

FEEDBACK ON SINGAPORE BUDGET 2023





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Mr Lawrence Wong
Minister for Finance
Republic of Singapore

Dear Finance Minister,

AMCHAM FEEDBACK FOR SINGAPORE BUDGET 2023

The American Chamber of Commerce in Singapore (AmCham) welcomes the annual opportunity to provide feedback to the Ministry of Finance for Budget 2023 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 over 600 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.

Major global trends and geopolitics have highlighted the critical importance of partnerships across all areas of business, including talent development, sustainability, digital transformation, healthcare, and supply chain resilience. The past year has strengthened the close partnership between the U.S. and Singapore, through extended roundtables on the U.S.-Singapore Partnership for Growth and Innovation (PGI).

AmCham's feedback for Budget 2023 is anchored on furthering partnerships for sustainable growth, and covers the following key areas of focus:

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

1. Talent Development

Singapore's ability to attract and retain talent is critical to bolstering Singapore's reputation as an international and regional talent, technology and business hub. However, global labor shortages, the intensifying competition for talent and changing work pass requirements have tightened the labor market in Singapore. Responding to these challenges, the American business community in Singapore has demonstrated an increasing appreciation of the importance of diversity, equity and inclusion (DEI) in the workplace, and having a values-driven company culture has become a key consideration for the recruitment and engagement of talent.¹

Diversity is an intrinsic American value and AmCham member companies have made strong progress in driving employee diversity through open dialogue, engagement with industry leaders, and the implementation of inclusive workplace policies. Of concern, results from the AmCham 2022 Manpower Survey showed a decrease in the number of women in the workforce and at senior levels compared with 2021.² This is in line with global trends that indicate more women dropped out of the workforce during the COVID-19 pandemic to shoulder a disproportionate burden of caregiving. It is heartening to note that, in line with the action plans laid out in the White Paper on Singapore Women's Development, over 80% of AmCham member companies are already providing flexible work arrangements and have established policies supporting workplace health and wellness.

Furthermore, results from the LGBTQ+ Corporate Culture Survey conducted by AmCham Singapore in March 2022 showed that nearly 9 in 10 member companies are committed to enhancing employee diversity, with 84% of respondents indicating that there are equal opportunities for career development. However, a culture of inclusivity must be continuously nurtured as well as aligned with the expectations of employees and leaders, particularly when customization is needed to develop initiatives that achieve long-term impact.

AmCham welcomed the Singapore Government's announcement of Forward Singapore that aims to empower Singaporeans during fast changing times in a competitive economy, particularly as a challenging 2023 is being forecasted. The American business community is committed to creating jobs and opportunities, coach local talent for senior leadership positions and support career development. **AmCham seeks opportunities to represent the private sector in aligning priorities with the government in order to develop workplace policies that will facilitate upskilling, training and more flexible employment opportunities.**

For example, AmCham member companies are investing in talent that can drive the vision for a digital-first Singapore. While the government's efforts to digitize businesses and promote reskilling and retraining for mid-career professionals support mid- to long-term goals, talent mobilization is a more immediate business concern. The severe shortage of industry-ready tech talent in the local labor market has impeded the ability of companies to build and grow multi-skilled teams with individuals who possess expertise in multiple technologies and sector-specific business acumen. **AmCham welcomes increased government support for initiatives that attract high caliber digital talent to Singapore and establish a deeper talent pipeline.**

¹ <https://amcham.com.sg/wp-content/uploads/2022/03/Winning-in-Asia-Pacific-The-American-Way.pdf>

² <https://amcham.com.sg/wp-content/uploads/2022/10/Manpower-Survey-2022-Edited-October-4.pdf>

2. Sustainability

Faced with rising global temperatures and ongoing pressure to meet the Paris Agreement's long-term temperature goal, countries must accelerate their own targets. Ahead of COP27, Singapore has updated its goals by raising its climate target to achieve net-zero by 2050.³

Singapore's ambitious new target is contingent on supporting emerging green technologies. A strong focus on supporting green R&D will help unlock emerging technologies that bring about greener and more sustainable solutions. This in turn will put into place the right building blocks to support an ecosystem of innovative green solutions.

