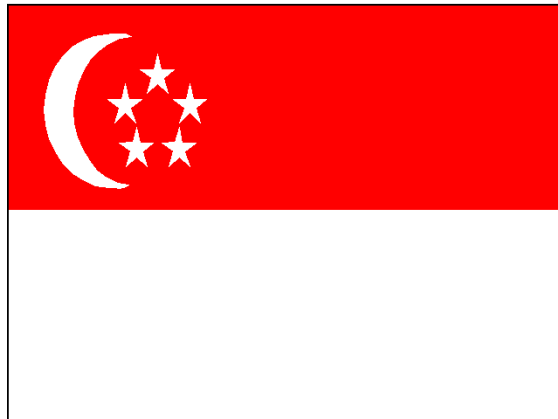


THE ASEAN BUSINESS OUTLOOK SURVEY 2011

SINGAPORE REPORT



Compiled by:

The American Chamber of Commerce (AmCham) in Singapore

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TABLE OF CONTENTS

1. Introduction	4
Research Background & Objectives	4
Survey Methodology	4
Brief Outline of Results	5
2. Business Outlook	6
World Economic Outlook	6
Current Business Climate	7
Importance of ASEAN Markets in Global Business	7
Effectiveness of ASEAN	9
Business Direction and Movement in ASEAN	11
Profit Outlook	13
Workforce Expansion	14
Employment of Expatriates	15
3. Factors Impacting Business in Singapore	17
Local Business Environment Factors	17
Major Strengths	17
Major Concerns	17
Other Local Business Environment Factors	18
Economic Conditions	19
Taxation	20
International Educational Institutions	22
Impact of Global Climate on CSR	23
4. Conclusion	24
Appendices	25
(A) Local Factors Impacting Business	25
Table A-1: Satisfaction with Factors Impacting Business	
Table A-2: Satisfaction with Local Government Institutions	
(B) Reasons for Business Expansion in ASEAN over the Next Two Years	26
Table B-1: Reasons for Business Expansion	
(C) Importance of ASEAN Markets over the Next Two Years	26
Table C-1: Reasons for saying ASEAN markets will be more important	
(D) Sample Profile	27
Table D-1: Workforce and Turnover	
Table D-2: Scope of Responsibility/Primary Activity	
(E) Reasons behind the choice of country for business expansion	28

INTRODUCTION

Research Background & Objectives

The American Chamber of Commerce in Singapore (AmCham Singapore), in cooperation with other AmChams in the ASEAN region, conducted a study among U.S. companies based in seven Southeast Asian countries: Cambodia, Indonesia, Malaysia, Singapore, the Philippines, Thailand, and Vietnam.

This study is now in its 10th year. The purpose of the study is to understand members' outlook on business growth in Southeast Asia and their perceptions about a series of local factors. The members surveyed were senior executives, working with a company held by or with an American majority interest. AmCham Singapore developed a survey design using a web-based instrument.

This report presents the feedback received from executives of U.S. companies in **Singapore**.

Survey Methodology

Table 1.1

Survey Scope:	Senior Executives of U.S. Companies based in Singapore
Sample Size:	A list of 392 AmCham members with e-mail contacts was provided by AmCham Singapore. Response rate was about 19% (73) at the end of the data collection period.
Data Collection Method:	Web-based, self-administered survey. No enforcement on participation.
Data Collection Period:	May 18 to June 8, 2011

Note: Percentages may not add up to 100% due to respondents choosing "I don't know" or "Not applicable."

Sample Profile

(See Appendix D)

- Most respondents (90%) are responsible for multiple countries. The highest recording was a rate of 94% responsible for multiple countries in 2003.
- The percentages of respondent member companies in the services sector and manufacturing sector remained consistent with the past year. However, from 2008 to 2009 a strong shift occurred from the services sector dominating to manufacturing companies comprising a larger proportion. This change also was due in part to the over 20% of respondents that chose the "other" category when it first became available in 2009. The percentage of respondents that chose "other" in 2010 remained consistent with that of 2009, and the 2011 figure remains comparable to past years at 18%.
- 39% of respondents had fewer than 50 employees in the region, and an additional 30% had a workforce of between 50 and 500 employees in the region.
- The largest portion of respondents (47%) had a turnover of between \$1 million and \$50 million in Singapore in 2010. Singapore turnover accounted for less than 5% of global turnover for 67% of respondents and between 5% and 25% of ASEAN turnover for 30% of respondents. Other ASEAN countries with significant turnover for Singapore respondents were Malaysia (22%) and Thailand (28%).

BRIEF SUMMARY

BUSINESS OUTLOOK

World Economic Outlook:

- 70% predict a better or much better performing economy in 2011 than in 2010.

Current Business Climate:

- Respondents facing significant financing constraints decreased from 24% in 2010 to 14% in 2011.
- Most respondents (83%) do not face higher costs of borrowing.

Importance of ASEAN Markets in Global Business:

- 67% of respondents report that ASEAN markets have increased in importance to their companies in the past two years.
- Most respondents (68%) expect ASEAN importance to increase in the next two years.

Effectiveness of ASEAN:

- 79% of respondents find ASEAN integration important to doing business in the region.
- 73% of respondents use the ASEAN FTA.

Business Direction and Movement in ASEAN:

- 76% of respondents' companies expanded in ASEAN in the past two years. 86% of respondents plan to expand in the next two years.

Profit Outlook:

- 77% expect a profit increase in 2011.
- 85% expect a profit increase in 2012.

Workforce Expansion:

- 67% expect a workforce increase in 2011.
- 29% expect an increase of 5 to 10%.
- 29% expect an increase of 10 to 15%.
- 73% expected a workforce increase in 2010.

FACTORS IMPACTING BUSINESS IN SINGAPORE

Economic Conditions:

- 92% expect the Singapore economic growth rate to increase.
- 94% expect an increase in cost of living.
- 91% expect an increase in housing cost.
- 87% expect the Singapore Dollar to appreciate against the U.S Dollar.
- 48% expect an increase in interest rate.

Figure 1: World Economic Outlook in 2011 in Comparison With 2010 Economy

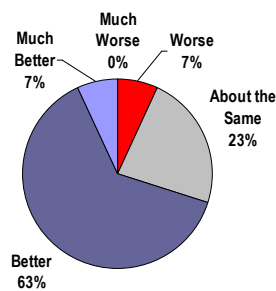


Figure 2: Growth of ASEAN Importance over Next Two Years

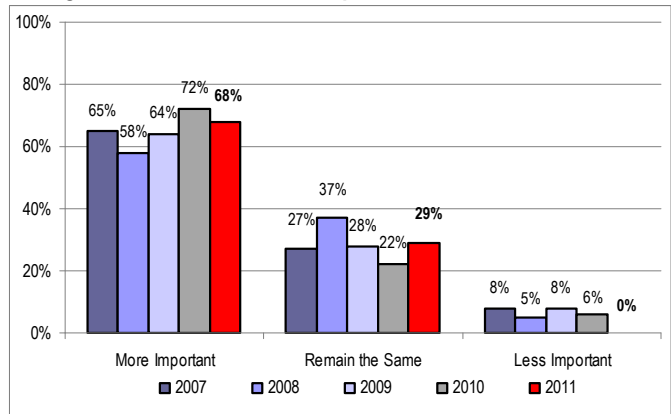


Figure 3: Profit Outlook 2011

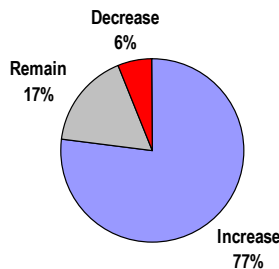
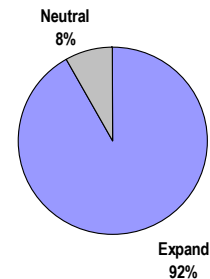


Figure 4: Expectations of Expansion of Singapore Economy



Major Strengths (% Satisfied)	Major Concerns (% Dissatisfied)
Infrastructure (93%)	Housing costs (77%)
Stable government & political system (89%)	
Sentiment towards the U.S. (86%)	
Laws & regulations (84%)	
Personal security (84%)	
Corruption levels (80%)	Office lease costs (58%)
Tax Structure (74%)	
New Business incentives offered by government (67%)	Availability of low cost labor (40%)
Ease of moving your products through customs (61%)	
Availability of trained personnel (59%)	

