



Business Sentiment Survey 2024

Singaporean-German Chamber of Industry and Commerce

 PartnerForTrade



Deutsch-Singapurische
Industrie- und Handelskammer
Singaporean-German Chamber
of Industry and Commerce



AGENDA

- A. COMPANY PROFILE**
- B. BUSINESS ENVIRONMENT**
- C. IMPACT OF NEW DUE DILIGENCE REGULATIONS**
- D. SUMMARY**

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AGENDA

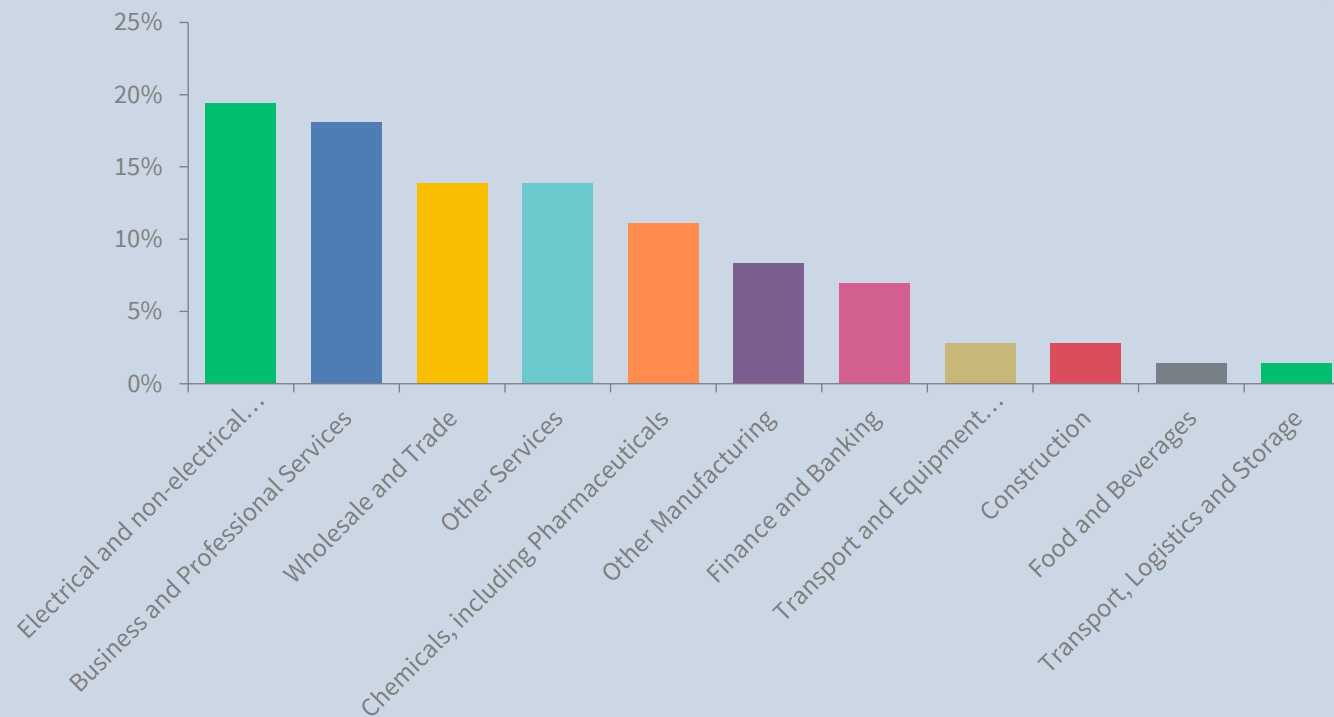
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Q1: What sector are you predominantly operating in?



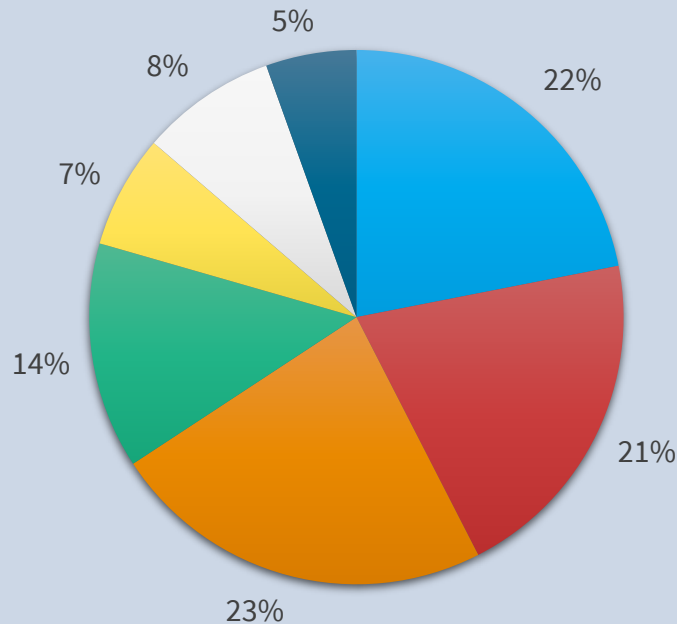
- Top 5 sectors participating in this survey are:
 - Electrical and non-electrical machinery (19.5%)
 - Business and Professional Services (18.1%)
 - Wholesale and Trade; Other Services (both 13.9%)
 - Chemicals and Pharmaceuticals (11.1%)

