Navigating Risks and Strengthening Resilience in a Volatile Global Economy

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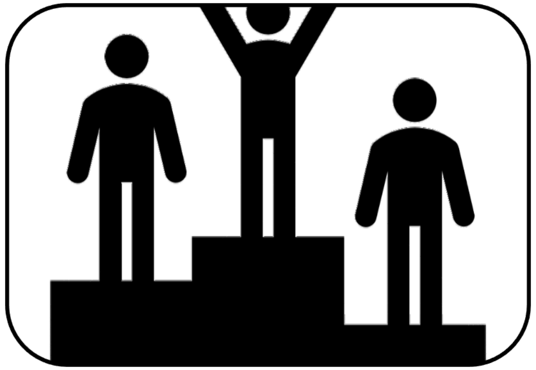
Outline

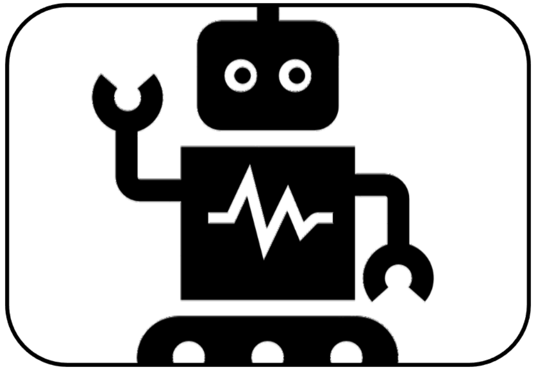
- Policy-Induced Volatility
- Navigating change and risk
- Strengthening economic resilience
- Future-ready and resilient economy

Policy-Induced Volatility

Driving Forces of Change



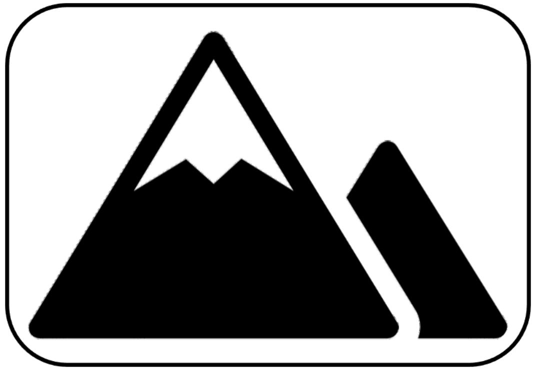
Competition



Technology

Policy / Regulation

Consumer Demands



Employee Aspirations

Sustainability

Policies Affecting the Economy and Businesses

Trade Barriers

- Tariffs
- Export Controls
- Investment screening

Industrial Policy

- Reshoring, friendshoring
- Incentives shaping demand e.g. EVs
- Production subsidies, export of excess capacity

Regulations

- E.g. Labour regulations, climate standards
- E.g. Internet, social media regulation
- E.g. Fintech, Bitcoin strategic reserve

Fiscal and Monetary Policy

- Fiscal rules, debt ceilings
- Macroeconomic stabilisation

Global Cooperation

- WHO, UNFCCC Paris Agreement
- Defunding of multilateral organisations
- Base Erosion and Profit-Shifting

Global Trade Trends

- Backlash against globalisation gained pace after Global Financial Crisis
  - Brexit
  - Rise of right-wing populist parties

- US-China rivalry, trade wars and tariffs
  - America First economic policy
  - Reshoring, “friendshoring”, “decoupling”, “de-risking”
  - Return of industrial policy (CHIPS and Science Act, Inflation Reduction Act)
  - US tariffs

