



Sweden
Sverige



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN SINGAPORE 2023

A REPORT FROM TEAM SWEDEN IN SINGAPORE

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KEY CONTRIBUTORS TO THIS REPORT

Business Sweden in Singapore

Swedish Chamber of Commerce in Singapore

Embassy of Sweden in Singapore

GLOBAL SUMMARY

+1,400 respondents **22** markets

Current business climate

Positive view on the current global business climate on the rise

Industry turnover

74%

of Swedish companies expect their industry turnover to increase

Future investments

50%

of Swedish companies plan to increase their investments slightly or significantly in the next 12 months

Globally valued success factors

1. Sales competence
2. Cost efficiency
3. Partnerships/local relationships

Brand Sweden

62%

of Swedish companies abroad consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Personal safety
2. Infrastructure
3. Customs
4. Financial systems

Local conditions with least satisfaction

1. Labour market regulations
2. Specialists and key personnel
3. Work culture/Business mindset

Environmental considerations

36%

of respondents believe the environment is a considerable factor in their customers' purchasing decisions

Corruption

- Moderate to high risk in emerging markets and South Korea
- Low risk in advanced economies

Human rights violation and labour rights abuse

- Moderate risk in emerging markets
- Low risk in advanced economies

FOREWORD

This business climate survey offers a comprehensive assessment of Swedish companies operating in Singapore. This survey provides factual insights into the performance and challenges faced by Swedish enterprises, set against the backdrop of Singapore's macroeconomic outlook.

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.

Sweden and Singapore share a dynamic partnership built on shared values and innovation. Today, Singapore hosts over 250 Swedish companies—one of the highest numbers in Asia Pacific. This survey showcases the adaptability and resilience of Swedish companies in navigating Singapore's competitive business landscape. Swedish companies have played a significant role in Singapore's economy, driving growth and innovation across various sectors such as technology, manufacturing, healthcare, and sustainable solutions. Leveraging Singapore's strategic location, robust financial ecosystem, and business-friendly regulations, Swedish companies have established themselves as key players in the regional market.

While the macroeconomic outlook has been marked by global uncertainties, Singapore has demonstrated remarkable resilience through proactive policies and investments in infrastructure and innovation. This survey sheds light on the challenges faced by Swedish companies, including intense competition and evolving consumer demands. However, it also highlights their determination to embrace digitalisation, sustainability, and emerging technologies. The insights and analysis presented in this survey will aid policymakers, stakeholders, and Swedish companies in making informed decisions to navigate the evolving business landscape in Singapore.

The 2023 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 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 headwinds in the economy, 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 90 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!



Jenny Egermark
Chargé d'Affaires a.i.,
Swedish Embassy in
Singapore



Rickard Levin
Country Manager in
Singapore and Brunei,
Business Sweden



Lisa Ferraton
General Manager,
Swedish Chamber of
Commerce

EXECUTIVE SUMMARY

SAMPLE SELECTION

90 Swedish companies in Singapore responded to the survey in 2023

84% of operations consists of sales-related activities

28% of respondents have more than two decades of experience in Singapore



FINANCIALS



60%

of companies reported profitability in 2022

INVESTMENTS



44%

of respondents will increase investments over the coming 12 months

BUSINESS CLIMATE



52%

Good/Very good
(Very poor / poor 35%,
Neutral 9%)

ADVANTAGES



Personal Safety,
Physical Infrastructure,
Customs and Financial
System ranked as the top
factors of being in
Singapore

INCREASING PRESENCE



44%

of respondents state that they have increased their presence in Singapore during 2022

DIVERSIFY PRODUCTION



34%

of respondents state that they have already diversified or have had plans to diversify production in Asia

SWEDISH BRAND



60%

of respondents consider this a positive contribution to their business

TRADE BARRIERS



61%

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

SUSTAINABILITY



40%

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

ABOUT THE SURVEY

The sixth report conducted by Team Sweden

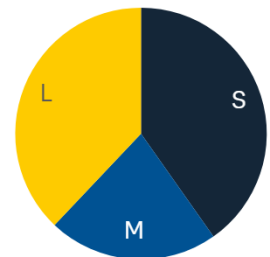
2023 is the sixth year the Business Sweden Climate Survey has been conducted by the Embassy of Sweden, Business Sweden, and the Swedish Chamber of Commerce. The survey provides a closer look at Swedish companies' perspectives on Singapore's macroeconomic conditions, opportunities, challenges, and sustainability 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 13 March to 12 April this year, with a total of 90 participants composed of executives representing Swedish firms. This was drawn from a pool of over 250 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 must either be of Swedish origin or owned by 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 38 per cent of the sample, while medium-sized companies (250-1,000 global employees) comprised 22 per cent. Finally, 40 per cent 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: professional services (57 per cent), industrial (33 per cent), and consumer companies (10 per cent). The rest are categorised as "other" and are not further specified in the data. Just below a third (28 per cent) of respondents have more than two decades of experience in Singapore, while 42 per cent established their business between 2002-2016 and 30 per cent are new entrants, having set up their businesses between 2017-2023.

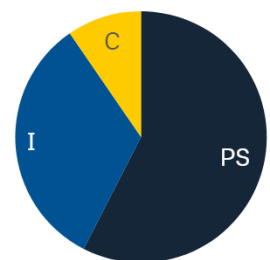
Most of the questions in the survey are similar to those used in previous surveys, which allows for comparisons over time. These are synchronised with other Business Climate Surveys carried out by Team Sweden in markets around the world to enable comparability where relevant. A global report will likewise be published. Some new questions have also been added to this year's survey in Singapore to follow the ever-evolving market, such as questions on supply chain diversification and trends among Swedish companies' changing presence in Singapore.

SIZE OF COMPANIES



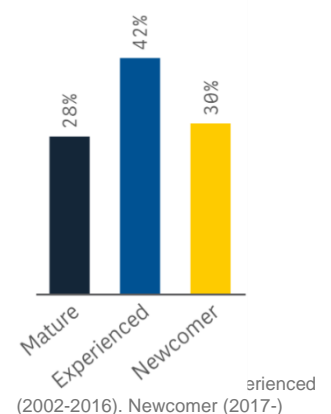
NOTE: Global employees. Large >1000. Medium 250-1000. Small 0-249

MAIN INDUSTRY



NOTE: Industrial 33%. Professional services 58%. Consumer 10%

AGE OF COMPANIES



ECONOMIC OUTLOOK

Most Swedish companies reported profits in 2022

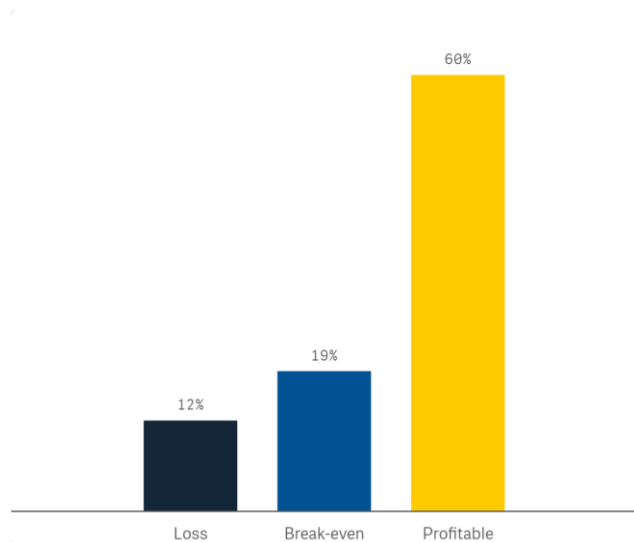
This year, fewer Swedish companies in Singapore have reported profitability, with 60 per cent reporting profits in comparison to 66 per cent in 2021. In contrast, 12 per cent of companies reported losses, down from 15 per cent in the previous year. The number of companies that broke even has increased to 19 per cent compared to 11 per cent in 2021.