Note

73 SGC members participated in the SGC Business Sentiment Survey 2024 (13% of all SGC members). The survey was conducted between 28 February 2024 – 28 March 2024.



Q2: How many employees does your company have in Singapore?



- 80% of respondents fall under the MSME category (<250 employees)

■ 1 - 10 ■ 11 - 25 ■ 26 - 100 ■ 101 - 250 ■ 251 - 500 ■ 501 - 1000 ■ more than 1000

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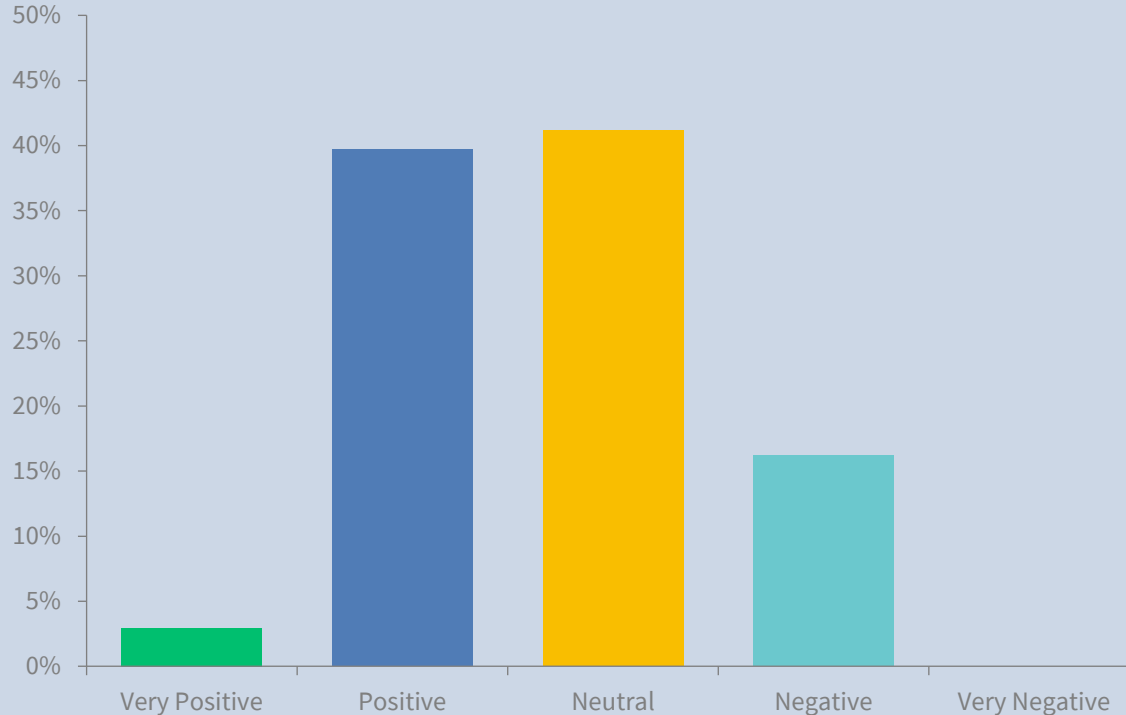
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B: Business Environment