From Geopolitics to Geoeconomic Challenges

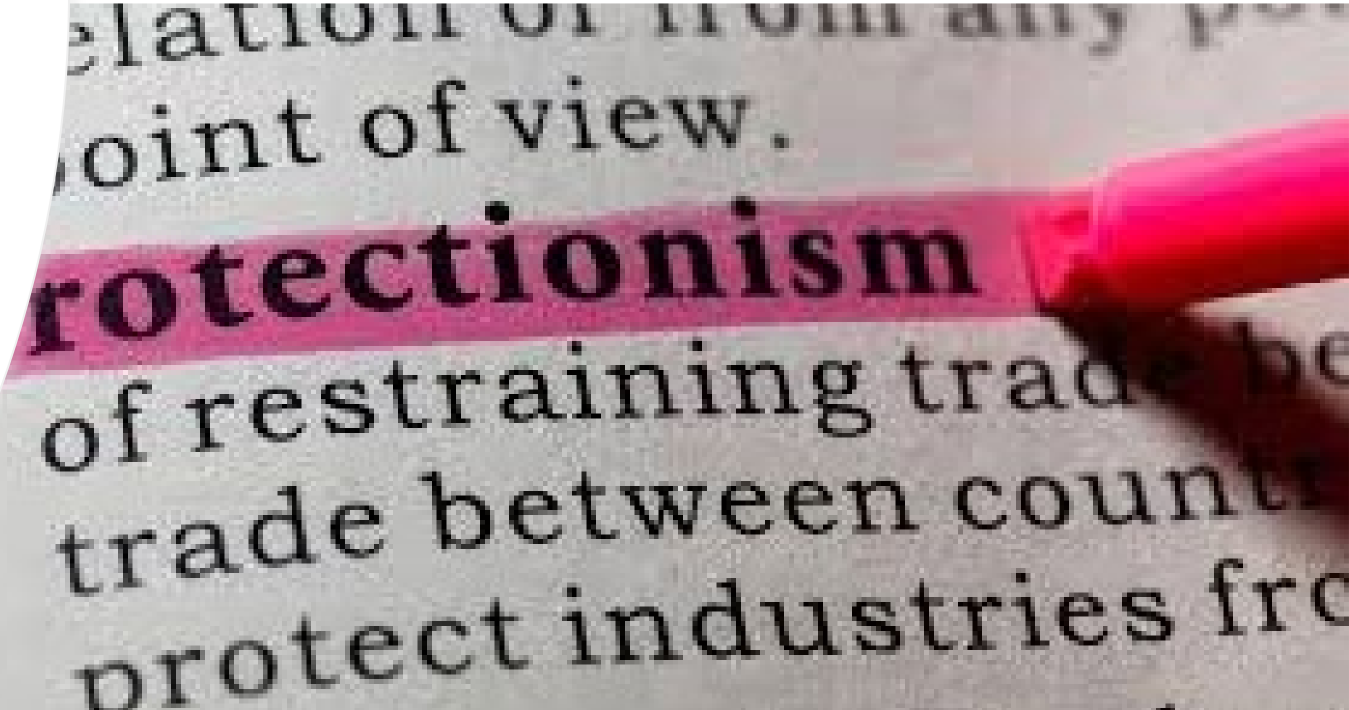
Big power rivalry, geopolitical tensions

Trade restrictions, reshoring, investment screening

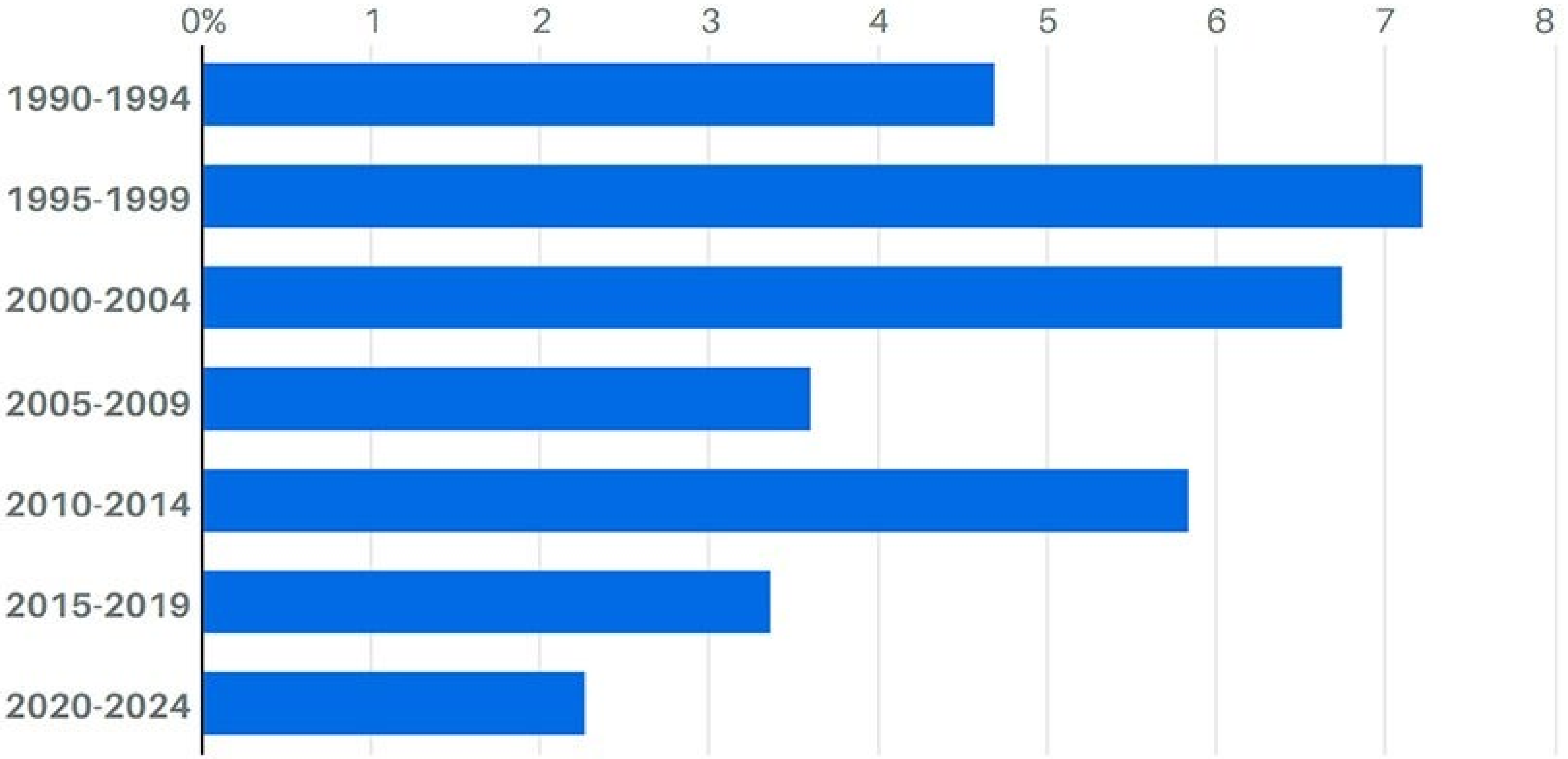
Supply chain fragmentation, technology bifurcation, etc.