Breaking down the respondents into their respective industries provides an even more interesting perspective. In last year's survey, we saw that 86 per cent of companies in the consumer goods sector and 74 per cent of the companies in the industrial reported themselves as profitable, while the professional services sectors reported 41 per cent. In this year's survey, the profitability has evened out between the sectors, with 57 per cent of companies in the consumer goods sector and 58 per cent of the companies in the industrial sector reporting themselves as profitable, while companies in the professional services sector reported 60 per cent.

This is unsurprising given the slowdown of Singapore's economy, which grew by 3.6 per cent in 2022, moderating from an 8.9 per cent expansion in the year prior. This expansion has resulted in gross income levels of full-time employed residents growing by 8.3 per cent 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 7th most innovative nation in the world**

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN SINGAPORE IN 2022?



NOTE: The number of respondents for this question was 89. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Singapore 2023.

Singapore's growth will decelerate in 2023

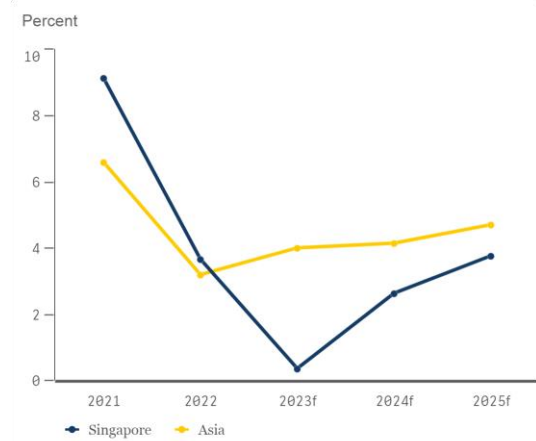
During 2022, Singapore's economy grew by 3.6 per cent, which marked a slowdown in comparison 2021's increase of 8.9 per cent. Despite the overall slowdown of the economy, all sectors contributed positively to GDP growth, with a rise in domestic demand and consumption even as external demand declined slightly. The main drivers of the GDP growth could be attributed to wholesale trade, manufacturing and other services sectors that contributed most to GDP growth for the year.

However, persistent supply bottlenecks, alongside high energy prices due to geopolitical tensions, will continue to sustain global inflationary pressures and impact Singapore's short-term outlook. Another factor contributing to the elevated inflation levels in Singapore in the short-term can also be attributed to the GST increase in January. The tighter financial conditions are a risk that could also potentially trigger financial stresses for households and companies, and instability in money markets. Despite this, the momentum of price increases has continued to ease and is expected to further ease, underpinned by a combination of base effects and moderating external and domestic labour cost pressures.

China's reopening will provide a boost to Singapore mainly through tourism, but the impact on regional trade is expected to be limited, given the lower import intensity of consumer spending that will drive China's growth this year. Labour market tightness has eased towards end of last year due to softening labour demand in trade- and tech-related sectors, and a recovering non-resident workforce.

Growth in Singapore is projected to ease to 0.5-2.5 per cent from 3.6 per cent in 2022, with growth likely to come in at around the mid-point of the range. This is below Asia's average which is predicted to be approximately four per cent this year. The three-year forecasts also look muted with growth rates not expected to catch up to 2022's levels until 2025.

PROJECTED GDP GROWTH IN SINGAPORE



SOURCE: Oxford Economics, GDP, real, annual growth. Last update: 24 April 2023

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 further 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

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

2021: **+8.9%**

2022: **+3.6%**

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.

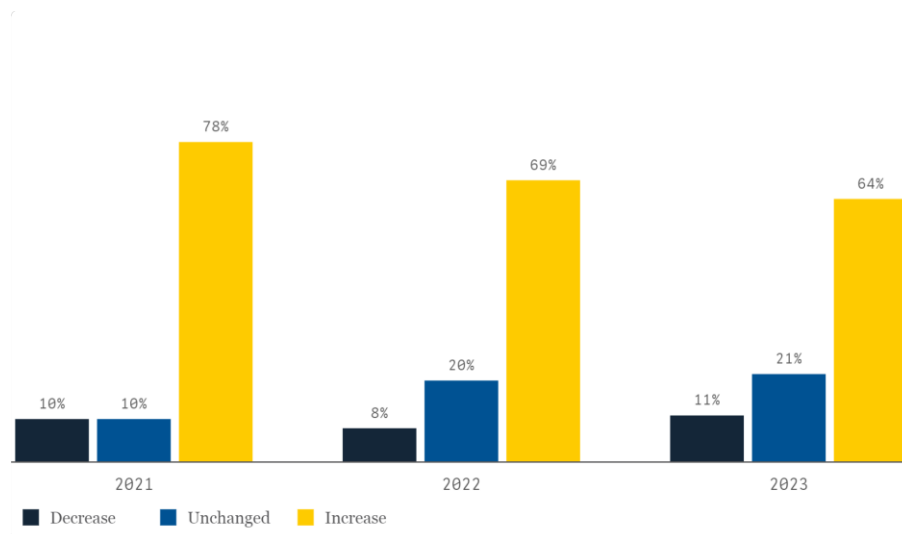
Indeed, foresight and strategic planning will allow Singapore to remain competitive long into the future, even amidst current economic headwinds. With first-class infrastructure, low taxes, minimal corruption, and a large pool of skilled labour, Singapore will remain a highly attractive destination for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

Despite headwinds, majority of Swedish companies are expecting revenue growth for their industries

When we asked about the companies' turnover outlook in last year's survey, 69 per cent of respondents stated that they were expecting an increase in sales. Actual financial results in 2022 saw 60 per cent of Swedish companies achieving higher sales. The discrepancy may be linked to 'overestimations' around the easing of lockdown measures and resumption of international travel, which did not take place until late 2021 and early 2022 in Southeast Asia. Furthermore, geopolitical tensions, declining consumer confidence, high inflation and tightening financial conditions contributed to persistent uncertainty during 2022.

Diving deeper into the sectors, 57 per cent of Swedish consumer companies that responded to the survey are expecting higher profitability for their industry (down from 100 per cent last year), and the equivalent for industrials was 46 per cent (down from 65 per cent last year). However, companies in the professional services sector display similar levels of confidence as last year with 74 per cent (down from 76 per cent last year). The muted expectations are consistent with the overall macroeconomic outlook and the weaker than expected performance during 2022.