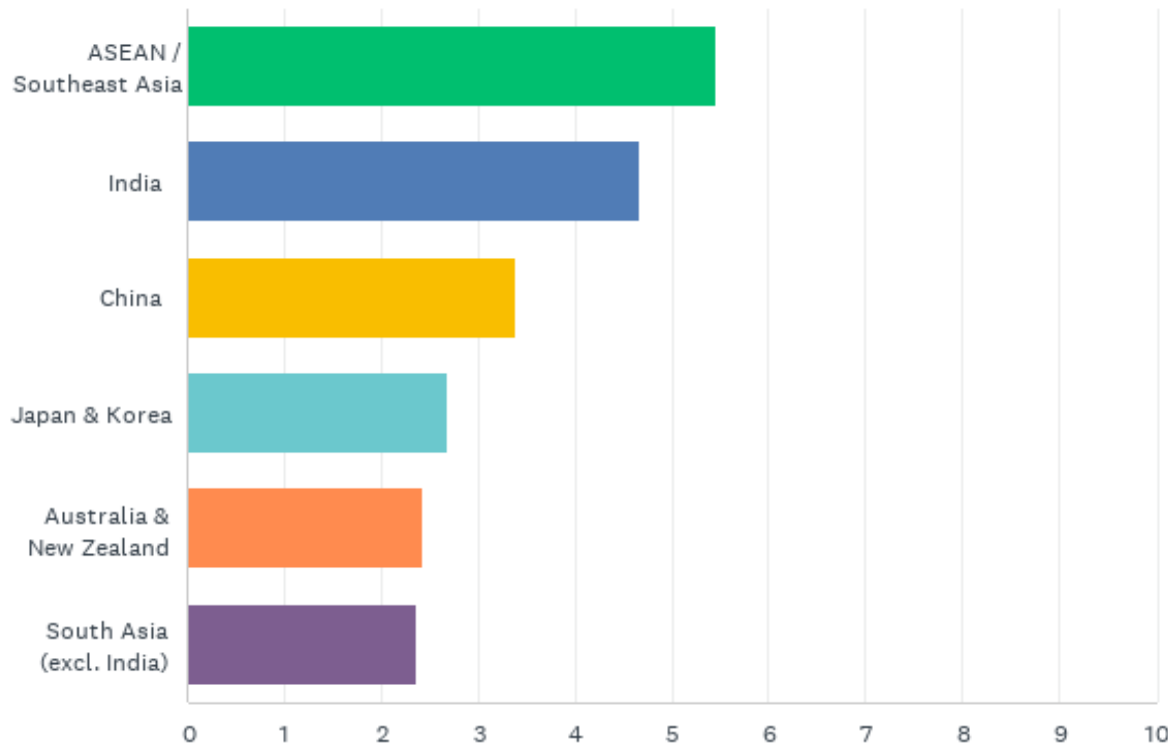
Q3: In your opinion, how would you rate the business outlook for your company in 2024?



- Careful optimism
- Balanced positive (42.7%) or neutral business outlook (41.1%)
- Less optimism compared to 2023 (51%) and more neutral responses (2023: 25%)

