

International Ranking of the Singapore's Legal Framework and the Judiciary

The Singapore Legal System and Judiciary continued to lead the World in 2003, excelling in various regional and international rankings and studies conducted by different organisations. The quality, adequacy, and efficiency of the Singapore Judiciary scored top marks and Singapore was rated best in the administration of justice and the rule of law. This publication provides an update of recent studies and surveys conducted by world-renowned institutes and where available, a comparison of the scores and ranking over the last few years will be presented.



Political & Economic Risks Consultancy (PERC)

- The Political & Economic Risks Consultancy Ltd (PERC), based in Hong Kong, is an international consulting firm specialising in strategic business information and analysis for companies doing business in East and Southeast Asia. PERC produces a range of risk reports¹ on Asian countries, giving attention to socio-political variables and other systemic strengths and weakness of individual Asian countries.
- The quality of the legal system and the Judiciary in Singapore relative to countries in the Asian region was rated by PERC.
- In PERC's 2003 Asian Intelligence Report², expatriates working in Asia were surveyed on their perceptions on the overall integrity of the legal system, the quality of the Judiciary and the police in countries in which they are working. Other particular aspects of the law and order environment such as personal security, corruption and confidence in being able to use the judicial system to seek redress against abuses like intellectual property rights violations were also asked.
- The evaluation by the respondents was conducted in comparison to their home country's system.

Quality of Legal System

- Singapore maintained top position (1.38) in Asia for the overall integrity and quality of the legal system, a ranking it has held since 1998. This reaffirmed the adequacy and efficiency of the Singapore legal system. Ranking after Singapore is Japan (2.00) and Hong Kong (2.33).
- The score for the Singapore's legal system showed significant improvement over the last few years, from 3.28 in 2001 to 1.38 in 2003. Singapore's score also surpassed the score for the United States (1.93) and Australia (1.70) [Figure 1].

¹ Figures reported in this section are culled from the Comparative Country Risk Reports and the Asian Intelligence.

² Issue No. 634, 4 June 2003.

Figure 1 : PERC's Ranking for Legal System, 1996-2003

| Countries | 1996 | | 1997 | | 1998 | | 1999 | | 2000 | | 2001 | | 2002 | | 2003 | |
|------------------|-------------|----------|-------------|----------|-------------|----------|-------------|----------|-------------|----------|-------------|----------|-------------|----------|-------------|----------|
| | Score | R | Score | R | Score | R | Score | R | Score | R | Score | R | Score | R | Score | R |
| Singapore | 2.76 | 2 | 2.72 | 2 | 2.33 | 1 | 3.18 | 1 | 2.57 | 1 | 3.28 | 1 | 1.70 | 1 | 1.38 | 1 |
| Japan | 4.12 | 3 | 4.61 | 3 | 4.93 | 3 | 5.13 | 3 | 5.00 | 3 | 4.33 | 4 | 3.67 | 3 | 2.00 | 2 |
| Hong Kong | 2.39 | 1 | 1.76 | 1 | 2.89 | 2 | 4.17 | 2 | 3.60 | 2 | 3.41 | 2 | 2.90 | 2 | 2.33 | 3 |
| South Korea | 5.89 | 7 | 6.93 | 9 | 6.50 | 6 | 7.70 | 7 | 6.83 | 6 | 5.33 | 5 | 4.83 | 4 | 5.00 | 4 |
| Malaysia | 4.95 | 4 | 5.00 | 4 | 5.86 | 4 | 6.25 | 5 | 7.00 | 7 | 4.17 | 3 | 6.29 | 5 | 5.25 | 5 |
| Taiwan | 5.50 | 6 | 6.13 | 8 | 5.88 | 5 | 7.23 | 6 | 5.78 | 4 | 5.92 | 6 | 6.33 | 6 | 6.00 | 6 |
| Thailand | 6.00 | 8 | 6.07 | 7 | 7.81 | 9 | 8.43 | 10 | 7.00 | 8 | 7.27 | 9 | 7.96 | 11 | 6.50 | 7 |
| Vietnam | 8.10 | 11 | 7.33 | 10 | 8.50 | 11 | 9.25 | 11 | 9.60 | 12 | 8.92 | 11 | 7.08 | 7 | 6.83 | 8 |
| Philippines | 7.09 | 9 | 5.60 | 6 | 7.61 | 8 | 5.86 | 4 | 6.50 | 5 | 7.20 | 8 | 7.78 | 10 | 6.83 | 9 |
| India | 5.00 | 5 | 5.50 | 5 | 7.00 | 7 | 7.89 | 8 | 7.95 | 9 | 6.80 | 7 | 7.33 | 8 | 8.00 | 10 |
| China | 8.37 | 12 | 7.79 | 11 | 8.25 | 10 | 8.33 | 9 | 9.33 | 11 | 8.42 | 10 | 7.78 | 9 | 8.33 | 11 |
| Indonesia | 7.15 | 10 | 8.06 | 12 | 8.68 | 12 | 9.82 | 12 | 8.13 | 10 | 9.22 | 12 | 9.83 | 12 | 9.00 | 12 |
| United States | na | | Na | | na | | na | | na | | 1.88 | | 1.67 | | 1.93 | |
| Australia | na | | Na | | na | | na | | na | | 1.30 | | 1.82 | | 1.70 | |

