



Singapore: Security Equipment

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Date (02/2009)

Summary:

Singapore's security equipment market looks set to continue to outperform the general economy. Despite an overall gloomy economic forecast, the trade statistics from Singapore's trade development agency, International Enterprise Singapore, indicate that imports of security products increased by almost 4.0% in 2008, compared to the previous year. The total market size for security equipment had increased by slightly more than 6.0% in 2008 while the overall economy grew at only 1.1%.

The market offers potential for new U.S. firms as many Singaporean agents/distributors are eager to represent U.S. companies. They are especially interested in U.S. suppliers of automated security systems, such as advanced CCTV systems, integrated security systems, electronic card access control systems, smart card technology, intruder detection equipment and biometric systems.

Market Demand:

Trade statistics obtained from International Enterprise Singapore indicate that sales of security devices have increased by approximately 6.0% in 2008 from the previous year. Three major trends define prospects for the sale of security hardware and software in Singapore. These trends are increased security of public facilities, tougher measures against cyber-crimes and enhancement of security by commercial buildings and retail outlets, especially hotels.

Public Security: The GOS and the private sector have implemented new security measures. These include:

Security measures at the airport, port and in the busy shipping lanes of the Singapore Strait have been tightened. At Changi Airport a new baggage screening system has been installed to detect explosives. The US\$45 million L3 scanners use x-ray techniques such as computer tomography to scan baggage. The GOS has also begun using new security technologies including biometrics to identify individuals.

New measures have been added to further enhance maritime and port security. The Singapore Police Coast Guard has sharply stepped up patrols in Singapore's waters, while the Maritime and Port Authority (MPA) has established prohibited zones in the port waters around vital installations such as petrochemical facilities. The Republic of Singapore Navy is also providing random naval escorts of high value merchant ships through the Singapore Straits. Singapore implemented a multi-layered surveillance system through projects led by the Ministry of Defense and the Maritime and Port Authority that were worth some US\$30 million covering the Singapore Straits to guard against terrorist attacks.

Singapore has also signed on early to participate in the US Customs' Container Security Initiative. New X-ray machines purchased from US-based SAIC for detection of bombs, drugs and human cargo were deployed. It is anticipated that more security equipment will be deployed at Singapore ports and elsewhere in key installations that would generate further opportunity for American suppliers to meet local demand.

In addition to being a major destination and transshipment hub for military and dual-use items, Singapore is the first country in South-East Asia to implement controls on strategic goods, which covers some 1000 items by broad categories, including: munitions, chemical and biological items as well as nuclear-related

materials. American companies with supply chain and compliance products will find opportunities in Singapore.

DSO National Laboratories (the R&D arm of the Singapore Ministry of Defense or MINDEF) continues to develop its expertise in chemical and biological defense and is the only organization in Singapore with expertise and facilities to screen for anthrax and other dangerous organisms. DSO continues to look for state-of-the-art technologies to implement in Singapore.

Cyber-Crime: As a major user of Information Technology (IT) for its daily activities, Singapore is greatly concerned about cyber-crime and electronic vandalism.

To date, Singapore has been spared a high computer crime rate, but the trend is increasing both in number and the nature of offences. The crimes included credit card "swiping" to the cloning of mobile phones, to accessing major networks with a view to using them without payment or to damage them and other linked sites.

Singapore has attempted to deal with the problems of cyber-crime through legislation, enforcement and severe penalties imposed by the courts. The key legislation dealing with computer crime is the Computer Misuse Act. Under the Act, the police have extensive powers of investigation and may recommend harsh penalties, including fines of up to S\$10,000 and 20 years imprisonment.

As a major business, communications and finance hub, Singapore is host to many of the world's multinational corporations. In addition to the myriad private sector organizations, the GOS has established the Cyber-WatchCenter (CWC) to protect public sector agencies from computer viruses and hackers. The CWC incorporates a host of advanced technologies to spot sophisticated attacks, including the ability to correlate seemingly isolated security incidents. In the longer term, the CWC will also aid Singapore's exchange of cyber-security intelligence with countries around the world and boost global defense against cyber-threats. Suppliers of sophisticated cyber-security products will find opportunities with the private sector and Singapore government.

Commercial Opportunities:

Security is also being tightened commercial buildings and factories, especially those with American firms. New measures including deploying more security personnel, having visitors register themselves and verifying visitor names with their identification cards, and conducting bag checks when deemed necessary. Suppliers of access and visitor control solutions will find opportunities in Singapore.

