

FEEDBACK ON SINGAPORE BUDGET 2024





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Mr. Lawrence Wong
Deputy Prime Minister
Minister for Finance
Republic of Singapore

Dear Finance Minister,

AMCHAM FEEDBACK FOR SINGAPORE BUDGET 2024

The American Chamber of Commerce in Singapore (AmCham) welcomes the annual opportunity to provide feedback to the Ministry of Finance for Budget 2024 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 7,000 members representing over 670 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.

In October 2023, the U.S.-Singapore Critical and Emerging Technology (CET) Dialogue was held in Washington, D.C. This Dialogue established a collaboration that furthers the U.S.-Singapore Partnership for Growth and Innovation, the U.S.-Singapore Cyber Dialogue and the Indo-Pacific Economic Framework for Prosperity (IPEF). The increase in possible applications for technology tools, such as artificial intelligence (AI), generative-AI and machine learning, offer opportunities for growth across industry sectors.

AmCham feedback for Budget 2024 is anchored on furthering partnerships for sustainable growth and covers the following key areas of focus:

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

1. Digital Value Creation

Singapore has experienced rapid growth in its digital economy¹, which has outpaced the growth rate of the overall economy, due to the increasing adoption of digital technologies. The importance of Singapore's digital economy is reflected in the close collaboration between Singapore and the U.S. on the U.S.-Singapore Partnership for Growth and Innovation (PGI) and Indo-Pacific Economic Framework for Prosperity (IPEF), where digital economy is a key pillar. **AmCham welcomes close collaboration between Singapore and the U.S. on these collaborations and encourages more opportunities for the private sector to contribute to the initiatives under these agreements.**

With increasing developments and interest in artificial intelligence (AI), Singapore and the U.S. recently held the inaugural Dialogue on Critical and Emerging Technology (CET) and announced several policy initiatives, including the successful completion of a joint mapping exercise to align AI governance frameworks.² To further the streamlining of frameworks and standards, Singapore and the U.S. will also establish a bilateral AI Governance Group and deepen research and technical collaborations in AI. **AmCham encourages strong industry participation in the CET Dialogue and the AI Governance Group to help shape impactful global and regional policy initiatives on the use of AI.**

There is a need to develop consensus for a regional policy approach to align with Global AI frameworks. While ASEAN Member States are currently in the process of formulating national AI strategies, the challenge for businesses is in ensuring compliance with divergent frameworks emerging in the region. Singapore should continue to lead the regional effort to develop an ASEAN Guide on AI Ethics and Governance to produce a set of guidelines on the responsible use of AI in the region³. **AmCham supports the efforts of the Singapore government in collaborating with partners to develop regional consensus on AI Governance and Ethics and encourages opportunities for industry to provide input on the development of these guidelines.**

AmCham welcomes the pro-innovation approach of the Singapore government to AI policy. Initiatives like the AI Verify Foundation offers a space for regulators, hyperscalers and AI users from major companies to discuss AI standards and best practices, creating a neutral platform for collaboration on governing AI. **AmCham encourages the development of more platforms where the private and public sectors can collaborate to develop AI regulations that are practical, implementable, and transparent for all.**

¹ <https://www.imda.gov.sg/-/media/imda/files/infocomm-media-landscape/research-and-statistics/sgde-report/singapore-digital-economy-report-2023.pdf>

² <https://www.whitehouse.gov/briefing-room/statements-releases/2023/10/12/u-s-singapore-critical-and-emerging-technology-dialogue-joint-vision-statement/>

³ <https://www.straitstimes.com/asia/se-asia/singapore-and-asean-to-develop-new-regional-guidelines-on-artificial-intelligence-to-be-released-in-2024>

2. Healthcare

Since the commencement of Healthier SG enrollment in July 2023, more than 310,000 residents have enrolled⁴. The steady uptake of Healthier SG is a testament to Singapore's commitment to its focus on preventive health. This commitment is shared by AmCham business community. In June 2023, AmCham hosted Minister for Health Ong Ye Kung for its Healthcare Conference: Partnering for a Future-proof, Sustainable Healthcare Ecosystem. This was followed by the Health Awareness Festival in October 2023. Both these events were part of AmCham's initiative to support Healthier SG. Additionally, these events served as opportunities for businesses to further engage with the Ministry of Health (MOH) and other stakeholders to advance healthcare in Singapore. **AmCham encourages continuous opportunities for dialogues and engagements between the private and public sectors.**