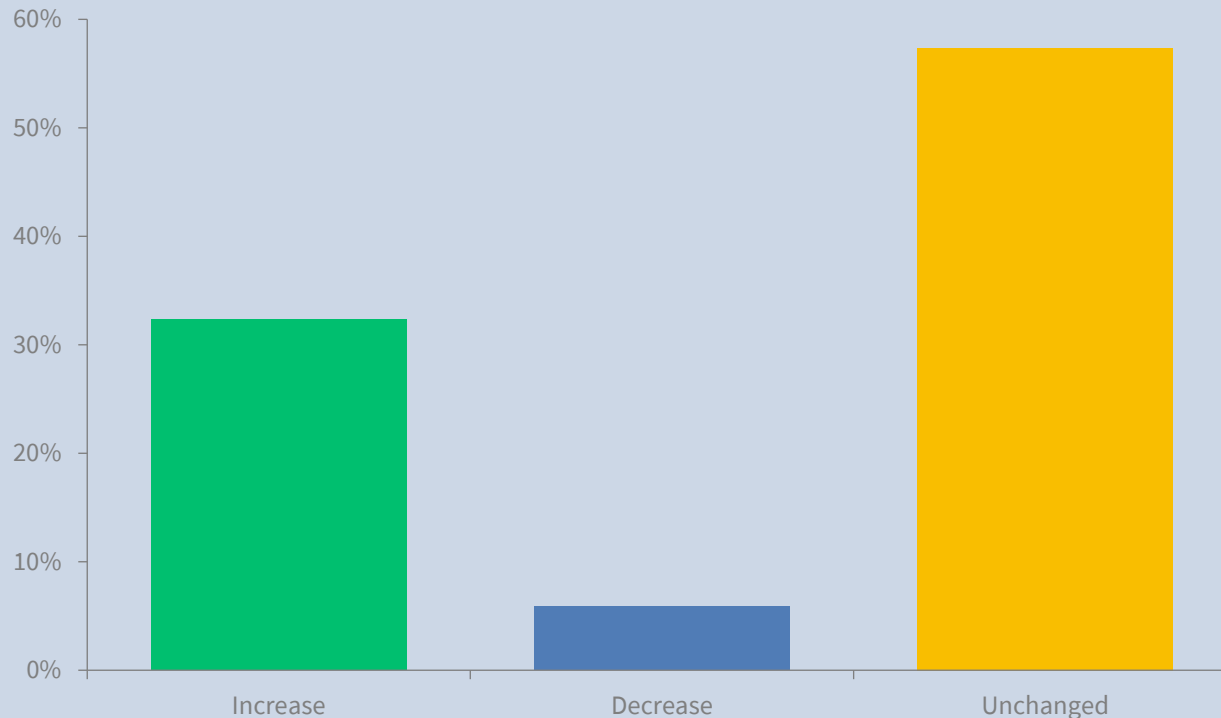


Q4: How would you rank the following markets in terms of growth potential in the next 3 years? (top: highest potential; bottom: lowest potential)



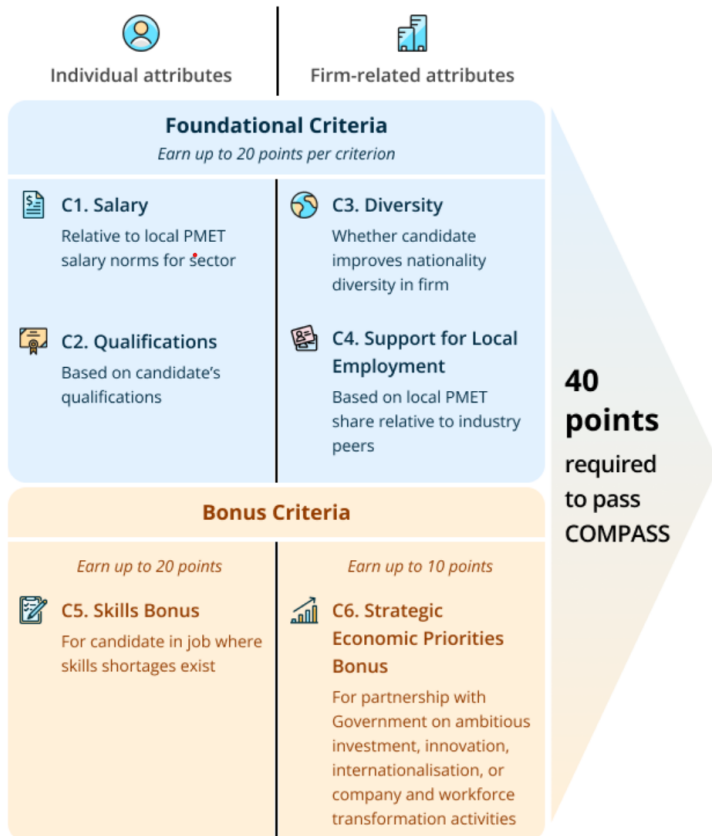
- ASEAN / Southeast Asia and India with biggest growth potential and slight increase in perceived potential compared to 2023
- China remains third most attractive market with lower perceived potential compared to 2023

Q5: Are you planning to increase or decrease your number of employees in Singapore in the next 12 months?



