



CLARK SCHAEFER HACKETT  
CPAS & ADVISORS

# Doing Business in Singapore

Presented by:

Bruce Brown



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# Today's Speaker



**Bruce Brown** retired from Procter & Gamble in 2014 as Chief Technology Officer. In his role as CTO, Bruce was responsible for P&G's Innovation and Technology Program, its \$2 billion annual investment in R&D, and over 8,000 global R&D employees. Bruce has over three decades of business-building experience with P&G, in both developed and developing countries. Bruce was appointed by the Government of Singapore as a member of the Board of Directors of the Agency for Science, Technology and Research (ASTAR). In this role, Bruce provides governance for ASTAR's \$2 billion annual investment in research and technology and provides strategic direction to improve the output and effectiveness of its investment. Mr. Brown is on the Board of Directors of Nokia and was named by BusinessWeek in 2010 as one of the world's top 25 Masters of Innovation.



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# Personal Experience in Singapore

- P&G Long Experience in Singapore – Business Office
- 2004: Small R&D Group in Singapore
- 2009: Global R&D Siting Project
- 2010-2011:
  - ❑ P&G Corporate Agreement
  - ❑ P&G R&D Center in Singapore
  - ❑ Broad Collaborative Agreement
- 2014:
  - ❑ Open R&D Innovation System
  - ❑ Open Fragrance Manufacturing Plant
- 2016: New Business Office
- Current: Board Member ASTAR (Since 2011)

# Why Singapore as a Strategic Location

1. Very stable and supportive government (jobs)
2. Infrastructure – long-range planning
3. Minimal/No corruption
4. Gateway to Asia – 2/3 of world population within a 6-hour flight
5. Favorable relations with other Asian countries
6. Talent: education, hardworking, diverse
7. Tax
8. Country has undergone incredible transformation
9. Leader in Smart City/Country – great test location

# Singapore as a R&D/ Innovation Hub

1. Access to Diverse Talent
2. External Innovation (ASTAR)
3. Access to discriminating consumers/customers

One trade-off: Start-up ecosystem

# An overview of Singapore

2016 GDP

**S\$410.3 Billion**



**2.0%**

Real Growth

**S\$73,167**

Capita GDP



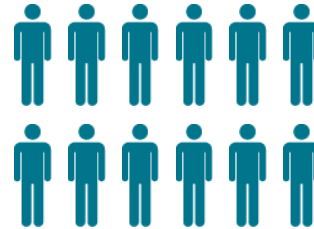
LAND AREA (SQ KM)

**718**

INDEPENDENT SINCE

**9 AUG 1965**

POPULATION



**5.6  
Million**



**3.9 Million (70.2%)**

Singapore residents

LITERACY RATE

**97.0%**

aged 15 & above

**76.6%**

aged 25-34 with tertiary qualifications



MOBILE PHONE  
PENETRATION RATE

**92.7%** 2004

**148%** 2014



HOUSEHOLD ACCESS  
TO BROADBAND

**65%** 2004

**88%** 2014





# An overview of Singapore




**1st**  
BEST QUALITY OF LIFE IN ASIA  
*Quality of Living Worldwide City Rankings 2017, Mercer*



**5th**  
WORLDWIDE ON THE MORI FOUNDATION GLOBAL POWER CITY INDEX 2016  
*Measures attractiveness of cities to creative individuals and enterprises, and their mobilisation towards economic, social and environmental development*

**7th**  
MOST LIVEABLE CITY WORLDWIDE  
*Global Liveable Cities Index 2015, Asia Competitiveness Institute*



**SINGAPORE STUDENTS RANKED AMONG THE TOP IN READING, MATHEMATICS AND SCIENCE**  
*Programme for International Student Assessment*