Rising Protectionism

- Nearly 3,000 trade restrictions imposed in 2023, roughly 5 times that in 2015 (World Bank)
- Trade coverage of new tariffs and other restrictive measures in Oct 24-May 25 estimated at USD 2,732.7 billion, over 3 times the USD 887.6 billion covered by such measures in the prior period (WTO)
- Restrictive measures in force estimated to cover about 19.4 % of world merchandise imports by mid-May 2025, up from 10–12.5 % in earlier years (WTO)

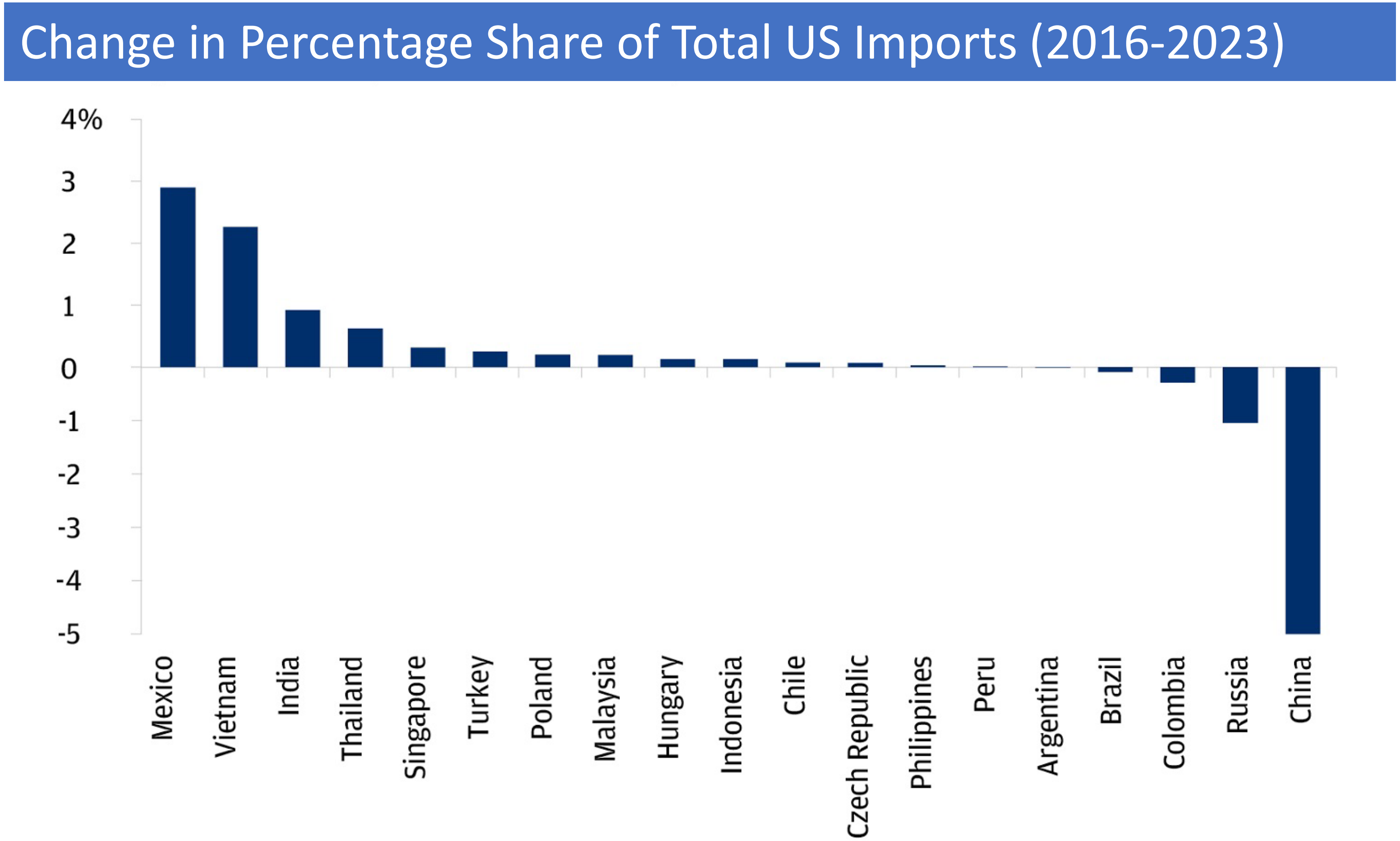


Global trade growth has slowed



Source: World Bank, https://blogs.worldbank.org/en/voices/global-trade-has-nearly-flatlined-populism-taking-toll-growth

Supply chains are being reconfigured



Sources: Haver Analytics, International Monetary Fund. Data as of October 24, 2023.