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: The number of respondents for this question was 89. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Singapore 2023.



The whole macroeconomic environment definitely changed quite quickly and dramatically during 2022, which obviously has had an impact on businesses and acquisitions in general. But in terms of direction, that has remained consistent, and Asia remains a source of growth and diversification

Managing Director,
Singapore, Storskogen

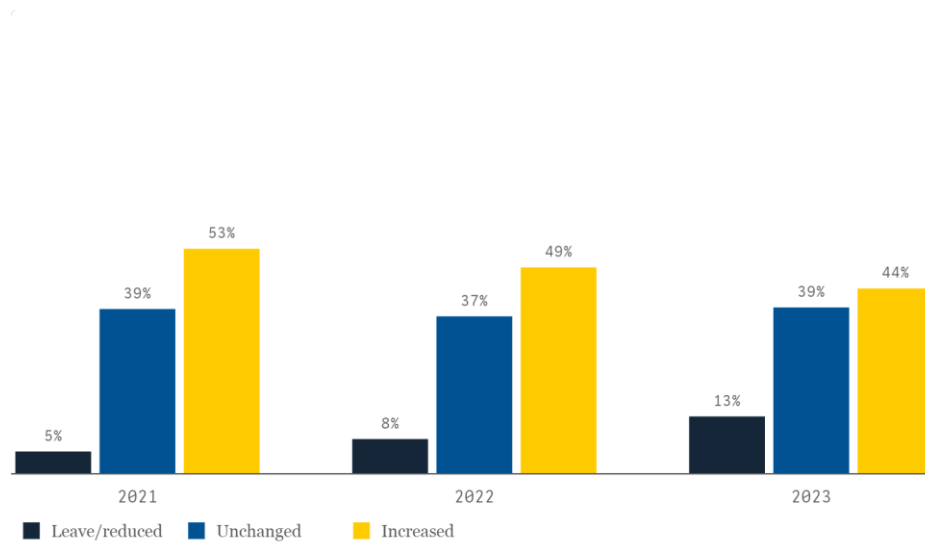
Swedish investment firm
specializing in SMEs

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

Although forecasted performance for 2023 is not as high as 2022, Swedish companies expect to continue investing in Singapore. Almost half (44 per cent) of surveyed companies said that they are going to increase their investments. In particular, medium-sized companies are expecting to ramp up their investments during 2023, which represents a shift from last year's study that showed that small-sized companies had higher expectations of investing in 2022. Breaking it down further into industries, Fifty-seven per cent of companies in the consumer goods sector are expecting to increase investments in the upcoming year, while the professional services sector has seen a decline to 43 per cent of companies expecting to increase investments over the next 12 months (down from 61 per cent last year).

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?



NOTE: The number of respondents for this question was 89. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Singapore 2023.



My impression is that companies, to some extent, are currently waiting to see what will happen next when it comes to certain types of investments. Having said that, I also think there are opportunities out there for additional investments. We see potential for growth here and we will always continue to invest in our clients, our solutions and business ethics

Company representative

Swedish company in Singapore

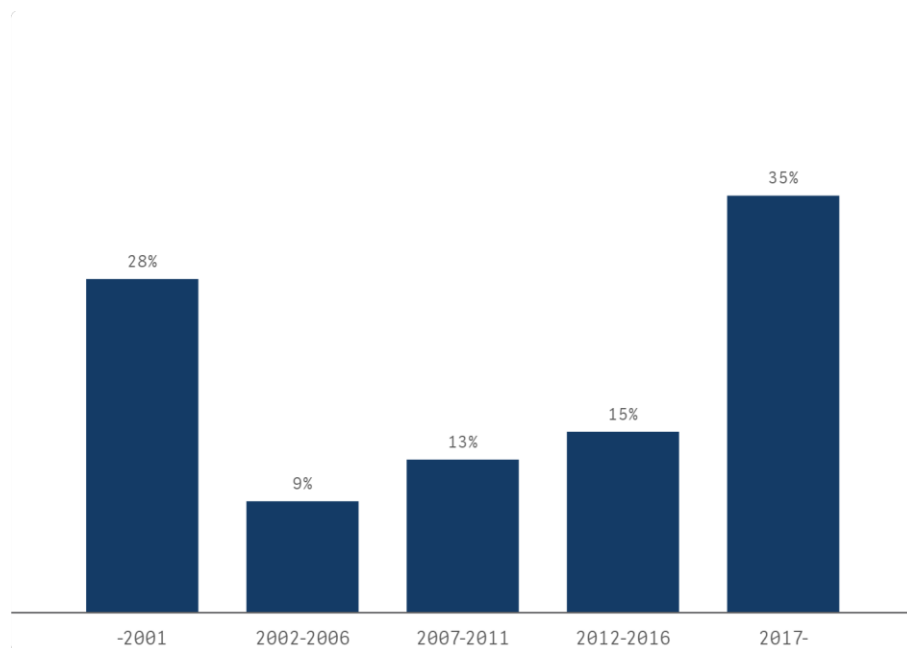
THE MARKET

Longstanding relationship 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 defence, 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.

An encouraging trend that has been observed among the respondents of the survey in the last few years shows an increase of Swedish companies that have established operations in Singapore recently (within the past 5 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. More recently in 2022 also – for example, Storskogen, which specialises in acquiring and operating SMEs in market leading positions, and Greencarrier, which provides sustainable logistics and supply chain management solutions.

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN SINGAPORE?



NOTE: The number of respondents for this question was 87. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Singapore 2023.



We have been in Singapore since the 1980s and supporting the Singapore Armed Forces. Singapore is a great place to collaborate in development of certain technology areas as they are early adopters of technology. For example, we have a Joint Lab with the Nanyang Technical University that focuses on the use of Artificial Intelligence and Machine Learning applied to areas such as air traffic management and unmanned underwater systems