Singapore is already well placed in enabling a test-bedding environment for technologies, solutions and products to help the public and private sectors achieve ESG targets. Fostering an open and supportive test-bedding environment for green R&D will further enhance Singapore's status as the region's innovation hub for sustainability solutions, drawing the interest and investment from companies. **AmCham encourages Singapore to continue creating and expanding test beds for businesses as a way to experiment with innovative green solutions and drive green R&D.**

Environment, Social, and Governance (ESG) Goals

Singapore has set ambitious ESG targets for the public and private sectors through the Singapore Green Plan 2030. To align with Green Plan 2030, companies are accelerating their sustainability efforts and taking bigger steps to incorporate ESG initiatives into their energy goals, supply chain and product development. To map out more effective long-term strategies, businesses are looking for more details on Singapore's short-, mid- and long-term goals and the type of support government is seeking from the private sector. A detailed roadmap for each sector with measurable targets can bridge short term plans and long-term pledges. With clearer direction from Singapore, companies are better placed to align investments and economic activities to specific desired outcomes and deliver on long term sustainable goals. **AmCham welcomes more specific ESG definitions and goals and specific expected outcomes which will help clarify the economic activities that best contribute to meeting Singapore's sustainability objectives.**

Sustainable Food

Food security is a critical ESG issue that has been exacerbated by the ongoing shifts in the global supply chain, the impacts of geopolitical issues like the Russia/Ukraine war, and major climate events such as droughts and floods. Singapore's '30 by 30' plan for increasing domestic food production and bolstering food resilience is an integral step in the right direction.⁴ The '30 by 30' plan coupled with Singapore's long-term investments in building agri-food capability and capacity is reinforcing Singapore's status as a food-technology hub for the region.

³ <https://www.channelnewsasia.com/sustainability/singapore-low-carbon-hydrogen-achieve-climate-target-earlier-net-zero-2050-3023226>

⁴ <https://www.ourfoodfuture.gov.sg/30by30>

AmCham applauds the expansion of the Agri-food Cluster Transformation Fund⁵, which enables farmers to tap into higher co-funding for technologies to produce other food types. Emerging technology is a critical lynchpin to food security and resilience. Singapore's well-developed R&D ecosystem and pool of highly skilled talent is an important catalyst to agri-food innovation. **To foster a conducive environment for agriculture R&D, AmCham welcomes increased government incentives and support, strong IP protection and access to global talent with subject matter expertise.**

Carbon Services

AmCham welcomes Singapore's goal to achieve net zero emissions by 2050 and the steps in plan to meet this goal, such as the launch of Climate Impact X (CIX) carbon exchange and marketplace and the recent passing of the Carbon Pricing (Amendment) Bill. As the Bill will also set up a framework for International Carbon Credits (ICCs), businesses look forward to receiving more details on how CIX would complement other established carbon markets and opportunities for collaboration in developing Singapore as a carbon services hub. **AmCham encourage the government to continue communicating and clarifying the intended trajectory of Singapore's carbon market and welcomes further public-private partnerships to grow carbon markets, carbon services value chain and carbon credits trading.**

With sustainability in mind, businesses are keen to explore innovative technology for carbon-free energies. However, as businesses draw their energy needs from the grid, an increased carbon tax adds a "double payment" burden on companies as they embark on green technology and carbon-free R&D projects. Additionally, transitioning to and leveraging green technologies have significant upfront R&D costs and continues to be a financial challenge to many businesses. AmCham encourages increased incentives and benefits for businesses to transition to more sustainable business practices. **AmCham supports the alignment of incentive structures and off-set mechanisms that will encourage businesses to continue the research and development of innovative solutions in the green and carbon-free technology space.**

Sustainability Standards

Globally aligned sustainability standards should be incorporated into procurement guidelines under Singapore's Green Plan 2030 as we advance towards a sustainable digital economy. For example, a provider's commitment and fulfilment of sustainability standards should be considered during the procurement process. **AmCham welcomes opportunities to take part in a platform or working group to discuss and propose recommended sustainability standards that companies operating in Asia can reference when engaging their upstream and downstream partners.**

⁵ <https://www.sfa.gov.sg/food-farming/funding-schemes/act-fund>

Support for SMEs

There has been a positive growth in programs that support startups and SMEs in the development of innovative green solutions and capture of new demands in sustainability. AmCham applauds Singapore's vision to support startups that can develop sustainability as a core capability and offer sustainable products and services.⁶ However, there is a perception that many sustainability programs often target larger companies who can take on big projects that noticeably move the needle.⁷ This can disadvantage SMEs who may embark on smaller projects that have taken longer to realize results. **AmCham encourages Singapore to support SME transition projects and give SMEs a longer time frame to deliver outcomes.**

3. Digital Value Creation

Singapore's goal to be a leading digital economy that continually reinvents itself⁸ can only be achieved by furthering public-private partnerships in research and innovation. Vital to ensuring that Singapore remains at the vanguard of the digital era, Singapore needs to work closely with industry to strengthen its innovation ecosystem. This includes continuing support for agritech and foodtech through enhanced protection of intellectual property (IP) rights and talent development, and commitment to the development of new data centers⁹ as a leading digital infrastructure hub.