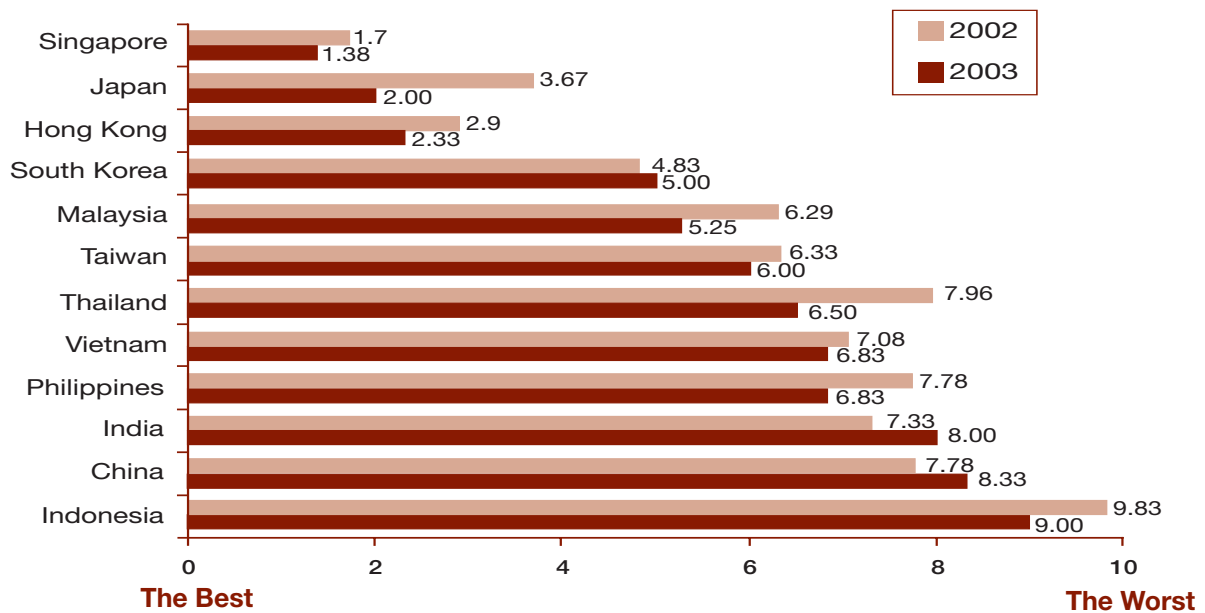
Note : 1) R denotes Ranking

2) Scores are scaled from zero to 10, with zero being the best score possible and 10 the worst.

Source : PERC Asian Intelligence Reports



Figure 1a : Quality of Legal Systems in Asia, 2002 & 2003



Quality of the Judiciary

- The Singapore Judiciary also maintained top position with a score of 1.00, improving from the scores of 3.50 and 2.00 in 2001 and 2002 respectively. The Japan and Hong Kong Judiciary ranked second and third after Singapore [Figure 2].
- The study showed that expatriates feel confident that the Singapore Judiciary will match the performance standards they expect from their home countries.
- The report also indicated that most western businessmen are of the view that the Singapore Judiciary is more efficient than the systems in their home countries. And this reputation has effectively attracted foreign businesses and multinationals to Singapore.

