



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN SINGAPORE 2020

A REPORT FROM TEAM SWEDEN IN SINGAPORE

KEY CONTRIBUTORS TO THIS REPORT

Business Sweden in Singapore

Embassy of Sweden in Singapore

Swedish Chamber of Commerce in Singapore

FOREWORD

There is a Chinese saying that goes: “the sparrow though small has all five organs”. Like Sweden, Singapore is a small nation, but its needs are still comparable to that of any larger country. For decades, Singapore has spearheaded the development of smart city infrastructure, innovation and international trade in Southeast Asia. The country, once a nodal point between the advanced and developed world, is today a leading nation in many economic and development indices. Singapore has thus become a natural home port for the Swedish business community in Asia Pacific, supplying the latest technology and expertise required to bring about continuous change and drive competitiveness. A natural stepping-stone into the wider region, it has attracted every range and size of Swedish companies: from small- to medium-sized enterprises, to large, and ever-increasingly, technology-savvy start-ups – a business community now totalling over 250 companies.

The 2020 Singapore Business Climate Survey finds that Swedish companies paint an optimistic view of the current and future business climate in Singapore, despite the Covid-19 pandemic. Prudent and sound economic management of Singapore has helped reduce some of the uncertainty about the future as a result of Covid-19. But important to note is also that the local partnerships and established client bases of Swedish companies, attained by many through decades of business operations in Singapore, keeps businesses going and helps them to endure through crises like these. For many of the new entrants, building a local network will be ever-increasingly crucial in times like these. Here, Team Sweden serves a vital role, facilitating exports and collaboration across industries, governments and initiatives.

Looking ahead, telling if Singapore alone can recover from the Covid-19 is very difficult to say. As a very open economy, the path to recovery and the future competitiveness of the country will depend on how the global economy will change. Though that path might not yet be visible from where we currently stand, Singapore – and the Swedish business community – are well-positioned to venture into a new normal.

Though times are busier than ever, many of those we reached out to reverted and made important contributions to this study. We want to take the opportunity to extend our most sincere gratitude to the participating companies, the knowledge and insights of who we continue to adhere to.

Thank you!



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EXECUTIVE SUMMARY

SAMPLE SELECTION

74

Swedish companies in Singapore answered the survey



30 percent work in the industrial space

ECONOMIC OUTLOOK

64%

of Swedish companies reported profitability in 2019



Swedish companies expect neutral performance – 45% have unchanged investment plans in the next twelve months

MARKET INSIGHTS

27%

of respondents are established in Singapore since 2016



Swedish companies (45%) view the business climate as neutral

KEY SUCCESS FACTORS

56%

of Swedish companies believe that the “Swedish brand” contributes to their business



The highest-ranking key success factors are partnerships, brand awareness and staff development

SUSTAINABILITY

42%

of Swedish companies think that environmental aspects do not affect purchase decisions much



Corruption is not an investment obstacle – 83% report that it does affect business little or very little

ABOUT THE SURVEY

A REPORT ON BUSINESS ACTIVITY

For the third year running, the Embassy of Sweden, Business Sweden, and SwedCham conducted the *Singapore Business Climate Survey* from 6 March to 1 May 2020, with a majority of answers collected in March. The Business Climate Survey is a tool used by Team Sweden to map the opportunities and challenges Swedish companies face when doing business across the world. This survey also includes an extended investigation of the initial impact of Covid-19 on Swedish companies in Singapore and the mitigating actions taken by Swedish companies in response to the crisis.

A total of 74 respondents participated in this online survey, which drew from a pool of respondents representing Swedish companies with subsidiaries in Singapore. The sample constitutes a mix between 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 a natural person. Large companies represented 41 percent of the sample, with a headcount of more than 1 000 global employees, medium-sized companies comprised 17 percent of companies with 250-1 000 global employees. Finally, 42 percent were small companies, with less than 250 employees.

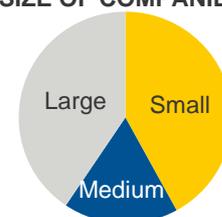
The industries of surveyed Swedish companies in Singapore cover a wide spectrum. This survey groups the sample into three categories; industrial (30 percent), professional services (42 percent), and consumer companies (4 percent) – the rest are categorised as “other” and are not reflected in this graph. 34 percent of respondents have more than two decades of experience in Singapore. 37 percent established their business between 2001-2015 and 27 percent are new entrants, setting up their business between 2016-2019.

The remainder of the survey is organised as follows: the first section presents an overview of the economic outlook. The next chapter reviews the greater Singapore market and the impact of Covid-19. Next, the report presents how Swedish companies succeed in Singapore. Finally, this study concludes by looking at how Swedish companies reflect on acting sustainable in Singapore.

IMPACT OF COVID-19 ON THE STUDY

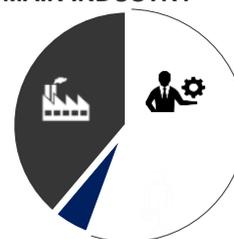
Concluded in March and April 2020, this study does not attempt to capture or assess Covid-19's full effect on the business climate in Singapore. Nonetheless, this year's Business Climate Survey can be useful for evaluating Singapore's business climate at the onset of this crisis as well as the starting point for Swedish companies in their recovery journey - from both a profitability and investment sentiment perspective. Furthermore, this survey can be a valuable tool, especially in reviewing Singapore's and Swedish companies' preparedness and ability to respond to similar crises.

SIZE OF COMPANIES



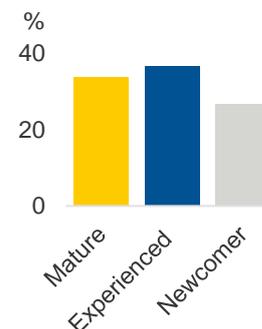
NOTE: Global employees. Large >1000. Medium 250-1000. Small 0-249.

MAIN INDUSTRY



NOTE: 30 percent Industrial. 42 percent Professional services. 4 percent Consumer.

AGE OF COMPANIES



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

ECONOMIC OUTLOOK

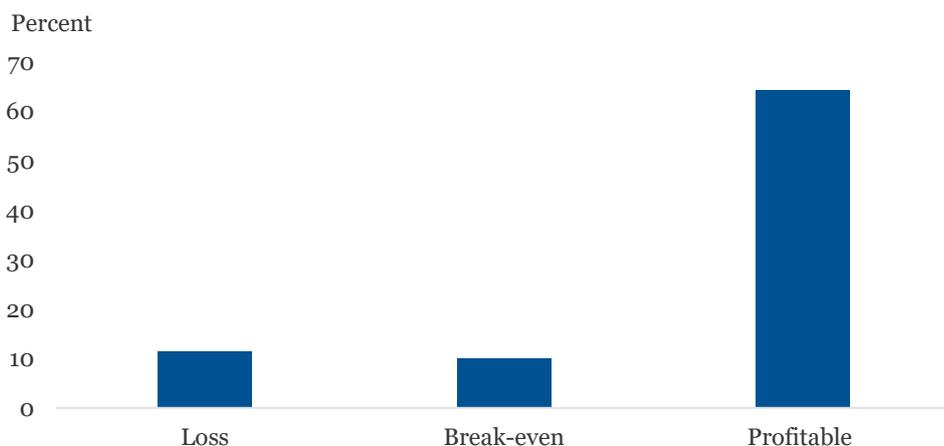
SWEDISH COMPANIES POISED TO SUSTAIN THE CRISIS

Since the establishment of ASEAN in 1967, the region has taken important steps to secure sustainable growth. In particular, infrastructure projects have been the catalyst for growth, supported by policy work aimed at increasing tourism and consumer protection. Singapore has spearheaded this work in many ways, acting as a testbed for innovations and a stable market used as an operating base to reach other, higher growth, but more volatile markets.

