

ALFRED NOBEL UNIVERSITY
DEPARTMENT OF THE GLOBAL ECONOMICS

Bachelor's Thesis

“Development and ways of realization of the international investment project “Opening of the Laundromat “In Touch” in Singapore”

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Group: IER17-English

Specialty: 292 “International economic relations”

Supervisor: Shkura I.S., Candidate of economic sciences

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The Bachelor's Thesis
Assignment

Shkura I.S.

1. Title “Development and ways of realization of the international investment project “Opening of the Laundromat “In Touch” in Singapore”

2. Supervisor Shkura I.S., Candidate of economic sciences

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4. Aim of the paper: to consider the indicators of the economy and investment climate of Singapore, to develop an international investment project for opening a Laundromat “In Touch” in Singapore and calculate the main indicators of the performance of investments

5. Thesis outline (list of issues to be developed):

SECTION 1 THE MAIN TRENDS AND PROBLEMS OF DEVELOPMENT OF ECONOMY OF SINGAPORE

1.1. The main trends of the development of the economy of Singapore over the last years

1.2. Structural trends in the economy of Singapore

1.3. Current situation of service sector in Singapore and the perspectives of economic growth

SECTION 2 FOREIGN ECONOMIC ACTIVITY OF SINGAPORE: INTERNATIONAL TRADE AND CAPITAL MOVEMENT

2.1. Main trends in international trade in Singapore

2.2. Investment climate and the international investment position of Singapore

2.3. Business climate of Singapore and substantiation of its attractiveness to Ukrainian investors

SECTION 3 DEVELOPMENT OF AN INTERNATIONAL INVESTMENT PROJECT “OPENING OF THE LAUNDROMAT “IN TOUCH” IN SINGAPORE”

3.1. Concept of the investment project of the “Opening of the Laundromat “In Touch” in Singapore

3.2. Substantiation of funds and the sources of their involvement

3.3. Estimation of performance of the international investment project “Opening of the Laundromat “In Touch” in Singapore

6. Date of issue of the assignment _____

7. Thesis schedule

no	Stages	The deadline for submission
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		Schedule date	Actual date
1	Chapter 1		
2	Chapter 2		
3	Chapter 3		
4	The whole paper		

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SUMMARY

*“Development and ways of realization of the international investment project
“Opening of the Laundromat “In Touch” in Singapore”*

The bachelor's thesis considers the trends of the development of the economy of Singapore over the last years. The main structural trends in the economy of Singapore and the most important industries are analyzed. The current situation and the role of service sector in the economy of Singapore are considered. It is shown that service sector in Singapore has great perspectives of economic growth. The main trends of international trade, the main goods and services of export and import, the main suppliers and customers of Singapore are studied. The analysis of investment climate and the dynamics of the foreign direct investment of Singapore is presented. The business climate in Singapore and its attractiveness to international investors are analyzed. The main pros and cons of investing in Singaporean economy for foreign investors are considered. The concept of international investment project of organization of a Laundromat “In Touch” in Singapore is presented. The funds and their sources are substantiated. The estimation of the performance of investment project is presented.

Key words: foreign direct investment, Singapore's economy, Laundry Care segment of Singapore, international trade, investment climate, international investment project, investments

АНОТАЦІЯ

«Розробка та шляхи реалізації міжнародного інвестиційного проекту «Пральня самообслуговування “In Touch” у Сінгапурі»

У бакалаврській роботі розглянуто основні тенденції розвитку економіки Сінгапуру за останні роки. Проаналізовано найбільш важливі структурні зміни в економіці Сінгапуру та розкрито найважливіші галузі. Розглянуто сучасну ситуацію та роль сфери послуг в економіці Сінгапуру. Показано, що сфера послуг у Сінгапурі має великі перспективи економічного зростання. Вивчено основні тенденції міжнародної торгівлі, основні товари та послуги експорту та імпорту, основні постачальники та споживачі товарів і послуг, вироблених у Сінгапурі. Представлено аналіз інвестиційного клімату та динаміки прямих іноземних інвестицій Сінгапуру. Проаналізовано діловий клімат у Сінгапурі та його привабливість для міжнародних інвесторів. Розглянуто основні плюси і мінуси інвестування в економіку Сінгапуру для іноземних інвесторів. Представлена концепція міжнародного інвестиційного проекту організації пральні самообслуговування у Сінгапурі. Обґрунтовано інвестиційні кошти та джерела їх залучення. Наведено оцінку ефективності інвестиційного проекту.

Ключові слова: прямі іноземні інвестиції, економіка Сінгапуру, сегмент пральних послуг Сінгапуру, міжнародна торгівля, інвестиційний клімат, міжнародний інвестиційний проект, інвестиції

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INTRODUCTION

The actuality of the research topic is that Singapore is now a highly developed market economy with stable prices and one of the highest GDP per capita in the world. The growth rate of the Singapore economy is consistently high. The country was able to get a rapid economic leap to the level of developed countries in a short time. The core of a highly developed economy is electronics, shipbuilding, and the financial services sector. Singapore's economy is dependent on the export of goods and services, especially electronics, information technology, pharmaceuticals and financial services. Singapore is one of the most open and corruption-free economies. The country attracts large investments in pharmaceuticals and medical production and continues to develop as a global financial and high-tech center. Therefore, Singapore is an attractive destination for investors from all over the world.

The aim of the thesis is to develop an international investment project for opening a Laundromat “In Touch” in Singapore and calculate the main indicators of the performance of investments.

The objectives of the thesis are:

- to consider the trends of the development of the economy of Singapore over the last years;
- to research the main structural trends in the economy of Singapore ;
- to identify the trends in international trade in Singapore;
- to analyze the features of investment climate and the international investment position of Singapore;
- to evaluate the business climate of Singapore and substantiation of its attractiveness to Ukrainian investors;
- to develop the concept of the investment project of the “Opening of the Laundromat “In Touch” in Singapore;
- to substantiate the funds and the sources of their involvement;
- to estimate the performance of the international investment project “Opening of the Laundromat “In Touch” in Singapore.

The object of research is the international economic relations and investment environment of Singapore and its attractiveness for foreign investors.

The subject of research is the development of international investment project of the organization of the Laundromat “In Touch” in Singapore.

Methods of research include general scientific methods of analysis and synthesis, a process approach, methods of systemic, strategic, economic and statistical analysis for achieving the objectives of the research.

The practical significance of the work means the possibility of development directions for the development of foreign economic relations in Singapore, development and ways of implementation of an international investment project to open the Laundromat “In Touch” in Singapore.

SECTION 1

THE MAIN TRENDS AND PROBLEMS OF DEVELOPMENT OF ECONOMY OF SINGAPORE

1.1. The main trends of the development of the economy of Singapore over the last years

The development trends of the Singapore's economy are determined by the specifics of the state macroeconomic policy. Singapore's economic freedom score is 89.7, making its economy the freest in the 2021 Index. Its overall score has increased by 0.3 point, primarily because of an improvement in the score for government spending. Singapore is ranked 1st among 40 countries in the Asia–Pacific region, and its overall score is well above the regional and world averages (Barr, 2019).

Singapore's economy has been ranked the freest in the world again 2020 year for the second year in a row. Singapore remains the only country in the world that is considered economically free in every Index category, although its indicator scores for fiscal health and financial freedom just barely make it over the threshold into the highest category.

Table 1.1 shows the main economic indicators of Singapore in 2014-2018.

Table 1.1

The main economic indicators of Singapore in 2014-2018

Year	GDP nominal (billion)	GDP nominal per capita	GDP real (billion)	GNI nominal (billion)	GNI nominal per capita	Foreign reserves (billion)	Average exchange rate (1US\$ to S\$)
2014	S\$398.987	S\$72,937	S\$411.540	S\$385,070	S\$70,400	S\$340.438	S\$1.2671
2015	S\$423.444	S\$76,502	S\$423.444	S\$394.551	S\$71,283	S\$350.991	S\$1.3748
2016	S\$439.412	S\$78,364	S\$435.988	S\$408.820	S\$72,909	S\$356.254	S\$1.3815
2017	S\$467.306	S\$83,265	S\$452.119	S\$434.806	S\$77,474	S\$373.994	S\$1.3807
2018	S\$491.174	S\$87,108	S\$466.313	S\$457.983	S\$81,222	S\$392.096	S\$1.3491

Source: Department of Statistics (DOS) (www.singstat.gov.sg)

Singapore's economy is characterized by a high level of public financial management efficiency. The country's economy is open, export-oriented and highly-

developed free-market economy dependent on international trade. GDP growth in 2019 was 0.7%, which was the worst in the last 10 years. The reason for the slowdown in economic growth is the trade war between the US and China and the cyclical global downturn in the electronics sector.

Table 1.2 contains the main economic indicators of Singapore over last 3 years and forecast of the IMF.

Table 1.2

The main economic indicators of Singapore in 2018-2022

Indicators	Period, years				
	2018	2019	2020	2021 (e)	2022 (e)
GDP (billions USD)	373.20	372.07	337.45	362.52	379.07
GDP (Constant Prices, Annual % Change)	3.4	0.7	-5.4	5.0	2.6
GDP per Capita (USD)	66	65e	58	62	64
General Government Balance (in % of GDP)	0.7	1.2	-13.1	-1.7	-0.5
General Government Gross Debt (in % of GDP)	110.4	130.0	131.2	132.4	133.5
Inflation Rate (%)	0.4	0.6	-0.4	0.3	1.1
Unemployment Rate (% of the Labour Force)	2.1	2.3	3.0	2.6	2.3
Current Account (billions USD)	64.11	63.14	50.54	52.70	54.43
Current Account (in % of GDP)	17.2	17.0	15.0	14.5	14.4

Source: IMF – World Economic Outlook Database, January 2021

Note: (e) Estimated Data

Due to the global COVID-19 pandemic, Singapore's GDP growth rate was -5.4% in 2020, comparing 0.7% in 2019. The IMF predicts in the near future a strong fall in the country's GDP by 5% in 2021 and stabilization of GDP growth by 2.6% in 2022.

The Singapore government has previously established a business-friendly trade regulation system. Export in the country is 173.5% of GDP in 2019. Singapore has strong domestic demand despite the global crisis. Therefore, we can summarize that Singapore has enough factors for economic growth during the recovery of the global economy after the pandemic.

Singapore's government balance is positive and reached 1.2% of GDP in 2019. Compared to the previous year, the budget surplus decreased to -13.1% primarily due to the COVID-19 pandemic and an increase in government spending. According to the

forecasts of the IMF, in 2021 and 2022 the balance will be negative: -1.7% and -0.5%, respectively (fig. 1.1).

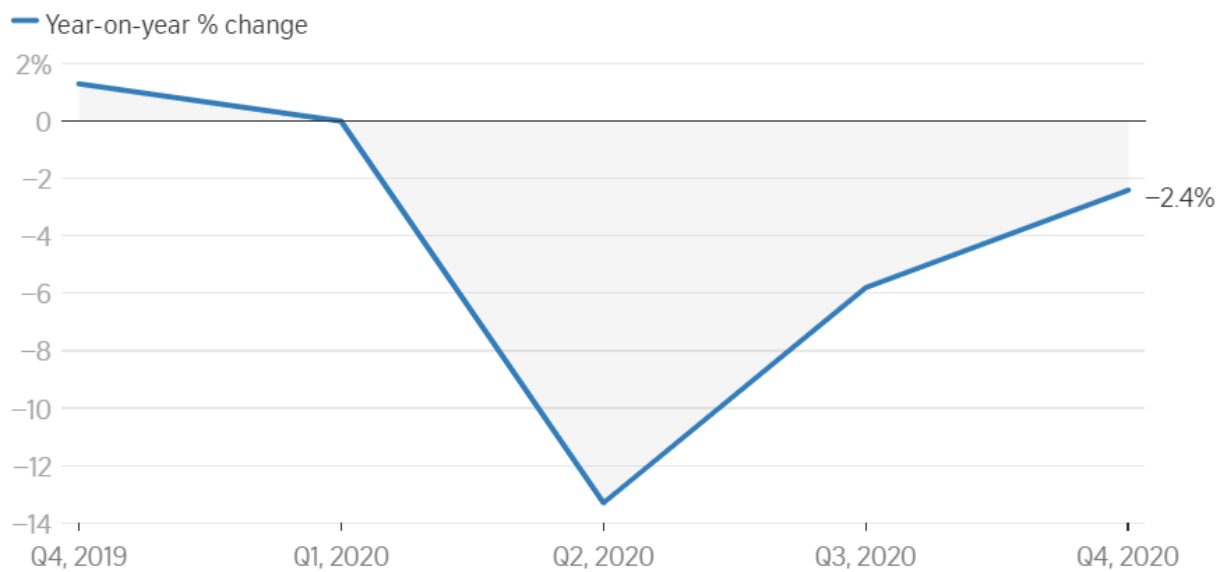


Fig. 1.1. Recovering of Singapore's economy from Covid-19 recession

Source: Ministry of trade and industry

Singapore has a high gross debt of 131.2% of GDP in 2020. Experts expect gross debt growth to reach 132.4% in 2021 and 133.5% in 2022. However, this trend is not threatening for the Government of Singapore, since the country has sufficient financial assets to compensate for the excessively high level of public debt.

The inflation rate in 2019 was well below the central bank's target at 2% set by the central bank. In 2020, inflation was negative and amounted to -0.4%. The IMF predicts inflation at 0.3% in 2021 and 1.1% in 2022.

The Monetary Authority of Singapore will implement its previously approved and successful policy in 2021.

The main challenges to economic growth in the future in Singapore are associated with a decline in exports due to a slowdown in the growth of the Chinese economy, the trade war between the United States and China, a decrease in global demand for electronics (19.7% of exports), a decrease in the efficiency of the construction industry and a tight monetary policy (Barr, 2019).

In 2021, the most significant negative factor for the Singapore economy is recovery from the global COVID-19 pandemic, social support for the well-being, life and health of citizens (Jones, Comfort, 2020). Although Singapore has one of the highest per capita wealth in the world, unemployment has risen in the country due to structural economic changes, the rise in low-skilled job outsourcing, and the COVID-19 crisis.

The average annual unemployment rate in Singapore was 3% in 2020. Unemployment is projected to decline slightly to 2.6% in 2021 and 2.3% in 2022, which means a gradual recovery in the labor market after COVID-19.

Table 1.3 contains other economic indicators of Singapore over last 2 years according to the data of The Ministry of Trade and Industry (MTI).

Table 1.3

Other economic indicators of Singapore

Indicators	4Q1 9	2019	1Q2 0	2Q20	3Q2 0	4Q2 0	2020
Retail Sales Index* (yoy, %)	-5.0	-3.4	-10.1	-40.7	-8.6	-4.6	-15.8
Value Added Per Worker** (yoy, %)	-0.4	-0.2	-1.3	-11.9	-2.5	2.4	-3.4
Value Added Per Actual Hour Worked** (yoy, %)	-1.9	-1.3	-3.1	2.4	2.2	4.0	1.3
Unemployment Rate, SA (%)	2.3	2.3	2.4	2.8	3.6	3.2	3.0
Changes in Employment ('000)	21.6	69.7	-25.4	-113.5	-34.4	-13.4	-186.6
Overall Unit Labour Cost (yoy, %)	1.6	2.3	1.1	-18.0	-10.2	-10.7	-9.1
Unit Business Cost of Manufacturing (yoy, %)	0.3	-4.7	-7.4	-16.2	-17.1	-16.7	-14.4
Consumer Price Index (yoy, %)	0.6	0.6	0.4	-0.7	-0.3	-0.1	-0.2
Fixed Asset Investments (\$ bil)	6.9	15.2	10.3	1.9	2.1	3.0	17.2
Total Merchandise Trade (yoy, %)	-5.3	-3.2	3.4	-13.9	-4.8	-5.1	-5.2
Merchandise Exports	-4.3	-4.2	4.0	-11.4	-2.2	-2.9	-3.2
Domestic Exports	-11.5	-10.5	4.9	-16.2	-5.1	-10.3	-6.8
Oil	-21.5	-12.9	3.9	-53.3	-29.1	-30.6	-28.1
Non-Oil	-5.7	-9.2	5.4	5.8	6.5	-0.5	4.3
Re-exports	2.8	2.3	3.2	-6.9	0.3	3.4	0.1
Merchandise Imports	-6.3	-2.1	2.6	-16.6	-7.6	-7.6	-7.4
Total Services Trade (yoy, %)	6.6	5.7	-3.0	-21.4	-16.3	-16.3	-14.3
Exports of Services	9.0	6.2	-3.3	-19.1	-14.1	-13.8	-12.7
Imports of Services	4.2	5.2	-2.7	-23.7	-18.7	-18.9	-16.1

* In chained volume terms.