Figure 2 : Quality of the Judiciary, 2001-2003

| Countries | 2001 | | 2002 | | 2003 | |
|----------------------|-------------|----------|-------------|----------|-------------|----------|
| | Score | Ranking | Score | Ranking | Score | Ranking |
| Singapore | 3.50 | 1 | 2.00 | 1 | 1.00 | 1 |
| Japan | 4.00 | 3 | 4.00 | 3 | 1.50 | 2 |
| Hong Kong | 3.60 | 2 | 2.86 | 2 | 2.56 | 3 |
| Malaysia | 4.00 | 4 | 6.57 | 6 | 4.75 | 4 |
| South Korea | 6.00 | 5 | 4.75 | 4 | 5.00 | 5 |
| Taiwan | 6.13 | 6 | 6.17 | 5 | 5.67 | 6 |
| Philippines | 7.60 | 9 | 7.50 | 10 | 6.67 | 7 |
| India | 6.13 | 7 | 7.33 | 9 | 8.00 | 8 |
| Vietnam | 8.25 | 10 | 7.25 | 8 | 8.33 | 9 |
| China | 8.75 | 11 | 8.33 | 11 | 8.33 | 10 |
| Thailand | 6.82 | 8 | 7.22 | 7 | 8.50 | 11 |
| Indonesia | 9.33 | 12 | 9.83 | 12 | 9.67 | 12 |
| United States | Na | | 1.43 | | 0.71 | |
| Australia | Na | | 1.31 | | 1.30 | |

Note : 1) Prior to 2001, scores were combined for both police and judiciary and hence separate figures for the Judiciary is not available.
2) Scores are scaled from zero to 10, with zero being the best score possible and 10 the worst.

Source : PERC Asian Intelligence Reports



International Institute for Management Development (IMD)

- The Swiss-Based International Institute for Management Development (IMD) World Competitiveness Yearbook provides a worldwide reference point on the competitiveness of countries and is also a 'one-stop' approach to benchmarking a country's performance.
- In the World Competitiveness Yearbook 2003, a total of 59 countries were ranked compared to 49 in the last two years. The improvements adopted by IMD in 2003 are as follows :
 - i) 2 new countries have been included (Jordan & Romania) bringing a total of 51 industrialised and emerging economies.
 - ii) The 2003 report involves a new regional dimension : 8 regional economies include Bavaria, Catalonia, Ile-de-France, Lombardy, Maharashtra, Rhone-Alps, Sao Paulo and Zhejiang.
 - iii) The new methodology shows split ranking by two groups. This is because IMD's experience and research lead them to believe that the size of economies is becoming more relevant and that large populated economies present a different competitive model than smaller ones (Group 1 : Countries with population more than 20 million, Group 2 : Countries with population less than 20 million).
- The Yearbook's ranking was based on 4 main factors, 20 sub-factors and more than 300 criteria.
- (8.189) and Hong Kong (7.956). Although the score for Singapore's legal framework ranked first, her score declined from 8.50 in 2002. Finland and Hong Kong's score, on the other hand, has improved and lagged behind Singapore by only a margin.
- If the ranking is re-compiled to include all 59 countries, the Singapore's Legal system still maintains in the lead position [Annex 1].
- Singapore has been ranked first from 1997-2000 and 2002-2003. In 2001, Singapore's legal framework was ranked 6th. The report generally labelled year 2001 as a "year to forget" with the "economic hangover" as the economy rapidly lost steam. Also the "dramatic events of September 11th" also accentuated the correction and an overall sense of vulnerability and uncertainty further deteriorated the market confidence".