Swedish companies have taken part in Singapore's development journey, many from an early stage in the '90s. As we look at the current situation and glimpse ahead, one can observe that the majority of respondents report that their business is profitable, signaling that Swedish companies are competitive on the mature, Singapore market. Furthermore, as most companies operate not only in Singapore but in the greater Southeast Asia region, one can deduce from the results that the extent of their success seem to encompass the region as a whole.

To continue this success Swedish companies will have to continuously analyse their position and invest in new services, products, and ideas. Southeast Asian economies have laid the groundwork to enable future revenue growth – setting up an institutional structure and cooperative frameworks that have separated it from many other developing regions. Though uncertainty remains high in regards to next year, continued economic growth is likely to be high – according to the Asia Development Bank (ADB), the projected growth rate for Southeast Asia in 2021 is 4.7 percent.

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN SINGAPORE IN 2019?



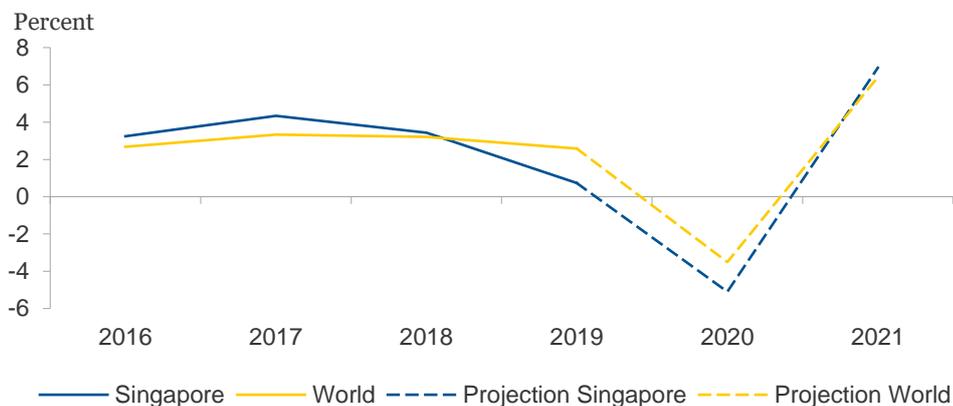
NOTE: The number of respondents for this question was 70. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020.

UNPRECEDENTED TIMES FOR THE WORLD ECONOMY – SINGAPORE IS NO EXCEPTION

Both for the global economy and the Southeast Asia region, times are highly uncertain and challenging. In the most recent World Economic Outlook in April, the IMF noted that Asia's growth rate for 2020 is 0 percent. In the last 60 years, that has never before happened. Indeed, as asserted by Changyong Rhee, Director of the Asia and Pacific Department at the IMF on April 15: "the impact of the coronavirus on the region will be severe, across the board, and unprecedented". With that said, Asia's economy is fairing better than other regions in the world. Comparatively, the IMF expects Asia to recover at a faster pace. However, that recovery will be dependent on their largest trading partners, the European and US markets, and how quickly they will be able to resume economic activity.

PROJECTED GDP GROWTH IN SINGAPORE



NOTE: Constant prices.
SOURCE: Oxford Economics 2020-04-16.

This new macroeconomic reality has led to a dramatic decline in both supply and demand. For companies this has been a gloomy shift from both a solidity and liquidity perspective. But some companies have fared relatively well, having a diversified business model and the financial robustness necessary to cope with the crisis. The key to survival has been to maintain sufficient cash to stay afloat until the economy starts to recover, either through own reserves, maximising credit lines or securing shares from government stimulus packages.

Singapore's government is injecting the local business community with multi-billion dollar stimulus measures, reaching primarily the larger, Swedish companies present in the market. The stimulus packages are limited to the support of local citizens and do not cover large portion of the foreign workforce. Though most Swedish small- to medium-sized companies in Singapore are made up of expatriates, they do also employ local workers to a certain extent, which has made them eligible for some government support.

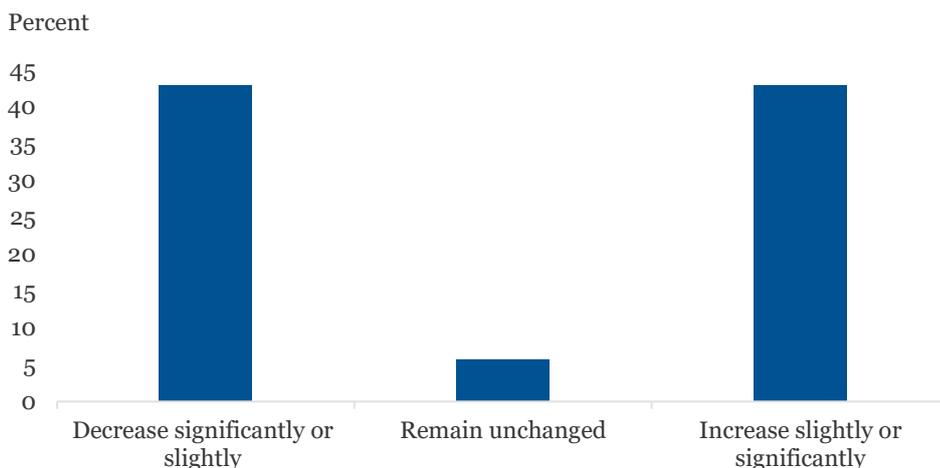
It is tougher for start-ups, as well as small- and medium-sized enterprises, to sustain a prolonged downturn. Smaller companies, naturally more vulnerable to these types of decline in economic activity because of their limited financial capabilities, are taking the bulk of the damage. They also do not have the same presence and network in the region, making it challenging to re-engineer supply chains and identifying new opportunities. Several governments in the region are doing what they can in the near

▶ **WHILE 2021 REAL GDP NUMBERS ARE HIGHLY UNCERTAIN, 2020 IS SET TO CONTRACT SHARPLY**

term, and has intervened to provide small businesses with loans to facilitate their survival. These loans are however often restricted to reach only local and not foreign companies, and the long term survival of the companies still relies on the pace of recovery of demand, as well as access to new capital from investors.

As shown in Business Sweden’s Covid-19 report for Southeast Asia, companies with a substantial footprint in Southeast Asia has facilitated communication with important stakeholders, making the crisis relatively more comfortable to navigate.

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 70. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020.

A review of the results from the Singapore Business Climate Survey 2019 reveals that performance expectations on the market have shifted in Singapore. There is a significant increase in the number of companies reporting that their sales will decrease in the coming 12 months. Conversely, only 6 percent of surveyed Swedish companies in Indonesia state that they expect sales to drop – though the countries in many ways, the difference in sentiment is still striking for Singapore.

