Team Sweden

BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN SINGAPORE 2022

A REPORT FROM TEAM SWEDEN IN SINGAPORE

KEY CONTRIBUTORS TO THIS REPORT

Business Sweden in Singapore

Swedish Chamber of Commerce in Singapore

Embassy of Sweden in Singapore

© Team Sweden in Singapore 2022, all rights reserved. This study may not be reproduced either in part or in full without prior written consent of Team Sweden and its constituents in Singapore.

TABLE OF CONTENTS

FOREWORD 4
EXECUTIVE SUMMARY 5
ABOUT THE SURVEY 6
ECONOMIC OUTLOOK 7
THE MARKET 11
HOW SWEDISH COMPANIES SUCCEED IN SINGAPORE 19
ACTING SUSTAINABLY 22
CONCLUSION 27
CONTACT US 28

FOREWORD

Covid-19 continues to have an unprecedented effect on businesses, operations, and employees, even as new challenges have emerged. Executives globally are contending with a post-pandemic world plagued by rising inflations and supply-side bottlenecks, in addition to geopolitical and economic issues, such as the Russia-Ukraine war.

The small nation-state of Singapore aims to ensure its competitive edge, while at the same time preserving its independence and safety. As such, it has forged strong relationships with the global community while maintaining its neutrality. Its role as a global and economic hub placed strategically between the West and the East, and as a key player in regional politics, has allowed it to become a heavyweight in global and regional affairs. This has made Singapore a natural home for Swedish businesses, providing them ease of market access and a wide network of trade agreements.

Today, Singapore hosts over 250 Swedish companies—one of the highest numbers in Asia Pacific. To commemorate the long-standing trade and investment relationship between Sweden and Singapore, Singapore hosted the Sweden-Southeast Asia Business Reset Summit in 2021. The Summit was graced by special guests of honors Ms. Anna Hallberg, Minister of Foreign Trade and Nordic Affairs of Sweden, and Mr. Gan Kim Yong, Minister of Trade and Industry of Singapore, and provided business and government leaders a platform to discuss the new business landscape and how both countries can rethink business and capitalise on opportunities together.

The 2022 Business Climate Survey showed a paradigm shift in the economy—for instance, how Swedish businesses have shifted from prudent cost-savings to a sales-driven directive over the course of the year. Hiring and retaining qualified staff remains a a major issue, consistent with the previous year's findings. Nevertheless, investments and new establishments from Swedish companies in Singapore have remained strong, and we are proud to continue supporting them on their journey of expansion.

Despite these positive developments, most businesses forecast a bleaker year ahead. As with the rest of the world, the possibility of recessionary pressures and high inflation from supply chain disruptions will continue to impact the island state. Inflation is expected to hit around five percent, one of the highest figures recorded in the country's history. Businesses are expected to pass the increased cost of inputs to consumers. Indeed, the general population has already felt the impact of higher prices of goods and services and it is unlikely that the situation will ease soon. Policy responses have already been made: as of June 2022, Singapore's central bank increased interest rates to reduce inflation, affecting business loans and mortgages. Support packages have been provided to lower-income groups, but it is yet unclear if the situation will improve.

Despite these headwinds, we believe Singapore's business climate will continue to be favourable for Swedish companies. Singapore's supply-side policies can buffer some of the impact from the economic slowdown. Moreover, government is expected to prioritise investment in infrastructure, agri-food technologies, and green and sustainable solutions—all areas in which Swedish companies are global thought leaders and innovators. Moving forward, this will be a clear advantage, with best practices on innovation and sustainable development in high demand in Singapore's market.

We would like to extend our gratitude to the 86 participating companies and respondents who shared their time and insights with us. Your contributions will support not only the success of this report, but also Team Sweden's efforts to continue accelerating business growth and sustainable development. Thank you!

H.E. Kent Härstedt
Ambassador of Sweden to Singapore

Emil Akander
Trade Commissioner of Sweden to Singapore

Lisa Ferraton
General Manager, Swedish Chamber of Commerce

EXECUTIVE SUMMARY

SAMPLE SELECTION

86 Swedish companies in Singapore responded to the survey in 2022

84% of operations consists of sales-related activities

39% of respondents have more than two decades of experience in Singapore

FINANCIALS

66%
of companies reported profitability in 2021

INVESTMENTS

49%
of respondents will increase investments over the coming 12 months

BUSINESS CLIMATE

50%
Good/Very good
(Very poor / poor 11%, Neutral 39%)

ADVANTAGES

Personal Safety, Physical Infrastructure, and Legal Security ranked as the top three benefits of being in Singapore

CHALLENGES

Supply Chain Disruptions, Regulatory Compliance, and Retaining Staff were main challenges faced

COVID-19 MEASURES

26%
reported very strong / strong government support during the Delta and Omicron waves

SWEDISH BRAND

57%
of respondents consider this a positive contribution to their business

TRADE BARRIERS

74%
of respondents have not encountered any trade barriers over the past year

SUSTAINABILITY

35%
of respondents believe that their customers consider environmental aspects in their purchasing decisions

ABOUT THE SURVEY

The fifth report conducted by team Sweden

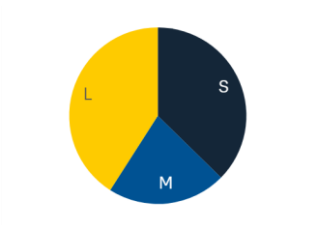
2022 is the fifth year the Singapore Business Climate Survey has been conducted by the Embassy of Sweden, Business Sweden, and SwedCham. The survey provides a closer look at Swedish companies' perspectives on Singapore's macroeconomic conditions, opportunities, challenges, and sustainability goals. Further context is provided through details on the operations of Swedish companies in Singapore, including business activities, industries, company size, and age.

The survey was conducted from 15 March to 22 April this year, with a total of 86 participants composed of executives representing Swedish firms. This was drawn from a pool of over 200 Swedish companies and/or their subsidiaries in Singapore. The sample constitutes a mix of small, medium, and large companies. To be included in the sample selection, companies have to be owned by either a Swedish juridical entity (e.g., private limited, branch office, joint venture, representative office) or an individual. Large companies, or those with a headcount of more than 1,000 global employees, represented 41 percent of the sample, while medium-sized companies (250-1,000 global employees) comprised 22 percent. Finally, 37 percent were small companies with less than 250 employees.

The industries covered by the surveyed Swedish companies cover a wide spectrum. The report groups the sample into three categories; industrial (40 percent), professional services (38 percent), and consumer companies (eight percent). The rest are categorised as "other" and are not further specified in the data. Just over a third (39 percent) of respondents have more than two decades of experience in Singapore, while 41 percent established their business between 2001-2015 and 20 percent are new entrants, having set up their businesses between 2016-2020.

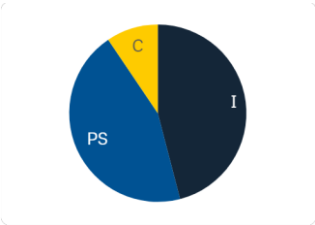
Most of the questions in the survey are similar to those used in previous surveys, which allows for comparisons over time. These are synchronised with other Business Climate Surveys carried out by Team Sweden in markets around the world to enable comparability where relevant. A global report will likewise be published. Some new questions have also been added to this year's survey in Singapore to follow the ever-evolving market, such as the impact Covid-19 had on businesses last year and the economic headwinds Swedish businesses will face in 2022.

SIZE OF COMPANIES



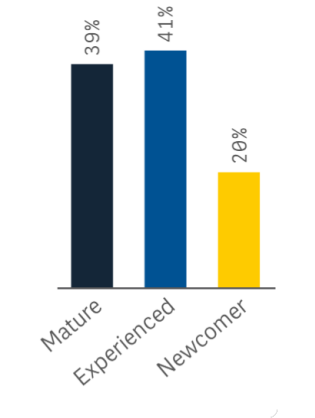
NOTE: Global employees. Large >1000. Medium 250-1000. Small 0-249.

MAIN INDUSTRY



NOTE: 40% Industrial. 38% Professional services. 8% Consumer.

