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Mr Lawrence Wong  
Minister for Finance  
Republic of Singapore

Dear Finance Minister,

### **AMCHAM FEEDBACK FOR SINGAPORE BUDGET 2022**

The American Chamber of Commerce in Singapore (AmCham) welcomes the annual opportunity to provide feedback to the Ministry of Finance for Budget 2022 on behalf of the American business community in Singapore.

AmCham is one of the largest and most active international business associations in Singapore and Southeast Asia, with over 5,000 members representing nearly 550 companies – many of whom have regional headquarters here and call Singapore their home. AmCham member companies represent the best of American business values: free enterprise, fairness, creativity, respect for people from diverse backgrounds, and optimism.

The COVID-19 pandemic has highlighted the critical importance of partnerships across all areas of business, including talent development, sustainability, digital transformation, supply chain resilience, and safe travel. In the past month alone, Singapore and the U.S. signed the U.S.-Singapore Partnership for Growth and Innovation<sup>1</sup>, established a Vaccinated Travel Lane (VTL) between both countries, and renewed the Memorandum of Understanding on the Third Country Training Program (TCTP). These partnerships build on the dynamic, multi-faceted and mutually beneficial economic relationship between both countries.

AmCham's feedback for Budget 2022 is anchored on furthering partnerships for sustainable growth, and covers the following key areas of focus:

1. Healthcare
2. Talent Development
3. Sustainability
4. Digital Value Creation

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<sup>1</sup> <https://www.commerce.gov/news/press-releases/2021/10/us-singapore-partnership-growth-and-innovation-joint-statement-us>

## 1. Healthcare

COVID-19 continues to be a formidable foe with new variants of the virus demanding flexibility in the plan to shift infection control measures from a pandemic to endemic stance. Alongside the pandemic, the prevention, treatment and management of other communicable and non-communicable diseases still need to be addressed urgently. The challenge in the coming year will be to balance competing demands in healthcare, public health and global health.

### *COVID-19: From Pandemic to Endemic*

AmCham member companies in the life sciences are involved in nearly every aspect of the healthcare continuum starting with personal protective equipment (PPE) to diagnostics, vaccines, and treatment. We support the Singapore Government's efforts to provide adequate supplies to both local and regional populations through responsible stockpiling, sharing of resources and driving research & development (R&D).

For vulnerable populations, such as nursing home residents and the elderly, it is important to strengthen infection prevention and control protocols in long-term care facilities and clinics. Resources should be allocated to ensure a good governance structure with auditing to reinforce best practices within these facilities and clinics to ensure a safe and quality environment for all. These measures would reduce the emergence of infectious organisms and prevent their spread, including those cause by drug-resistant variants. **AmCham encourages the Singapore Government to fund the development and adoption of infection prevention, control and sterilization technologies so that further disruption in the delivery of medical care can be minimized.**

Business continuity has also been well supported by the Singapore Government through safe management measures. For example, encouraging employers to facilitate work-from-home (WFH) arrangements whenever possible has reduced the risk of exposure for office workers and introduced a new way of working with flexibility that will extend beyond the pandemic. However, while WFH has likely become a permanent part of the "new normal" for workers, there is a need to ensure the safety of workers that have not been able to work from home and for those who need to return to the office environment. **AmCham supports mask-wearing and testing efforts in the workplace and other high-risk environments for sustainable economic recovery as long as scientific evidence demonstrates that such measures prevent the transmission of COVID-19 and save lives.**

### *Healthcare Ecosystem*

The pandemic has amplified the awareness on how health can impact productivity and economy as well as a resilient health ecosystem. We hope that the Singapore government will take this opportunity to not only continue but also increase investments in the physical, organizational, and social infrastructure needed to ensure universal health coverage – placing health at the center of all policymaking and as a top priority under the Singapore 2022 Budget. We call on Singapore to embrace the WHO's concept of Health in All Policies where health should not be the remit of health agencies only. Rather, it demands an all-of-government approach, with health metrics influencing the full range of economic, environmental, educational, and social policymaking.