** Based on GDP at market prices in chained (2015) dollars.

According to the World Bank's 2021 report, Singapore ranked as the best country in the world in terms of human capital development in 2020. Labor Market Advance in its research indicates that in 2020 the employment rate of the population increased in the country. Singapore's labor market will be critically low by 2021. Experts predict uneven recovery and widening of the gap between the incomes of different groups of the population and the gap in national income. Social problems are growing in the country, income inequality and social tension are increasing due to overcrowding, high competition for employment and housing, a shortage of high-skilled labor, an ageing population and mistrust of immigration.

1.2. Structural trends in the economy of Singapore

The Government has succeeded in ensuring the global competitiveness of Singapore by supporting higher value-added industries in the manufacturing and service sectors. The priority sectors are financial services, telecommunications, power generation and retail. Work with foreign service providers and competition are supported. The government is also limiting wage increases to keep inflation from rising, and vacating unused buildings to control commercial rents. This helps to reduce the cost of doing business in Singapore and avoid situations when, for example, in 2006 the rent for offices in the central business district increased by 3 times.

The banking sector is well developed in Singapore. The country is called “Switzerland of Asia”. Singapore is one of the world's financial centers. Banks offer corporate bank account services of the highest level. These are foreign exchange transactions, internet banking, telephone banking, checking accounts, savings accounts, debit and credit cards, term deposits and money management services (Oswin, 2019).

In the 2020 Global Financial Centers Index, Singapore was ranked 6th among the most competitive financial centers in the world and 4th in Asia. Singapore has attracted assets previously held in Swiss banks due to the emergence of new taxes on Swiss accounts and the weakening of Swiss bank secrecy. Credit Suisse, the second largest Swiss bank, relocated its head of international private banking to Singapore in 2005.

The biotechnological industry is well developed in the country. Large investments of the state and the private sector were aimed at developing infrastructure, financing research and development, and attracting leading world scientists to Singapore. Leading pharmaceutical companies GlaxoSmithKline (GSK), Pfizer, Merck & Co. opened factories in Singapore. In 2006, GSK invested S \$ 300 million to build the first pediatric vaccine plant in Asia. Pharmaceuticals now account for over 8% of the country's industrial production.

Energy and infrastructure play an important role in the Singapore economy. Singapore is the hub for oil pricing and trading in Asia. The oil industry accounts for 5% of Singapore's GDP. The country is one of the largest export centers for oil refining in the world. The development of the oil industry resulted in a leap forward in the chemical industry and the production of oil and gas equipment. Singapore provides 70% of the world market for jack-up rigs, floating storage re-equipment for offloading. It owns 20% of the world ship repair market (Oswin, 2019).

The Singapore government also owns 90% of the country's land, as well as housing, which is home to 80% of the population.

Tourism is important in the development of the country's economy. Singapore is one of the most visited cities in the world.

The main sectors of the Singapore economy make the largest contribution to economic growth. These are electronics, petrochemicals, trade, finance and business services. The agricultural sector is very poorly developed due to the lack of natural resources. The country grows orchids, vegetables and fish for aquariums. The contribution of the agricultural sector to GDP in 2019 is very low (0%), as is the employment rate (0.7%), according to the World Bank. Singapore aims to enhance food independence through the establishment of a new aquaculture center. In 2019, the growth rate of agricultural production was 5.1%. To ensure the country's food security, the Singapore Food Agency (SFA) was created in 2019. There are no mineral resources in Singapore.

Table 1.4 shows the employment and value added by sector in the economy of Singapore.

Table 1.4

The employment and value added by sector in the economy of Singapore in 2020

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector (in % of Total Employment)	0.7	15.2	84.1
Value Added (in % of GDP)	0.0	24.5	70.4
Value Added (Annual % Change)	5.1	-0.7	1.3

Source: World Bank

Singapore's economy is highly industrialized, according to the World Bank in 2020. The share of industry in GDP is 24.5%, and in employment, industry provides 15.2% of jobs. The industry is dominated by electronics and petrochemicals, including biomedical sciences, logistics and transport engineering (GuideMe Singapore).

The share of the service sector in GDP is 70.4%. In 2020, it employed 84.1% of the country's labor force. Among the most developed and widespread services are trade, business services, transport, communications and financial services (Barr, 2019).

The Port of Singapore is the most important regional trade center that ensures the country's global competitiveness. In terms of container handling, it ranked second after Hong Kong in 2019.

Singapore's budgets for 2019 and 2020 included a reduction in the quota for foreign workers by tightening the cap on the Dependency Ratio Ceiling (DRC) or the proportion of foreign workers employed by firms. Therefore, the growth rate of the service sector decreased and in 2019 amounted to 1.3%. Growth in transportation, warehousing, health care and social services did not offset the decline in recreational services, consumer services and education.

1.3. Current situation of service sector in Singapore and the perspectives of economic growth

The COVID-19 pandemic has had a profound impact on the global economy in 2020, affecting key sectors of the Singapore economy. The service sector was particularly

affected. The impact of the pandemic has affected most sectors and markets in Singapore, affecting the agriculture, industrial and service sectors (Jones, Comfort, 2020).

That's why we are interested in the research of the impact of global pandemic to the development of economic sectors. Table 1.5 shows the sectoral growth rates in the economy of Singapore.

Table 1.5

Sectoral growth rates in Singapore

	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020
Year-on-Year % Change							
Total	1.3	1.3	0.0	-13.3	-5.8	-2.4	-5.4
Goods Producing Industries	-2.9	-0.9	6.7	-10.0	1.1	3.9	0.3
Manufacturing	-4.0	-1.5	8.3	-0.4	11.0	10.3	7.3
Construction	2.4	1.6	-0.3	-65.6	-52.5	-27.4	-35.9
Services Producing Industries	2.6	2.0	-1.9	-12.7	-8.3	-4.7	-6.9
Wholesale Trade	-1.5	-0.8	-3.8	-3.0	-5.0	1.8	-2.4
Retail Trade	-4.8	-2.4	-10.4	-41.3	-8.6	-4.7	-16.0
Transportation & Storage	0.3	0.2	-7.4	-37.5	-29.0	-27.4	-25.4
Accommodation	0.7	0.1	-39.8	-35.5	-20.5	-19.7	-28.7
Food & Beverage Services	-1.8	0.3	-11.8	-45.9	-24.1	-19.0	-25.1
Information & Communications	13.0	12.1	5.2	-0.8	1.4	2.6	2.1
Finance & Insurance	9.1	7.8	8.1	3.1	4.2	4.9	5.0
Real Estate	-0.1	-1.6	-2.1	-26.4	-17.7	-10.8	-14.2
Professional Services	2.3	5.4	-3.7	-16.8	-10.7	-7.5	-9.7
Administrative & Support Services	-4.1	-10.5	-4.4	-20.7	-19.4	-14.9	-15.1
Other Services Industries	4.4	3.6	-3.4	-18.0	-8.7	-5.7	-8.9
Quarter-on-Quarter Growth % (SA)							
Total	0.1	1.3	-0.6	-13.1	9.0	3.8	-5.4
Goods Producing Industries	-1.1	-0.9	7.9	-15.4	11.9	1.8	0.3
Manufacturing	-1.0	-1.5	10.5	-7.6	9.7	-1.4	7.3
Construction	1.5	1.6	-1.5	-65.6	37.5	55.6	-35.9
Services Producing Industries	0.3	2.0	-3.2	-10.4	5.5	4.1	-6.9
Wholesale Trade	-1.5	-0.8	-0.4	-0.2	-2.7	5.2	-2.4
Retail Trade	-3.2	-2.4	-5.5	-35.5	54.9	0.8	-16.0
Transportation & Storage	0.7	0.2	-7.9	-32.0	12.4	3.4	-25.4
Accommodation	1.3	0.1	-40.4	5.3	25.2	2.3	-28.7
Food & Beverage Services	-0.2	0.3	-10.6	-38.9	38.9	6.7	-25.1
Information & Communications	3.0	12.1	-4.9	-2.8	6.4	4.2	2.1
Finance & Insurance	3.1	7.8	1.5	-1.4	0.9	3.8	5.0
Real Estate	0.9	-1.6	-1.9	-25.7	12.3	8.8	-14.2
Professional Services	-0.2	5.4	-4.1	-13.1	7.5	3.1	-9.7
Administrative & Support Services	-0.8	-10.5	-4.9	-16.4	1.9	4.4	-15.1
Other Services Industries	1.2	3.6	-5.8	-14.8	12.5	4.5	-8.9

Source: Department of Statistics (DOS) (www.singstat.gov.sg)

In the beginning of 2021 the Ministry of Trade and Industry (MTI) announced the main indicators of the economic performance of industries and sectors in Fourth Quarter 2020.

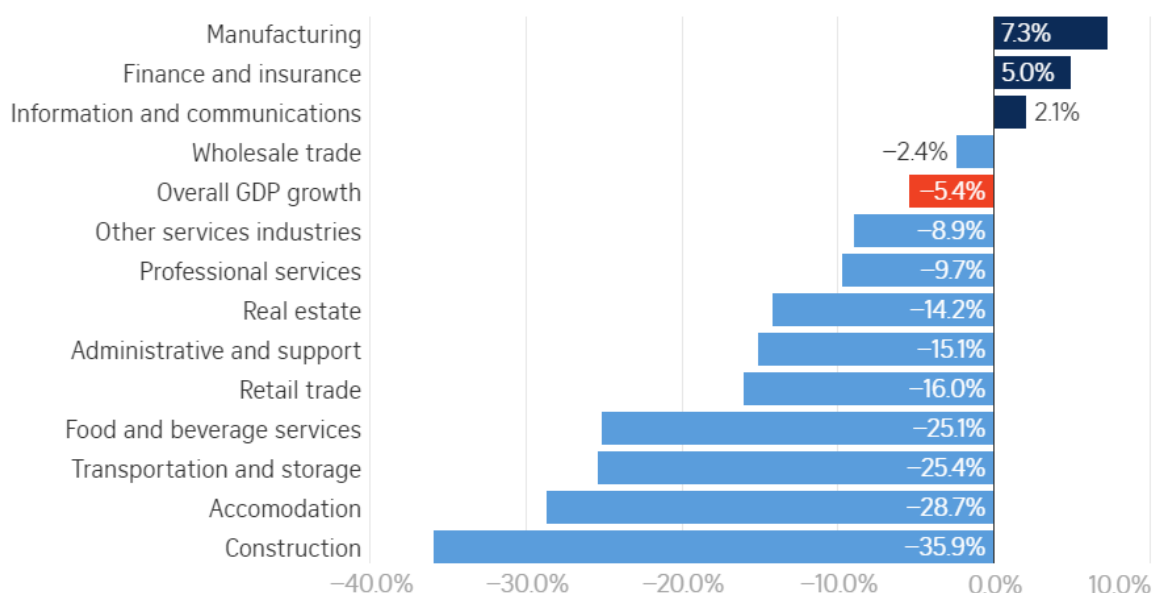


Fig. 1.2. How the different sectors of Singapore's economy fared in 2020

Source: Ministry of trade and industry

The manufacturing sector grew by 10.3% YoY and 11.0% in the third quarter. The main factors behind the growth of the manufacturing industry were the development of electronics, biomedicine, precision engineering and the chemical industry. At the same time, the growth rate of the transport engineering industries and general production decreased. Analyzing quarterly data, the manufacturing sector contracted 1.4% in the 4th quarter, which is a pullback from the 9.7% growth in the 3rd quarter.

The construction growth rate was 27.4% in 2020. The reason for this was the reduction in the public and private construction sector. However, this percentage was higher compared to a 52.5% fall in the third quarter of 2020. On a quarterly basis, the construction growth rate was 55.6% in the 4th quarter, exceeding the 37.5% growth in the 3rd quarter.

Singapore's wholesale trade grew by 1.8% in 2020, but contracted 5.0% in the third quarter. The growth was driven by the expansion of the machinery, equipment and consumables segment. The main growth drivers were the improvement in the indicators of wholesale trade in telecommunications equipment and computers, especially mobile equipment. On a quarterly basis, wholesale trade rebounded to 5.2% in the 4th quarter of

2020. Against the background of a 2.7% decline in the previous quarter, this figure looks positive.

Retail trade growth slowed 4.7% in 2020, down from an 8.6% decline in the third quarter. The reasons for the decline in retail trade were the decline in sales of non-motor vehicles and automobiles. On a quarterly basis, retail growth was only 0.8% in the 4th quarter compared to 54.9% in the 3rd quarter.

The decline in the transportation and storage sector was 27.4% in 2020 and 29.0% in the third quarter. The crisis in the air transport sector was triggered by a global pandemic, as the number of passengers served at Changi Airport dropped dramatically. International travel has also been restricted around the world. In the water transport sector, the problem of reducing the volume of handled sea cargo has been added. On a quarterly basis, the sector grew at 3.4% in the 4th quarter, up from 12.4% in the 3rd quarter.

The growth rate of the accommodation sector was negative in 2020 and amounted to -19.7%, while in the third quarter the decline was -20.5%. The reason for the negative growth rate was a decrease in the number of tourists due to the global pandemic due to travel restrictions and a decrease in demand for tourism and hospitality services. On a quarterly basis, the growth rate was 2.3% in the 4th quarter, down from the 25.2% growth recorded in the 3rd quarter.

The food and beverage services sector contracted 19.0% in 2020, compared with a 24.1% decline in the third quarter (Barr, 2019). All sectors in the sector experienced declines in sales, in part due to the pandemic's restrictions and the closure of some businesses to serve customers. On a quarterly basis, the sector grew 6.7% in the 4th quarter, continuing 38.9% growth in the 3rd quarter.

The growth rate of the information and communications sector was 2.6% in 2020, higher than the 1.4% recorded in the 3rd quarter. The IT and information services segment showed the fastest growth as the demand for IT solutions and developments continued to grow worldwide. On a quarterly basis, the sector grew 4.2% after growing 6.4% in the 3rd quarter.

The growth rate of the finance and insurance sector was positive and amounted to 4.9% in 2020 compared to 2019, driven by growth in sales of banking and insurance

services. This is better than the 4.2% growth achieved in the third quarter. On a quarterly basis, the sector grew 3.8% in the 4th quarter comparing with 0.9% in the 3rd quarter.

The real estate sector contracted 10.8% in 2020 against a 17.7% contraction in the third quarter. The negative trends were mainly caused by the reduction in rents in the commercial and industrial real estate markets. On a quarterly basis, the sector grew by 8.8% in the 4th quarter, down from the 12.3% recorded in the 3rd quarter.

