IPS–SBF CONFERENCE

GLOBAL-CITY SINGAPORE: SG60 AND BEYOND

22–29 JULY 2025

REPORT

30 OCTOBER 2025

About the Institute of Policy Studies (IPS)

The Institute of Policy Studies (IPS) was established in 1988 as an independent think-tank to study and generate public policy ideas in Singapore. IPS became an autonomous research centre of the Lee Kuan Yew School of Public Policy at the National University of Singapore in 2008. Today, IPS continues to analyse public policy, build bridges between thought leaders, and communicate its findings to a wide audience. The Institute examines issues of critical national interest across a variety of fields, and studies the attitudes and aspirations of Singaporeans through surveys of public perception. It adopts a multi-disciplinary approach in its analyses and takes the long-term view in its strategic deliberation and research.

For more information about IPS, please visit: www.lkyspp.nus.edu.sg/ips.

About Singapore Business Federation (SBF)

Singapore Business Federation (SBF) is the apex business chamber with over 32,000 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.

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SINGAPORE'S BEST YEARS LIE AHEAD

Remarks of the Organisers of the IPS-SBF Conference

As we commemorate Singapore's 60th year of independence, this report on the IPS-SBF SG60 Conference reflects on the journey that has taken us from a young and improbable nation to a thriving global city.

The programme was conceived not only as a tribute to that journey but as a platform to discuss our future.

The Pre-Conference Forum held on 22 July 2025 surfaced insightful new research and sparked dialogues with business leaders about how firms in Singapore and the region are responding to global economic shifts, digital transformation and evolving societal expectations.

Several SBF partners — Mastercard, Hyundai, Jurong Port and JTC — hosted participants at the Future-Ready Businesses Spotlight to provide a first-hand view of how they have responded to those imperatives.

The conversations at those two segments set the stage for an even deeper examination of the economic megatrends on Conference Day, 29 July 2025, through the perspectives of global thought leaders, senior policymakers, industry pioneers and dialogues with the Prime Minister and Minister for Finance, Mr Lawrence Wong, as well as Deputy Prime Minister and Minister for Trade and Industry, Mr Gan Kim Yong.

Key themes that emerged were that first, the world has changed, and there is no going back. Geopolitical dynamics, technological disruption and considerations around sustainability and inclusivity are reshaping both challenges and opportunities ahead.

Second, globalisation and multilateral cooperation will endure albeit in different ways and around different lodestars of industry and geoeconomics. The world may seem more fragmented but remains deeply interconnected.

And finally, as Singapore marks its special milestone, we are not without agency even under such changing conditions. Our choices can make a difference and the options are vast.

They run the gamut from the processes of technological adoption to the creation of business ecosystems, regeneration of the mechanisms for global trade partnerships and the introduction of green and socially inclusive economic strategies.

This, to remain a business hub that is competitive, connected and trusted in this age of radical uncertainty.

The private sector will be central in that endeavour. Businesses are not bystanders but builders, partners and problem-solvers. They can innovate boldly, lead with purpose and work across sectors to strengthen Singapore's long-term position in the world.

We thank all who have contributed to the success of the IPS-SBF SG60 Conference including PM Wong, DPM Gan, the panel moderators and speakers, and the Future-Ready Businesses Spotlight hosts.

Special mention goes to our Anchor Supporters — the Economic Development Board, Enterprise Singapore, the Ministry of Trade and Industry and the National University of Singapore — as well as the 54 Supporters for their invaluable contributions.

The participants must be recognised too, for sparking lively discussions with their incisive comments and questions. This collaboration embodies the spirit that has propelled Singapore forward these past six decades.

Let this report inspire fresh thinking, open dialogue and profitable partnerships for action.

As we honour 60 years of progress, we can build on it together, confident that Singapore's best years lie ahead.

Janadas Devan	Kok Ping Soon
Director	Chief Executive Officer
Institute of Policy Studies	Singapore Business Federation

A. EXECUTIVE SUMMARY

1. The IPS-SBF Conference, “Global-City Singapore: SG60 and Beyond” delivered a clear and urgent message: Singapore was navigating into what was an irreversible shift into an era defined by the twin disruptions of geoeconomic fragmentation and the Artificial Intelligence (AI) Revolution.

2. The consensus among policymakers, business leaders, academics and students at the Pre-Conference Forum and Conference was unequivocal: the predictable, multilateral order led by the United States (US) was not returning, and the pace of technological change was fundamentally reshaping the foundations of economic value. The “bumpier ride” ahead, described by the Prime Minister (PM) and Minister for Finance, Mr Lawrence Wong at the Conference, demanded a strategic reset in economic strategy — from adaptation to mitigation and even proactive agenda-shaping at the national, regional and international levels of action.

3. The primary driver of this new reality was the emergence of an aggressive, unilateral and transactional trade policy by the US under the administration of President Donald Trump. As articulated by speaker and Vice President of the Asia Society Policy Institute, Ms Wendy Cutler, the US no longer wanted to be “the caretaker of the global trading system,” which resulted in weakened traditional institutions like the World Trade Organization (WTO) and a more contested and uncertain global environment.

4. This long-term structural change necessitated a fundamental reconfiguration of global supply chains and economic alliances, argued Dr Indermit Gill, Chief Economist and Senior Vice President for Development Economics World Bank Group, who provided trade data to demonstrate how the rest of the world benefited far more than the US over the past decades of economic development.

5. Among others, Professor (Prof) Jia Qingquo from the School of International Studies and Institute for Global Cooperation and Understanding at Peking University, noted that economic security and geopolitical alignment now rivalled efficiency and comparative advantage as primary drivers of business and economic planning.

6. Both Dr Chatib Basri, former Minister of Finance of Indonesia, and Mr Ravi Menon, Singapore’s Ambassador for Climate Change, said it was critical to take heed of the concerns of national communities and policy elites in designing more flexible, issue- and sector-based coalitions of trading nations that are emerging.

7. Also, the next phase of globalisation would succeed only it fostered domestic economic integration. Businesses had to redesign industries to become more economically inclusive, ecologically sustainable and resilient. This was the policy trilemma that confronted key stakeholders, stated Temasek Board Director, Mr Tan Chong Meng as well as Amb Menon.

8. With specific regard to the sustainability imperative, research by Prof Edward Malesky of Duke University’s Sanford School of Public Policy suggested that context mattered in shaping which mechanisms worked best in shifting businesses towards that goal. Government legislation worked in some places, while activating consumer preferences or civil society activism worked in others.

9. The Conference highlighted a strategic path forward amidst global disruptions. Globalisation was indeed evolving into a complex, multi-layered ecosystem of alliances, particularly in digital and green economies. Dr Gill suggested that the softer norms- and consensus-oriented approach to multilateralism like that of ASEAN would be better suited in this reset of the global economy than the hard, judicial systems of the WTO and the European Union.

10. For now, businesses were confronted by a “spaghetti bowl” of overlapping free trade agreements (FTAs) and regional partnerships, each with their distinct set of rules and requirements. The research presented by Associate Professor (Assoc Prof) Soo Yeon Kim, Chair of the Korea Foundation Chair at the University of British Columbia, underscored the practical difficulties of this situation.

11. The primary barriers to thriving were not the lack of agreements, but the lack of awareness of these, the procedural complexities in using their provisions and the fact that the export volumes of small and medium enterprises (SMEs) so dominant in Southeast Asian economies were too low to meet the thresholds for preferential treatment. This reality underscored the need for simplification and harmonisation. Assoc Prof Kim proposed practical solutions, such as raising the *de minimis* value thresholds for certificates of origin and consolidating rules under broader frameworks like the Regional Comprehensive Economic Partnership (RCEP) within the region. Better yet, would be the introduction of a structured engagement process among key stakeholders in designing the provisions, trade rulebooks and implementation details of such free trade agreements.

12. As for Singapore, an important strategy to pursue was that of “active alignment,” or the engagement of major powers based on trust and reimagined bases for mutual benefit, argued Dr Basri as well as Chief Executive Officer of DBS Group, Ms Tan Su Shan. Ms Tan emphasised that Singapore's reputation for stability, rule of law and integrity was its “secret sauce” which made it a safe harbour for capital, a reliable node in supply chains and a credible leader in setting global standards for emerging areas of growth.

13. Parallel to these geoeconomic shifts reshaping the global economy was the rise of AI, which the Conference elevated from a mere efficiency tool to a foundational technology ushering in a “Second Cognitive Revolution”, in the words of Mr Russell Tham, Managing Director and Head of Emerging Technologies at Temasek. With the potential to add up to 30 per cent more output to the workforce, according to Global Managing Partner at McKinsey & Company Mr Bob Sternfels, AI had to be seen not merely as a disruptor but as the core engine of future competitiveness.

14. This revolution was characterised by AI's ability to operate in multimodal systems that fused language, audio and text, and — crucially — generated new data and reasoning beyond their initial training sets. Mr Jefferson Chen, Co-Founder of Advance Intelligence Group, reinforced this view, stating that AI had to be treated as a “foundational platform” capable of driving progress, transforming one sector to the next.

15. Executive Chairman of Hitachi Asia Ltd, Mr Kojin Nakakita described AI as a central force in the “great redesign” of the global economy. The narrative needed to shift from what AI could do (i.e., automates tasks) to what it could enable (i.e., new business models, new

forms of value creation and new workforce structures). He laid out a vision of the “Omni-Sentient World” in the year 2038 where he expected a synthesis between the developments in intelligence and sustainable energy would have taken place. Cities that did best in such a world would be the those that had an advantage not because of their size or location but for being part of this sustainable value chain driven by intelligence.

16. The strategic imperative for Singapore was therefore not necessarily to be the first in developing frontier technology and innovation, but to leverage the rapid and widespread diffusion of this AI technology across the economy, particularly within the SME and start-up spaces not weighed down by legacy investments in older technology.

17. This point of enabling a more pervasive and appropriate application of AI was also made by PM Wong. However, a discussion of merely the cost of automation seemed to make such an ambitious transition to AI, daunting. Mr Lennon Tan, President of the Singapore Manufacturing Federation said that the high cost of automation — up to an average of S$3–5 million for a full production line — made it difficult for SMEs to justify the investment. Such costs as well as the limits on expertise and mindsets were barriers to broad-based diffusion of these new technologies, including AI.

18. The success of these efforts would also turn on a critical enabler: human capital. Deputy Prime Minister (DPM) and Minister for Trade and Industry, Mr Gan Kim Yong stated that with technical skills’ half-life diminishing to under two years, the approach to talent development had to become continuous and lifelong. Several speakers said the same, urging all to focus on cultivating uniquely human skills — creativity, critical judgment and communication — that could work symbiotically with AI.

19. However, whether it was motivating firms or workers to adopt these technological changes, Ms Phyllis Ong, Group Chief Executive Officer of Armstrong Industrial Corporation Limited said that future development at the macro- and micro-level would boil down to a question of the corporate value system and where “People Intelligence (PI)” stood in relation to it rather than “Artificial Intelligence”. It would be PI that would provide the sense of purpose and drive towards innovation on a sustained basis.

20. Secretary-General of the International Chamber of Commerce, Mr John Denton said that while the world was at an inflection point, there was an opportunity to make it a moment of transformation and not of breakdown. Given Singapore's agility, trustworthiness, sheer grit and determination, as well as the sense of agency among its people and leaders as evident since Independence, the country had the wherewithal to achieve greater success, SG60 and beyond.

21. The following are recommendations derived from the programme for key stakeholders:

For corporate and finance leaders

22. ***Mandate AI adoption as a core C-suite priority*** specifically by establishing dedicated, cross-functional teams to drive diffusion across all business units. Performance metrics should be tied to the successful deployment of AI in enhancing productivity, creating new revenue streams and improving customer outcomes.

23. ***Proactively consider reconfiguring supply chains for resilience and regional opportunity, which may entail operating dual supply chains*** — one designed for the US market and another for the rest of the world — to withstand future disruptions.

24. ***Lead public-private partnerships in talent reinvention*** where programmes focus on the symbiosis of technical AI literacy and uniquely human capabilities like creativity and critical thinking, ensuring a talent pipeline that would be directly aligned with the evolving needs of the modern economy.

For technology and innovation leaders

25. ***Develop and scale "AI-as-a-service" platforms for the SME sector*** to shift the focus from bespoke enterprise solutions to creating affordable, scalable and user-friendly ones. Tailored to SME needs, these platforms could offer turnkey solutions for common business functions (e.g., marketing, finance), thereby democratising access to advanced technology and accelerating the broad-based diffusion.

26. ***Champion the development of interoperable standards for new economic alliances*** by participating in and leading initiatives in digital identity, cross-border data flows, AI governance, carbon accounting and so on. By building "coalitions of the willing," Singapore's technology ecosystem could set de facto global standards that would enhance its position as an indispensable business hub.

27. ***Invest in research and development efforts focused on the human-AI symbiosis*** where the greatest value is created at the intersection of machine intelligence and human creativity and purpose. This could include creating AI "co-pilots" that assist with research, as well as interfaces that foster the non-linear, innovative thinking that are a uniquely human and highly valuable capability.

For government and regulators

28. ***Double down on "active alignment" by expanding the network of digital and green agreements and across emerging intelligence-driven growth poles****,* designed as open, "plurilateral" platforms other economies can join. This should allow Singapore to serve as a nucleus for a new, more flexible international economic architecture. Cities that could achieve the synergy between AI and sustainable energy yet ensure that growth would be inclusive for their domestic constituents, would become the new growth poles of the next phase of globalisation. Singapore should ensure its place in such networks and start building more.

29. ***Evolve national talent initiatives to embrace a lifelong, modular learning model*** ensuring that curricula would be dynamically updated to reflect the urgent demands of the job market, particularly in AI-related fields. Education systems should shift away from purely credential-based outcomes towards equipping individuals with the more crucial ability to learn-unlearn-relearn as well as enhance the uniquely creative and critical thinking abilities of human capital.

30. ***Design "smart regulation" to lower the barriers to SME technology adoption*** by expanding sandboxes that would allow SMEs to experiment with new technologies like AI. By co-creating clear and simplified guidelines for AI ethics and data governance, the compliance burden could be reduced. Enhancing financial support schemes, possibly through risk-sharing loan models, could lower the capital investment hurdles for SMEs seeking to innovate.