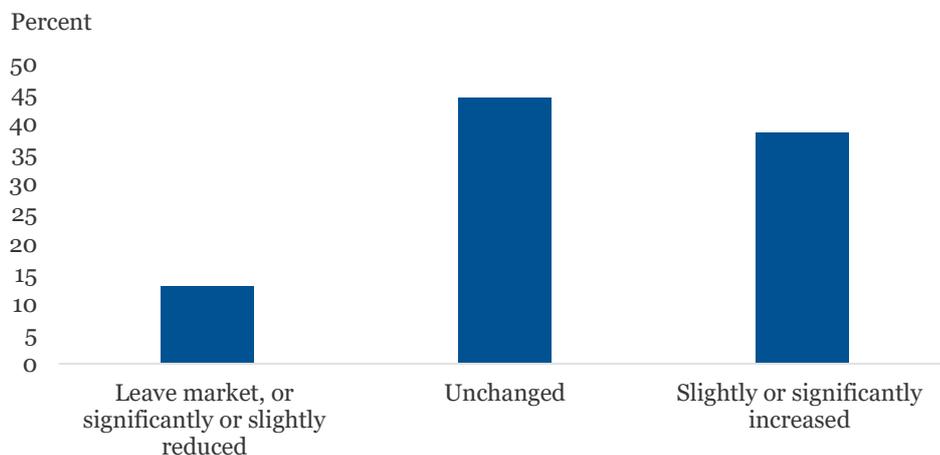
A reason for that can arguably be due to Singapore's close connection to China and the fact that Singapore is very dependent on business coming in from that country, as well as activities like warehousing and distribution centres. As China locked down in response to the Covid-19 outbreak, Singapore felt the effect from a very early stage. Swedish companies' varying supply chain exposure can furthermore be an explanation for the divergence in sentiment. Some, being more exposed to China, felt the effects of the crisis at an early stage, while others could instead source from Europe that was at this point still up and running.

THE INVESTMENT OUTLOOK REMAINS POSITIVE

Though only partially reflecting the current situation, the below graph tells a broader story about the conducive investment landscape that is very indicative of Singapore. Swedish companies report that the investment outlook is unchanged or better, even though over 40 percent projected that turnover would decrease over the coming 12 months. Fundamentally, Singapore remains a very attractive, low-risk destination for investments.

Indeed, while the crisis will dampen the investment appetite, its extensive free trade agreements and key geographical position on major global trade routes will continue to attract investors in the long-term.

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 70. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020.

MANY HAVE BENEFITED FROM EUSFTA, BUT THE KNOWLEDGE-LEVEL REMAINS LOW

The European Union-Singapore Free Trade Agreement (EUSFTA) is the first FTA between the European Union (EU) and an ASEAN country. Negotiations launched in 2009, signed in 2018, and approved by the European Parliament in February 2019.

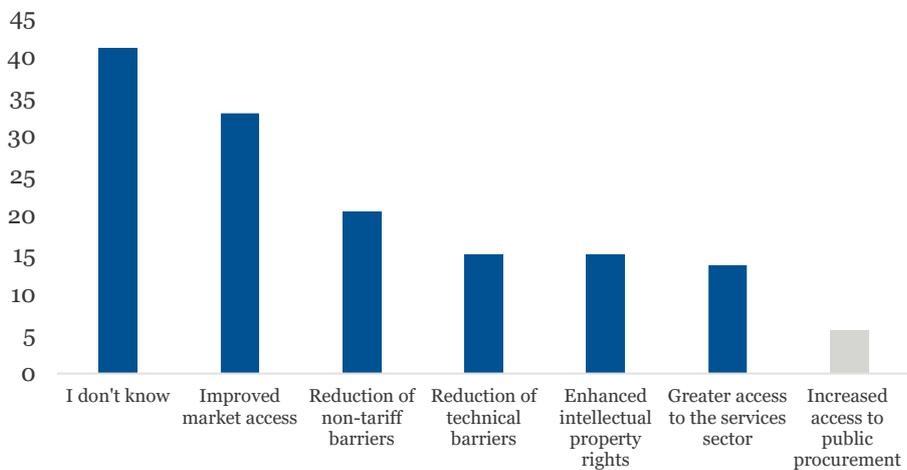
Singapore and the EU are important trade partners, as signified by the fact that in 2018 the EU was Singapore's third-largest trading partner, with a total bilateral trade in goods exceeding \$80 billion. What is more, the EU was the largest foreign investor in Singapore in 2017, accounting for foreign direct investment (FDI) stock of \$265 billion. In the same year, Singapore's Direct Investment Abroad (DIA) in the EU stood at approximately \$86 billion, making Singapore the EU's 7th largest foreign investor and largest ASEAN investor.

The EUSFTA is an ambitious and forward-looking agreement that will benefit both parties. For Singaporean companies, they will gain improved market access, including the elimination of customs duties, greater access to the service sector, and reduced technical and non-tariff barriers, procurement, and intellectual property rights protection.

In a similar vein, Swedish companies will also benefit from this agreement. But, as depicted in the graph below, it is apparent that the knowledge level is rather low. Such a critical trade deal is advantageous, and there is value in further leveraging its benefits.

IN WHAT WAY DO YOU THINK YOUR COMPANY WILL BENEFIT THE MOST FROM THE EU-SINGAPORE FREE TRADE AGREEMENT?

Percent



NOTE: The number of respondents for this question was 73.
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020

THE MARKET

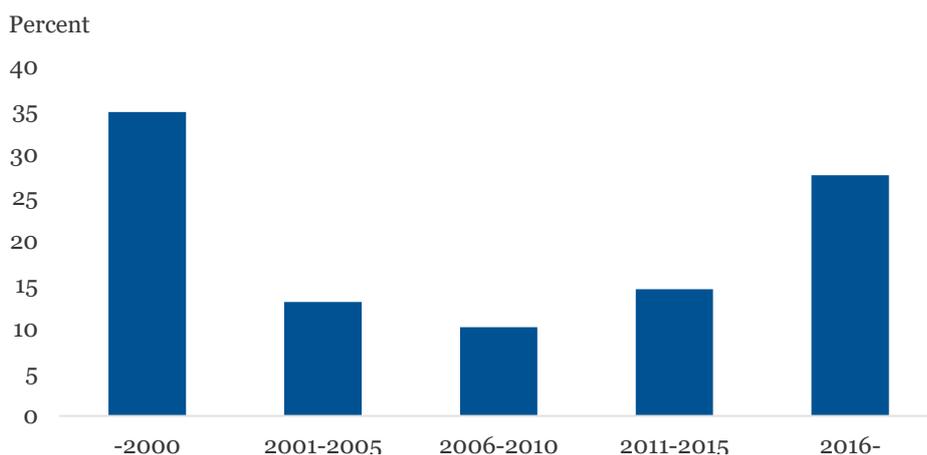
SINGAPORE HAS THE FUNDAMENTAL MARKET CONDITIONS TO SECURE A STABLE FUTURE FOR SWEDISH COMPANIES

A conducive business climate depends on well-run institutions, the rule of law, and the technological development in the country as well as local market conditions. Still widely discussed by academics, Singapore developed and attained, in a relatively short period of time, the necessary components required to ensure a stable and robust economic trajectory.

The market has matured and does not show the same growth numbers as it once did at the end of the 20th century, but the stable foundation remains. As we enter into new, unfamiliar times, this is a pillar of comfort for Swedish companies to lean on.

In recent years, Singapore has seen a substantial increase in the number of new arrivals of Swedish companies. In a world characterised by the search for growth, it is perhaps of little surprise that we see an influx of Swedish companies. Singapore represents a doorway leading into the greater Southeast Asia market, the developing and frontier markets, where there are significant pockets of growth. Therefore, the country has become a natural destination for Swedish companies wishing to expand into new territories.

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN SINGAPORE?