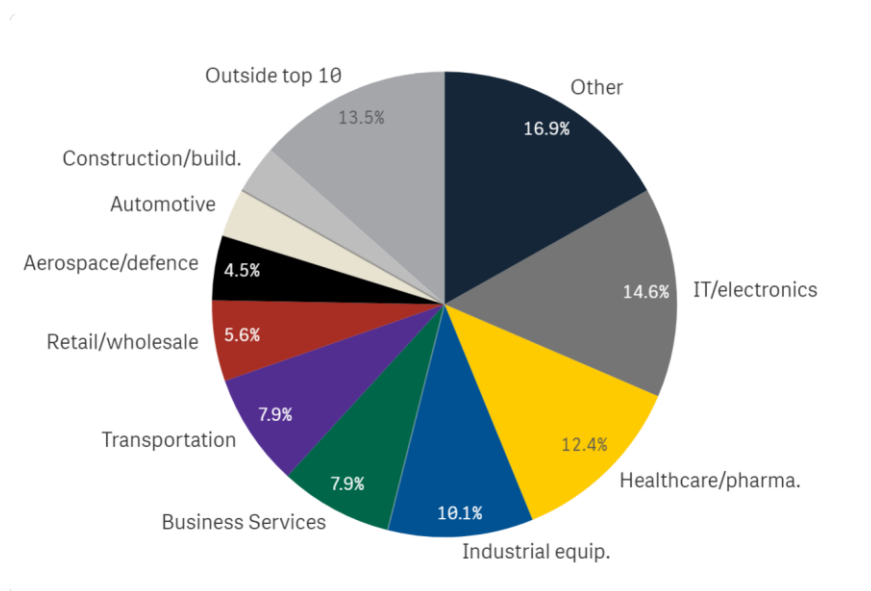
Head of Region - Asia, Saab

Leading Swedish defence and security company

Swedish firms in Singapore are present in a wide range of industries. The top ten industries with the highest presence of Swedish companies are IT/Electronics, Healthcare/Pharma, Industrial Equipment, Business Services, Transportation, Retail/Wholesale, Aerospace/Defence, Automotive and Construction and Building. 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 the government targets for further expansion and for meeting new demographic challenges.

The “Other” segment, which is composed of 16.9 per cent of the responding companies, are those that do not have a specific category available for them to select in the survey. 13.5 per cent of companies that are in the “Outside top 10” category, consists of segments, mainly recycling, energy and electricity, chemicals and plastics, telecommunications 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 89. “Don’t know/Not applicable” responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2023.

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, six per cent of respondents report that they have larger organisations (250-1,000 local employees).

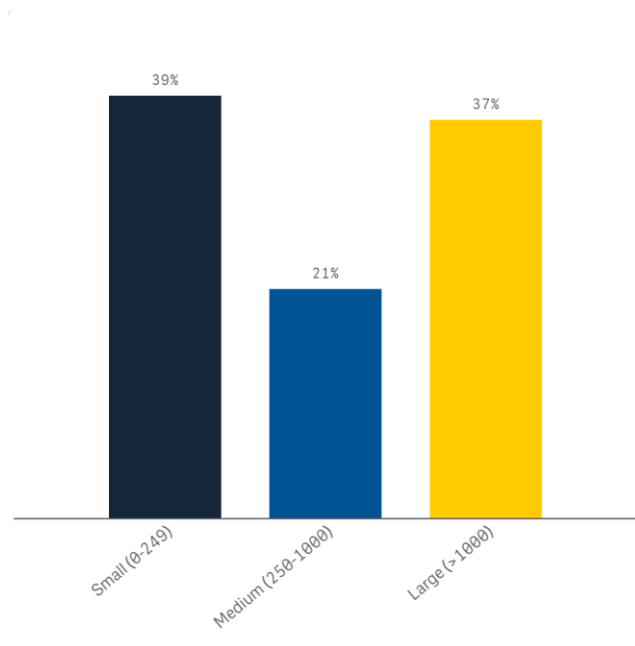


When you are working in consolidation, there are certain hubs around the world that you should be in, and Singapore is one of them. It is a great location, and everybody passes by at some point. It is almost like if you have an office here, you don’t have to travel because sooner or later clients and agents from around the world will come to Singapore anyway

Owner’s representative, Singapore, Greencarrier

Major transport solutions provider

SWEDISH FIRMS' GLOBAL NUMBER OF EMPLOYEES IN SINGAPORE IN 2023

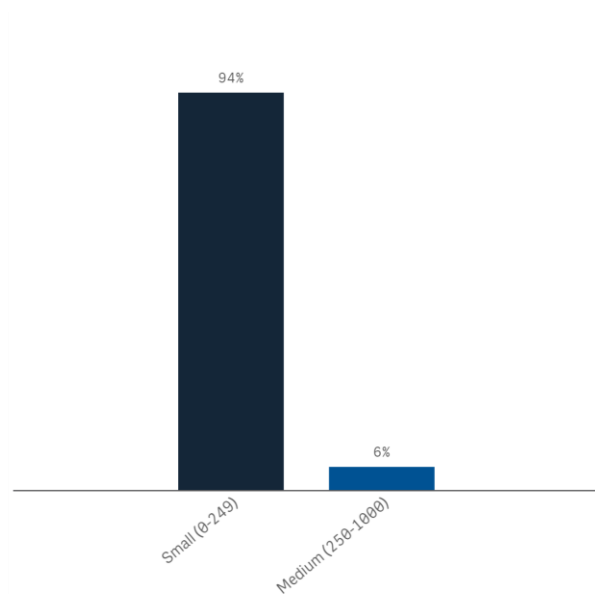


Singapore has a very special and strategic spot in Asia. The Singaporean government knows how to make themselves attractive to foreign investment and for foreign companies to establish themselves in Singapore. Good reasons for this are of course the safety and security coupled with the stable political and economic environment. However, it is one of the most expensive countries in the world, and it will be interesting to see how foreign companies will react if the trend continues

Managing Director,
Southeast Asia, Scania

Leading Swedish
manufacturer of commercial
vehicles

SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN SINGAPORE IN 2023



NOTE: The number of respondents for this question was 89. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Singapore 2023.

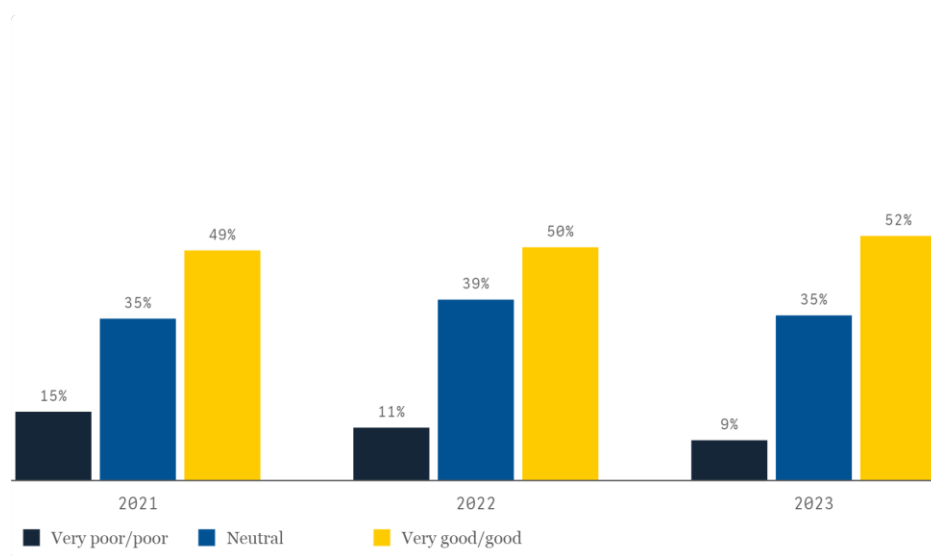
Continued optimism around Singapore's business climate

The perception of the current business climate in Singapore has continued to remain optimistic: 52 per cent of companies have a good or very good view; 35 per cent have a neutral view; and nine per cent, a poor or very poor perspective on Singapore's business environment. This position is comparable to the 2022 survey, where 50 per cent had a

good or very good view, 39 per cent had a neutral view, and 11 per cent had a poor or very poor view. Overall, the outlook is more positive when compared to results collected in 2021 and 2022.