AGE OF COMPANIES



NOTE: Mature (-2000). Experienced (2001-2015). Newcomer (2016-)

ECONOMIC OUTLOOK

Most Swedish companies reported profits in 2021

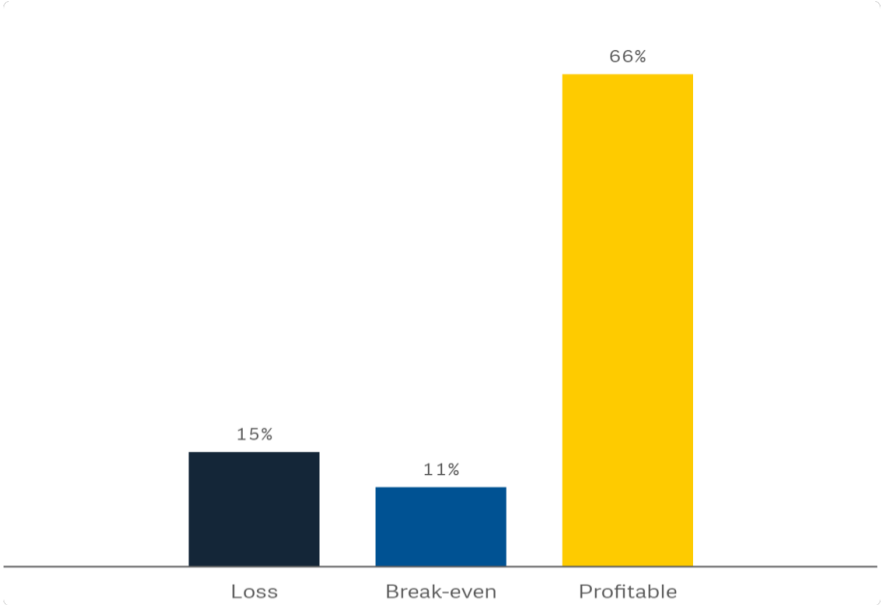
Swedish companies in Singapore have overall reported higher growth in 2021, with 66 percent reporting profits in comparison to 56 percent in 2021. In contrast, 15 percent of companies reported losses, up from seven percent in the previous year. The number of companies that broke even has dropped to 11 percent when compared to 14 percent in 2021.

Breaking down the respondents into their respective industries provides an even more interesting perspective. In particular, we see that 86 percent of companies in the consumer goods sector have reported themselves as profitable – more than those companies in the industrial (74 percent) and professional services sectors (41 percent).

This is unsurprising given the recovery of Singapore's economy, which grew by 7.6 percent in 2021, rebounding from a 4.1 percent contraction in the year prior. This expansion has resulted in gross income levels of full-time employed residents growing by 3.2 percent year-on-year. With higher incomes and reduced lockdown measures, domestic demand has expanded, allowing Swedish companies to reap the benefits and become more profitable.

Singapore is ranked 3rd most competitive economy, and the 8th most innovative nation in the world

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN SINGAPORE IN 2021?



NOTE: The number of respondents for this question was 85. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022.

Singapore's growth will decelerate in 2022

Singapore's Real GDP
(Year-on-year growth)

2020: **-4.1%**
2021: **+7.6%**

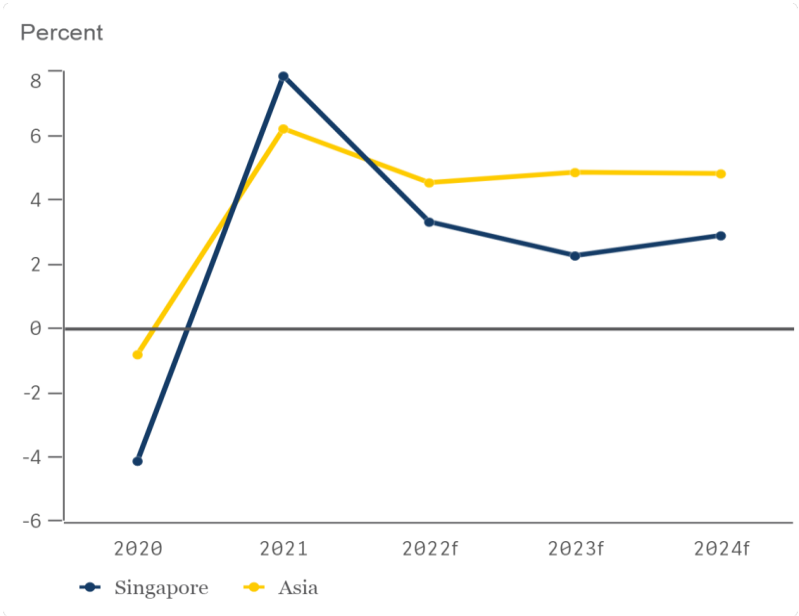
Singapore's GDP rebounded in 2021, propelled by domestic demand and exports. This growth was mainly propelled by the manufacturing sector, which expanded by 13.2 percent, faster than the 7.5 percent growth in the year prior. Expansions were seen across all manufacturing subsectors, with the most notable growth seen in consumer electronics, precision engineering, and transport engineering clusters. This was supported in part by elevated demand for semiconductors. The services industry also saw a reversal in fortunes, growing 5.6 percent, from a contraction of 5.1 pecent in 2020.

However, persistent supply bottlenecks, alongside rising energy prices due to geopolitical tensions, will continue to exacerbate global inflationary pressures and impact Singapore's short term outlook. Russia's invasion of Ukraine, for example, has led to elevated prices of oil and gas across the world, including in Singapore.

Covid-19 also remains a threat, from both an economic and public health perspective. Outbreak-related lockdowns in the manufacturing and service hubs of Shanghai and Shenzhen in China added to supply chain challenges and dampening demand. As the country is Singapore's largest trading partner, accounting for 15.2 percent of Singapore's total exports, a slowdown in China will not only affect Singapore, but also the rest of the region's growth. Moreover, even as vaccination rates and booster rollouts have picked up in many economies, the potential emergence of more virulent strains remains a risk. With tightening monetary policy and lower growth prospects in the region, especially China, Singapore's small and open economy is likely to encounter more headwinds.

Considering these factors, growth in Singapore is predicted to drop in 2022. GDP growth expected to remain at 3.7 percent, lower than 4.9 percent as previously forecasted. This is below Asia's average which is predicted to be approximately 4.2 percent this year. The three-year forecasts also look muted with growth rates averaging about two percent, far below what was seen in 2021.

PROJECTED GDP GROWTH IN SINGAPORE



SOURCE: Oxford Economics 2022, GDP, real, annual growth. Last update: 25 April 2022.

At the same time, it should be emphasised that Singapore's long-term outlook remains positive. Singapore is expected to weather the storm thanks to a forward-looking approach. Central to the agenda are upgrades of existing infrastructure, such as the Tuas Megaport and Terminal 5 at Changi Airport, which will futher cement Singapore's position as a cross-border transport hub. The country also remains a premier tourist destination, with notable developments in the expansion of Marina Bay Sands for a fourth hotel tower and 15,000-seat entertainment arena. Singapore is also hosting numerous international events, including the next SEA games in 2029 and Formula 1 races until 2028, thanks to a renewed contract. The government has also successfully attracted major investments from more value-added areas of manufacturing, such as pharmaceuticals and semiconductor production and will continue its efforts to establish Singapore as the region's financial and high-tech hub.

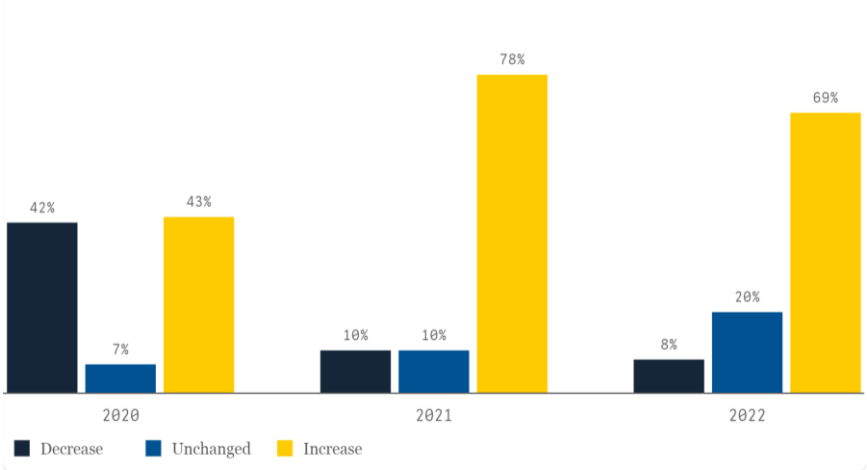
Indeed, foresight and strategic planning will allow Singapore to remain competitive long into the future, even amidst current economic headwinds. With first-class infrastructure, low taxes, minimal corruption, and a large pool of skilled labour, Singapore will remain a highly attractive destination for international businesses looking to serve the Southeast Asian and wider Asian markets.

Despite headwinds, majority of Swedish companies are forecasting revenue growth

When we asked about the companies' turnover outlook in last year's survey, 78 percent of respondents stated that they were expecting an increase in sales. Actual financial results in 2021 saw 66 percent of Swedish companies achieving higher sales. The discrepancy may be linked to 'overstimations' around easing of lockdown measures and resumption of international travel, which did not take place until late 2021 and early 2022 in Southeast Asia. The Delta and Omicron waves also contributed to persistent uncertainty in 2021.

Diving deeper into the sectors, all eight Swedish consumer companies that responded to the survey are expecting higher profitability. Companies in the professional services sector ended up at 76 percent, while the equivalent for industrials was 65 percent.

COMPARED TO THE DEVELOPMENT IN THE PAST 12 MONTHS, WHAT ARE YOUR EXPECTATIONS FOR THE COMING 12 MONTHS FOR YOUR INDUSTRY IN SINGAPORE REGARDING TURNOVER?



NOTE: Decrease and increase represent aggregations of slight/significant development changes. The number of respondents for this question was 85. "Don't know / Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022.

