

Reviving the Silk Road and the Role of Singapore

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AS THE MIDDLE EAST and Asia realise the benefits to be gained from collaboration, the prospects of reviving ties between the two regions have grown more than ever before. The possibility of the Middle East emerging as a new economic giant in this new century has given rise to romantic notions of a “New Silk Road” that would link Asia and the Middle East in a revival of the old trans-regional arc of mutual prosperity. While China’s capital Chang’an had served as the point of departure for travellers using the Silk Road, today, Singapore could perhaps be the modern-day Chang’an and build the bridge between Asia and the Middle East as both Arabs and Asians rediscover each other.

Singapore and the Middle East: Increasing Mutual Cooperation

For Singapore, serious engagement with the Middle East began in 2004 when Singapore’s Senior Minister Goh Chok Tong made a series of high-level official visits to Middle East.¹

In June 2005, Singapore also hosted the inaugural Asia-Middle East Dialogue (AMED), providing an unprecedented platform for countries from the two regions to come together to discuss issues and areas of mutual concern.² AMED enabled policy makers, intellectuals and businessmen to discover the huge opportunities for cooperation and led to several bilateral agreements between countries in the two regions. As a follow up, the Singapore Business Federation launched the Middle East Business Group in March 2007. It set out two objectives: to foster strong ties between business chambers and companies from both sides and to provide consultations for local companies with business interests in the Middle East.³

New Markets and Businesses

Many Middle Eastern economies, especially the Gulf Cooperation Council states (GCC) - comprising Saudi Arabia, the United Arab Emirates, Kuwait, Qatar, Bahrain



Table 2: Arab and World Oil Reserves, 2001–2005

	<i>(Billion barrels at year end)</i>					% Change 2005/2004
	2001	2002	2003	2004	2005*	
Algeria	11.31	11.31	11.80	11.35	11.35	0.0
Bahrain	0.13	0.13	0.13	0.13	0.12	(7.7)
Egypt	3.70	3.70	3.70	3.70	3.70	0.0
Iraq	115.00	115.00	115.00	115.00	115.00	0.0
Kuwait(a)	96.50	96.50	99.00	101.50	101.50	0.0
Libya	36.00	36.00	39.13	39.13	39.13	0.0
Qatar	15.21	15.21	15.21	15.21	15.21	0.0
Saudi Arabia(a)	262.70	262.79	262.73	264.31	264.31	0.0
Syria	3.15	3.15	3.15	3.15	3.15	0.0
Tunisia	0.31	0.31	0.31	0.31	0.31	0.0
UAE	97.80	97.80	97.80	97.80	97.80	0.0
Total OAPEC	641.81	641.90	647.96	651.59	651.58	0.0
Oman	5.90	5.71	5.57	5.57	5.51	(1.1)
Sudan	0.81	0.81	0.81	0.81	6.32	680.2
Yemen	4.00	4.00	4.00	4.00	4.00	0.0
Total Arab Countries	652.52	652.42	658.34	661.97	667.41	0.8
Total OPEC	847.91	881.68	890.73	896.67	896.67	0.0
World Total	1,081.65	1,113.48	1,126.60	1,129.39	1,131.64	0.4
OAPEC/World (%)	59.3	57.6	57.5	57.7	57.6	
Arab Countries/World (%)	60.3	58.6	58.4	58.6	59.0	
OPEC/World (%)	78.4	79.2	79.1	79.4	79.2	

a) Includes half of the reserves of the Divided Zone.
* Preliminary estimates.

Arab and World Oil Reserves, 2001 - 2005

Source: *Arab Oil and Gas Directory*. (2007). Paris: Arab Petroleum Research Center

and Oman - are witnessing an unprecedented increase in revenues because of sustained oil prices over the last few years. Together with Iran, the Gulf States account for 84% of the world's known recoverable oil reserves.⁴ In 2006, world oil demand also grew by 0.9%, hence benefiting the oil producers.⁵ In a recent study done by financial investment company Arcapital, it was reported that for the past five years, the GCC's collective annual current-account surplus had risen from US\$25bn to over US\$200bn.⁶ The study revealed that official reserves had doubled from US\$51bn in 2002 to US\$98bn in 2007, and were expected to reach US\$100bn by 2008.⁷ Unfortunately, while this has positive implications on the local economy and social life of the people, it has the potential to bring about more conflicts and instability to the region. Indeed, in the last 25 years, many wars in the regions were fought over oil⁸. Cases in point would be the Iraq-Iran war from 1980 to 1988, the invasion of Kuwait by Iraq in 1990 and the war in Iraq to liberate Kuwait in 1991. Even the invasion of Iraq in 2003 could possibly be construed as being motivated by the desire to secure oil resources in Iraq.