The healthcare community must continue efforts to improve community health, drive health promotion, enhance community-based services, and ensure that healthcare remains affordable with adequate subsidies for the most vulnerable. Under the pressure from rising health care demand and budget constraints as we recover and move to rebuild Singapore's fiscal position, we recognize the challenges of balancing access with affordability. We share a common goal with all partners in healthcare: to ensure that patients get access to the latest, effective and lifesaving medicines and medical technologies that continue to help patients recover, return to health and live a longer, more productive and higher quality of life.

To this effect, we call for a broader public-private partnership in pricing and reimbursement policies and mechanisms that will value and incentivize speed of access to innovative medicines and medical technologies in Singapore. We recommend that policies allow for meaningful engagement with industry along with other stakeholders to foster a predictable business environment. When short-term measures are unavoidable, ideally all stakeholders should contribute to decisions and budgets should be reinstated as crises pass. **AmCham believes that public-private partnerships are needed to support an enabling healthcare ecosystem (e.g., integrated systems, data privacy, cybersecurity) for the adoption of healthcare technologies and solutions.**

Additionally, on the innovation front, we must continue to accelerate R&D in medical technology, health technology and digital healthcare while devising novel regulatory approaches. For example, telemedicine is poised to make a breakthrough and become standard of care. While the majority of physicians and patients prefer face-to-face care, the COVID-19 pandemic quickly made telemedicine an acceptable alternative in cases where urgent, intensive care is not required. **AmCham encourages the development of best practices and investment in telemedicine solutions that improve access to care, reduce financial impact and cost, protect patient privacy and data security, increase patient satisfaction and ultimately, improve outcomes.**

With advancement in the digital healthcare space, Singapore can consider innovative financing mechanisms and modernize funding and payment mechanisms for medicines and medical technologies. Spending on medicines and medical technologies should recognize value across the health system rather than in budgetary silos. We believe that it is possible to make medicines and medical technologies more affordable by moving toward a health care system that focuses on results, measures value through the eyes of the patient by partnering with the Government to develop new and better ways to pay for them. For example, digitalized and connected medical records could be an enabler to implement new and flexible ways to pay for medicines, including value-based payments, and social impact bonds that will modify existing best price requirements that inhibit stakeholders from taking on more risk in new payment arrangements.

**AmCham member companies are well-positioned to lead efforts in raising innovation capabilities across all companies and would welcome the opportunity to partner with the Singapore Government to meet the growing healthcare needs of an ageing population with a rising prevalence of non-communicable diseases.**

## **2. Talent Development**

Throughout the COVID-19 pandemic, Singapore's commitment to maintaining global links such as trade, transport and supply chain connections has played a critical role in fostering investor

confidence. As trade volumes have risen, the number of American companies choosing to invest in Singapore continues to grow and, in the 2021 AmCham Manpower Survey<sup>2</sup>, almost nine in 10 organizations report that they will either expand operations or maintain status quo due to the improvement in Singapore's economic and health outlook since early 2021. However, the global competition for talent has intensified and Singapore's ability to attract and retain talent will be critical in building a strong post-pandemic recovery.

Singapore's aspiration to become a data-driven digital economy resonates positively with AmCham member companies and is cited as a key pull factor to expand operations in Singapore. A highly skilled, tech-savvy workforce has been identified as a building block to enable this and further embellish Singapore's competitive advantage as a digital economy. While the government's efforts to digitize businesses and promote reskilling and retraining for mid-career professionals are valuable in the mid- to long-term, talent mobilization is a necessary tool for immediate business needs. This also applies across industries where highly specialised talent is required, including healthcare, clean energy, and political consulting.