Diving deeper into this year's survey, there were large variations in answers depending on sector, company size and maturity. Similar to the findings from last year's survey, the most positive were companies within the professional services segment, where 68 per cent had a very good or good outlook (up from 62 per cent last year). However, companies in the consumer sector segments are less optimistic about the business climate than last year, with less than a third of companies in the consumer sector (29 per cent) reported to have a very good or good outlook (down from 57 per cent last year) and 43 per cent reporting very poor or poor outlook. The industrial sector saw similar levels of optimism as last year, with 48 per cent of companies in this sector reporting a neutral outlook (50 per cent last year) and 13 per cent a very poor or poor outlook (16 per cent last year).

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN SINGAPORE?



NOTE: The number of respondents for this question was 82. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Singapore 2023.

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 physical infrastructure, personal safety, customs and financial systems 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 per cent 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 and retaining 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 express a willingness to stay within the companies.

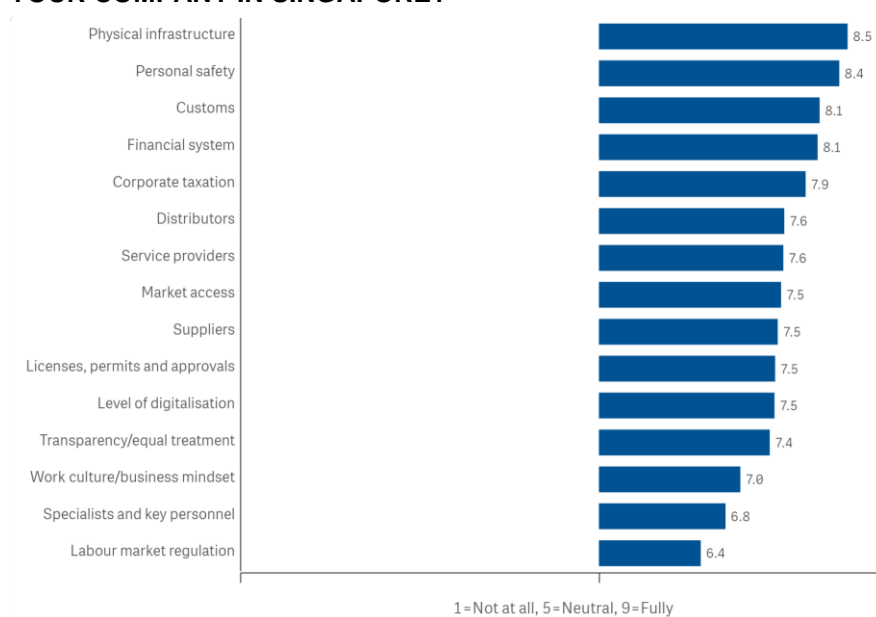


Access to talent in Singapore is a big challenge, in particular when it comes to retaining talent. The low unemployment rates decrease the predictability of staffing when people have the possibility to “easily” switch to new employers, both within and across industries. Furthermore, as a company that strives to have a flat organization it is necessary to find competent people who can “do it all”, and that can sometimes be difficult when faced with challenging labour markets

Interviewee

Swedish company in Singapore

HOW WELL DO THE FOLLOWING CONDITIONS MEET THE NEEDS OF YOUR COMPANY IN SINGAPORE?



NOTE: The number of respondents for this question was 90.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2023.

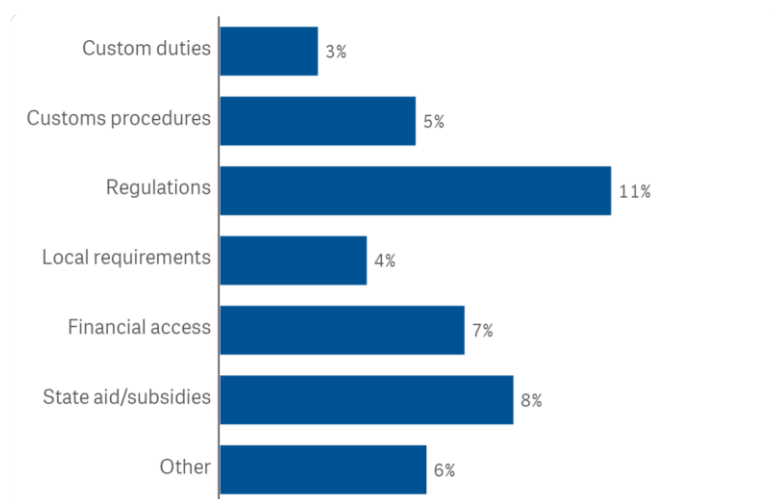
Low barriers to trade supports business operations

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 2022 alone, Sweden exported 14.5 billion SEK to Singapore, representing more than 125 per cent growth over a five-year period—even amidst the Covid-19 crisis.

These numbers show how the majority of Swedish companies that responded to the survey 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 per cent of companies have experienced difficulties with customs duties and procedures in Singapore. Meanwhile, eleven per cent of companies have said that they faced issues with regulations which is higher than during 2021 (four per cent), and there have been an increase of companies experiencing difficulties when it comes to accessing financial subsidies (seven per cent, up from four per cent in 2021) and governmental aid (eight per cent, up from four per cent in 2021).

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 90.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2023.



In the SEA region, it is a very different regulatory landscape for each of the countries, and the regulations have changed a lot to become stricter. In the case of Singapore, at least in our industry, the regulatory processes can take a long time and incur delays that in some instances can cause certain products to become slightly outdated once they are approved. Singapore wants new technology and new features, they just need to make sure the regulatory processes are aligned to enable availability

Managing Director,
Southeast Asia,
Getinge

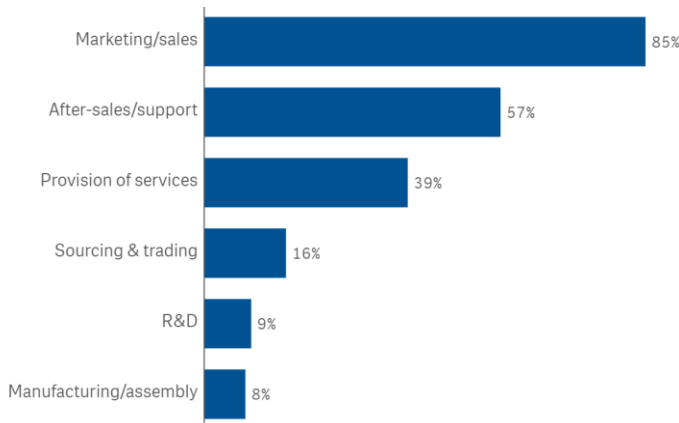
Leading products and system provider within healthcare and life sciences

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 marketing and sales category, as well as after-sales and support category increased slightly to 85 per cent (up from 84 per cent last year) and 57 per cent (up from 55 per cent last year) respectively. The biggest change in operations was in the R&D category, which fell eight percentage points when compared to 2022. Sourcing and trading, and provision of services increased slightly by one percentage point each to 16 per cent and 39 per cent, respectively, while manufacturing saw a slight decrease from last year with two percentage points down to 8 per cent.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET



NOTE: The number of respondents for this question was 90. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Singapore 2023.



