

Importance of global trade in singapore

Business



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Importance of global trade in Singapore affiliation Global trade in Singapore

Key term The key term for this paper is ‘ the importance of global trade in Singapore. This is in the interest of understanding more the effect Singapore has on the global trade. This is in regard to the world`s economy dynamics and strong competition from other countries when it comes to global trade. According to the financial freedom 2013 index report, Singapore was ranked second out of 41 countries in the Asia-Pacific (Financial Development Report, 2012). Singapore is among the top four financial centers in the world and forms the largest corporate banking Centre in central Asia (Eiras et al., 2011). Therefore, the key term will determine what affects Singapore in the global trade and what makes it sustain the world economic dynamics in trade.

Explanation of the key term

Importance of global trade in Singapore

Global trade refers to the exchange of goods and services between different countries in the world. Therefore, this research will bring out the importance of exchanges of service and goods in Singapore.

Major article summary

Singapore has a big role in the global trade. This is concerning its position in the world trade. The country has a good infrastructure in place, and most of its population is educated (Eiras et al., 2011). The country has a number of European companies built there and is among the leading external investor in the world. The country also has a good relationship with many countries. After understanding of the concepts, one develops an interest to research about the effect that Singapore has on the global trade.

Discussion

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A discussion of the importance of global trade in Singapore has been explored using SWOT analysis. This will bring more insight of where Singapore is placed at the moment and its effect in the global trade

Strengths: Singapore is ranked among the largest exporter of goods and services in the world. With this position, it plays a crucial role in global trade. As a country it gains, more advantage because of its position in the global trade. The country has achieved this through embracing of trade dependence and encouraging globalization.

The country also has assured economic security, and this is through the General Agreement on Tariffs and Trade GATT that it acceded in 1973 (Eiras et al., 2011). These forms a system that has rules captured in World Trade Organization that see the country have economic dependence.

The country also enjoys the foreign direct investment. It has over 10, 000 companies from the European Union operating across a wide range of sectors. This makes Singapore the fifth largest external investor in the world by 2012 (Country Highlights of The Global Competitiveness Report 2011). The country also enjoys good trade relationships with a number of world`s countries

Weakness: The country is yet to develop strategies that are superior to other leading countries in global trade such as China.

Opportunities: It has a strategic position in the continent. It is the most successful country in Central Asia. From this position, it can trade with many countries in the world. It already has established laws and a large number of companies in its soil; therefore, it uses this to expand its trade globally (Dent, 2011). It is open to global trade and investment; this makes it more competitive and provides a vibrant environment for trade (Toh, 2012).

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Threats: There is delayed economic growth; this also reflects a negative trend in the global trade. The world trade growth rate fall from 5. 2% to 2. 0% in 2013 (Financial Development Report, 2012). This was due to an economic crisis in the world. Singapore has strong competitors such as China and The U. S. A among others. They have better strategies that make them shine over Singapore.

In conclusion, the research focused in the importance of global trade in Singapore to understand better where Singapore is and its effect in the world of trade.

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