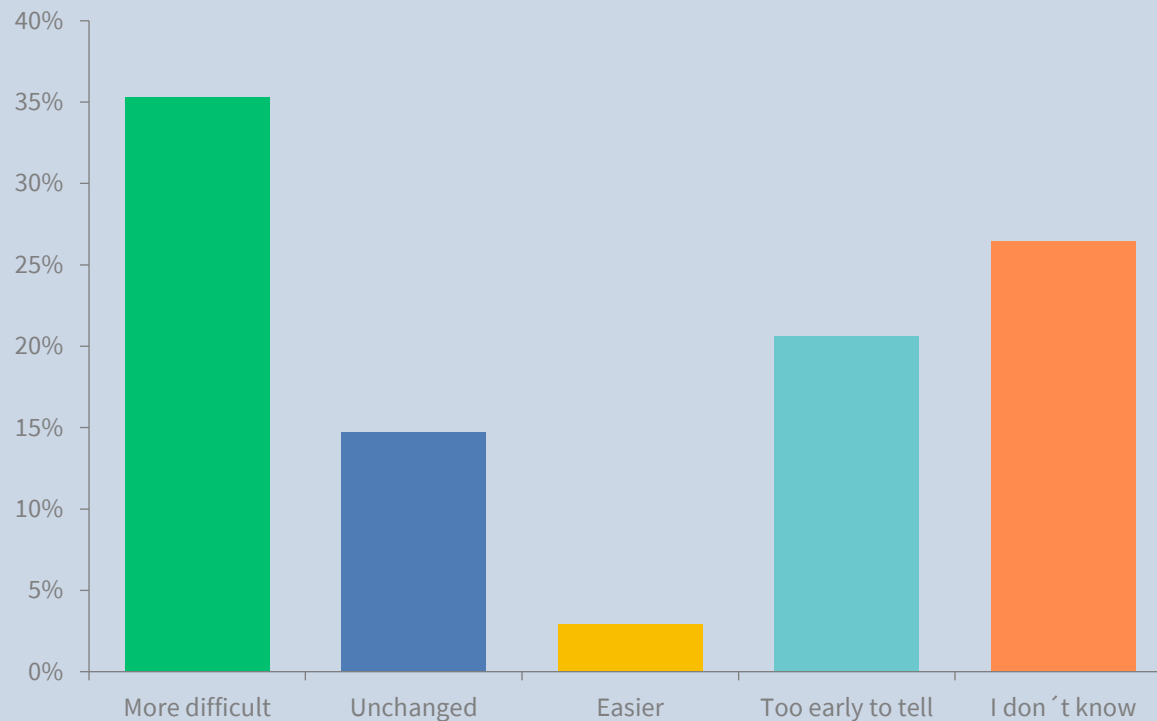
- Absolute majority of company not planning to make any changes (57.3%)
- Clear majority of companies planning to increase (32.3%) their staff compared to planning to decrease (5.8%)
- Reflecting careful optimism in 2024

COMPASS Framework



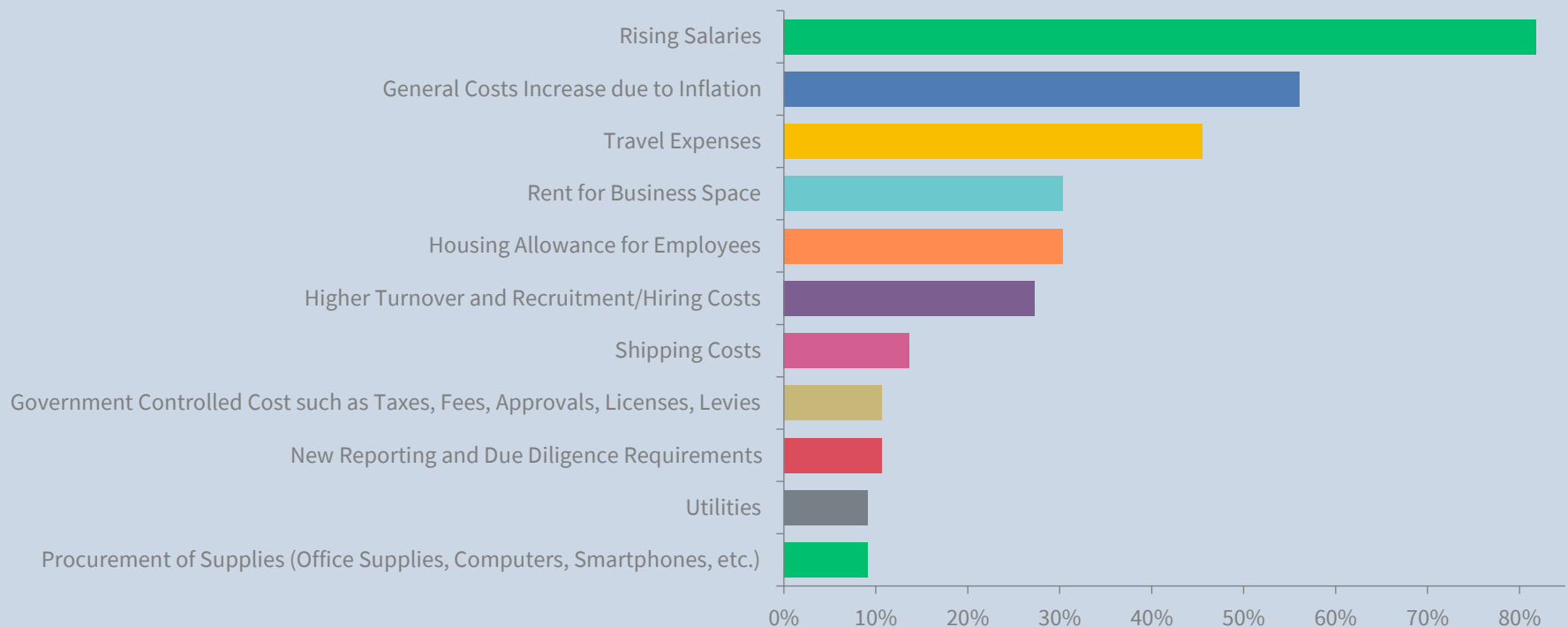
- New points-based system to assess eligibility of Employment Pass (EP) candidates
- Applies to new EP applications since 1 September 2023, and renewals of expiring EPS from 1 September 2024
- 2 stage assessment process
 - First, meet min. EP qualifying salary
 - Second, pass the points-based assessment