"

We have had a fantastic year in 2021 compared to 2020. However, we are faced with new challenges currently as we have a lot of orders but are experiencing constraints in the supply chain and a huge inflation cost – both direct costs regarding materials but also indirect costs such as transport. These increasing costs may require some contract renegotiations, and this is a challenge for us as we value long-term relationships with our suppliers and customers

Vice President, APAC, Bromma

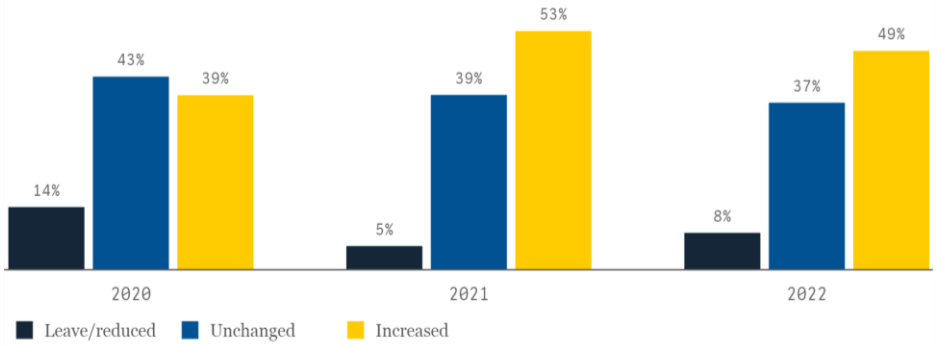
Leading Nordic crane spreader manufacturer

Investments by Swedish companies to remain strong even in the long term

Although forecasted performance for 2022 is not as high as 2021, Swedish companies expect to continue investing in Singapore. Almost half (49 percent) of surveyed companies said that they are going to increase their investments. Small companies, in particular, are expecting to ramp up their investments during the year. Breaking it down further into industries, medium-sized companies and companies in the professional services sector are seen to lead investments in the upcoming year, with 67 percent and 61 percent, respectively, responding in the affirmative.

Despite the lower forecast for economic growth across the region, Southeast Asia continues to have high growth potential due to its mix of rapidly-developing and large economies. With Swedish companies continuing to recognise the abundance of opportunities in the region, they expect to invest significantly in their desired countries of operations and in Singapore as their regional base. These investment patterns have continued from previous surveys.

WHAT ARE YOUR COMPANY'S INVESTMENT PLANS FOR THE COMING 12 MONTHS IN SINGAPORE, COMPARED TO THE PAST 12 MONTHS?
INVESTMENTS WILL BE…



NOTE: Reduced and increased represent aggregation of slight/significant development changes. The number of respondents for this question was 86. “Don’t know / Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022.

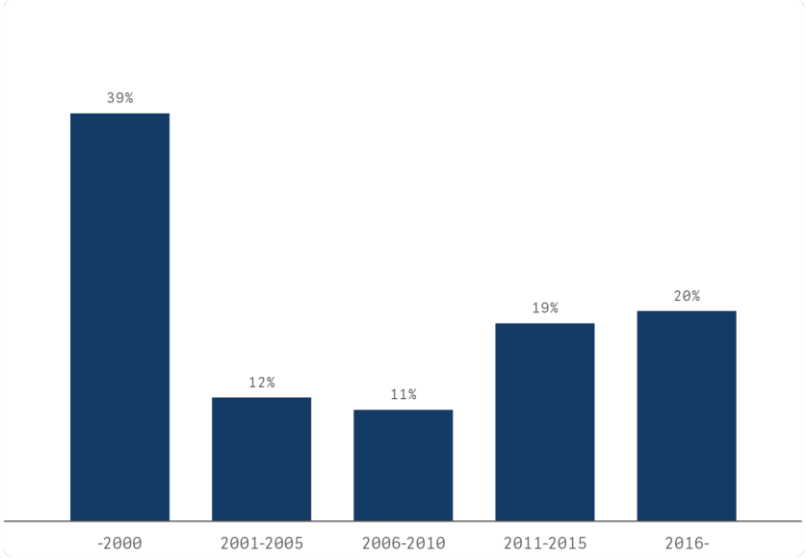
THE MARKET

Longstanding relationships between Sweden and Singapore

In 1966, the first Ambassador of Sweden took residence in the country, one year after Singapore became independent. Since then, relations between the two nations have flourished, especially when it comes to business and industry ties. Partnerships between Singaporean and Swedish companies in areas such as defense, telecommunications, sciences, medicine, and sustainability are now more common than before. Foreign direct investments have multiplied fifteen-fold and are expected to continue growing. Leading brands like TetraPak, IKEA, and Volvo now also have become household names in Singapore.

The majority of Swedish companies established operations in Singapore prior to the 2000s. Encouragingly, there is also a trend of new Swedish companies establishing in the market over the past five years. These are mostly small-medium enterprises such as TePe, an oral healthcare company, and Scila, a trade surveillance service provider. Singapore has also welcomed some larger companies - for example, Fingerprint Cards, which established a new sales and facility in 2021 that aims to support distribution operations for multiple markets in Southeast Asia.

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN SINGAPORE?



NOTE: The number of respondents for this question was 86. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022

“

When we invest in a country, we are focused on recruiting the best talent, ensuring a great place to work, supporting our customer base, and setting up product experience centres to showcase world class security solutions. For example, we have continued with a steady hiring in the last 2 years despite the COVID situation. And compared to last year, we have doubled our office space in Singapore

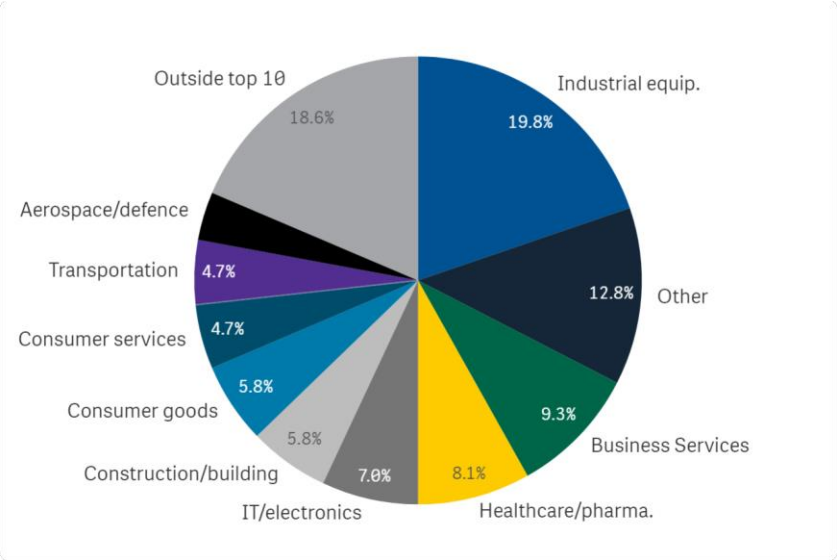
Business Development Director, APAC, AXIS Communications

Leading security and video surveillance provider

Swedish firms in Singapore are present in a wide range of industries. The top ten industries with the highest presence of Swedish companies are industrial equipment, business services, healthcare and pharmaceuticals, IT and electronics, construction and building, consumer goods, consumer services, transportation, aerospace, and defense. In these sectors, most companies offer sophisticated technology solutions that complement local offerings very well. These industries also mirror market demand, as well as some of the focus areas that government targets for further expansion and for meeting new demographic challenges.

The “Other” segment, which is composed of 12.8 percent of the responding companies, are those that do not have a specific catergory available for them to select in the survey. 18.6 percent of companies that are in the “Outside top 10” category, consists of segments, mainly recycling, energy and electricity, chemicals and plastics, telecommunications, automotive, etc., in which it consists of at most two companies in their corresponding category. Overall, the survey reflects the diversity of Swedish companies located in Singapore and consequently, the vast array of opportunities in the country and the wider region.

WHAT IS YOUR COMPANY’S MAIN INDUSTRY IN SINGAPORE?



NOTE: The number of respondents for this question was 86.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022

Swedish companies also range in size, from smaller companies to large multinational corporations. However, in Singapore, the majority of Swedish companies have 249 employees or less, which illustrates the still-moderate size of Swedish organisations in the country. With Singapore often serving as companies’ regional headquarters, which traditionally have a lean employee base, the low headcount is not necessarily surprising. Meanwhile, five percent of respondents report that they have larger organisations (250-1,000 local employees). This represents a significant decrease of six percent compared to last year’s survey.

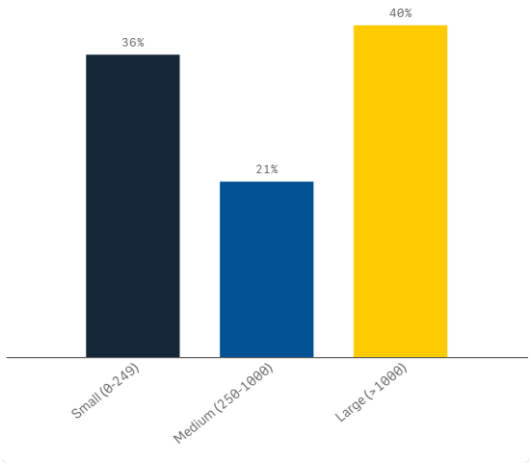
“

We are pleased to have our regional hub in Singapore and intend to continue covering Asian operations from here.

