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B. Advance Our Refreshed Economic Strategy

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18. While our economy did well last year, some businesses continue to face cost pressures and operating challenges.
 - a. We will support our businesses and help them stay competitive.
 - b. I will **provide a 40% Corporate Income Tax rebate in the Year of Assessment 2026**. Every active company that employed at least one local employee last year will receive a minimum benefit of \$1,500. The total benefit for each company will be capped at \$30,000.
 - c. This will provide short-term relief, as we press on with our restructuring and transformation efforts.
19. Growth will be harder in this changed world. We must aim higher, move faster, and be prepared to take calculated risks. This is why the Government convened the Economic Strategy Review. The ESR committee shared their mid-term update last month, and we will move decisively to act on their recommendations.
20. Our ambition is to secure growth at the higher end of the 2% to 3% range over the next decade. But growth itself is not enough. Growth must translate

into good jobs and rising incomes for Singaporeans. Let me share how we will achieve this.

Connecting Differently in a Changed World

21. First, we must adapt and connect differently in a changed global environment.
22. Some countries are turning inward, seeking to reduce their external dependence. But for Singapore that is not an option. To prosper, we still need to be connected to the world — trading with others, and integrating ourselves into global flows.
23. Importantly, globalisation has not ended. No country can succeed on its own. Most major products still depend on a global division of labour, combining expertise and materials from many countries, and on access to global markets to achieve scale. This fundamental reality has not changed. What has changed is globalisation as we knew it. Economic flows are becoming more selective, partnerships more strategic, and resilience now matters as much as efficiency.
24. So Singapore must adjust to these new patterns — staying open, but connecting in smarter, more diversified, and more resilient ways.
25. That's why we are forging new forms of cooperation with partners who share our commitment. Last year, we launched the Future of Investment and Trade Partnership, bringing together like-minded partners to cooperate in areas like technology, trade facilitation, and supply chain resilience. This month, the EU-Singapore Digital Trade Agreement entered into force — a landmark agreement with robust rules for digital trade. Later this year, we will sign a

- first-of-its-kind Agreement on Trade in Essential Supplies with New Zealand — to ensure the continuity of critical trade flows between our two countries in times of crisis.
26. We will also step up engagement with fast-growing markets, including in Latin America, Africa, and the Middle East. We will establish new embassies and strengthen our diplomatic and economic presence on the ground, to take better advantage of emerging opportunities in these regions.
 27. Closer to home, we are working with our neighbours to deepen regional integration. This includes cooperating on projects like the Johor-Singapore Special Economic Zone, and the Batam, Bintan and Karimun Free Trade Zones in Indonesia.
 28. In short, we will redouble our efforts to diversify globally and to integrate regionally. But connectivity alone is not enough. It must translate into real opportunities that our businesses can capture and seize.
 29. Many Singapore companies are already doing this. One example is Rotary Engineering. It started in 1972 offering electrical installation services to oil refineries and petrochemical plants here in Singapore. But it did not confine itself to our domestic market. Over time, it built a leading presence in Southeast Asia delivering energy infrastructure services. Now, it is venturing further afield, and deepening its presence in the Middle East.
 30. But doing business overseas is not easy, especially for smaller firms. Companies face unfamiliar regulations, different business practices, and intense local competition. So we will do more to support Singapore companies as they venture abroad.
 - a. We will **enhance the support levels for grant schemes that support companies to internationalise — up to 70% for Small and Medium**

Enterprises (or SMEs), and up to 50% for non-SMEs.

- b. We will also **enhance the Market Readiness Assistance grant to support companies not just to access new markets, but to deepen activities in existing overseas markets as well.**
 - c. Under the **Double Tax Deduction for Internationalisation scheme**, companies automatically enjoy a 200% tax deduction for selected qualifying activities, capped at \$150,000. **We will allow more qualifying activities to be eligible for such automatic tax deduction claims and raise the cap to \$400,000.**
 - d. We will **enhance the Enterprise Financing Scheme by increasing the maximum loan quantum for trade and fixed asset loans.** This will give companies more flexibility to cater to their different financing needs.
 - e. We will also provide more support for companies pursuing significant overseas ventures that require higher capital outlay.
31. The Minister for Trade and Industry will share more about these changes at the Committee of Supply.

Establishing Leadership in Key Industry Clusters

32. Second, we will build leadership in key growth clusters. That means anchoring critical segments of global value chains here in Singapore — especially activities with high knowledge content and strong spillovers. Our goal is not just to host such activities, but to shape how these industries develop and where they create value.