The decline in the professional services sector in 2020 was 7.5%, and in the 3rd quarter, the decline was 10.7%. The crisis has affected all segments of this sector. The largest losses were suffered by the segment of architecture and engineering, technical testing and analysis. The main reason is the reduction in demand from construction companies in the country. On a quarterly basis, the sector grew by 3.1% in the 4th quarter, down from the 7.5% growth recorded in the 3rd quarter.

The growth rate of the administrative and support services sector was negative at 14.9% in 2020, down 19.4% compared to the third quarter. The rental and leasing segment shrank due to lower demand for construction machinery and equipment, as well as equipment for air transport. The segment of administrative and support services decreased due to the decrease in business activity of tourism and MICE organizers. Compared to the 4th quarter of 2020, the sector grew by 4.4%, which is 1.9% more than in the previous quarter.

Other service industries declined 5.7% in 2020, after declining 8.7% in the 3rd quarter. Among the factors that negatively influenced the slowdown in the sector's growth were arts, entertainment and recreation, and others. The key reason that contributed to the decline in other service industries was the global coronavirus pandemic. In entertainment places, the number of tourists and visitors has decreased due to the introduction of quarantine measures due to the COVID-19. On a quarterly basis, the sector grew by 4.5% in the 4th quarter, compared with 12.5% growth in the previous quarter.

With the global economic recovery following the COVID-19 crisis, Singapore is also expected to grow throughout the year. However, experts give different forecasts for different sectors of the Singapore economy (Jones, Comfort, 2020). Sectors dependent on foreign trade, including services, trade (for example, wholesale and water transport), will

benefit from increased external demand. The manufacturing sector will grow due to the increased demand for semiconductors from 5G and the automotive market, which is the driver of the country's economic growth. At the same time, the sectors of information and communication, as well as finance and insurance are expected to grow steadily. Business demand for IT developments and digital solutions, as well as services for processing loans and payments, will increase significantly after the crisis (Oswin, 2019).

Not all sectors of Singapore's national economy will benefit from the recovery. Tourism and aviation (such as hospitality and air transport) will grow at a slower pace due to the slower lifting of global travel restrictions, as well as low demand for travel services. Business activity in these sectors will still be at a lower level compared to the pre-crisis period, even by the end of 2021 (Barr, 2019).

Consumer-oriented sectors (such as retail, food and beverage services) will grow due to increased consumer demand and improved labor market conditions, increased employment and reduced unemployment. However, the growth rate in the restaurant business will continue to be slower due to restrictions and quarantine measures in the restaurant business and trade, which will reduce the income of enterprises in this sector. In general, the incomes of enterprises in the considered sectors will not yet exceed the pre-crisis level by the end of 2021.

MTI's official forecast for the construction, marine & offshore engineering sectors is not very favorable. Business recovery in 2021-2022 at construction sites and shipyards will continue to be slow due to demands for safe management measures. Recovery in these two sectors is expected to be slow due to a sharp cut in construction contracts in 2020 and the global oil and gas market crisis.

The results of analysis help us to make a conclusions and consider the strengths and weaknesses of the Singapore's economy (table 1.6).

Table 1.6

The strengths and weaknesses of the Singapore's economy

Strengths	Weaknesses
– most sectors of the economy are characterized by high non-price competitiveness;	– dependence of the economy on foreign trade (energy and food);

<ul style="list-style-type: none"> – a highly developed and investment-attractive service sector that occupies a leading position in the world; – industrial sectors of the country produce goods with high added value (innovative technologies, financial sector, chemical and pharmaceutical industries); – a large goods transport and trading hub (air and sea), a world financial center; – support for foreign direct investment through tax incentives, low corruption, political stability and a favorable investment climate; – major exporter of capital in Asia. 	<ul style="list-style-type: none"> – low diversification of the economy, especially the service sector; – shortage of natural resources; – high qualification of workers, lack of housing, aging of the population; – dependence of the economy and trade on the state of the Chinese economy and geopolitical tensions between the United States and China.
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Source: developed by author

Weaknesses of the Singapore's economy that a foreign investor needs to consider:

The main indicators of economic development allow us to conclude that in 2020 the growth rate of the Singapore economy was negative and amounted to -5.4%. At the same time, in 2019 there was an increase of 0.7%. Priority sectors of the Singapore economy suffered losses due to the global coronavirus pandemic.

The manufacturing sector grew 7.3% in 2020, compared with a 1.5% decline in 2019. The growth factors were the development of biomedical production, electronics and precision engineering.

The construction sector contracted by 35.9% in 2020, which is critical against the background of 1.6% growth in 2019. The main factors of the crisis in the construction sector are the decrease in demand from the state and business for construction services.

Service industries declined 6.9% in 2020, down from 2.0% growth in 2019. In most service sectors, business activity decreased in 2020 due to the global COVID-19 pandemic. At the same time, the sectors of finance and insurance and information and communications received positive growth, which grew by 5.0% and 2.1%, respectively.

MTI and IMF forecast the recovery after the global coronavirus crisis in 2021-2022, especially for manufacturing sector, information and communications sectors and other sectors dependent on foreign trade, including services, retail trade. Such sectors as

hospitality and air transport, restaurant business will recover more slowly due to the continuing quarantine measures in the country.

SECTION 2

FOREIGN ECONOMIC ACTIVITY OF SINGAPORE: INTERNATIONAL TRADE AND CAPITAL MOVEMENT

2.1. Main trends in international trade in Singapore

Singapore is a highly developed country with extensive foreign trade ties with the world's leading countries. According to the World Bank, Singapore's international trade accounted for 319.1% of its GDP in 2019 (fig. 2.1). Singapore is ranked 16th among importers and 15th in the world in terms of exports, according to a 2020 WTO report.

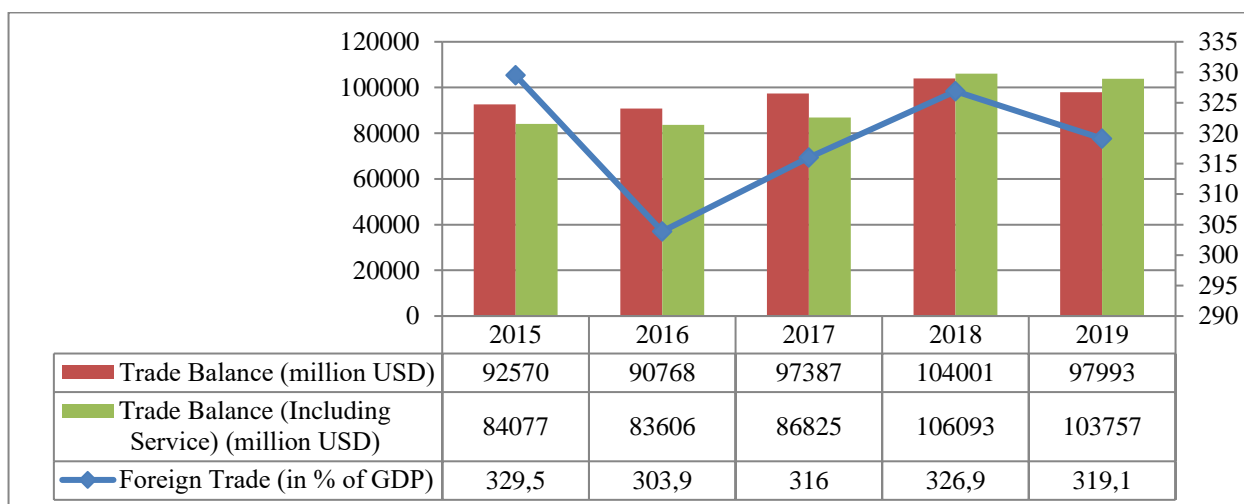


Fig. 2.1. The trade balance of Singapore

Source: World Bank

Analyzing the latest available year, Singapore Trade Balance recorded a surplus of 5.9 USD bn in Mar 2021, compared with a surplus of 4.7 USD bn in the previous month. Singapore Trade Balance data is updated monthly, available from Jan 1976 to Mar 2021, with an average value of 43.9 USD mn. The data reached an all-time high of 6.0 USD bn in Dec 2011 and a record low of -1.3 USD bn in Oct 1993 (MTI, 2021).

Fig.2.2 contains the Singapore trade balance in 2020-2021.

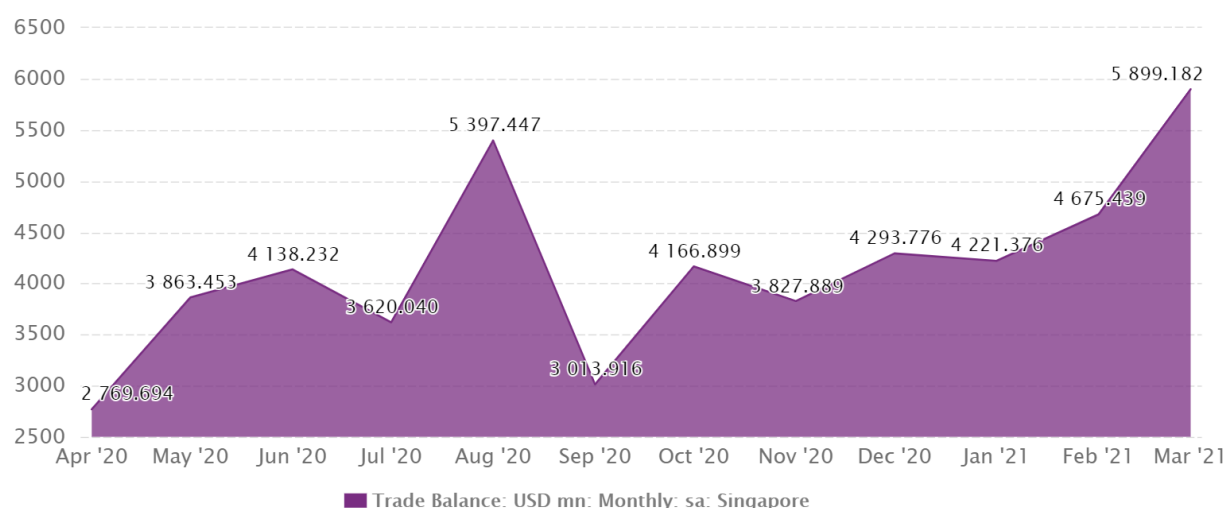


Fig. 2.2. The Singapore trade balance in 2020-2021, USD million

Source: <https://www.ceicdata.com/en/indicator/singapore/trade-balance>

In 2019, Singapore's exports of goods and services reached 173.5% of GDP, while imports accounted for 145.6% of GDP (fig. 2.3, 2.4). The country has a positive trade balance of US \$ 103.7 billion in 2019 (MTI, 2021).

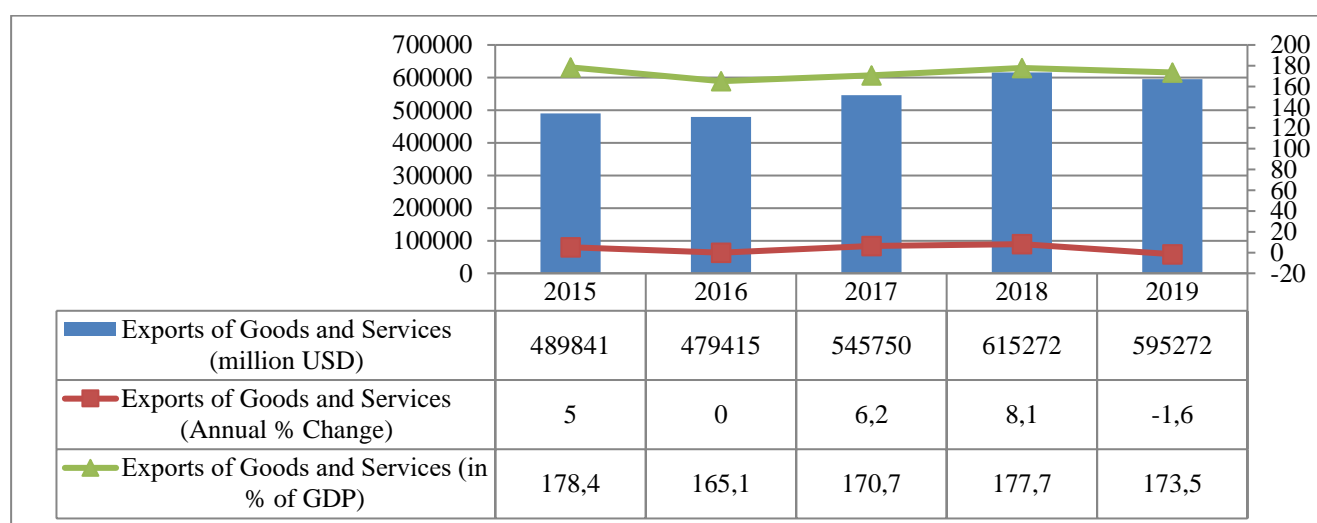


Fig. 2.3. Exports of goods and services in Singapore

Source: World Bank, WTO

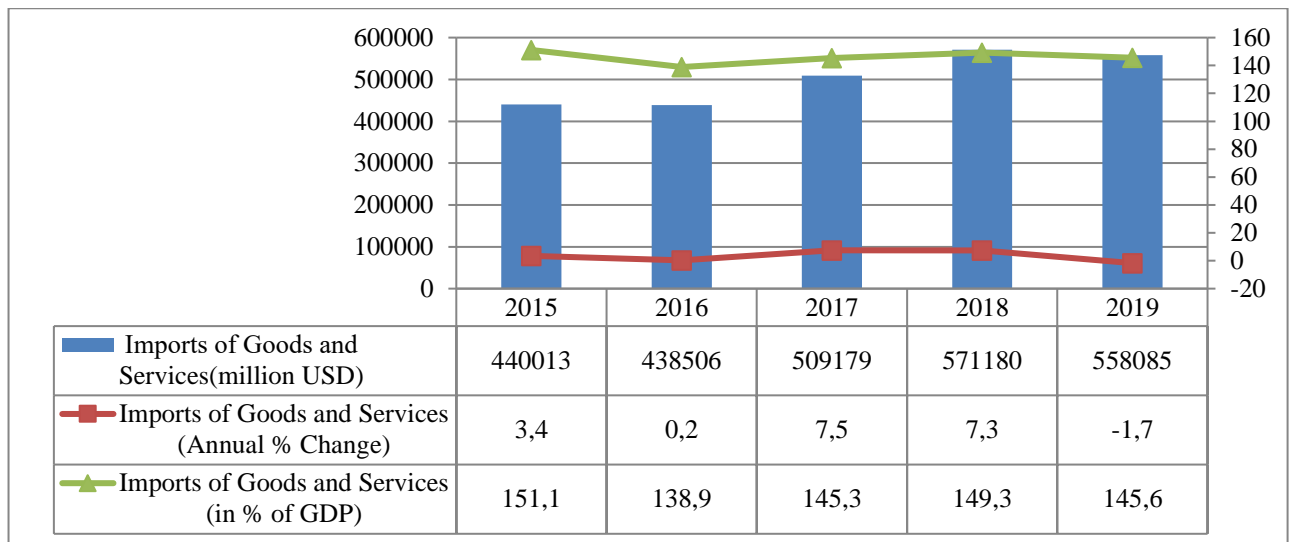


Fig. 2.4. Imports of goods and services in Singapore

Source: World Bank, WTO

According to IMF forecasts for 2021, Singapore's export volumes are expected to decline by 5.6%, against the background of a 5.9% fall in 2020. Experts predict a 4.6% increase in imports in 2021 after falling 5.7% in 2020 due to the COVID pandemic (MTI, 2021).

The forecasts of main indicators of foreign trade in Singapore are shown in fig. 2.5.