2. BUSINESS OUTLOOK

2.1 World Economic Outlook

Figure 2.1.1: Expectations for performance of world economy compared with 2010

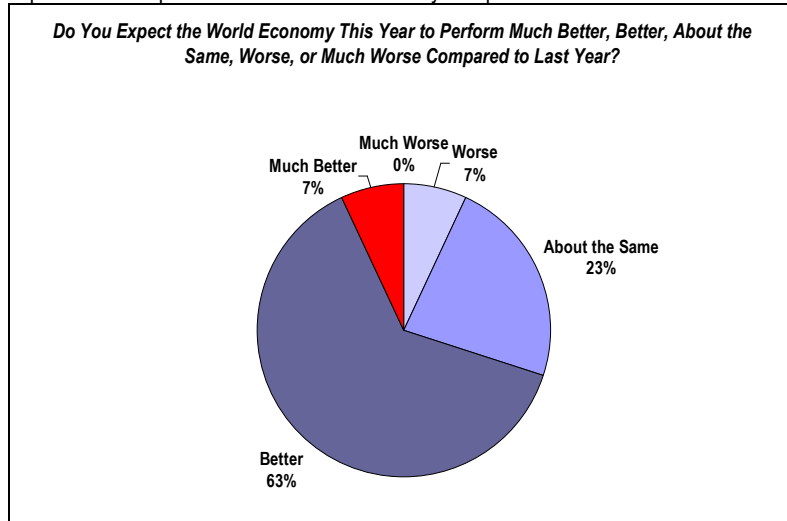
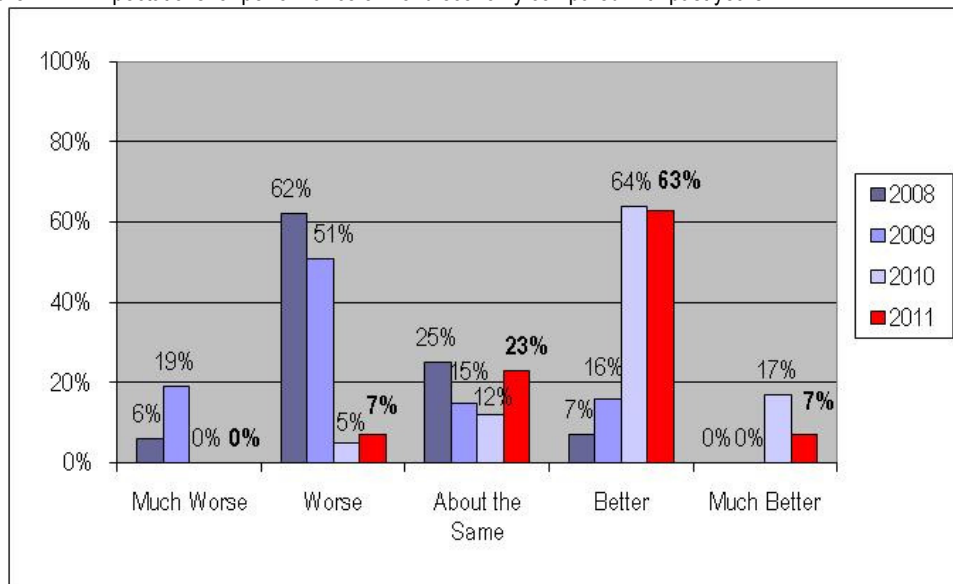


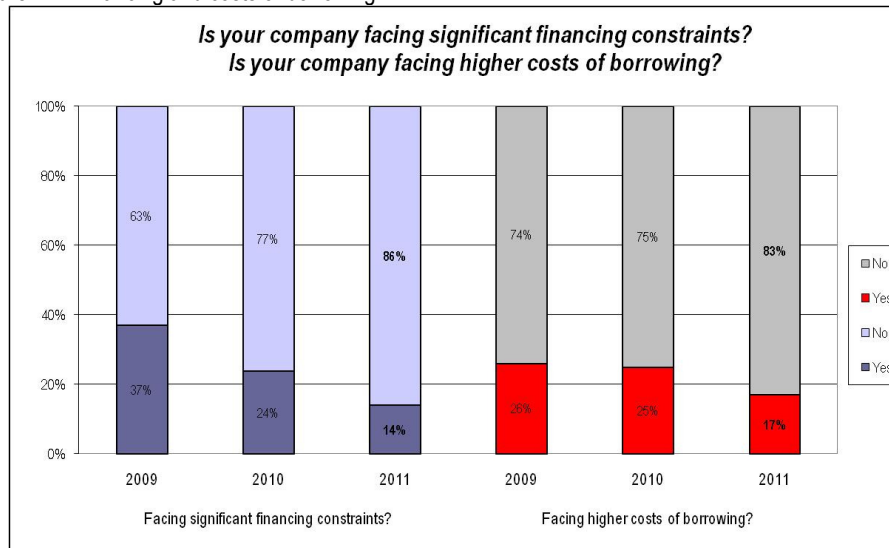
Figure 2.1.2: Expectations for performance of world economy compared with past years



- ◆ Economic outlook is positive in 2011, with the most respondents (70%) expecting a better or much better performance of the world economy this year than last year, and none expecting a much worse performance of the world economy compared to last year.
- ◆ The economic outlook is slightly less positive than in 2010, when 81% of respondents expected a better or much better performance of the world economy than the previous year.

2.2 Business Climate

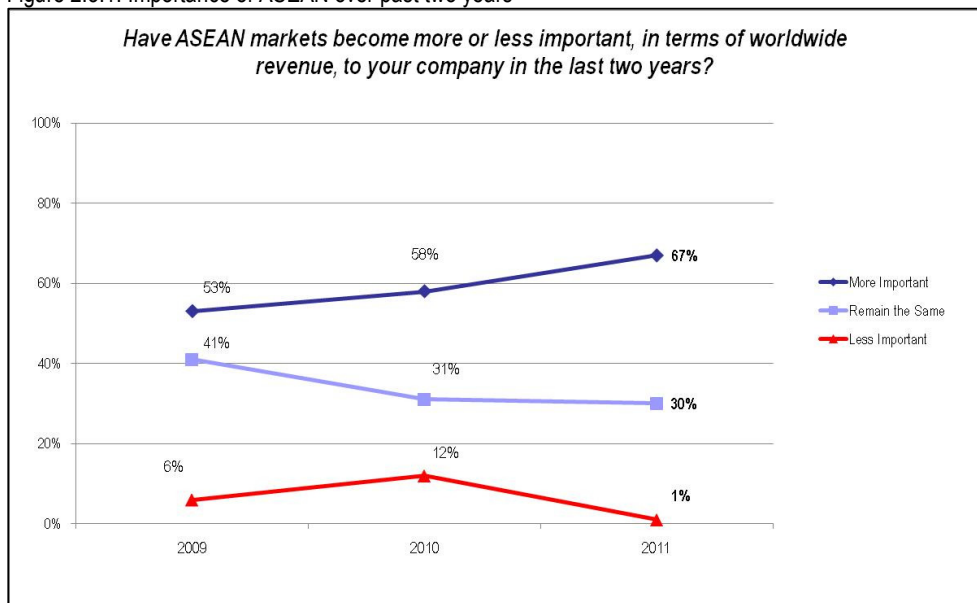
Figure 2.2: Financing and costs of borrowing



- ◆ The percentage of businesses facing significant financing constraints and higher costs of borrowing continues to decrease in 2011, reaching lows of 14% and 17%, respectively.
- ◆ These figures show a considerable decrease from the 37% of businesses facing significant financing constraints and 26% facing higher costs of borrowing in 2009.

2.3 Importance of ASEAN Markets in Global Business

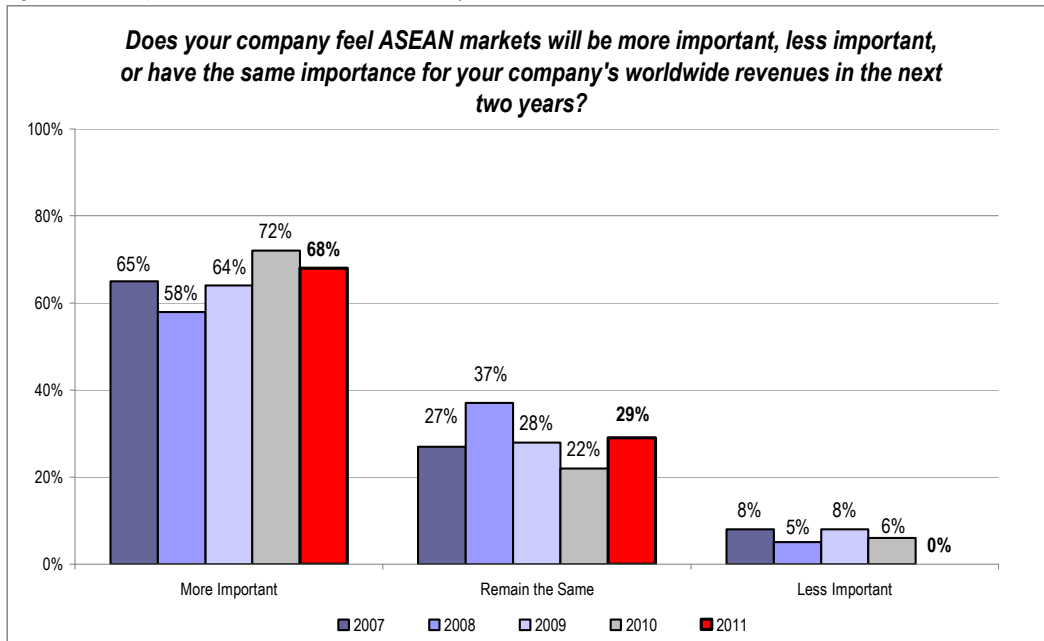
Figure 2.3.1: Importance of ASEAN over past two years



- ◆ ASEAN markets continue to grow in importance, with 67% of respondents stating that ASEAN markets became more important in terms of worldwide revenue to their company in the last two years.
- ◆ Only 1% of respondents believe ASEAN markets have become less important.