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B. PRE-CONFERENCE FORUM, 22 JULY 2025

1. The Institute of Policy Studies (IPS) and the Singapore Business Federation (SBF) held the SG60 IPS-SBF Pre-Conference Forum, titled “Global-City Singapore: SG60 and Beyond” on 22 July 2025. Introductory remarks were delivered by Mr Kok Ping Soon, Chief Executive Officer (CEO) of the SBF. This was followed by two panel discussions.

Introductory Remarks — Kok Ping Soon, Chief Executive Officer, Singapore Business Federation

Mr Kok Ping Soon delivering the Introductory Remarks at the Pre-Conference Forum.

2. Mr Kok Ping Soon, CEO of SBF, welcomed participants to the Pre-Conference Forum and described it as the first step in thinking about the economic and business challenges facing the country and shaping the conversation of the Conference to be held a week later, on 29 July.

3. As a small and open economy, the challenges included geopolitical tensions, climate change and shifting societal values which would demand that the country achieved a greater level of innovation, digitalisation and sustainable growth while it managed the immutable constraints of manpower, land and carbon, he said.

4. To remain competitive and thrive beyond SG60, Mr Kok believed business, government and civil society had to work together to adapt to the changing global landscape strategically, balancing profitability with sustainability and resilience.

Session One — Singapore Business and Its Response to Key Trends: Research Findings

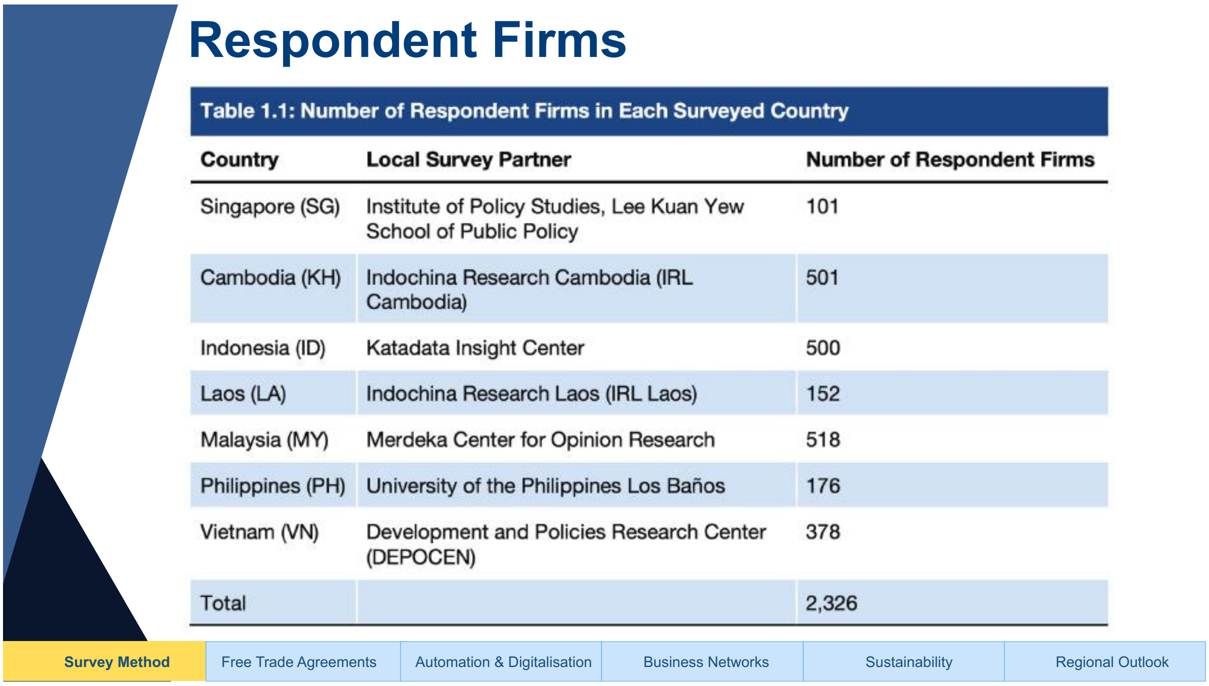
From the left: Mr Lennon Tan, Professor Edmund Malesky, Associate Professor Soon Yeon Kim and Dr Faizal Yahya at Session One of the Pre-Conference Forum.

5. The panel at the first session comprised Assoc Prof Soo Yeon Kim, Korea Foundation Chair, Editor of *Pacific Affairs*, School of Public Policy and Global Affairs, The University of British Columbia; Prof Edmund Malesky, Director of the Duke Centre for International Development, Sanford School of Public Policy, Duke University; and Mr Lennon Tan, Group Chairman, ADERA Global Group and President, Singapore Manufacturing Federation. It was moderated by Dr Faizal Yahya, Senior Research Fellow, IPS.

States, markets and regional integration

6. A multi-country research project was conducted between 2023 and 2024, led by Assoc Prof Kim and an international team of scholars. It analysed views from 2,326 manufacturing firms in seven Southeast Asian countries on digitalisation, automation, human capital development, sustainability, trade liberalisation and regional integration.

7. The findings highlighted rising uncertainty in the global environment and underscored the importance of transparency that would help firms navigate those complex conditions. FTAs were structured, transparent and rules-based pathways to maintain international market access, yet utilisation remained uneven and below full potential, hampered by limited awareness, procedural complexities and low export volumes among smaller firms Business associations and public agencies played a critical role in mediating between firms and the state, helping firms use FTAs effectively. As the ASEAN Economic Community improved export access, investment opportunities and digital connectivity in the region, firms expressed their support for further integration. See Chart 1 and 2.



Respondent Firms

Table 1.1: Number of Respondent Firms in Each Surveyed Country		
Country	**Local Survey Partner**	**Number of Respondent Firms**
Singapore (SG)	Institute of Policy Studies, Lee Kuan Yew School of Public Policy	101
Cambodia (KH)	Indochina Research Cambodia (IRL Cambodia)	501
Indonesia (ID)	Katadata Insight Center	500
Laos (LA)	Indochina Research Laos (IRL Laos)	152
Malaysia (MY)	Merdeka Center for Opinion Research	518
Philippines (PH)	University of the Philippines Los Baños	176
Vietnam (VN)	Development and Policies Research Center (DEPOCEN)	378
Total		2,326

Chart 1: Slide from the presentation by Assoc Prof Kim Soo Yeon on the profile of firms included in the study, “States, Markets, and Regional Integration”.

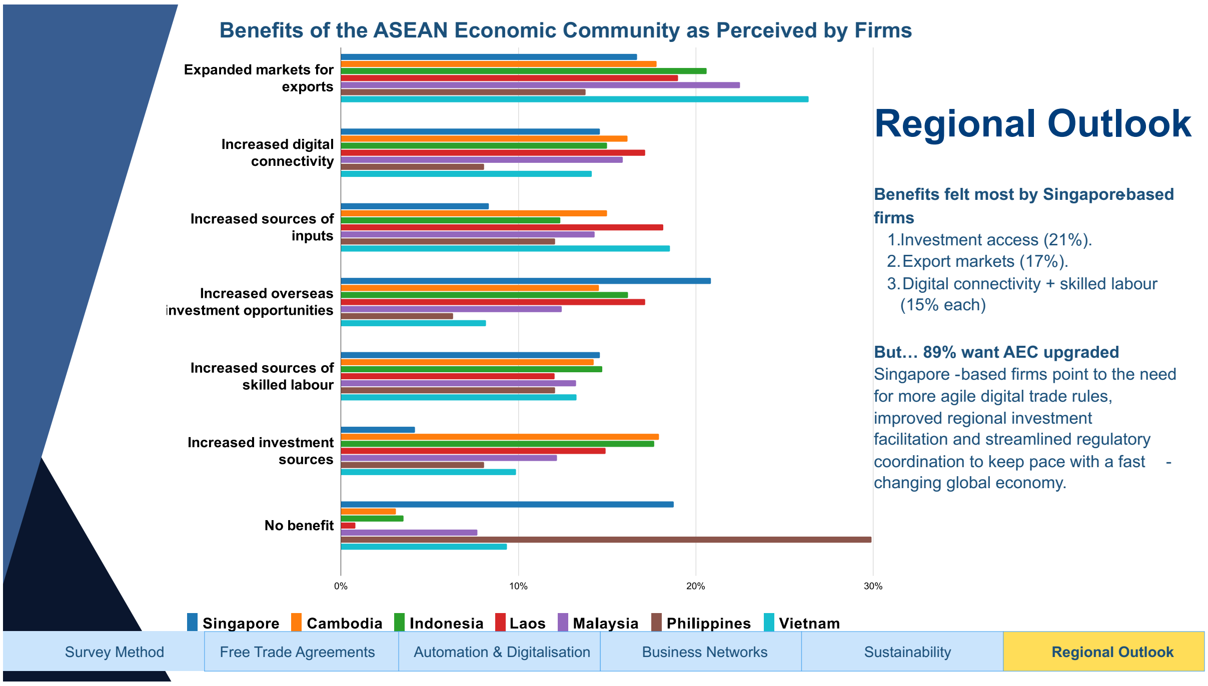


Chart 2: Slide from the presentation by Assoc Prof Kim Soo Yeon on the benefits anticipated from greater trade integration through the ASEAN Economic Community.

8. Assoc Prof Kim offered three practical suggestions for strengthening regional trade and competitiveness. The first suggestion was to raise the threshold for waiving the need for certificates of origin above the current US$200 under the ASEAN Free Trade Area (AFTA) and US$1,000 under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) so that SMEs could offer consumers tax-free transactions. The second suggestion was to improve the harmonisation of customs procedures under the ASEAN Single Window scheme. The third suggestion was to support the Free Trade Area of the Asia Pacific

agenda under the Asia-Pacific Economic Cooperation (APEC) that sought further economic integration in the Asia-Pacific. Firms called for improved regulatory interoperability, talent mobility and more responsive ASEAN institutions while the scholars emphasised that automation and digitalisation had to be coupled with appropriate regulation and workforce adaptability to drive sustainable and inclusive growth.

Drivers of environmental sustainability in ASEAN economies

9. The next panellist, Prof Malesky, highlighted that while Singapore adopted a top-down regulatory model for environmental sustainability, most ASEAN economies lacked the institutional capacity for similar approaches. In these contexts, firms were likely to be influenced by a combination of regulatory pressure, civil society efforts and market-driven consumer demand. Export-oriented firms were particularly responsive to environmental expectations from overseas buyers, with Singaporean firms motivated by consumer preferences and Vietnamese firms by civil society-defined green lists, as examples. Since there was no single policy model that could drive improved environmental sustainability in business activities, much depended on the nature of the markets that firms were targeting. To illustrate, Prof Malesky highlighted the "California Effect" to suggest how stringent external standards of an important market could drive significant change throughout the value-chain, effectively.

Automation, digitalisation and workforce challenges in the region

10. On automation and digitalisation, drawing from the findings of the same survey, Prof Malesky said Singapore firms reported lower rates of robotics utilisation and full automation compared to firms surveyed in Malaysia and Indonesia although Singapore led in the adoption of machine-learning. See Chart 3.

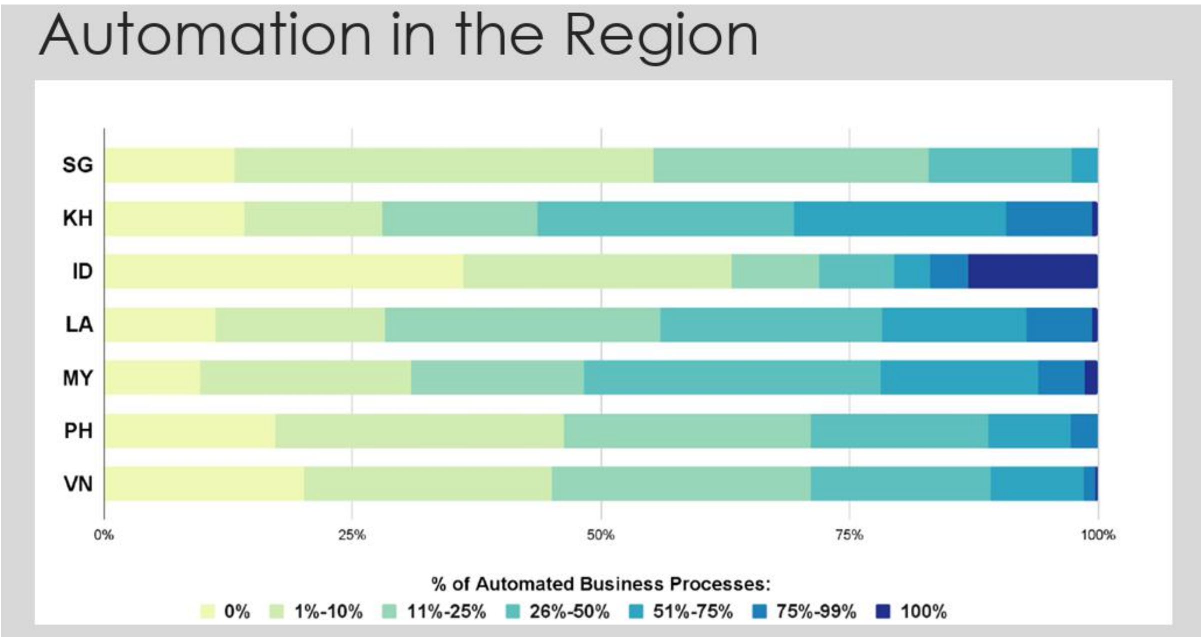


Chart 3: Slide from the presentation by Prof Edmund Malesky on the adoption of automation in firms in Southeast Asia. (SG: Singapore; KH: Cambodia; ID: Indonesia; LA: Laos; MY: Malaysia; PH: Philippines; and VN: Vietnam.)

11. Automation was seen as a productivity enhancer in Singapore and not a threat to employment, unlike in the Philippines and Vietnam. Digitalisation had progressed unevenly

across the region. There was rapid post-COVID adoption of online activities in Vietnam, while in Singapore, adoption was limited across operations despite its technical advantages. Generally, regulation in Singapore was significant but seen as beneficial, while firms in other ASEAN countries tended to view regulation as burdensome and intrusive. The analysis concluded that it was essential to balance regulatory, societal and market-based pressures to promote sustainability and competitiveness. Also, while automation and digitalisation were integral to progress, these required careful management to mitigate workforce and regulatory challenges.