Q6: Since September 2023, new Employment Pass (EP) applicants have to go through the new Complementary Assessment Framework (COMPASS). Based on your experience, obtaining an EP for new hirees has become ____ since the implementation of the COMPASS framework.



- COMPASS has not fully kicked in yet, but relative majority of respondents (35.2%) reports it became more difficult to obtain EPs
- Continuation of a trend that was also apparent during last year's survey

Q7: Cost of doing business: Name three most important factors that caused an increase in business costs? (Please select top three factors)



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New Due Diligence in Supply Chains Regulations

German Due Diligence in Supply Chains Law

- Requires German companies to implement due diligence processes related to human rights in their supply chains
- Establishment of risk management system complaint mechanisms to **identify, prevent and/or minimize the risk of human rights violations**
- Annual reporting required
- Since 2024, applies to enterprises with at least 1000 employees

EU Carbon Border Adjustment Mechanism

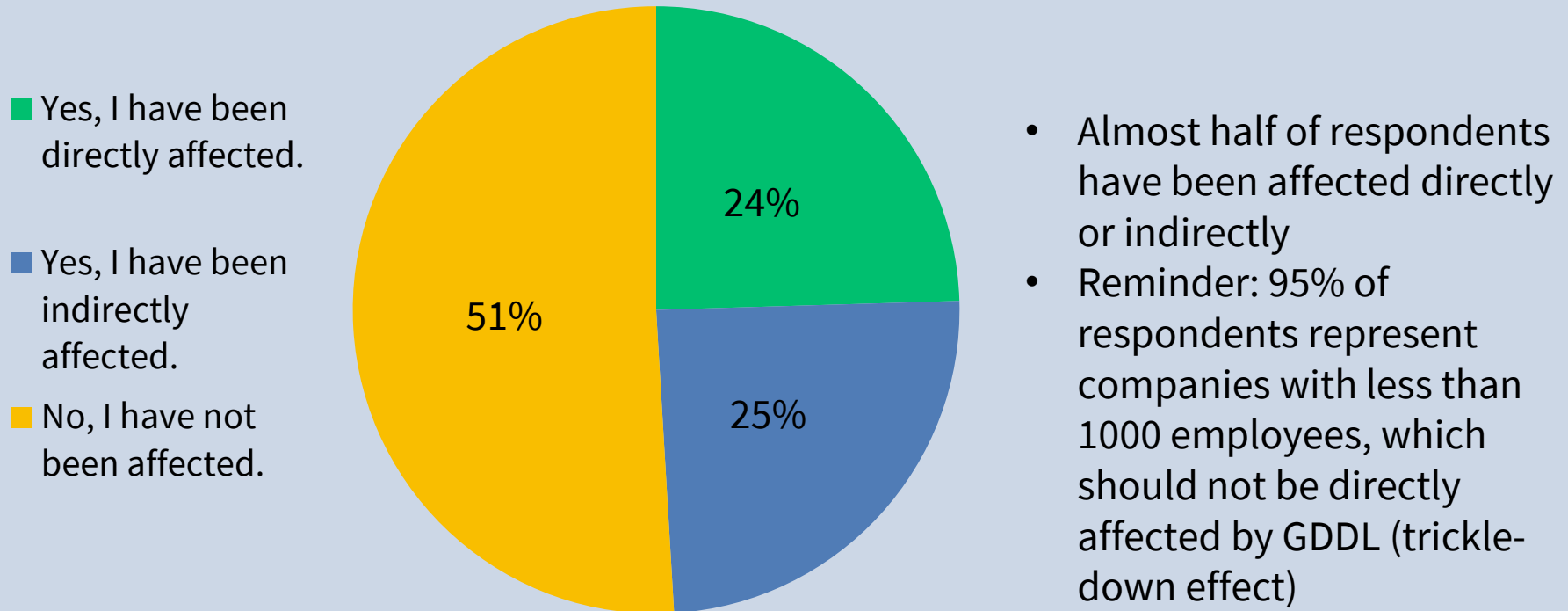
- EU regulatory measure to complement existing carbon pricing mechanisms
- **Prevention of 'Carbon Leakage' → CBAM Certificates**
- For now, six sectors are affected: 1) Cement, 2) Electricity, 3) Fertilisers, 4) Iron and Steel, 5) Aluminium, and 6) Hydrogen
- Quarterly reporting requirements
- Transitional period began in October 2023, definitive period to begin in 2026