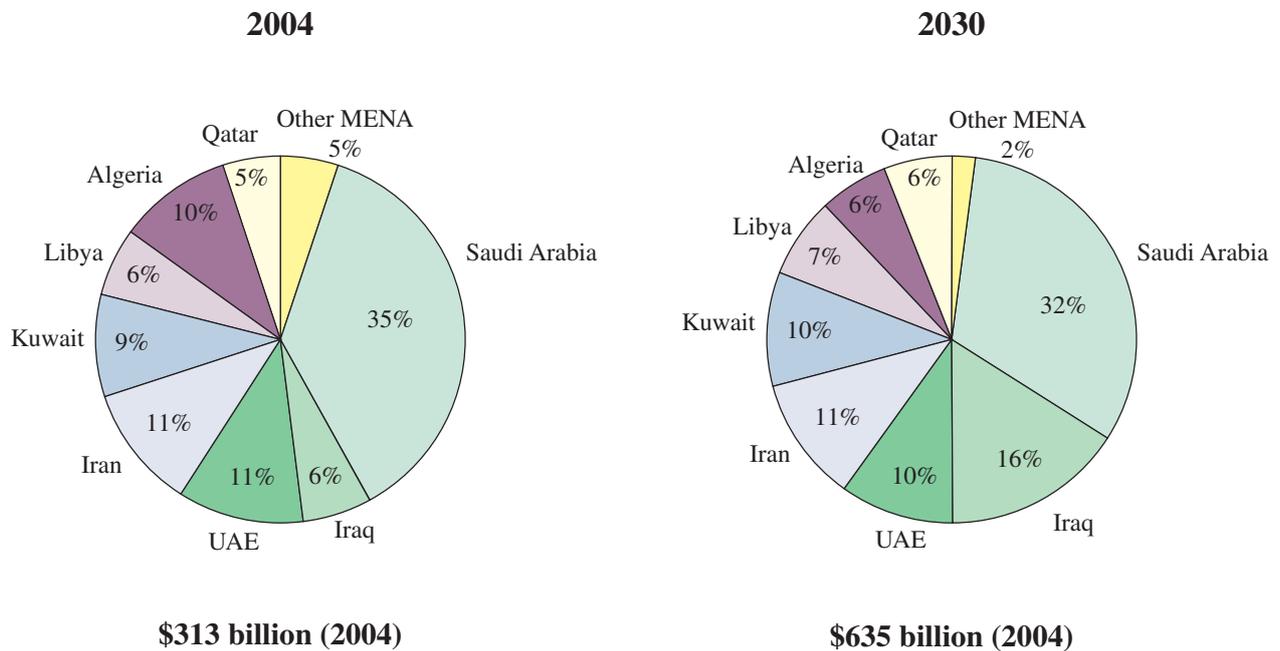
Besides the cash surplus generated from the energy industry, one should take note of the rise of a new business elite in the Gulf States. Members of this group have studied in well-known Western Universities and have good business

knowledge. This new elite comprises youths who are equipped with capital, knowledge and ambition and are eager to move away from the energy business. Although it is too early to speculate that more of these elite's investments would find its way to Asian markets, especially China, Singapore, India and Malaysia, it would certainly be interesting to watch an important group of these investors daring to take risks in their homeland by investing in new economic sectors such as tourism, bio-industry and real estate. It is possible that these young businessmen possess more decisiveness in taking charge of their wealth and the capacity for growth. Current geopolitical developments are also in favour of such a shift. The Middle Eastern governments are also seeing the need to support and establish the policy framework for these elite to embark on new businesses.

What Makes Singapore the Ideal Partner?

With just a surface area of 692.7km, Singapore sets an exceptional success story. On the world map Singapore is but a tiny red dot. Nevertheless, despite having no natural resources such as oil and gas, the island is today one of the world's most developed nations. Good governance, good planning and strong adherence to the rule of law are just some of the contributing factors to the success story.

MENA Oil and Natural Gas Export Revenues, Share by Country



Source: World Energy Outlook © OECD/IEA, 2005, Table 3.5., page 115.

MENA Oil and Natural Gas Export Revenues, Share by Country

Source: Arab Oil and Gas Directory. (2007). Paris: Arab Petroleum Research Center

Today the name Singapore is synonymous with sophisticated infrastructures, cleanliness, efficiency, good governance and many other factors that have contributed to the success of the country. Such factors have enabled the country to attract more business from all over the world. To cite one example, the World Bank report has ranked Singapore as the world’s easiest place to do business. As Table 1 shows⁹, Singapore is ranked first, ahead of several countries with long business traditions and capabilities such as the United States and Hong Kong.