Importance of ASEAN over the Next Two Years

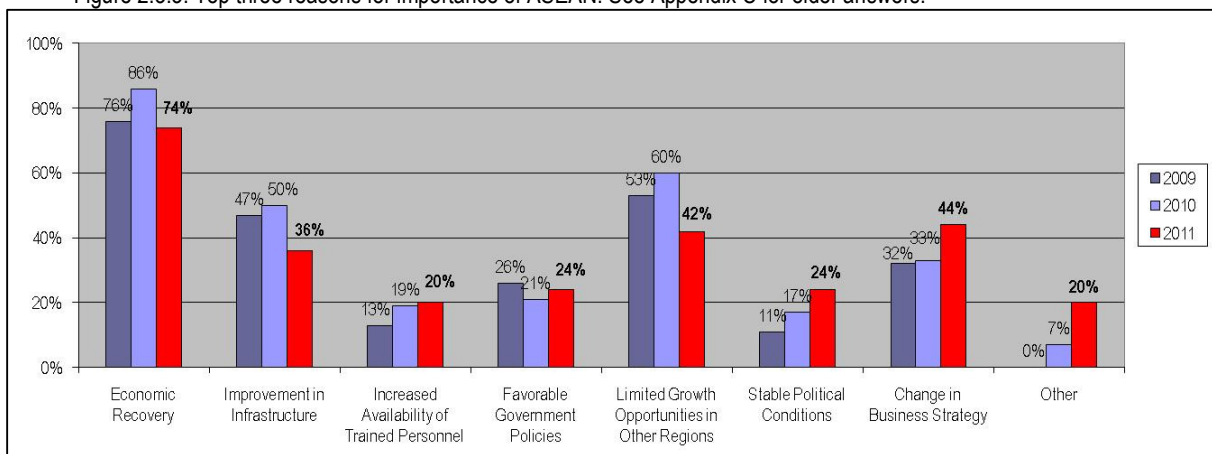
Figure 2.3.2: Importance of ASEAN over next two years



- ◆ Most respondents (68%) believe that ASEAN markets will be more important in the next two years, while 29% believe that the markets will have the same importance.
- ◆ None of the respondents believe that ASEAN markets will be less important in the next two years for their company's worldwide revenues.

Top Three Reasons for Importance of ASEAN

Figure 2.3.3: Top three reasons for importance of ASEAN. See Appendix C for older answers.



- ◆ "Economic recovery" continues to be a top reason for believing that ASEAN markets will be more important than the next two years, at 74%.
- ◆ "Stable political conditions" grew to 24% from 17% in 2010.
- ◆ "Limited growth opportunities in other regions" decreased from 60% in 2010 to 42% in 2011.
- ◆ "Change in business strategy" grew as a top reason, from 33% in 2010 to 44% in 2011.

What Does Your Company View as the Most Significant Barrier to Conducting Business within ASEAN?

This was an open-ended response; selected comments are listed.

“Corruption in most ASEAN countries undermines fair competition and increases the administrative costs of running a business”

“Lack of transparency”

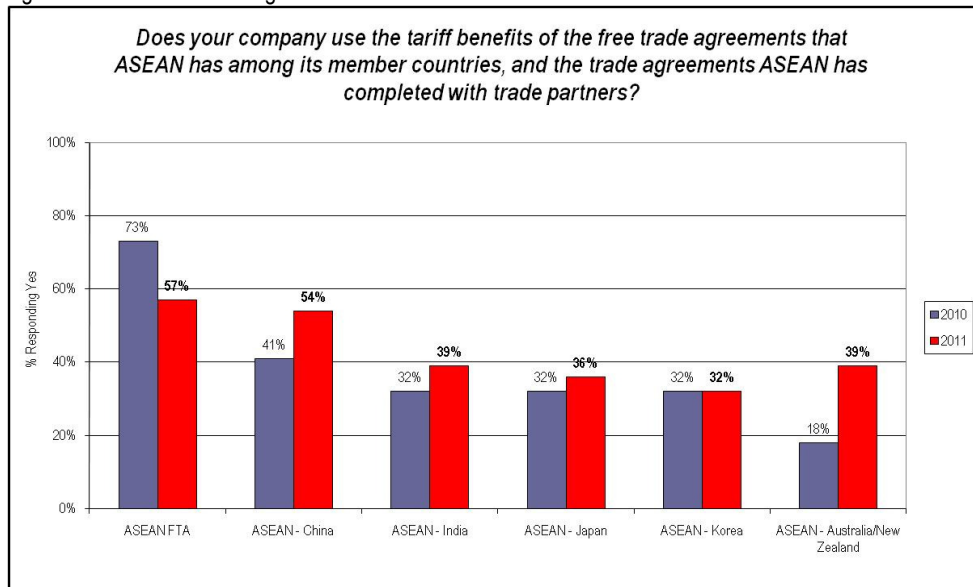
“Cross-border difference in laws and regulations”

“Customs regulations and charges”

“Costs are rising in US\$ terms”

2.4 Effectiveness of ASEAN

Figure 2.4.1: ASEAN trade agreements



- ◆ The ASEAN FTA is the most used trade agreement, with 57% of respondents using its tariff benefits. The number of respondents using the ASEAN FTA decreased substantially in 2011 to 57% from the 2010 figure of 73%.
- ◆ The number of respondents using the other FTAs remained stable or increased from 2010 to 2011.

What hinders your business in using these trade agreements?

This was an open-ended response; selected comments are listed.

“Lack of clear procedures and rule of law”

“We are hindered by what is missing. These are very traditional agreements that don't focus enough on 21st century issues like cross border data flows”

“The paperwork is cumbersome”

“Different countries in ASEAN have different administrative procedures”

“Not relevant to our service offering”

Importance of ASEAN Integration

Figure 2.4.2: Importance of ASEAN integration

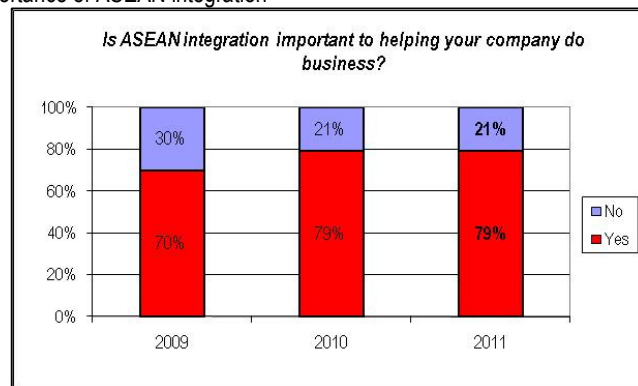
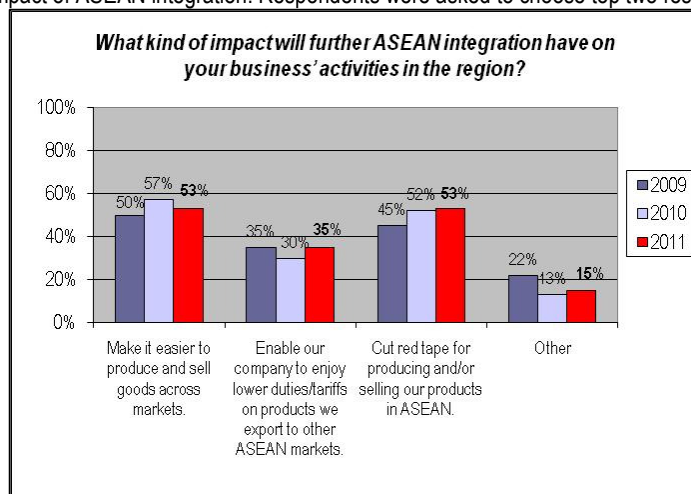


Figure 2.4.3: Impact of ASEAN integration. Respondents were asked to choose top two responses.



- ◆ ASEAN integration continues to be important in 2011. 79% of respondents believed it to be important to helping their companies do business.
- ◆ The majority of respondents stated that ASEAN integration will “make it easier to produce and sell goods across markets” (53%) and “cut the red tape for producing and/or selling our products in ASEAN” (53%), similar to 2010 figures.
- ◆ Responses to “other” (15%) include “fuel growth” and “possibly not too much impact.”