Managing Director, Southeast Asia, Stora Enso

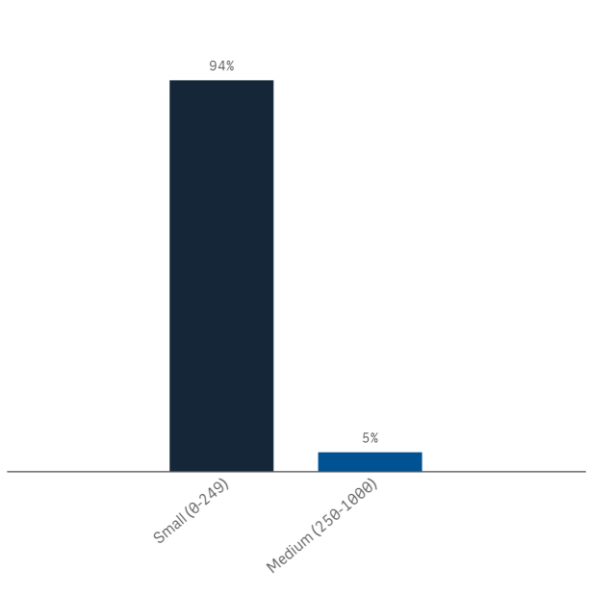
Leading Swedish manufacturer of paper-based materials

PLEASE ESTIMATE: A) THE GLOBAL NUMBER OF EMPLOYEES (FULL-TIME RESOURCES) IN YOUR COMPANY IN 2022



NOTE: The number of respondents for this question was 86. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022

PLEASE ESTIMATE: B) THE LOCAL NUMBER OF EMPLOYEES (FULL-TIME RESOURCES) IN YOUR COMPANY IN 2022



NOTE: The number of respondents for this question was 86. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022

Continued optimism around Singapore’s business climate

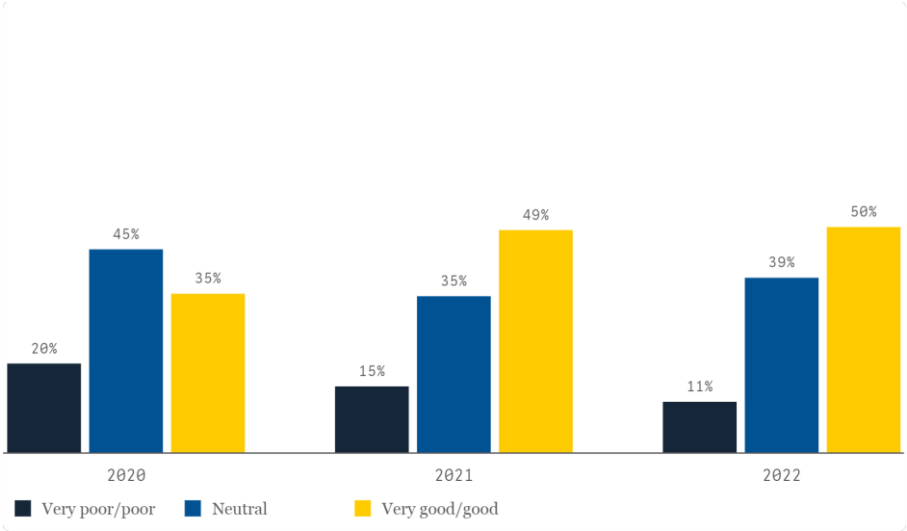
The perception of the current business climate in Singapore has continued to remain optimistic: 50 percent of companies have a good or very good view; 39 percent have a neutral view; and 11 percent, a poor or very poor perspective on Singapore’s business environment. This position is comparable to the 2021 survey, where 49 percent had a

> **With respect to the Russia-Ukraine war and the related geo-political dimensions, it is clear where Singapore is and what it stands for - especially with the sanctions that it introduced against Russia and Belarus. From our perspective, and with the (corporate) clients we are dealing with, this makes life not only easier but also secures Singapore's role as the Regional Hub**
>
> **Country Manager, Singapore, SEB**
>
> Leading Nordic financial services group

good or very good view, 35 percent had a neutral view, and 15 percent had a poor or very poor view. Overall, the outlook is much more positive when compared to results collected in 2020.

Diving deeper into this year's survey, there were more variations when comparing the respondents' business activities and business segment. The most positive were companies within the professional services segment, where 62 percent had a very good or good outlook. This is closely followed by the consumer industries segment at 57 percent. The industrials sector were not as optimistic when compared to the other two sectors, with 50 percent of companies in this sector voting for a neutral outlook and 16 percent, a very poor or poor outlook.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN SINGAPORE?



NOTE: The number of respondents for this question was 80. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022.

Despite Singapore being one of the easiest and safest countries to do business in, access to skilled labour continues to pose a challenge to Swedish companies

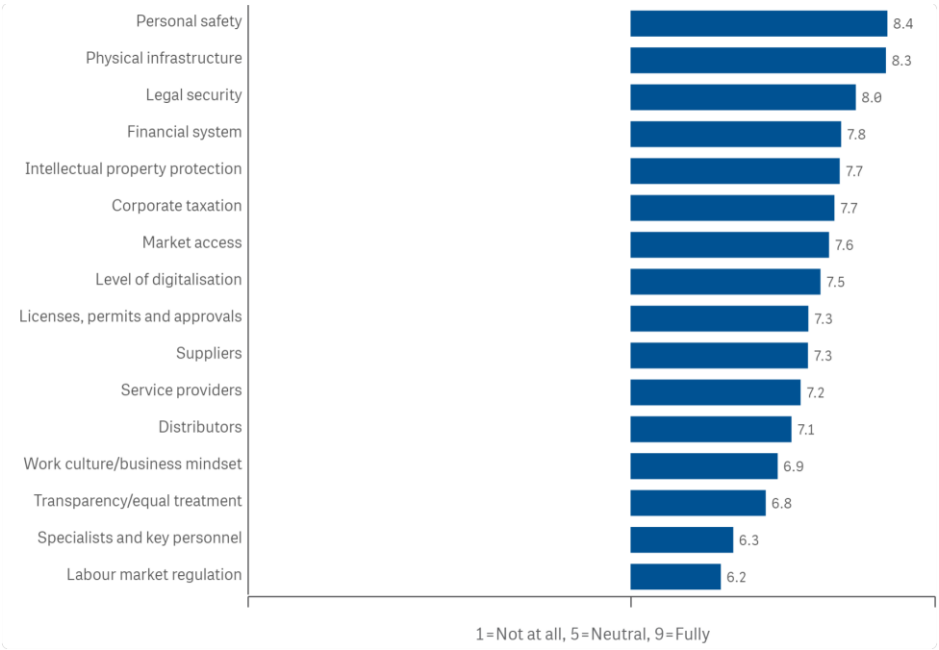
Swedish companies perceive personal safety, physical infrastructure, and legal security as the factors that most meet their expectations and needs in Singapore. These areas are also high priorities for the Singaporean government, which likewise view these characteristics as crucial to the business climate. However, work culture, transparency, equal treatment, access to specialists and key personnel, and labour market regulations are ranked on the lower end of the business conditions in the survey. This is still consistent with the previous year's reports.

Singapore's "top-of-mind" investment status stems from the ease of setting up a company here, the many incentive programmes implemented by the government, and cultural proximity compared to other Asian markets. In addition, Singapore is actively entering into collaborative agreements with other ASEAN countries to promote integration and establish ease of doing business in the whole region. Singapore is also well-known for its low income and corporate tax rate of 0-22 and 17 percent respectively.

With pro-business policies and a culture that promotes innovation, Singapore is certainly a convenient and attractive doorway for Swedish companies looking to expand into the wider region.

Survey respondents also shared their views with us on the challenges when operating in Singapore, which include high levels of cost, both in terms of labour and business operations. A somewhat unique case is the availability of skilled personnel, which is seen as both an opportunity and a challenge. The strong Singaporean work ethic, paired with education from globally renowned universities, provide companies with skilled employees in many areas. At the same time, a number of Swedish companies continue to report that they experience difficulty in finding people with the right IT and engineering skillsets and those with relevant regional experience who would be more suited for leadership roles in the companies' headquarters in Singapore. For companies with strong brands and regional presence that allow for a broad spectrum of career opportunities, attracting skilled personnel is easier. Regardless, once hired, Singaporeans tend to appreciate the Swedish work culture and stay loyal over extended periods.

PLEASE RATE FROM 1-9 HOW THE BELOW CONDITIONS MEET THE NEEDS OF YOUR COMPANY'S BUSINESS IN SINGAPORE



NOTE: The number of respondents for this question was 86. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022.

