Neutrality and its limits

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Principles instead of sides

Outside observers sometimes describe Singapore as neutral, a term its own government avoids. In his ministerial statement to Parliament on 28 February 2022, Foreign Minister Vivian Balakrishnan put the doctrine in one sentence: "Instead of choosing sides, we uphold principles."[1] The principles in question are those of the United Nations Charter: sovereignty, territorial integrity, the peaceful settlement of disputes and the prohibition of the use of force.

The distinction matters because a neutral state abstains from taking positions in conflicts between other states. A state that upholds principles takes positions whenever those principles are violated, regardless of who violates them. Singapore opposed Vietnam's invasion of Cambodia in 1978 and Russia's invasion of Ukraine in 2022 on the same ground. It also takes positions on the law of the sea in the South China Sea that do not always please Beijing. The result is a foreign policy that is predictable without being passive.

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Between Washington and Beijing

The balance between the United States and China is the central test of this policy. Singapore established diplomatic relations with the People's Republic of China only on 3 October 1990, partly out of consideration for its neighbours' sensitivities. Indonesia, the largest of them, had formally resumed its own relations with Beijing on 8 August 1990.[23] Economic cooperation had begun long before. Government-to-government projects such as the Suzhou Industrial Park, agreed in 1994, and the Tianjin Eco-City, launched in 2007, made Singapore a partner in China's development. In April 2023 the two governments described their relationship as an all-round, high-quality, future-oriented partnership.[4]

At the same time Singapore hosts rotational deployments of American naval vessels and buys much of its military equipment from the United States. Each side has occasionally tested the balance. In November 2016, Hong Kong customs detained nine Singapore army Terrex infantry carrier vehicles on their way back from training in Taiwan. The vehicles were returned only in January 2017, an episode widely read as a signal of Chinese displeasure.[5] American pressure has taken the form of tariffs and export controls on advanced technology, which Singapore's firms must respect (see Chapter H.IV).

The balance leaves room for differing positions on particular issues. Its core is that Singapore refuses to be used by either power against the other, while cooperating with each wherever its own interests and principles allow. The Shangri-La speech of 2019 put this in terms that Asian governments widely shared: they wish to be friends with both. For the financial centre, the balance is a commercial asset. Chinese family wealth, American asset managers and European banks can all operate in Singapore without the sense that they are operating on the territory of an adversary.

The sanctions against Russia in 2022

The Russian invasion of Ukraine tested the doctrine in a way no previous event had. On 24 February 2022, the day of the invasion, the Ministry of Foreign Affairs stated that Singapore "strongly condemns any unprovoked invasion of a sovereign country

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under any pretext".[6] Four days later, Balakrishnan announced in Parliament that Singapore would act with like-minded countries to impose sanctions, while acknowledging that these would have costs for Singapore's businesses and citizens. On 2 March 2022, Singapore co-sponsored the General Assembly resolution deploring the aggression, which passed by 141 votes to five with 35 abstentions.[7]

The measures themselves were announced on 5 March 2022. They banned exports to Russia of military goods and of certain electronic, computer and telecommunications items that could be used in the war. Financial institutions were prohibited from dealing with four Russian banks, VTB, Vnesheconombank, Promsvyazbank and Bank Rossiya, whose assets had to be frozen. New securities purchases and loans that would help the Russian government or central bank raise funds were prohibited, together with certain transactions relating to Donetsk and Luhansk. Transactions in crypto-assets designed to circumvent the measures were banned as well.[8]

The step was significant because Singapore's practice had been to impose sanctions on the basis of decisions of the United Nations Security Council. The government explained the departure by the Russian veto in the Security Council and the unprecedented gravity of the attack. Russia placed Singapore on its list of unfriendly countries two days later. Within ASEAN, Singapore stood alone in imposing such measures, which shows that its commitment to principle can override its preference for regional consensus. Chapter H.IV examines the legal framework and the compliance burden of these measures for banks and traders.

The value of a convening power

Consistency produces a further asset: others trust Singapore to host their most delicate meetings. In 1993 the city hosted the Koo–Wang talks, the first semi-official negotiations between representatives of the two sides of the Taiwan Strait. On 7 November 2015, Xi Jinping and Ma Ying-jeou met at the Shangri-La Hotel in the first meeting of leaders from both sides since 1949.[9] On 12 June 2018, the first

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summit between a sitting American president and the leader of North Korea took place at the Capella hotel on Sentosa. The Ministry of Foreign Affairs later put its cost to Singapore at S$16.3 million.[10]

The Shangri-La Dialogue, organised by the International Institute for Strategic Studies since 2002 with the support of the Singapore government, has become the principal annual meeting of defence ministers in Asia.[11] Their value for the financial centre lies in the image of a city where adversaries can meet in safety, where agreements are kept confidential and where the host has no hidden agenda. That image transfers to the arbitration rooms, the trust companies and the private banks of the city.

Where neutrality ends

The limits of Singapore's position are clear: it cannot be neutral in a conflict that directly threatens its own security or the sea lanes on which it depends. It cannot ignore American export controls or secondary sanctions, because its banks clear dollars and its firms need American technology. It also cannot afford to alienate China, which, counted together with Hong Kong, is its largest export market and its largest single source of imports.[12] China is also the origin of a considerable share of the wealth managed in the city (see Chapter I.II). The balancing strategy therefore operates within narrowing margins. Should rivalry between the two powers harden into blocs, Singapore would face choices that its diplomacy has so far avoided. Chapter K.V considers these scenarios.

