

Budget 2026: The art of the long game

By Kok Ping Soon

GOOD strategy is rarely about winning the next quarter.

It is about the art of looking beyond the immediate horizon, positioning for a future that is uncertain, contested and fast-moving, and making deliberate choices early enough to shape the odds.

Budget 2026 bears the hallmarks of this long game approach – a blueprint for the post-SG60 economy. This was not a Budget focused on near-term relief or incremental tweaks. It was a Budget heavy on the economy, and intentionally so.

The government is signalling that Singapore cannot afford to drift in a world described as more contested, fragmented and dangerous. We need a clear sense of direction for how we grow, how our businesses compete, and how our people stay relevant in the decade ahead.

Five messages stood out in signposting where Singapore is headed.

1. Harness AI at speed, and at scale

Artificial intelligence (AI) sat at the heart of this Budget, and rightly so. Prime Minister Lawrence Wong was blunt: "In a changed world, a decisive factor for success will be how we harness new technologies – foremost among them, artificial intelligence."

The decision to set up a National AI Council, chaired by the prime minister himself, signals both urgency and seriousness. The council will oversee national AI missions in four priority sectors – advanced manufacturing, connectivity, finance and healthcare – each anchored in "clear objectives and tangible outcomes".

This mission-driven approach is needed. We cannot be using AI through scattered pilots or isolated experiments.

We must make good use of our ability to orchestrate public-private partnerships to pursue sectoral AI use cases that uplift baseline capabilities of small and medium-sized enterprises (SMEs) alongside larger companies in tightly integrated supply chains. But we must not forget sectors such as food and beverage, retail and gen-

eral manufacturing that continue to grapple with cost pressures, manpower shortages and low productivity – where effective deployment of AI can overcome such structural constraints.

These sectors will need help to deploy AI at the enterprise level because end-to-end integration requires work across data sets, systems and process re-engineering.

2. Venture overseas: diversify globally, integrate regionally

The second message was unmistakable: Singapore companies must look beyond our shores. The Budget rightly emphasised the need to "diversify globally but integrate regionally", backed by enhancements to the Market Readiness Assistance grant and expansion of the Enterprise Financing Scheme.

But venturing into frontier markets such as the Middle East, Latin America and Africa carries higher exploration and entry costs, and risks that go beyond financing.

Businesses often also need help navigating regulatory complexity, finding trusted partners and building on-the-ground networks.

Differentiated support not just between SMEs and non-SMEs, but also by markets may be needed.

We can also do more to incentivise businesses to hunt in a pack, rather than alone. Can larger local enterprises or Temasek-linked companies that have made early inroads actively partner SMEs and build shared networks overseas?

Can we systematically raise the profile of Singapore companies, for example, by anchoring Singapore pavilions at major global trade fairs, much as we already do at events such as the China International Import Expo?

With more multinational companies from Europe and North Asia looking to use Singapore as a springboard into Asean, we also need to help our companies deepen their relationships in the region to be effective partners and not end up being passed over.



Sectors such as food and beverage that continue to grapple with cost pressures, manpower shortages and low productivity could benefit from AI deployment.

PHOTO: YEN MENG JIIN, BT

3. Tap capital for growth, not just survival

Budget 2026 marks a clear shift from supporting early-stage startups to also supporting growth-stage financing, alongside efforts to deepen equity markets through quality listings.

But at the SME level, access to capital is only part of the equation. Financial literacy and readiness to use growth capital effectively remain uneven. We need to help SMEs connect with new pools of patient capital, including family offices that have set up in Singapore and are actively looking to invest in operating businesses.

Clearer pathways for minority growth investments would allow founders to raise expansion capital without giving up control, while better support for emerging search funds could help address the succession challenge facing many viable SMEs.

4. Strengthen the Singapore core, and remain open to global talent

Manpower remains Singapore's binding constraint. With an ageing population and a shrinking resident workforce, the go-

vernment has limited room for manoeuvre – and the Budget reflects that reality.

The decision to merge SkillsFuture Singapore and Workforce Singapore into a single statutory board is timely. This is a structural reorganisation with real potential, if it leads to streamlined programmes, faster responses, and more coherent support for workforce transformation.

The other nexus to be tightened now is between workforce and enterprise transformation, so that reskilling is guided by and can keep pace with business transformation.

But strengthening the Singapore core also means confronting the elephant in the room: our ageing workforce. Many of today's seniors have very different educational backgrounds and job profiles from previous generations.

Companies often lack the know-how to manage older workers in fractional or re-designed roles, and face cost pressures around healthcare and insurance. Cultural biases, both implicit and explicit, persist.

Beyond extending the Senior Employment Credit, we can afford to do more to strengthen job-matching infrastructure for seniors and support SMEs in managing

the health and insurance costs of an ageing workforce.

At the same time, PM Wong was clear that Singapore must remain open to foreign talent. To achieve economic growth at the higher end of 2 to 3 per cent requires foreign manpower augmentation.

Across-the-board increases in Employment Pass, S Pass and local qualifying salary requirements will have a real impact on business costs. For some businesses, especially those competing globally, this raises hard questions about competitiveness and whether certain functions should remain anchored here, or be relocated to markets where global talent can be accessed at lower costs.

We cannot afford to land every investment or stop every company that relocates, but will need to watch it like a hawk so we do not inevitably erode our overall competitiveness.

5. Do your part: build an inclusive Singapore

Finally, Budget 2026 reinforces the idea that businesses must earn their social licence to operate. Measures such as the Corporate Volunteer Scheme, with enhanced tax deductions, encourage companies to play their part in building a more inclusive society.

Here, execution will matter. Application processes should be simple, predictable and low-burden – especially for SMEs with limited administrative capacity.

Inclusion also extends to better integrating foreigners in our midst. Doing so strengthens social cohesion and creates the environment for Singapore to augment our local manpower pool – this is a necessity, not a choice, in a tight labour market.

Budget 2026 sets out a clear direction. But blueprints do not build economies – execution does. Government, businesses and trade associations will need to move together, at speed and at scale, to turn ambition into advantage.

Playing the long game will demand patience, coordination and no small measure of discipline – but it remains Singapore's best bet in an increasingly unforgiving world.

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