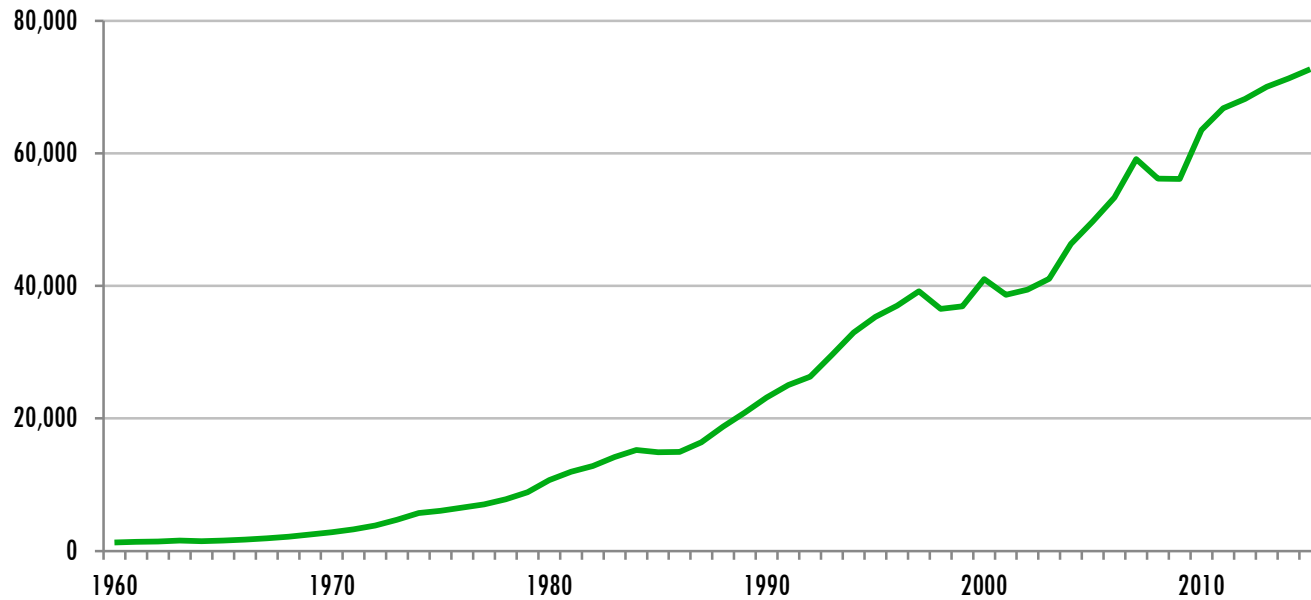


**1st**  
IN STEM (SCIENCE, TECHNOLOGY ENGINEERING & MATHEMATICS EDUCATION)  
*World Economic Forum Global Competitiveness Report 2014*



# Singapore's Economic Progress

Singapore's per capita GDP:  
from S\$1,600 in 1965 to S\$73,000 in 2016



Population and land area		Labor force and education		Broadband penetration, %	
Population	5.6m	In employment	3.6m	Household	103
Singapore residents	3.9m	Unemployment rate	2%	Mobile	148
Land area	719 km <sup>2</sup>	Literacy rate	97%	Individual wireless	190

# Singapore: A vibrant business hub



## 7,000

Multinational corporations  
60% with global or regional headquarters

## 37,400

International companies  
Including 3,200 from China, 4,400 from India, and 7,900 from ASEAN (excluding Singapore)

## 210,000

Small & medium enterprises  
1,000 identified with the goal of growing revenues to S\$100 million

### Ease of doing business

Rank	Country
1	New Zealand
2	<b>Singapore</b>
3	Denmark
4	Hong Kong
5	South Korea

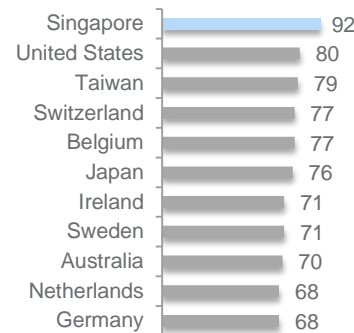
Source: *Ease of Doing Business Index (2016)*, World Bank

### Strong IP protection

Rank	Country
1	Switzerland
2	Finland
3	Luxembourg
4	<b>Singapore</b>
5	Netherlands