Neighbourly relations have limits too, since even within ASEAN old issues occasionally return. When Indonesia named a warship after the two marines executed in 1968, in 2014, Singapore barred the vessel from its waters.[13] Water supply from Johor rests on an agreement of 1962 that runs until 2061 and whose pricing has been disputed periodically.[14] Such disputes have never interrupted trade or finance, which is itself a measure of the regional order that ASEAN created. Chapter I.IV discusses the economic relationship with Malaysia and Indonesia.

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Notes

1. Ministry of Foreign Affairs Singapore, “Ministerial Statement by Minister for Foreign Affairs Dr Vivian Balakrishnan on the Russian Invasion of Ukraine”, 28 February 2022 (mfa.gov.sg, accessed November 2026): “Instead of choosing sides, we uphold principles”; a world order in which “might is right” would be “profoundly inimical to the security and survival of small states”; small states must avoid “becoming sacrificial pawns, vassal states”; sanctions will have “some cost and implications” for Singapore's businesses and citizens. ↩

2. Wikipedia, “China–Indonesia relations” (accessed November 2026): memorandum on the resumption of diplomatic relations signed on 8 August 1990, when “the two sides declared the formal resumption of the diplomatic relations between China and Indonesia”. ↩

3. Wikipedia, “China–Singapore relations” (accessed November 2026): formal diplomatic relations established on 3 October 1990 (the article's further description of Singapore as the last Southeast Asian country to recognise the PRC is not followed here, since Brunei established relations in 1991: Wikipedia, “Brunei–China relations”); agreement on the joint development of Suzhou Industrial Park in 1994, proposed by Lee Kuan Yew to Zhu Rongji in 1993; Sino-Singapore Tianjin Eco-City from 2007. ↩

4. Joint Statement between the People's Republic of China and the Republic of Singapore on the establishment of an All-Round High-Quality Future-Oriented Partnership, 1 April 2023 (mfa.gov.sg). ↩

5. Wikipedia, “China–Singapore relations” (accessed November 2026): seizure of nine Terrex ICVs by Hong Kong customs in November 2016, return announced on 24 January 2017; Global Times accusation in September 2016 that Singapore had backed the *Philippines v. China* ruling; Wikipedia, “Foreign relations of Singapore”: vehicles detained on 23 November 2016 at Kwai Chung Container Terminal for more than two months. ↩

6. Ministry of Foreign Affairs Singapore, “MFA Spokesperson's Comments on the Situation in Ukraine”, 24 February 2022 (mfa.gov.sg, accessed November

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2026): Singapore is “gravely concerned by Russia's announcement”, “strongly condemns any unprovoked invasion of a sovereign country under any pretext” and holds that “the sovereignty, independence and territorial integrity of Ukraine must be respected”. ↩

7. Wikipedia, “Russia–Singapore relations” (accessed November 2026): Singapore co-sponsored UN General Assembly resolution ES-11/1 of 2 March 2022, adopted by 141 votes to 5 with 35 abstentions; Russia placed Singapore on its list of “unfriendly countries” on 7 March 2022. ↩
8. Ministry of Foreign Affairs Singapore, press statement on sanctions and export control measures against Russia, 5 March 2022 (mfa.gov.sg, accessed November 2026): invasion described as “a clear and gross violation of international law” and a breach of the UN Charter; export controls on military goods and dual-use electronics, computer and telecommunications items; prohibition on dealings with VTB, Vnesheconombank, Promsvyazbank and Bank Rossiya with freezing of their assets; prohibition of fundraising for the Russian government and central bank; restrictions on Donetsk and Luhansk; prohibition of cryptocurrency transactions used to circumvent the measures; action taken in view of the Russian veto in the Security Council and the “unprecedented gravity” of the attack. ↩
9. Wikipedia, “First Ma–Xi meeting” (accessed November 2026): meeting on 7 November 2015 at the Shangri-La Hotel, Singapore, the first between the political leaders of both sides of the Taiwan Strait since 1949; Singapore chosen as a neutral third location, its government having helped to organise the meeting; Singapore had hosted the Koo–Wang talks of 1993. ↩
10. Wikipedia, “2018 North Korea–United States Singapore Summit” (accessed November 2026): summit on 12 June 2018 at the Capella hotel, Sentosa; Ministry of Foreign Affairs later put the actual cost to Singapore at S$16.3 million. ↩
11. Wikipedia, “Shangri-La Dialogue” (accessed November 2026): first held in 2002 as the Asia Security Conference, organised by the International Institute

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for Strategic Studies at the Shangri-La Hotel; Singapore's Cabinet approved support from the Ministry of Defence. ↩

12. Wikipedia, "Economy of Singapore" (accessed November 2026), infobox: China (including the SARs) the largest single-country export partner (28.2 per cent) and import partner (14.5 per cent), behind ASEAN as a bloc; reference year not stated. ↩
13. Wikipedia, "MacDonald House bombing" (accessed November 2026): naming of the warship KRI *Usman Harun* by Indonesia in 2014, ban of the vessel from Singapore's waters and ports; apology by Indonesia's military chief, who later said the name would not be changed. ↩
14. Wikipedia, "Malaysia–Singapore relations" (accessed November 2026): disputes over water prices under the 1961 and 1962 water agreements; Singapore's rights under the 1962 agreement expire in 2061. ↩

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