2.5 Business Direction and Movement in ASEAN

Figure 2.5.1: Past ASEAN expansion

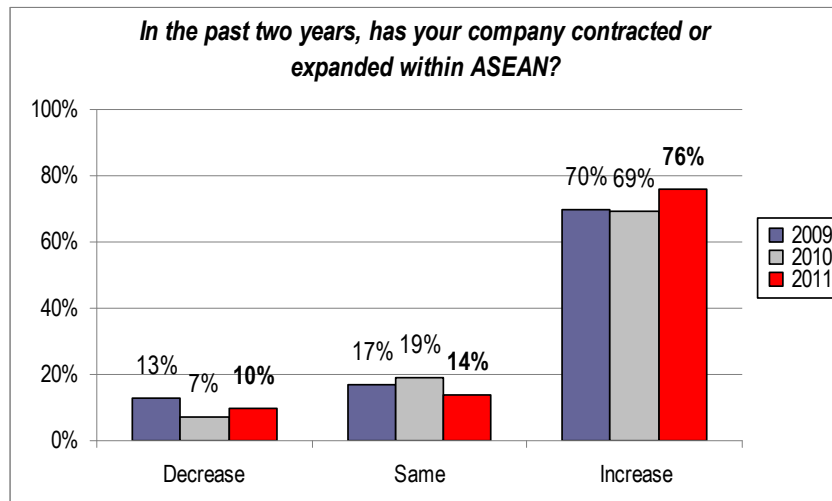
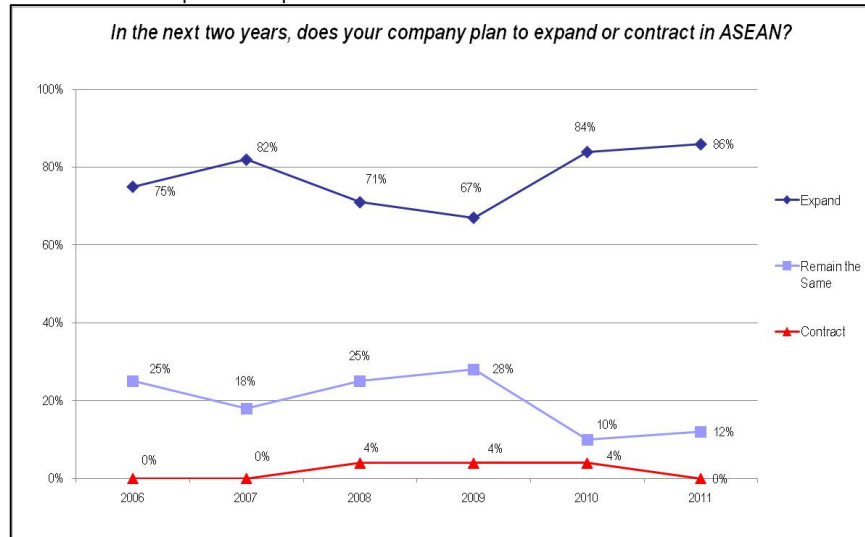


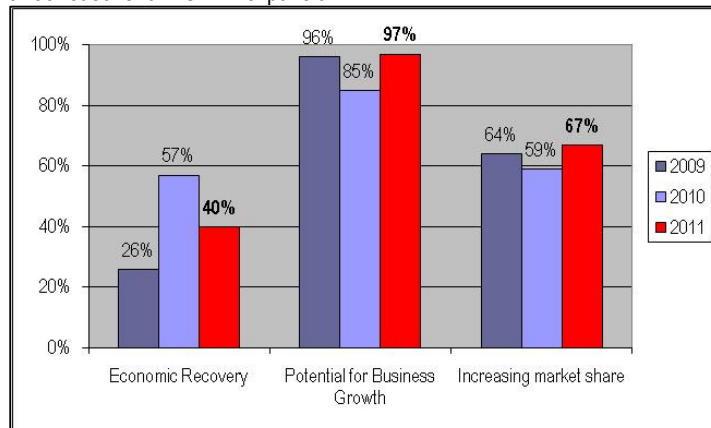
Figure 2.5.2: ASEAN Expansion expectations.



- ◆ During the past two years, 76% of respondents increased or significantly increased their business in ASEAN, an increase compared to 69% in 2010.
- ◆ Most respondents (86%) plan to expand in ASEAN over the next two years, similar to the 2010 figure of 84%.
- ◆ No respondents plan to contract their companies in ASEAN over the next two years.

Top Three Reasons for ASEAN Expansion

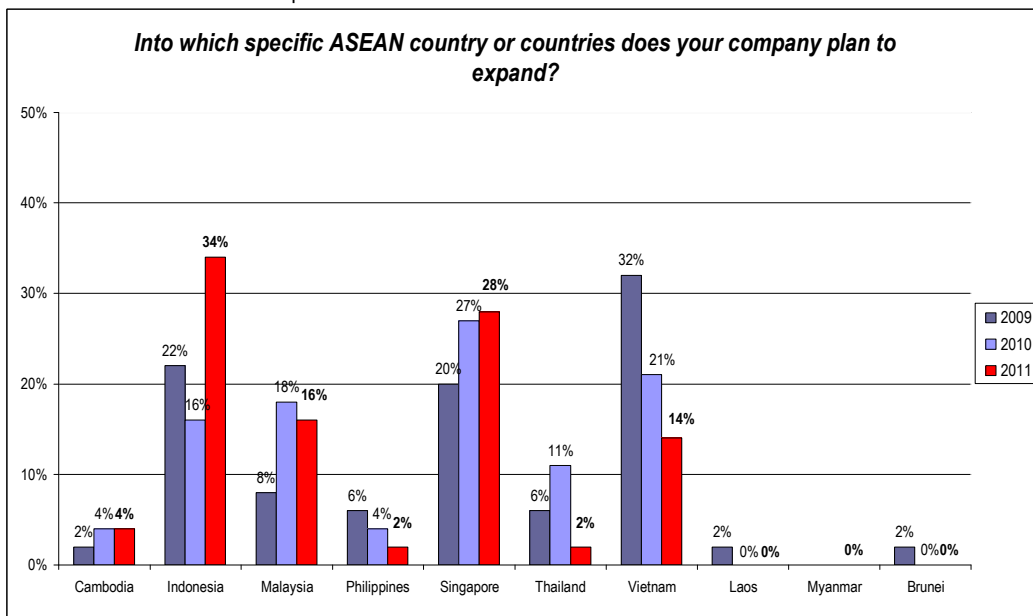
Figure 2.5.3: Top three reasons for ASEAN expansion.



- ◆ “Economic recovery” decreased as a reason for ASEAN expansion, from 57% of respondents in 2010 citing it as a top reason to 40% in 2011.
- ◆ “Potential for business growth” (97%) and “increasing market share” (67%) both increased slightly as top reasons for ASEAN expansion. See Appendix B for more reasons.

Location of ASEAN Expansion

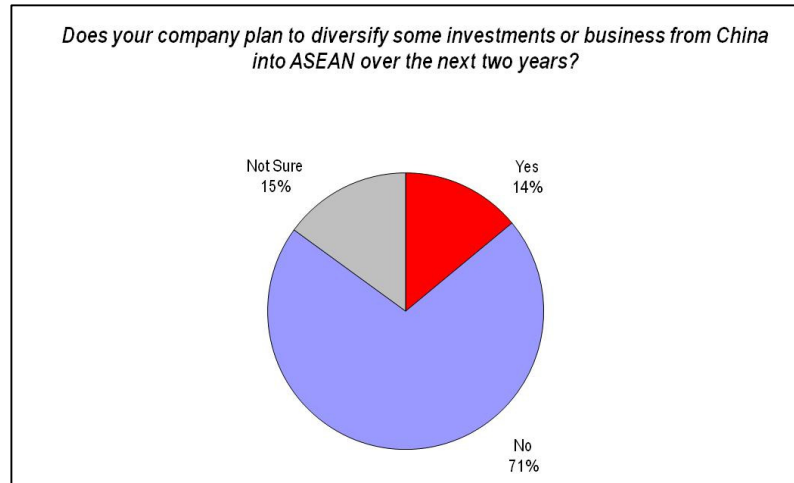
Figure 2.5.4: Location of ASEAN expansion.



- ◆ Indonesia is the most popular site for expansion, more than doubling to 34% in 2011 from 2010 (16%).
- ◆ Singapore is the second most popular site for expansion in 2011 (28%), after being the most popular site for expansion in 2010 (27%).
- ◆ Vietnam fell to 14% from 21% in the previous year.

- ◆ Top reasons for the choice of country in 2011 are “increasing market share” (54%), followed by “diversification of customer base” (26%). See Appendix E for more reasons.

Figure 2.5.5: Diversification from China into ASEAN



- ◆ The majority (71%) of respondents stated that their companies do not plan to diversify some investments or business from China into ASEAN over the next two years.

2.6 Profit Outlook

Compared to the past year, do you expect your profits in ASEAN in the current and coming years to increase, decrease, or remain the same?