Many retail outlets, especially small shops, do not have an electronic article surveillance (EAS) system to address loss prevention or shrinkage issues; they consider such equipment expensive or unnecessary. However, bigger retail outlets have installed sophisticated EAS systems that allow them to reduce losses to less than 1.0%. As the economy continues in decline the Singapore government expects an upturn in property crime and companies are investing in EAS.

Market Data:

The data presented here are based on a combination of various security equipment including electric burglar alarms, system control panels, smart cards, proximity cards & tags, blank cards with magnetic strip, recorded cards with magnetic strip, and CCTV. No precise information was available for security software.

	2006	2007	2008
Total Market Size	1550	1698	1801
Total Local Production	1464	1553	1616
Total Exports	988	1123	1129
Total Imports	1074	1268	1314
Imports from the U.S.	44.6	50.1	60.3

Exchange rates used:
2006: US\$1 = S\$1.53
2007: US\$1 = S\$1.44
2008: US\$1 = S\$1.50

The above statistics are unofficial estimates. Figures are in millions of US\$

Best Prospects:

The most commonly used security hardware in Singapore includes intruder alarm systems, access control systems, CCTV systems, central alarm monitoring systems and door-entry systems. Security software, including anti-virus systems and low-level firewall solutions, are also found in most Singaporean businesses.

Despite the economic downturn, there are still a high number of construction projects that are moving forward from the peak in 2007/2008 including: new shopping malls, the two Integrated Resorts and the Mass Rapid Transit expansion. With new buildings coming on-stream, there will be opportunities for the supply of security equipment.

The police are anticipating a rise in crime this year as economic conditions weaken. The weak economy could affect sales of home security or intruder alarm systems, both UTC Fire & Security and ADT Security Services have seen rises in inquiries about its home security systems over the first two months of 2009. There still remain great opportunities for U.S. companies to sell their security related products into Singapore. Some of these opportunities are immediate while others will develop in the short and medium term.

The airport, port, immigration checkpoints and the Singapore Police Force are strengthening their anti-terrorism capabilities are in the market for bomb blankets, portable X-ray machines and screening devices.

Singapore could also see the mass adoption of biometrics for business security, although issues such as privacy and resistance from consumers to deploying biometrics devices remain potential stumbling blocks. Resorts World at Sentosa, one of the two Integrated Resort operators is investigating biometric technologies it can deploy when its entertainment resort cum casino begins operation in 2010. Resorts World is also researching Bomb blast protection technology.

Visitor control and card-access systems, which can be used for single or multi-door applications, are also particularly suited to the Singapore market, fulfilling a need to safeguard secure information and prevent unauthorized access to sensitive locations.

Key Suppliers:

There are several U.S. security companies already active in Singapore. Among them are L3, 3M, GE Security, AES IntelliNet, Tyco, Unisys, CISCO Systems, UTC Fire & Security, Verint, Notifier, Sentrol Lifesafety, Sensormatic, and Fire & Safety International have offices here and they conduct business regionally through their Singapore office. Rapiscan, SAIC, SafeView, ICX Technologies, Astrophysics, Nabco, AS&E, BRK Electronics, Meteor, Hirsch, and Pelco are examples of many U.S. companies operating through Singapore agents/distributors. The market offers potential for new U.S. firms as many Singaporean agents/distributors are eager to represent U.S. companies. They are especially interested in U.S. suppliers of automated security systems, such as advanced CCTV systems, integrated security systems, electronic card access control systems, smart card technology, intruder detection equipment and biometric systems. The potential uses of biometric-identification systems vary, but among the most popular applications are for authorizing access to restricted areas or access to information. Fingerprint-recognition devices are already being used here, but iris-recognition technology is reckoned to be one of the most effective ways of moving large numbers of people through high-security areas like airports.

Singapore has built up significant indigenous manufacturing capabilities in the electronics sector, particularly in component assembly operations. Foreign companies such as Philips and Matsushita have assembly operations here and their product range includes security equipment. Singapore companies have also been successful in building on their capability to develop software and integrate it into total security systems. Singapore Technologies Electronics Ltd, a leading local defense and network security specialist, is one such firm.

Prospective Buyers:

Potential end-users can be classified as follows:

Public Sector:

Government Agencies:

The Ministry of Home Affairs (MHA) is the primary lead government agency that is responsible for internal security and homefront crisis management as well as civil defense, emergency planning and maritime policing. MHA's procurement needs would cover from security software and systems through policing equipment and major systems.