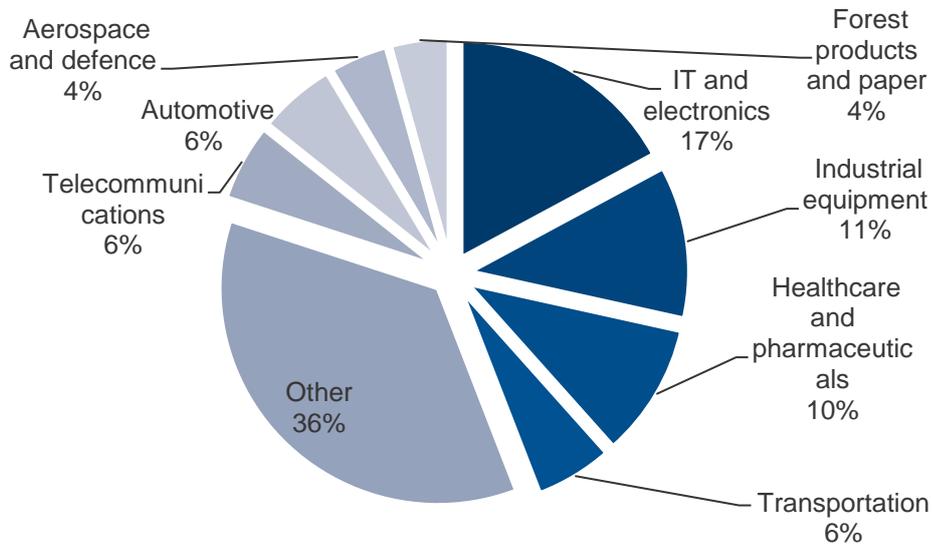


NOTE: The number of respondents for this question was 69. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020.

However, Singapore, as a "top-of-mind" establishment option is not only sprung from its favorable business climate; it also stems from the ease of setting up a company here and the many incentive programs issued by the government. Topping the "ease of doing business"-ranking, Singapore is furthermore well-known for its low income- and corporate tax – 0-22 and 17 percent, respectively.

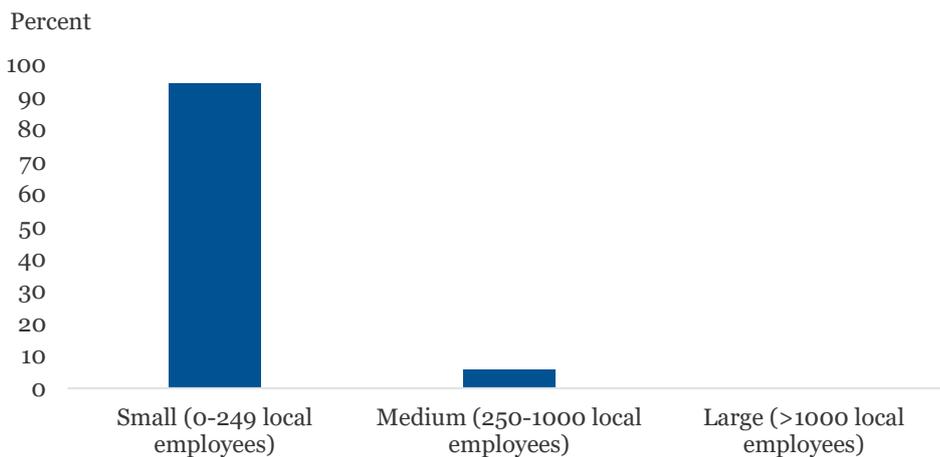
WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN SINGAPORE?



NOTE: The number of respondents for this question was 70. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020.

The "other"-segment comprises most of the Swedish companies located in Singapore, reflecting the vast array of opportunities in the country and region. The high concentration of specific industries, e.g., industrial equipment and healthcare and pharmaceuticals, mirror the demand and some of the focus areas of the government aimed at continued expansion and meeting new demographic challenges.

SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN SINGAPORE IN 2020



NOTE: The number of respondents for this question was 70. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020.

Smaller, divisional offices are the types of Swedish company setups that are the most common in Singapore amongst our respondents, illustrating the still moderate scope of manifold organisations in Singapore. Many regional headquarter functions are lean in terms of headcount. Only about 6 percent of respondents report that they have a larger

footprint (250-1 000 local employees).

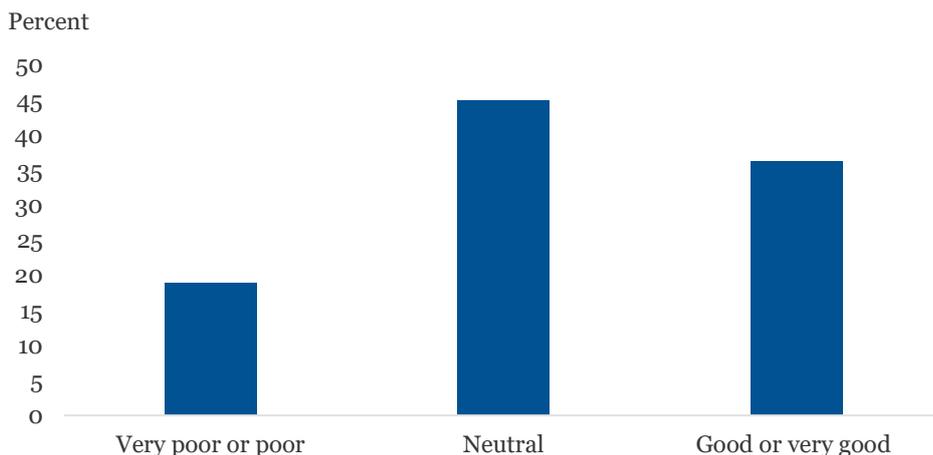
A NEUTRAL OUTLOOK ON THE BUSINESS CLIMATE

Amidst growing uncertainty, the perception of the current business climate in Singapore has changed: 45 percent of companies having a neutral view, and 19 percent a very poor or poor perspective on Singapore's business environment. The position represents a shift compared to last year's report, where 33 percent reported a neutral business climate, and 7 percent a poor outlook on 2020 and beyond.

Singapore's business climate depends on the health of global supply chains. As such, the crisis can partly explain the change in sentiment from last year. Some companies took a more neutral stance towards the impact of Covid-19, while others expected the declining economic activity to slow down further. A reasonably large extent had a good or very good outlook. Important to keep in mind is that some companies in our sample have benefitted financially from the crisis, particularly healthcare companies.

Challenges when operating in Singapore are the high levels of cost, both in terms of labour and business operation costs. Availability of skilled personnel is seen both as an opportunity and a challenge. The high Singaporean work ethics paired with renowned universities provide companies with skilled employees in many areas. Nonetheless, the trend reported by Swedish companies in last year's survey remains, which is the difficulties in finding people with the right IT and engineering skillset to match their needs. For companies with strong brands and regional presence that allow for a broad spectrum of career opportunities, attracting skilled personnel is easier. Once hired, Singaporeans tend to appreciate the Swedish work culture and stay loyal over extended periods.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN SINGAPORE?



NOTE: The number of respondents for this question was 69. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020.

SINGAPORE’S BUSINESS CONDITIONS REMAIN HIGHLY COMPETITIVE

The graph below highlights Singapore’s unique convergence between the East and the West. Several of the reasons why Swedish companies choose to do business here are detailed below, for example; personal safety, physical infrastructure, and a modern financial system that align well with what Swedish companies need and are used to, from a business perspective.

Indicators such as work culture, business mindset and labour market regulation get a lower score, underlining some of the differences between Sweden and Singapore. These however should not be considered as significant barriers to trade, but rather challenges that require assimilating to.

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



NOTE: The number of respondents for this question was 70.
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020.

EXPANSION OPPORTUNITIES IN SOUTHEAST ASIA

Southeast Asia is home to a diverse set of countries: from Singapore to Laos, the region represents a compote of opportunities. Infrastructure projects, in particular, are the fuel that drives growth in the region. For example, it can indeed be surprising to some that mass-transit networks were non-existent in Jakarta until 2019 – projects like these represent massive opportunities. But though opportunities abound, the playing field will be increasingly subtle; regionalisation, an increasing number of public-private partnerships, and a gradual shift in consumer behaviour will make the landscape more difficult to navigate.