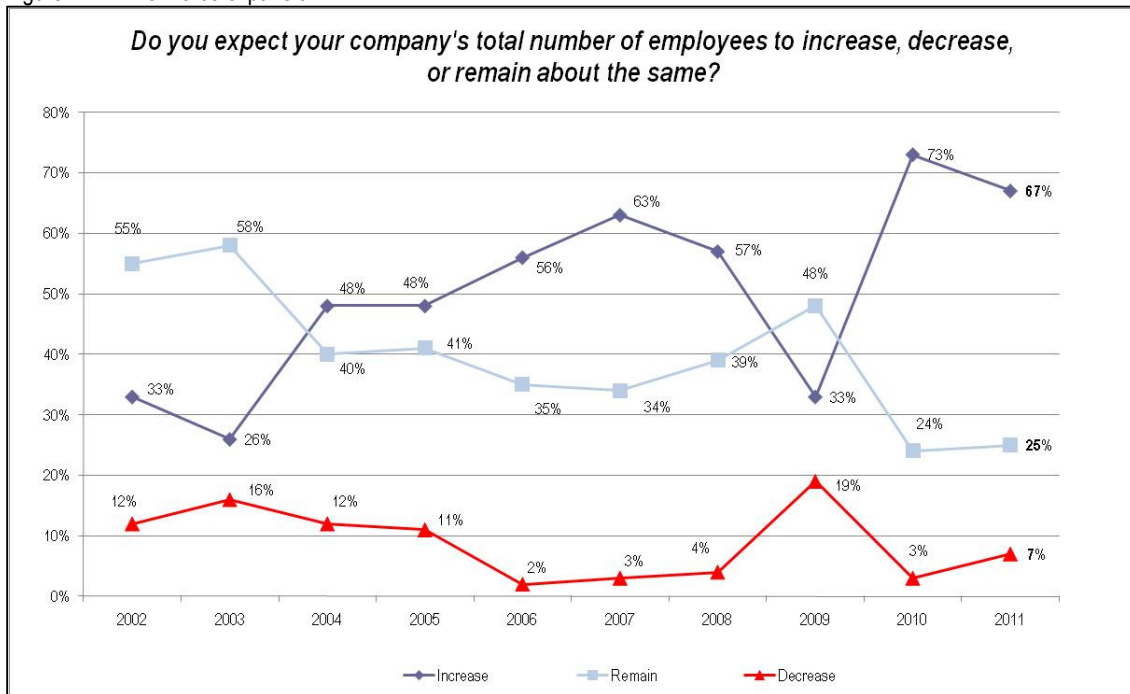
Figure 2.6: ASEAN profit outlook

Year of Survey			2006	2007	2008	2009	2010	2011
Profit Expectation	Current Year	Increase	64%	71%	53%	27%	73%	77%
		Remain	30%	24%	36%	36%	24%	17%
		Decrease	2%	5%	11%	34%	3%	6%
	Coming Year	Increase	69%	80%	71%	59%	85%	85%
		Remain	23%	15%	17%	30%	14%	15%
		Decrease	2%	3%	12%	10%	0%	0%

- ◆ Profit outlook remains positive, with the vast majority of respondents (77%) expecting profits to increase for the current year, and 85% expecting profits to increase in the coming year.

2.7 Workforce Expansion

Figure 2.7.1: Workforce expansion



By what percentage will the number of employees increase?

Table 2.7.1: Percentage of employee increase

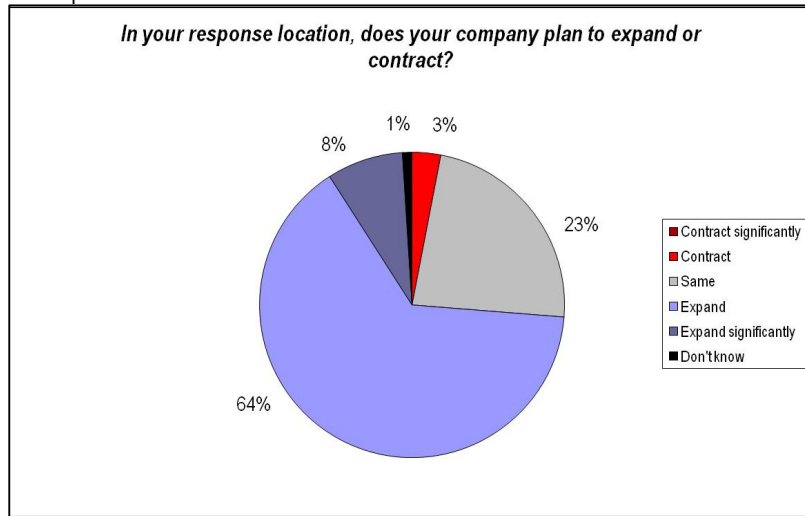
Year of Survey	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Workplace Expansion	0 to less than 5%	50%	48%	55%	48%	54%	37%	52%	39%	8%
	5 to less than 10%									29%
	10 to less than 15%									29%
	15 to less than 20%	17%	40%	27%	22%	19%	40%	30%	42%	16%
	20 to less than 50%	25%	13%	14%	19%	15%	9%	7%	9%	14%
	>50%	8%	0%	5%	7%	14%	13%	0%	8%	2%

For the first time in 2011, 0-10% was further separated into 0-5% and 5-10%. 10-20% was separated into 10-15% and 15-20%.

- ◆ Most respondents (67%) expect the number of employees to increase, slightly lower than 2010's figure of 73%. Out of these respondents, 29% expect an increase of 5% to 10%, and an additional 29% expect an increase of 10% to 15%.
- ◆ Out of the respondents who expect the number of employees to decrease (7%), 50% expect a decrease of 20% to 50%, and the other 50% expect a decrease of 10% to 15%.

Future Expansion

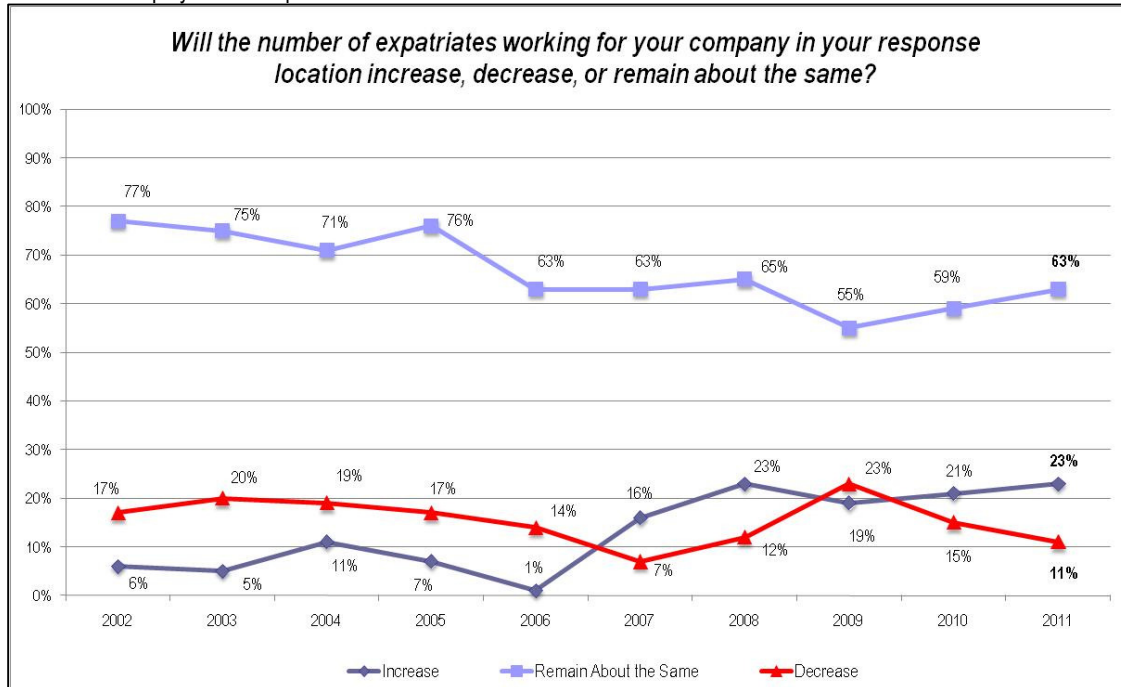
Figure 2.7.2: Expansion or contraction



- ◆ The majority (72%) of companies plan to expand or expand significantly in the response location.
- ◆ When asked their top three reasons for expansion, respondents most often chose “potential for business growth” (75%), “increasing market share” (44%), and “economic recovery” (40%). Another popular reason is availability of trained personnel/ efficient manpower (31%).

2.8 Employment of Expatriates

Table 2.8.1: Employment of expatriates



- ◆ The figures for the employment of expatriates are comparable to last year. There was a lower percentage of respondents who state that the number of expatriates working in the company will decrease, from 15% in 2010 to 11% in 2011, and a slight increase in the percentage of respondents who state that the number of expatriate employees will stay the same (from 59% to 63%).

What are the TOP THREE reasons the number of expatriates working for your company will INCREASE?

Table 2.8.1: Reasons for increased employment of expatriates

Year of Survey	2009	2010	2011
Policy decision by Head Office	44%	47%	29%
Lack of skilled manpower in the local market	63%	59%	65%
Business expansion	81%	71%	71%
Improved security conditions for expatriates	13%	12%	0%
Other	31%	29%	24%

- ◆ 23% expect the number of expatriates will increase in 2011, the main reason (71%) being business expansion.
- ◆ The top reasons for expecting a decrease in expatriate employment are to “reduce costs” (75%), “a decision from the Head Office (38%)”, and the “localization of expatriates” (38%).