Civil Aviation Authority of Singapore (CAAS) has oversight of the infrastructural development and operation of the airports in Singapore, including airport and airspace safety and security. CAAS generally prefers state-of-the-art technologies that can enhance its airport operations. Check-in baggage is automatically screened for dangerous articles along the conveying system. CAAS welcomes introduction of aviation security products for its consideration.

Maritime and Port Authority of Singapore (MPA) develops and promotes Singapore as a premier global hub port and international maritime center and to advance and safeguard Singapore's strategic maritime interests. The MPA works in conjunction with the Republic of Singapore Navy and the Singapore Police Coast Guard to secure a safe passage within and around Singapore waters and its ports.

Many government agencies such as the Ministry of Trade & Industry and the Monetary Authority of Singapore, among others, are particularly concerned about unauthorized access to sensitive information. These agencies would be particularly interested in security software solutions, including biometrics, PKI technology and new firewall solutions.

Military: The Singapore Armed Forces need to control physical access to specific locations such as ammunition bunkers and military camps, and access to classified information. The Ministry of Defense has installed a biometrics systems using fingerprint technology to prevent unauthorized access to an underground ammunition bunker. Post believes that this is going to be their preferred solution for physical access control in the future (as opposed to use of smart card systems). Security software will also be of interest to them.

Public Transit: The construction of Mass Rapid Transit (MRT) Circle Line and the Marina Downtown MRT Line will see a significant opportunity for the sale of security equipment and systems. The projects are now in the construction stage. Equipment to be purchased by the Land Transport Authority is expected to include CCTVs, access control systems, central alarm systems, fire detection and control equipment and even biometric systems for MRT staff.

Private Sector:

Multinational Companies: Demand for access control systems, especially for major corporations, is on the rise. Security software will also be of interest to them.

Building Owners: Interests may include the use of surveillance cameras and CCTV systems, fire fighting equipment and access control systems using code access.

Shopping/Retail Centers/Outlets: Retail security solutions including: Electronic Article Surveillance, Point of Sales Systems, Cash Protection, Tamper-proof Labeling could prove to be attractive solutions to rising losses. High-end retailers selling branded goods like Prada, Gucci, Louis Vuitton, Christian Dior and Blurrbury are prospective users. Other major players in the retail sector include chains such as Carrefour, Robinsons, Metro, NTUC Fairprice and Cold Storage. There are also thousands of small retailers.

Banking and Financial Services: The banking and financial services industry in Singapore has been liberalized. However, growth from new entrants is overshadowed by a consolidation of the industry. As such, there is likely to have a lower increase in demand for new installation of security equipment. Redundant branches will likely be closed. Demand could come from the relocation of branches and the replacement of old security systems and equipment by existing financial institutions and from the set-up of some new branches by new foreign entrants. Potential growth is also expected to come from the increased utilization of electronic banking, which will need to address issues of cyber security.

Market Entry:

Many American exporters use agents or distributors to serve the Singapore and other markets in Southeast Asia. Finding prospective partners presents no problem. Singapore firms are aggressive when it comes to representing new products and usually respond enthusiastically to new opportunities. In addition, most Singapore companies are open to joint venture proposals and many are interested in manufacturing under license.

Technology, price and after-sales service are the main selling factors in Singapore. Prospective exporters to Singapore should be aware that competition is strong and that buyers expect good after-sales service. Selling techniques vary according to industry or the product involved, but they are comparable to the techniques used in any other sophisticated market. It is also important for U.S. firms to visit their representatives and maintain a good relationship with them.

Appointment of Distributor/Agents: there is no special legislation in Singapore covering agency agreements. In the absence of this, the Singapore's Common Law of Practice applies.

Methods of Operation for American Companies: the principal methods of operations for American companies in the Singapore market are through:

- A branch of the American firm or an associated company incorporated as a full subsidiary based in Singapore.
- A representative sent out from the United States and stationed permanently in the area. He or she may not be directly responsible for obtaining orders and making sales, but supervises local distributors and/or agents.
- An agent appointed in Singapore. Local firms which act as agents range from small trading companies, working on a small project basis to large engineering installers representing a number of manufacturers in several categories of security related equipment. Such organizations handle a large share of the security equipment business and generally have branches throughout the area.
- Direct sales on an open market basis. This method is only successful if the U.S. suppliers have already developed well-established connections.

In view of the competitive nature of the local business environment, it is recommended that any new-to-market American company appoint a local representative. Once business has matured, the establishment of a representative office might then be desirable to serve as a launching pad into the region.