Justice

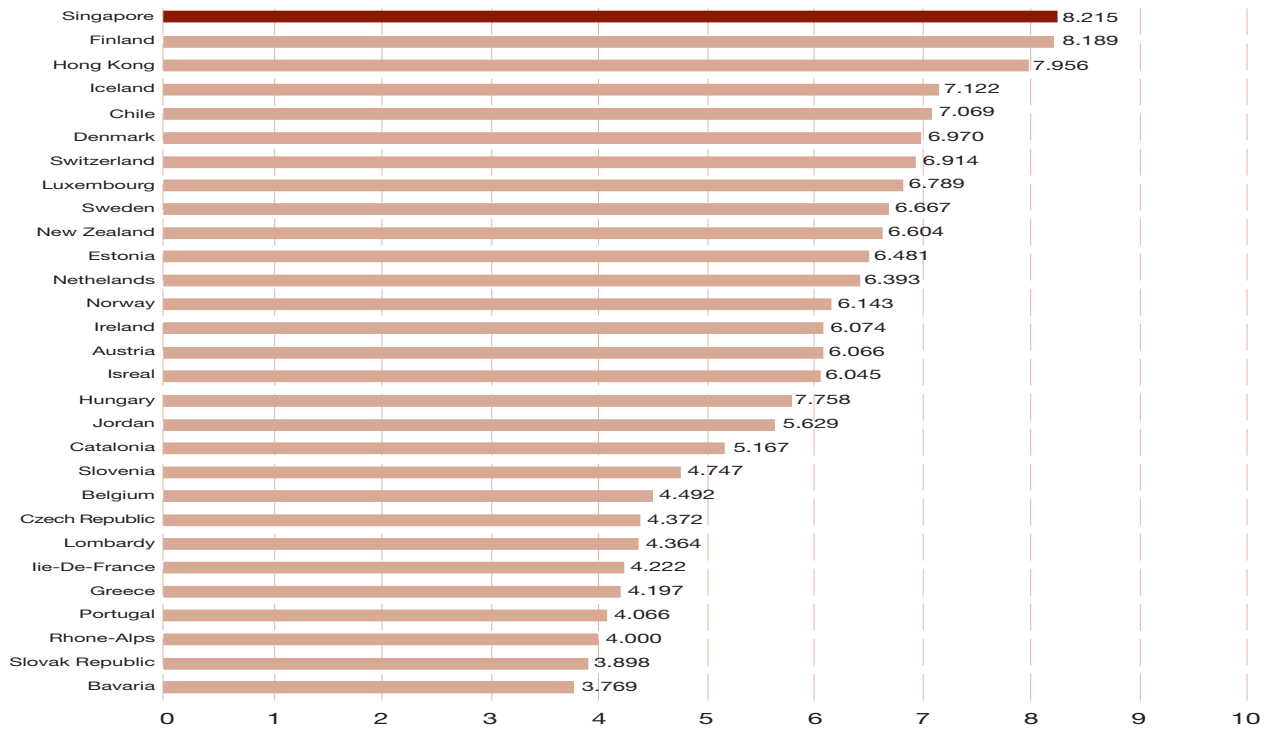
- In the World Competitiveness Report 2003, respondents were also surveyed on whether there is confidence in the fair administration of justice in the society.
- The Singapore Justice System was ranked 6th among countries in Group 2 as well as among the 59 countries. This ranking is the same as that in 2002 [Figure 4]. Rankings over the period from 1995-2003 is attached in Annex 2.

Legal Framework

- In the 2003 assessment of the national legal framework [Figure 3], Singapore was ranked 1st with a score of 8.215 out of 10 among the countries in Group 2. This is followed by Finland



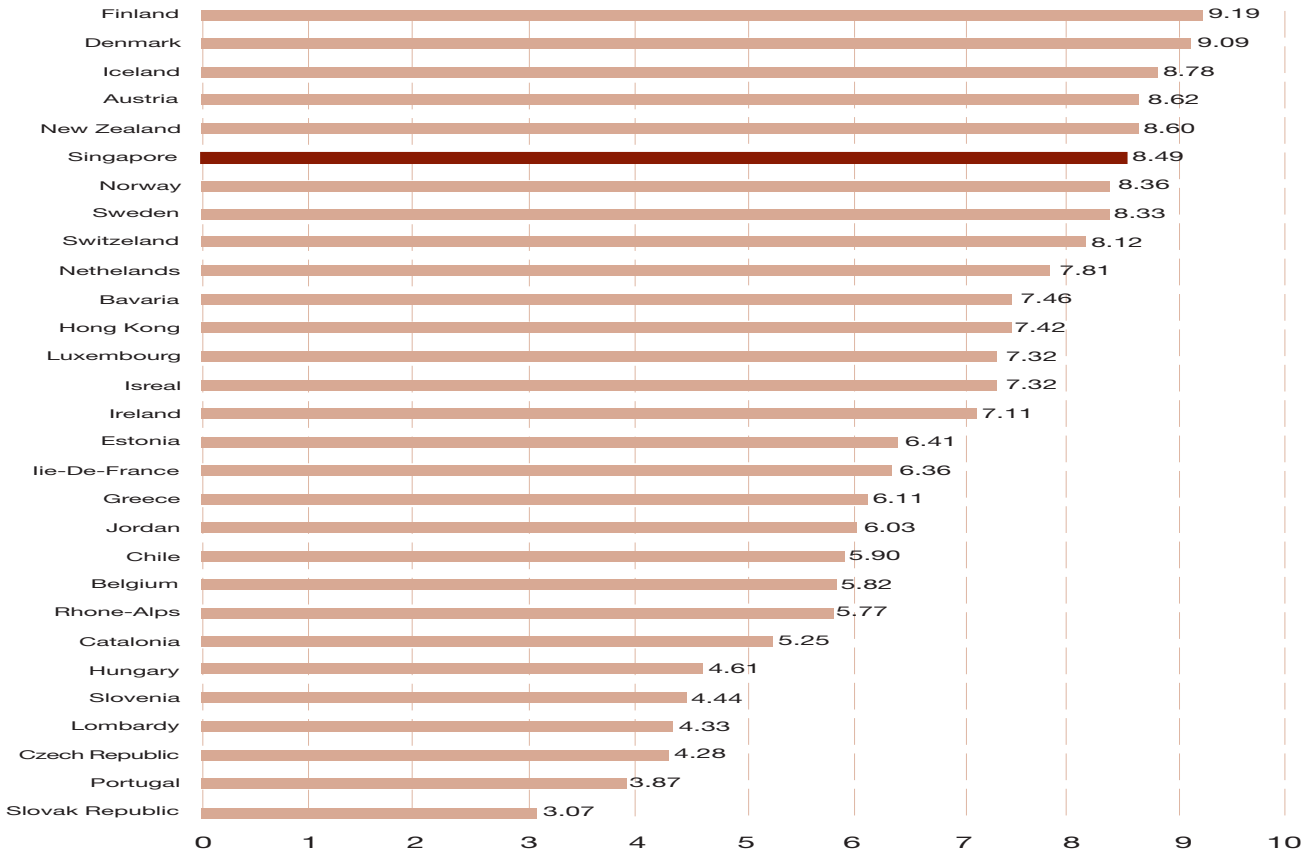
Figure 3 : IMD's Ranking of Legal Framework for Countries in Group 2 (with Population < 20 million), 2003