Table 2.8.2: Expatriate satisfaction

Year of Survey	2009	2010	2011
Does your company regularly receive requests from employees based in other locations to work in your response location?			
Yes	51%	61%	60%
No	49%	39%	40%
Are your expatriate employees generally satisfied with their assignments in your response location?			
Yes	99%	96%	97%
No	1%	4%	3%
Do your expatriate employees attempt to extend their time in your response location?			
Yes	92%	89%	81%
No	8%	12%	19%

- ◆ A steady majority of companies (60%) regularly receive Singapore assignment requests.
- ◆ Overall expatriate employee satisfaction remains high at 97%.
- ◆ There is a decrease in the percentage of respondents who have expatriate employees attempt to extend their time in Singapore, from 92% in 2009 to 81% in 2011.

3. FACTORS IMPACTING BUSINESS IN SINGAPORE

Respondents were asked to rate their satisfaction with a series of local factors that could affect their business. The percentage of respondents who are satisfied or extremely satisfied with a given factor can be used to identify factors of strength. Conversely, the percentage of respondents dissatisfied or extremely dissatisfied with a particular factor can be used to identify areas held as concerns.

3.1 Local Business Environment Factors

Major Strengths

(Responded “Satisfied” or “Extremely Satisfied” at a combined rate of 59% or above in the 2011 survey)

Table 3.1: Time Comparison of satisfaction with major strengths.

Factors	2003	2004	2005	2006	2007	2008	2009	2010	2011
Infrastructure	95%	97%	97%	92%	99%	96%	97%	98%	93%
Availability of trained personnel	63%	67%	69%	64%	68%	51%	70%	58%	59%
Laws & Regulations	84%	87%	81%	83%	95%	89%	88%	85%	84%
Corruption Levels	92%	87%	91%	80%	87%	89%	91%	90%	80%
Tax Structure		70%	78%	85%	88%	80%	80%	81%	74%
Personal Security	95%	100%	97%	88%	97%	96%	88%	96%	84%
Stable government & political system	95%	94%	97%	86%	92%	91%	88%	90%	89%
Sentiment towards the U.S.							88%	87%	86%
New Business Incentives offered by government				75%	78%	71%	81%	77%	67%
Ease of moving your products through customs							56%	65%	61%
Free movement of goods within the region	91%	88%	86%	71%	68%	57%	58%	57%	63%
Local protectionism				56%	77%	57%	64%	61%	66%

See Appendix, Table A -1 for responses on all listed factors). *Empty boxes indicate areas that were neither strengths nor concerns for the year indicated. Highlighted responses represent that year’s response with the highest rate of satisfaction.

- ◆ Overall there is far more satisfaction than dissatisfaction with Singapore’s business factors.
- ◆ Singapore received its highest satisfaction ratings for “infrastructure” (93% satisfaction), “laws and regulations” (84% satisfaction), and a “stable government and political system” (89% satisfaction).
- ◆ Satisfaction levels generally decreased in major strengths from 2010 levels, with satisfaction down a few percentage points in all categories except “free movement of goods within the region,” which grew 6% in 2011, “availability of trained personnel,” which grew 1%, and “local protectionism,” which increased 5% to its highest ever rating of 66% satisfaction.
- ◆ “Personal security” reached its lowest point since 2003, with 84% of 2011’s respondents stating that they are satisfied with this factor, down from 96% in 2010.

Major Concerns

(Responded “Dissatisfied” or “Extremely Dissatisfied” at a considerable rate)

Table 3.2: Time Comparison of satisfaction with major concerns.

Factors	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Availability of Low Cost Labor	35%	53%				30%	41%	29%	29%	40%
Housing Costs	31%	50%	52%	47%	42%	61%	74%	55%	78%	77%
Office Lease Costs					27%	45%	74%	47%	43%	58%

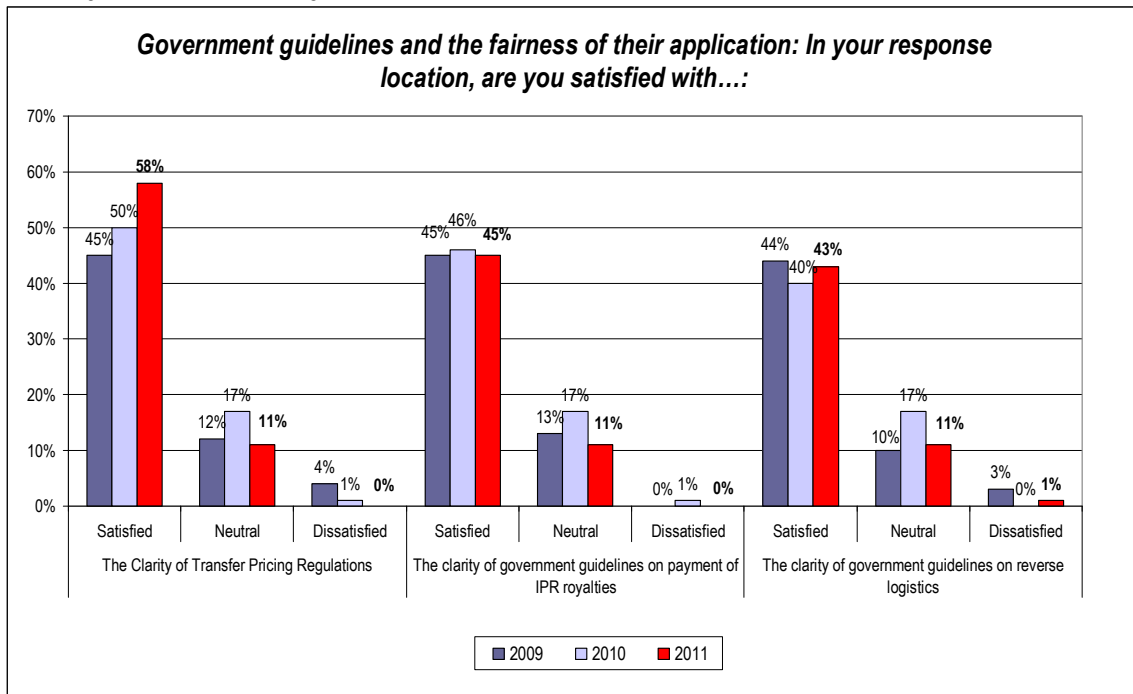
(See Appendix, Table A-1 for responses on all listed factors). *Empty boxes indicate areas that are neither strengths nor concerns. Highlighted responses represent that year’s response with the highest rate of dissatisfaction.

- ◆ There is high dissatisfaction with office lease costs (58%), housing costs (77%), and availability of low cost labor (40%).
- ◆ Dissatisfaction grew in the categories of availability of low cost labor and office lease costs. For “availability of low cost labor,” dissatisfaction grew from 29% in 2010 to 40% in 2011. Dissatisfaction in office lease costs grew from 43% in 2010 to 58% in 2011.
- ◆ Dissatisfaction in housing costs remained largely unchanged, moving from 78% in 2010 to 77% in 2011.

3.2 Other Local Business Factors

Government Guidelines and the Fairness of their Application

Figure 3.2.1: Government guidelines.



- ◆ Compared to 2010, there is an increase in the number of respondents who were satisfied with “the clarity of transfer pricing regulations,” from 50% to 58%.
- ◆ Levels of satisfaction with government guidelines and the fairness of their application overall remain comparable to the previous to years, with the largest portion of

respondents satisfied with the clarity of “transfer pricing regulations,” “government guidelines on payment of IPR royalties,” and “government guidelines on reverse logistics.” There is essentially no dissatisfaction with any of the government guidelines.

- ◆ The “clarity of government guidelines in reverse logistics” has the lowest satisfaction ratings among the three categories, at 43%.

Government Institutions

- ◆ Respondents are overall satisfied with local government institutions, with “immigration” (76%) and “taxation/revenue” (74%) receiving the highest satisfaction ratings.
- ◆ No respondents selected “extremely dissatisfied” for any institution. See appendix Table A-2 for more details.

3.3 Economic Conditions

Over this year, 2011, what do you think will happen in your response location regarding...?

Table 3.3: Expectations about local factors.

	Total Appreciate /Increase	Appreciate/ /increase Significantly	Appreciate/ increase	Neutral	Depreciate/ decrease	Depreciate /decrease Significantly	Total Depreciate /Decrease
Local currency vs. U.S. dollar	87%	15%	72%	3%	6%	0%	6%
Housing Cost	91%	21%	70%	8%	0%	0%	0%
Living Cost	94%	18%	76%	6%	0%	0%	0%
Interest Rate	48%	1%	47%	40%	4%	0%	4%
Overall economic growth	92%	3%	89%	8%	0%	0%	0%

- ◆ Outlook among respondents is positive overall, with the majority (92%) believing that there will be an expansion in economic growth.
- ◆ An overwhelming majority of respondents predict increases in living cost (94%), housing cost (91%), and the value of the Singapore dollar versus U.S. dollar (87%).
- ◆ No respondents predict a decrease in the living or housing costs, nor in overall economic growth.