We are going through the largest transformation of our industry because of the electrification of vehicles, and this creates uncertainty for our customers to navigate. One of our strengths is that we are physically present with our own sales and services network, which enable us to maintain a close relationship with our loyal customers and have direct dialogues in support of their business needs and decisions. Some of our competitors sell their products, but do not have the aftersales presence to support it

Managing Director,
Southeast Asia, Scania

Leading Swedish
manufacturer of
commercial vehicles

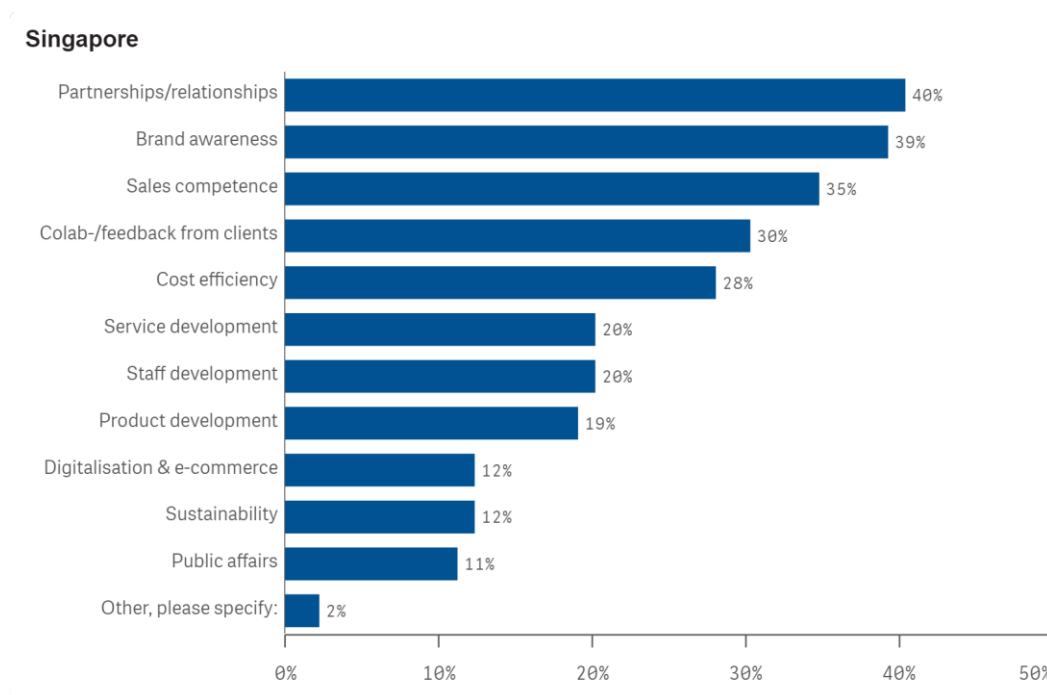
Swedish companies deem that partnerships and relationships, and brand awareness are essential to ensure business competitiveness

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

While customer feedback has diminished in importance somewhat compared to the previous year, it still remains one of the main factors contributing to the growth of companies. Customer feedback is especially crucial for Swedish firms serving the wider Southeast Asia-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 only regarded as one as a moderately important area. This can be partly 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 88. "Don't know/Not applicable" responses are included but not shown in figure. Respondents could choose max 3 options.
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2023.



But over the past, I would say maybe five years, there has been a positive shift toward acceptance of partnerships between hospitals and manufacturers to stay up to date with the latest product developments to ensure improved clinical outcomes. There is always a will to do to this, but it doesn't always happen in reality – in this sense, Singapore is one of the pioneers in Southeast Asia

Managing Director, Southeast Asia, Getinge

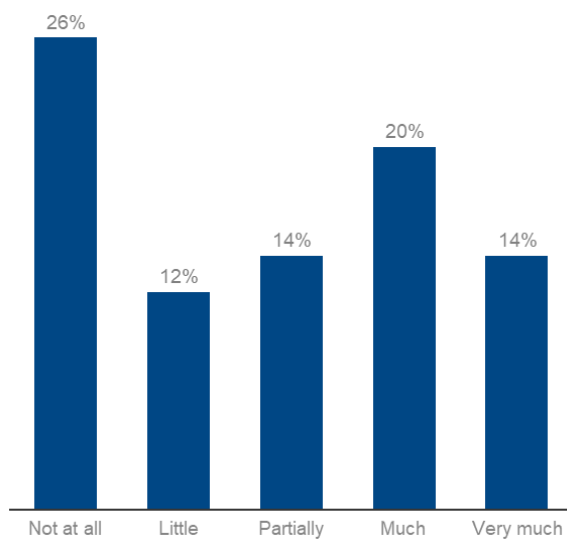
Leading products and system provider within healthcare and life sciences

Supply chain diversification is a pressing topic for Swedish businesses in Singapore

The majority of respondents answered that they have to some extent been planning or has already diversified production in Asia during 2022. 34 per cent of the respondents agrees to a large extent (“Much” and “Very much”) and 26 per cent to a smaller extent (“Little” and “Partially”) that they have been planning or has already diversified production in the region. Given recent supply chain disruptions, it is not surprising that the topic regarding how to mitigate the risks of further disruptions is pressing for many Swedish companies. Furthermore, only 26 per cent of them answered that this had not been a topic of discussion during 2022.

The results are consistent with larger trends that have been regionally present in the aftermath of Covid-19-induced disruptions and geopolitical tensions that require business leaders to re-evaluate already established supply chains. Implications of increasing supply chain diversification could entail a larger emphasis of Swedish companies to regionalise their internationalisation strategy and re-think organisational structures in Asia.

IN THE PAST YEAR, TO WHAT EXTENT DO YOU AGREE THAT YOUR COMPANY HAS BEEN PLANNING TO OR HAS ALREADY DIVERSIFIED PRODUCTION IN ASIA?



NOTE: The number of respondents for this question was 90. “Don’t know/Not applicable” responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Singapore 2023.