Insights and imperatives from Singapore's manufacturing sector

12. Mr Lennon Tan discussed how Singapore's manufacturing sector continued to be a key pillar of the economy, contributing 20 per cent to gross domestic product (GDP) and employing over 470,000 Singapore residents. Mr Tan noted that while the Manufacturing 2030 Vision was on track to raising manufacturing value-add by 50 per cent at the end of the decade from the base in 2023, the sector faced structural challenges. It was marked by a dual market of large multinationals and SMEs where the latter seem constrained in adopting automation due to high costs and the long, uncertain return-on-investment (ROI) timeline. From the international survey discussed by the other panellists, Assoc Prof Kim and Prof Malesky, nearly a third of SMEs reported not having automation in their business processes, and many relied on manual processes even if they had plans to improve. Government grants helped but fell short of enabling full-scale digital transformation of most of the smaller firms, noted Mr Tan.

13. Trade agreements remain underused, with many businesses unaware of or not leveraging Singapore's 28 FTAs. As tariffs rose globally, these were missed opportunities. Environmental sustainability was gaining momentum, driven primarily by pressure from large buyers, with over a quarter of firms willing to make major green investments if pushed by key clients. Mr Tan referred to this as the "Queen Bee" strategy for the sustainability agenda.

14. To respond, Mr Tan proposed a "growth playbook" built around co-investing in green and digital upgrades, co-creating those through regulatory sandboxes and raising the skills in businesses through AI and sustainability academies for workers. He emphasised the need for firms to act beyond basic digitisation, adapt through diversification and form alliances to stay resilient and competitive in an increasingly fragmented global economy.

Question-and-Answer Session

Realising the potential of ASEAN

15. Several participants wanted to know how regional integration in Southeast Asia could be enhanced, and how the appropriation of provisions in the FTAs involving countries in the region by businesses could be improved. Given the aspiration of creating an ASEAN common market, what were the main political or institutional barriers to it? Was the tariff environment the right moment to push ahead?

16. Assoc Prof Kim emphasised the need for deeper regional cooperation now, in response to rising uncertainty in the Asia-Pacific region. She pointed to gaps in institutional participation, particularly the absence of the US, and stressed the growing importance of regional leadership. She highlighted ASEAN's strong role as a convener and suggested it take on a more assertive leadership position.

17. Assoc Prof Kim suggested that better utilisation of the FTAs that were applicable to businesses in the region could be facilitated by raising the *de minimis* threshold for requiring a certificate of origin. She advocated for the adoption of self-certification to simplify compliance and emphasised the benefits of consolidating trade agreements. She cited RCEP's harmonisation of rules of origin across 15 member states as an example of reducing technical and bureaucratic complexity for exporters.

18. Mr Tan believed that many companies did not think the FTAs were relevant to them as their trade volumes were too small, or that they lacked the knowledge to navigate the agreements. He stressed the role of education and expertise, noting that the Business Adaptation Grant under the Singapore Economic Resilience Taskforce (SERT) would help companies adjust to the new tariff environment. This would include providing advisory services related to FTAs, trade compliance, legal and contractual matters, supply chain optimisation, and market diversification. He also pointed out that correct product classification (HS codes) significantly affected eligibility and suggested the use of AI tools to provide step-by-step guidance to SMEs for using FTAs effectively.

19. Prof Malesky said that while 85 per cent of Singaporean firms that were surveyed might not have utilised FTAs, that did not mean that 85 per cent of trade value had been forfeited. This was because larger firms that were responsible for greater trade volumes did benefit from the provisions. He cautioned against viewing past efforts at creating these agreements as being in vain as FTAs went beyond facilitating trade in goods. They encompassed the establishment of investment rules, how state-owned enterprises would be treated and provided dispute resolution mechanisms These broader provisions added long-term value and justified further effort at putting them in place. They were particularly important to globally oriented firms

20. On the matter of an ASEAN common market, Assoc Prof Kim cited two main barriers to its formation: politically, there was ASEAN's strong emphasis on national sovereignty and the principle of non-interference over the promotion of the region's collective interests. This helped ASEAN hold together but hindered deeper integration. Economically, there were restrictions on labour movement which remained highly constrained and was not a policy issue likely to be resolved soon.

Implications of the US administration's trade policies

21. Given that President Trump's reciprocal tariffs policies were based on bilateral considerations and designed to decouple global supply chains from China, argued a participant, could this lead to a broader unravelling of supply chains in ASEAN? If so, how would this affect regional trade agreements such as RCEP as well?

22. Assoc Prof Kim noted that although the US seemed to be pursuing a decoupling strategy, other countries were focused more on de-risking supply chains rather than severing ties completely. She recognised it was, nonetheless, a complex process to achieve, with implications for areas like digital infrastructure and Singapore's strategic role in the region.

23. Prof Malesky added that while US trade policy was increasingly bilateral and transactional, it would be extremely difficult to untangle global supply chains, especially from China. Many manufacturers relied heavily on Chinese inputs even when relocating production. He warned that any significant shift would be slow but destabilising. However, reshoring efforts were likely to continue regardless of who was in the White House as the broader shift towards secure, “friend-shored” supply chains had begun.

24. Mr Tan predicted that companies could adopt the strategy of operating dual supply chains — one tailored for the US market, and another for the rest of the world. He cautioned that sourcing alternatives to even the most basic Chinese-made components could be costly, potentially making US-bound production more expensive and less economically viable in the short term.

25. A participant asked how well Singapore would do if there was a reshoring of labour because of the new tariff environment? Would there be an upside for Singapore?

26. The panellists agreed that Singapore could benefit from the reshoring of labour due to favourable tariff differentials, particularly through regional FTAs involving areas like Batam and Bintan. Mr Tan noted that some manufacturing activities were already shifting out to the region. Assoc Prof Kim highlighted that labour mobility would still be bound by existing policy frameworks. Prof Malesky added that reshoring was feasible for high-value industries as Singapore’s high costs limited competitiveness in lower-value manufacturing activities.

Promoting greater sustainability

27. A participant asked if green lists were effective catalysts for change. Did they function better as regulatory measures that were imposed top-down or if they were driven by bottom-up consumer demand?

28. Prof Malesky emphasised that while regulation played an important role, consumer influence mattered significantly. He noted that export markets offered clear incentives for green practices, but the challenge was in creating similar incentives for companies to do the same within domestic markets. Referring to Mr Tan’s mention of a “Queen Bee” strategy, where a dominant buyer provided impetus for change, Prof Malesky suggested that governments, particularly at the local level, could adopt this role by leveraging procurement contracts to incentivise greener practices.

29. Prof Malesky highlighted another issue — many small firms questioned the very legitimacy of such regulations, especially in contexts where they suspected such rules were merely tools for state intervention. To address this, he advocated a co-creation approach where businesses were invited to be actively involved in developing these regulatory frameworks. For example, this would mean allowing SMEs to participate in notice-and-comment periods to foster a sense of ownership and improve compliance. He and his team experimented with such participatory approaches and observed higher compliance when firms were involved in designing regulations.

30. Mr Tan was asked for his thoughts on the apparent duality between SMEs that engaged in manufacturing and the larger firms, such as those producing semiconductors —

was there meaningful middle ground between them or was there a shift towards a polarised structure?

31. Mr Tan explained that the duality between large multinational corporations (MNCs) and small and medium businesses (SMBs) in Singapore's manufacturing sector was quite distinct: While MNCs, especially in sectors like semiconductors and pharmaceuticals were highly automated, SMBs often handled lower-value contract work. To bridge this gap, the SMF initiated the “MNC-SMB Alliance” to foster collaboration. To illustrate how it worked, he cited the case of ATC, a SMB that traditionally provided basic services to MNCs. Through the alliance, ATC partnered Singapore Airlines to refurbish Boeing business class seats locally which was a task previously outsourced to the US. This required meeting strict certification standards which ATC achieved with support from research agencies like A*STAR and SIMTech. As a result, ATC not only gained new technical capabilities, but it also expanded to serve other regional clients. Mr Tan emphasised that such alliances could uplift local enterprises and better integrate them into global value chains.

Comparison with Malaysia and Indonesia on automation

32. What was driving automation in Malaysia and Indonesia, and why did it seem that Singapore lagged in comparison based on the findings of the international study?

33. Prof Malesky noted that automation was costly and often involved highly customised solutions. As such, for Singapore’s SMEs that operated with tight margins and limited scale, investing in such changes could be difficult to justify. In contrast, many Malaysian and Indonesian firms benefited from the support of large multinational buyers that helped fund and install the automation solutions. These firms were export-oriented and plugged into global supply chains, making automation more feasible. He also clarified that Singapore was not lagging on automation overall. Most firms automated to some extent, but fewer made large, transformative investments. He cautioned against comparing averages across countries, as only a minority of firms in Malaysia and Indonesia were making big automation bets.

34. Mr Tan reinforced this by saying that while automation offered major advantages such as consistent quality and reduced reliance on labour, Singapore’s smaller market size made it harder for firms to see a quick return on investment. In comparison, Malaysia’s larger, export-driven market certainly made automation more economically viable. He suggested that greater government-backed financial support, like shared-risk loans, could accelerate adoption in Singapore. Mr Tan also pointed out that Singapore was seeing strong automation in sectors like cleaning and maintenance which suggested that targeted investment could replicate this progress in the manufacturing sector.

Session 2 — Charting the Course to Global Value Chains of the Future

From the left: Mr Liew Nam Soon, Mr Jefferson Chen, Ms Phyllis Ong, Mr Kok Ping Soon and Mr Russell Tham at Session Two of the Pre-Conference Forum.

35. The second session of the Pre-Conference Forum, titled "Charting the Course to Global Value Chains of the Future: Leaders' Views" featured a panel comprising Mr Russell Tham, Managing Director and Head, Emerging Technologies, Temasek; Ms Phyllis Ong, Group Chief Executive Officer, Armstrong Industrial Corporation Limited; Mr Jefferson Chen, Co-Founder, Chairman and Chief Executive Officer, Advance Intelligence Group; and Mr Liew Nam Soon, Deputy Regional Managing Partner, Asia East, Managing Partner, Asean and Country Managing Partner, Singapore and Brunei Ernst & Young LLP. The session was facilitated by CEO of SBF, Mr Kok.

Driving strategic advantage through technology adoption in an era of geopolitical change

36. Mr Tham explored the interplay between technological innovation and geopolitics, asserting that innovation not only responded to but actively shaped global power dynamics. Contrary to conventional belief, history proved that breakthroughs often emerged during periods of geopolitical tension. The current revolution in Artificial Intelligence (AI) marked by the rise of multimodal, reasoning-capable systems represented a "Second Cognitive Revolution", a paradigm shift that would span decades. See Chart 4 for a representation of this shift. These innovations, driven by advancements in hardware and software, were cascading into real-world applications such as robotics, sustainable manufacturing and energy-efficient industrial processes. Clearly, such technology was not simply a support function but a primary driver of economic development, strategic and geopolitical outcomes.

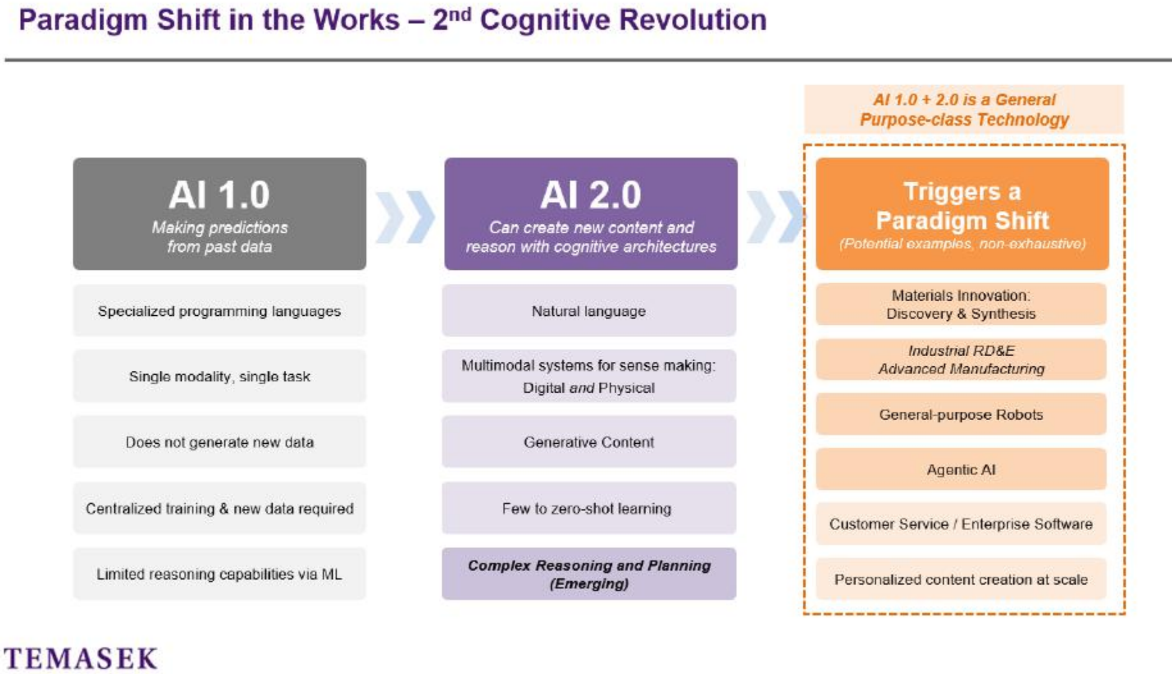


Chart 4: Slide from presentation by Mr Russell Tham, describing the genesis and nature of the Second Cognitive Revolution

37. For smaller nations like Singapore, the path to economic resilience might not necessarily be in operating on the frontier of innovation but in the rapid and strategic adoption, or diffusion, of emerging technologies. The importance of diffusion — namely, how quickly and effectively new technologies became embedded across industries — was underscored by Mr Tham. Drawing lessons from leading global technology firms, he outlined four key attributes necessary for smart adoption of these technologies: deep technical sense-making; leadership buy-in; agility in responding to weak signals; and decisive top-down execution. In this era of transformative general-purpose technologies, Singapore had to prioritise diffusion at scale, guided by technically informed leadership and its willingness to act amidst uncertainty.

Embedding people-centric innovation

38. The second panellist, Ms Ong, representing a Singapore-based, family-owned SME with 16 factories across seven countries, shared a deeply personal and people-centric reflection on the role of family businesses, the manufacturing industry and redefining intelligence in the digital age. While acknowledging the importance of adopting Industry 4.0 technologies, she emphasised that digital transformation was a long-term journey, and the human element remained central in navigating this journey. Her people-centric approach focused on three themes: sustaining the purpose and longevity of family businesses; elevating manufacturing through service excellence; and redefining intelligence in the digital age.