Export Bans/Restrictions

- **Medical supplies / equipment**
  - Vaccine nationalism
  - During pandemic in Apr 2020, 80 economies had export restrictions, e.g. PPE (WTO)
- **Food**
  - Malaysia ban on live chicken exports (Jun-Oct 2022)
  - India ban on non-basmati white rice exports (Jul 2023)
- **Metal ores and rare earth minerals**
  - Indonesia’s commodity export bans (nickel, bauxite, copper etc.)
  - African nations’ ban on raw lithium exports (Zimbabwe 2022, Namibia 2023, Ghana 2023, Tanzania 2024)
  - China new rare earth controls (2025)
- **Technology**
  - China banned export of rare earth processing technology (Dec 2023)
  - US tightened controls on export of advanced computing chips and seminconductor manufacturing equipment to China (Oct 2022)

Investment screening

https://www.economist.com/business/2023/11/23/every-country-wants-its-own-investment-screening-regime

https://www.bcg.com/publications/2024/navigating-the-rise-in-foreign-direct-investment-screening

Implications for Business

Trade Fragmentation

- Reduced efficiency, higher business costs
- Reduced trade, investment, talent flows and diffusion of innovation
- Higher risk of supply chain disruptions

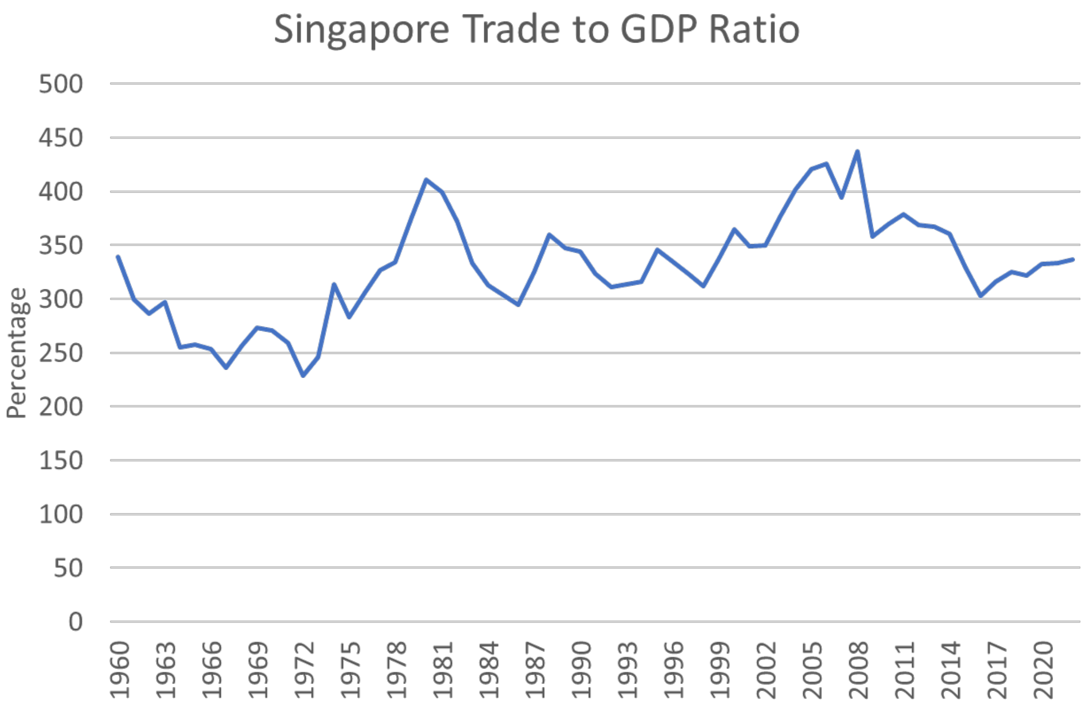
Investment Screening

- May impede cross-border investment deals
- Increase costs, time and uncertainty for investors
- Increased regulatory complexity
- Risk of inconsistent decisions in multi-jurisdictional cases

Singapore's Economic Openness a Strength & a Vulnerability

- Fraser Institute (Canada) Economic Freedom of the World Index – 2nd (2025)

Rank	Jurisdiction	Score
1	Hong Kong	8.55
2	Singapore	8.50
3	Switzerland	8.33
4	New Zealand	8.28
5	United States	8.10



Recent Domestic Laws & Regulations

- Online Safety (Relief and Accountability) Bill
- Platform Workers Act (2024)
- Online Criminal Harms Act (2023)
- Foreign Interference (Countermeasures) Act 2021