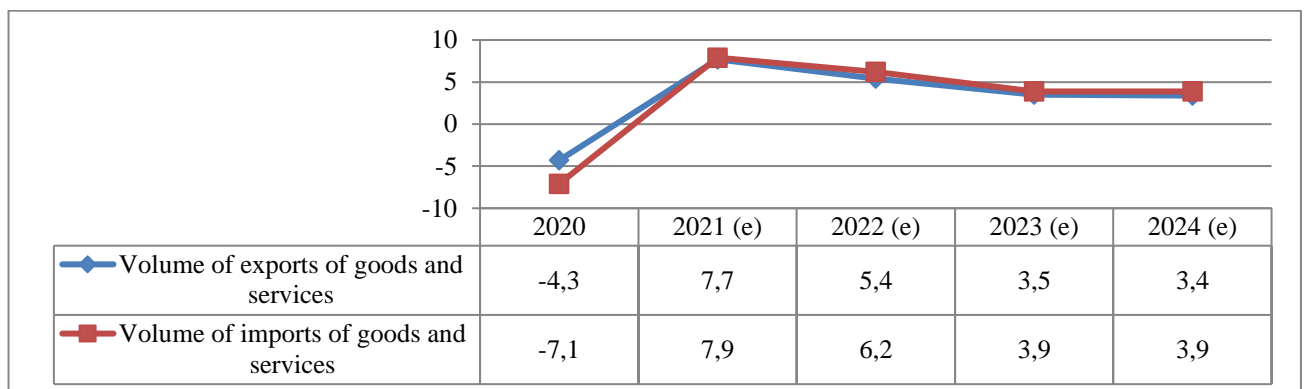


Fig. 2.5. The forecasts of main indicators of foreign trade in Singapore, annual % change

Source: IMF, World Economic Outlook

Note: (e) Estimated Data

The main foreign trade values of Singapore (fig. 2.6) demonstrate the stable growth of trade values during last 5 years.

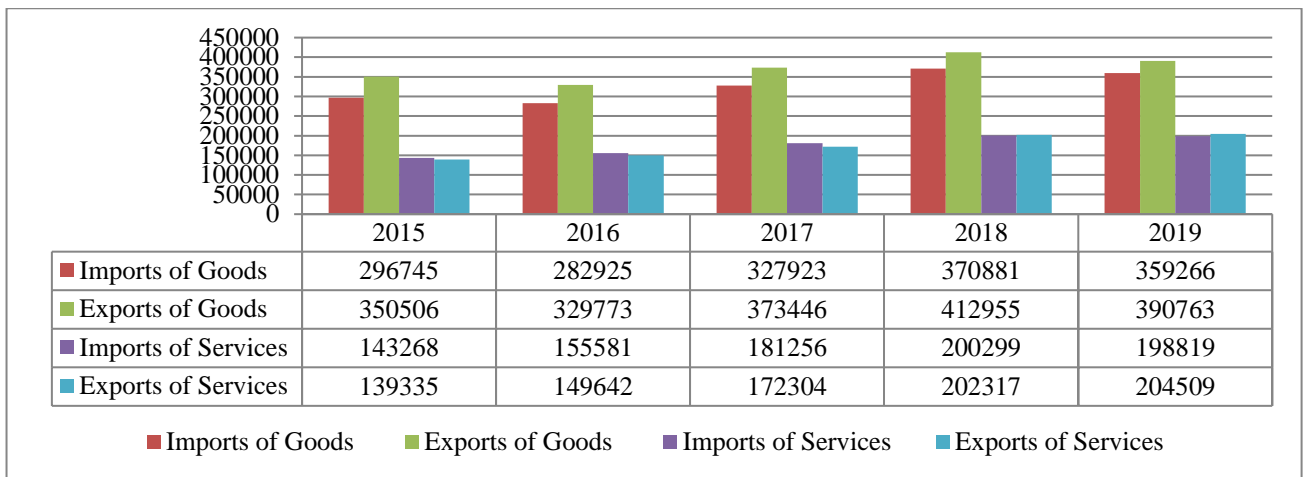


Fig. 2.6. The main foreign trade values of Singapore, million USD

Source: WTO

Export and import figures point to stable growth over the past 5 years. There is also a predominance of exports over imports, and a predominance of trade in goods over trade in services. 2019 was a rather tense year for Singapore's international trade, as can be seen from the dynamics of the value of exports and imports (Figure 2.6). The contraction in Singapore's trade and exports in 2019 was driven by volatile global trade and weaker demand for electronics. Singapore's exports increased in December 2019, driven by a surge in pharmaceutical trade (MTI, 2021).

In the latest reports, Singapore Total Exports reached 39.6 USD bn in Mar 2021, an increase of 18.1 % year on year. Total Imports recorded 33.7 USD bn in Mar 2021, an increase of 14.4 % year on year.

Singapore's international trade development strategy aims to support exports and reduce barriers to imports.

The government of the country has concluded a number of trade agreements to facilitate trade of participants in foreign economic activity - exporters and importers (Table 2.1).

Singapore has entered into the Asian Free Trade Area agreements (AFTA in the ASEAN context), the Trans-Pacific Partnership (TPP) and several bilateral agreements. According to the terms of foreign economic cooperation, it is planned to eliminate customs duties between Singapore and the EU after the signing of the Free Trade Agreement between the EU and Singapore (European Union-Singapore FTA).

Table 2.1

International trade agreements of Singapore

Economy	Agreement	Abbreviation	Concluded	Signed	Effective
Australia	Comprehensive Strategic Partnership	CSP	6 May 2016	2015	
New Zealand	Agreement between New Zealand and Singapore on a Closer Economic Partnership	ANZSCEP	18 August 2000	14 November 2000	1 January 2001
European Free Trade Association	Agreement between the EFTA States and Singapore	EFTA-Singapore FTA	11 April 2002	26 June 2002	1 January 2003
Japan	Japan–Singapore Economic Partnership Agreement	JSEPA	October 2001	13 January	
United States	United States-Singapore Free Trade Agreement	USSFTA	19 November 2002	6 May 2003	1 January 2004
Jordan	Singapore Jordan Free Trade Agreement	SJFTA	29 April 2004	16 May 2004	
Brunei	Trans-Pacific Strategic Economic Partnership Agreement	Trans-Pacific SEP		August 2005	1 January 2006
Chile				18 July 2005	
New Zealand				18 July 2005	
India	India – Singapore Comprehensive Economic Cooperation Agreement	India-Singapore CECA	November 2004	29 June 2005	1 August 2005
Korea	Korea-Singapore Free Trade Agreement	KSFTA	28 November 2004	4 August 2005	End 2005
Peru	Peru-Singapore Free Trade Agreement	PesFTA	September 2007	29 May 2008	Early 2009
Sri Lanka	Sri Lanka-Singapore Free Trade Agreement	Sri Lanka-Singapore FTA	2016	23 January 2018	Mid 2018

Singapore has 14 bilateral and 10 regional free trade agreements (FTA) currently in force. Singapore also signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

The most significant threat to Singapore's foreign trade is the US withdrawal from the Trans-Pacific Partnership in January 2017. The formal signing of the agreement, excluding the United States, took place in March 2018.

An important event in the development of global trade was the signing of the Regional Comprehensive Economic Partnership (RCEP) between Singapore and 14 other countries of the Indo-Pacific region on November 15, 2020. The Free Trade Agreement

became the most important trade agreement in history, covering 30% of the global economy (MTI, 2021).

Among the members of the agreement are the ASEAN countries (Singapore, Brunei, Malaysia, Cambodia, Laos, Myanmar, Indonesia, Philippines, Thailand, and Vietnam) and ASEAN partners in the free trade agreement (China, India, Japan, Australia, New Zealand and the Republic of Korea). RCEP regulates trade in goods, services, investments, as well as economic and technical cooperation. As part of the trade agreement, new rules have been formed for e-commerce, intellectual property, government procurement, competition, as well as for small and medium-sized enterprises (Oswin, 2019).

Next, we analyze the main goods and services of exports and imports of Singapore (fig. 2.7, 2,8).

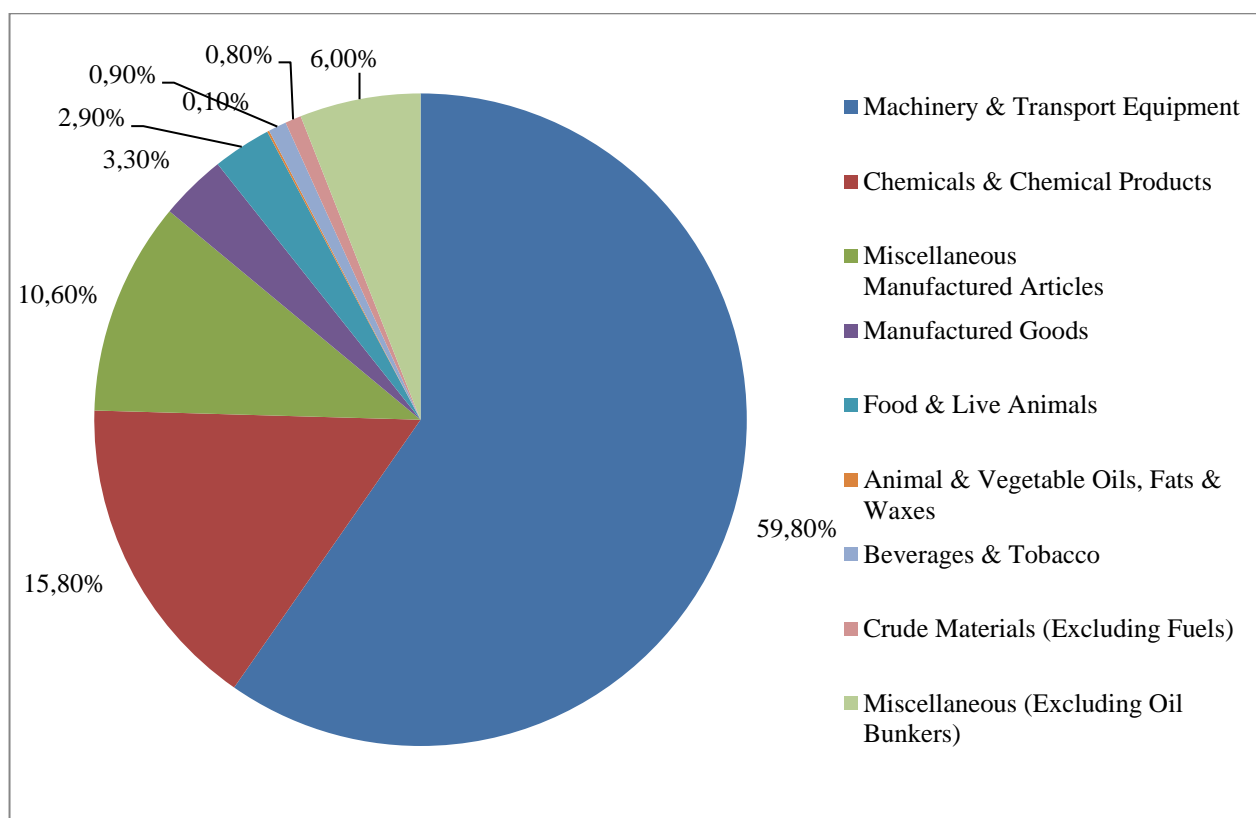


Fig. 2.7. The structure of export of goods in Singapore in 2020

Source: Department of Statistics of Singapore, 2021. <https://www.singstat.gov.sg/>

The main products and services, that Singapore exports include, are electronic integrated circuits and micro-assemblies, electrical machinery and equipment, and mineral fuels. Chemicals, optical and medical equipment, transport, business services,

travel and financial services also account for an important part in the structure of exports. Singapore's most significant imports and services are integrated circuits, refined petroleum, electrical machinery / equipment, turbojet and turboprop engines, business services, transportation services, travel services, royalties and license fees.

Non-oil merchandise trade by major commodity sections was focused on exports of Machinery & Transport Equipment (59,80% in total exports in 2020), Chemicals & Chemical Products (15,80%), Miscellaneous and Manufactured Articles (10,60%) (MTI, 2021).

These commodities provide large part of imports of Singapore in 2020: Machinery & Transport Equipment - 61,30% in total exports, Chemicals & Chemical Products - 10,00%, Miscellaneous and Manufactured Articles - 9,90% (MTI, 2021).

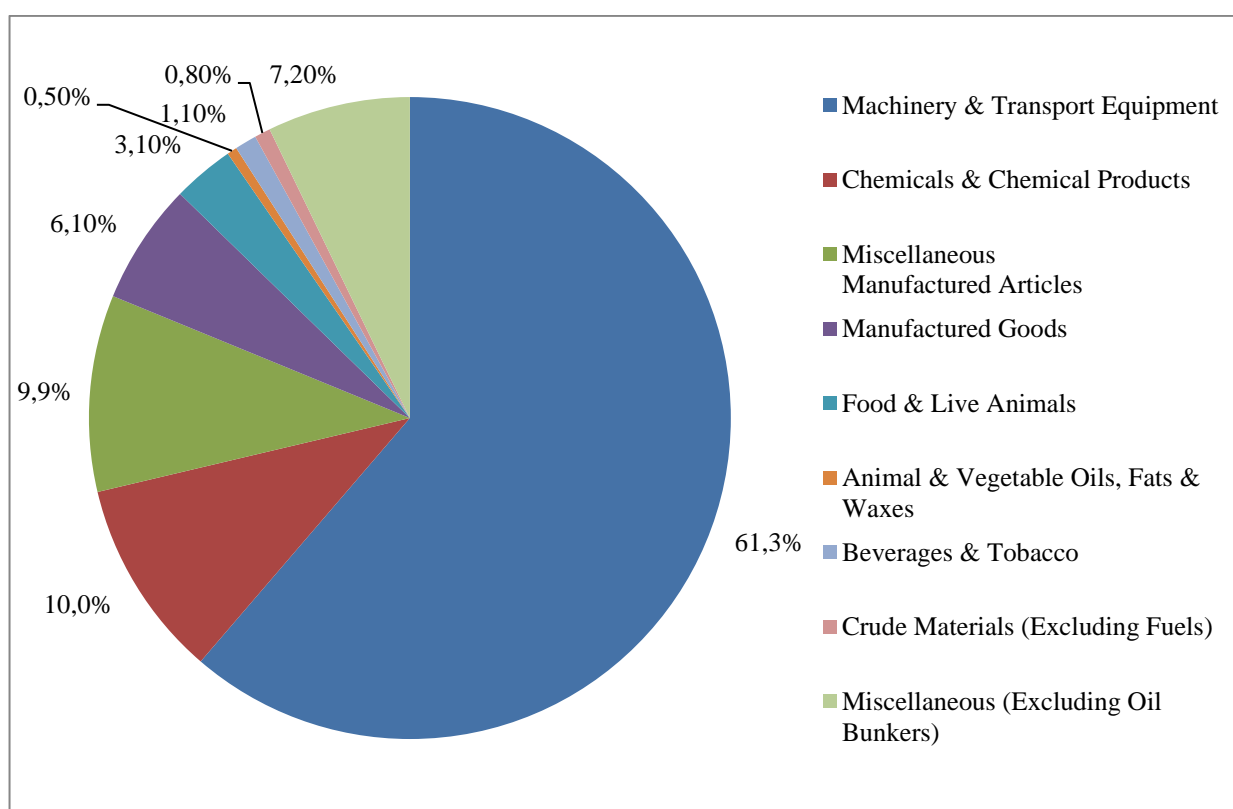


Fig. 2.8. The structure of import of goods in Singapore in 2020

Source: Department of Statistics of Singapore, 2021. <https://www.singstat.gov.sg/>

The conducted analysis demonstrated that the major commodity sections - Machinery & Transport Equipment, Chemicals & Chemical Products, Miscellaneous,

Manufactured Articles provide 86.1% of non-oil merchandise exports in 2020 and 81.2% of non-oil merchandise imports in 2020 (MTI, 2021).