39. Drawing on her exposure to European multi-generational businesses, Ms Ong questioned the sustainability of SMEs that operated without clear purpose beyond duty. She proposed a framework of “aspiration, hunger and ambition” (AHA) to encourage next-generation SME leaders to find meaning in the transformational work that lay ahead if they wanted to achieve long-term viability. She advocated for a reinvention of manufacturing through service excellence, highlighting how trust-based engagement with global clients like BMW or Dyson could not be replicated by AI. Singapore, she argued, had a unique opportunity

to build strong business-to-business (B2B) gateway brands despite limitations in overseas adaptability. Ultimately, "people intelligence (PI)", she argued, was the true force of innovation rather than AI. Referring to studies on declining reasoning abilities among younger generations who utilised generative AI, Ms Ong urged leaders to reinvest in human connection, communication and purpose-driven work. For her, SME leaders had to go beyond mission statements and actively empower people to provide differentiating value in a tech-driven world.

Generative AI as a transformational force for business and society

40. The third panellist, Mr Chen emphasised that the world was in the midst of a paradigm shift in industrial value-chains driven by generative AI (GenAI). Previously unimaginable, tools like ChatGPT had become daily utilities, replacing traditional tools like Google in being embedded in both personal and business workflows. Drawing from his dual perspective as a startup founder and venture capital investor, Mr Chen highlighted how his firm leveraged GenAI to cut costs, streamline decision-making and hyper-personalise services. Its AI-driven code generation saved up to 30,000 man-hours and displaced 40 per cent of mid-level engineers, while the utilisation of multimodal AI accelerated the company's global rollout of e-KYC ("Know your customer") and anti-fraud services.

41. Mr Chen stressed that GenAI ought not to be viewed as a simple productivity tool, but as a foundational platform capable of sector-by-sector transformation. While big technology firms dominated large language model (LLM) development, model performance was converging, making it increasingly feasible for smaller firms and startups to innovate competitively. He urged Singapore to invest in AI infrastructure, foster smart and interoperable regulation and prioritise the nurturing of talent — not through inflated salaries but through the aggregation of domain knowledge and practical application. Ultimately, GenAI could be a force that was not just about transforming industries but redefining how value could be created and trusted, and Mr Chen affirmed Singapore's readiness to lead this transformation. These were points he made in Chart 5 below.

Chart 5: Slide from the presentation by Mr Jefferson Chen, on the way Singapore can take advantage of GenAI.

__Singapore's strategy amid global economic transformation__

42. The fourth panellist Mr Liew highlighted how all countries faced forces of major economic transformation — AI, the green transition, evolving trade regimes and changing talent needs. Countries across Asia were advancing in different arenas of economic activity, with ASEAN's digital economy set to reach about $300 billion by the end of 2025. However, progress was hindered by fragmented data systems and uneven infrastructure. The green transition faced weak return on investment or ROI numbers and policy inconsistencies despite efforts like Singapore's carbon tax and regional initiatives related to electric vehicles. Supply chains were regionalising, such as through the Johor-Singapore Special Economic Zone (JS-SEZ). Talent shortage, particularly in AI and sustainability, was exacerbated by mismatched skills and outdated education models that underscored the need for more agile, industry-aligned training that also emphasised the development of critical, soft skills.

43. To remain competitive, Singapore had to enhance regulatory agility in AI, meet ESG ("environmental, social and governance") standards, deepen investment in frontier technology and expand innovation ecosystems like Tuas Nexus and the Jurong Innovation District. The focus had to shift from just efficiency to resilience, adaptability and sustainable value creation. As AI disrupted traditional outsourcing models, Singapore had an opportunity to become a launchpad for bold, human-centred innovation. With strong fundamentals in regulation, trust and talent, Mr Liew was optimistic that Singapore could grow confidently in this new global landscape. These strategies were captured in the three points in Chart 6.

Chart 6: Slide from presentation by Mr Liew Nam Soon on orientation Singapore needs to stay globally competitive.

Question-and-Answer Session

Keeping up with trends

44. The panellists were asked to rate on a scale of 1 (for "unprepared") to 5 (for "well-prepared"), how ready Singapore businesses were for global trends in AI, the green transition, supply chain shifts and so on. What was needed to close the gap?

45. Mr Tham rated Singapore between 3 and 4, highlighting a lack of urgency compared to a country like China where every entrepreneur was racing to adopt AI. There was need for a mindset shift and entrepreneurial drive. He suggested that SMEs could find it easier to adopt AI as they were not burdened by legacy infrastructure. With no incumbent systems to replace, the opportunity lay in agility. It was only mindsets — the fear of the unknown — that might hold businesses back.

46. Ms Ong gave a lower score of 3, expressing concern that local businesses were not adapting quickly enough. Mr Chen offered a score of 4, acknowledging the government's strong support and emphasised how AI could address Singapore's biggest challenge of manpower constraints by creating "virtual" workers. Mr Liew observed that MNCs were generally more advanced, while SMEs lagged due to confusion and resource limitations. However, Singapore was well ahead regionally in areas like sustainability and digital guidelines, he noted.

Embedding AI into profitable industry

47. What then were the biggest challenges Singapore faced in translating AI research into scalable, commercially viable solutions that could integrate effectively into the global value chain, asked another participant. What role would the government have in it? Given the rapid momentum around AI, were there parallels to the dot.com bubble of the 1990s, or was the AI revolution fundamentally different?

48. In response to these questions from participants, the panel agreed that AI was fundamentally different from the dot.com boom due to its tangible value and rapid adoption. Mr Chen acknowledged AI's imperfections, such as hallucinations, but emphasised its real-world applications, revenue generation and clear paths to profitability, unlike many speculative ventures of the 1990s.

49. Mr Liew echoed this, noting that AI was already delivering strong ROI in enterprise functions although customer-facing deployments remained challenging in regulated environments. Ms Ong stressed that infrastructure and tools had lowered barriers of entry for SMEs, but a mindset shift was needed to fully capitalise on AI's potential. Mr Tham underscored that AI, unlike the dot.com era, was backed by significant infrastructural investment and realised revenue, urging future leaders to use AI thoughtfully as a co-pilot for deeper problem-solving.

50. The panel was asked if there was a growing disconnect between AI deployment and investment in fundamental science where the former took precedent especially within the private sector? What mechanisms were driving this, and what could be done about it?

51. Mr Tham rejected the idea of a simple linear sequence from public to private research, instead proposed a symbiotic "flywheel" model of innovation. He acknowledged the enduring role of government in funding basic science but noted that private-sector research was becoming increasingly sophisticated. This was evident in areas like quantum computing and AI-driven neural net simulations that compressed long research and development (R&D) cycles, where the tools would eventually flow back to academia. Also, considerations of geopolitics and defence would ensure there would be ongoing public investment in foundational science.

Talent and jobs in the AI-driven business world

52. Were young Singaporeans prepared to lead in the AI era, and could they be better equipped for it, the panel was asked.

53. Mr Liew emphasised the importance of shaping multidisciplinary curricula instead of only traditional degrees, such as combinations like accounting with data science, to reflect the evolving needs of the workforce. He highlighted the value of short internships and diverse exposure which allowed students to "stitch the value chain" between business and technology. He held up YouthTech Singapore, a national movement driven by undergraduates, and urged youth to learn from peers and immersive experiences, based on observations of his own tech-savvy 15-year-old child.

54. Ms Ong reiterated the importance of mindset, noting that the existing "good enough" state of technology made advancement more accessible. She said there was a need to guide youth through a "convoluted future"; they needed the right mental tools to navigate through an uncertain future.

55. Another participant asked if AI could augment mid-level, manual jobs like retail or field work, and if there was a business case for doing so?

56. Mr Chen cited "retail assistants" as a use case and explained how AI could empower frontline roles through real-time data and personalisation. He described a scenario where an in-store assistant, via wearable tech or facial recognition, could instantly access a shopper's profile, preferences, and previous purchases to offer tailored recommendations. He also emphasised that it was possible and important to have customer consent for linking that data across physical and digital touchpoints. He argued this could extend beyond the retail sector into roles in financial services, insurance and property, where AI could augment human advisors, suggesting a race of adaptability among frontline workers.

C. CONFERENCE, 29 JULY 2025

Introductory Remarks by Mr Teo Siong Seng, Chairman, Singapore Business Federation

Mr Teo Siong Seng, Chairman of the Singapore Business Federation delivering the Introductory Remarks at the Conference

1. Chairman of SBF, Mr Teo Siong Seng opened the Conference reflecting on how Singapore's progress had been the result of forward-looking political leaders and the collective will of the people. He emphasised the roles that businesses played as builders, partners and problem-solvers. To strengthen Singapore's long-term position in the world, he urged businesses to lead with purpose, innovate boldly and work across sectors.

Dialogue with Prime Minister and Minister for Finance of Singapore, Mr Lawrence Wong

2. In the opening dialogue with IPS Director Mr Janadas Devan, PM Wong shared his vision of Singapore as a shining node in a global network, even in a changed geoeconomic environment.

Addressing economic uncertainties: Not a passive bystander

3. Mr Devan asked PM Wong how Singapore could respond to the global economic uncertainties ahead.

4. Elaborating on the context, PM Wong noted that while the US was pulling back from the framework of open, rules-based multilateral trade system it had underwritten, it was still indispensable. However, the world would become chaotic, messy, conflict-prone and less able to come together to deal with global challenges. As such, SERT chaired by DPM and Minister for Trade and Industry Mr Gan Kim Yong, would update the country's economic strategies to respond to the new operating conditions. The government would introduce targeted measures to assist companies affected by the new trade tariffs policies of the US.

From the left: Prime Minister and Minister for Finance, Mr Lawrence Wong and Mr Janadas Devan at the opening dialogue session of the Conference.

5. Singapore was far from being helpless nor was it a passive bystander even if it had to be realistic in its response. It could adopt three strategies to secure its international trade interests, PM Wong explained. The first would be to do its part in strengthening multilateralism. For instance, Singapore was collaborating with like-minded countries on initiatives to keep the World Trade Organization (WTO) relevant, such as the creation of a framework for digital trade, and formulate interim arrangements for WTO's dispute resolution mechanism.

6. The second strategy was to work with like-minded countries in regional groupings to facilitate free trade. For instance, there was interest in linking up countries and policies of the CPTPP with the European Union (EU). Other than working with the groupings, there was also the prospect of finding new markets in Latin America, the Middle East and Africa. PM Wong said that the SBF and the Ministry of Trade and Industry would mount missions to familiarise Singaporean companies with these markets.

7. The third strategy was to promote tighter trade integration within ASEAN with a focus on bringing down non-tariff barriers. PM Wong remarked that if GDP per capita in ASEAN could be raised from US$6,000 to US$10,000, that would be a game changer in further development of the region.

8. Responding to a question posed later in the session on how the problem of inequality in Southeast Asian countries should be managed, PM Wong emphasised that in the first instance, achieving faster economic growth would expand the pie of resources, but it was up to individual governments to decide on how best to distribute it.

9. Responding to a question on the announcement that Singapore would be subject to the baseline import tariff of goods into the US and whether it would use its other trade networks to create tariff offsets for firms that depended heavily on US markets, PM Wong said that Singapore would still wish to trade with the US as its economy was resilient and tremendous innovation in American companies.

10. Related to that, PM Wong was also asked what role Singapore and American businesses could play within the region under the new operating conditions. He noted that the trade and investment links of American industry in the region were so intertwined that it was unlikely that there would be a complete decoupling between China and the US. Supply chains could be reconfigured as a result, but Singapore would want to continue to be a “shining node in the global network” where businesses and people wanted to be, because of its track record and reputation which it should continue to build upon.

Singapore: A shining node in a global network

11. Mr Devan referred to the late, former Singapore Foreign Minister Mr S. Rajaratnam’s 1972 speech that declared Singapore would be a “global city” whose hinterland was the world. He asked PM Wong how he would re-envision the speech under existing conditions.

12. PM Wong said that Singapore had to remain open. He shared an anecdote about his time as principal private secretary in 2005, working on his first National Day Rally under then-PM Mr Lee Hsien Loong. The speech title, “Vibrant Global City Called Home” still resonated with him. Even if Singapore was a global city, it had to also be a home to citizens.

13. Singapore should be self-confident, with no need to imitate New York or Paris. It might not have the diverse offerings of either, but it was multicultural, and its stability, predictability, reliability and trustworthiness were intangible assets highly sought after by others. He envisioned Singapore to be part of a network of cosmopolitan cities, “a shining node where the human spirit thrives.”

14. But at the same time, Singapore had to remain a “home” for Singaporeans with “house rules” such as prudent controls on manpower and measures to ensure accessibility and affordability to housing with a policy like the Additional Buyer’s Stamp Duty (ABSD) imposed on foreigners buying property in Singapore.

Forward Singapore: Strengthening common purpose and group solidarity

15. Responding to a question on how Singapore’s social compact was evolving, PM Wong cited the Forward Singapore roadmap and the social compact implied by its provisions to support Singaporeans at every life stage amidst a period of greater uncertainty and volatility.

16. It was a plan that could not to be achieved through government action alone, but with the contribution of a whole range of stakeholders to ensure everyone benefitted from the nation’s progress. There was a need to strengthen the sense of common purpose and group solidarity. PM Wong said that while the crucible of hardship at Independence united the pioneer generation in Singapore, the agenda of Forward Singapore was to nurture the same sense of common purpose and group solidarity; the sense of ‘we’ and not just ‘me’ among current and succeeding generations of Singaporeans.

Harnessing AI to benefit workers

17. PM Wong addressed a question on harnessing various technologies, such as digital technology, biotechnology and especially AI. He noted that AI, as a general-purpose technology, was the defining technology of our time. However, he cautioned against being enamoured of needing to be at the “frontier” or the first mover as the advantages would stem instead from broad-based adoption of AI into corporate processes to elevate productivity. History had demonstrated that new technologies would bring new, better and higher-paying jobs with increased productivity, even if it was not an economic law, he said. Given how compact Singapore was, with deliberate effort, it would be possible to make AI pervasive. The tripartite framework would be mobilised to redesign jobs, retrain workers and pace out the technological changes to ensure Singapore workers thrived in the new environment.

Ample room for bold measures in Singapore’s development strategy

18. In closing, PM Wong said there were people who believed Singapore had run out of bold moves for future development, but that was not true. For instance, in the first phase of Singapore’s nation-building, water supply was crucial. Given the importance of energy-hungry digital industries now, ensuring access to clean energy supply was the next imperative. There was certainly room for bold moves in this energy space and more.

