

## Two in Three Businesses Hit by Middle East Conflict; SMEs Feel Strain Most

*Only 36% of SMEs confident of coping, versus 78% of large firms, and 54% of all businesses fear for viability if volatility persists beyond six months. Higher Corporate Income Tax Rebate welcomed but businesses call for support on working capital and help in logistics cost.*

Wednesday, 22 April 2026 [Singapore]

The Singapore Business Federation (SBF) today released findings from a new business poll, highlighting that two in three Singapore businesses have been moderately to severely affected by the ongoing Middle East conflict, as rising energy and logistics costs affect operations and demand. While firms are actively managing costs and pivoting strategies, the findings point to a widening gap in how businesses are coping, with SMEs facing sharper disruptions and expressing significantly lower confidence as compared to larger firms.

### Widespread Impact with SMEs Facing Greater Strain

2. The impact of the conflict is being felt across multiple cost and demand channels, with the most affected areas being energy prices (66%), shipping and freight costs (54%), and customer demand (48%). While half of large companies reported a moderate impact, SMEs are experiencing more acute challenges, with one in three reporting significant to severe disruptions. Large firms also reported higher exposure to insurance and security-related costs (42%), compared to SMEs (17%), highlighting differences in risk exposure across firm sizes.

### SMEs Less Confident in Managing Ongoing Volatility

3. This disparity in impact has created a stark confidence gap. While 78% of large firms expressed confidence in managing ongoing volatility, only 36% of SMEs felt the same. Furthermore, 54% of all businesses remain very or extremely concerned about their long-term viability if current conditions persist beyond the next six months.

4. Despite these headwinds, Singapore businesses are taking active steps to adapt. One in two firms has already raised prices or renegotiated contracts. SMEs are prioritising cash conservation (40%) while large firms with more resources and capabilities are undertaking sophisticated risk management, including fuel and FX hedging (33%) and accelerating investments in energy efficiency (17%).

## **Higher CIT Rebate Welcomed but Additional Measures Requested**

5. Businesses are making a strong call for more targeted assistance to cope with sustained cost pressures and uncertainty. Top asks include working capital support (41%) and logistics cost management (35%). Among the measures to help businesses announced in Parliament on 7<sup>th</sup> April, the Corporate Income Tax (CIT) Rebate was cited as delivering the strongest immediate value (60%). This was followed by the Energy Efficiency Grant (43%) and support to defray cost increases in government projects (31%).

6. A summary of the poll findings is in [Annex A](#) while the full report is in [Annex B](#).

7. **Mr Kok Ping Soon, CEO of SBF**, said, “Our latest poll shows a growing confidence gap between SMEs and larger firms. While bigger companies are better able to manage rising costs, SMEs are feeling the strain more acutely amid ongoing energy and logistics volatility. Businesses are tightening costs and managing risks through supply chain diversification and currency hedging. Businesses welcomed the higher CIT rebate but are also calling for working capital support and help with logistics cost. SBF will continue working with the Government to keep support measures targeted and effective.”

8. SBF’s poll findings were also shared at the “Tariffs and Energy Uncertainty: What Now, What’s Next?” dialogue on 21 April with more than 150 business leaders. Graced by Dr Tan See Leng, Minister for Manpower and Minister-in-charge of Energy and Science & Technology in the Ministry of Trade and Industry, the dialogue examined the impact of the U.S. tariff measures and the ongoing Middle East conflict on businesses. Participants exchanged views on how companies can respond to heightened uncertainty, with a focus on strengthening supply chain resilience, diversifying markets, and adopting practical strategies to manage tariff exposure and operational risks.

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### **About Singapore Business Federation (新加坡工商联合总会)**

Singapore Business Federation (SBF) is the apex business chamber with over 34,000 members across diverse industries. With a vision to advance Singapore towards a globally competitive and sustainable economy, SBF mobilises the business community to be future-ready and magnify transformation opportunities through policy advocacy, partnership platforms and capability programmes.

For more information, please visit: [www.sbf.org.sg](http://www.sbf.org.sg)

**Annex A: Summary of Key Findings**

- **Rising Costs:** 62% of businesses reported moderate to significant increases in operating costs driven by higher energy prices, logistics expenses, and the cost of goods and services. Energy remains the most significant cost driver, with 28% of businesses experiencing a significant increase. While SMEs are more affected by rising costs (62%) than large firms (52%), the poll revealed that large firms experienced greater impact (36%) in energy costs compared to SMEs (27%).
- **Cash Flow Strain:** Higher energy (58%), freight costs (55%), and increased inventory requirements (33%) are exerting pressures on cash flow. SMEs are more affected by rising labour costs (35% versus 17% for large firms), while large firms show greater sensitivity to foreign exchange volatility (39% versus 24% for SMEs), reflecting differences in operational structure and global exposure.
- **Revenue Disparity:** More than half of SMEs (56%) reported a decline in revenue from Singapore customers, compared to 33% of large firms. In contrast, 21% of large firms reported revenue growth, compared to 5% of SMEs. This divergence suggests that larger firms are, in some cases, better positioned to adapt to shifting market conditions, while SMEs continue to face more sustained revenue pressure.
- **Supply Chain Disruptions:** Operational disruptions remain widespread across the business landscape. Half of firms reported longer shipping lead times, one in three experienced more frequent delivery delays, and one in four faced supplier fulfilment issues. Despite this, 28% of businesses reported no operational impact, indicating uneven effects.
- **Short-Term Cost Management is a Key Priority:** In response to these pressures, businesses are actively implementing cost management and risk mitigation strategies. One in two firms have raised prices and renegotiated contracts or delivery terms with customers. SMEs are more likely to focus on conserving cash (40%), while large firms tend to adopt hedging strategies against fuel and foreign exchange risks (33%). In addition, large firms are more inclined to accelerate investments in energy efficiency (17%), compared to SMEs (4%), reflecting differences in capacity and long-term planning.
- **Confidence Gap:** Confidence levels vary significantly across firm segments. While 78% of large firms reported being somewhat to very confident in managing ongoing volatility, only 36% of SMEs expressed similar confidence. 54% of businesses remain “very to extremely” concerned about business viability if

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current conditions persist over the next six months. While larger firms may feel better positioned to manage volatility, prolonged uncertainty continues to pose risks to both SMEs and large enterprises.

- **Support Needs:** Businesses identified working capital support (41%), logistics cost management (35%), and temporary relief for energy-intensive firms (32%) as the most helpful forms of assistance over the next six months. Large firms placed relatively greater emphasis on logistics support, supplier diversification, and supply chain risk advisory services, while SMEs showed stronger demand for financial and cash flow assistance.
- **Corporate Income Tax (CIT) Rebate Most Welcomed:** Businesses perceived tax-related measures as the most useful form of support, with 60% of firms identifying the CIT rebate as delivering the strongest immediate value. This was followed by the Energy Efficiency Grant (43%) and support to defray cost increases in government projects (31%).
- **Differing Support Priorities for SMEs and Large Firms:** While SMEs place greater emphasis on financial and cash flow support measures, large firms prioritise support related to participation in government projects. Businesses continue to call for measures to address fuel and energy costs across both segments.



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**Annex B: SBF – IndSights Business Dipstick Report**