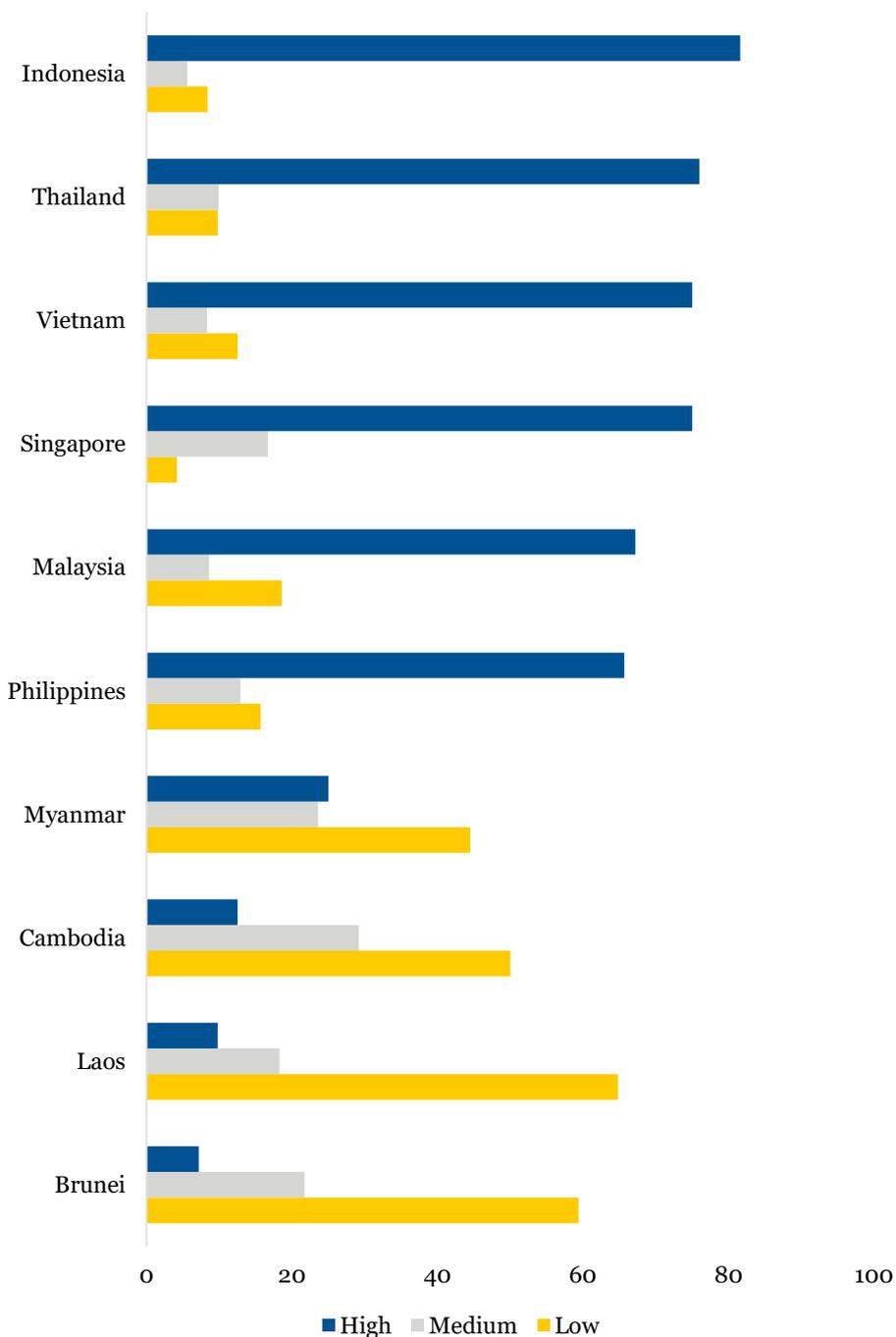
Compared to last year's study, the Swedish companies' perception of Southeast Asia has seen no dramatic change. Indonesia, Thailand, Vietnam, and Singapore come out as top investment destinations in our survey. The Philippines and the frontier markets also show promise, though to a lesser extent.

Indonesia is one of the fastest-growing countries in the region, with real GDP growth of around 5.1 percent (pre-Covid-19). Similarly, Thailand and Vietnam are fast-growing economies with an evolving consumer landscape.

The Philippines, though a market with plenty of possibilities, remains difficult to access. Nonetheless, major infrastructure projects – such as New Clark City – represent opportunities where the financial gains can only be adequately gauged by assessing the difficulties of entering the market.

Finally, Swedish companies remain hesitant towards the frontier markets Cambodia, Laos, and Myanmar – in these countries, human rights and corruption still represent barriers that make it challenging for many to operate there.

HOW WOULD YOU RATE THE LISTED MARKETS BELOW IN TERMS OF HOW ATTRACTIVE THEY ARE FOR YOUR COMPANY TO INVEST IN THE COMING THREE YEARS?



NOTE: The number of respondents for this question was 73.
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020.

THE IMPACT OF THE COVID-19

SWEDISH COMPANIES ACTED SWIFLY AND DECESIVELY TO COVID-19

The Covid-19 pandemic is inflicting high and rising human costs worldwide. Southeast Asian governments have taken many necessary protective actions. In turn, these measures have impacted the economic activity to a varying degree across the markets. At the time of publishing this report, the region's countries have been in lockdown for several weeks, and their strategies have, in large, proved effective. For example, community spread in the countries have been limited - many reporting as few as zero new cases.

For Swedish companies in Singapore this crisis affected operations from a very early stage. Almost 90 percent took important steps to ensure the safety of employees, as well as increasing safety stock.

From a sales and production perspective, the effect has been somewhat neutral. We have throughout this pandemic observed a clear sentiment from Southeast Asian governments to secure the trade of goods, which has aided in securing business continuity.

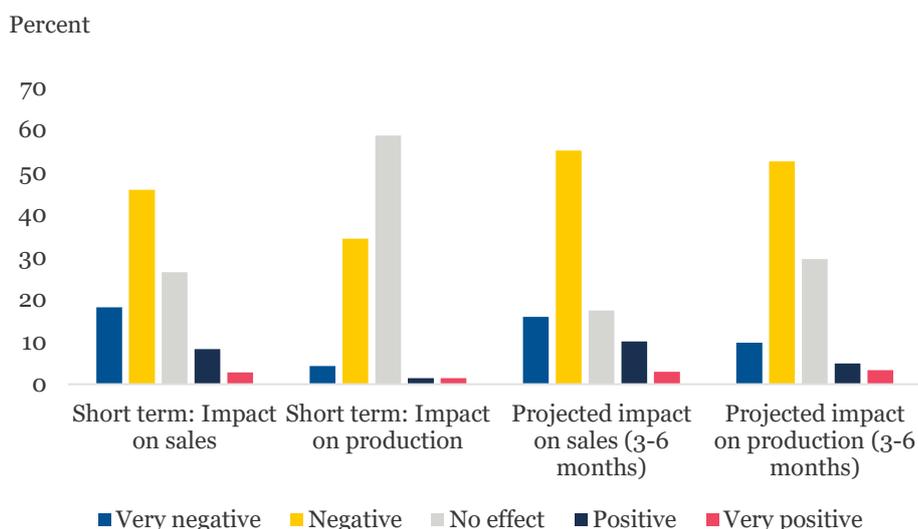
Now, as we see that countries are starting to open up and resume business operations, as well as domestic and international travel, Swedish companies have to continue to be decesive in their decision-making to continue to remain competitive in Southeast Asia.