As we move from pandemic to endemic COVID-19, many organizations are eager to go back to physical rotations to develop a global-ready pool of Singaporean and Asian leaders. AmCham member companies are aligned with the Singapore Government's vision to build a pipeline of Singaporean leaders and have made good progress in this area, with the total number of Singaporeans working in regional roles at 40%, a 6% increase from last year. AmCham remains committed to supporting this through investments in targeted talent development programs, such as the AmCham Next Generation Leadership Program for mid-level managers, SME ACcelerate training workshops for local businesses and EducationUSA for students interested in U.S. higher education.

To take the next big step up as a regional talent, technology and business hub, Singapore must remain vigilant in fostering an open business environment that will attract and retain the right talent. Talent development is increasingly being recognized as a higher order solution to the recruitment and retention difficulties that many companies are facing during this period. This must be balanced by a commitment to talent mobilization, which is one of the strongest indicators of a competitive economy when discussing the future of work. **AmCham would warmly welcome the commitment of the Singapore Government to fund and support training catered to the future of work and digital economy, as well as the mobilization of talent to facilitate capability transfer in industry.**

### 3. Sustainability

Sustainability is now a strategic imperative embedded across all sectors and functions. For AmCham members, the key levers that can accelerate sustainability practices is fostering innovation and R&D; expanding Environmental, Social and Governance (ESG) propositions, and developing a regulatory environment that enhances sustainable business operations.

AmCham applauds the unveiling of the Singapore Green Plan 2030<sup>3</sup>, which builds on the city-state's existing sustainability efforts. Singapore is well versed in establishing sandboxes for test-bedding

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<sup>2</sup> 2021 Manpower Survey Results. *Working Together: Productively Engage, Future Smart and Global Ready*, <https://amcham.com.sg/wp-content/uploads/2021/10/Manpower-Survey-2021-October-6-Final.pdf>

<sup>3</sup> <https://www.greenplan.gov.sg/splash>

solutions, as seen with the recent news of Jurong Island serving as a living test bed for sustainability solutions. An open and supportive test-bedding environment attracts the interest of companies, strengthens Singapore's status as an innovation hub, and enables Singapore to also position itself as a sustainability hub. Such an environment also enables greater sharing of available technologies, solutions, and products to help public and private actors achieve targets within the Green Plan. **To enhance Singapore's status as a sustainability hub for the region, AmCham encourages Singapore to continue creating and expanding test beds for businesses as a way to experiment with innovative solutions and to drive R&D.**

### *Environmental, Social and Governance (ESG)*

In the wake of COVID-19, businesses are increasingly recognizing their role to champion sustainability in the global fight against climate change. AmCham members are committed to taking strong steps to reduce carbon footprint, leverage clean energy, and achieve carbon neutrality. However, transitioning to sustainable business models and practices continue to be a financial challenge for many businesses. **AmCham encourages the formation and availability of the necessary incentives and grants to encourage more sustainable business practices and help companies integrate ESG into their business models.**

Additionally, with increased healthcare and social expenditure due to the COVID-19 pandemic, AmCham sees the need for sustainable taxation policies to spur broad-based economic recovery. While there will be opportunities to support expenses with revenue generation through taxes, AmCham recommends such opportunities be balanced against the potential range of unintended consequences and encourages the Singapore Government to continue implementing tax policies in a considered and moderate manner to effectively achieve societal and revenue objectives. **AmCham supports a tax regime that balances revenue generation with the need to continue fostering and maintaining a conducive investment climate that can support growth in important sectors, structural increases in healthcare spending, education and security, and public sector infrastructure projects.**

### *Business Operations*

Business models must also incorporate supply chain resilience and sustainability. The launch of high-level U.S.-Singapore dialogues on supply chains is an important milestone, with U.S. Vice President Kamala Harris calling for closer cooperation with Southeast Asian nations on supply chains<sup>4</sup>. As part of the APAC logistics hub in Singapore, AmCham member companies are taking the lead in improving transparency and traceability by integrating technology to improve operational resiliency. **AmCham offers our support to promote and facilitate partnerships and collaborations across Southeast Asia to scale resiliency across supply chains.**