*The U.S. Taxation, International Schools, and Corporate Social Responsibility sections were optional questions on the 2010 and 2011 surveys, and thus have a significantly smaller sample size. Of the 73 respondents that took the 2011 survey, 34 answered the optional questions. Results may have been affected by this change.

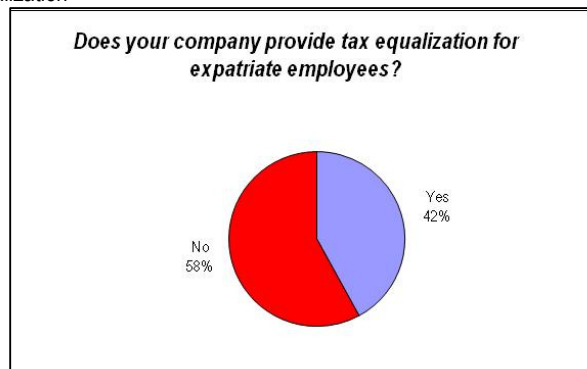
3.4 Taxation

Table 3.4: U.S. taxation

Year of Survey	2008	2009	2010	2011
<i>Have you experienced a significant increase in the amount you must pay toward U.S. income tax on your foreign earned income since the recent legislative changes in 2006?</i>				
Yes	46%	34%	69%	59%
No	54%	66%	31%	41%

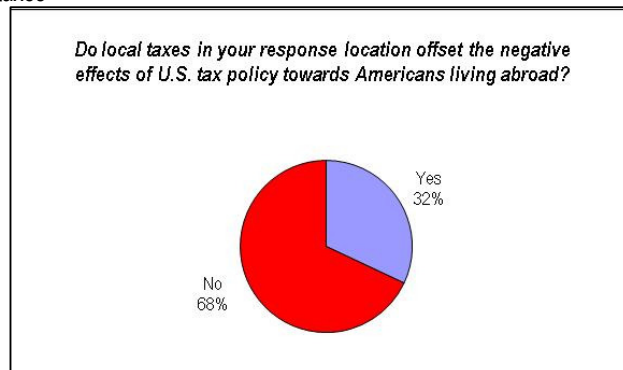
- ◆ A majority of respondents (59%) cited that they have experienced a significant increase in the amount they must pay toward U.S. income tax on their foreign earned income. This figure decreased from the 2010 response of 69%.

Figure 3.4.1: Tax equalization



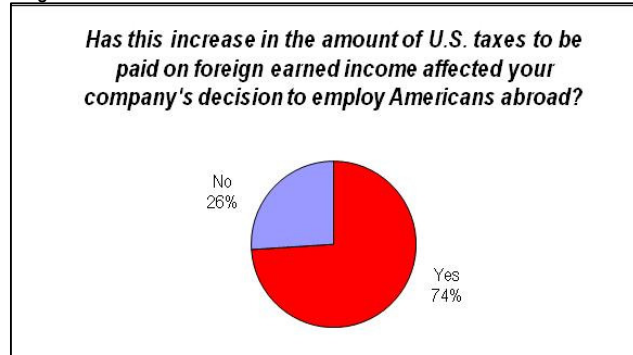
- ◆ A majority of the respondents' companies (58%) do not provide tax equalization for their expatriate employees.

Figure 3.4.2: Local taxes



- ◆ A substantial majority of the respondents (68%) cited that local taxes in Singapore do not offset the negative effects of U.S. tax policy towards Americans living abroad.

Figure 3.4.3: Tax on foreign earned income



- ◆ Most respondents (74%) reported that this increase in the amount of U.S. taxes on foreign earned income affected their companies' decision to employ Americans abroad.

Selected Comments on Taxation

“Americans are more expensive than expats from UK, Australia, India and local talent”

“It's clear that US employees are disadvantaged in employment because US taxes make them less appealing.”

“We have significantly cut back the number of Americans and expatriates living in Singapore because of the US taxes to be paid on foreign sourced income and because of the higher cost of living (particularly housing). It is in many cases cheaper to locate people in Hong Kong or Shanghai today. Never was the case in past years. Today, it is always a necessary calculation.”

3.5 International Schools

Table 3.5: International schools

Year of survey	2008	2009	2010	2011
Will the ability to find adequate space at international educational institutions in your response location be a significant problem in the next 1-3 years?				
Yes	51%	37%	45%	53%
No	49%	63%	55%	47%
Do you feel that the government of your response location is actively pursuing solutions to correct the space constraint at international educational institutions?				
Yes	69%	79%	63%	33%
No	31%	21%	37%	67%
Will the lack of adequate space at international educational institutions at your response location affect your company's decision to hire more local employees over foreign employees?				
Yes	54%	30%	72%	50%
No	46%	70%	28%	50%

- ◆ The ability to find adequate space at international educational institutions is a growing concern for the majority of respondents this year (53%), compared with 45% in 2010.
- ◆ There is a significant decrease in the percentage of respondents who feel that the Singaporean government is actively pursuing solutions to correct this space constraint, down to 33% in 2011 from 63% in 2010.
- ◆ Respondents are evenly split on if the lack of space at international educational institutions affects their companies' decision to hire more local employees.

Selected Comments on International Schools

“This is a major issue and possibly the major deterrent for mobility of expatriates”

“Long waiting lists and quite expensive tuition fees”

“[There is a] delay of transferring the expat to local country until he/she has an institution's vacancy available for his/her child education”

“I've not noticed a space constraint. My children go to Canadian International School. Perhaps because we arrived in early 2009 when expats were leaving, we did not experience any problem.”

3.6 Corporate Social Responsibility

Table 3.6: Corporate Social Responsibility

Year of Survey	2009	2010	2011
Is your company involved in CSR efforts?			
Yes	59%	83%	85%
No	41%	17%	15%
Do you expect your company's CSR efforts to increase or decrease in 2011 compared with 2010?			
Increase	49%	54%	59%
Remain the Same	49%	46%	41%
Decrease	2%	0%	0%
How frequent are your company's CSR efforts?			
Ongoing	50%	43%	40%
Monthly	4%	6%	7%
Multiple times per year	38%	49%	43%
Yearly	10%	6%	10%
What form does your company's CSR efforts take? (check all that apply)			
Fundraising	39%	56%	57%
Employee volunteering	91%	82%	89%
Cash donations	65%	62%	75%

- ◆ Most respondents stated that their company is involved in CSR efforts (85%). A majority (59%) expect their company's CSR efforts to increase in 2011 compared with 2010.
- ◆ 46% of respondents stated that the frequency of their company's CSR efforts is multiple times per year, the most popular response.
- ◆ Majorities of respondents' companies engage in each of the three types of CSR efforts (fundraising, employee volunteering, and cash donations). Employee volunteering was the most popular form of CSR effort (89%).

4. CONCLUSION

Positive expectations

Expectations of Singapore respondents remain positive in 2011. 70% of respondents expect a better or much better performance of world economy this year than in 2010, and 92% expect an increase in overall economic growth in the Singaporean economy. Most respondents (72%) state that they expect their company to expand or expand significantly in Singapore, while only 3% expect their company to contract. The main reason for this expansion is the potential for business growth with 75% of respondents citing it as one of their top three reasons.

ASEAN expansion

ASEAN continues to be a region of growth and opportunity. 86% of respondents plan to increase or increase significantly in ASEAN, nearly all because of the potential for business growth in the region (97%). More respondents are using the ASEAN FTA, 73% in 2011 compared to 57% in 2010. Profit outlook is positive, and 77% of respondents believe that their profits in ASEAN will increase in 2011, and 85% believe that their profits will increase in 2012. However, some respondents cited corruption and lack of transparency as barriers to doing business in ASEAN.

Location specific responses

As in the past, Singapore respondents generally have high satisfaction with local factors and government institutions. Infrastructure continues to be a major strength at 93%, and has been the highest rated factor for the past 7 years. Respondents also enjoy the stable government and political system (89%) and laws and regulations (84%). However, satisfaction ratings have generally experienced a slight decline since last year, and dissatisfaction with the availability of low cost labor (40%) and office lease costs (58%) have increased. Housing costs continue to have the highest level of dissatisfaction at 77%. Therefore, though Singapore is politically stable and has a satisfactory infrastructure, the cost of living and doing business is a disadvantage and many expect it to increase. 94% of respondents expect the housing costs to rise in the next year, and 91% expect the same for living costs.

Though most respondents (97%) believe that expatriate employees are generally satisfied with their assignments in the area, they acknowledge that there are difficulties with taxation and finding space in international schools. 68% believe that local taxes do not offset the negative effects of U.S. tax on foreign earned income, and 53% believe that the ability to find space in an international school will be a significant problem in the next 1-3 years. However, despite these challenges, the majority of companies (60%) receive assignment requests to work in Singapore, and most expatriate employees attempt to extend their time in the country. Therefore, Singapore continues to be a desirable location to work and do business.