AT THE EARLY STAGES OF THE PANDEMIC, SWEDISH COMPANIES FARED RELATIVELY WELL

Given the magnitude of the crisis, Swedish companies fared relatively well during the early stages of the pandemic. Above 50 percent reporting that there was no effect on production – a fairly conspicuous number. 26 percent noting no change in sales. Looking at the projected impact of both sales and production, Swedish companies expected that there would be a negative impact, but also a surprisingly large share reporting that there would be no effect.

Production facilities in Europe and other parts of the world can explain the limited impact on business operations. Sales are usually spread out across the region and can also be a reason why Swedish companies were relatively optimistic in their projections in March.

WHAT IMPACT DO YOU PERCEIVE THE COVID-19 WILL HAVE ON YOUR SALES AND PRODUCTION?

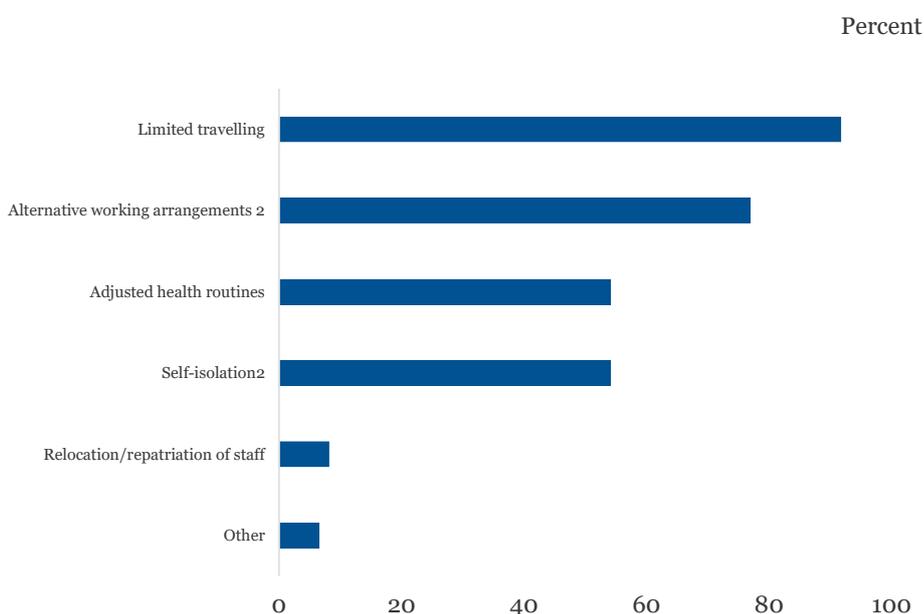


NOTE: The number of respondents for this question was 70.
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020.

OVER 85 PERCENT OF COMPANIES INDICATE THAT THEY TOOK IMPORTANT MEASURES TO MITIGATE HEALTH AND ECONOMIC RISK

Swedish companies took important, early measures to protect their employees and operations from the effects of Covid-19 by limiting travel and introducing alternative working arrangements. What is more, adjusted health routines and self-isolation were to a greater extent introduced.

WHAT MEASURES HAVE YOU IMPLEMENTED TO MITIGATE HEALTH RISKS OF THE COVID-19 OUTBREAK?

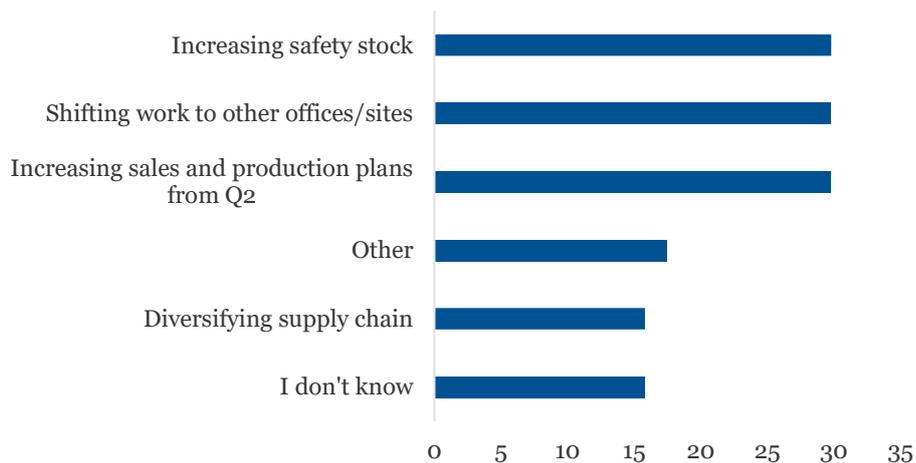


NOTE: The number of respondents for this question was 71.
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020.

WHAT MEASURES HAVE YOU IMPLEMENTED TO MITIGATE ECONOMIC RISKS OF THE COVID-19 OUTBREAK?

Swedish companies also took action to mitigate the economic risks of the Covid-19 outbreak, focusing mostly on the areas of increasing safety stock, sales and production plans, and shifting work to other offices/sites. Diversification of the supply chain did not, to the same extent, represent a measure taken by the companies.

Percent



NOTE: The number of respondents for this question was 57.
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020.

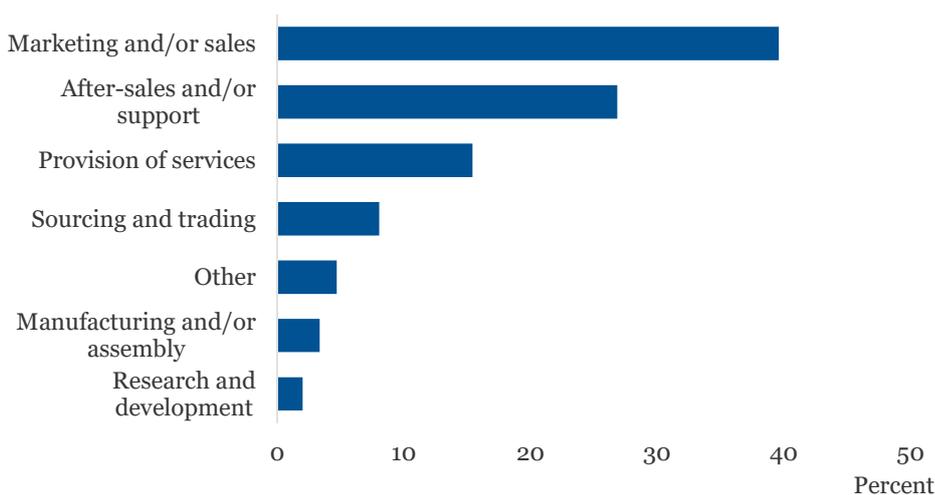
HOW SWEDISH COMPANIES SUCCEED IN SINGAPORE

SINGAPORE IS THE TRADE-ARM FOR SWEDISH COMPANIES IN SOUTHEAST ASIA

A majority of companies report that their operations here are related to marketing and sales, or related services such as after-sales and support. Perhaps natural, this reflects the nature of most businesses in the region, the purposes of which are to get closer to their customers in Southeast Asia.