Trade promotion and advertising: There are specialized trade magazines in Singapore and many trade fairs (<http://www.sgmeetings.com>) that could serve as venues to promote U.S. security equipment and technologies. The major English language daily newspapers are the Straits Times and the Business Times and are available at <http://www.asiaone.com>. The business magazine that has the relevant features on security related themes is "Fire & Security Today" published by Trade Link Media Pte Ltd (<http://www.tradelinkmedia.com.sg>). The major Chinese daily is Lianhe Zaobao (<http://www.zaobao.com>). E-Commerce websites can be found at <http://www.ida.gov.sg> and at <http://www.sg>. Leads for local advertising and promotional service agencies are located at <http://www.yellowpages.com.sg>.

Financial: Shipments to Singapore are generally made under letters of credit and sight drafts, depending on the exporter's preference and the extent of past dealings with the purchaser. Standard credit terms are 30 to 90 days. The foreign departments of most major banks are well equipped to provide service and advice on matters of foreign trading and credit.

Quotations should be on a C&F basis whenever possible. The prices given may be either in Singapore or U.S. dollars. Exporters making quotations in Singapore dollars should consult their banks for the prevailing exchange rate. Singapore uses the metric system, so it is often beneficial for price/quantity quotations to be prepared accordingly.

Market Issues & Obstacles:

There are excellent opportunities for U.S. firms to sell security equipment and systems to Singapore as the country is virtually a free port. There are no duties, taxes or tariffs on imports to Singapore of all types of security related equipment from the U.S. and elsewhere in the world. The challenge is in competing with all the other suppliers from the world since it is such an open economy.

All imported goods meant for local consumption are taxable under the Goods and Services Tax (GST), which is levied at 7%. Goods kept in the Free Trade Zone are not subject to GST, however GST will be charged if they are later released for local consumption.

Technical Requirements and Standards: The electrical power supply specifications in Singapore are 230 volts, 50 cycles, single phase and 415 volts, 50 cycles, 3-phase. American equipment for use in Singapore must conform to these electrical requirements.

Internationally recognized standards, such as the American National Standards Institute, are fully acceptable. SPRING Singapore (the Standards, Productivity & Innovation Board) is the government organization that oversees the formulation of industrial standards for almost every industry sector. Any queries relating to industrial standards should be directed to SPRING Singapore at 2 Bukit Merah Central, Singapore 159835; Tel: (65) 6279-1847, Fax: (65) 6272-1937, Contact: Ms. Susan Chong, Director, Standardization Division, email: suchong@spring.gov.sg.

Intellectual Property Rights: A legal framework that specifically provides for copyright protection of Intellectual Property has been put in place under the Copyright Act. A bilateral agreement between Singapore and the United States on the protection of Intellectual Property Rights has since been in force. However, American owners must also register their copyrights in Singapore before they can be enforced locally. Infringement of copyrights should be referred to the U.S. Embassy for advice and guidance.

Trade Event:

The following trade event in Singapore is appropriate for the promotion of all aspects of security related equipment and technology:

Global Security Asia 2009
Date: March 17 – 19, 2009
Venue: Singapore Expo
Organizer: GSA Exhibitions Pte Ltd
7500A Beach Road
#12-323 The Plaza
Singapore 199591
Contact: Ms. Shirley Chan
Tel: (65) 6392-5328 Ext 802
Fax: (65) 6392-3098
Website: <http://www.globalsecasia.com>
Email: Shirley@globalsecasia.com

Resources & Contacts:

(A) Government and Statutory Agencies:

Singapore Police Force
Website: www.spinet.gov.sg

DSO National Laboratories
Website: www.dso.org.sg

Defense Science & Technology Agency
Website: www.dsta.gov.sg

Civil Aviation Authority of Singapore
Website: www.changi.airport.com.sg

Spring Singapore
Website: <http://www.spring.gov.sg>

Trade Associations:

Security Systems Association of Singapore
10 Anson Road
#33-17 International Plaza
Singapore 079903
Tel: (65) 6733-3485
Fax: (65) 6225-6130
URL: <http://www.ssas.org.sg>

ASIS International (Singapore Chapter)
No. 14, Robinson Road
#13-00 Far East Finance Building
Singapore 048545
Tel: (65) 6780-6076
Fax: (65) 6789-8167
URL: <http://www.asis-singapore.org.sg>

For More Information

The U.S. Commercial Service in Singapore can be contacted via e-mail at: Hawcheng.Ng@mail.doc.gov; Phone: (65) 6476-9037; Fax: (65) 6476-9080 or visit our website: <http://www.buyusa.gov/singapore>.

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