EU Deforestation Regulation

- EU regulatory measure to ensure that certain agricultural goods consumed in the EU do not contribute to deforestation
- Companies have to collect data to prove that the agricultural goods have been 1) produced in compliance with legislation in the country of origin and that 2) production is deforestation-free
- Transitional period until end of 2024

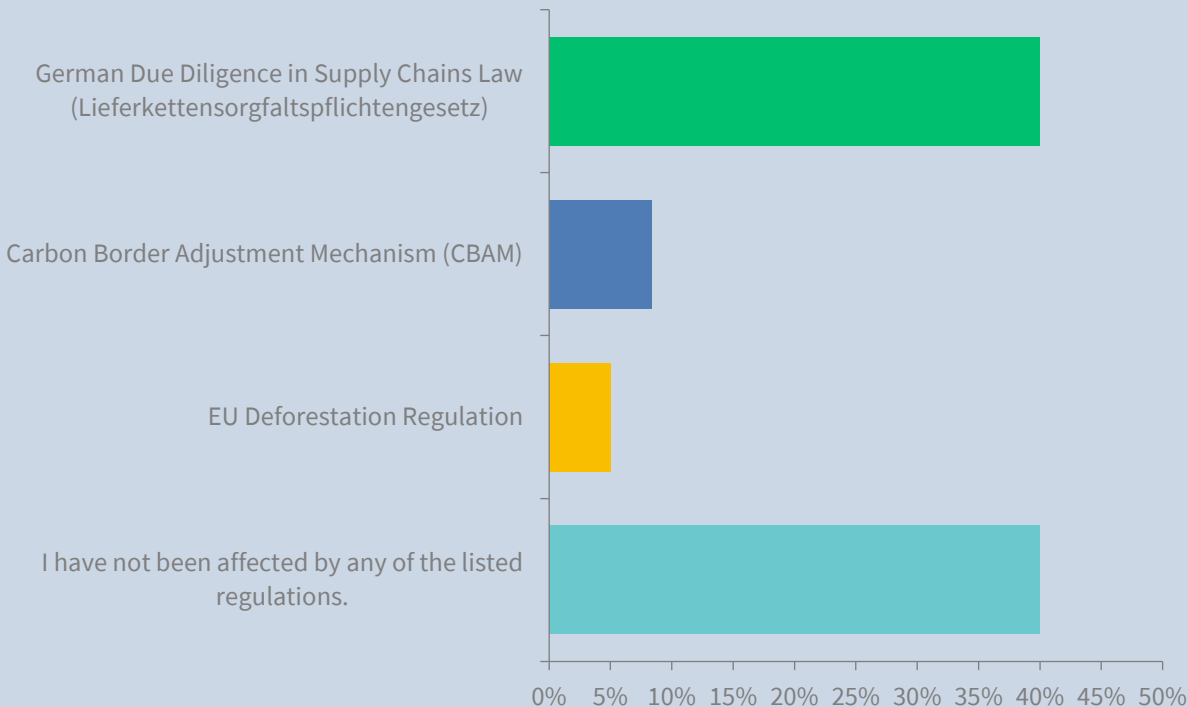
C: Impact of new due diligence regulations

Q8: Have you been affected by new due diligence and reporting requirements regarding your supply chain since 1/2023?