The fact that relatively few operations in Singapore focus on R&D and manufacturing is an untapped potential. Singapore's unique position as a global trade node has been symbolic of its success, but it is also a potential weakness. Singapore has exposure to events that risk crippling the flow of goods - such as trade tensions and Covid-19 - something the country is increasingly looking to review. To make the country more apt in addressing the challenges of the 21st century, the future initiatives of the government will aim to lessen the country's dependency on trade by producing locally and investing in innovations. With major infrastructure projects such as the Tuas Mega Port, the construction of Changi East (the fifth terminal) and the new Punggol town hub, where innovations are sought after, companies that can further expand and open up innovation centres in Singapore are encouraged to do so – especially from a future positioning perspective.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET



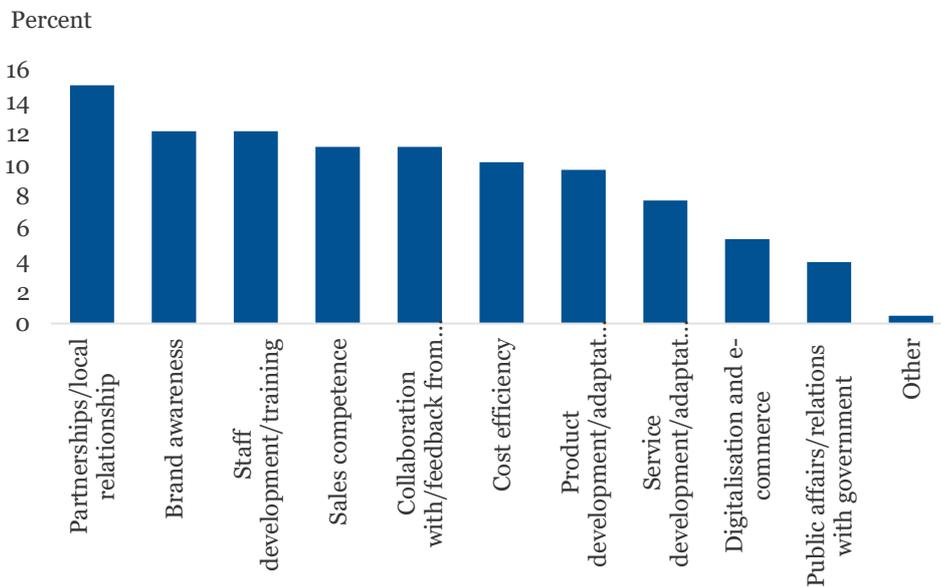
NOTE: The number of respondents for this question was 73. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020.

COMPETITIVENESS IS DRIVEN BY MYRIAD FACTORS

Though local collaboration is a crucial aspect of success in Singapore, one cannot discern a single, superior factor that divides the playing field. Singapore is a multi-ethnic society with a Chinese population around 77 percent, Indian around 6 percent, Malay around 15 percent, and expatriates constituting about 2 percent of the population. Thus, one has to approach Singapore from the angle that there are many ways to go about business. Singapore is technologically developed and remain - as previously mentioned - a hotspot for innovation. Therefore, staying on top of emerging trends and calibrating product development accordingly is important to stay successful.

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



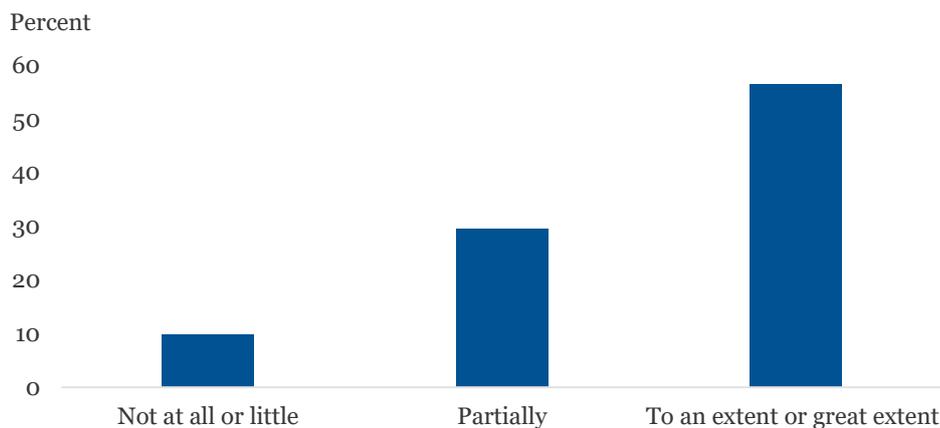
NOTE: The number of respondents for this question was 73. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020.

THE SWEDISH BRAND – CONTRIBUTING TO BUSINESS SUCCESS

The Swedish brand is a strong contributor to businesses in Singapore. In particular, the innovative strength of Sweden inspires Singapore. Not only from the perspective that Sweden is a “small smart nation” that sets business innovation high up on the agenda – but also by our social innovations; for example, parental leave and our emphasis on the individual employee.

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 73. “Don’t know/Not applicable” responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020.

ACTING SUSTAINABLY

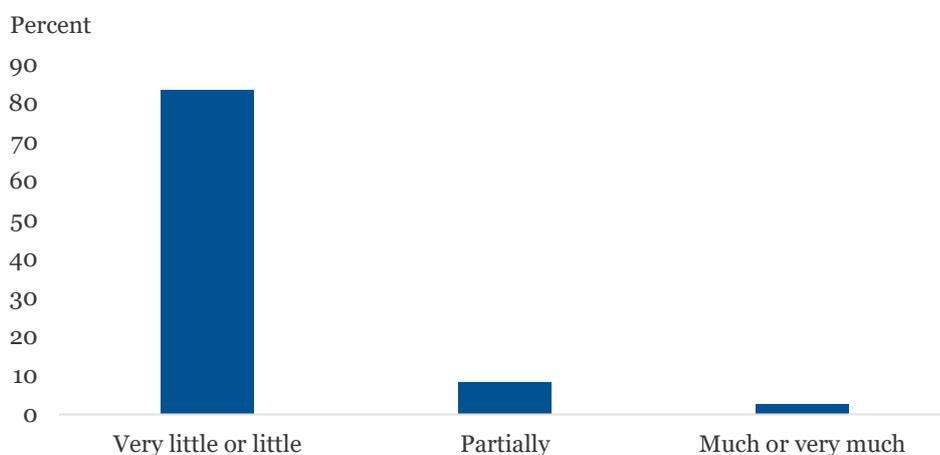
SINGAPORE AS A SUSTAINABILITY PILLAR IN SOUTHEAST ASIA

Singapore has designed policies with long-term sustainability in mind since its foundation in 1965. The island nation has integrated nature into its Garden City and carefully managed scarce resources like water and energy. Education has been made accessible and affordable to give every child a strong start in life. Healthcare policies have been meticulously reviewed and the ageing population has been prioritised for subsidies. Today, all Singaporeans enjoy clean air, water and sanitation, quality healthcare and education, as well as lush greenery and safe common spaces because of these policies. This is the result of an early ambition to set national standards aligned with a sustainable lifestyle. Accordingly, Singapore has been one of the central markets of interest in Southeast Asia for Swedish companies supplying the latest technologies in many sustainability-related fields.

Sustainable development is a widely used concept in public- and private decision-making and increasingly highlighted in official statements and annual reports. However, not everyone "walks the talk", and various stakeholders that affect the implementation of such policies are many. The situation is not aided by the fact that progressive, sustainable solutions are oftentimes more expensive, an aspect that makes adoption slower. Thus, while the market has come a long way in the last couple of years, it is still relatively immature from a sustainability perspective and remains challenging.

CORRUPTION HAS VERY LITTLE EFFECT ON BUSINESS

TO WHAT EXTENT DO YOU PERCEIVE THAT CORRUPTION IN SINGAPORE AFFECTS YOUR BUSINESS?



NOTE: The number of respondents for this question was 73. "Don't know/Not applicable" responses are included but not shown in figure.

