

## Press Release

*For immediate release*

### Inaugural Joint-Chamber Survey On Business Climate

#### Indicates:

- 2009 would be profitable for almost 2/3 of businesses
- More than 2/3 of businesses are upbeat that 2010 will be profitable, but challenges remain
- Top three business challenges for 2010 are the uncertain economic environment, increasing competition and increased operating cost

*Singapore, Friday, 22 January 2010* – An inaugural joint survey initiated by the Singapore Business Federation and 14 other local and foreign business chambers on the Singapore business climate conducted in December 2009, indicates that businesses were not as adversely impacted by the global economic slowdown in 2009 as initially feared. With the global economy showing nascent signs of recovery in recent months, businesses are beginning to be more optimistic about business prospects for 2010.

Highlights of the survey which polled 307 business owners and senior company executives representing the local and foreign business community based in Singapore are as follows:

## 1. Review of 2009

- Close to two-thirds of respondents indicated that they expected to end 2009 on a profitable note. One-fifth indicated breakeven, whilst another one-fifth said they were expecting losses.
- 35.4% indicated that top-line business performance was going to be better or much better than 2008. 21.8% indicated no change over 2008; whilst 38.3% said it would be worse.
- 55.3% indicated that business costs have increased; 22.1% said it remained the same; whilst 22.2% believed it had decreased.
- 62.9% of the respondents indicated that “Jobs for Singaporeans” was the most useful component of the Resilience Package. “Stimulating bank lending” (10.1%) and “enhanced business cash flow and competitiveness” (16.6%) were the other beneficial outcomes attributed to the Resilience Package. Respondents would like to see the above benefits extended into Budget 2010, in addition to rental rebates and “infrastructure stimulus”.

## 2. Economic Outlook 2010

- 43% of respondents indicated the economic outlook for 2010 to be “average”. 41.7% were “optimistic”, whilst 15.3% were “pessimistic”.
- 69.7% indicated that their business will be profitable in 2010; 24.4% were “unsure”, whilst 4.9% felt their business would not be profitable.
- Close to 70% (69.7%) indicated that their business will grow between 1% to more than 10%. 15.3% expect minimal growth; and some 7% said there would be no growth.

- 36.8% said they “will be making investments” in 2010 – popular destinations include China, Australia, Hong Kong; 30.3% will not be making investments; 32.9% were “unsure”.
- 56.7% of the companies surveyed have plans to hire new staff; 2.3% were planning retrenchments, whilst 11.7% were unsure.
- Top three business challenges for 2010 – uncertain “economic environment” (72%); “increasing competition” (49.2%); “increased operating cost” (45.9%). Manpower issues (30%), slower sales (29.6) and currency fluctuation (25%) were cited as some of the other key concerns.
- 39.7% of respondents indicated that bank loans are “more difficult to obtain”; 7.5% said it is easier. 16.3% felt loans are “more expensive”; 10.7% -- less expensive.
- 59.3% indicated they are “unsure” of obtaining trade financing; 30.9% said it is “harder” to come by; 9.8% are of the view it’s easier.
- 82.4% of respondents are expecting business costs to increase in 2010; 14.7% said it would remain the same; 2.9% are looking at a decrease.
- 64.8% of respondents indicate that Singapore continues to be relevant as a hub for their business to grow; 25.1% thought it would remain the same; 6.6% felt it would be less relevant.

### **3. Budget 2010 Wishlist**

#### **a. Measures to help reduce business cost**

- Business/Personal Costs & Taxes – 73 respondents (50.7%)
  - Reduce rental costs
  - Reduce corporate tax

- Lower business costs (CPF, utilities, bank loan rates, increase rental rebates )
- Reduce personal income tax
- Less restrictive criteria for overseas marketing tax incentives re IMAP
  
- Manpower issues – 29 respondents (20%)
  - Increase quota for foreign manpower
  - Supplement training costs – local and foreign workers
  - Reduce manpower cost
  - Review medical insurance for foreign workers
  - Reduce foreign workers' levy and accommodation cost
  - Others – reduce paperwork for hiring foreigners, reduce SDL for foreign workers
  
- Resilience Package – 23 respondents (16%)
  - Extend the existing Resilience Package
  - Extend Risk Sharing Initiative plan
  
- SMEs – 7 respondents (4.7%)
  - Technology funding support for SMEs
  - Tax help for SMEs
  - More assistance to SMEs to hire PMETs to stay competitive
  - Allow small foreign firms to operate in Singapore without undue regulation
  
- Others – 11 respondents (7.6%)

- Measures to help companies improve cash flow
- Monitoring of inflation
- Increase international school availability

**b. Measures to help ensure a business environment conducive for investment**

- Taxes/Costs – 23 respondents (28%)
  - Tax incentives/grants
  - Lower manpower costs
  - Double tax deduction
  - Reduce corporate tax
  - Tax exemption for foreign sourced income
  - Lower CPF and levies
  - Lower cost of living
  - Reduction of GST and ERP
  - Enhanced tax breaks for capex investments
  
- Manpower & Training – 14 respondents (17.1%)
  - Increase quota for English-speaking foreign workers
  - Less procedures for foreign skilled worker application & levies
  - Further development of training subsidy schemes to encourage usage by companies
  
- Government – 10 respondents (12.2%)
  - New investment from government
  - EDB to be more flexible with investment thresholds
  - Increased flexibility, less complexity and less restrictive terms for government investment initiatives

- Others – 18 respondents (22%)
  - Support offshore marine sector; enhance business cash flow and competitiveness, help companies venture abroad, infrastructure stimulus to pump prime the economy.

#### **4. Free Trade Agreements**

- 28.3% of respondents whose companies utilize FTAs indicate they have benefitted from the ASEAN Free Trade Area. 12.9% and 9.2% have benefitted from the ASEAN-China and US-Singapore FTA respectively.
- Top three benefits gained from Singapore's FTAs are: tax savings and open trade (27.6%); more business opportunities (27.2%) and tariff savings (17.7%)

The findings of the above joint chamber survey will be presented to the Ministry of Finance and Ministry of Trade & Industry for information and consideration for Budget 2010.

#### **NOTE:**

The Joint Inter-chamber survey on business climate is a joint effort of 14 chambers to gather feedback from the Singapore business community on major business issues and concerns faced by them.

The survey was conducted over a 2 week period from 7 to 21 December 2009. A total of 307 companies took part in the survey.



The survey was divided into 4 sections: Review of Year 2009, Year 2010 / Economic Outlook, Budget 2010, Free Trade Agreement (FTA).

Participating chambers were:

Singapore Business Federation

American Chamber of Commerce (Singapore)

Australian Chamber of Commerce (Singapore)

British Chamber of Commerce (Singapore)

Canadian Chamber of Commerce (Singapore)

Dutch Chamber of Commerce (Singapore)

European Chamber of Commerce (Singapore)

French Chamber of Commerce (Singapore)

Italian Chamber of Commerce (Singapore)

New Zealand Chamber of Commerce (Singapore)

Singapore Chinese Chamber of Commerce & Industry

Singapore – German Chamber of Industry & Commerce

Singapore International Chamber of Commerce

Singapore Indian Chamber of Commerce & Industry

Singapore Malay Chamber of Commerce & Industry



Singaporean-German Chamber of Industry and Commerce



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