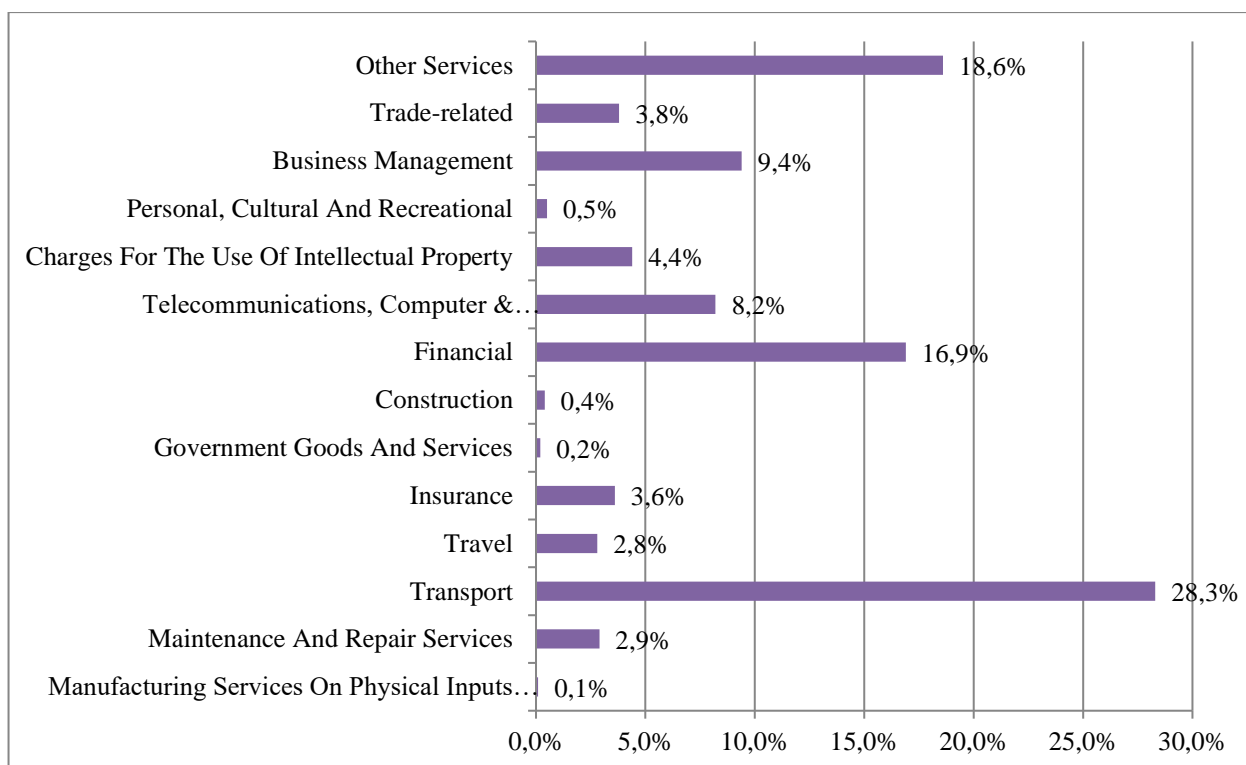


Fig. 2.9. The main services of export of Singapore in 2020

Source: Department of Statistics of Singapore, 2021. <https://www.singstat.gov.sg/>

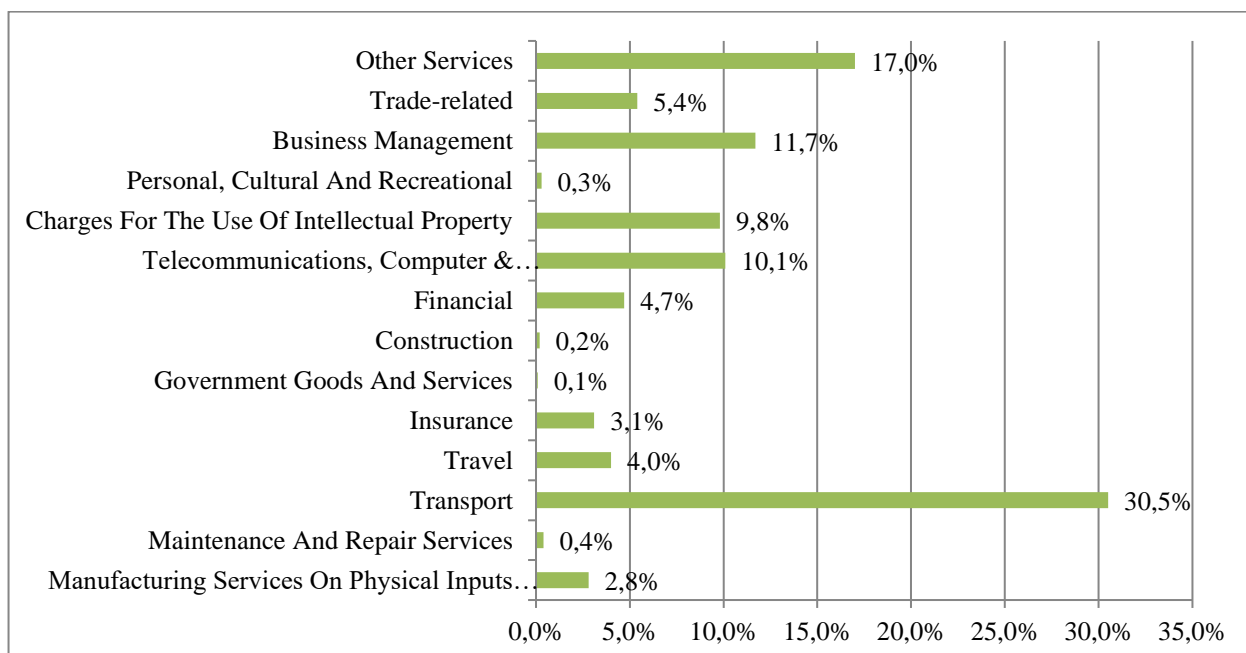


Fig. 2.10. The main services of import of Singapore in 2020

Source: Department of Statistics of Singapore, 2021. <https://www.singstat.gov.sg/>

The conducted analysis demonstrated that the major services categories (transport, financial, business management services) in 2020 provided 46.9% of total imports and 54.6% of total exports of Singapore.

Next we consider the main partner countries of Singapore in 2020.

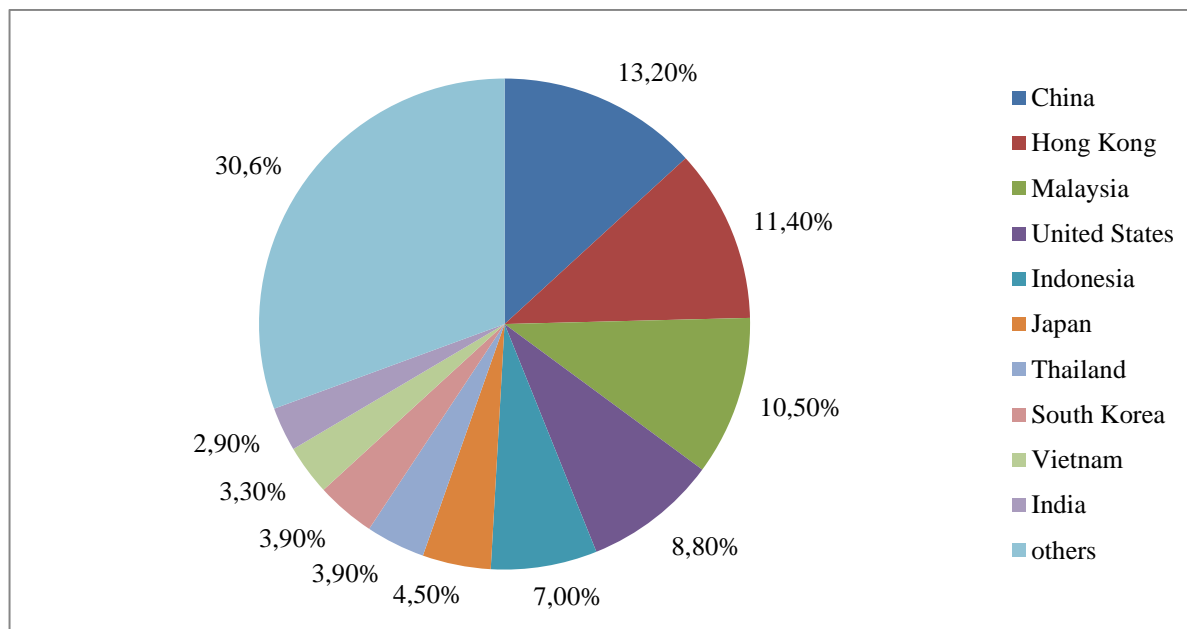


Fig. 2.9. The main customers of Singapore in 2020 (% of exports)

Source: Department of Statistics of Singapore, 2021. <https://www.singstat.gov.sg/>.

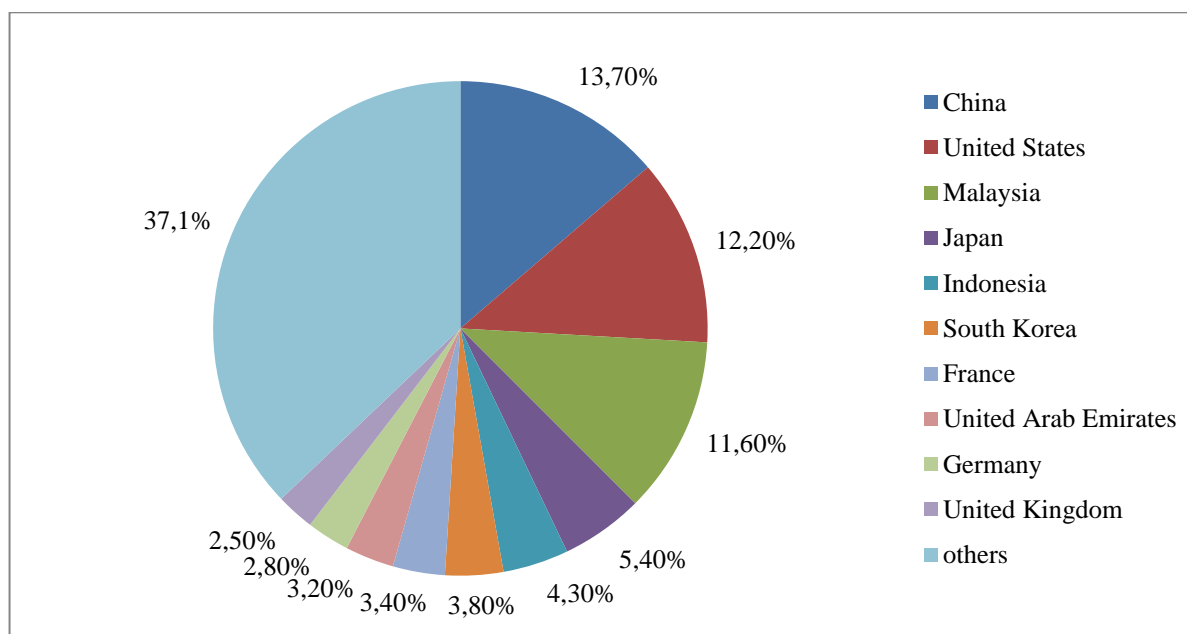


Fig. 2.10. The main suppliers of Singapore in 2020 (% of imports)

Source: Department of Statistics of Singapore, 2021. <https://www.singstat.gov.sg/>.

As we see from the figures, the main export destinations of Singapore are China, Hong Kong, Malaysia, the United States and Indonesia. The most important trade partners of imports are China, the United States, Malaysia, Japan and Indonesia (MTI, 2021).

It can be concluded from the analysis, Singapore's foreign trade is highly developed and contributes in the economic development of the country. The global trade relations and strong economy provide Singapore the competitive advantage in the world market. Despite the negative impact of the global pandemic on the dynamics of foreign trade, the prospects for its recovery and growth after the pandemic are very high. The country is characterized by a highly developed market and stable trade relations with the ASEAN countries. Singapore is a perspective trade and investment destination. Services in Singapore are attractive for foreign investors because of the high economic development and international trade.

2.2. Investment climate and the international investment position of Singapore

The Singapore Government's FDI policy is focused on market freedom and economic development. In Singapore, many businesses are state-controlled and state-owned. In February 2019, the three largest state-owned enterprises listed in Singapore accounted for 13.1% of the total capitalization of the Singapore Stock Exchange (SGX).

The investment attractiveness of Singapore is determined by the developed legislation and state policy of protecting the rights of foreign investors. Foreign investors are not required to form joint ventures or transfer control of management to local authorities and companies. All investors, regardless of residence, comply with the same laws that are equal for everyone (Hamnett, Yuen, 2019).

Singapore has restrictions on foreign investment in certain sectors that are important to the national security of the state. These sectors include telecommunications, broadcasting, domestic media, financial services, legal and accounting services, ports and airports, and property ownership. Legislation may restrict the ownership of shares in Singapore businesses by non-residents in the articles of incorporation. In some cases

investors are required to seek approval from government regulators for investments into certain industries.

There are no restrictions on the reinvestment or repatriation of income or capital in Singapore. The judiciary, which includes international arbitration and mediation centers and a commercial court, maintains the inviolability of contracts, and decisions are generally considered transparent and efficiently enforced.

Singapore's Economic Development Board (EDB) is the leading agency for the promotion of foreign investment in Singapore (<https://www.edb.gov.sg>). EDB promotes the interests of investors and develops investment cooperation between stakeholders, interacts with various companies, provides information on projects, government benefits and preferences for investors. The government interacts with investors through EDB, which also works with other government agencies such as Infrastructure Asia. This approach ensures the efficiency and competitiveness of infrastructure and public services (Oswin, 2019).

Singapore has an effective industrial policy and a system of investment incentives. The Agency for Science, Technology & Research (A * STAR) is a public sector agency of Singapore that conducts economic research to promote scientific discovery and innovative technologies. (<https://www.a-star.edu.sg>). The National Research Foundation (NRF) provides competitive grants for applied research through an integrated grant management system (<https://researchgrant.gov.sg/pages/index.aspx>). Various government agencies (including the Intellectual Property Office of Singapore (IPOS), NRF and EDB) provide venture capital co-financing for start-ups and the commercialization of intellectual property.

Singapore has 9 Free Trade Zones (FTZs) in 5 geographic areas, administered by three FTZ authorities. FTZs are focused on the transportation and logistics management of import and export cargo, as well as goods in transit. There is no production in the FTZ. Foreign and domestic companies have equal access to FTZ facilities (UNCTAD, 2020).

Property rights and interests are protected in Singapore. Real estate mortgages are available to residents. In the World Bank's 2020 Doing Business Report, Singapore ranks 1st in the world for contract enforcement and 21st for property registrations.

The country has a highly developed financial sector, capital markets and portfolio investments.

The government attracts foreign portfolio investment and investment in fixed assets. Since 2009, Singapore has implemented a policy aimed at reducing foreign speculative inflows into the real estate sector.

Singapore has a reputation in the global capital markets as a center for wealth and wealth management.

The Singapore government facilitates the flow of financial resources into the country. The country has created an effective system of state regulation to attract portfolio investments. Bank loans are available to foreign investors in currencies available on the financial market. Various loan and investment instruments are freely available in Singapore. The government does not restrict payments and transfers for current international transactions (Barr, 2019).