Navigating Change and Risk

Anticipating Change: Foresight Tools

- Anticipate change, stay relevant
  - One of Singapore’s Principles of Governance
- Scenario planning and strategic foresight tools
  - Began in the 1980s in MINDEF and adopted in broader civil service in 1990s
  - Helps the Civil Service to re-examine conventional wisdom and formulate strategies to meet potential new challenges and opportunities
- Centre for Strategic Futures priorities issues by:
  - Impact on Singapore;
  - Likelihood of occurrence; and
  - Level of institutional surprise an issue would cause if it occurred (i.e. how public sector agencies would be caught off-guard despite current safeguards)

Singapore Economic Resilience Taskforce

- Chaired by DPM Gan with tripartite representation to address economic uncertainties arising from global trade dynamics
- Focuses on
  - Immediate support – to cushion impact on businesses (Business Adaptation Grant for advisory and supply chain reconfiguration support) and workforce stability (Graduate Industry Traineeships or GRIT)
  - Communications and engagement – keep stakeholders informed about developments and support measures
  - Long-term strategy – Embarked on Economic Strategy Review

Cynefin Framework (Snowden 1999)

Unknown unknowns

Cause & Effect unclear

Known unknowns

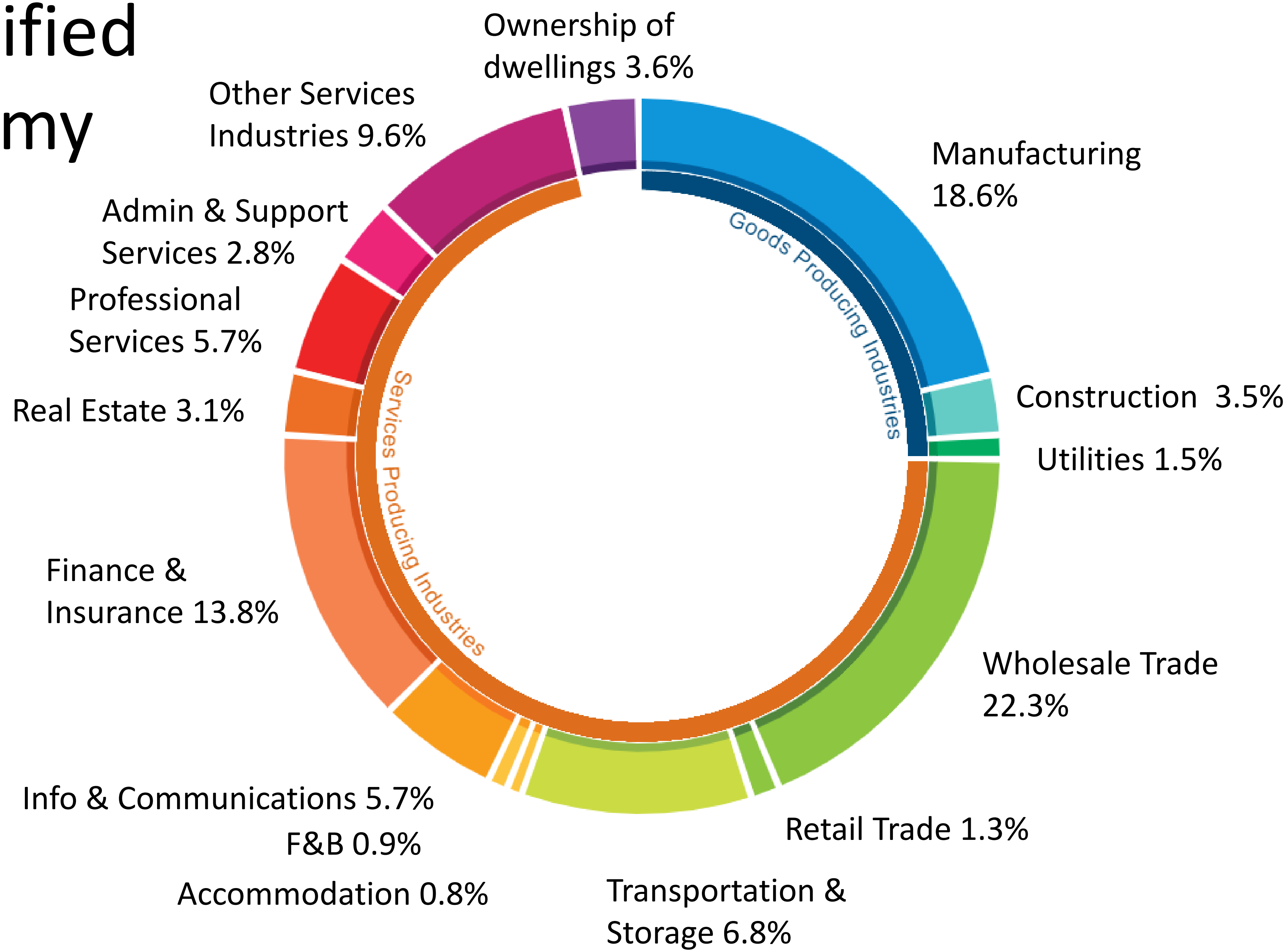
Knowns

Adapting Nimbly

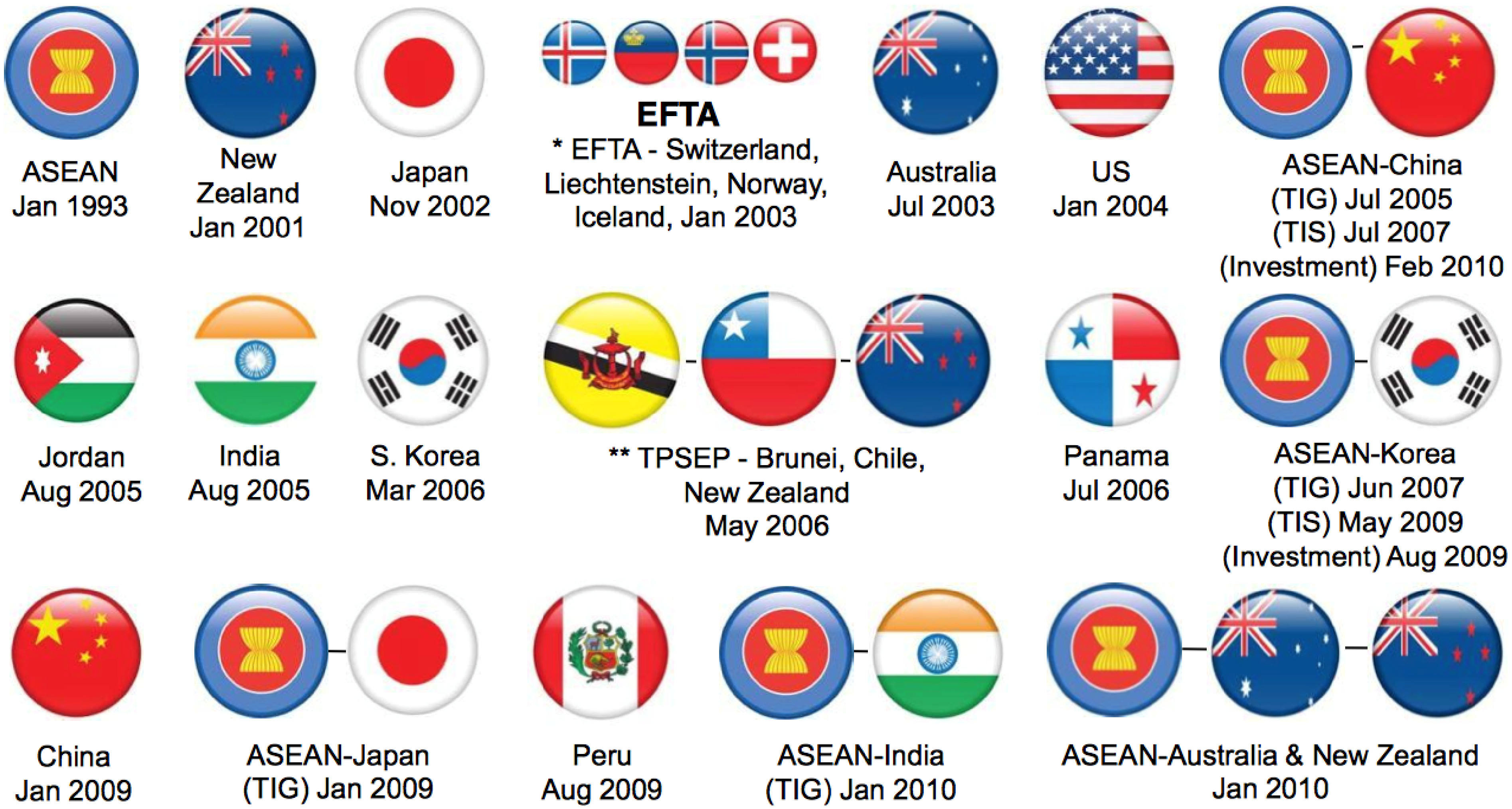
Principles and Priorities	Examples from Pandemic Management
Don’t get locked into past paradigm	SARS vs COVID-19 vs Disease X
Update plans on the go, follow the evidence	Mask-wearing
Data and records	Contact tracing, health records
Resource buffers, dual-use infrastructure, partnership	Quarantine and testing facilities: hotels, convention centres, private hospitals
Training, expertise and capabilities	National Centre for Infectious Diseases, Communicable Disease Agency