During the Roundtable with Minister Ong at the Healthcare Conference, AmCham members shared their community partnerships to support health awareness. These partnerships include the RSVP Smart Wellness Program to improve digital literacy amongst seniors⁵. Public-private partnerships on initiatives such as these can have immense impact. **AmCham welcomes further areas of collaboration with Singapore government partners to contribute to Singapore's Healthier SG push.**

With policies focused on preventive health, employers are ramping up initiatives and communications for employees to participate in Healthier SG and encourage a healthier lifestyle. Beyond Healthier SG, Singapore has various platforms such as ActiveSG and incentive programs such as Move It and Screen for Less⁶ to encourage the population to lead a healthier and active lifestyle. **Closer synergy of such programs, whereby available facilities and credit schemes such as those under ActiveSG can be extended to companies for them to utilize, would help companies support Healthier SG initiatives for employees.** Furthermore, with Healthier SG's strong focus on preventive care, screening subsidies for diseases with high mortality rates such as colorectal cancer and cerebrovascular diseases such as stroke could be expanded to younger age groups. **AmCham welcomes opportunities for the private sector to partner with the MOH to increase screening efficiency, capabilities, and capacity as well as increase awareness of the necessity of early screening among all age groups.**

3. Sustainability

Environment, Social, and Governance (ESG) remains as top-of-mind priorities for many businesses in Singapore. Coupled with the ambitious Singapore Green Plan 2030 and Singapore's 2050 net-zero climate target, companies are looking to expand their sustainability objectives.

Singapore is emerging as an important regional hub for sustainability and innovation⁷, with many companies strategically establishing their foothold in this dynamic landscape. This trend is further fueled by Singapore's robust startup ecosystem that is fostering innovation concentrated on

⁴ <https://www.moh.gov.sg/news-highlights/details/healthier-sg-enrolment-data>

⁵ AmCham Point-of-View Paper *Enabling Healthcare Innovation*, pg 8

⁶ <https://www.healthhub.sg/programmes>

⁷ <https://businesschief.asia/sustainability/how-singapore-is-becoming-a-sustainability-innovation-hub>

sustainability. This startup ecosystem complements Singapore's focus on R&D, particularly in the realms of emerging sustainability solutions and green technological innovations.

The government's substantial investment in R&D and innovation has fostered a conducive ecosystem for businesses to undertake research, innovate, and grow green technologies. It has facilitated collaborations between research institutions and industries and provided opportunities for test-bedding, ensuring that innovative solutions can be commercialized effectively. **AmCham welcomes continued support from the Singapore government to grow Singapore's ecosystem of sustainability solutions.**

Green Energy Transition

Central to the Singapore Green Plan 2030 is a transformative shift towards use of renewable energy. The industrial sector in Singapore stands as the predominant energy consumer^{8 9}, underscoring the sector's critical role in the nation's green transition. In alignment with the Singapore Green Plan 2030's objectives, there is a marked acceleration in companies boosting their commitments towards sustainable practices and green energy adoption.

Despite these shifts, several challenges impede faster progress, notably the limited availability of renewable energy sources and the current non-competitive pricing structures. These challenges pose significant barriers to companies who want to transition towards greener energy alternatives. **AmCham encourages the government to increase the incentives available for companies, particularly for manufacturing facilities and companies who incorporate a mix of renewable energy, to alleviate the high cost of transitioning to greener energy alternatives while lowering the cost of manufacturing in Singapore.**

Sustainability Reporting

In the evolving landscape of sustainability reporting, there is an increasing trend towards mandatory reporting across a broader spectrum of sectors¹⁰. Companies must now grapple with the complexities of complying with enhanced reporting obligations while concurrently navigating differing regulatory requirements from the various jurisdictions they operate in. In July 2023, the Singapore Sustainability Reporting Advisory Committee (SRAC) initiated a public consultation to gather industry feedback on its recommendations to advance climate reporting in Singapore, which AmCham Singapore submitted a response on behalf of its members. **AmCham welcomes continuous opportunities to provide feedback as sustainable reporting policies evolve and roll out and engagement with the relevant agencies to calibrate policies as needed.**

Additionally, **further clarity and refinement in the guidelines pertaining to climate and sustainability reporting standards is greatly welcome.** Clearer guidelines are crucial for fostering impactful reporting practices, reducing undue burdens on companies, and facilitating a more streamlined and effective sustainability reporting process.