In Singapore, registration of business, management and sale are permitted to residents and non-residents according to certain requirements. When registering a business in Singapore, a foreign investor must hire a director who is a resident of the country. Foreigners can live in any country in the world. If a foreign investor and company owner wants to manage a company in Singapore, they must obtain permission from the Ministry of Manpower (MOM) prior to registration. Commercial companies have no restrictions on the conduct of profitable activities (Hamnett, Yuen, 2019).

All companies in Singapore are registered with the Accounting and Corporate Regulatory Authority (ACRA). The forms of enterprises available to foreign investors are: sole proprietorship, partnership, limited partnership, limited liability partnership, incorporated company, foreign company branch or representative office.

Singapore has implemented a simple and transparent online business registration scheme. All companies register with ACRA through Bizfile, a dedicated online registration and information retrieval portal (<https://www.bizfile.gov.sg/>). The processing of applications takes place immediately after payment of the application fee, but this can take from 14 to 60 days if the application is transferred to another agency for approval or

review. Registration of a limited liability company with foreign capital in Singapore is one of the fastest.

ACRA (www.acra.gov.sg) has a single window for business registration. To obtain additional regulatory approvals (for example, licenses), individual applications must be submitted to the relevant ministries or government agencies.

Additional information and business support for registering a branch of a foreign company can be obtained through the EDB (<https://www.edb.gov.sg/en/how-we-help/setting-up.html>) and GuideMeSingapore, a Hawksford corporate service firm (<https://www.guidemesingapore.com/>).

Foreign companies can rent private or public land and real estate in Singapore. Opening a bank account in foreign currency is permitted. There is no minimum paid-up capital, but at least one subscription share must be issued for a valid reward upon registration (Hamnett, Yuen, 2019).

At GER (ger.co), the online business registration process in Singapore received 7 out of 10 points in the online single window (<https://www.bizfile.gov.sg/>).

Singapore does not restrict local investors from investing in foreign companies. The government is promoting outward investment through Enterprise Singapore, a government council under the Ministry of Trade and Industry (MTI). It provides market information, business contacts, and financial assistance and grants for international companies. Enterprise Singapore is a global public authority that partners with overseas centers around the world. Most of its overseas centers are located with major trade and investment partners: China, India and ASEAN (Oswin, 2019).

Table 2.2 contains the main indicators of investment climate in Singapore.

In 2019, FDI inflows to the Singapore economy amounted to USD 92 billion, up from USD 79 billion in 2018. In 2019, the FDI stock was about USD 1.7 trillion. Singapore ranks 5th in the world in terms of FDI inflows after the United States, China, the Netherlands and Hong Kong (UNCTAD, 2020).

Table 2.2

The main indicators of investment climate in Singapore

Indicators of foreign direct investment	Period, years		
	2017	2018	2019
FDI Inward Flow (<i>million USD</i>)	83,604	79,738	92,081
FDI Stock (<i>million USD</i>)	1,393,445	1,536,089	1,697,556
Number of Greenfield Investments*	396	424	397
Value of Greenfield Investments (<i>million USD</i>)	17,116	16,175	6,820

Source: UNCTAD, World Investment Report 2020

Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Singapore is a major investor in the economies of the countries of the world, among which the most important are the countries of Asia. FDI outflows in 2019 amounted to USD 33 billion. The country today seeks to diversify the pool of investment partners and invests, in addition to Asian countries, in China, India and Vietnam (UNCTAD, 2020).

The United States, the Cayman Islands, the British Virgin Islands and the Netherlands are the most significant investors in the Singapore economy. The most priority sectors of the Singapore economy for investment are the financial and insurance sectors. These sectors account for 53.4% of all FDI stocks. Wholesale and retail trade and manufacturing are also attractive sectors for investment (UNCTAD, 2020).

Analyzing the latest available year, Singapore FDI increased by 15.4 USD bn in September 2020, compared with an increase of 19.1 USD bn in the previous quarter.

In the latest reports of Singapore, Current Account recorded a surplus of 16.7 USD bn in September 2020. Singapore Direct Investment Abroad expanded by 5.2 USD bn in Sep 2020. Its Foreign Portfolio Investment fell by 2.9 USD bn in September 2020. The country's Nominal GDP was reported at 83.4 USD bn in September 2020 (Department of Statistics of Singapore, 2021).

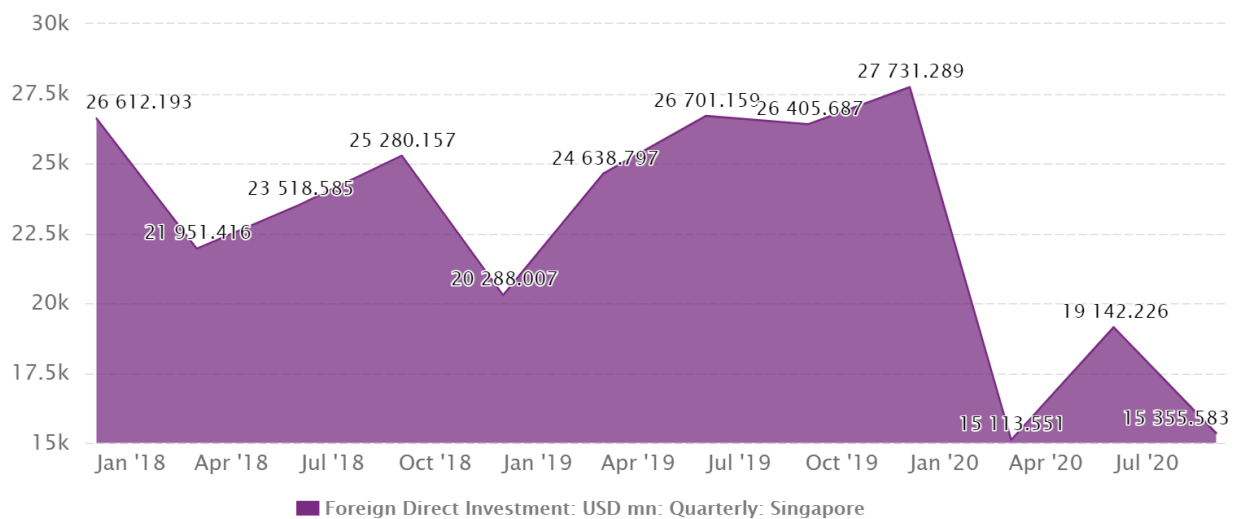


Fig. 2.11. The Singapore Foreign Direct Investment, USD million

Source: <https://www.ceicdata.com/en/indicator/singapore/foreign-direct-investment>

According to UNCTAD's latest Global Investment Trends Monitor, released on January 24, 2021, global FDI flows in 2020 fell 42% globally compared to 2019 and 31% in Southeast Asia. FDI in Singapore fell 37% in the same period due to a strong decline in cross-border mergers and acquisitions and a significant reduction in active investment projects from scratch. Singapore remains the largest recipient in the region.

2.3. Business climate of Singapore and substantiation of its attractiveness to Ukrainian investors

Singapore's economy is open and trade-oriented. The government of the country provides an open investment regime and support for a free market, stimulating economic development. The advantage of Singapore for a foreign investor is the transparency of the system of government regulation of business, the absence of corruption, fair laws, the tax system, simplified customs control procedures, protection of intellectual property and a strong infrastructure.

According to the World Economic Forum's 2019 Global Competitiveness Report, Singapore has the most competitive economy in the world. Singapore is the least corrupt

country in Asia and one of the least corrupt in the world. In the Transparency International Corruption Perceptions Index for 2018, Singapore was ranked fourth.

One of the key factors of growth of the Singapore economy is trade openness and a highly effective strategy to attract foreign direct investment. Since the first issue of the World Bank's Doing Business ranking in 2003, Singapore has always ranked 1st until 2018, when it dropped to 2nd after New Zealand (table 2.3). In 2020, Singapore was in 2nd place in the ranking. Access to credit resources for foreign investors, a simple and transparent system of government regulation, tax incentives, office and industrial commercial real estate, political stability and absence of corruption provide Singapore investment attractiveness all over the world.

Table 2.3

Key Metrics and Rankings of Singapore

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2019	4 of 175	http://www.transparency.org/research/cpi/overview
World Bank's Doing Business Report	2020	2 of 190	http://www.doingbusiness.org/en/rankings
Global Innovation Index	2019	8 of 129	https://www.globalinnovationindex.org/analysis-indicator
U.S. FDI in partner country (\$M USD, historical stock positions)	2018	218,835	http://apps.bea.gov/international/factsheet/
World Bank GNI per capita	2018	58,770	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

The procedures for obtaining licenses permits are as simple and regulated as possible. In 2019, it made it easier to obtain building permits and improved the risk-based inspection process to enforce contracts. The public has access to information on the requirements and processes for obtaining a building permit (Hamnett, Yuen, 2019).

Increased investment attractiveness was achieved through the US-Singapore Free Trade Agreement (USSFTA) on January 1, 2004. US enterprises gained access to markets for goods, services, investments and government procurement, received intellectual property protection, the ability to protect labor rights and environmental protection.

Singapore has a diversified economy, the most attractive industries for foreign investors are manufacturing (petrochemicals, electronics, machinery and equipment) and

services (financial services, wholesale and retail trade, and business services). In the global market, the country is positioned as a center for research and development (R&D) and innovation for business. Scientific institutes and organizations have tax breaks, grants for research and scientific projects (Barr, 2019).

Investment prospects in Singapore are also linked to the country's participation in developing countries in Southeast Asia. Singapore is home to the head offices of many multinational companies, which have chosen it for its impeccable reputation as a world leader in dispute resolution, financing the development of large international projects.

Singapore attracts large foreign investment in the manufacturing and service sectors, as well as digital innovation and cybersecurity. The government develops automation, artificial intelligence and integrated systems under its Smart Nation flag and strives for global leadership in digital and innovation markets (Hamnett, Yuen, 2019).

Singapore is also a center for medical research and equipment manufacturing.

Singapore has one of the most favorable tax systems in the world. The country has 38 bilateral investment treaties (BIT) currently in force. These agreements mutually protect companies of either economy against non-commercial risks of expropriation and nationalization. Singapore has signed an additional 8 BITs that have yet to be implemented, including some that were signed several years ago. Singapore has signed Avoidance of Double Taxation Agreements (DTAs) with 90 countries.

Tax rates in Singapore are favorable for companies. The main consumption tax is GST (Goods and Services Tax), the tax rate is 7%. Companies pay corporate tax at a rate 17% (with a 75% exemption of the first SGD 10,000 and a 50% exemption of the next SGD 190,000, for a total exempt income of SGD 102,500) (Department of Statistics of Singapore, 2021).

In Singapore, all companies pay tax on their business income in Singapore. Capital gains in Singapore are not subject to capital gains tax. Expenses are tax deductible if they were incurred to generate income.

The employers pay social security contributions at a rate 17% of the gross salary (capped at SGD 6,000 per month). Employers are liable to pay for each foreign employee

hired ("Foreign Worker Levy"), with rates varying according to the industry and the ratio of foreign/local workers.

The government is pursuing a policy to increase the number of jobs for Singaporean workers. In 2019 and 2020, the government has set quotas for the recruitment of foreign workers of medium and low qualifications in favor of Singaporean employees, especially in the service sector. The government has also introduced programs that partially subsidize the costs of foreign firms to recruit, hire and train local workers. Singapore is highly dependent on foreign workers who make up over 20% of the workforce (Department of Statistics of Singapore, 2021).

Singapore has favorable working conditions for workers. The duration of the working day is 8 hours, the week is 40 hours. Employers enter into contracts with workers that differ in terms of conditions. The types of contracts are as follows: annual hours contract, casual workers contract, fixed-term contract, home-workers contract, job sharing contract, flexi-time contract, part-timers contract, self-employed workers contract. MOM does not limit the minimum wage. The average monthly salary, according to the MOM, was SGD 4,563 in 2019 (Department of Statistics of Singapore, 2021).

In 2019, there were 3.7 million workers in the Singapore labor market, including 1.4 million foreigners, of which about 68.4% are skilled or semi-skilled workers. The labor market is highly competitive, with unemployment averaging 2.4% in the first quarter of 2020.

The government is allocating seed money to compensate employees during the COVID-19 pandemic. In the worst-hit sectors such as travel and tourism, the government offered temporary work or training to workers sent on unpaid leave.

Labor law in Singapore has a relatively free hiring and firing practice. Either party may terminate the employment relationship by sending the other party the required notice.

Singapore has a favorable consumption market and high purchasing power of consumers. The population of Singapore is 6.2 million people, the growth rate is 1.73%. A household in Singapore has an average of 3.3 people, with the majority of households (39%) consisting of 2 or 3 people. Singapore is a city-state, so the urbanization rate is 100%. The majority of the population lives along the south coast, or in the central areas

of the city. The average age of residents is 35.6 years. Singapore has a low unemployment rate of 2.2% (2017). The agricultural sector employs 1% of the population, industry 15% and services 84% (Department of Statistics of Singapore, 2021).

The purchasing power of the population is high in Singapore. GDP per capita (PPP) was \$ 101,375 in 2019, up 13.4% from 2016. The Gini index is 45.9, and Singapore is ranked 35th in the world.

In 2020, the Economist Intelligence Unit (EIU) published a ranking of the most expensive cities in the world, with Singapore ranked 4th. A few years earlier, the country ranked 1st.

According to statistics, the average monthly household income in Singapore grew by 1.4% in 2019 (up 13% over 5 years) to SGD 9,425 (Department of Statistics of Singapore, 2021).

Consumer behavior in Singapore is influenced by high income and living standards. Residents buy imported goods of world popular brands. Singaporeans are loyal to manufacturing firms and prefer high quality products and customer service. The purchase decision is influenced by price, quality and service. The high purchasing power and fineness of the consumer make the market favorable for premium products (Barr, 2019).

Online shopping is popular in Singapore, as shoppers seek better value for money (80% of millennials have made online purchases in the past 12 months, of which 69% have made online purchases across borders). The high level of home ownership stimulates the demand for goods and services for the household.

To summarize, the pros and cons of investing in the Singapore economy should be considered. Singapore is an attractive destination for investors, as it is not for nothing that the World Bank has considered Singapore one of the most favorable countries in the world for doing business for many years. The country has provided a number of benefits for FDI:

1. Singapore's workers are highly qualified and well educated due to the high government spending on supporting education in the country.

2. Singapore has many sectors of the economy offering high value-added goods and services (eg information and digital technology, finance, chemistry and pharmaceuticals).

3. The country has a highly developed financial market, a reliable world-class banking system. The country has a highly developed telecommunications and transport infrastructure. Singapore is also a major air and sea transport and trade hub for goods and financial services.

4. The country is strategically located at the intersection of shipping routes and close to emerging markets in Asia and the Middle East, which has placed Singapore at the forefront of global trade relations.

5. The government stimulates FDI through favorable legal and tax regulations, incentives and preferences for foreign investors.

6. In Singapore, the business environment is as simple and transparent as possible, there is no corruption or shadow economy.

Singapore has a number of disadvantages that potential foreign investors should consider:

1. Singapore's economy is overly dependent on exports, making it vulnerable and dependent on the economic stability of its major trading partners.

2. Singapore is experiencing an aging population and economic stagnation, accompanied by the need to attract additional labor resources under such conditions.

3. In Singapore, it is difficult to obtain work permits for foreigners, and foreign companies are forced to hire local workers regardless of the sectors of the economy.

4. Lack of transparency in administrative incentives and lack of internationalization of the Singapore dollar.

5. Industrial enterprises do not have tariff protection, despite the fact that Singapore is a free port.

6. Singapore has high excise taxes on certain types of goods.

7. The country has limited freedom of speech

8. Government support for state-owned companies can influence competition in a number of sectors, giving these companies a monopoly position.