> **In Singapore, getting well-educated people is not an issue. However, the ability to get people with hands-on market experience, especially with experience working in other larger markets tends to be more challenging.**
>
> **Commercial Finance Director, APAC & MEA, Electrolux**
>
> Leading Swedish Appliance Manufacturer

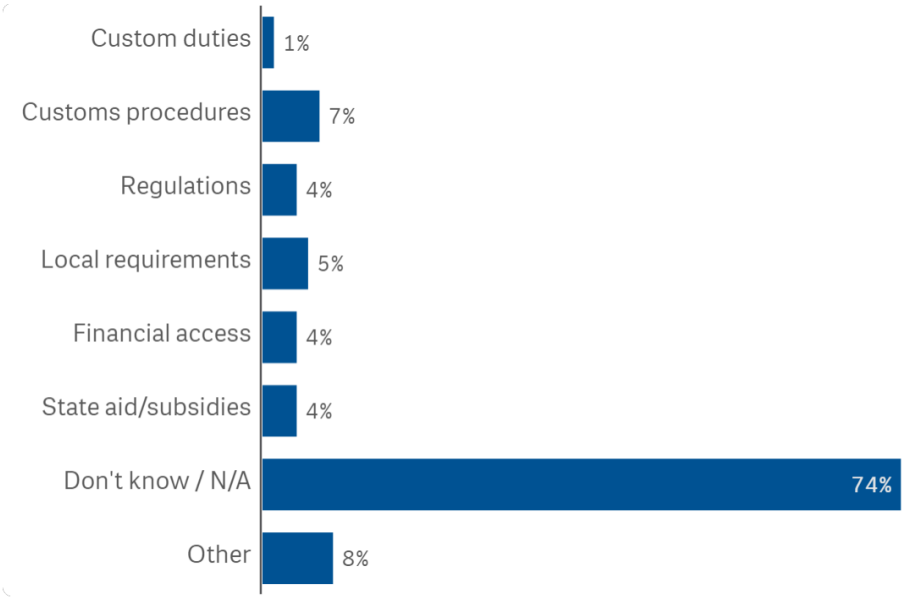
Low barriers to trade supports business operations

Singapore's status as a trade hub supports Swedish companies' drive to access dynamic growing markets in the region. Signed in 2018, the European Union-Singapore Free Trade Agreement has benefitted both countries immensely. Since then, all tariffs have been removed, alongside reduced technical barriers, easier procurement processes, and additional intellectual property rights protection.

Prior to the agreement, exports from Sweden to Singapore in 2017 was valued at 6,445 billion SEK. In 2021 alone, Sweden exported 10,901 billion SEK to Singapore, representing more than 68 percent growth over a four-year period—even amidst the Covid-19 crisis.

These numbers show how the majority of Swedish companies in Singapore have not experienced any trade barriers that have had a noticeably negative impact on their business operations. Based on the results of this year's survey, less than 10 percent of companies have experienced difficulties with customs duties and procedures in Singapore. Meanwhile, fewer than five percent of companies have said that they faced issues with local regulations and requirements and had trouble accessing financial subsidies and governmental aid.

HAS YOUR COMPANY IN THE PAST YEAR ENCOUNTERED TRADE BARRIERS IN SINGAPORE WITH A NOTICEABLY NEGATIVE IMPACT ON OPERATIONS, IN ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 86.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022.

Impact of Singapore's measures in response to COVID-19

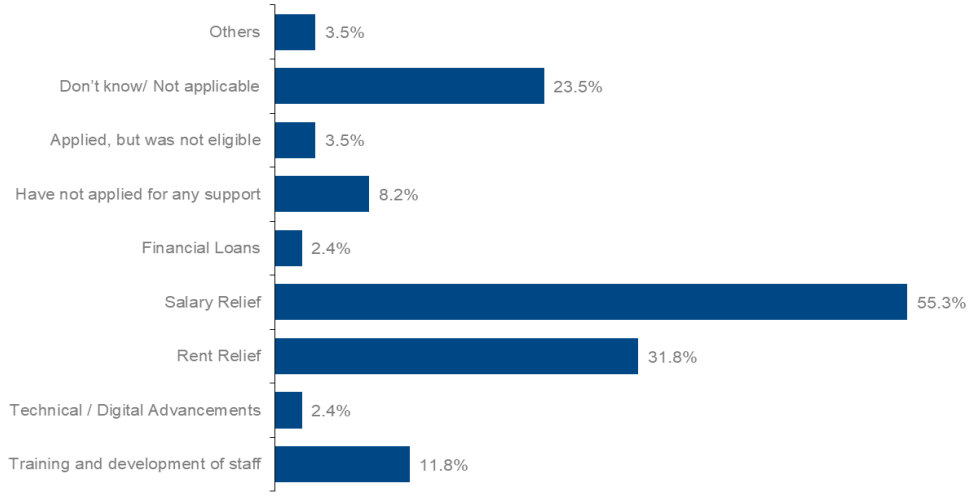
Singapore was ranked as the world's safest place to be in during the pandemic, according to Bloomberg's Covid-19 resilience ranking. Singapore's ability to mitigate the spread of the virus while rolling out support packages to stimulate the economy and administer vaccines to the population have facilitated a stable environment in which people to be safe and businesses can stay afloat.

The stimulus package offered to businesses covered a wide variety of needs – ranging from financial support in terms of loans, rent relief, and salary relief, to training and development of staff, and even to technical and digital advancements to support remote working where possible. The majority of survey respondents, i.e. 55 percent, have said that they received support for payment of their employee salaries. This helped ensure that employees continued to receive their salaries during the economic slowdown that

> **Talent attraction and retention have been a challenge faced by most of the service-related companies and the logistics and shipping industries are not an exception. The competition for talent has got even stiffer as countries enter the phase of economic recovery after the easing of measures related to the Covid-19 pandemic. Amidst these challenges, GAC has looked at our talent attraction and retention strategies such getting ahead with our recruitment strategies and plans as well as recognising that our employees value flexibility, increase focus on our employees' wellbeing and greater attention on employee engagement initiatives. These are also in line with our HR's strategic plan, focusing on the employee experience on our journey to continue to be the employer of choice.**
>
> **Managing Director, Singapore, GAC**
>
> **Swedish Company**

arose as a consequence of the pandemic. However, it should be noted that companies employing mainly foreign talent were not applicable for any government support. As a result, these companies did not fare as well as those that employed local talent.

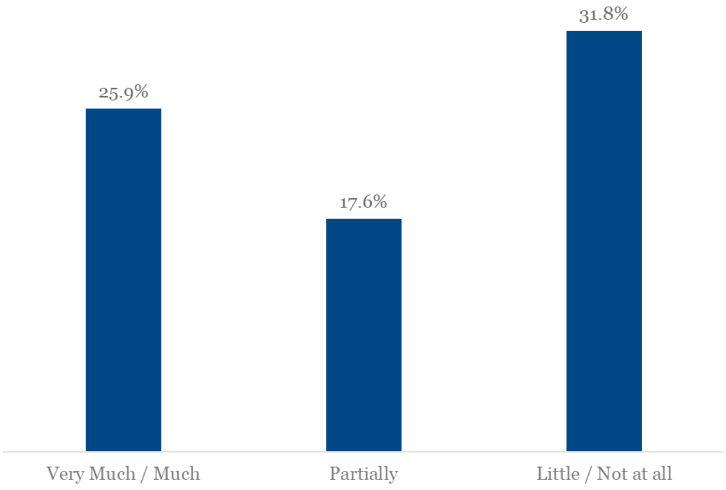
HAS YOUR COMPANY RECEIVED SUPPORT FROM THE STIMULUS PACKAGE ISSUED BY THE SINGAPORE GOVERNMENT?



NOTE: The number of respondents for this question was 85.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022.

The overall sentiment of Swedish companies on support provided by the Singapore government in 2021 was fragmented, as less support was provided compared to 2020. 43.5 percent of companies responded that the stimulus package has supported their businesses either very much, much or partially in 2021. However, when compared to the same question posed in the 2021 survey on the support received in 2020, the number fell by 6.5 percent. Additionally, 32 percent have noted that the support was not sufficient to help deal with the repercussions of the Delta and Omicron variants of 2021.

TO WHAT EXTENT HAS THE STIMULUS PACKAGE SUPPORTED YOUR BUSINESS IN SINGAPORE DURING THE COVID-19 DELTA AND OMICRON WAVE?



NOTE: The number of respondents for this question was 85. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022.