Session One — Fragmenting Global Economy

From the left: Amb Ravi Menon, Dr Muhamad Chatib Basri, Ms Wendy Cutler and Prof Danny Quah at Session One of the Conference.

19. The first session of the Conference, titled “Fragmenting Global Economy”, was a panel discussion that featured Ms Wendy Cutler, Vice President, Asia Society Policy Institute; Dr Muhamad Chatib Basri, former Minister of Finance of Indonesia, Co-chair of the Pandemic Fund and Member of the Governing Board, Lee Kuan Yew School of Public Policy; and Mr Ravi Menon, Singapore’s Ambassador for Climate Action and the Institute of Policy Studies’ 9th S R Nathan Fellow. The session was moderated by Prof Danny Quah, Li Ka Shing Professor in Economics at the Lee Kuan Yew School of Public Policy.

Opening remarks

20. Prof Quah used his opening minutes to bridge PM Wong’s dialogue with the panel’s topic of discussion by offering three touchpoints. He noted that first, the recent shifts in the global economy were not mere “changes”, but a massive fragmentation that would define history. Second, a refined calibration of how exactly this fragmentation was occurring — characterising its breadth and persistence — was the task at hand. Lastly, even amid this change, the question was whether Singapore was able to chart its own destiny or if it, like other small countries, was merely a “price-taker”; did Singapore have the agility, resilience and the edge to navigate through these tumultuous conditions?

America’s new trade stance

21. Prof Quah opened the session by asking Ms Cutler how she read the state of the global economy and what she thought the architects of the old multilateral order should do next.

22. Ms Cutler noted that while it was barely six months into President Trump’s second term, Washington had stopped minding the rules-based order and was cutting deals purely on its own terms; it no longer had any interest in being the caretaker of the global trading system. It would impose sets of tariffs despite existing commitments to the system under the WTO or its free trade agreements. Recent bilateral agreements including the one with the EU, suggested that most trade partners were willing to cut deals even when the terms were not in their favour.

23. The key difference in Trump's second term was the unity displayed within the administration unlike the infighting observed in the first. The deals struck by the current administration were very narrowly focused on commercial considerations: heavy on physical goods, light on services and one-sided in the US' favour. Among all this, China occupied centre stage as the target of the action. At the point in time of the Conference, senior US officials were in Beijing laying the ground for a Trump-Xi summit in a backdrop of a China that was better equipped to deal with a prolonged standoff than ever before.

24. Looking ahead, Ms Cutler doubted any future administration would restore America's pre-eminent leadership in global trade given how domestic consensus had shifted away from that role over several years now. What would emerge would be a patchwork of sectoral and "like-minded" accords negotiated at a bilateral level, and a trade agenda that mixed limited liberalisation with explicit economic security goals.

ASEAN's "active alignment" playbook

25. Responding to Prof Quah's question about whether a ready alternative to the old rules-based multilateral trading order existed, Dr Basri organised the challenges of today around three tectonic shifts the alternative system would have to address: a multilateral order under strain; a globalisation model that now generated conflict as well as prosperity; and a US-China rivalry that turned tariffs, export controls and technology bans into routine tools of geoeconomic statecraft.

26. For ASEAN, the dual dependence on China-centric supply chains and US consumer demand created vulnerability but also leverage: the region's geography, 680 million-strong market and the diplomatic habit of neutrality gave it room to act rather than merely react. The suggestion was to replace existing passive non-alignment with "active alignment". This would be by engaging both powers, steering them towards cooperation in areas where interests overlapped, managing competition where it did not, and deepening ASEAN's own integration so it negotiated with greater collective weight instead of as 10 individual price-takers.

27. Dr Basri outlined four pathways. The first was to create flexible, issue-based coalitions. When universal deals stalled, ASEAN could carve out agendas that every player could back. He illustrated this by referring to how under its G20 chairmanship, Indonesia launched a Pandemic Fund that garnered financial support from Washington, Beijing, Moscow and Tokyo even at the height of great-power tension in 2022.

28. The second pathway was to fortify the region's internal market. Intra-ASEAN trade was barely 22 per cent of total regional trade flows (versus 60 per cent in the EU). Developing tighter supply-chain links, cross-border infrastructure and harmonised digital rules could cushion external shocks and raise ASEAN's bargaining power.

29. The third pathway was pursuing "managed co-existence" on some key cross-cutting issues within ASEAN. Climate action, pandemic preparedness, AI safety were areas where the interests of Washington, Beijing and Southeast Asia aligned naturally.

30. The fourth and final pathway was to tackle domestic reform. Dr Basri believed that foreign policy really began at home, and investment-climate overhauls like simplifying bureaucracy and improving business readiness were essential if ASEAN states, Indonesia

included, hoped to capture supply-chain relocations triggered by superpower rivalry. None of this would rewind the present back to the easy years of 1990s globalisation, but it could write the next chapter where competition was contained, essential cooperation still took place, and that sense of agency was distributed rather than monopolised by a single power, said Dr Basri.

Wider challenges of a fragmenting global economy and practical steps

31. Ambassador (Amb) Menon agreed that the fragmentation of the global economy was not a temporary detour but a structural shift that had been gathering force for decades across the advanced world. Threats to globalisation now sprung from a cocktail of protectionist sentiment, weakened multilateral institutions, heightened geopolitical risk and chronic uncertainty, he said. Yet, a decisive break with global integration was not a foregone conclusion. After all, the principle of comparative advantage still pulled economies together; tightly knit supply chains were difficult to unwind.

32. Faced with this new reality, countries and firms had three possible, broad responses: retreat, wait-and-see, or actively scan and shape the landscape. Amb Menon argued that the last was the only credible choice for small, open economies such as Singapore, which had to work with like-minded partners to influence outcomes. Doing so would require a wide-angled lens — he reminded the panel that globalisation was driven by cross-border flows of services, investment, finance and talent as much as by goods. Organic market forces could persist even when formal multilateralism faltered, as illustrated by recent record-high world-trade volumes.

33. Amb Menon posited that a renewed globalisation could take shape along three pathways. The first was along the lines of fostering greater plurilateral cooperation which embodied sector-specific or regional pacts among willing partners. These would be pragmatic alternatives to stalled universal deals — from the IT Agreement of 1996 to RCEP today, and a potential EU–CPTPP linkage in the future.

34. A second pathway could be found in resilience-driven, supply-chain redesign, which would push firms towards diversification, near-shoring and friend-shoring. Climate risk would provide further impetus to this. It was a strategic imperative to create or reinforce such robust, distributed business networks.

35. The third pathway was in the establishment of digital and green economies that would drive even greater networking in these sectors. Digital compacts such as Singapore's DEPA ("Digital Economy Partnership Agreements") would create trusted data corridors and common AI standards, while cross-border trade in "green electrons" and carbon credits would give scale to low-carbon technologies and slash costs much like what happened with solar panels and batteries over the past decade.

36. Underlying all these efforts, however, had to be sound domestic policies designed to share the gains of trade and economic progress equitably. Amb Menon believed that without inclusive growth at home, no amount of effort at redesigning the international economic architecture could sustain the next phase of globalisation.

Question-and-Answer Session

One-off US trade deals: Winners and losers and how to move forward?

37. Prof Quah asked Ms Cutler for her views on the flurry of one-off, transactional bilateral trade deals that were coming out of Washington. He noted that while such arrangements might bring quick political points in the US, they were challenging to smaller, rules-dependent economies like Singapore that prospered when a level, multilateral playing field was maintained.

38. Ms Cutler replied that the new approach reflected a growing sentiment that America had "written the cheque" for globalisation and now expected others to shoulder more of the bill. From Washington's perspective, headline purchase commitments and eye-catching dollar figures were viewed as a long-overdue correction to an imbalanced ledger. She conceded that, as a former trade negotiator, she doubted the durability of such deals and acknowledged that they met immediate political needs but created little of the rule-based architecture that would give businesses confidence to invest over the medium term. In that sense, the gains were largely tactical and US-centric.

39. Prof Quah noted that the "Liberation Day" tariffs targeted nearly 200 economies that even included longstanding trade partners that ran trade surpluses in America's favour. Why punish the whole world when the real grievance was with China, he asked.

40. Ms Cutler called the tariff formula "neat but blunt", noting it ignored whether a country was a free-trade ally, a major trading partner or merely an economic minnow. A more proportionate strategy, she remarked, was one that started with the worst offenders in unfair trade practices and signalled who might be next, rather than alienate everyone at once. Still, she observed, many large economies — with Japan and the EU among them — had chosen to "cut deals" anyway, believing that an imperfect accommodation of Washington's demands was preferable to a long, drawn-out tariff war with collateral damage beyond their control.

41. Responding to audience questions about whether an economic global order could function without leadership from the US, about how Washington was pursuing its interests in Asia while pushing back on China, and the implications of all these for ASEAN, Ms Cutler first cautioned against labelling "America" as a monolith, noting that current policies narrowly reflected the priorities of the Trump Administration. There could be mixed signals ahead where the US pressed ASEAN businesses to cut Chinese inputs, while the Administration explored the scenario of a headline-grabbing "Trump-Xi" package later in the year that could undercut bilateral deals the US had with other Asian countries. Hence, the real risk for ASEAN, she said, was to be forced to decouple from China just as the US re-established warm trade relations with the former. Ms Cutler added that policies could swing close to the mid-term elections given that there was a divided Congress.

42. Amb Menon said it was best to plan for a world with little great-power guidance but where progress on trade and multilateral partnership came from bottom-up networks of middle powers (i.e., states, firms and civil society alike) especially on transnational issues like climate change.

A blueprint for ASEAN's middle-power leadership

43. Prof Quah asked Dr Basri if ASEAN could sustain genuine leadership in a world of "big fish eat small fish, small fish eat shrimp"; where great-power leadership faltered and middle powers could easily slip from being principled brokers into self-interested players. What incentives would keep middle powers from becoming the very hegemonic exploiters they once feared?

44. Dr Basri said that the optimal outcome, which required deep cooperation, constantly collided with the imperatives of the domestic political economy. Within ASEAN, Indonesia should lead by virtue of its size and geography, but Jakarta's attention was often absorbed by demands at home. The task at hand, he argued, was not to lament an absence of a grand statesmen but to incentivise leaders to participate in such multilateral efforts by aligning regional projects with their national agendas. To illustrate, when former Indonesian President Joko Widodo prioritised infrastructural development on the domestic front, ASEAN's connectivity agenda became a logical rallying point.

45. Therefore, a pragmatic "building-block" strategy would work best. This, he noted, entailed identifying issues every Southeast Asian leader had to confront and frame them as potentially, shared wins. Climate change was the best candidate since it would affect Indonesia disproportionately, giving Jakarta both motive and moral authority to rally the region around the issue. Supply-chain resilience for renewable energy, digital-age security and pandemic preparedness were similarly unavoidable. If current Indonesian President Prabowo Subianto backed economic deregulation by converting import quotas to tariffs and scrapped local-content rules, Dr Basri believed such reforms would serve as another entry point for collective action. In short, ASEAN leadership would emerge by tackling practical projects that complemented domestic agendas. These would allow middle powers to lead without lapsing into mini hegemons.

46. When asked by a member of the audience to name three moves ASEAN could make in response to the fracturing global economy, the panel drew on earlier remarks and converged on three points: first, that ASEAN member states should deepen intra-ASEAN trade and digital links to raise their collective bargaining power; second, that ASEAN countries should form issue-based "minilateral" deals, akin to how the CPTPP began — to foster progress even when universal deals stalled; and third, climate collaboration could be a unifying project, from regional green energy grids to carbon credit markets, to attract external capital while addressing a shared existential need.

Roadmap for inclusive transition

47. When asked by Prof Quah to identify mechanisms that could ensure an inclusive transition towards new trade policies, Amb Menon remarked that the blueprint already existed in smaller countries that spread the gains of openness. Switzerland, Denmark and the other Nordic states, and to a degree, Singapore, perpetually invested in worker training so that people could switch industries when old ones faded away. These countries protected workers, not specific jobs, and ran active labour-market programmes that mixed flexibility with social safety nets.

48. They also managed money flows carefully and took in foreign talent in a controlled manner, avoiding the acute social rifts seen in other parts of Europe. No country did this

perfectly, but if governments focused on skills, fair domestic policies and social integration, then even big economies (that could face substantially higher costs in doing so) could share the spoils of the next wave of global trade.

49. A member of the audience then asked the panel about how smaller but fast-growing economies like Bangladesh or Vietnam should navigate "friend-shoring" and supply chain fragmentation.

50. Amb Menon noted that in the current climate where top-down leadership was largely missing, countries should build "coalitions of the willing" with like-minded partners and lead public-private-people partnerships to attract investment and expand supply chains in those emerging economies.

Moving beyond domestic political challenges

51. Prof Quah noted that politicians often dealt with political challenges domestically by making an enemy of the foreigner and asked each panellist to propose a one-word solution that could break this mould.

52. Amb Menon chose the term "partnerships", arguing that strong depoliticised public-private-people collaborations could spread the gains of change; Dr Basri chose "climate", noting that a collective drive to tackle the most pressing problem of generation would align with national interests too; Ms Cutler's answer was to hope for "more government funding", insisting that large government budgets were essential to keeping openness politically sustainable.

53. Responding to a question on whether economic nationalism within member states of ASEAN could present a barrier to deeper regional economic integration, Dr Basri observed that every region now faced its own brand of economic nationalism, with the "Make America Great Again" movement in the US being just one variant. He believed policymakers could channel the frustration driving this protectionism more productively: If concerns for economic security and even self-sufficiency could be reframed as a wish to own stakes in cross-border supply chains, then governments could encourage business entities to take equity stakes in each other's countries within the region. For instance, they could secure essential energy or food supplies that were "locally-owned" even if not "locally-produced".

Session Two — New Economic Alliances

From the left: Mr Tan Chong Meng, Prof Jia Qingguo, Dr Indermit Gill and Ms Cindy Khoo at Session Two of the Conference.

54. The second session of the Conference, titled "New Economic Alliances", was a panel discussion that featured Dr Indermit Gill, Chief Economist and Senior Vice President for Development Economics, World Bank Group; Prof Jia Qingguo, School of International Studies and Director, Institute for Global Cooperation and Understanding at Peking University; and Mr Tan Chong Meng, Board Director, Temasek and the Institute of Policy Studies' 14th S R Nathan Fellow. The session was facilitated by Ms Cindy Khoo, Managing Director, Enterprise Singapore.