Overall, Singapore is an attractive country for foreign investors. Non-resident companies can use tax incentives after registering with the EDB. The government invests in objects of national importance, for example, projects of transport infrastructure, digital economy and other sectors. The most serious obstacle for investors is that the country continues to maintain a monopoly in certain key sectors. State-owned enterprises are in a better position than others.

The government is positioning Singapore as a hub for R&D and innovation for businesses, offering tax incentives, research grants and collaborations with research institutions.

Given the high incomes of the population and the identified features of the investment climate in Singapore, the service sector is attractive for investment, which does not require significant labor resources and capital investments.

SECTION 3

DEVELOPMENT OF AN INTERNATIONAL INVESTMENT PROJECT “OPENING OF THE LAUNDROMAT “IN TOUCH” IN SINGAPORE”

3.1. Concept of the investment project of the “Opening of the Laundromat “In Touch” in Singapore

The goal of the international investment project is the opening a self-service laundry “In Touch” in Singapore to provide laundry services. Basic laundry services include laundry, bleaching, stain removal, and ironing of linen and clothes. The self-service concept provides a lower price for laundry services, which allows it to compete with traditional laundries.

The target audience of the self-service laundry is corporate clients (cafes, hotels, hostels, beauty salons), with whom a service agreement will be concluded, students, tourists, residents of the metropolis who want to wash large-sized items.

Self-service laundries are not a novelty for Singaporeans, but the niche is quite promising due to the high demand and active pace of life of the population. The modern dynamics of the life of Singaporeans leads to the fact that more and more people appreciate the benefits of laundries and use their services. The opening of self-service laundries is assessed as a promising line of business, a familiar and demanded service in large cities.

The Laundry Care segment in Singapore includes all detergents purchased by the consumer intended for the care of textiles in the form of powder, tabs or liquids. Laundry Care is the largest segment in the Home and Laundry Care market representing approximately half of the total. Covered are only retail sales to private consumers (B2C), B2B sales are not included. Also not covered are laundry services.

Revenue in the Laundry Care segment amounts to US\$153m in 2021. The market is expected to grow annually by 1.55% (CAGR 2021-2025).

In global comparison, most revenue is generated in the United States (US\$13,193m in 2021).

In relation to total population figures, per person revenues of US\$25.91 are generated in 2021.

The high level of income of the population in Singapore and permanent employment, high population density, a large number of tourists and students in Singapore make this business promising. The self-service laundry market will grow in the coming years. Now the laundry services market is far from saturation and is quite promising.

The positive aspects of this line of business include:

- lack of competition;
- ease of doing business;
- lack of pronounced seasonality of sales;
- self-service laundries are simpler in organization and budget options, which is beneficial for both the entrepreneur and the consumer;
- no need for special training of personnel.

It is also worth noting the negative aspects:

- significant capital investments;
- long payback period;
- the risk of low profitability and high costs of equipment repair;
- the difficulty in finding a suitable room, which has many requirements;
- difficulty in obtaining all permits.

In Singapore, residents strive to save on electricity and water, so they see laundries as a budget solution to everyday problems. People are more likely to be mobile and move frequently, most families rent housing, which is why many homes do not have washing machines. Self-service laundries provide a wide range of services and are aimed primarily at saving time for their visitors.

The self-service laundry provides services for the washing of linen, including oversized ones. The service is popular with various categories of the population due to the fact that it saves time and money. Rules for washing in a self-service laundry: the client himself loads laundry and clothes into the machine, pays for the wash, waits for 2-3 hours, and then picks up the clothes. There are also dryers and ironing machines for free

use. For a separate fee, customers can leave things to the administrator, who will independently start the wash and notify the client when the wash is over.

Self-service laundry will be in demand not only by people who do not have a washing machine at home, but also by those who need to wash large items or carry out high-quality washing of laundry and clothes.

The main services of our laundry include ordinary washing of linen and clothes. Additional services include washing with fabric softener, bleaching, stain removal, steaming and ironing. An approximate price-list of services and their cost are shown in table 3.1. All the prices, data and calculations are in USD for the convenience. On April 24, 2021, according to the Monetary Authority of Singapore (MAS), the cost of 1 Singapore dollar is 0.75 USD.

Table 3.1

Price-list of self-service laundry “In Touch”

Services	Price, \$
Washing up to 8 kg	\$ 5,00
Washing up to 13 kg	\$ 7,00
Oversized items (blankets, down jackets)	\$ 4,00
Overalls	\$ 6,50
Complex service (washing, drying, putting in a bag, up to 5 kg)	\$ 6,00
Complex service up to 13 kg	\$ 8,00
Portion of detergent / fabric softener / stain remover	\$ 1,50
Ironing on a skating rink (per unit)	\$ 3,00
Steam generator treatment (per unit)	\$ 1,20

Additional services will be aimed at creating a comfortable stay for customers in the self-service laundry, since the washing time is 2-3 hours. The waiting room will be equipped with comfortable sofas, TV, coffee machine, free wi-fi. This will increase customer loyalty and laundry traffic.

In the self-service laundry, the duration of the wash will take no more than 2.5 hours. High-quality, powerful and spacious equipment will be purchased. This will allow investor to attract customers for whom saving time is important, and to fulfill more orders per day.

To create a convenient, high-quality self-service laundry service, you should take into account the peculiarities of the organization of the process:

- the completed order is provided to the client in plastic packaging;
- flexible system of order fulfillment terms;
- an obligatory guarantee of compensation for damage in case of loss or damage to laundry and clothes.

The target audience of self-service laundries is diverse. The main clients are:

- nonresident students of educational institutions living in rented apartments and hostels;
- residents of apartments without washing machines;
- business travelers;
- those who want to wash bulky items;
- companies that, due to the specifics of their work, need to wash a large amount of linen or clothes.

Practice shows that the main users of self-service laundry services in the B2C sector are students (the share in revenue reaches 60%). Another 30% of the revenue comes from people without a washing machine, and 10% - those who want to wash bulky clothes and clothes. Income from corporate orders in B2B segment provides a stable income. A contract for corporate services will be concluded with companies.

Thus, self-service laundry services will be used by various categories of potential customers.

Self-service laundry services will be promoted monthly. The main promotional activities are distribution of flyers, placement of ads in houses, holding promotions, discount coupons and others. To increase customer loyalty, a system of discounts will be offered for regular customers, for example, students.

The location of the future self-service laundry will be in the central area of the city, where there are many potential corporate clients and high traffic of people. The bright signboard and advertising banner at the entrance will attract attention.

A community on Facebook social networks will also be created with the address of the self-service laundry, price list, and contact information.

To cooperate with companies, a detour or telephone call will be made to potential customers with an offer of services. We can also offer affiliate ads for a self-service laundry. While waiting in the walls of the laundry, visitors can leaf through the magazine, study the advertising stand and company flyers.

An indicative plan for promoting self-service laundry in the city of Singapore is presented in table 3.2. All promotional activities are planned to be held monthly.

Table 3.2

Promotional tools of self-service laundry “In Touch”

Event	Description
Placement of ads	Advertising in elevators of residential buildings, which is considered the most effective. Costs include creating an ad layout, printing and renting space on a notice board
Distribution of print advertising	For this, it is planned to create advertising material (flyers / booklets) and distribute it in places where the target audience is concentrated. Costs include the cost of creating and printing flyers, as well as the salaries of promoters. The promotional material contains a 20% discount coupon for the first wash
Outdoor advertising	To attract the attention of potential customers, it is necessary to place a bright sign and a banner-pointer near the laundry. Costs include the creation of signage and signage, as well as their installation
Search for corporate clients	To search for cooperation, a personal tour of potential customers is planned, which implies transportation costs and expenses for demonstration material

A proactive marketing strategy allows us to accelerate the return on investment in opening a laundry. It is necessary to calculate the cost of purchasing equipment for starting a self-service laundry and justify the need for investment, develop budgets for income and expenses, and cash flow.

The initial stage of opening a self-service laundry is the registration of the business with government agencies and the execution of all the necessary documentation. Business registration in Singapore will be done through ACRA. At the same time, permits from the fire inspection, utilities, labor protection services will be issued by special departments and documents will be issued.

To conduct business, the following will be concluded:

- contracts with companies that clean up industrial waste (utilization of fluorescent lamps, solid household waste, ventilation cleaning);

- contract for the provision of services for deratization, disinfection, disinsection.

3.2. Substantiation of funds and the sources of their involvement

Our self-service laundry is suitable for a room with an area of 80-100 sq. m. This area is optimal for our project and will allow to locate 20 washing machines and all the necessary equipment and furniture. The room must meet the requirements:

- separate rooms for reception of dirty clothes and storage / delivery of clean clothes;
- supply and exhaust ventilation;
- ceiling height not less than 3.6 m;
- compulsory water supply, sewerage;
- the interfloor overlap above the laundry room must provide adequate steam, heat and sound insulation;
- electricity of the required power;
- a self-service laundry should be divided into several functional rooms: a waiting room for visitors, a technical room, a sanitary room, a storage room.

Renting a space of 100 sq.m. that meets all the necessary requirements in Singapore will be \$ 2,000 / month.

The selected premise requires minimal repair and preparation. Technical premises do not require renovation. It is enough that it is always clean there, and all communications are hidden.

To decorate the waiting room, we will need cosmetic repairs, as well as a set of furniture and equipment to ensure the comfort of visitors. We need a sofa or armchairs, a water cooler, a TV, a coffee table, a reception desk.

An important step is the purchase of furniture and equipment for self-service laundry. The main equipment is washing equipment (washing machines, centrifuges and drying chambers). Today the equipment market offers a wide range of laundry equipment. In Singapore, we can buy imported equipment or locally made equipment. There are very good equipment among local producers. And its maintenance is cheaper and easier. Since

the work of the laundry involves a large capacity load of the equipment, a maintenance contract will be immediately concluded.

For the organization of self-service, equipment with a built-in coin acceptor will be purchased, which will simplify the payment process and save money on staff.

Our laundry will have a production capacity that can handle up to 150 kg of linen or clothes per hour. The equipment operation cycle is limited and every 5-7 years it is required to update the equipment.

The list of required equipment and costs for it are shown in Table 3.3. Equipment and furniture costs will be \$ 61,300.

Table 3.3

Equipment and furniture purchase costs of self-service laundry “In Touch”

Expenditures	Quantity	Price per unit	Amount
Washing machines (load up to 8 kg)	10	1 800	\$ 18 000,0
Washing machines (load up to 13 kg)	10	2 000	\$ 20 000,0
Drying machines	10	1 500	\$ 15 000,0
Powder Feeder	2	650	\$ 1 300,0
Ironing boards, steam generator, irons	10	1 800	\$ 500,0
Linen basins, 30 liters each	10	300	\$ 3 000,0
Other equipment	1	500	\$ 500,0
Reception desk	1	1 000	\$ 1 000,0
Furniture and equipment for the waiting room (sofa, coffee table, TV, cooler, coffee machine)	1	2 000	\$ 2 000,0
Total			\$ 61,300

An important cost item is working capital. In our project, this is the purchase of chemicals for washing. In laundries, professional chemicals are used that take into account the properties of fabrics and remove difficult stains. Laundry detergents have a number of features:

- high concentration (work at minimum dosages);
- do not contain phosphates;

- liquid consistency.

The set of necessary detergents includes: powders, complex detergents, alkaline enhancers, surfactant enhancers, fabric softeners and softeners, stain removers, bleaches and others.

Customers buy detergents provided by the laundry. You can buy detergents using special machines that dispense the required amount of detergent in a metered dose.

The purchase of detergents is carried out on the basis of sales plans. Typically, these costs represent 10% of the revenue. The table shows the costs of detergents.

Table 3.4

Working capital (detergents) for a self-service laundry “In Touch”, \$

Name	Quantity, kg	Price, 1 kg	Amount per month	Amount per year
Detergents				
powders	58	30	145	1 740
complex detergents	52	40	173	2 080
alkaline amplifiers	380	20	633	7 600
surface active amplifiers	50	20	83	1 000
fabric conditioners and water softeners	20	30	633	7 600
stain removers, bleaches	20	50	633	7 600
Total			2 302	27 620

Variable costs are \$2 302 per month and \$27 620 per year.

The launderette does not require many staff. The main position is administrator. His responsibilities include maintaining cleanliness in the room, consulting visitors, monitoring the health of equipment and the availability of consumables. Also, to provide certain types of services, handymen will be hired to load washing machines, clean the room, iron and pack clean clothes and linen. At the same time, 2 employees must be present at the workplace. Since the laundry will be open daily 12 hours a day, the staff will work on a shift basis. It is suggested to use the 2/2 scheme. Thus, the laundry will require 4 staff from the service staff. In our project, the functions of an accountant and manager will be performed by the entrepreneur himself.

The table below shows the staffing requirements and the wage fund.

Table 3.5

Wage fund of a self-service laundry “In Touch”

Position	Number, people	Wage	Wage fund per month	Contributions for social security per month	Wage fund & Contributions for social security per month	Wage fund per year	Contributions for social security per year	Wage fund & Contributions for social security per year
Administrator (shift schedule)	2	\$4000	\$8000	\$1360	\$9360	\$96000	\$16320	\$112320
Handyman (shift schedule)	2	\$3600	\$7200	\$1224	\$8424	\$86400	\$14688	\$101088
Total	4		\$15200	\$2584	\$17784	\$182400	\$31008	\$213408

The laundry is open daily from 8:00 to 20:00. Based on this, the staffing table is formed. Since the laundry is open 7 days a week and 12 hours a day, it is necessary to arrange shift work for the main staff - administrators and handymen.

In our project, the entrepreneur acts as a manager and accountant. He is involved in recruiting, marketing policy, personnel oversight and accounting.

The staff consists of 4 people, and the total payroll is \$ 17,784 per month and \$ 213,408 per year.

Fixed costs are shown in the table below. Depreciation of equipment in Singapore is tax deductible at rate 10% per year.

Table 3.6

Fixed monthly expenses of the self-service laundry “In Touch”

Cost items	Amount
Rent	\$ 2 000,0
Wages	\$ 17 784,0
Depreciation of equipment (10% per year)	\$ 510,8
Advertising	\$ 800,0
Utilities (water supply, electricity)	\$ 500,0
Phone and Internet	\$ 100,0
Total costs per month	\$ 21 694,8
Total costs per year	\$ 260 338,0

Fixed costs consist of rent, utility and internet bills, payroll, advertising and depreciation charges.

Calculating the total costs, including: initial expenses for purchase of equipment, renting premises, working capital for the first month of the work, funds for wages and social security contributions, we will receive the amount of necessary investments for opening a self-service laundry (table).

Table 3.7

Initial investment for opening a self-service laundry “In Touch”

Cost items	Amount
Equipment and furniture purchase	\$ 61,300
Working capital (detergents) for the start of the project (the 1 st month)	\$2 301,7
Fixed costs in the 1 st month of work	\$21 694,8
Total	\$87 796,5

Then we substantiate the sources of the capital involvement for opening a self-service laundry “In Touch”.

The total cost of start the self-service laundry will amount to \$87 796,5. It is expected that the founders spend their own funds in the amount of \$37 796,50, and the rest \$37 796,50 is borrowed with a bank loan. The average interest rate among banks is 5.25% (MAS, 2021). The loan period is 2 years. Payments will be made monthly in the amount of \$2 307,83 over 2 years. The Total amount of loan payable is \$55 387,81.

Loan payments are included in pre-tax expense in accordance with accounting rules.

The forecast of sales is based on the average prices of similar places in Singapore according to the data of web-sites of self-service laundries in the city (table 3.8).

