

**MEDIA RELEASE****SCCCI'S RECOMMENDATIONS FOR BUDGET 2026:****STRENGTHENING THE COMPETITIVENESS OF SINGAPORE COMPANIES WHILE TACKLING NEAR-TERM CHALLENGES**

Ahead of the Budget 2026 announcement in February 2026, the Singapore Chinese Chamber of Commerce & Industry (SCCCI) is pleased to share our recommendations to support the needs of local businesses and SMEs. Our proposals focus on advancing business transformation, strengthening competitiveness, and enabling enterprises to seize growth opportunities in the new economy.

SCCCI's recommendations for Budget 2026 are as follows:

- a) Help businesses to ease business costs and improve competitiveness.
- b) Quicken the pace of SMEs' pursuit of sustainability to build green capabilities and reap opportunities from the green economy.
- c) Establish a trusted "Digital Business Hub" to assist SMEs to leverage AI to advance business transformation and competitiveness.
- d) Enhance government support for trade associations and chambers to drive the internationalisation of SMEs.
- e) Support trade associations and chambers that offer industry-relevant training that led to employment outcomes.

SCCCI's President Kho Choon Keng said:

"As we face an increasingly complex and uncertain landscape with near-term challenges weighing on businesses, Budget 2026 can provide the strategic lift that enables our businesses, especially SMEs, to strengthen their competitiveness while building new capabilities for the future. By easing cost pressures, accelerating the adoption of sustainability business practices, leveraging AI to boost transformation,

and enhancing support for trade associations and chambers to drive internationalisation and skills development, we can contribute towards strengthening Singapore companies to seize growth opportunities in the new economy. SCCCI look forward to deepening our collaboration with the government and our partners as we work together to advance enterprise development.”

The Budget 2026 Recommendations were derived from SCCCI’s Annual Business Survey 2025, which garnered a total of 711 respondents comprising of senior representatives from local businesses across diverse sectors. 93% of respondents came from SMEs and the survey was conducted from June to August 2025.

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

**1. Business Sentiments: Rising business costs remain a key concern amid a cautious outlook**

- 67% of respondents projected revenue to be stable (28.3%) or rising (39.0%) in 2025, relative to 2024.
- In the context of a tight labour market, 62% indicated plans to maintain their staff strength while only 16% plan cuts.
- Business costs emerged as a key concern for businesses, as 65% of respondents project an increase in business costs. 51% of respondents are bracing themselves for a 25% surge in business costs.
- 75% of respondents projected profit, but 54% amongst them indicated lesser profits than 2024.
- The top 3 challenges faced by businesses are: Rising business costs (58.5%), availability of suitable manpower (44.7%), and transforming their business, pivoting to growth areas (27.0%).

**2. Manpower: Businesses undergo transformation, automation and digitalisation to ease workforce challenges**

- The top manpower challenges faced by businesses are: Rising manpower costs (57.4%), and the inability to attract or retain local staff with the necessary skills (52.3%).

- Businesses' preferred approaches to managing manpower challenges are: Transforming / automating / digitalising their business to cut down on manpower needs (38.1%), outsourcing or offshoring non-core work (33.0%), and hiring and training local mid-career workers (27.9%).
- The main challenges for businesses with plans to re-skill and upskill employees are: Costs to re-skill and upskill employees (47.5%) and being unable to release employees for training due to the tight manpower situation (36.6%).
- From among the 68% of respondents who expressed challenges hiring locals for rank-and-file jobs, close to 80% of them struggled with local hiring from a moderate to a large extent. To tackle this challenge, they have opted to hire foreign workers (35.5%), raise salaries (19.9%), and automate such jobs (18.4%).

**3. Impact of US tariffs: Market uncertainties are driving Singapore enterprises to diversify markets and seek alternative sourcing**

- Key impacts of the US tariffs on local businesses are: Market uncertainties (49.9%), higher business costs (28.4%), and supply chain reconfiguration (22.1%).
- In response to the impact arising from the US tariffs, businesses are: Diversifying markets (33.0%), sourcing from alternative suppliers (27.4%), and delaying investments (25.2%).

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

- Notwithstanding the costs of doing business and resource constraints in Singapore, 95.3% of respondents will retain partial or all their operations in Singapore. They will continue to transform their business to harness Singapore's competitive advantages, complementing their overseas businesses and operations.
- The top challenges in business transformation are: Lack of internal expertise and resources to transform (40.9%), and internal resistance from staff (36.7%).

**5. Internationalisation: Large market base spurs Singapore businesses to tap into the rich opportunities in Southeast Asia**

- 55% of respondents have set their sights on overseas expansion, with half among them (50.1%) increasing their internationalisation efforts in 2025.
- The top overseas markets of interest are: Malaysia (58.1%), China (36.4%), and Indonesia (26.0%).
- The strong appeal of Southeast Asian markets is driven by the consumer and customer base in the region (61.4%), followed by the potential of sourcing and procuring materials and goods from within the region (29.3%).
- The top challenges for internationalisation are: Lack of understanding of overseas markets (50.4%), uncertainties in the overseas economic environment (45.2%), and the lack of suitable manpower to develop overseas markets (40.3%).

**6. Embracing sustainability: Local businesses look forward to more financial support to narrow the gap between awareness and action**

- The top obstacles that hinder businesses' sustainability efforts are: High costs associated with adopting sustainable practices (58.2%), lack of capabilities and / or resources (35.6%), and business survival taking precedence (31.6%).
- Although close to 66% of respondents acknowledge the importance of sustainability to their business and the competitive advantage that sustainability presents, only 60% have incorporated sustainability into their business strategies, indicating a gap exists between awareness and taking practical steps.
- The top areas of support needed by businesses to embrace sustainability are: Financial support (62.8%), training on sustainability (26.8%), and access to information resources on sustainability (22.8%).

**7. Leveraging government schemes: Digitalisation and technology adoption schemes most valued by SMEs**

- 46.1% of respondents indicated that they have applied for government assistance schemes.

- The top 3 most useful government assistance schemes are: Digitalisation and adopting technology solutions (44.4%), hiring, training, developing, and retaining employees (40.8%), and business transformation, innovation, and building new capabilities (30.7%).
- The top challenges encountered when applying for government assistance schemes are: Uncertainty on the most appropriate schemes to apply for (37.9%), complex application process (37.7%), and the slow application process (24.1%).

**8. Non-government scheme forms of assistance: Businesses call for support from trade associations, policy coordination and project opportunities**

- Businesses would like trade associations to roll out more relevant initiatives to help their member companies derive practical benefits (36.5%), government agencies to be more coordinated on cross-agency issues (36.2%), and government-linked companies and large enterprises to create more tangible project opportunities for businesses to participate (36.2%).

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**About Singapore Chinese Chamber of Commerce & Industry**

Established in 1906, the Singapore Chinese Chamber of Commerce & Industry (SCCCI) is an internationally renowned business organisation and the apex body of the Chinese business community in Singapore. It is the founder of the biennial World

Chinese Entrepreneurs Convention, a global business convention. It plays a key and pro-active role in representing the interests of the local business community.

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

For more information, please visit [www.sccci.org.sg](http://www.sccci.org.sg)