THE STRAITS TIMES

Wednesday, August 19, 2026

Facing US forced labour tariffs, Singapore must respond on its own terms

Singapore should strengthen its trade regime against forced labour without weakening its role as a global trade hub.

Kok Ping Soon

The United States' decision to impose a 12.5 per cent tariff on Singapore and more than 30 other economies under Section 301 of the US Trade Act, citing insufficient rules against forced labour imports, is a reminder that trade is increasingly being used to advance wider policy objectives. Singapore should take the issue seriously, but we should also respond on our own terms.

The US is not alleging that forced labour is taking place within Singapore. We have strong and effectively enforced laws against forced labour, ratified the International Labour Organization's Forced Labour Convention, and a strong track record of implementing policies that uphold our international legal obligations.

However, the US is now linking lower tariff treatment to whether countries have laws that explicitly ban the import of goods made with forced labour. This reflects a broader global shift. The European Union has enacted a Forced Labour Regulation that will take effect in December 2027. Canada has also passed supply chain legislation requiring businesses to assess forced labour risks, manage them and remediate issues.

As more economies make such rules a condition for market access, Singapore should consider enhancing our trade regime to address forced labour imports more explicitly. But the regime must be carefully designed. It should uphold high standards without weakening Singapore's role as a global logistics and trading hub.

This is critical as around 90 per cent of Singapore's container port throughput involves transshipment. Treating every container as if it were imported into Singapore would impose enormous compliance burdens and slow legitimate trade without necessarily improving enforcement against forced labour.

At the same time, transshipment cannot be ignored. A recent US report flagged Singapore and several other economies as potential conduits for Chinese exporters to avoid US tariffs through warehousing, consolidation, relabelling, re-invoicing, minor processing or new origin documentation. This is a distinct concern from forced labour. It is about illegal transshipment and origin circumvention. While goods may move through multiple jurisdictions before reaching their final destination, origin is governed by established Customs rules and cannot be changed simply through relabelling, warehousing or other minor activities that do not constitute substantial transformation.

Singapore was placed in the lower-volume Tier 3 risk category, and the report recognised the scale and sophistication of our logistics ecosystem, including our ports, trading houses, bonded warehouses and re-export systems. We already have robust Customs controls, strong regulatory oversight, and strict rules on origin and trade documentation.

Recent enforcement actions against individuals and companies that falsely labelled China-made goods as of Singapore origin demonstrate our commitment to upholding these standards. As a global trade hub, Singapore's reputation depends not just on facilitating trade, but also on safeguarding its integrity. We must remain vigilant against illegal transshipment, origin circumvention or other forms of fraud to preserve the trust in goods and documentation moving through Singapore.

That is why Singapore's response must be both principled and practical. At the government level, we should continue engaging with major partners quietly and firmly, explaining our trade profile, strong domestic standards and commitment to credible, proportionate rules. At the same time, we should identify practical ways to demonstrate our ability to uphold high standards, prevent illicit trade and reinforce the credibility of goods moving through Singapore.

HOW SINGAPORE SHOULD APPROACH THIS

Singapore's regime should follow four broad principles. First, distinguish genuine transshipment from origin-shifting. Goods that merely pass through Singapore without entering our market, being processed, or being declared as Singapore-origin should not face the same due diligence requirements as imports into or exports from Singapore. A transshipment hub cannot be expected to investigate the full supply chain behind every container that changes vessel here.

But where there is credible evidence of suspicious routing, altered documents, false-origin claims or forced labour concerns, regulators should be able to seek information, investigate the relevant shipments, and work with foreign counterparts where needed.

Second, adopt a tiered standard. Low-risk importers should need only to exercise baseline reasonable care, such as obtaining supplier declarations, conducting standard screening and maintaining proper records. Comprehensive supply-chain mapping and chain-of-custody documentation should be reserved only for specific high-risk goods, suppliers, sectors or regions.

Third, set a high evidentiary bar. Investigations should not be triggered by vague allegations. To prevent unsubstantiated or bad-faith claims from disrupting legitimate trade, complainants should be required to provide clear supporting evidence, including the product, supplier, shipment route or entity concerned. Affected companies should also have transparent timelines and practical avenues to respond.

Fourth, help businesses build compliance capabilities. Large multinational corporations may have dedicated teams for supplier audits, Customs compliance and origin documentation. Many small and medium-sized enterprises do not. Government agencies, trade associations and chambers can support them with standard due diligence templates, model contractual clauses, sector-specific risk guidance and advisory support. Businesses should also be given sufficient lead time before any new regime takes effect.

For businesses, trade compliance can no longer be treated as a back-office function. As the US and other major markets scrutinise forced labour, transshipment, country-of-origin claims and supply chain links more closely, businesses will need to show where their products and inputs come from, whether any processing amounts to genuine transformation, and whether their records support the declared origin.

This requires stronger capabilities in supply-chain traceability, origin determination, supplier due diligence, record-keeping and internal controls. It also requires proper systems and trained people. Trade compliance and operations must now be treated as professional disciplines in their own right.

TRUSTED TRADE AS A COMPETITIVE ADVANTAGE

Trust has always been Singapore's competitive edge. In an era of fragmented global trade, trusted trade must mean more than speed, connectivity and efficiency. It must also mean confidence that goods moving through Singapore are supported by credible documentation, responsible supply chains and strong safeguards against abuse.

Forced labour has no place in global trade. It is a deplorable means of gaining a price advantage, and no reputable trading hub should ignore abusive labour practices hidden in supply chains. But given today's complex and criss-crossing production networks, no country can police these risks effectively on its own.

We may have legitimate concerns about how US trade policy is being wielded. But Singapore's best response is to enhance our regulatory framework pragmatically, reinforce our credibility as a trusted global hub, and support businesses in meeting rising expectations. Done right, Singapore can uphold trust, protect openness and regulate trade on our own terms.

• Kok Ping Soon is CEO of the Singapore Business Federation.