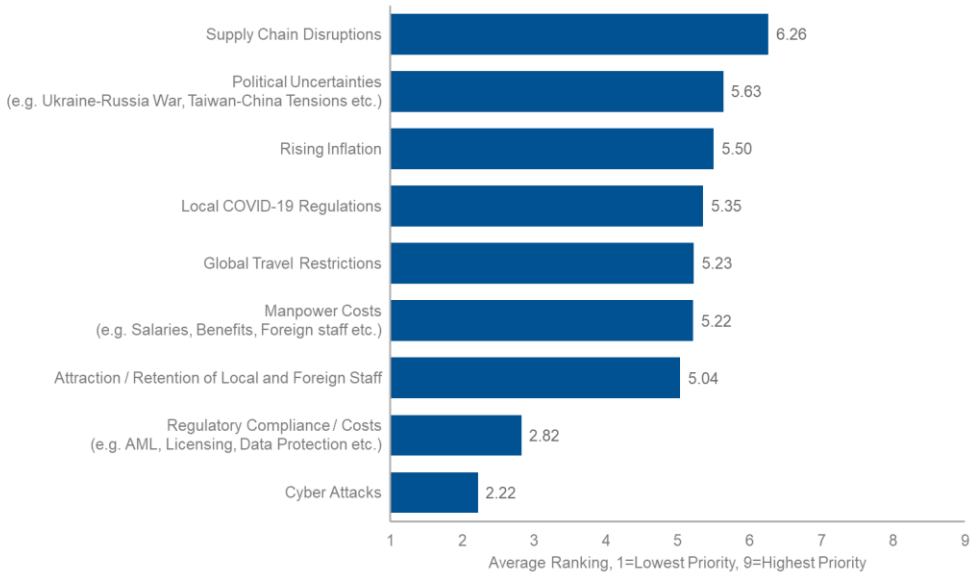
> **The cost of skilled labour has been increasing lately – but this is the trend across the APAC region and not just in Singapore. Despite the cost increase, we look at the quality of the talent we are hiring. In Singapore, we access to talent in Singapore who come with quality education. Thanks to our company culture, our staff retention rate is quite high and with the great place to work certification, we do not find it too challenging for us to recruit.**
>
> **Business Development Director, APAC, AXIS Communications**
>
> Leading security and video surveillance provider

Economic outlook sees global headwinds creating downside risks for companies

Although companies in Singapore performed better than ever in 2021, the upcoming year brings new uncertainties and challenges. This year's survey introduced a new set of questions for Swedish companies to select and rank the major risks they are anticipating. Businesses ranked supply chain disruptions first, with constrained output for longer than the projected period potentially weighing on Swedish manufacturing. Political uncertainties were named in second place and rising inflation in third place. These three factors are highly interconnected. As the war in Ukraine continues and as China implements intermittent full lockdowns, energy and food prices are likely to continue increasing, exacerbating inflationary pressures across the world.

The survey also made clear that companies remain uncertain about the potential challenges pertaining to Covid-19 regulations and restrictions as the pandemic continues to affect the world. Moreover, as mentioned previously, companies remain concerned about rising labour costs and their ability to attract and retain talent with the required skills. On a side note, cyber-attacks and regulatory compliance are ranked as the lowest concern for businesses.

PLEASE RANK, BASED ON PRIORITY, THE TOP BUSINESS CHALLENGES YOU ANTICIPATE TO FACE IN SINGAPORE FOR THE YEAR 2022



NOTE: The number of respondents for this question was 86.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022.

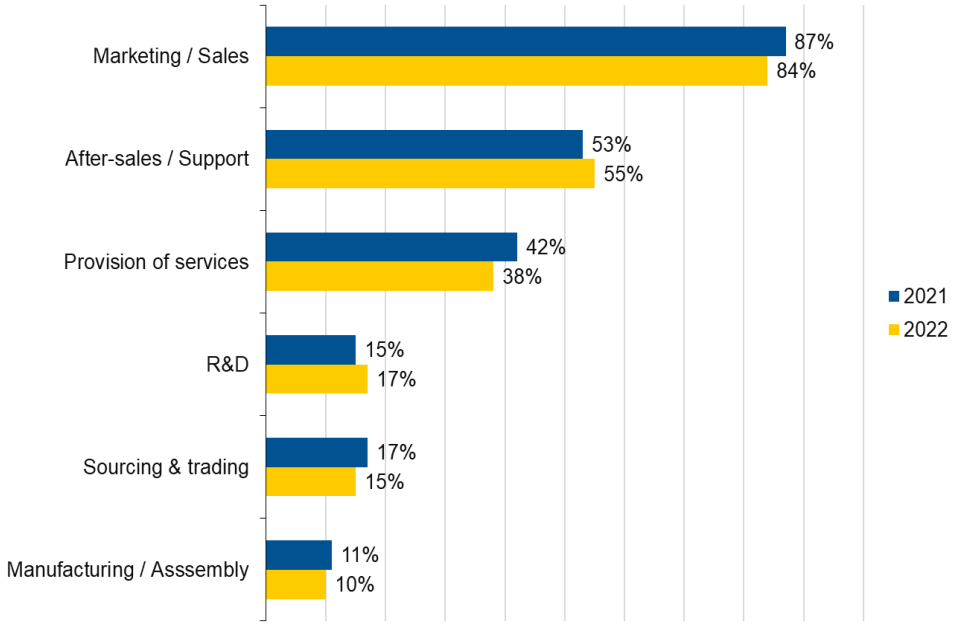
> **It is getting better, and Singapore should lead the way in SEA / APAC. We need to show the world that Singapore is open for business and Asia is open for business. Others will follow Singapore's lead.**
>
> **Partner & Director, APAC, Mercuri Urval**
>
> Swedish talent acquisition and advisory firm

HOW SWEDISH COMPANIES SUCCEED IN SINGAPORE

Swedish companies operating in Singapore are mainly involved in marketing and sales

Swedish companies' main areas of operation have remained largely unchanged over the past years, with the majority of companies reporting that their business activities revolve around marketing and sales, or related services such as after-sales and support. The biggest change in operations was in the provision of services category, which fell four percent when compared to 2021. Sourcing and trading, and manufacturing also saw seen a slight decrease averaging between one to two percent. On the other hand, there has been a slight increase of two percent in the number of companies whose operations in Singapore are focusing on R&D and after-sales / support roles.

WHAT OPERATIONS DO YOU CARRY OUT IN SINGAPORE?



NOTE: The number of respondents for this question was 86. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022.

> **Among local institutes we have for example worked with A*STAR (Agency for Science, Technology and Research) SIMTech for projects. We work a lot with new structural designs, 3D printing, robotics, and automation research and development.**
>
> **Vice President, APAC, Bromma**
>
> Leading Nordic crane spreader manufacturer

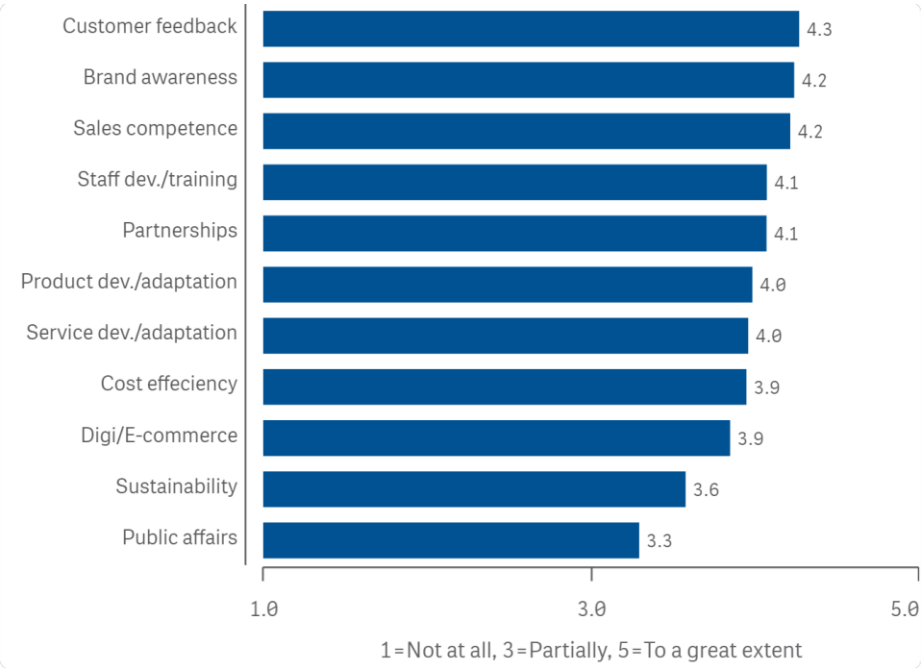
Swedish companies deem that collecting customer feedback is essential to ensure business competitiveness

There are a variety of elements that contribute to Swedish companies' success in Singapore. The most dominant factors named this year are gaining customer feedback, brand awareness, and sales competence. This is in contrast to last year's survey, where sales competence and partnerships were ranked the highest. These changes highlight the competitive nature of Singapore's business environment and emphasise that understanding the customer and establishing a strong reputation in the market are major factors to success.

While partnerships have diminished in importance somewhat compared to the previous year, they still remain one of the main factors contributing to the growth of companies. Partnerships are especially crucial for Swedish firms serving the wider Southeast Asian region, which is home to a huge population with high growth and significant diversity in culture, language, racial groups, religion, political and economic systems, and even spending habits. This diversity makes it vital for Swedish companies to be agile, adapting to the needs of the region by implementing the right strategies to succeed and indeed, even finding the right local partners.

This year, cost efficiency is not regarded as one of the most important areas. This can be partily attributed to a change in mindset, as companies shift away from pandemic-era measures. Sustainability and public affairs are considered less important, a result that has been similar across all business climate surveys conducted.

TO DATE, WHICH OF THE FOLLOWING AREAS HAVE BEEN IMPORTANT IN MAINTAINING COMPETITIVENESS IN SINGAPORE?



NOTE: The number of respondents for this question was 86.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022.

