International Business Report 2007

Country focus

Grant Thornton

Singapore

The Grant Thornton International Business Report (IBR) 2007 examines the attitudes, plans and trends of 7,200 businesses in 32 countries across six continents. IBR builds on data collected in previous surveys* and boasts 15-year trend data for EU countries and 5-year trend data for international participants.

This year's survey reveals that businesses in most countries remain optimistic about economic prospects for the year ahead. For the fourth consecutive year, India tops the league table as the most optimistic country with an optimism/pessimism balance** of +97%, whilst Japan is at the bottom this year with a balance of -5%. Meanwhile, businesses in the UK are significantly more optimistic about 2007 (+43%) than they were about 2006 (+8%).

Businesses in East Asia*** are more optimistic than in any other global region, and although levels of optimism do vary throughout the East Asian countries/territories, overall optimism has risen significantly. This year over half of all East Asian businesses are positive about their country's economy (+54%) compared to a balance of +42% in 2006. East Asia continues to present a very mixed picture however, with optimism/pessimism balances ranging from +88% in the Philippines to -5% in Japan.

Against a buoyant regional and global backdrop Singapore's exports have grown vigorously in recent years, underpinning extremely robust expansion in manufacturing output, which approached 12% in 2006. In addition, domestic demand was strong, led by fixed investment which also grew at almost 12%. Growth in other sectors such as services and construction was also healthy, contributing to GDP growth at 7.9%. With expansion at this impressive pace, inflation running at around 1% and a healthy trade surplus, the economy remains in very good shape.

* the European Business Survey (EBS) charted the views and trends of privately held businesses in Europe between 1993 and 2002. This was followed by the International Business Owners Survey (IBOS) which ran from 2003 to 2006.

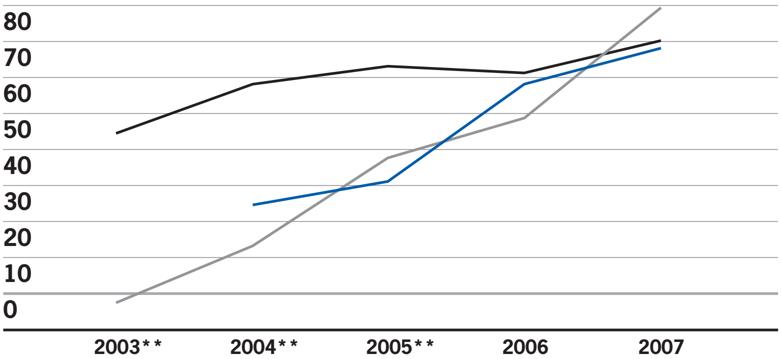
** the balance is the proportion of companies reporting they are optimistic less those reporting they are pessimistic.

*** for the purposes of IBR, the term 'East Asia' refers to those East Asian economies covered by IBR – mainland China, Hong Kong, Japan, Malaysia, the Philippines, Singapore, Taiwan and Thailand.

Business expectations/turnover

- Businesses in Singapore are significantly more optimistic about turnover prospects (+79%) than they were in 2006 (+49%).
- Their levels of optimism regarding turnover performance are also above both the East Asian average (+68%) and the global average (+70%).
- The level of optimism in investments in new buildings however is the lowest in East Asia (9% compared to an East Asian average of 50%).

Turnover expectations (% balance*)



	2003**	2004**	2005**	2006	2007
Global	44	58	63	61	70
East Asia	–	24	31	58	68
Singapore	-3	13	38	49	79

* the balance is the proportion of companies reporting that they are optimistic less those reporting that they are pessimistic

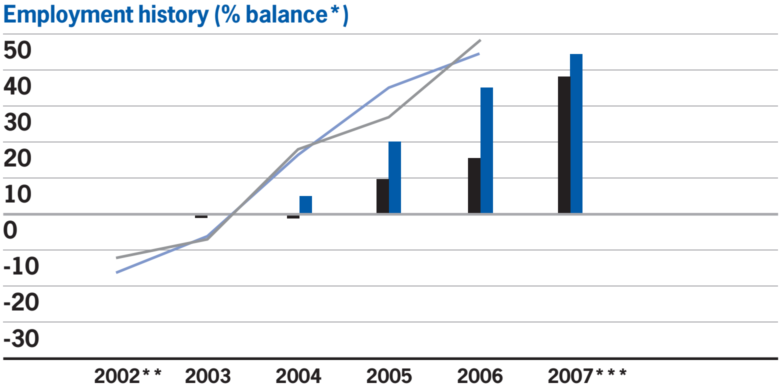
** East Asia and global figures exclude Mainland China for these years