Singapore has been strong in industries such as oil refining, ship repairing and electronic. Recently the country is also moving towards non-electronic industries such as the bio-chemicals and finance.¹⁰ A good indication of the country’s economic power is the consistent surplus of exports over imports as indicated in Table 2.¹¹

One may contend that a rich country is not necessarily a developed one. However, Singapore is different: the country does not have any natural resources. Indeed, the country’s exports comprised mainly electronic products, scientific instruments, crude material, chemical products and technology.¹² Singapore companies are involved in big projects in many countries in Asia or Middle East.¹³

The New Silk Road

The Silk Road or the Silk Route is the most well known trading route of ancient Chinese civilisation. It was discovered more

TABLE 1: WORLD’S EASIEST PLACE TO DO BUSINESS

RANK	COUNTRY
1	Singapore
2	New Zealand
3	United States
4	Canada
5	Hong Kong
6	United Kingdom
7	Denmark
8	Australia
9	Norway
10	Ireland

Source: World Bank report: Doing Business 2007: How to Reform Retrieved from http://www.edb.gov.sg/edb/sg/en_uk/index/why_singapore/singapore_rankings.html

TABLE 2: SINGAPORE'S TRADE FIGURES, 2001 - 2006

YEAR	2001	2002	2003	2004	2005	2006
Total Import	207,692	208,312	237,316	293,337	333,191	378,924
Total Export	218,026	223,901	278,615	335,615	382,532	431,559

Source: *Yearbook of Statistics Singapore*. (2007). Singapore: Department of Statistics, Ministry of Trade and Industry

than 2,000 years ago by Chang Chi'in, a Chinese traveller who had crossed China on a secret military mission that would later help China discover Europe and the origins of the Silk Road.¹⁴ Travelling more than 7,000 kilometres, horse caravans crossed China, Central Asia, and the Middle East, carrying cosmetics, rare plants, medicines, aromatic items, spices woods, books and others.¹⁵ However, silk was the most important product because the Romans and Arabs appreciated it. The Romans desired it to the extent that during the times when demand for silk increased

substantially, Rome had to pay for it with vast amounts of gold.¹⁶ Both the Silk Road and China achieved its greatest glory during the Tang Dynasty (618-907), which is generally regarded as China's "golden age."¹⁷ Its capital Chang'an, "the Rome of Asia", which served as the point of departure for travellers using the Silk Road, was one of the most cosmopolitan cities then.¹⁸

Singapore would perhaps perform the task of Chang'an in this modern era. Singapore enjoys a good reputation among its neighbours and the international community.

Merchandise Exports

Region/ Country	Total merchandise exports			Oil exports		Nonoil exports			Ores and metals exports		Agricultural exports	
	Billion US\$ 1998–2000	US\$ per capita 1998–2000	% to GDP 1998–2000	Billion US\$ 1998–2000 ^a	% to GDP 1998–2000	Billion US\$ 1998–2000 ^a	US\$ per capita 1998–2000	% to GDP 1998–2000	Billion US\$ 1998–2000 ^a	% to GDP 1998–2000	Billion US\$ 1998–2000 ^a	% to GDP 1998–2000
MENA	186	704	28.7	130.8	23.0	55.2	132	9.7	114.3	19.6	5.9	1.0
Non-GCC	61	261	17.8	38.8	11.9	22.6	95	6.9	40.5	11.8	5.0	1.4
Algeria	15	494	29.9	14.3	28.9	0.5	17	1.0	14.4	29.1	0.0	0.1
Djibouti	0	34	3.9	—	—	—	—	—	—	—	—	—
Egypt, Arab Rep. of	4	60	4.2	1.3	1.4	2.5	40	2.8	1.5	1.6	0.5	0.6
Iran, Islamic Rep. of	21	332	20.6	17.6	17.4	3.2	52	3.2	17.8	17.6	1.0	0.9
Jordan	2	389	22.5	0.0	0.0	1.8	389	22.5	0.4	5.1	0.2	2.6
Lebanon	1	160	4.2	—	—	0.7	—	4.2	0.04	0.2	0.1	0.9
Morocco	7	259	21.0	0.2	0.5	7.1	252	20.5	0.9	2.5	1.7	4.9
Syrian Arab Republic	4	232	22.6	2.5	15.2	1.2	76	7.4	2.5	15.5	0.7	4.3
Tunisia	6	616	29.0	0.5	2.5	5.3	563	26.5	0.6	2.9	0.6	3.0
Yemen, Rep. of	3	157	34.6	2.5	32.2	0.2	11	2.4	2.5	32.3	0.1	1.0
GCC	125	4,366	41.1	92.0	38.3	32.6	472	13.6	73.8	30.7	0.9	0.4
Bahrain	4	6,554	63.1	2.9	42.0	1.5	—	21.1	—	—	0.0	0.2
Kuwait	14	7,156	44.4	10.9	35.1	2.9	1,506	9.4	10.9	35.2	0.0	0.1
Oman	8	3,349	43.8	6.0	33.2	1.9	808	10.6	6.1	33.7	0.3	1.9
Qatar	8	14,055	64.6	7.2	58.2	0.8	1,387	6.4	7.2	58.3	0.0	0.0
Saudi Arabia	56	2,758	31.2	49.5	27.7	6.3	309	3.5	49.6	27.8	0.5	0.3
United Arab Emirates	35	12,386	62.5	15.6	27.9	19.3	—	34.6	—	—	—	—