Singapore: Strengthening Economic Resilience

Diversified Economy

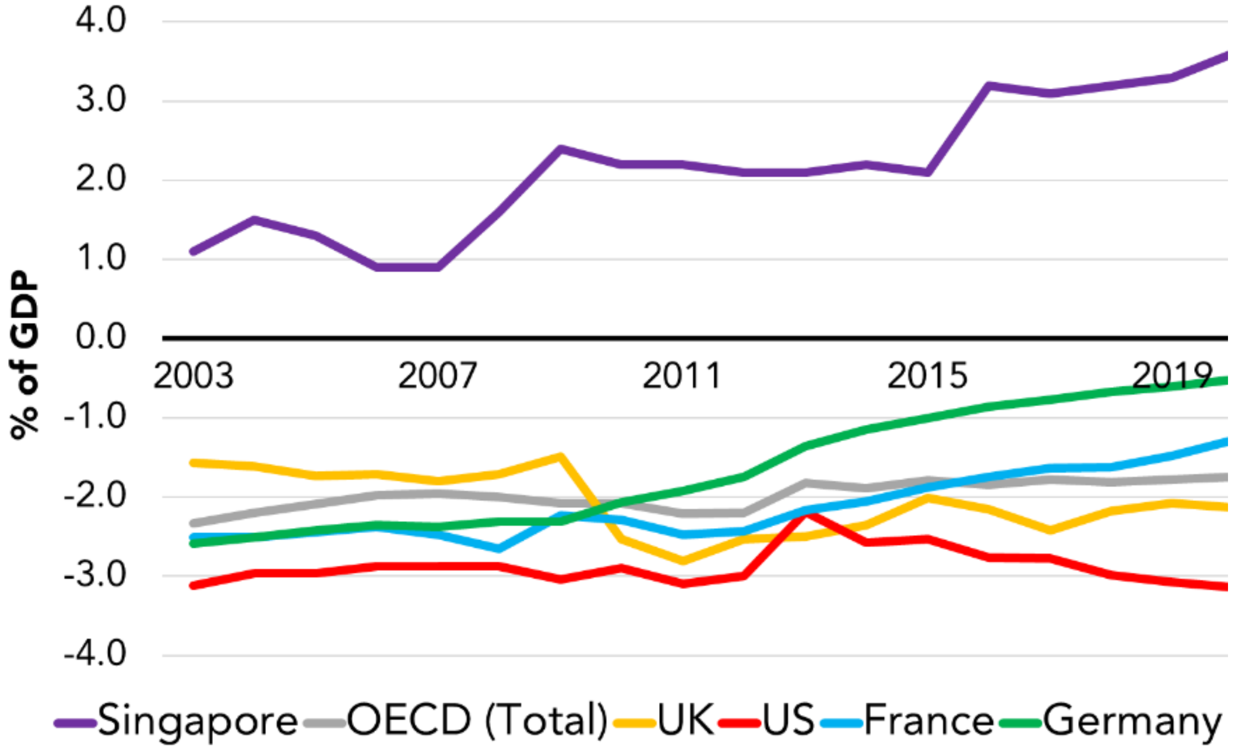


Geographic Diversification



Resource Buffers

Investment Income from Reserves



Revenue from NIRC (Singapore only)

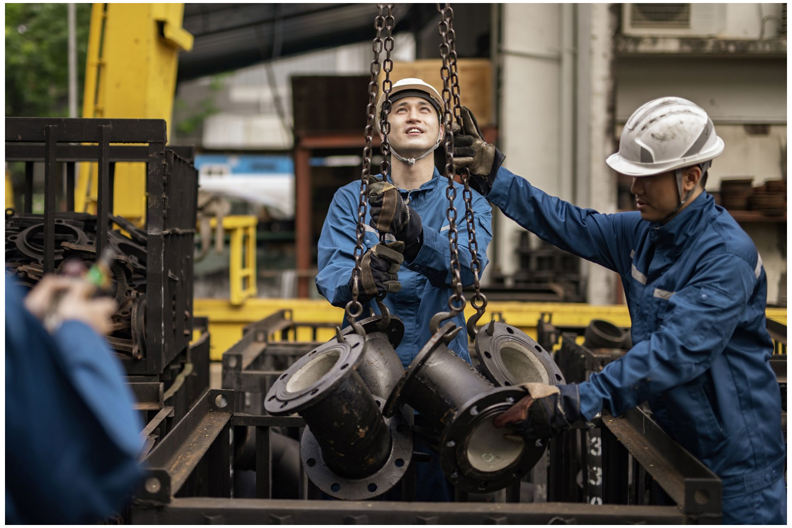
Net general government interest payments (other countries)

Sources: OECD Economic Outlook No. 104 (Nov 2018), MOF

Supply Chain Resilience

- Stockpiling
  - E.g. Rice
- Diversification
  - E.g. meat and eggs
  - Energy (LNG terminal, regional power grids)
- Domestic production
  - E.g. food (30-by-30 plan)
  - Vaccines (5 companies to roll out production)

Workforce Resilience



- Developing local core in workforce
  - Monitoring of essential jobs in essential sectors
  - Job redesign to retain older workers
  - Higher pay, better work conditions to attract younger workers into essential services sector (e.g. progressive wages)
  - Scholarships, sign-on and retention bonuses (e.g. for nursing)

- Lifelong learning / Reskilling
  - SkillsFuture support for individuals and firms
  - Career Health SG

Future-Ready and Resilient Economy

Investing in Capabilities Ahead of Time

Communicable Diseases Agency Singapore
Prepare · Prevent · Protect

AI SINGAPORE®

SKILLS future SG

Research, Innovation and Enterprise

- Successive 5-year plans commit about 1% of GDP to public spending on research, enterprise and innovation
  - 1% benchmarked to small advanced economies