There is certainty and trust within the system. I think that becomes important, especially when you look at some other countries in the region where there is less visibility of the process and less certainty about how things will change on a year-by-year basis. The trust in the Singaporean system provides confidence to invest for the future and maintain a long-term perspective

Head of Region - Asia, Saab

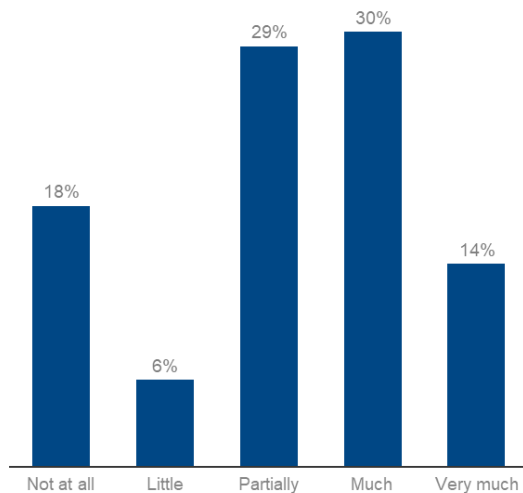
Leading Swedish defence and security company

Swedish companies are increasing their presence in Singapore

Although the short-term outlook of Swedish companies’ willingness to invest decreased slightly from last year’s study, the overall commitment to establishing presence in Singapore remains increasingly strong. A majority of the survey respondents answered that their companies’ presence in Singapore have increased during the past year. 44 per cent of companies responded that they believe to a large extent (“Very much” and “Much”) that their companies’ presence in Singapore has increased, while 35 per cent agrees to a moderate extent (“Little” and “Partially”), and only 18 per cent did not agree at all.

This could indicate the persistence of Singapore as a regional hub, which has been emphasised in several of the interviews conducted. Singapore has a very special spot in Asia, and the stability of the country makes it attractive for long-term commitments and investments. Singapore is also consistently ranking top three globally in the political Stability Index and top five in the Corruption Perception Index, which both highlights factors that encourage a high presence for Swedish companies.

IN THE PAST YEAR, TO WHAT EXTENT DO YOU AGREE THAT YOUR COMPANY'S PRESENCE HAS INCREASED IN SINGAPORE?



NOTE: The number of respondents for this question was 90. "Don't know/Not applicable" responses are included but not shown in figure.

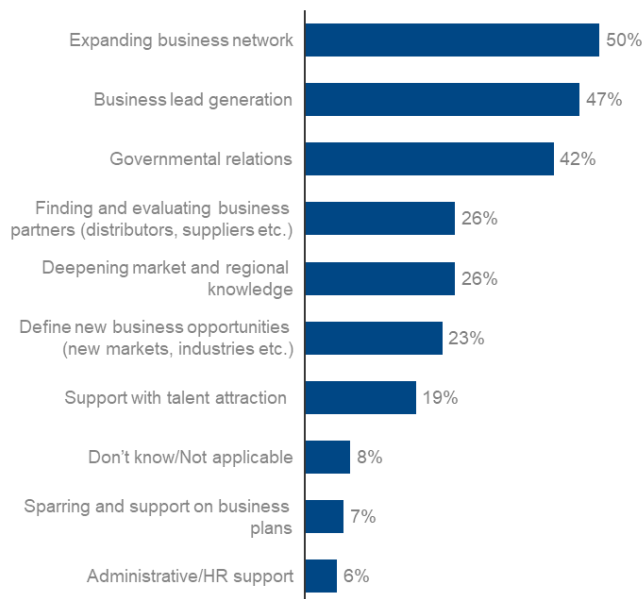
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2023.

To enable growth in Singapore, Swedish firms believe that support in expanding business network, generating business leads and managing governmental relations would be the most impactful

Given Swedish companies' increased perception of the importance of partnerships to stay competitive in Singapore, it is unsurprising that the highest regarded forms of non-financial support sought from Swedish companies in Singapore from Team Sweden relates to expanding business networks (50 per cent), business lead generation (47 per cent) and enabling and managing governmental relations (42 per cent).

In the light of the geographical distance and the increase of recently established Swedish enterprises in Singapore, receiving support with managing the local landscape and finding new business become a top priority. Especially given that Swedish companies have ambitions to continue to grow and invest in Singapore. This is also equally as important for larger Swedish companies that experience shifts in the macro environment and seek support to navigate and strengthen resilience in value chains in the region. Team Sweden, which in Singapore most often consists of Business Sweden, the Embassy of Sweden, and the Swedish Chamber of Commerce, are working together to enable Swedish companies to prosper in Singapore and are always open to discuss how Swedish businesses can succeed in Singapore.

WHAT NON-FINANCIAL SUPPORT FROM THE SWEDISH GOVERNMENT WOULD MAKE THE MOST POSITIVE IMPACT FOR YOUR BUSINESS IN SINGAPORE?



NOTE: The number of respondents for this question was 90. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Singapore 2023.

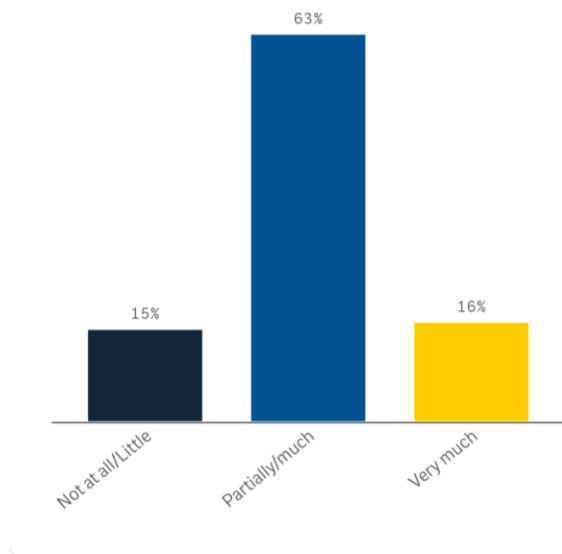
The Swedish brand creates a more significant impact for mature and large companies

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 global economic powerhouses, possessing strengths in manufacturing, innovation, and technology. How, then, does a company's Swedish origins support its business and operations?

This year, 60 per cent of respondents stated that the Swedish brand has a positive impact (Much/Very much) on their business (up from 57 per cent last year), which is consistent with the results shown over the past three years. However, breaking down the numbers in more detail, we see that the percentage of respondents that have answered "Very Much" has decreased to 16 per cent from last year's 30 per cent, while the percentage of respondents that have answered "Much" have increased to 44 per cent from last year's 27 per cent. However, at the same time the number of respondents answering that the Swedish brand has contributed "Not at all" or "Little" have decreased to 15 per cent from 21 per cent last year. In other words, while a larger proportion of Swedish companies assert that the Swedish brand is contributing positively to doing business in Singapore, there is also an increasing sense that the Swedish brand might have had a less profound impact during 2022, which could to some extent potentially be explained by a generally muted optimism and recent negative media attention.

Breaking down the data by company size, 68 per cent of small, 74 per cent of medium, and 45 per cent of large companies mentioned that the brand image of Sweden contributes positively to their business. Furthermore, the majority of newcomer companies (64 per cent) 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. For the companies with 15-20 years of experience in Singapore and for the companies with over 20 years of experience in Singapore, the corresponding figures were 58 per cent and 63 per cent, respectively.

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 88. “Don’t know/Not applicable” responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2023.