> **Generally, doing business in Singapore is easy with many channels to seek help and build contacts. COVID-19 has impacted the telecom industry in terms of decline in roaming revenues and ARPU declines from subscribers in impacted industries (e.g., F&B, Hospitality, Travel). We are optimistic that business sentiment will improve as the threat from COVID-19 fades**
>
> **Head of Network Solutions, Southeast Asia, Ericsson**
>
> Leading telecommunications solution provider

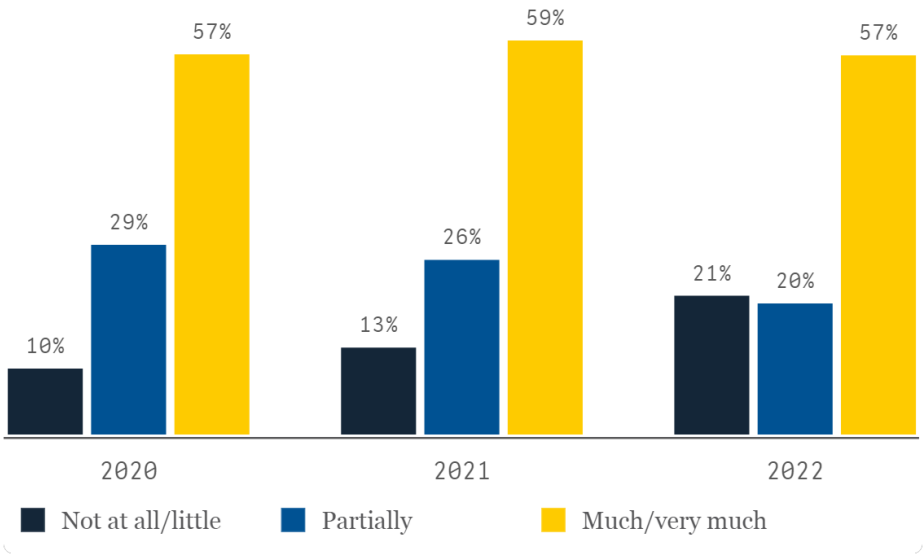
The Swedish brand creates a more significant impact for mature and large companies

When asking any local in Singapore what they know about Sweden, most will say Scandinavian design or fashionable clothes, before citing famous brands like H&M, IKEA, and Volvo. Indeed: Singapore and Sweden are both gobal economic powerhouses, possessing strengths in manufacturing, innovation, and technology. How, then, does a company's Swedish origins support its business and operations?

This year, 57 percent of respondents stated that the Swedish brand has a positive impact on their business. This rating has been consistent with the results shown over the past three years. While the majority of companies assert this, it is important to note that there has been an increasing number of respondents who state that the Swedish brand has not contributed, or has had a little contribution, to their business. The number of respondents that rated "partially" has also decreased over the years. When looking at absolute figures, the numbers show that some Swedish companies that have previously assessed a partial impact on their business last year, have now responded that the Swedish brand has little or no impact at all in this year's survey.

Breaking down the data by company size, 52 percent of small, 78 percent of medium, and 53 percent of large companies mentioned that the brand image of Sweden contributes positively to their business. Furthermore, the majority of mature companies (70 percent) answered that the Swedish brand contributes much or very much to their business, which makes them the most positive category when considering the age of the answering companies. On the contrary, 33 percent of the new and 32 percent of small companies answering the survey were less positive and stated that the Swedish brand has not or has little contributed to their business.

TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE "SWEDISH BRAND" CONTRIBUTES TO YOUR BUSINESS IN SINGAPORE?



NOTE: The number of respondents for this question was 86. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022.

ACTING SUSTAINABLY

Singapore has come a long way in sustainability since its independence in 1965. The island nation used to suffer from high pollution, proper sanitation, and no natural resources. With foresight, able political leadership, and strong support from its citizens, Singapore transformed itself into a Garden Metropolis. Today, the self-sustaining city has carefully diversified sources of water and energy, allowing Singaporeans to enjoy clean air, proper water and sanitation services, lush greenery, and safe common spaces.

However, the pandemic, climate change, and geopolitical tensions have accelerated food supply crises and exposed Singapore to global price and supply fluctuations. To bolster its food security, Singapore is pursuing three broad strategies – diversify import sources, grow local, and grow overseas. The country's vision 2030 is to secure 30 percent of the country's nutritional needs locally by 2030.

In 2021, Singapore announced its Green Plan to advance the national agenda on sustainable development. The country has introduced a new carbon tax to shape business and consumer habits, and generate revenue to be used on other key measures in the plan. They have also provided a new grant to cover 70 percent of qualifying costs for businesses transitioning to energy-efficient technologies. Additional investments have been pumped into R&D, alongside the construction of solar panels across public housing and reservoir parks to support local power grids. Cross-border trade of renewable energy is also at the forefront of green strategy, via the Lao PDR-Thailand-Malaysia-Singapore Power Integration Project (LTMS-PIP), which imports up to 100 megawatts (MW) of renewable hydropower from Lao PDR to Singapore via Thailand and Malaysia using existing interconnections. New legislation aims to promote the use of electric vehicles and electric vehicle charging.

This new focus on sustainability and developing Singapore's circular eco-economy may create more opportunities for Swedish companies, especially with many firms leading in sustainable development within their sectors. This is where Swedish business brings substantial value, offering high-quality sustainable solutions with world-class levels of green innovation. Time is of the essence for Swedish companies to leverage this opportunity.

"Singapore looks forward to working with like-minded partners to build a sustainable and resilient future for ourselves and generations to come"

Lee Hsien Loong
Prime Minister of the Republic of Singapore

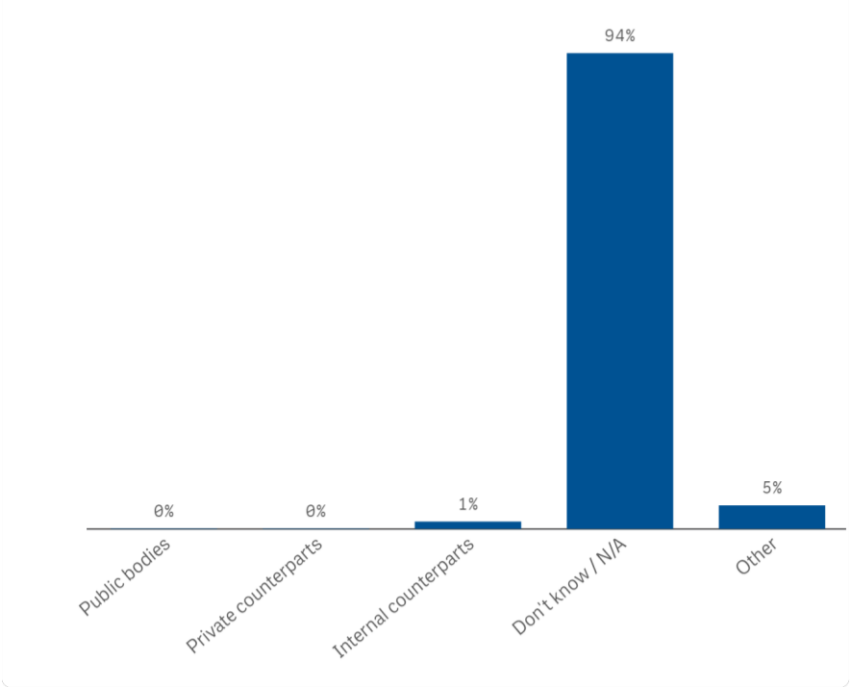
Singapore's zero tolerance on corruption

Singapore has always taken a firm stance against corrupt practices. This can be attributed to the stability of Singapore's political system – a lack of fractious partisan politics that have reduced any ability for persons to find loopholes or ways to circumvent laws and processes.

Therefore, Singapore remains the only Asian country ranked within the top five of Transparency International's 2021 Corruption Perceptions Index, coming in fourth place alongside Sweden and Norway. Strict anti-corruption laws and robust enforcement, coupled with a modern economy and efficient bureaucracy, have contributed to the country's success on the anti-corruption front.

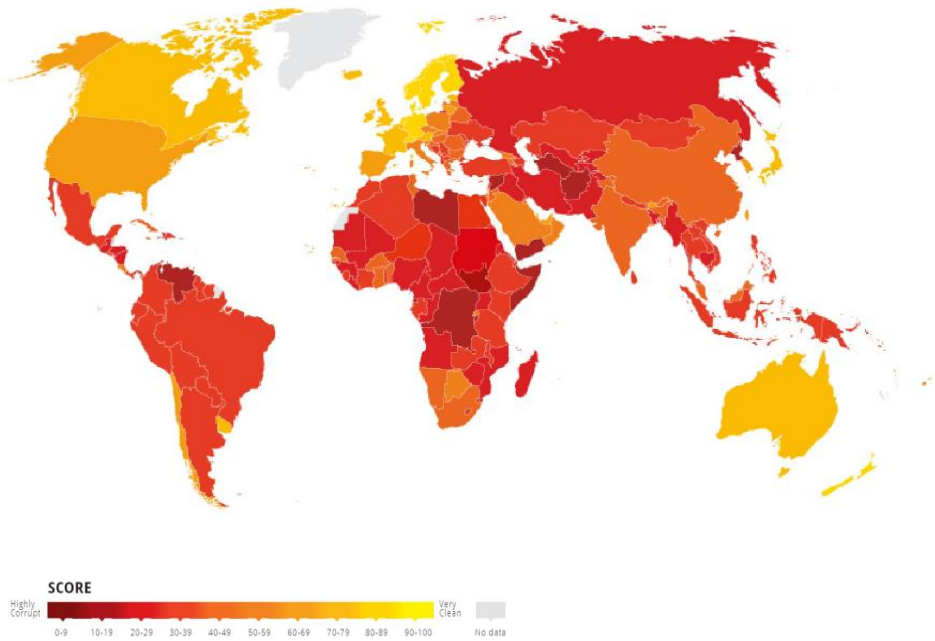
Survey results reveal that 94 percent of companies do not face any corruption in their business. However, six percent of companies haclaim that they have been exposed to some type of corruption last year.