Source: Grant Thornton International Business Report 2007

Employment

- Expected employment growth in Singapore has risen from +16% in 2006 to +38% in 2007.
- Companies in East Asia are still overall more optimistic with regard to employment growth than Singaporean businesses.
- Actual reported employment growth in Singapore has also risen from a balance of +27% in 2005 to a balance of +48% in 2006; above the East Asian average of 44%.

Employment history (% balance*)



	2002**	2003	2004	2005	2006	2007***
Act. Singapore	-12	-7	18	27	48	–
Exp. Singapore	–	-1	-1	10	16	38
Act. East Asia	-17	-6	17	35	44	–
Exp. East Asia	–	–	5	20	35	44

* the balance is the difference between the proportion of businesses indicating an increase and those indicating a decrease

** 2002 expected data not available

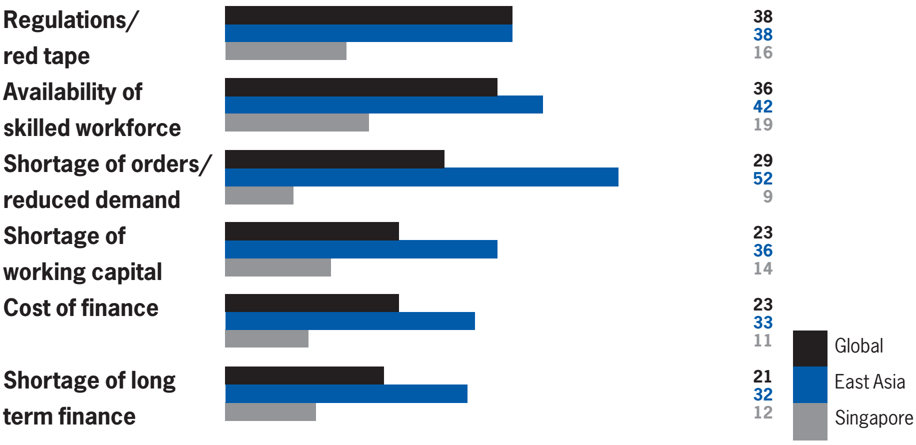
*** 2007 actual data will be documented in IBR 2008

Source: Grant Thornton International Business Report 2007

Constraints

- Lack of availability of a skilled workforce is the most restricting constraint on expansion for businesses in Singapore (19%).
- All these factors are far more of an issue for businesses in East Asia and globally than for Singaporean businesses.
- There is a relatively even spread in the cited constraints, with the lowest being shortage of orders/reduced demand (9%).

Constraints (%*)



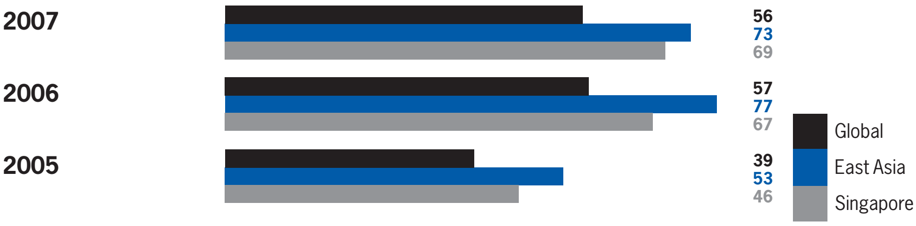
* % companies rating constraint 4 or 5 on a scale of 1 to 5, when 1 is not a constraint and 5 is a major constraint

Source: Grant Thornton International Business Report 2007

Stress levels

- This year, the proportion of business owners in Singapore reporting an increase in stress levels is slightly higher than in 2006.
- 69% report that they have experienced a rise in stress levels, 4% less than the East Asian average (73%).
- In order to gain insight into how business owners manage stress, we also asked about how many hours they work a week. On average, business owners in Singapore work 54 hours per week, marginally more than the global average of 53 hours.