Regulatory harmonization is critical for sustainability as businesses advance toward a more sustainable digital economy and governments develop ESG regulations and standards. Global and regional sustainability standards can help businesses make informed decisions and deliver on investor

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<sup>4</sup> <https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/08/24/remarks-by-vice-president-harris-at-a-roundtable-discussion-on-the-importance-of-supply-chain-resilience-in-singapore-singapore/>

expectations of sustainable business practices. Meeting sustainability standard is particularly challenging when businesses evaluate their upstream and downstream partners' sustainability commitments and fulfilment across the value chain. **AmCham welcomes the formation of a platform or working group to discuss and propose sustainability standards that allow companies to assess inter-company sustainability reporting in a more efficient and effective way.**

#### 4. Digital Value Creation

To strengthen its digital economy and accelerate innovation, Singapore needs to continue deepening government and private sector collaboration and investment in R&D. As laid out in the Research, Innovation and Enterprise 2025<sup>5</sup> (RIE2025) Plan, Smart National and Digital Economy (SNDE) is a key pillar for securing Singapore's position as a trusted digital innovation hub. Digital innovation across the value chain driven by start-ups, SMEs and MNCs is critical to develop an integrated digital ecosystem in Singapore. In addition, creating a favorable environment for start-ups to operate in Singapore, will bring innovation, investment, and tech talent, and a key component of creating a business-friendly environment is facilitating digital trade.

The COVID-19 pandemic has highlighted the need for robust cybersecurity systems, especially for small and medium-sized enterprises (SMEs). Weak digital security practices may become a barrier for them to build networks with larger enterprises, multinationals, and business partners. For example, while facilitating cross-border data flows, ensuring data privacy is crucial. This might be achieved by (1) standardization of regional cross-border data flow regulations and regimes; (2) adoption and stronger reinforcement of APEC Cross Border Privacy Rules (CBPR); and (3) the preferred use of a unified payment interface (UPI) for financial transactions to allow for better tracking of individual transactions and mitigate fraud. **AmCham members would be interested in public-private partnerships to keep Singapore's cyberspace safe and to contribute to a risk-free digital economy supported by future-looking digital infrastructure.**

The pandemic has also illustrated how vulnerable global supply chains can be to any sort of disruption, be it political, economic, or human, affecting businesses of all sizes. Digitalizing supply chains and providing end-to-end supply chain visibility based on common data infrastructure can minimize such interruptions. As Singapore positions itself as an innovation, R&D hub, it is important for the government to support emerging technologies, such as IoT, 5G, Robotic Process Automation (RPA), artificial intelligence, and blockchain. This can enable more accurate forecasting, real-time tracking to allow faster response times, higher service levels, and near real-time analytics for more precise logistics and inventory management. This is especially important for time and temperature-sensitive shipments like vaccines. Riding on its efficiency, reliability and the resilience of its network, Singapore has worked towards minimizing its supply chain disruptions.

Digital value creation needs to be an all of industry and government effort to continue to strengthen Singapore's position as a regional and global innovation hub. **AmCham encourages the government to continue partnering with industry on developing innovative digital solutions and testing emerging technologies and new products through regulatory sandboxes, and with appropriate safeguards in place.**

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<sup>5</sup> <https://www.nrf.gov.sg/rie2025-plan>

## Conclusion

AmCham is grateful to the Ministry of Finance for the opportunity to represent the voice of American business in Singapore in our feedback for Budget 2022. Please let us know how we can facilitate further discussions between the Singapore Government and AmCham member companies to strengthen business stability, sustainability and growth; nurture innovation and R&D; boost careers through job creation and training & development; and contribute to the community through philanthropy and volunteering.

We look forward to strengthening our partnership with the Singapore Government to meet present and future challenges for the mutual benefit of the people of Singapore and American business.

Yours Sincerely,



Dr. Hsien-Hsien Lei  
Chief Executive Officer