The rebuilding of multilateralism

55. The first speaker, Dr Gill, discussed the growing dysfunction in the multilateral trading system that had emerged despite decades of work on developing GATT (the "General Agreement on Tariffs and Trade" system) and the WTO. Trade and financial imbalances, once involving smaller economies like Germany or the United Kingdom, were now a major problem between the US and China — the world's largest economies, running persistent deficits and surpluses, respectively. These were illustrated in Chart 2 and Chart 3 below.

56. The WTO's hard-rule framework, adopted in 1995, replaced GATT's softer, consensus-based approach, but had failed to correct asymmetries in market liberalisation, tariff protection, subsidies and currency practices. The US, once the chief proponent of globalisation, now found WTO constraints unacceptable. It had sidelined the institution and resorted to protectionist measures to address trade practices perceived to be unfair, especially those of countries that maintained high tariffs and non-tariff barriers to trade.

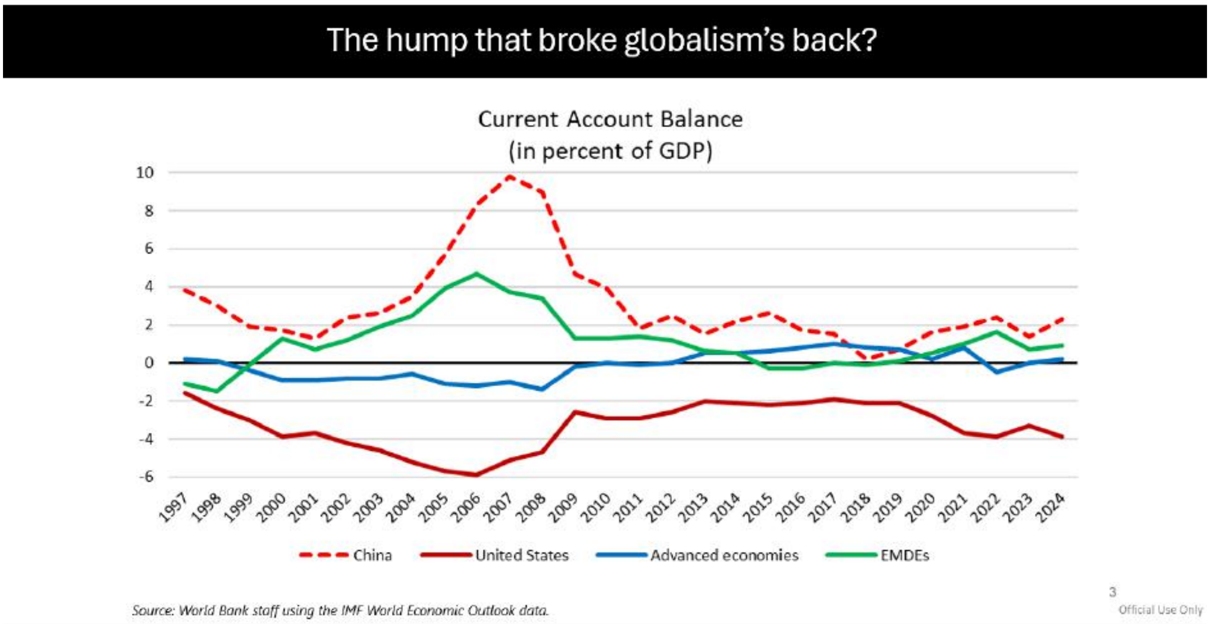


Chart 7: Slide from the presentation by Dr Indermit Gill on the trade imbalances over the decades. ("EMDEs" refers to Emerging Markets and Developing Economies.)

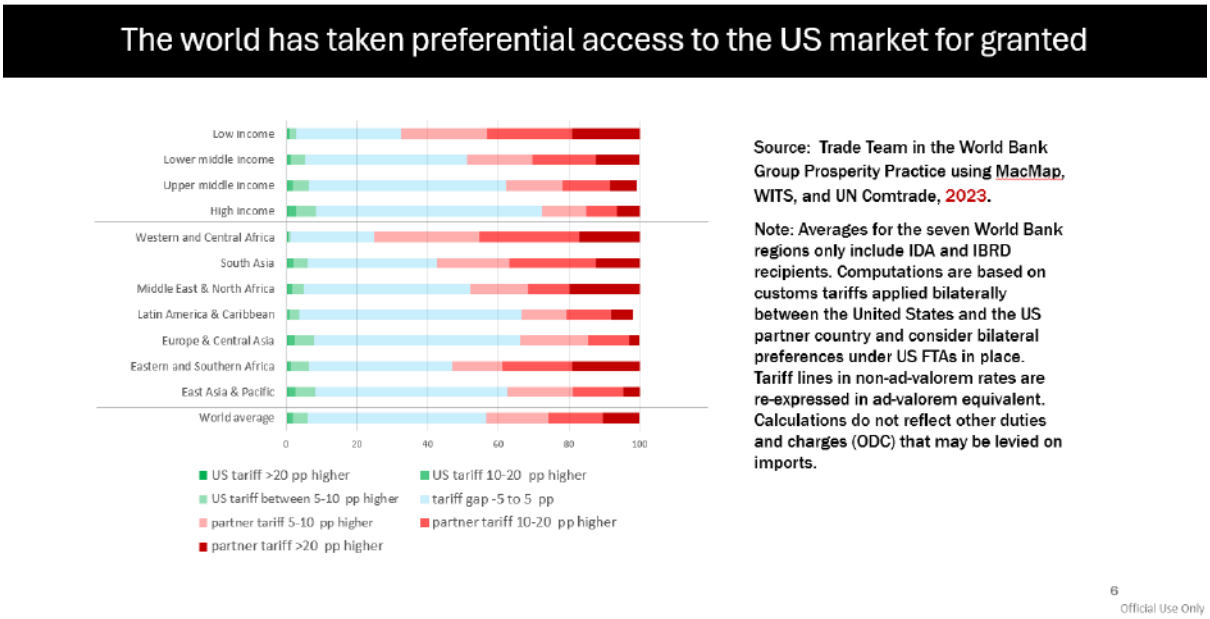


Chart 8: Slide from presentation by Dr Indermit Gill on the trade tariff landscape in 2023. ("IDA" refers to the International Development Association at the World Bank Group which offers grants and interest-free loans to the world's poorest countries, "IBRD" refers to the International Bank for Reconstruction and Development which provides loans and advice to middle-income and credit-worthy low-income countries.)

57. The post-1995 system's inability to adapt to China's rise, the persistence of high levels of protectionism in developing economies and the political impact of rising populism that undermined openness and integration, underscored the need for a redesigned multilateral framework that restored balance, fostered reciprocity and sustained global economic cooperation.

58. Dr Gill argued that the next phase of multilateralism would require a shift to softer, more flexible norms, akin to ASEAN's cooperative model, to accommodate today's geopolitical and economic realities. The EU remained the gold standard for regional integration, but ASEAN's consensus-driven, inclusive approach could serve as a blueprint for global integration in a multipolar world.

Reshaping of the global economic order

59. The second speaker Prof Jia noted how Trump's second administration was using tariffs in ways not seen since the end of World War II. It was characterised by its breadth, depth and unpredictability, with a singular focus on US's self-interest, which was to reduce government debt and revive domestic manufacturing. Tariffs were imposed broadly, affecting adversaries, allies and developing economies alike; they were extended to transhipped goods to prevent trade diversion.

60. In terms of specific impact, global supply chains were disrupted, trade volumes with the US would certainly fall and economic partners were made to shift commerce towards other markets. In the short term, certain sectors such as steel and semiconductors were investing in moving production to the US to avoid tariffs. However, over time, these moves risked diminishing the competitiveness of US-based industries and the country's global economic relevance, argued Prof Jia.

61. A surprising effect, Prof Jia argued, was that it had "slowed the bifurcation of the global economy into US- and China-led blocs" as allies no longer assumed that alignment with the US was in their best economic interest and were contemplating reducing their reliance on it. He noted it had driven the formation of alternative partnerships, including EU-Indonesia trade agreements, revived EU-China investment initiatives and trilateral cooperation among China, Japan and South Korea, alongside expanded engagement in CPTPP and RCEP frameworks.

62. Hence, Trump's strategy was eroding multilateral economic governance, weakening the WTO by crippling its dispute settlement system and stalling reforms of the International Monetary Fund and World Bank. The cumulative effect was the shift towards a less US-centric, less globalised and less institutionally anchored world economy, which would cause a lasting transformation in the structure of international economic relations.

Reforming global trade in a multipolar world

63. The third panellist, Mr Tan Chong Meng, emphasised that globalisation was not coming to an end but undergoing reform, with both multilateralism and the role of the US changing significantly. Post-World War II, the US accounted for 50 per cent of global GDP. Now, it represented about 25 per cent in nominal terms and roughly 16 per cent in purchasing power parity, reflecting the rise of other economic powers. The challenge was therefore in establishing effective governance in a multipolar world. As multilateralism evolved, regional or "minilateral" alliances were likely to gain importance. Trade relationships would become increasingly complex. They would be shaped by industrial maturity, manufacturing specialisation, the integration of goods and services, and the interconnection with flows in finance, energy, information and talent. Technology would play a pivotal role, with AI being a prominent example of its transformative potential.

64. Global supply chains that had been optimised over decades now faced costly and slow-to-implement structural changes in responding to geopolitical tensions, tariffs, or shocks like COVID-19, said Mr Tan. These shifts could be inflationary and environmentally damaging if they disrupted commercially efficient solutions. Adapting trade strategies to dynamic supply and demand patterns was essential however, as demonstrated in sectors such as pharmaceuticals, electronics, aerospace and emerging manufacturing hubs like Vietnam.

65. Future trade models should leverage multipolar collaboration to build trust, strengthen partnerships and tackle interconnected issues such as digital governance, technology adoption and the energy transition, said Mr Tan. Trade policies most certainly ought to be aligned with environmental goals — particularly by reducing emissions from production and transport — while they also built in resilience against future shocks.

Question-and-Answer Session

WTO and multilateral trade institutions

66. The session's moderator Ms Khoo asked if Dr Gill could flesh out his vision for how the WTO could shift towards operating on soft norms if it was even worth saving in the first place. Dr Gill affirmed that the WTO was indeed worth saving, especially for how important it was to smaller economies. Trade-distorting measures were often implemented by larger economies, while smaller economies benefitted from trade facilitation measures. The WTO's durability and relevance lay in providing a fair playing field for all. The key was to negotiate in good faith with major players like the US and extend such arrangements to others to help them achieve significant economic gains. Smaller economies should see themselves as potential trading hubs, as ASEAN countries already did. This entailed harmonising standards, adopting good regulatory practices and respecting soft, non-binding norms. Increasingly, soft laws should not be seen as the "waiting room" for hard laws, but as a legitimate foundation for new trade arrangements — especially with the Global South's growing voice.

67. In this regard, Ms Khoo asked Prof Jia to offer his view on how relevant the WTO, APEC and other multilateral institutions would be in an increasingly fragmented global economy. Prof Jia highlighted that these institutions would remain relevant as most countries were supportive of the WTO and APEC despite American scepticism and efforts to undermine them. These institutions had their faults, but they should be reformed rather than abandoned, he said.

China's role in the global trade system

68. Ms Khoo asked Prof Jia what he thought would be the kind of laws and rules that China would establish if the world became less US-centric and China emerged as a major power.

69. Prof Jia underlined that historically, China largely accepted the post-World War II international order even though it was developed without its participation. While China was likely to continue to follow many of those rules, it was dissatisfied with some aspects of it, citing the matter of representation — why must the World Bank be led by an American and the IMF by a European — as one. Prof Jia said he believed China would work with other countries to push for fairer arrangements. Dr Gill acknowledged that no country had China's scale of financial power. The rules needed updating, particularly in areas like self-designation of economic status, to ensure fair representation.

70. A participant asked the panel about China's prospects for aligning more closely with the global trading system by opening its consumer market.

71. Prof Jia indicated that China was trying to raise its role in global economic relations, for example, by offering short-term visas to foreign visitors. Dr Gill said the world did not have unlimited patience in waiting for China to shift its economic balance towards greater household consumption and open that to international trade. However, China still insisted on its "developing country" status for political reasons despite its economic heft, he noted. For China to take a true leadership role, it had to build up its experience in handling global issues. This process required inclusiveness so that other countries could contribute to leadership. The US also needed to be open to allowing more powers to share leadership in the system. If the US did not step up where that was needed, opportunities for leadership would be ceded to others, acknowledged Dr Gill.

EU–China relations

72. A participant talked about the recent China–EU summit ending up in disappointment and asked why it had been unsuccessful.

73. Prof Jia highlighted that this was dependent on how one measured success. Both sides agreed to collaborate on addressing climate change, but many expected more. The relationship had been overly politicised, Prof Jia noted, with the EU tying trade discussions to human rights and economic security concerns. China had not been effective in engaging with the EU, and more time was needed to build trust and find mutually beneficial solutions.

Business perspectives, trade rules and Singapore's role in the evolving trade order

74. Given that businesses faced a "spaghetti bowl" of FTAs and complex trade rules, how should they navigate this landscape, asked a participant.

75. Mr Tan noted that businesses faced growing complexity in navigating trade and compliance rules, particularly in sectors like manufacturing and hazardous goods. Success depended on having strong systems that tracked evolving regulations, optimised processes and adapted supply chain strategies, including the choice of transport modes. Inconsistencies across jurisdictions, such as in carbon and energy policy, added further challenge. Measures like the EU's Carbon Border Adjustment Mechanism and the EU Emissions Trading System for shipping aimed to protect European businesses but also created additional barriers without necessarily driving deeper emissions reductions.

76. A longer-term approach could aim at aligning trade and climate goals around specific product groupings, such as chemicals, cement and steel, where emissions could be addressed within the existing industrial systems. Initiatives like the First Movers Coalition (organised by the World Economic Forum) encouraged sector-level collaboration among businesses that leveraged their economic power to influence procurement, production and funding in support of greener production, shared Mr Tan. Trade alliances could accelerate this by prioritising green and digital shipping corridors and streamlining compliance processes. Without simpler, harmonised certification and reporting systems, however, even the most ambitious climate and trade initiatives risked stalling under the weight of administrative complexity, he noted.