ACTING SUSTAINABLY

Singapore's increased emphasis on sustainability enables opportunities for Swedish companies

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 per cent 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 per cent 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

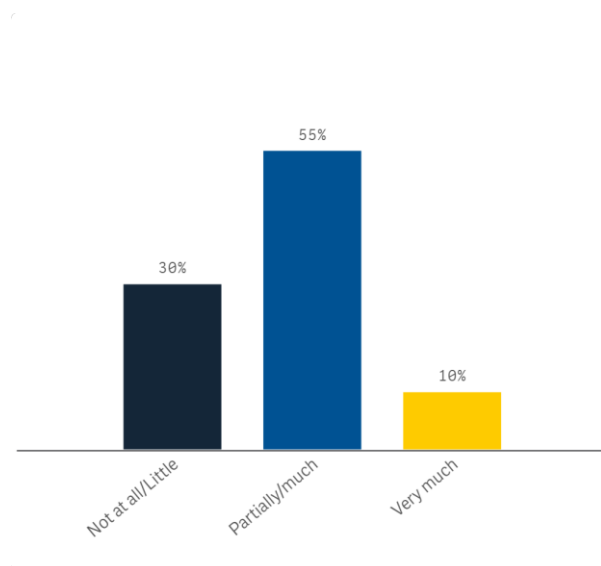
▶ **“Singapore looks forward to working with like-minded partners to build a sustainable and resilient future for ourselves and generations to come”**

*Lee Hsien Loong
Prime Minister of the
Republic of Singapore*

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

There has been an encouraging increase in customers who consider environmental aspects much and very much in purchasing decisions, from two per cent to 10 per cent. 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 there is an increasing trend in Singapore to emphasise these topics. Additionally, 30 per cent of Swedish companies still reported that Singaporean customers paid very little or little attention to environmental aspects in their purchasing decisions, which indicates a decline comparing to observations from previous year, down from 41 per cent.

TO WHAT EXTENT DO CUSTOMERS 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 2023.

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 ten of Transparency International's 2022 Corruption Perceptions Index, coming in fifth place alongside Sweden. 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.



Why Singapore?

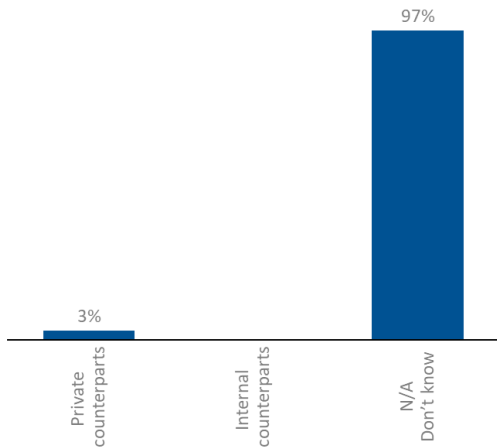
There are opportunities to find interesting and attractive businesses in Asia headquartered in Singapore that have a different profile from businesses in Europe. For example, the shift to "China plus one" is benefiting manufacturing firms in Southeast Asia. Moreover, I believe Singapore has similarities to Sweden in terms of the standards of corporate governance and compliance, which makes it safer to acquire companies in Singapore instead of going directly to an emerging market.

Managing Director,
Singapore, Storskogen

Swedish investment firm
specialising in SMEs

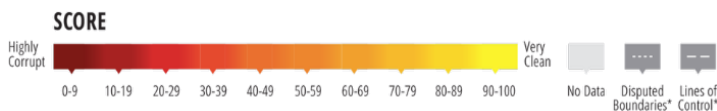
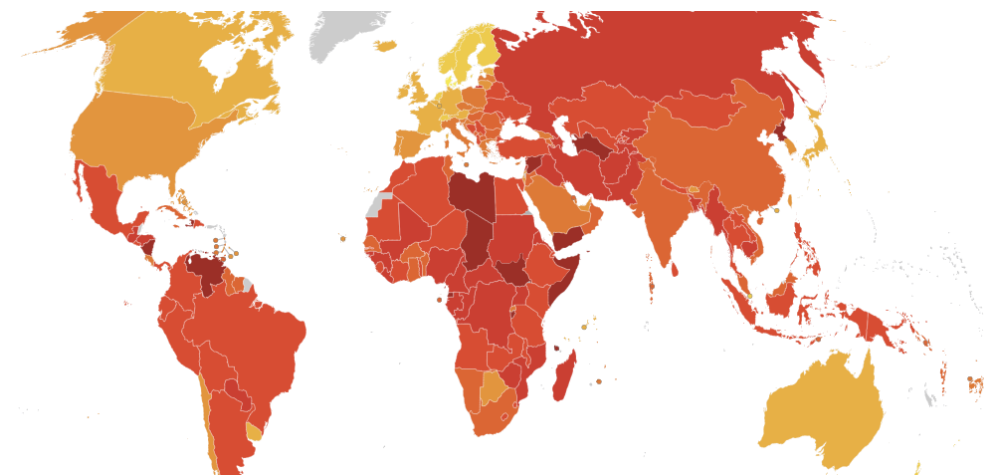
Survey results reveal that 97 per cent of companies have not faced any corruption in their business. However, three per cent of companies have claimed that they have been exposed to some type of corruption related to private counterparts last year.

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 90.
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2023.

CORRUPTION PERCEPTION INDEX 2022



SOURCE: Transparency International.

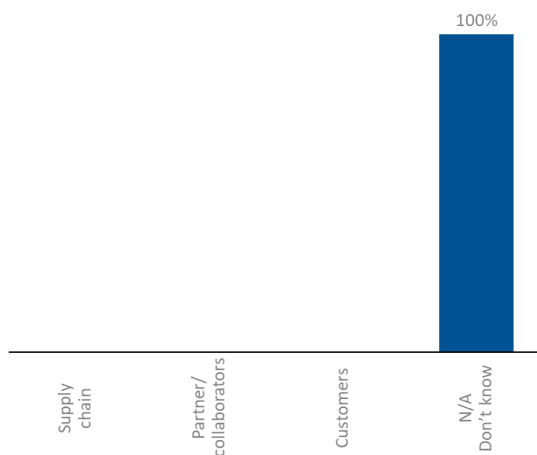
GLOBAL CORRUPTION PERCEPTIONS INDEX 2022 - RANKING

- 1st Denmark
- =5th Sweden
- =5th Singapore
- 12th Hong Kong
- 61st Malaysia
- 77th Vietnam
- 101st Thailand
- 110th Indonesia
- 116th Philippines

Encountering human rights violations and labour violations are very rare in Singapore

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

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 90.
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2023.

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. These factors, together with Singapore's efficiency and relatively high availability of skilled personnel continue to make Singapore the number one regional hub. This is apparent for Swedish companies, whom in general are increasing presence in Singapore and at the same time are increasing attention to diversifying supply chains in the region.

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 elevated levels of inflation, high cost of commodities, and supply chain disruptions continue to impact Singapore in 2023 and beyond, the local challenges faced by Swedish companies should not be taken lightly. Partnerships and sharp focus on continuing to generate business opportunities in the region is essential for Swedish companies to push through the short-to-medium-term obstacles and current challenges.

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.

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