chip design and manufacturing – like TSMC or Intel – Singapore's contribution often goes unnoticed. But without its efficiency, strategic neutrality, and infrastructure, the very scaffolding of the semiconductor supply chain would be weaker, more fragmented, and more exposed to disruption.

In times of tariff escalation, when direct flows between the US and China become restricted or politically sensitive, Singapore assumes a stabilising role. The persistent targeting of the technological sectors in the US-China trade competition, with the semiconductor industry acting as the bedrock of the Fourth Industrial Revolution, threatens to undo the momentum of the last three decades. Singapore absorbs these shocks, facilitates rerouting, and maintains the tempo of trade through regulatory clarity and robust logistics.

Conclusion

In the complex tapestry of globalised and interconnected economies, certain economies stand out as geoeconomic nodal points – nations whose systems, stability, and networks orchestrate the smooth movement of global goods and technology. Singapore fits neatly into this category, and in the era of intertwined technological explosion, it is more than a waypoint; it is an enabler of continuity in a world beset by unpredictability.

As tariff wars reshape trade routes and political tensions blur lines of cooperation, Singapore's role is bound to become even more pronounced. It is not only a participant in technological supply chains – it is one of their premier guarantors. From semiconductors to chemicals, from East to West, Singapore exemplifies the kind of interdependence that underpins the functioning of the modern global economy. To understand the future of trade, one must understand the function and significance of these nodal economies. And in that conversation, Singapore is not a footnote – it is the axis.

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