Cybersecurity and data privacy are key enablers of a Smart Nation¹⁰. AmCham member companies interviewed for the Partnership for Growth and Innovation White Paper by AmCham and BowerGroupAsia (PGI White Paper) highlighted that the lack of data sharing initiatives could weaken investor confidence and Singapore's competitiveness as a regional digital hub¹¹. Data localization resulting from unique data protection requirements in each country has exponentially increased the compliance burden of companies with a global presence, potentially causing gaps that increase the risk of cyber breaches. On the other hand, through the use of Privacy Enhancing Technologies (PETs), companies can share data for analysis in a modified form, and pull insights from multiple data sources, while still protecting data privacy¹². **AmCham encourages the Singapore government to work with industry on leveraging PETs in lieu of data localization laws that inhibit the performance of technologies such as Artificial Intelligence and Cloud Computing¹³.**

The COVID-19 pandemic has accelerated the digital revolution. All AmCham member companies interviewed in the PGI White Paper expressed that the pandemic expedited their adoption of digital technologies, increasing business efficiency and allowing for the continued provision of goods and

⁶ <https://www.enterprisesg.gov.sg/ESP>

⁷ <https://www.techinasia.com/singapore-sowing-seeds-greentech-startup-success>

⁸ <https://www.smartnation.gov.sg/files/abt-smart-nation/SGD%20Framework%20For%20Action.pdf>

⁹ <https://www.datacenterdynamics.com/en/news/singapore-authorities-invite-applications-for-new-data-centers/>

¹⁰ <https://www.fticonsulting.com/~media/Files/apac-files/insights/white-papers/singapore-cybersecurity.pdf>

¹¹ https://amcham.com.sg/wp-content/uploads/2022/09/AmCham-BGA-Industry-Recommendations-for-PGI_September-15.pdf

¹² <https://govinsider.asia/data-security/privacy-enhancing-tools-may-offer-a-way-out-of-a-difficult-digital-dilemma/>

¹³ <https://govinsider.asia/data-security/why-data-localisation-may-not-be-a-panacea-for-data-privacy-woes-in-asean/>

services amid tightened restrictions. For example, 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. **AmCham encourages the Singapore government to continue leveraging on this momentum with a coordinated effort to strengthen Singapore's value proposition as a global node for business¹⁴ that supports the growth of businesses operating in the digital domain.**

4. Healthcare

The passing of Healthier SG in October 2022 following consultations with Singapore residents, physicians and community partners set a clear direction for stakeholders in the healthcare ecosystem to work towards empowering individuals to become healthier and improve their quality of life. A multi-stakeholder coalition effort and adequate investments are required for Singapore to maintain a world-class healthcare system in the face of an ageing population, increasing burden of non-communicable, chronic diseases and rising costs.

The value-based healthcare (VBHC) construct is helpful for considering the various components that contribute to efficient and effective healthcare delivery. Singapore has already made significant progress towards achieving VBHC with the implementation of bundled payments, pay for performance¹⁵ and capitation funding¹⁶ for selected disease conditions. Consistent with the principles of VBHC, **AmCham believes that the cost of interventions must be considered in the context of quality, patient outcomes, cost effectiveness and value across the care continuum.** Policymakers, payers, providers, healthcare professionals, industry partners and patients must all have a voice when aligning and prioritizing goals, incentives and accountability in a VBHC-driven healthcare system.

The COVID-19 pandemic and resulting supply chain disruptions have taught us that public health, healthcare services, and supply chain management must be prioritized. Public-private partnerships are key to ensuring access to essential and innovative treatments. With shared goals in creating an ecosystem that promotes innovation, develops talent and strengthens infrastructure, **AmCham seeks opportunities to help the private sector align priorities through open dialogues with the Singapore Government**, including the Ministry of Health, Ministry of Trade and Industry, Ministry of Manpower and the Economic Development Board (EDB).

Healthcare is a key pillar under the U.S.-Singapore Partnership for Growth and Innovation (PGI) and three primary areas for the digital transformation of healthcare were highlighted in an AmCham white paper published in September 2022¹⁷: (i) digitalize processes, (ii) providing care through digital means and (iii) using data analytics to offer personalized treatment solutions. Digital health has

¹⁴ <https://www.imda.gov.sg/Content-and-News/Content-Hub/2021/12/Our-2021-In-Review-Building-Globally-Competitive-Economy>

¹⁵ <https://www.moh.gov.sg/news-highlights/details/opening-address-by-mr-masagos-zulkifli-2nd-minister-for-health-at-the-singapore-healthcare-management-congress-2021>

¹⁶ <https://www.straitstimes.com/singapore/health/what-is-the-capitation-model-for-healthcare-funding-and-how-will-it-work>

¹⁷ https://amcham.com.sg/wp-content/uploads/2022/09/AmCham-BGA-Industry-Recommendations-for-PGI_September-15.pdf

facilitated cost savings, reduced delays, and delivered targeted treatments. Innovative tools, such as telemedicine, make it possible to overcome manpower challenges, increase efficiency, raise quality standards and improve patient outcomes and satisfaction. **AmCham will continue to support the partnership between the United States and Singapore by facilitating public-private collaboration.**

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 2023. 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