- Public R&D spending to catalyse private R&D spending

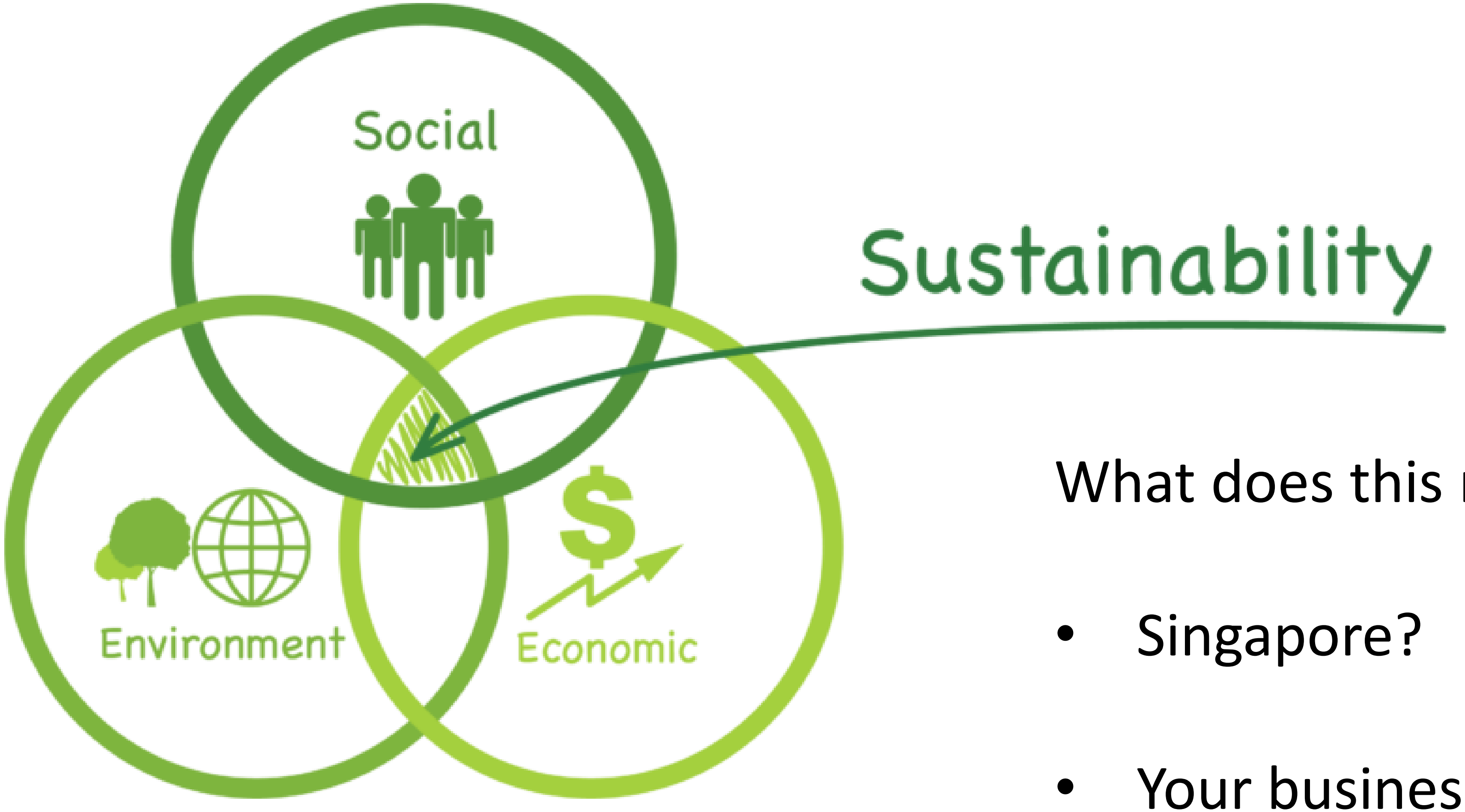
Managing Risks from Innovation

- FinTech Regulatory Sandbox
  - Enables financial institutions and startups to experiment with innovative financial products or services in a live environment, within a well-defined space and duration.
  - Specific legal and regulatory requirements relaxed for fixed duration
  - Appropriate safeguards to contain the consequences of failure and maintain the integrity of the financial system.

- Autonomous Vehicles
  - Phased rollout via controlled trials in designated areas
  - Scale up complexity based on performance metrics
  - Safety by design e.g. real-time monitoring, human override

Future-Ready Infrastructure

- Tuas Port
  - Expected to be the world's largest fully automated container terminal when fully operational in the 2040s, with annual capacity of 65 million TEUs
- Changi Airport Terminal 5
  - Announced in 2013
  - Capacity for further 50 million travellers when open in the 2030s, up from 90 million now
- Johor Bahru-Singapore Rapid Transit System (RTS) Link
  - To begin operations in Dec 2026



What does this mean for

- Singapore?
- Your business or organisation?

Image credit: https://betterfuturefactory.com/insights/definition-sustainability/