HAS YOUR COMPANY IN SINGAPORE BEEN EXPOSED TO CORRUPTION SUCH AS, BUT NOT LIMITED TO, ATTEMPTS OF BRIBERY OR FRAUD IN CONTACTS WITH ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 86.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022.

CORRUPTION PERCEPTION INDEX 2021



SOURCE: Transparency International.

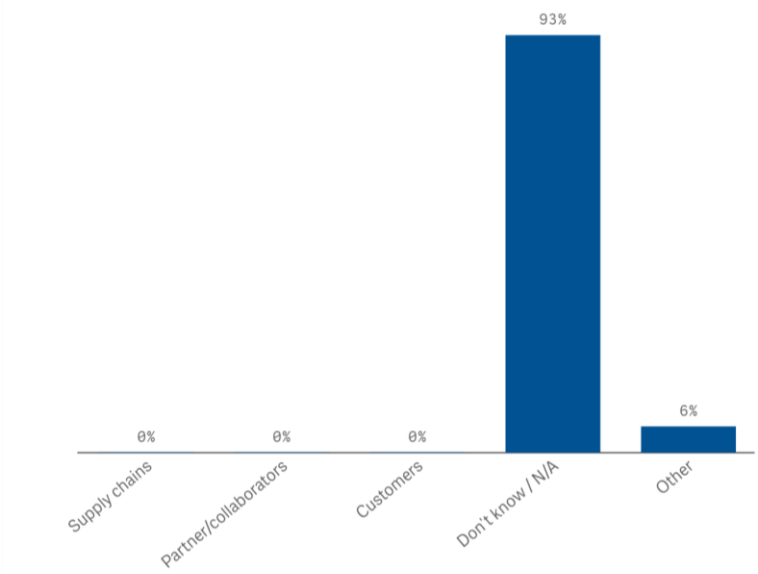
GLOBAL CORRUPTION PERCEPTIONS INDEX 2021 - RANKING

1st Denmark
=4th Sweden
=4th Singapore
12th Hong Kong
62nd Malaysia
87th Vietnam
96th Indonesia
110th Thailand
117th Philippines

Encountering human rights and labour violations are very rare in Singapore

Most respondents have noted that there they did not encounter any human rights or labour violations over the past year. However, six percent of respondents did encounter some other forms of violations. Team Sweden encourages Swedish companies to report any violations, irregularities, or crimes encountered to the Ministry of Manpower in Singapore or the Swedish Embassy.

IN THE PAST YEAR, HAS YOUR COMPANY IN SINGAPORE ENCOUNTERED ANY FORM OF HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSE IN ANY OF THE FOLLOWING AREAS?

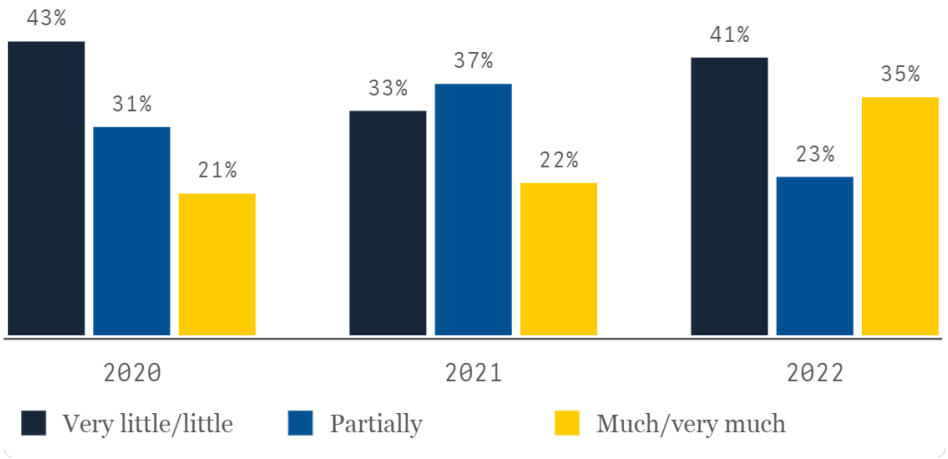


NOTE: The number of respondents for this question was 86. Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022.

Environmental aspects are becoming more influential in customer's purchasing decisions

41 percent of Swedish companies reported that Singaporean customers paid very little or little attention to environmental aspects in their purchasing decisions—continuing a pattern observed in previous years. However, there has been an encouraging increase in customers who consider environmental aspects much or very much in purchasing decisions, from 23 percent to 35 percent. This growth can be attributed to new consumer trends such as using organic materials in multi-use products, or items made using recyclables. Overall, consumer interest in sustainability is not on the same level seen in the Nordics, but the results are quite similar to surveys conducted across Southeast Asia.

IN YOUR VIEW, TO WHAT EXTENT DO CUSTOMERS IN YOUR INDUSTRY IN SINGAPORE CONSIDER ENVIRONMENTAL ASPECTS OF A PRODUCT OR SERVICE IN THEIR PURCHASING DECISION?



NOTE: The number of respondents for this question was 86. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2022.

Swedish companies in Singapore leading the way for gender equality

To celebrate Singapore’s Year of the Woman, the Swedish Chamber of Commerce in Singapore, together with 19 sponsor companies, launched the book “#candid: 100 Perspectives on Gender Equality in Singapore” in December 2021. This collection focuses mainly on giving men of all walks of life and multiple generations the opportunity to add their voices on gender equality. The compilation captures a myriad of stories from across the society on the important role of women in business and society. The e-version of the book can be found here: www.100perspectives.com.

As the book was launched, nine Swedish multinational companies - ABB, AstraZeneca, Atlas Copco, Bolon x The Andrews Group, Electrolux, H&M, Mentor Media, Oriflame and SKF - decided to come together around a pledge to double their paid paternity leave benefits from two to four weeks in Singapore, starting in 2022. Increasing paternity leave is not only to empower fathers to contribute more at home, but also to highlight the important role of the business community to intentionally build corporate cultures that promote gender equality.

With the book and the pledge, SwedCham and the Swedish business community want to show

that they are supporting the efforts to move the needle in Singapore even further towards a more equal and sustainable society. As this report goes to print, 28 companies in Singapore have now joined the double-up pledge. As the business community has such an important role to play to drive gender equality, the aim is to see even more companies in Singapore join in on this very concrete initiative to support shared care giving.

CONCLUSION

In agreement with the international business community, Swedish companies have a high appreciation for Singapore as a country where it is easy to do business. Few other countries can offer a better developed financial sector, with stability in the political and regulatory space, which ensures predictability. It is also evident that the geographical location of Singapore, being the gateway to the wider region, is vital for the attractiveness of Singapore to international businesses.

All these factors, together with Singapore's efficiency and relatively high availability of skilled personnel continue to make Singapore the number one regional hub.

Although these factors contribute to why companies tend to establish their regional bases in Singapore, its position is not unthreatened. The Swedish corporate community has persistent concerns about the cost of doing business and perceived difficulties in accessing skilled labour – especially those with sufficient regional experience. Even though access to skilled personnel is overall better in Singapore compared to the rest of the region, it is still far from sufficient. Moreover, governmental limitations on employing foreign talent also contribute to these perceptions.

As the global challenges of rising inflation, increasing cost of commodities, and supply chain disruptions continue to impact Singapore in 2022 and beyond, the local challenges faced by Swedish companies should not be taken lightly.

Team Sweden in Singapore has always been committed to supporting Swedish companies in Singapore and assisting firms on their growth journeys across the globe. We would be pleased to answer any questions and welcome hearing from you, should you have any concerns.

CONTACT US

AUTHORS

Nicholas Song

Vishwa Patel

Tina del Rosario

BUSINESS SWEDEN
260 Orchard Road, #07-01, The Heeren, Singapore 238855
ask.singapore@business-sweden.se
https://www.business-sweden.com/markets/asia-pacific/singapore

SWEDCHAM
260 Orchard Road, #07-01, The Heeren, Singapore 238855
info@swedcham.sg
https://www.swedcham.sg/

EMBASSY OF SWEDEN
1 Temasek Avenue, #14-03 Millenia Tower, Singapore 039192
ambassaden.singapore@gov.se
https://www.swedenabroad.se/en/embassies/singapore-singapore/

Team Sweden

Sweden
Sverige

BUSINESS SWEDEN

Embassy of Sweden

SWEDCHAM
Swedish Chamber of Commerce Singapore