

MEDIA RELEASE

SCCCI's RECOMMENDATIONS FOR BUDGET 2025: SHARPENING COMPETITIVE EDGE OF SINGAPORE COMPANIES WHILE ADDRESSING NEAR-TERM CHALLENGES

In light of the upcoming Budget 2025 announcement in February 2025, SCCCI is pleased to share our recommendations aimed at addressing the needs of local businesses and SMEs and advancing industry transformation so that our enterprises will be well-positioned to capture growth opportunities in the new economy.

SCCCI's recommendations for Budget 2025 are as follows:

- a) Help businesses to ease business costs.
- b) Have a balanced approach towards local and foreign manpower, recognising that foreign workers complement local talent.
- c) Quicken the pace of SMEs' pursuit of sustainability to build green capabilities and reap opportunities from the green economy.
- d) Support trade associations offering industry-relevant training that leads to employment outcomes.
- e) Enhance government support for trade associations and chambers to drive the internationalisation of SMEs.
- f) Provide incentives to catalyse the consolidation and growth of SMEs amid a challenging business environment.

SCCCI's President Mr Kho Choon Keng said:

"In the face of an increasingly complex and volatile external environment, SCCCI's Budget recommendations seek to sharpen the competitive edge of Singapore companies while addressing near-term challenges. We call for targeted measures to ease business costs, improve workforce productivity, accelerate the pace of acquiring

green economy capabilities and step up support for trade associations towards internationalization and upskilling efforts.”

The Budget 2025 recommendations were derived from SCCCI’s Annual Business Survey 2024, which garnered a total of 651 respondents holding senior positions in local businesses across diverse sectors. 92% of respondents came from SMEs and the survey was conducted from June to August 2024.

The key survey findings are outlined as follows. (Please refer to the attachment for the detailed findings and Budget recommendations.)

1. **Business sentiments: Rising business costs put pressure on profits**

- 70% of respondents projected earning stable (37.5%) or increased (33.4%) revenue in 2024, relative to 2023.
- Amid the tight labour market situation, 64% of respondents reported plans to maintain their manpower strength in 2024.
- Business costs emerged as a pressing issue for businesses, with 75.6% projecting a rise in business costs.
- 57% of businesses are bracing themselves for less profits.
- The top 3 concerns for businesses are: Rising business costs (73.2%), availability of suitable manpower (54.0%), and transforming business, pivoting to growth areas (37.6%).

2. **Manpower: Businesses embrace automation and upskilling to overcome workforce challenges and drive growth**

- The top manpower challenges faced by businesses are: Inability to attract / retain local staff with necessary skills (35.0%) and rising manpower costs, including the cost of foreign manpower (34.0%).
- Businesses’ preferred methods of managing manpower challenges are: Transformation / automation / digitization (42.7%), hiring foreign manpower (31.5%), and hiring and training mid-career workers (26.9%).
- Businesses with plans to reskill and upskill employees encounter common challenges - a lack of suitable and relevant training programs (38.4%), and

having to manage difficulties changing the mindset of employees on the need to acquire new skills (36.5%).

- 60% of respondents who hire local rank-and-file workers expressed struggles in finding workers, with 35% of them experiencing challenges to a large extent. To overcome this challenge, they have opted to raise salaries (34.2%), hire foreign workers (31%), and job automation (19%).

3. Business transformation: Despite rising costs and resource constraints in Singapore, most businesses will retain partial or full operations in Singapore

- Notwithstanding the costs of doing business, manpower and resource constraints in Singapore, 91.2% of the respondents will retain partial or all their operations in Singapore. They will continue to harness Singapore's competitive advantages to complement their overseas businesses and operations.
- The top challenges for business transformation are: Lack of internal expertise and resources to transform (49.4%), and uncertainties about the outcomes of transformation (41.3%).

4. Internationalization: Large market base drives Singapore enterprises to pivot into Southeast Asian markets

- 82% of respondents indicated that they had either increased or maintained their efforts to internationalize in 2024.
- The top overseas markets of interest are: Malaysia (50.8%), Indonesia (33.9%), and China (32.4%).
- The strong appeal of Southeast Asian markets is driven by the consumer and customer base in the region (56.5%), followed by interest in setting up / tapping into the manufacturing capacity and production facilities in the region (25.8%).
- The top challenges for internationalization are: Uncertainties in overseas economic environment (64.0%), the lack of understanding of overseas markets, including regulations, potential partners etc. (53.5%), and the lack of suitable manpower to pursue internationalization (36.6%).

5. Embracing sustainability: Firms looking forward to more financial support to narrow the gap between awareness and adoption

- The top obstacles that hinder businesses' sustainability efforts are: High costs associated with adopting sustainable practices (53.1%), business survival taking precedence (47.3%), and a lack of capabilities and / or resources.
- Although 62.8% of respondents acknowledge the importance of sustainability to their business and the competitive advantage that sustainability presents, only 57% have incorporated sustainability into their business strategies, indicating a significant gap between the awareness level and the practical steps taken.
- The top areas of support needed by businesses to embrace sustainability are: Financial support (33%), access to information and resources on sustainability (21%), and training on sustainability (20%).

6. Usage of government schemes: Digitalization and technology adoption schemes most valued by SMEs

- 60.9% of respondents indicated that they have applied for government assistance schemes.
- The top 3 most useful government schemes are: Digitalization and adopting technology solutions (48.4%), hiring, training, developing, and retaining employees (44.4%), and addressing business costs (42.5%).
- The top challenges in applying for government schemes are: Uncertainty on the most appropriate schemes to apply (35.5%), complex application process (33%), and the slow application process (25.4%).

7. Non-scheme forms of assistance: SMEs keen to foster partnerships with GLCs, and deriving practical benefits from trade associations

- Businesses look forward to government-linked companies (GLCs) and large businesses providing more opportunities for them to participate in (34.0%), as well as for trade associations to roll out more relevant initiatives to help member companies to transform and grow (31.7%).
- 52.6% of respondents encountered regulatory challenges in 2024, down from 60.9% in 2023.

- The top challenges and feedback associated with regulations are: Businesses called for existing regulations to be reviewed with a view to update, streamline or phase them out (31.5%), and managing compliance costs (28.5%).

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About Singapore Chinese Chamber of Commerce & Industry

Established in 1906, the Singapore Chinese Chamber of Commerce & Industry (SCCCI) is an internationally renowned business organisation and the apex body of the Chinese business community in Singapore. It is the founder of the biennial World Chinese Entrepreneurs Convention, a global business convention. It plays a key and pro-active role in representing the interests of the local business community.

The SCCCI has a membership network comprising 5,000 corporate members and has more than 150 trade association members, representing over 40,000 companies including large financial and business organisations, multinational corporations, government-linked companies, and small and medium enterprises from a wide spectrum of trades and industries. These members together provide vast resources and opportunities which enable the SCCCI to develop an influential global Chinese business network for business, education, culture and community development. In return, they share a strong sense of pride and identity together and benefit immensely from the SCCCI's membership services, facilities and activities.

For more information, please visit www.sccci.org.sg