Table 3.8

Sales per year of a self-service laundry “In Touch”

Services / goods	Average sales volume, units	Price per unit	Sales
Washing up to 8 kg	580	\$ 5,00	\$ 2 900,00
Washing up to 13 kg	530	\$ 7,00	\$ 3 710,00
Oversized items (blankets, down jackets)	550	\$ 4,00	\$ 2 200,00
Overalls	800	\$ 6,50	\$ 5 200,00
Complex service (washing, drying, putting in a bag, up to 5 kg)	520	\$ 6,00	\$ 3 120,00
Complex service up to 13 kg	520	\$ 8,00	\$ 4 160,00
Portion of detergent / fabric softener / stain remover	3800	\$ 1,50	\$ 5 700,00
Ironing on a skating rink (per unit)	500	\$ 3,00	\$ 1 500,00
Steam generator treatment (per unit)	200	\$ 1,20	\$ 240,00
Total per month			\$28 730,00
Total per year			\$344 760,00

The sales expects \$344 760,00 per year and \$28 730,00 per month. Singapore inflation rate was 1.3% in 2021. The calculations don't include the growth of prices for laundry services because the self-service laundry will not increase in prices. But self-service laundry will become more popular and we expect the increase in sales will be 3% per year during the 2nd and the 3rd years of the project.

3.3. Estimation of performance of the international investment project “Opening of the Laundromat “In Touch” in Singapore

The table below shows the calculation of the projected profit for 2022-2024 and costs.

Calculation of net profit includes tax deduction (17%).

Table 3.9

P&L statement of a self-service laundry “In Touch”

Indicators	Period, years		
	2022	2023	2024
Sales	\$ 344 760,0	\$ 355 102,8	\$ 365 755,9
Purchases	\$ 27 620,0	\$ 27 620,0	\$ 27 620,0
Gross Profit	\$ 317 140,0	\$ 327 482,8	\$ 338 135,9
Wages	\$ 213 408,0	\$ 213 408,0	\$ 213 408,0
Rent	\$ 24 000,0	\$ 24 000,0	\$ 24 000,0
Administrative costs	\$ 12 130,0	\$ 12 130,0	\$ 12 130,0
Management costs	\$ 1 200,0	\$ 1 200,0	\$ 1 200,0
Selling & Marketing costs	\$ 9 600,0	\$ 9 600,0	\$ 9 600,0
Bank credit	\$ 27 693,9	\$ 27 693,9	0
Operating profit	\$ 29 108,1	\$ 39 450,9	\$ 77 797,9
Tax (24%)	\$ 4 948,4	\$ 6 706,7	\$ 13 225,6
Net income	\$ 24 159,7	\$ 32 744,2	\$ 64 572,2

Table 3.10

Cash flows statement of a self-service laundry “In Touch”

Cash Flow indicators	Period, years		
	2022	2023	2024
Cash Flow from operating activities	\$ 29 108,1	\$ 39 450,9	\$ 77 797,9
Operating profit	\$ 29 108,1	\$ 39 450,9	\$ 77 797,9
Cash flow from financing activities	\$ 17 357,7	\$ -34 400,6	\$ -13 225,6
Credit	\$ 50 000,0	0	0
Credit payment	\$ -27 693,9	\$ -27 693,9	0
Taxation paid	\$ -4 948,4	\$ -6 706,7	\$ -13 225,6
Cash flow from investing activities	\$ 37 796,5	0	0
Investments	\$ 37 796,5	0	0
Net cash from all activities	\$ 84 262,3	\$ 5 050,3	\$ 64 572,2

Next, we calculate the break-even point (BEP) of the project in the table below.

Table 3.11

Calculation of the break-even point of a self-service laundry “In Touch”

Revenue	\$ 344 760,00
Variable costs	\$ 27 620,00
Fixed costs	\$ 260 338,00
Marginal income	\$ 317 140,00
Profit margin ratio	0,920
Breakeven point	\$ 283 011,06

In our case, the potential revenue for the first year of operation of the company is \$ 344 760,00. Variable costs will include: detergents (27 620). Fixed costs include: rent, utility and internet bills, payroll, advertising and depreciation charges (260 338,00). We conclude that our self-service laundry must provide services in the amount of \$ 283 011,06 in order to achieve zero profit.

Next we calculate the main indicators of investment attractiveness.

Net discounted income, or net discounted value, or net present value (NPV) is an indicator that characterizes the degree of efficiency of investments in a particular project, that is, its investment attractiveness. It also shows the amount of cash flow during the implementation period. Based on the obtained value, the investor can understand how effective his investments are, taking into account the degree of profitability of the project, and at the same time not wait for its complete completion.

Discounting is the determination of the value of a cash flow by bringing the value of all payments to a certain point in time. Discounting is the basis for calculating the value of money taking into account the time factor through the discount rate and discount coefficient.

There are different methods for the calculation of the discount rate. The cumulative method for calculating the discount rate is distinguished by the fact that it can be used to consider and weigh all the risks that can affect the profitability of the initiative being implemented.

With all its advantages, the cumulative method of the discount rate calculation is subjective, since the value of a particular risk has to be admitted using both research data and the specialists' own conclusions.

The calculation of the discount rate using the cumulative method consists in determining the size of the risk-free rate, as well as the size of the premiums for various types of risks, and all this is adjusted for the inflation rate. The essence of the methodology lies in the fact that under the condition of a risk-free investment, investors expect an appropriate rate of return, and in the presence of possible dangers, they want more profitability from the project. The more risks, the greater the percentage of profitability expected by the participants in the undertaking.

We calculate the discount rate in the table 3.12.

Table 3.12

Calculation of the discount rate

indicators	the value
the minimum real discount rate (risk-free rate)	0.26
inflation rate	1.3
coefficient that takes into account the level of inflation risk (risk premium) and is often determined by the expert method	5.45
the discount rate	7.0

The discount rate of the MAS is the key interest rate, which is the main indicator of changes in monetary policy and the benchmark value of borrowed and placed funds for banks and other money market players. The MAS has set a risk-free rate of 0.26% in 2021. The annual inflation rate in Greece in 2020 was 1.3% in 2021 (MAS, 2021). We will set a risk premium of 5.45% focusing on the market risks. The discount rate will be 7.0%.

The discount coefficient (d) is calculated by the following formula:

$$d = \frac{1}{(1+r)^n} \quad (5)$$

r – discount rate;

n – the number of the period, $n = 1 \dots N$.

NPV is calculated by the following formula:

$$NPV = \sum_{n=1}^N \frac{CF_n}{(1+r)^n} - I \quad (6)$$

CF_n – cash flow in the n year of the project;

r – discount rate;

I – investments,

n – the number of the period, $n = 1 \dots N$.

Profitability Index (PI) is used to determine the level of income per unit of costs incurred for the project. The indicator can be calculated by the formula:

$$PI = \frac{\sum_{n=1}^N \frac{CF_n}{(1+r)^n}}{I} \quad (8)$$

$\sum_{n=1}^N \frac{CF_n}{(1+r)^n}$ – net cash flow for the entire project implementation period;

I – investments.

Discounted payback period (DPP) is the period during which the investor's capital investment in the project is returned in the form of net discounted cash flow, and the business will make a profit. This efficiency indicator is calculated by the formula:

$$DPP = \sum_{n=1}^N \frac{CF_n}{(1+r)^n} \geq I \quad (9)$$

CF_n – the cash flow in n year;

r – discount rate;

I – investments;

n – the number of the period, $n = 1 \dots N$.

Let's calculate the internal rate of return of the project according to the following formula:

$$0 = \sum \frac{CF_n}{(1+IRR)^n} - I \quad (10)$$

CF_n – the cash flow in n year;

IRR – internal rate of return, %;

n – the number of the period, $n = 1 \dots N$;

I – investments.

IRR was calculated using the IRR function in MS Excel:

$$IRR = 8\%$$

Table 3.13 presents the results of cash flow calculations for the project, cash flow discount coefficients according to a discount rate of 7.0%, and discounted cash flow taking into account certain parameters. The total amount of discounted cash flows for the entire project implementation period is equal to NPV.

Table 3.13

Calculation of cash flows, NPV and other performance indicators for the entire period of implementation of a self-service laundry “In Touch”

Period	discount coefficient at a rate 7%	cash flows	discounted cash flows
0	1	\$ -87 796,50	\$ -87 796,50
1	0,935	\$ 24 159,72	\$ 22 579,18
2	0,873	\$ 32 744,24	\$ 28 600,09
3	0,816	\$ 64 572,24	\$ 52 710,19
NPV			\$ 16 092,95
BEP			\$283 011,06
IRR			8%
DPP			5,46
PI			18%

All indicators indicate the high economic efficiency of the project, which is confirmed by the fulfillment of the condition:

$$\sum_{n=1}^N \frac{CF_n}{(1+r)^n} + I > 0 \quad (7)$$

$$NPV = \$ 16 092,95 > 0$$

The minimum amount of income at which all costs are fully recouped (profit is 0) is \$283 011,06, NPV is \$ 16 092,95, the payback period of the investment - 5.46 years. Return on investment is 18%. Therefore, the project to organize a self-service laundry “In Touch” in Singapore should be implemented.

To assess the project risks, it is necessary to analyze the external and internal factors. External factors include threats related to the economic situation in the country, sales markets. Internal factors include the effectiveness of the organization's management.

Let's take a look at the main risk factors when setting up a self-service laundry and how to respond to threats. External risks include:

- Opening direct competitors in the city, which will lead to a redistribution of the client base and profits, dumping, and an increase in advertising costs. It is possible to reduce the impact of this risk when building own customer base, developing a unique

selling proposition, stimulating consumer loyalty and concluding long-term exclusive service agreements;

- Increase in the cost of services, which entails a decrease in marginal income. It is possible to mitigate the risk by creating a margin for the prime cost, which will compensate for the increase in costs without increasing the cost of services;

- Seasonal decline in self-service laundry sales. In general, the market provides a fairly stable demand for laundry services. However, the bulk of the target audience is made up of students who leave the city in the summer, there is some risk of a decrease in sales in the summer. It is possible to mitigate the risk when developing a marketing strategy, an effective advertising policy, shifting seasonal emphasis in sales and diversifying the target audience;

- Insufficient level of demand. This risk is one of the most probable and may arise both due to the low solvency of demand and due to the unpopularity of the service itself. It is possible to reduce the risk with a competent choice of the location of the laundry, an active advertising policy, including various promotions and discounts, stimulating repeat purchases, flexible pricing;

- Poor choice of location for the laundry. This risk has a high degree of probability and significant consequences. Eliminating the wrong decision will allow a high-quality geomarketing analysis of the area, infrastructure, which will make it possible to more accurately assess the level of sales, taking into account the density of potential consumers;

- Refusal to lease premises or increase in the cost of rent. Loss of place threatens with big losses. It will be quite difficult to transfer all large-sized equipment. The move will take a certain amount of time, during which the laundry will not function. Due to the loss of an already untwisted point, we will have to promote a new location. All these consequences can entail huge losses. To mitigate this risk, it is necessary to enter into a long-term lease agreement and carefully choose a landlord. It is also worth considering the possibility of acquiring own premises.

Internal risk factors include:

- Technological risks, which include improperly selected equipment, breakdowns, misuse of technological capacities, which can lead to a halt in business processes and loss

of part of the profit. It is possible to reduce this risk with regular monitoring of equipment serviceability, high-quality service, and a right choice of equipment;

- Problems with staff. This risk category should include a low level of staff competence, irresponsible attitude to property, unsatisfactory quality of service on the part of employees. This risk will be mitigated by the employee incentive system, which depends on revenue, personnel training and control over their work.

CONCLUSIONS AND PROPOSALS

Singapore has open, export-oriented and highly-developed free-market economy dependent on international trade. GDP growth in 2019 was 0.7%, which was the worst in the last 10 years. Due to the global COVID-19 pandemic, Singapore's GDP growth rate was -5.4% in 2020, comparing 0.7% in 2019. The IMF predicts in the near future a strong fall in the country's GDP by 5% in 2021 and stabilization of GDP growth by 2.6% in 2022. The Singapore government has previously established a business-friendly trade regulation system. Export in the country is 173.5% of GDP in 2019. Singapore has strong domestic demand despite the global crisis.

The main challenges to economic growth in the future in Singapore are associated with a decline in exports due to a slowdown in the growth of the Chinese economy, the trade war between the United States and China, a decrease in global demand for electronics (19.7% of exports), a decrease in the efficiency of the construction industry and a tight monetary policy.

According to the World Bank's 2021 report, Singapore ranked as the best country in the world in terms of human capital development in 2020. In the 2020 Global Financial Centers Index, Singapore was ranked 6th among the most competitive financial centers in the world and 4th in Asia.

Singapore's economy is highly industrialized, according to the World Bank in 2020. The share of industry in GDP is 24.5%, and in employment, industry provides 15.2% of jobs. The industry is dominated by electronics and petrochemicals, including biomedical sciences, logistics and transport engineering. The share of the service sector in GDP is 70.4%. In 2020, it employed 84.1% of the country's labor force. Among the most developed and widespread services are trade, business services, transport, communications and financial services.

Singapore is a highly developed country with extensive foreign trade ties with the world's leading countries. According to the World Bank, Singapore's international trade accounted for 319.1% of its GDP in 2019. The country has a positive trade balance of US \$ 103.7 billion in 2019.

Singapore's foreign trade is highly developed and contributes in the economic development of the country. The global trade relations and strong economy provide Singapore the competitive advantage in the world market. Despite the negative impact of the global pandemic on the dynamics of foreign trade, the prospects for its recovery and growth after the pandemic are very high.

Singapore is a perspective trade and investment destination. The Singapore Government's FDI policy is focused on market freedom and economic development. In Singapore, many businesses are state-controlled and state-owned. The investment attractiveness of Singapore is determined by the developed legislation and state policy of protecting the rights of foreign investors.

In 2019, FDI inflows to the Singapore economy amounted to USD 92 billion, up from USD 79 billion in 2018. In 2019, the FDI stock was about USD 1.7 trillion. Singapore ranks 5th in the world in terms of FDI inflows after the United States, China, the Netherlands and Hong Kong. Singapore is a major investor in the economies of the countries of the world, among which the most important are the countries of Asia. FDI outflows in 2019 amounted to USD 33 billion. The country today seeks to diversify the pool of investment partners and invests, in addition to Asian countries, in China, India and Vietnam.

Singapore's economy is open and trade-oriented. The government of the country provides an open investment regime and support for a free market, stimulating economic development. The advantage of Singapore for a foreign investor is the transparency of the system of government regulation of business, the absence of corruption, fair laws, the tax system, simplified customs control procedures, protection of intellectual property and a strong infrastructure.

Overall, Singapore is an attractive country for foreign investors. The government is positioning Singapore as a hub for R&D and innovation for businesses, offering tax incentives, research grants and collaborations with research institutions. Given the high incomes of the population and the identified features of the investment climate in Singapore, the service sector is attractive for investment, which does not require significant labor resources and capital investments.

The goal of the international investment project is the opening a self-service laundry “In Touch” in Singapore to provide laundry services. The initial investment is \$ 87,796.5. Investments are aimed to the purchase of equipment and furniture, renovation of premises, advertising and the formation of working capital in the first month of operation. The bulk of the required investment is in the purchase of equipment and furniture. Own and credit funds will be used to implement the project.

The payback period of the project with the initial investment is 5.46 years, which can be considered a quite realistic forecast for this business. Achieving such results is possible with proper business organization and effective use of opportunities. All this will provide the required level of sales. The net profit for the first year of operation will be \$ 24,159.72. Net present value is positive and equal to \$ 16,092.95, which allows us to draw a conclusion about the investment attractiveness of the project. The return on investment ratio is 18%, the internal rate of return exceeds the discount rate and is equal to 8%.

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