Source: *Global Competitiveness Report (2016/7)*, World Economic Forum

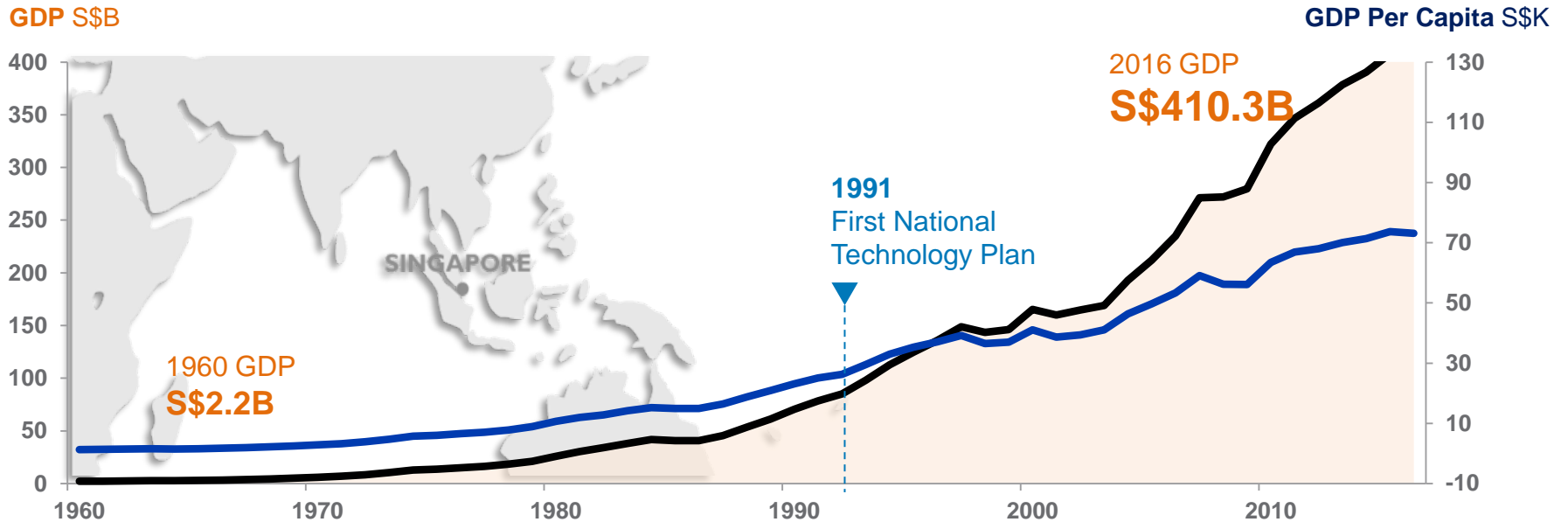
### Best labour force



Source: *Labour Force Evaluation Measure (2015)*, BERI

Source: *Accounting & Corporate Regulatory Authority (2Q 2010)*, Department of Statistics, Economic Strategies Committee

# RIE integral to Singapore's economic strategy



## 1960s

### Labour intensive

*Low-end commerce with only handful of industries catering to domestic consumption*

## 1970s

### Skill intensive

*MNC-led industrial development surging. Manufacturing evolving with greater sophistication*

## 1980s

### Capital intensive

*Move to capital intensive & high technology industries, as local wages swelled*

## 1990s

### Technology intensive

*Global offshoring directed heavy emphasis on technology*

## 2000s

### Knowledge & innovation based economy

*RIE became the cornerstone of economic development*

# Profile of Singapore's Economy

2016 GDP, S\$

## 410b

2.0% growth

2015 stock FDI, S\$

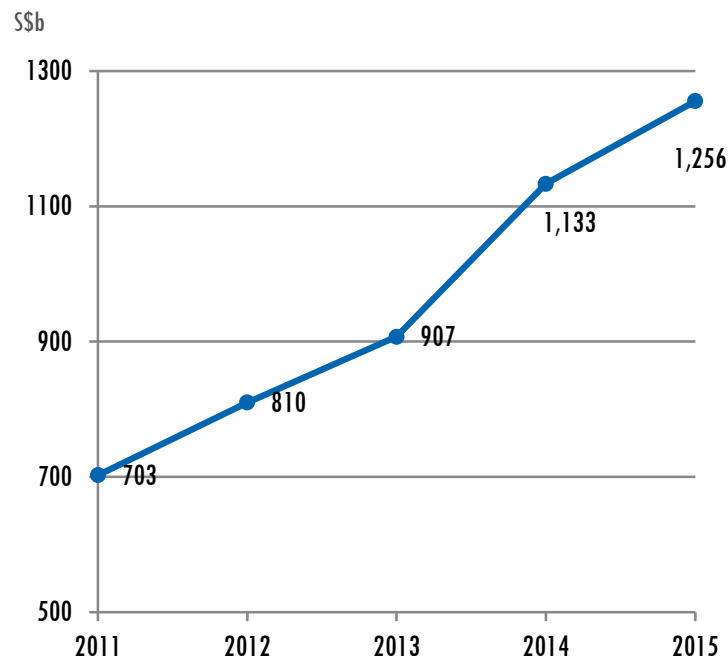
## 1,256b

12.8% growth

Industry	% GDP
Manufacturing	19.6
Business services	15.8
Wholesale & retail trade	14.2
Finance & insurance	13.1
Other Services Industries	12.2
Transportation & Storage	7.6
Construction	5.0
Ownership of Dwellings	4.4
Information & Communications	4.2
Accommodation & Food Services	2.2
Utilities	1.5

<span style="color: blue;">■</span> Goods-producing	<span style="color: green;">■</span> Services-producing	<span style="color: orange;">■</span> Others
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Source: SingStat