33. We are already doing this in some areas like semiconductors. A key frontier in semiconductors is Advanced Packaging. Despite what the name suggests — Advanced Packaging — this is highly complex and technologically demanding. Traditionally, faster chips have been built by packing more transistors onto a single chip. But this is becoming more costly, and we are approaching physical limits. As a result, attention has shifted to Advanced Packaging, which integrates multiple chips into a single package, using highly precise manufacturing technologies. This delivers better performance and energy efficiency.
34. Singapore began investing in Advanced Packaging R&D more than two decades ago, well before it became a global priority. These investments are now bearing fruit. They are one reason why major semiconductor companies continue to invest heavily in Singapore — not just in manufacturing, but also in R&D, innovation, and supply chain partnerships.
35. We see a similar pattern in other key industries like aerospace and biomedical sciences. Technology is the critical enabler underpinning our strategy to build leadership in these clusters. Singapore must be a place where frontier technologies are developed, tested, and commercialised. **That is why we will invest \$37 billion under the Research, Innovation, and Enterprise, or RIE2030 plan.** This reflects our sustained commitment to research and innovation, amounting to around 1% of GDP each year.
36. At the same time, we must be realistic. In absolute dollars, our public R&D spending will always be modest compared to the sums deployed by much larger economies. We cannot outspend them. Instead, our investments must be disciplined, focussed, and strategic — directed at areas where Singapore has clear strengths, and where our efforts can make a real difference.

37. There is potential in emerging areas like decarbonisation solutions and quantum technology. In quantum, for example, we made an early and deliberate bet. In 2007, we established the Centre for Quantum Technologies at NUS. Much of quantum research then was still theoretical. But we invested patiently in building foundational capabilities, believing that these would one day translate into transformative applications.
38. That foresight is paying off. Today, quantum computing is moving rapidly from theory to reality, with far-reaching implications across many fields. The major technology players are investing heavily in capabilities to build commercial-scale quantum computers. And Singapore is attracting some of the best. Quantinuum, one of the world's leading quantum computer companies, has established operations here and will be hosting its latest quantum computer in Singapore — making us the first country outside America to host this system. This will give our researchers and companies, including a few home-grown startups, direct access to cutting-edge quantum compute and opportunities to work on meaningful projects.
39. We are also attracting top global talent and partnerships. Nobel Laureate Professor John Martinis, a pioneer in superconducting systems, co-founded a quantum computing startup, which is collaborating with our researchers at A*STAR and NUS. They are developing novel components to advance the performance of quantum computers, using state-of-the-art semiconductor processes. They chose Singapore because of the unique combination of our strengths — in advanced manufacturing, semiconductors, and frontier quantum research.
40. These examples show how we can build leadership in key growth areas, and shape where innovation and value creation take place. In doing so, we

strengthen Singapore's strategic resilience and relevance, while creating more jobs and better opportunities for Singaporeans.

Strengthening Our Enterprise Ecosystem

41. Third, we will strengthen our enterprise ecosystem.
42. Enterprise funding is a key part of this ecosystem. Over many years, we have worked steadily to strengthen this area. In venture and seed funding, we have made good progress. Compared to a decade ago, it is now much easier for startups to access early-stage capital.
43. But many firms continue to face challenges at the growth stage. This is not unique to Singapore. Globally, growth-stage capital has tightened. As a result, many firms, especially in deep tech, find it harder to raise the larger and longer-term funding that is needed to scale.
44. We will therefore do more to catalyse growth capital in Singapore. Under the Startup SG Equity scheme, the Government provides initial capital to catalyse and crowd in private funding for promising startups. To date, the scheme has focussed mainly on early-stage funding. We will now go further. **I will set aside \$1 billion to enhance Startup SG Equity, and expand its scope to cover growth-stage companies.**
45. Beyond this, we will take a more systemic approach to strengthening our growth capital ecosystem. We will convene a new workgroup led by Minister Chee Hong Tat, working closely with the industry, to develop strategies to position Singapore as a leading centre for growth capital.
46. When enterprises are ready to list, we want them to see Singapore as their listing venue of choice. We had earlier set up the Anchor Fund to attract and

anchor high-quality listings, and we are now seeing encouraging signs of renewed listing activity on the SGX. **I will therefore launch a second \$1.5 billion tranche of the Anchor Fund. As with the first tranche, this will be a co-investment between the Government and Temasek.**

47. We will also continue to strengthen our broader equities market. Last year, MAS launched the Equity Market Development Programme, to develop our fund management industry and increase investor participation in Singapore equities. Industry response has been encouraging. MAS has allocated close to \$4 billion to nine asset managers. To build on this momentum, I will **expand the programme, with a \$1.5 billion top-up to the Financial Sector Development Fund.**
48. At the same time, we are implementing the other recommendations of the Equities Market Review Group. This includes streamlining listing rules and requirements to make it easier for high-growth companies to go public, and establishing a dual-listing bridge connecting the SGX and Nasdaq. These measures will enhance the depth and vibrancy of our public equities market and provide more pathways for enterprises to grow and scale from Singapore.
49. Deep and vibrant markets are one part of the equation. We must also ensure a strong pipeline of high-quality companies that choose to build, grow, and anchor themselves in Singapore. Some will be locally grown enterprises. Others will be promising enterprises from abroad.
50. EDB has traditionally focussed its investment promotion efforts on multi-national enterprises. Going forward, it will step up efforts to attract high-growth companies with the potential to become future industry leaders. By anchoring such companies early, we can build new engines of growth and

capture greater value for our economy, as these enterprises grow and expand from Singapore.

51. This comprehensive approach — from nurturing homegrown startups, to catalysing private capital and attracting promising global companies — will strengthen our enterprise ecosystem. It will enable companies of all sizes, and at every stage of growth, to access the capital and partnerships they need to succeed. Importantly, this will create more opportunities for Singaporeans to secure good jobs and grow their careers.

ANNEXES

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
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