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NEW GLOBAL ORDER

Singapore can be Asia's 'super-connector' and strengthen global trade

More than a hub connecting trade and investment, the Republic is shaping the rules for connectivity. BY JESSLENE LEE AND LIU JINGTING

THE global economy is increasingly fragmented. Countries are spending more time and effort to navigate geopolitical rivalry, supply shocks and retreating multilateralism.

"The realities of the global economy, going forward, are that there will be more disruptions, more shocks and more volatility," said Prime Minister Lawrence Wong at the 48th Asean summit in Cebu in May.

Where uncertainty is becoming the new normal, both governments and firms seek the ability to operate across jurisdictions with greater certainty and lower risk. In this environment, predictability becomes a strategic asset.

Here is where "super-connector" economies become central.

As trade tensions and derisking strategies redirect economic activity towards South-east Asia, can Singapore position itself as the super-connector linking Asia with the global economy?

The short answer is yes.

Singapore has long linked South-east Asia with the world. But in a fragmented era, it is evolving beyond connecting markets to orchestrating stability by shaping the very rules that govern connectivity.

Singapore increasingly serves as a pathfinder, helping global firms enter South-east Asia and chart pathways for regional expansion. PHOTO: YEN MENG JIIN, BT

Pathfinder for South-east Asia

Singapore punches above its weight as a global hub. Its trade-to-gross domestic product ratio stood at 322 per cent in 2024, while its external asset and liability positions exceeded 11 and nine times GDP, respectively.

These are testaments to the vast flows of trade and capital moving through the city-state.

But Singapore is more than just a major recipient and source of investment. It increasingly serves as a pathfinder, helping global firms enter South-east Asia and chart pathways for regional expansion.

Research by the Asia Competitiveness Institute suggests that global investors are increasingly leveraging Singapore as a hub and conduit for expansion into neighbouring Asean economies.

One estimate finds that nearly half of investment from Singapore to Malaysia originates elsewhere – predominantly from the US and Japan, but increasingly also from China – and passes through Singapore.

Chinese subsidiaries in Singapore have surged after 2022 amid pandemic disruptions and geopolitical shocks. Annual new Chinese subsidiary registrations more than tripled from over 3,000 in 2022 to more than 10,000 in 2025, based on Orbis data.

Clustered in wholesale trade and professional services, their rise underscores Singapore's role as Asean's high-value services hub – the place where firms locate headquarters and R&D while manufacturing disperses across the region.

This trend is further reaffirmed by foreign direct investment (FDI) inflows to Singapore.

Annual FDI from mainland China into Singapore rose from around S$2 billion in 2020 to a record S$18.2 billion in 2024, based on Singapore Department of Statistics data.

Orchestrating stability

Beyond being pathfinders for firms seeking regional expansion, super-connectors must provide and scale a predictable institutional environment for businesses to operate across borders.

In doing so, they extend certainty and interoperability across an expanding network of economies.

Singapore is evolving to deliver precisely this role.

The first-of-its-kind bilateral supply chain resilience agreement between Singapore and New Zealand signed in early May reflects this imperative. The Agreement on Trade in Essential Supplies commits both countries to avoid export restrictions during supply chain disruptions.

Green and Digital Shipping Corridor agreements with Los Angeles, Tokyo and other major ports further bolster the infrastructure needed to facilitate and secure supply chain efficiency.

On the regulatory front, Singapore has embraced a strategy of flexible multilateralism, forging agreements among smaller groups of like-minded countries to advance incremental cooperation.

Singapore has been a pioneer in forging Digital Economy Agreements (DEAs) that facilitate cross-border digital trade. From as early as 2020, Singapore has signed DEAs with Australia, Chile, South Korea, the EU, New Zealand and the UK.

Being a first mover, Singapore has an opportunity to shape the regulatory rules on emerging issues that increasingly matter.

Clear, interoperable rules reduce friction for businesses operating across borders – a tangible advantage for companies diversifying supply chains across Asia.

Securing Asia's economic resilience

In today's fragmented world, the super-connectors that will safeguard economic cooperation and growth opportunities are economies that can provide a predictable, rules-based environment for businesses to operate.

The long dividend of these efforts is strategic centrality, as Singapore – and its partners – foster an interoperable and predictable regulatory environment, which is especially attractive in today's economic climate.

Singapore, as well as Asia's other super-connectors, are key to securing the region's economic dynamism and resilience.

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This essay is part of New Global Order, a series which explores how the changing world landscape is reshaping business, politics and beyond.