C: Impact of new due diligence regulations

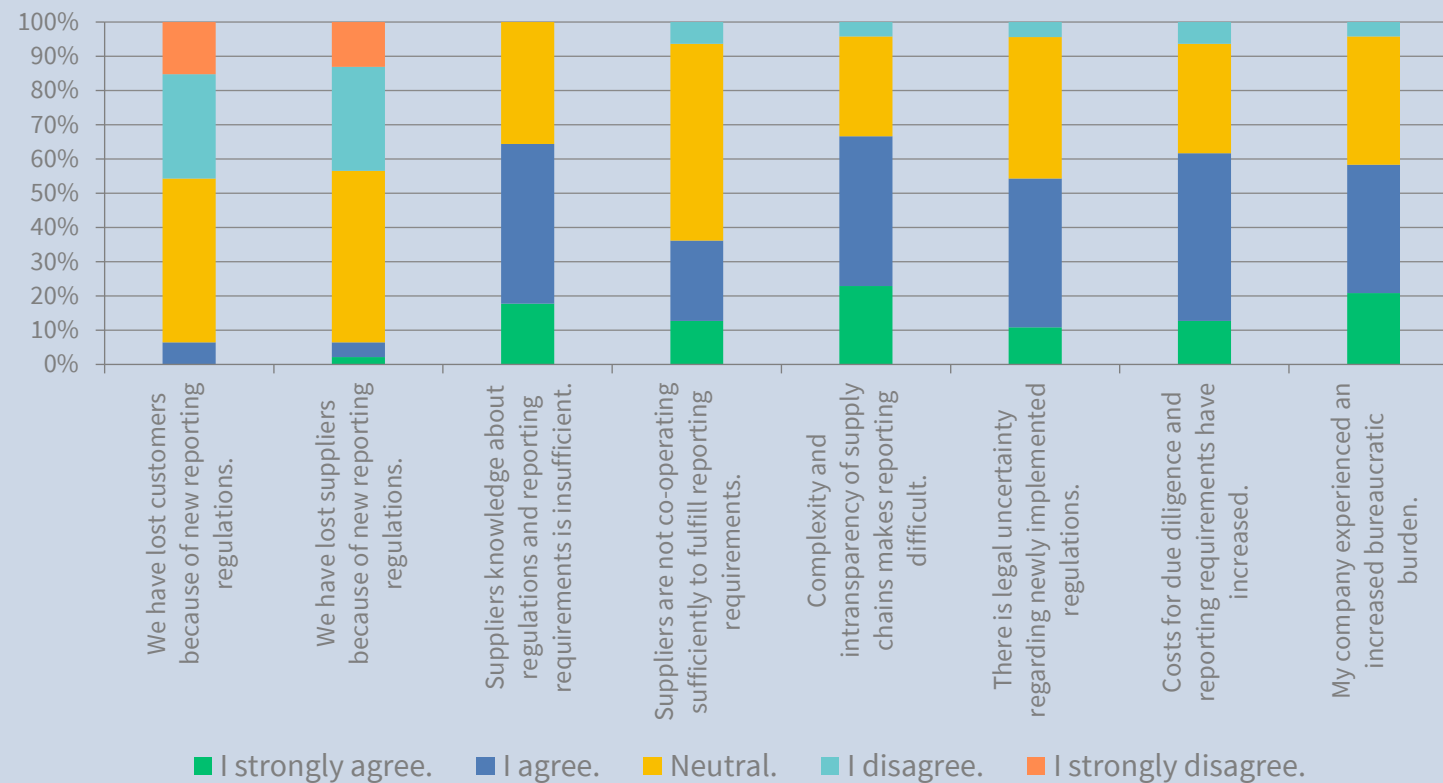
Q9: Which of the following regulations have you been affected by?



- Of those that were affected by new due diligence requirements, most companies reported being affected by the GDDL

C: Impact of new due diligence regulations

Q10: Looking at supply chain due diligence and reporting requirements since 1/2023, please rate the following statements and challenges:



- Few companies lost or cancelled relationships with suppliers or clients
- Top 3 Challenges:
 1. Untransparent supply chains
 2. Suppliers lacking knowledge about regulations and reporting requirements
 3. Bureaucratic burden and associated costs

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Key findings of the SGC Business Sentiment Survey 2024 are:

Business Outlook

- Careful optimism among SGC members but less optimistic compared to 2023
- ASEAN / Southeast Asia and India again perceived as regions with highest growth potential but with an even higher potential rating compared to 2023 while China is still ranked 3rd but with decreased potential rating

Business Environment

- Companies continuously report difficulties in obtaining Employment Passes
- Rising salaries and general inflation are the major cost drivers for companies while rental, housing allowances for employees and shipping costs were reported to be less of a burden compared to 2023

Due Diligence Regulations

- Roughly 50% of respondents directly or indirectly affected by new due diligence regulations of which most are affected by the German Due Diligence in Supply Chains Law (GDDL), while Carbon Border Adjustment Mechanism (CBAM) and the EU Deforestation Regulation do not have much of an impact yet
- Few companies reported loss of suppliers or customers due to new regulations, but majority of respondents report increasing costs due to bureaucratic burden
- Major challenges reported are a lack of knowledge about new regulations by local suppliers, untransparent supply chains and legal uncertainty

A white silhouette of the Singapore skyline, including the Esplanade - Theatres on the Bay, the Singapore Flyer, and several skyscrapers, set against a red background.

Thank you!

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