Merchandise Exports

Source: *Trade, Investments in the Middle East and North Africa, Engaging with the World*. (2003). Washington D.C.: World Bank

Merchandise Imports

Region/ country	Total imports			Manufacturing imports			Agricultural imports		
	Billion US\$ 1998– 2000	US\$ per capita 1998– 2000	% to GDP 1998– 2000	Billion US\$ 1998– 2000	US\$ per capita 1998– 2000	% to GDP 1998– 2000	Billion US\$ 1998– 2000	US\$ per capita 1998– 2000	% to GDP 1998– 2000
MENA	155	588	24.0	84	324	14.4	24.3	93	4.1
Non-GCC	74	315	21.5	49	210	14.3	16.7	71	4.9
Algeria	9	308	18.7	6	204	12.4	2.9	96	5.8
Djibouti	0	314	36.4	—	—	—	—	—	—
Egypt, Arab Rep. of	15	245	17.1	9	145	10.1	4.2	68	4.7
Iran, Islamic Rep. of	14	219	13.6	10	163	10.1	2.8	45	2.8
Jordan	4	850	49.2	3	540	31.3	0.9	194	11.3
Lebanon	7	1,523	39.6	4	921	23.9	1.3	315	8.2
Morocco	11	375	30.4	7	252	20.5	1.9	66	5.4
Syrian Arab Republic	4	244	23.8	2	152	14.8	0.8	54	5.2
Tunisia	8	895	42.1	7	700	32.9	1.0	106	5.0
Yemen, Rep. of	2	127	28.1	1	70	15.5	0.8	46	10.2
GCC	81	2,845	26.8	35	1,403	14.6	7.6	295	3.1
Bahrain	4	5,937	57.2	—	—	—	0.2	244	2.3
Kuwait	8	4,052	25.2	6	3,240	20.1	0.9	470	2.9
Oman	5	2,185	28.6	4	1,587	20.8	1.1	455	5.9
Qatar	3	5,630	25.9	3	4,501	20.7	0.3	455	2.1
Saudi Arabia	29	1,457	16.5	23	1,120	12.7	5.2	257	2.9
United Arab Emirates	32	11,236	56.7	—	—	—	—	—	—

Merchandise Imports

Source: *Trade, Investments in the Middle East and North Africa, Engaging with the World*. (2003). Washington D.C.: World Bank

Its sophisticated infrastructures, strategic location and favourable business environment are but some of the several factors that would enable Singapore to take the lead in reconnecting Asia and the Middle East. Indeed, all the developments- (including political, economic and social) forecast a revival of the Silk Road. History has always played a role in linking disparate regions, as seen from the trading links between Middle East via Arab traders in Singapore.¹⁹ It is these established networks that enable Singapore and the Middle East to enhance their cooperation and exchanges towards a more vital and dynamic relationship.

ENDNOTES

1. Countries/ Regions >Middle East, Bilateral Relations, at <http://www.mfa.gov.sg/>
2. Ibid.
3. Singaporean companies were very active in various range of businesses in the Middle East, including petrochemical distribution rights, hotel development, water desalination, investment in petrochemical olefin

- projects, investment in food manufacturing plant, e-government project, e.g. e-judiciary and e-trade projects, investment in food manufacturing plant, sale of automotive parts, stationery and printing consumables, export of work products, oil and gas parts and automotive parts as well as oil, petrochemical trade. SBF launches Middle East Business Group to boost business ties between Singapore and the Middle East. <http://www.sbf.org.sg/public/aboutsbf/pressroom/prdetails/pressroom20070326.jsp>
4. The Gulf: Future Security and British Policy (UAE: The Emirates Center for Strategic Studies and Research, 2000), p. 46.
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 6. Near East meets Far East: The Rise of Gulf investment in Asia http://www.arcapita.com/news/pdfs/2007/EIU_WhitePaper-web.pdf
 7. Ibid.

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8. Hossein Askari, *Middle East Oil Exporters, What happened to Economic Developments?* (London: Edward Elgar Publishing, 2006), pp. 36-37.
9. Why Singapore: Singapore rankings, at: http://www.edb.gov.sg/edb/sg/en_uk/index/why_singapore/singapore_rankings.html
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18. Ibid. p. 28.
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