APPENDICES

(A) Local Factors Impacting Business

How Satisfied Are You With These Local Factors?

Table A: Satisfaction with factors

	Total Satisfied	<i>Extremely Satisfied</i>	<i>Satisfied</i>	Neutral	<i>Dissatisfied</i>	<i>Extremely Dissatisfied</i>	Total Dissatisfied
Infrastructure	93%	69%	24%	4%	1%	1%	2%
Availability of raw materials	31%	11%	20%	13%	3%	0%	3%
Availability of low cost labor	18%	6%	12%	28%	36%	4%	40%
Availability of trained personnel	59%	17%	42%	21%	14%	4%	18%
Office lease costs	14%	0%	14%	25%	46%	12%	58%
Housing costs	8%	1%	7%	12%	49%	28%	77%
Laws & regulations	84%	54%	30%	6%	6%	0%	6%
Corruption	80%	59%	21%	3%	4%	1%	5%
Local protectionism	66%	27%	39%	18%	4%	4%	8%
Tax structure	74%	43%	31%	14%	6%	0%	6%
Personal security	84%	7%	77%	4%	1%	0%	1%
Stable government and political system	89%	72%	17%	3%	1%	0%	1%
New business incentives by government	67%	35%	32%	21%	1%	1%	2%
Sentiment towards the U.S.	86%	53%	33%	7%	0%	0%	0%
Free movement of goods within the region	63%	31%	32%	17%	1%	0%	1%
Ease of moving products through customs	61%	28%	33%	10%	3%	0%	3%

How Satisfied are You with Local Government Institutions?

Table A-2: Satisfaction with local government institutions

	Total Satisfied	<i>Extremely Satisfied</i>	<i>Satisfied</i>	Neutral	<i>Dissatisfied</i>	<i>Extremely Dissatisfied</i>	Total Dissatisfied
Agency to promote/develop investment	57%	22%	35%	15%	3%	0%	3%
Customs	57%	15%	42%	11%	3%	0%	3%
Immigration	76%	26%	50%	11%	6%	0%	6%
Taxation/Revenue	74%	24%	50%	10%	6%	0%	6%
Central Bank	56%	17%	39%	13%	1%	0%	1%
Ministry of Finance	60%	15%	45%	14%	0%	0%	0%

Percentages may not add to 100 because "Not Applicable" and "Don't Know" were possible responses.

(B) Reasons for Business Expansion in ASEAN over the Next Two Years

Table B: Top 3 Reasons for ASEAN Expansion

Year of Survey	2007	2008	2009	2010	2011
Reasons for Expansion					
Economic recovery	83%	62%	26%	57%	40%
Potential for business growth	83%	62%	96%	85%	97%
Increasing market share	67%	71%	64%	59%	67%
Reasonable production cost	20%	13%	6%	15%	11%
Diversity of customer base	20%	49%	46%	24%	37%
Lack of growth in current market/countries	10%	15%	11%	9%	10%
Availability of trained personnel/efficient manpower	29%	16%	7%	9%	8%
Availability of raw materials	4%		0%	2%	2%
High level of personal security	0%		0%	2%	0%
Low level of corruption	0%		0%	2%	0%
Adequate laws and regulations to protect business	2%		9%	2%	2%
Adequate laws and regulations to encourage foreign investment	10%		6%	2%	5%
Stable government and political system	12%		6%	9%	10%
Low level of local protectionism	4%		2%	3%	0%
Weak competition in market/countries	22%		11%	7%	0%
Other	18%		6%	7%	

Empty boxes indicate that no comparative data is available for those years.

(C) Importance of ASEAN Markets over the Next Two Years

Table C: Top Reasons for ASEAN Importance over Next Two Years

Year of Survey	2007	2008	2009	2010	2011
Reason					
Economic recovery	83%	62%	76%	86%	74%
Limited growth opportunities in other regions	30%	51%	53%	60%	42%
Improvement in Infrastructure	48%	46%	47%	50%	36%
Increased availability of trained personnel	20%	22%	13%	19%	20%
Favorable government policies	33%	22%	26%	21%	24%
Stable political conditions	23%	28%	11%	17%	24%
Change in business strategy		33%	32%	33%	44%
Other				7%	20%

Empty boxes indicate that no comparative data is available for those years.

(D) Sample Profile

Table D: Workforce and Turnover

Year of Survey		2003	2004	2005	2006	2007	2008	2009	2010	2011
Scope of Responsibility	Only one country	6%	12%	13%	27%	23%	19%	16%	14%	10%
	Multiple countries	94%	88%	87%	73%	77%	81%	84%	86%	90%
Size of Current Workforce in Region	Below 50 employees	43%	48%	40%	40%	49%	21%	33%	37%	39%
	50 to <500 employees	34%	27%	33%	35%	43%	49%	46%	30%	30%
	500 to <1000 employees	8%	7%	6%	13%	5%	12%	7%	8%	14%
	1000 to <1500 employees	3%	5%	2%	0%	2%	10%	1%	10%	3%
	1500 to <2000 employees	4%	0%	3%	2%	2%	3%	1%	4%	0%
	2000 employees or above	9%	13%	15%	8%	0%	5%	11%	11%	14%
Company's Past Year Turnover in Singapore (USD)	Below \$1 million	13%	12%	11%	13%	15%	21%	16%	13%	14%
	\$1 to <\$50 million	51%	44%	40%	44%	53%	53%	48%	43%	47%
	\$50 to <\$100 million	12%	14%	13%	10%	10%	11%	10%	8%	11%
	\$100 to <\$500 million	15%	8%	17%	10%	10%	7%	10%	20%	7%
	\$500 to <\$1 billion	5%	9%	10%	4%	5%	3%	8%	5%	6%
	\$1 billion or above	3%	14%	8%	8%	7%	1%	2%	8%	10%
Past Year's Turnover As Percentage of Company's Global Turnover	Below 5%	43%						62%	58%	67%
	5 to <25% (Before 2006: 5 to <20%)	33%						17%	26%	30%
	25 to <50% (Before 2006: 20- <50%)	12%						3%	5%	16%
	50 to <75% (Before 2006: 50% or above)	11%						1%	1%	9%
	75 to <100%							5%	4%	3%
	100%							13%	5%	17%

Empty boxes indicate that no comparative data is available for those years.

		2009	2010	2011
Past Year's Turnover as Percentage of Company's Total ASEAN Turnover	Below 5%	22%	17%	25%
	5 to less than 25%	35%	32%	30%
	25 to less than 50%	10%	12%	16%
	50 to less than 75%	9%	17%	9%
	75 to less than 100%	12%	13%	3%
	100%	12%	8%	17%
ASEAN Country That Holds the Next Largest Turnover for Company	Vietnam	4%	7%	5%
	Cambodia	0%	0%	0%
	Indonesia	12%	12%	14%
	Laos	0%	0%	0%
	Malaysia	17%	24%	22%
	Thailand	19%	23%	28%
	Philippines	7%	7%	11%
	Singapore	41%	27%	20%

Table D-2: Primary Responsibility

Primary Activity		2009	2010	2011
Services	Accounting	0%	1%	1%
	Architecture and Engineering Services	4%	7%	4%
	Banking	0%	1%	5%
	Consulting	15%	10%	11%
	Education	1%	0%	0%
	Healthcare	1%	1%	3%
	HR Services	0%	7%	1%
	Legal	0%	3%	3%
	Marketing & Communications Services	15%	3%	1%
	Other Financial Services	1%	6%	7%
	Software, IT, Telecommunications Services	5%	9%	10%
	Transportation & Logistics	6%	4%	1%
	Wholesale & Retail	1%	3%	4%
	Business Process Outsourcing/ Shares Services	2%	1%	0%
	Other	2%	4%	5%
Total Services	57%	53%	56%	
Manufacturing	Consumer Goods	0%	4%	4%
	Electronics	4%	4%	4%
	Food & Food Products	4%	1%	3%
	Oil & Petrochemical	2%	5%	3%
	Pharmaceuticals/Medical	5%	4%	3%
	Machinery & Equipment	4%	5%	5%
	Other	4%	3%	3%
	Total Manufacturing	23%	25%	25%
Other		22%	22%	18%

E) Reasons behind the choice of ASEAN country for business expansion

Table E: ASEAN Expansion

Year of Survey	2009	2010	2011
Reasonable production costs	12%	9%	10%
Availability of raw materials	2%	2%	0%
Availability of trained personnel/efficient manpower	20%	21%	24%
Increasing market share	46%	59%	54%
Diversification of customer base	28%	20%	26%
High level of personal security	6%	9%	6%
Low level of corruption	4%	11%	8%
Adequate laws and regulations to protect business	10%	16%	16%
Adequate laws and regulations to encourage foreign investment	12%	11%	14%
Stable government and political system	20%	20%	24%
Low level of local protectionism	4%	5%	0%
Weak competition in the market/country	20%	13%	8%
Other	24%	14%	22%