

Media Release



AmCham

The voice of U.S. business in Singapore and the region.

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AMERICAN COMPANIES IN SINGAPORE EXPECT GROWTH & WORKFORCE EXPANSION

Housing, labor and office lease costs continue to hurt

- Three in four Singapore-based members believe their company's business will grow in the next two years. None expect a reduction in business.
- 64% expect their profits to grow in 2006 while 69% expect them to grow in 2007.
- 58% believe ASEAN markets will become more important to their company's operations and global revenues.
- American businesses remain dissatisfied with housing (42%) and office lease costs (29%). Concern with labor costs in Singapore has declined from 52% last year to 29% in 2006.
- 56% expect expansion of their local workforce, most expecting increases of 10-50%.
- Satisfaction with tax structure (85% up 15%) increased.
- Respondents continue to give the Singapore Government high marks although satisfaction with lack of corruption declined (79%, down 12%).

American executives in Singapore are optimistic of business growth and profit increases, citing economic recovery (72%) and increasing market share (75%) as key factors driving this expansion.

Over half are also planning for expansion of local workforces.

This optimistic outlook reflects increasing confidence in world economic performance, with almost 60% of members expecting the world economy to perform at better levels than 2005, up from 35% last year.

A large proportion of American executives (58%) also expect ASEAN markets to become increasingly important to their company's operations and global revenue over the next two years, thanks to economic recovery and improvements in infrastructure.

AmCham Outlook is the fifth annual survey of members of American Chambers of Commerce (AmChams) in the ASEAN region. All six AmChams in the region participated, representing an estimated US\$50 billion of regional investment.

The purpose of the study was to understand the business outlook of American companies in the region and their perceptions about a series of local factors. The survey was conducted from April 27 to May 24.

"American companies are increasingly confident of the strength of the economic recovery in the region and planning for business and workforce expansion" the Executive Director of AmCham Singapore, Mr Nicholas de Boursac, said today.

"Housing costs continue to be a source of dissatisfaction, however, and this will be exacerbated by recent changes to the taxation of American expatriates by the U.S. Government" he said. "These changes will impose a substantially heavier tax burden on Americans living and working overseas and limit the amount of housing costs that may be deducted."

"This is going to have a disastrous impact on American expatriates" he said.

American businesses also remain dissatisfied with office lease and labor costs in Singapore, although declines in dissatisfaction levels were noted.

Members remain satisfied with personal security (89%), and low levels of corruption (79%, down 12%) and an increase in satisfaction was noted regarding the tax structure, up 7% to 85%.

Singapore is still rated by AmCham members as having excellent infrastructure, a stable government, and confidence in local government institutions remains high.

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