Rise in stress levels (%*)



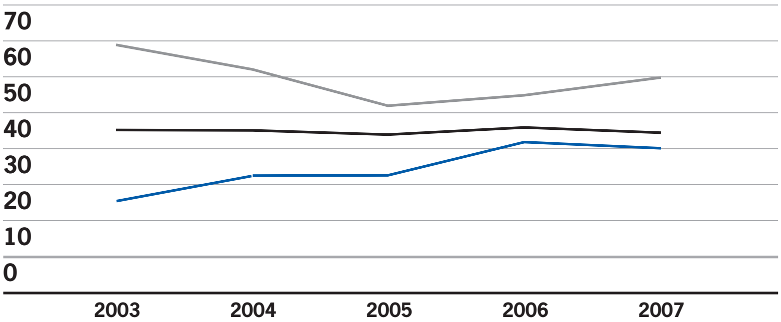
* % of respondents indicating that stress levels had increased or increased significantly over the past year

Source: Grant Thornton International Business Report 2007

International trade

- The proportion of Singaporean companies exporting has increased in the last year.
- 50% of Singaporean companies now export, 5% more than last year.
- This is significantly higher than both the East Asian average (30%) and the global average (34%), both of which have fallen slightly since 2006.

Proportion of businesses exporting (%)



	2003	2004	2005	2006	2007
Global	35	35	34	36	34
East Asia	16	22	22	32	30
Singapore	59	52	42	45	50

Source: Grant Thornton International Business Report 2007

Globalisation

- Singaporean businesses are much more likely to see globalisation as an opportunity (74%) than a threat to their business (5%).
- Businesses in the East Asia and globally are considerably more likely to see globalisation as a threat (17% and 18% respectively) compared to businesses in Singapore.

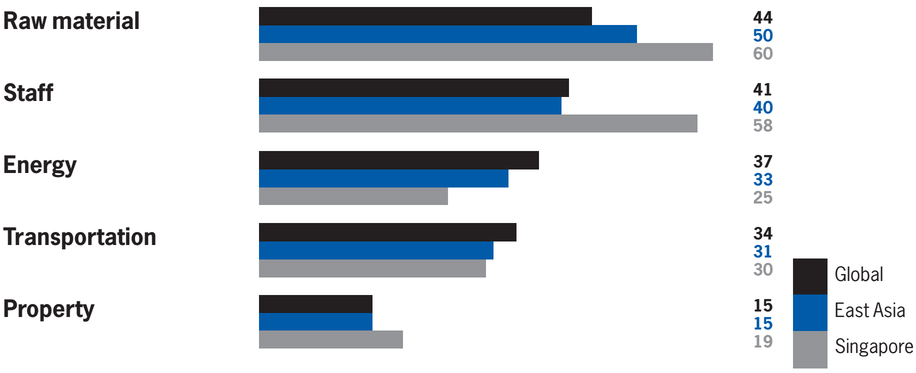
Impact of Globalisation (%)

Source: Grant Thornton International Business Report 2007

Impact on cost pressures

- Over half of all Singaporean businesses expect raw material costs (60%) and staff costs (58%) to have a major impact on their cost pressures over the coming year.
- Only a quarter of all businesses in Singapore see energy costs as having a major impact; less than the East Asian average (33%) and the global average (37%).

Major impacts on cost pressures



Source: Grant Thornton International Business Report 2007

The Singapore economy has continued to post strong gains this year, although manufacturing is growing at a more modest pace in line with the US slowdown. Even so, growth in the sector is expected to reach 7%. With continuing strength in services and construction, further strong investment and consumer spending picking up, projections for GDP have been upgraded to 6%, with inflation staying near 1% and another large trade surplus in prospect.

To find out more about the Grant Thornton International Business Report (IBR) and to obtain copies of topical supplements, including focuses on emerging markets, energy and environmental issues and European business, please visit www.internationalbusinessreport.com. Summaries are also available for each of the 32 participating countries, as well as regional and global summaries. You can also complete the questionnaire online and benchmark your answers against those of businesses around the world.

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Participating countries

Argentina	Ireland	Russia
Armenia	Italy	Singapore
Australia	Japan	South Africa
Botswana	Luxembourg	Spain
Brazil	Mainland China	Sweden
Canada	Malaysia	Taiwan
France	Mexico	Thailand
Germany	The Netherlands	Turkey
Greece	New Zealand	UK
Hong Kong	Philippines	US
India	Poland	

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