77. How should Singapore's role as a trading hub evolve to remain relevant in the new world order?

78. Mr Tan highlighted that Singapore had to play the long game despite the short-term turbulence. The country could focus on being a global city that supported decision-making for industries, maintained active alignment with global trade trends and built the talent and infrastructure needed for the next phase of trade.

Tariffs: Developing versus developed economies

79. A participant asked how tariff differences between developed and developing countries affected long-term trade dynamics?

80. Dr Gill explained that fair trade was essential, but adjustments took time. Workers and industries needed the space to adapt to changes in tariffs and exchange rates. Sudden changes could cause concentrated job losses, which would then become political problems.

Keynote Address — Mr John Denton, Secretary-General, International Chamber of Commerce

From the left: Secretary-General John Denton, and Amb Chan Heng Chee at the Keynote Address of the Conference.

81. The lunch-cum-keynote address was delivered by Mr John Denton, Secretary-General of the International Chamber of Commerce. The address and the subsequent question-and-answer session were moderated by Ambassador-at-Large at the Ministry of Foreign Affairs Singapore, and Honorary Professor at the Lee Kuan Yew Centre for Innovative Cities at SUTD, Chan Heng Chee.

82. Before moving into the substance of his keynote, Mr Denton began by congratulating Singapore on its sixty years of independence and cited Founding Prime Minister Lee Kuan Yew saying, “We have succeeded because we were willing to do the hard things, to face reality, to be pragmatic, to make tough decisions and to stick with them.” He noted that it was a city-state forged not merely by men and markets, but by the will of the people who chose to “rise through discipline and who stood firm in the face of every storm that history was thrown your way.” It was a milestone to be viewed not as celebration of conquest but of stewardship, and not a time to “look back upon a miraculous ascent but to peer soberly into the troubled mists of what lies ahead.”

The erosion of the rules-based trade system

83. Secretary-General Denton began by remarking that the covenant between nations, the adage of international cooperation, prosperity and a common appreciation of shared rules, was now fracturing. While these frameworks were the backbone of much of the 20th and 21st centuries’ economic success, the world had failed to acknowledge and tackle the longstanding grievances that individual countries had with it, leading now to the erosion of multilateral

norms. These had been usurped by various "national interest-first" measures by actors who privileged economic security over shared economic prosperity.

84. This recent fragmentation had stalled cross-country dispute-settlement mechanisms and caused institutional paralysis at the WTO, leading raw power to be the key factor governing trade relations, rather than the historically agreed-upon rules. Mr Denton echoed PM Wong's warning earlier in the day that the rules-based order had been sowing the "seeds of civilization's slow undoing".

85. Secretary-General Denton then provided a projection of the global economic fallout should the WTO paradigm collapse. ICC analysis suggested that a collapse of the WTO framework could slash global export flows by up to 33 per cent over a five-year horizon, with this reaching up to 45 per cent in the most trade-exposed countries. Furthermore, inflows of foreign direct investment (FDI) to emerging markets were likely to fall given decreased investor confidence and trade uncertainty, leading to projected negative repercussions on trade-exposed countries' economic growth. The poorest countries would bear the brunt of this fallout.

86. He pointed out that ICC was the institutional representative of 45 million companies across 170 countries, of which 70 per cent were in the Global South, that contributed US$17.5 trillion worth of trade each year. He then shared a three-part game plan of the ICC to shore up multilateralism and the global economy: "De-escalate, Stabilise, Revitalise". He called on world leaders to bring about a de-escalation of geoeconomic tensions through evidence-based trade policy and strong advocacy against tit-for-tat measures; stabilise global trade flows by leveraging existing tools like trade finance, paperless trade and digital standards to keep commerce moving even while politics soured; and revitalise the WTO and the broader trade rulebook by ensuring these were fit for purpose for the future.

Singapore's convening power and its ability to close the implementation gap in regional agreements

87. Secretary-General Denton then reiterated Singapore's role as a nation that understood the art of balancing rule and innovation, state and enterprise, and tradition and transformation, with the courage to shape the future together. For instance, the ICC had the Digital Standards Initiative in Singapore to foster a globally aligned, standards-driven ecosystem for secure, smoother cross-border trade. Also, cross-border agreements such as ASEAN, RCEP and the CPTPP held significant promise for advancing regional prosperity. A recent UN study suggested that deeper digitalisation of cross-border trade, made possible only by increased collaboration, could reduce trade costs in South Asia by nearly 11 per cent, leading to a potential 19 per cent surge in exports.

88. As both a founding member of RCEP and a long-time advocate of open, rules-based trade, Mr Denton argued that Singapore was positioned to move the pact from paper to practice; translate the legal texts of agreements into day-to-day efficiencies that could cut trade costs and unlock new export opportunities. This would be particularly helpful to smaller firms that had yet to harness the full potential of FTAs. By championing capacity-building for less-developed partners alongside a continual refreshing of trade rules, Singapore could demonstrate how a small, open economy could punch above its weight and keep regional integration dynamic and commercially useful for firms of all sizes.

89. After all, the research report discussed at the Pre-Conference Forum noted that just 29 per cent of the sample of Singaporean companies indicated they had ever obtained a certificate of origin under a trade agreement, underscoring how compliance costs, export-threshold rules, sectoral limits and the lack of awareness of these kept many firms, especially smaller ones on the sidelines. Mr Denton argued that this was a result of much more than bureaucratic friction but a deeper failure to connect lofty treaty language with day-to-day commercial reality, leaving the promise of lower tariffs and smoother market access largely unrealised.

90. To reverse that shortfall, he called for "pathfinder" pilot projects, fit-for-purpose digital tools and much stronger private-sector participation so that businesses themselves could shape, test and scale solutions, while they held governments to account for removing bottlenecks and updating trade rules to match 21st-century business models. Done right, this engagement could turn the current moment of disruption into one of renewal, ensuring that agreements such as RCEP and an evolving WTO served SMEs, start-ups and digitally-enabled enterprises; that they could restore trade as a bridge to shared prosperity rather than a battleground of competing interests.

Seizing the window for reform

91. To conclude his keynote, Secretary-General Denton urged business leaders, especially those from SMEs, to seize the benefits already embedded in existing trade agreements. He urged governments to slash compliance costs, relax export-threshold requirements and institutionalise continuous private-sector feedback within RCEP, CPTPP and the WTO reform agenda, including the push for a permanent e-commerce duty moratorium and greener trade disciplines. It was only through a shared commitment that trade could once again function as a catalyst of inclusive prosperity rather than a theatre of unilateral self-interest.

Question-and-Answer Session

A new era of globalisation

92. Responding to a question from Amb Chan regarding Secretary-General Denton's views on the morphing of globalisation in response to recent global uncertainties, the latter did not see a wholesale retreat from globalisation, but rather a transformation of it. Pointing to NVIDIA Chief Executive Officer Jensen Huang's remarks about having "one leg in the US and another in China", and to recent US statements rejecting full decoupling, Mr Denton argued that even amid strategic rivalry in the deep tech industry, complete separation of the two super-economies was unlikely.

93. Also, for all its lustre, the US accounted for only 13 per cent of world trade while the remaining 87 percent still depended on predictable, rules-based frameworks. Countries in ASEAN and beyond therefore did not have to be passive bystanders. By defending and modernising those rules, they could blunt the collateral damage of great-power competition and seize the opportunities that available.

94. As for his predictions on the volume of trade and investment flows looking ahead, Secretary-General Denton expected to see more, not less, cross-border exchange, albeit in a slightly different form. By 2030, it was predicted that some 60 per cent of the global middle

class would reside in Southeast Asia, a region shifting from export-led growth to consumption-driven prosperity. To unlock this potential, the “tax of uncertainty” had be lowered through an updated rulebook, particularly on digital trade, where the WTO’s current frameworks were obsolete. Businesses and governments therefore shared a clear imperative of refreshing trade rules, upholding the e-commerce-duty moratorium, and treating the moment as a hinge in history where proactive stewardship could channel rising rivalry into renewed, inclusive globalisation.

95. A participant asked if the “other 87 per cent” of world commerce could truly ignore the domineering actions of the US, as Washington threatened sanctions against countries deepening South-South or BRICS-style ties.

96. Secretary-General Denton countered that trade data since the Trump era already indicated a sharp rise in South-South and China-South commerce, illustrating that diversification would advance regardless of US pressure. The notion that the 13 per cent could still dictate terms to everyone else is, he said, was both fatalistic and factually outdated.

Revitalising rules-based trade for the digital age

97. Responding to a question by Amb Chan on whether the WTO system was worth shoring up, Secretary-General Denton drew a sharp distinction between the rules-based trading system, which he insisted had to be defended, and the WTO as an institution, which in his view had to evolve to steward that system more effectively. The current challenges, he noted, had finally compelled the largest trading economies to reconsider entrenched positions that had blocked meaningful progress over the past two decades. The core problem was the outdated rulebook: the WTO was born before e-commerce existed, yet its members had still not modernised to reflect these developments.

98. Mr Denton said his immediate task at ICC was to help governments “find the space” to shift those positions and address two “heroic but flawed” assumptions underlying the original bargain: first, that the gains from trade would be evenly shared (which was not the case), and second, that important economies would adapt their domestic models to market-based norms (where many had not). By acknowledging these shortcomings and rewriting the rules accordingly and most crucially for the digital economy, member states could revitalise the system and not merely the institution that administered it.

99. The moderator then asked whether the recent, paradigm-shifting “shock” to the trading system finally awakened WTO members and businesses alike to recognise what was at stake, to take concrete steps to safeguard and reform the multilateral trade framework. Secretary-General Denton said the shock led governments into fixating on their bilateral relationship with Washington while neglecting the other 87 per cent of world commerce. Instead of sparking a trade war, he urged there be more aggressive application of the existing multilateral frameworks such as RCEP. He also advocated for a concerted drive to modernise WTO rules, an agenda now gaining traction at the BRICS-Plus and G20 gatherings. Developing countries, he warned, stood to lose the most from multilateral drift in the face of already shrinking traditional aid flows, and hence, ought to champion reforms that would modernise the global rulebook.

100. The speaker was then posed another question by the moderator on whether digital trade, with all its potential gains, was likely to exacerbate the existing differences between rich and poor countries. Secretary-General Denton acknowledged the worry but quoted evidence from the ICC's Digital Standards Initiative that indicated that well-designed digital-trade rules lowered transaction costs and widened market access; they made commerce more democratic rather than widen the rich-poor divide. He argued that harmonised standards let smaller players and underserved groups, for example, women micro-entrepreneurs in rural India, reach customers and receive payments instantly via mobile channels, while the ICC's role was to ensure developing-economy voices shaped those standards so digital trade became a leveller, not a wedge.

101. Responding to a participant's question on whether the WTO's Most-Favoured-Nation (MFN) principle was dead or on life support, Secretary-General Denton's position was the latter while he acknowledged that recent US deals ignored it, and partners were following suit. Yet he cautioned that the core logic of the MFN, namely, comparative advantage and universally open tariffs, remained vital for global value chains, whose commercial incentives often differed from political ones. Businesses still relied on the predictability that MFN provided, and even some new agreements (e.g., a zero-tariff vision emerging in parts of Europe) hinted at a possible revival. In short, MFN was badly weakened but not obsolete; its survival hinged on whether governments recognised that efficient supply chains still required non-discriminatory market access.

Reviving FDI in an emerging ASEAN

102. A participant asked what investors needed to see, in concrete terms, before committing long-term capital to Southeast Asia, given Secretary-General Denton's warning that FDI was stalling due to the economic uncertainty.

103. He remarked that the flow of FDI was holding up in the more developed ASEAN economies but dropping sharply in developing and emerging ones amid falling aid flows as well. The practical prescription, he said, was to signal "investability" by building predictable, pro-business environments and dismantling systemic barriers, especially outdated macro-prudential rules that raised the cost of capital. To illustrate, he highlighted one post-2008 regulation that barred companies from carrying a higher credit rating than their host sovereign. As climate and Covid downgrades hit many countries, that rule now choked off trade finance and deterred FDI. Realigning such frameworks alongside other ease-of-doing-business reforms, was critical to restoring private investment flows into the region.

104. Responding to a follow-up question by Amb Chan on whether geopolitics was scaring money away, Secretary-General Denton posited that the current tensions manifested primarily as problems of geoeconomics: investment decisions weighed considerations of economic security as heavily as military ones. He pointed to Ukraine, where ICC support kept businesses running despite the war, arguing that a functioning private sector was essential both for national morale at the present time and for rapid post-war reconstruction in the future.

Turning FTAs into true value

105. Amb Chan asked why so few firms exploited the tariff savings in agreements such as RCEP. Secretary-General Denton attributed the problem to high compliance costs — in the past, many exporters would rather pay a small duty than navigate complex rules. However,

duties today were no longer as negligible. He urged governments, customs agencies and the private sector to deploy “trade-tech” solutions — digital, trusted-certification platforms that automated rules-of-origin checks, for instance — so that companies, especially in Asia, could capture the benefits of these agreements. Europe offered no ready model, he added. The innovation opportunity lay in the region; making RCEP and CPTPP genuinely user-friendly should be a priority in any push to revitalise the trading system.

106. Another participant asked how governments they can help firms overcome the “spaghetti-bowl” of free-trade agreements that many struggle with.

107. Secretary-General Denton replied that the core problem was design, not demand. FTAs were often “set-and-forget” texts negotiated largely by officials, with little input from the companies that had to implement them. To raise utilisation, policymakers needed to involve business at the front end, co-drafting negotiating playbooks and building clear implementation plans, as well as ensuring rules were presented through accessible, tech-enabled tools, instead of dense legal annexes.

108. He warned that sidelining the private sector was a broader policy flaw, citing energy-transition talks under Conference of the Parties to the United Nations Framework Convention on Climate Change or COP, where negotiators set carbon-market rules without understanding real-world financing. As businesses ultimately funded and executed such agendas, structured engagement was indispensable. Secretary-General Denton said the ICC had reshaped itself into an inclusive, non-profit “voice at the table” so that trade and climate rules were informed by the users of them.

Session Three – New Pathways of Value

109. The third session of the Conference, titled "New Economic Alliances", was a panel discussion that featured Mr Bob Sternfels, Global Managing Partner, McKinsey & Company; Mr Kojin Nakakita, Vice President and Executive Officer, Head of Region (APAC/India), Hitachi Ltd and Executive Chairman, Hitachi Asia Ltd; and Ms Tan Su Shan, Chief Executive Officer and Director, DBS Group. The session was moderated by Mr Chan Ih Ming, Executive Vice President, Economic Development Board.