2015 hi-tech exports	Ease of doing business	Competitiveness
US\$131b 4th largest in the world	2nd source: World Bank	2nd source: WEF

# Sustained government commitment to Research, Innovation & Enterprise

*“Our target is for total R&D expenditure to reach 2% of GDP by 1995. This means increasing research spending by 25% per year over the next 5 years...”*

*... The government will allocate up to \$2billion to support research and development over the next 5 years.”*



**Lee Hsien Loong,**  
DPM  
Launch of NSTB  
9<sup>th</sup> Sept 1991

*“Singapore’s long term aim is to be among the most research intensive, innovative and entrepreneurial economies in the world. **Increasingly, intellectual capital will be critical for our next phase of economic development.***

*Hence, the government will allocate S\$16.1 billion to support research, innovation and enterprise activities in the next 5 years.”*



**Lee Hsien Loong,**  
Prime Minister  
4th RIEC Meeting  
17<sup>th</sup> Sept 2010

*“**RIE (Research, Innovation & Enterprise) will continue to be important to secure our future.** It contributes significantly to the economy and creates opportunities and jobs. It supports national initiatives like **Smart Nation, Skills Future...** under the **Committee of Future Economy***

*... Therefore, for the RIE 2020 Plan, we are committing S\$19 billion, 18 % more than the previous plan and the spending will be about 1% of GDP.”*



**Lee Hsien Loong,**  
Prime Minister  
Announcement of RIE 2020  
8<sup>th</sup> Jan 2016

1990

2010

2016

# Singapore's economy today

2016 GDP

**S\$410.3B**

2016 GDP GROWTH

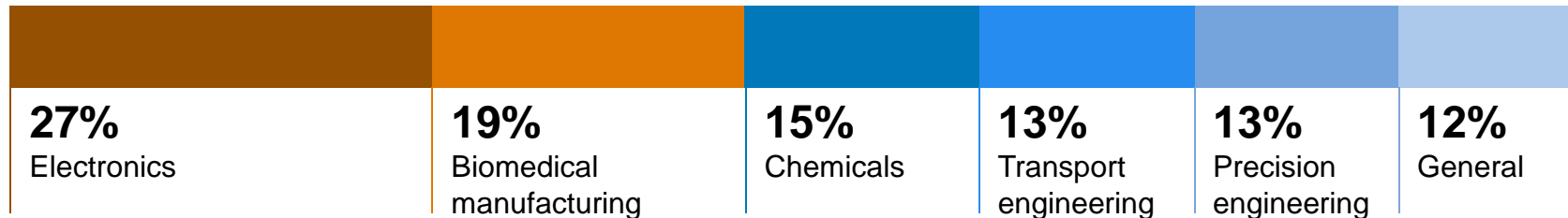
**2.0%**

2017 FORECAST GDP GROWTH

**1.0% - 3.0%**



VALUE ADDED

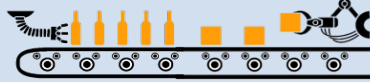


Source: MTI 2017 Growth Forecast, DOS, Breakdown of Manufacturing VA based on 2015 figures

# Domain-based Governance Framework

Prioritization of RIE agenda into four technology domains aligned to areas of competitive advantage and/or national needs

DOMAINS (VERTICALS)



## Advanced Manufacturing and Engineering (AME)

*Support growth & competitiveness of manufacturing & engineering sectors*



## Health and Biomedical Sciences (HBMS)

*Advance human health & wellness, and create economic value for Singapore & Singaporeans*



## Services and Digital Economy (SDE)

*Leverage digital innovation to create economic opportunities and meet national priorities*



## Urban Solutions and Sustainability (USS)

*Develop a sustainable & livable city through integrated solutions for Singapore and the world*



## Academic Research

*Build up a significant base of capabilities and a pipeline of ideas that can drive the next phase of growth*



## Manpower

*Build a strong research and innovation community*



## Innovation & Enterprise

*Build a strong core of innovative enterprises that drive value creation and economic competitiveness*