Note : Score 0 - The legal framework is detrimental to your country's competitiveness.
Score 10 - The legal framework is not detrimental to your country's competitiveness.

Source: IMD's World Competitiveness Yearbook 2003

Figure 4 : IMD's Ranking of Justice for Countries in Group 2, 2003



Note : Score 0 - There is no confidence in the fair administration of justice in the society
Score 10 - There is full confidence in the fair administration of justice in the society

Source: IMD's World Competitiveness Yearbook 2003



Business Environment Risk Intelligence (BERI)

- The Business Environment Risk Intelligence (BERI) is an US-based research agency. It was founded in 1966 and has been evaluating the workforce in 49 countries on an annual basis.
- BERI's ranks the workforce using the Labour Force Evaluation Measure (LFEM). The LFEM is made up of 4 sub-indices : i) Legal Framework, ii) Relative Productivity, iii) Worker Attitude iv) Technical Skills. The Legal framework is accorded a 30% weightage in the computation of LFEM.
- The Legal Framework reflects the attractiveness of a country's labour market environment. This is especially with regards to its labour rules and regulations. Under the legal framework, 9 criteria are rated on a scale of 0 to 10.
- The study shows that Singapore maintained its top ranking in the legal framework with a score of 77 up from 76 in 2002. The gap between Singapore and the top five leading countries had also widened [Figure 5].

Figure 5 : BERI's Ranking of Legal Framework

| Ranking | Ranking | | Score | | Gap with Top 5 Countries |
|--|----------|----------|-----------|-----------|--------------------------|
| | 2003 | 2002 | 2003 | 2002 | |
| Labour Force Evaluation Measure | 1 | 1 | 86 | 86 | +13 |
| Legal Framework | 1 | 1 | 77 | 76 | +10 |
| Relative Productivity | 1 | 1 | 86 | 85 | +17 |
| Worker Attitude | 3 | 3 | 90 | 89 | +5 |
| Technical Skills | 1 | 1 | 100 | 100 | - |

Source: SPRINGS's Singapore Productivity Digest May 2003

Heritage Foundation and Wall Street Journals's

- The Singapore Judiciary has also consistently achieved top scores in its contribution to economic freedom. The US-based Heritage Foundation and Wall Street Journal in the "2003 Index of Economic Freedom" measures how well 157 countries score on a list of 50 independent criteria divided into 10 broad factors. "Property Rights" was one of the 10 broad factors and Singapore was consistently ranked first for the protection of property rights.
- The report also stated that "***The court system is very efficient and strongly protects private property and there is no threat of expropriation. The constitution authorizes an independent judiciary.***" The report also mentioned that "***the legal system is sound and enforces contracts effectively***"

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