⁸ <https://www.nccs.gov.sg/singapores-climate-action/mitigation-efforts/industry/>

⁹ [https://www.ema.gov.sg/resources/singapore-energy-statistics/chapter3#:~:text=The%20Industrial%2Drelated%20sector%20remained,%25%20or%207.9%20TWh\)%20sectors](https://www.ema.gov.sg/resources/singapore-energy-statistics/chapter3#:~:text=The%20Industrial%2Drelated%20sector%20remained,%25%20or%207.9%20TWh)%20sectors)

¹⁰ <https://www.sgx.com/sustainable-finance/sustainability-reporting>

Support for SMEs

There is a strong need for small and Medium-sized Enterprises (SMEs) to integrate sustainability into their operational frameworks due to the increase of sustainability regulatory mandates across various sectors. In response, a number of programs and resources have been mobilized by both public and private sectors to help SMEs build and implement sustainability strategies. AmCham applauds Singapore government's collaborations with private sector to provide training programs for SMEs¹¹. Despite the availability of these supportive resources, SMEs continue to grapple with challenges that include high costs, feasibility, profitability, and time investment required for capacity building.¹² Numerous SMEs are integral players within the value chains of MNCs which means they are also impacted by various regulatory requirements. **AmCham encourages Singapore to provide increased support and incentives for SMEs for their green transition projects and provide greater clarity on how SMEs will be impacted by regulatory demands.**

SMEs have an important role to play in energy conservation. However, the Singapore government focuses primarily on larger energy projects that have significant impacts and contributions. This approach inadvertently sidelines SMEs who are engaged in smaller projects that nonetheless have the potential to make meaningful contributions towards energy conservation, particularly when their contributions are aggregated. The aspiration among SMEs to leverage more renewable energy is growing but is hampered by challenges related to limited resources and competitive pricing. In this light, **AmCham welcomes and encourages the expansion of energy conservation programs to encompass a broader spectrum of opportunities, thereby enabling more inclusive participation of SMEs in sustainability initiatives.**

Extended Producer Responsibility (EPR)

The introduction of an Extended Producer Responsibility (EPR) scheme for packaging waste, scheduled for 2025, marks a new milestone in sustainability regulation.¹³ This initiative holds particular relevance for management of electronic waste (e-waste) and packaging waste, sectors that require structured and comprehensive waste management strategies. **AmCham encourages Singapore government to work closely with industry in the formulation of EPR structures.** Such collaboration will ensure that the EPR structures facilitate a fair distribution of the requisite fees associated with the end-of-life treatment of packaging materials.

4. Talent Development

The ability to attract and retain talent is critical to Singapore's reputation as a leading business, talent, and technology hub. However, global labor shortages, coupled with rising living costs, high competition for talent and more stringent work pass requirements have tightened the labor market in Singapore. AmCham's 2023 Manpower Survey Report revealed almost half of respondents noted that the lack of technical skills or knowledge continues to be key challenge in hiring Singaporeans at both entry level and mid to senior levels, which results in companies hiring

¹¹ <https://www.pwc.com/sg/en/academy/academy-public-seminars/esg-essentials-for-smes.html>

¹² <https://www.oecd.org/cfe/smes/SME%20activity-report-2023.pdf>

¹³ <https://www.straitstimes.com/singapore/nea-to-consider-broader-forms-of-packaging-waste-under-extended-producer-responsibility-scheme>

foreign talent. The Report also noted that management positions are the most challenging to recruit Singaporeans for, along with tech/IT and operations. **AmCham welcomes schemes such as a longer duration Employment Pass for tech professionals with skills in shortage¹⁴ as a way to fill the skills gap while facilitating skills transfer and capacity building for local talent, particularly for industries such as advanced manufacturing and technology.**

AmCham also encourages Singapore government to continue investing in programs that address skills gaps and groom local talent for leadership roles¹⁵, in addition to providing opportunities for companies to partner with those programs¹⁶. Skills mapping and development is key to meeting the demands of a rapidly evolving technology space and emerging sectors. Industry has a strong role to play in highlighting the skills needed to build a future ready workforce at all levels and to help maintain Singapore's status as a hub for businesses in the region.

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 2024. 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

¹⁴ <https://www.mom.gov.sg/passes-and-permits/employment-pass/experienced-tech-professionals-with-skills-in-shortage>

¹⁵ <https://www.straitstimes.com/singapore/jobs/skillsfuture-revamp-to-help-mid-career-workers-learn-better-despite-ingrained-habits>

¹⁶ <https://www2.deloitte.com/bd/en/pages/about-deloitte/articles/deloitte-singapore-economic-development-board-establish-fow-coe.html>