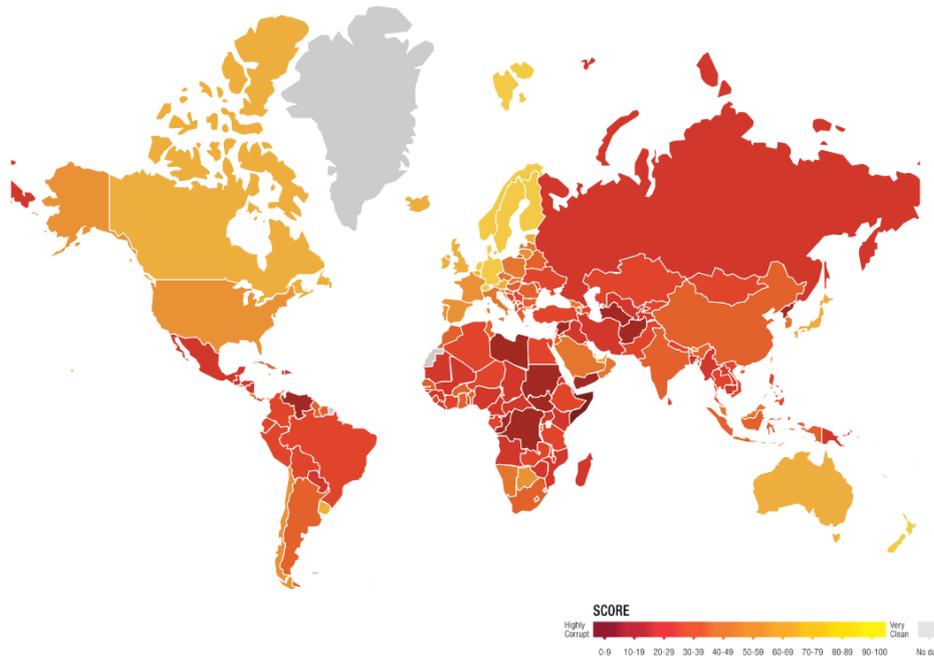
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020.

In addressing corruption, Singapore remains a best-practice example: ranking 4th on Transparency International's 2019 Corruption Perception Index, sharing their position with both Sweden and Switzerland. It is the only non-Western country with a score of

over 80 (or a top 10 ranking).

Singapore has a long history of acting decisively on the topic of corruption. Indeed, it has been fundamental to the country’s success, separating it from many of the other countries in the region, where its robust institutions and the strong rule of law that has laid the foundation for its current, conducive business climate.

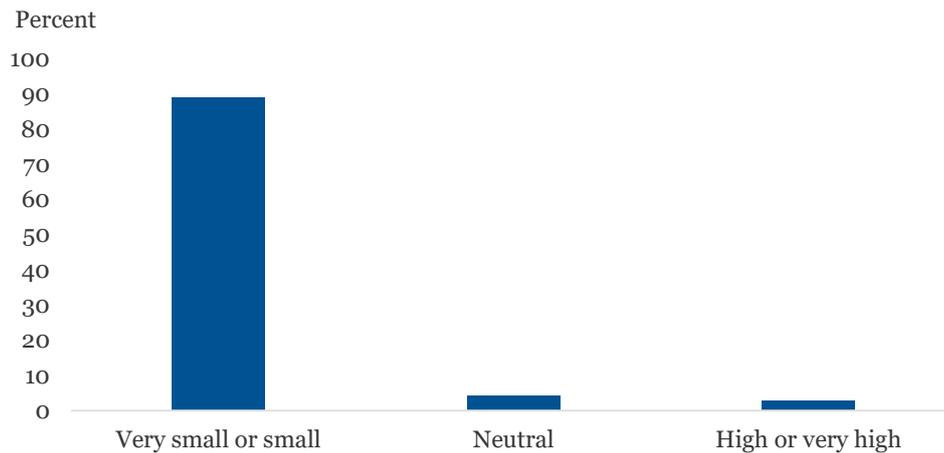
CORRUPTION PERCEPTION INDEX 2019



SOURCE: Transparency International.

CHANCES OF ENCOUNTERING HUMAN RIGHTS- AND LABOUR VIOLATIONS ARE LOW

HOW DO YOU PERCEIVE THE RISK OF ENCOUNTERING HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSES WHEN CONDUCTING BUSINESS IN SINGAPORE?



NOTE: The number of respondents for this question was 73. Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020.

ENVIRONMENTAL ASPECTS RARELY DETERMINE A PURCHASE DECISION

Singapore's green efforts are traced back to the 1960s when the country underwent rapid industrialisation and urbanisation. The former Prime Minister, Lee Kuan Yew had the vision to transform Singapore into a city with abundant lush greenery and a clean environment. That plan materialised quickly, and in the decades to come, Singapore developed a world-renowned "garden city".

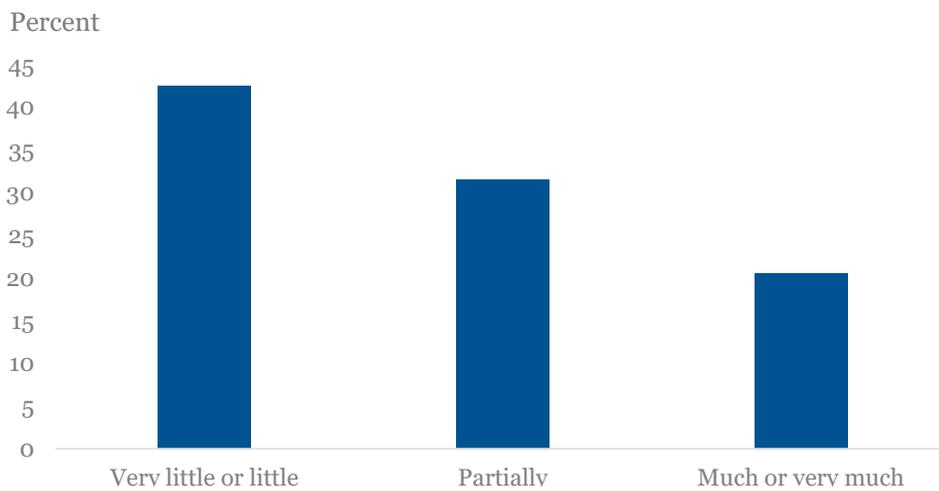
Released in 1992, the Singapore Green Plan is a continuation of that policy. It is Singapore's first environmental blueprint, setting a series of environmental targets, and was continued in 2002 and 2012 to ensure sustainability. In other words, Singapore's historical and contemporary efforts to create an environment-friendly city have been many and has instilled an environment-friendly mindset in Singaporeans. This sentiment is partly reflected in the below graph, though many customers of Swedish companies pay very little or little attention to environmental aspects in their purchasing decision - partly explained by the price sensitivity of Singaporeans.

In 2019, climate and environmental questions received increased attention in Singapore. The Ministry of the Environment and Water (MEWR) took a first step in 2018 to increase public awareness and interest in climate change - which in Singapore's case potentially has very long-lasting effects - by naming the year as "Year of Climate Change". Several information campaigns and a large number of activities were carried out under this heading. This approach was followed up in 2019, then under the slogan "Year of Zero Waste", focusing mainly on recycling. An action plan was presented with the ambition to

reduce food waste by 30 percent by 2030. E-waste and food waste are two areas where Singapore has shown great interest in Swedish technical solutions and policies, not least in terms of dialogue and collaboration between companies, interest organizations, regulators and government.

In 2019, the Prime Minister announced that the government will invest 100 billion SGD during the current century to protect the low-lying island nation from rising sea levels, among other things. In the budget launched in April this year, a new Coastal and River Protection Fund of SGD 5 billion was announced. However, all efforts are still nationally focused - it is about protecting Singapore against the effects of the climate threat at home. Singapore's financial contribution to the global climate agenda, however, still remains very limited.

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 73. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2020.

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