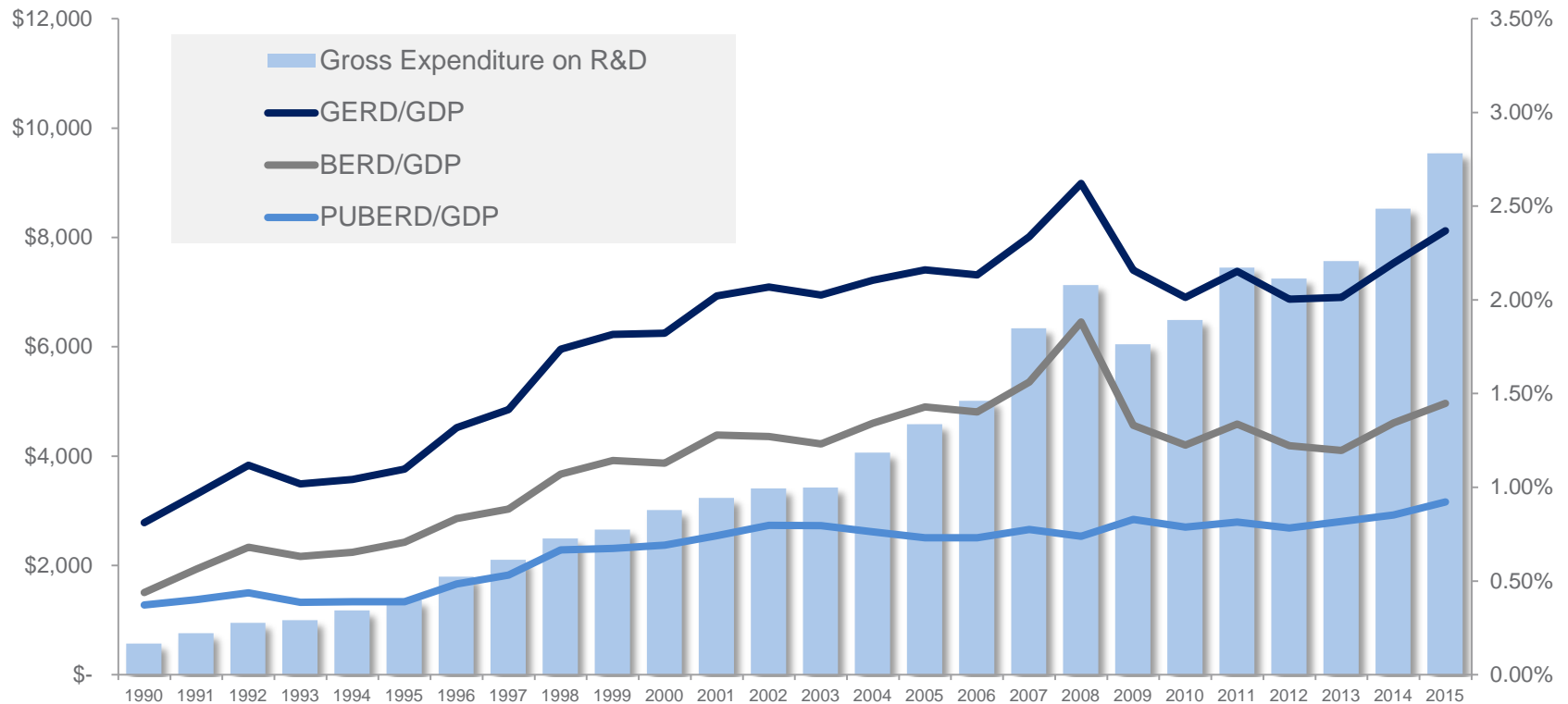
CROSS-CUTTING PROGRAMMES (HORIZONTALS)



# Singapore's R&D expenditure

Gross Expenditure on R&D (GERD) \$m

R&D Expenditure as a percentage of GDP %



Source: R&D Survey of Singapore

# Strong Presence of Multinational Corporation with regional and global Mandates



**HITACHI**  
Inspire the Next



**Nestlé**



**BOSCH**  
Invented for life

**JACOBS**



**ExxonMobil**

**ABB**



**PHILIPS**

**SIEMENS**



# A vibrant Ecosystem of Global mid-sized Enterprises





# Singapore's Corporate Tax Regime



## Corporate Tax Rates

Companies are taxed at a flat rate of 17% on chargeable income.

0%

Capital Gains Tax

0%

Withholding Tax on Dividends

10%

Withholding Tax on Royalties

15%

Withholding Tax on Interest

## Broad-Based Tax Relief Schemes

Tax Exemption for New Start-Up Companies

Partial Tax Exemption for All Companies

Deduction of Expenses Incurred before Commencement of Business

Productivity and Innovation Credit Scheme

Wage Credit Scheme

For further information, please refer to : <http://www.iras.gov.sg>

# Next Steps

- Singapore Welcome Center for Corporates (SWCC)
- Willing to liaison with Clark Schaefer Hackett
- Access to Needs in Singapore
- Phillicia Lim  
([Phillicia\\_Lim@edb.gov.sg](mailto:Phillicia_Lim@edb.gov.sg))



# Want More Information?

Contact your CSH representative or:



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- 513.768.7526