From the left: Ms Tan Su Shan, Mr Kojin Nakakita, Mr Bob Sternfels, and Mr Chan Ih Ming at Session Three of the Conference.

Catalysing the next economic arenas: Singapore's path to high-growth leadership

110. The first speaker, Mr Sternfels, highlighted findings from McKinsey's Global Institute on "arenas of competition" which were high-growth sectors that had driven innovation, economic expansion and the emergence of global champions. Over the past 20 years, companies in these arenas grew at 16 per cent annually compared to 6 per cent among others, generated two-thirds of global R&D and welcomed significant new entrants.

111. Looking ahead to 2040, six major themes were projected to define the next arenas: semiconductors; the expansion of the digital economy; AI; electrification; biopharma; and the physical products that emerged from advancements in robotics and space-related sectors. These could generate US$29-48 trillion in annual revenue in the Asia-Pacific region especially with ASEAN positioned as the largest markets, as represented in Chart 9. Singapore was already host to companies in these arenas, including leaders in e-commerce, semiconductors, autonomous mobility, synthetic proteins and space technology, which signalled room for expansion.

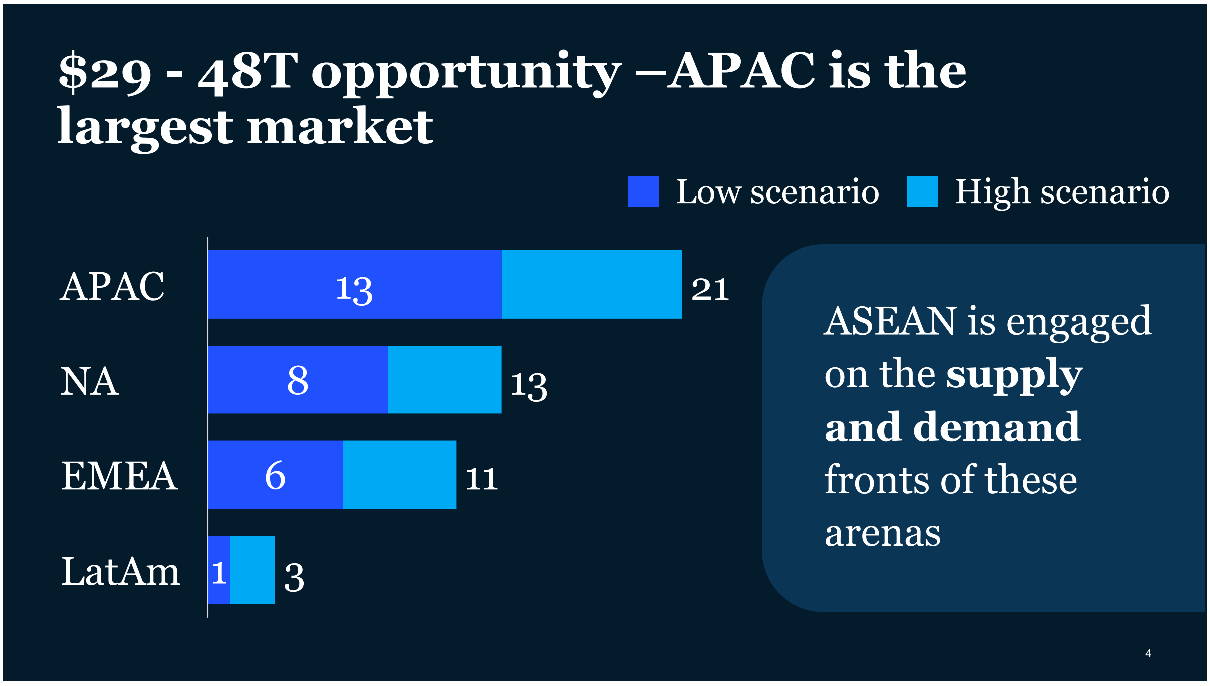


Chart 9: Slide from the presentation by Mr Bob Sternfels, with projections that the Asia-Pacific region would be the largest markets to the most important industrial arenas of semiconductors; the digital economy; AI; electrification; biopharma; and robotics and space-related products.

112. To capture disproportionate value, Singapore had to act on four imperatives, suggested Mr Sternfels: strengthen connections by fostering both physical and digital trade; adapt manufacturing and other core industries quickly with AI, robotics and automation to offset labour constraints; invest heavily in reskilling to match the rapid obsolescence of skills; and mobilise greater private capital for high-growth opportunities. Potential workforce augmentation through robotics and AI agents could double productive capacity by 2030, creating significant growth potential. Unlocking more risk capital and directing intergenerational wealth transfers towards strategic investments could also fuel growth. The central challenge for Singapore was to not simply to participate in the next wave of these economic arenas but to actively catalyse them through bold and scaled investments.

Singapore's blueprint for the next global transformation

113. The second panellist, Mr Nakakita suggested that the global economic system was undergoing a fundamental redesign, driven by two transformative forces: intelligence and energy. By 2038, every object, space and process was expected to be infused with intelligence through deep digital-physical integration, supported by advanced energy systems These changes would reshape economies, industries and governance, shifting them from labour-driven, linear supply chains towards AI-enabled, fluid and scalable economic models. The transformation had two overlapping timelines: an intelligent transformation powered by AI and digital currencies and a physical transformation encompassing energy transitions, advanced manufacturing, robotics and autonomous infrastructure, which would redefine the foundations of economies till about Year 2038. This shift represented not a mere disruption but profound change in how economies functioned, replacing location-based advantages with intelligence-driven competitiveness. See Chart 4 for a representation of this world.

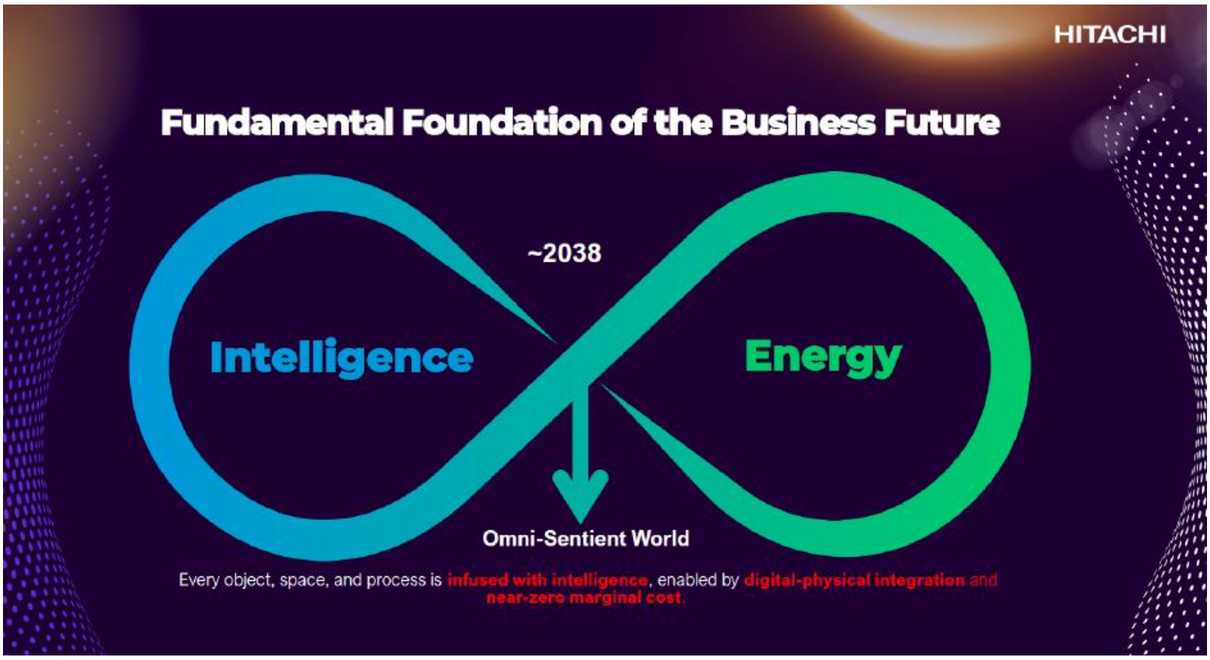


Chart 10: Slide from the presentation by Mr Kojin Nakakita on the “Omni-Sentient World” of 2038.

114. For Singapore, the challenge and opportunity lay in evolving from a global trade and finance hub into an intelligence-first, platform-powered economy. This would require treating AI as public infrastructure, developing a nationwide “digital twin” of the economy, and embedding intelligence into governance, logistics and trade systems. This “Omni-Sentient World” where AI-managed infrastructure, real-time digital simulations and predictive governance shaped decision-making could position Singapore as a leader in orchestrating intelligence rather than merely participating in global markets. In Mr Nakakita’s vision, the “platforming” of economies, where intelligence supply chains and AI governance operated as public utilities, could enable Singapore to transcend its traditional role to become a living, adaptive economic organism at the centre of the global system. To reiterate, the ultimate test would be how effectively Singapore could adapt and orchestrate intelligence to lead in the next chapter of the global economy.

Singapore’s formula for sustained global leadership and resilience

115. The third panellist, Ms Tan reflected on Singapore’s development journey from its beginnings in 1965 when GDP stood at S$500 per capita to the current point where GDP per capita stood at S$93,000 and attributed this success to its foundational values such as trust, openness, stability, and adaptability.

116. Singapore’s global reputation for integrity and reliability, built over decades, was its “secret sauce” and competitive advantage. This trust underpinned its role as a hub for trade, capital flows and talent, which made it resilient amid geopolitical tensions, technological disruption, climate challenges and an ageing population, she argued. The nation’s small size was viewed as an advantage, allowing for agility and quick adaptation. Ms Tan stressed the need to sustain these core principles while it responded to how business would have to be conducted in the future. She noted that Singapore was well-positioned to lead in areas such as data verification, trusted AI governance and sustainable economic growth.

117. Looking ahead, Ms Tan identified specific new pathways of growth which were the sectors of finance, technology, energy, healthcare, logistics & supply chain and manufacturing. The country's strong role in global semiconductor production, its pioneering of AI governance frameworks and the promotion of biotech advancements was highlighted, among others.

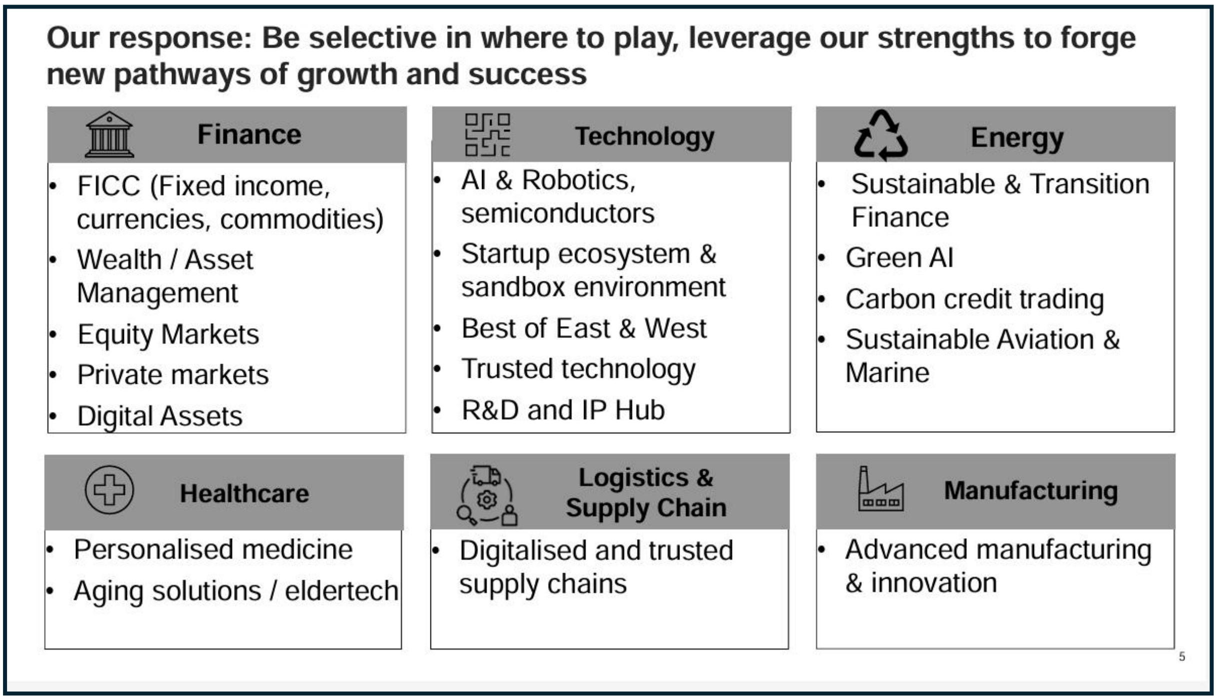


Chart 11: Slide from presentation by Ms Tan Su Shan, on sectors that would drive further economic growth and success.

118. Ms Tan also said that Singapore had some key enablers for developments in these areas. They were Singapore's connectivity and openness especially with its links to ASEAN, Asia and new growth corridors; its talent, which it enhanced by upskilling of workers, the shift to "learning to learn" and adoption of new forms of talent management; and the creation of the broader business ecosystem to strengthen public-private partnerships, promote cross-industry collaboration and develop end-to-end value chains. By maintaining Singapore's strategic neutrality in relation to the key economic powers and its brand of trust, it could navigate rapid global changes to remain a leading global city. She ended her presentation by reminding the audience of an important dictum pronounced by Singapore's first foreign minister, S. Rajaratnam who said in 1972 that "an independent Singapore survives and will survive because it has established a relationship of interdependence in the rapidly expanding global economic system."

Question-and-Answer Session

Talent, skills and the future of work

119. A recurring theme brought up by participants was the urgent need to rethink how talent could be developed and deployed in an age where the half-life of skills was diminishing rapidly.

120. Speakers agreed that businesses and policymakers had to work hand-in-hand to prepare the workforce for constant reinvention. Mr Nakakita cited Hitachi's long-standing

executive talent programme, which connected students with its leaders across ASEAN to foster cross-border leadership capabilities as a method of talent development.

121. Mr Sternfels emphasised that education systems had to shift away from purely credential-based outcomes towards equipping individuals with the more crucial ability to learn-unlearn-relearn. He argued that retraining should extend beyond young workers, with AI playing a key role in reskilling mid-career and older employees. He urged Singaporean youth to cultivate creativity, resilience and an openness to reinvent themselves repeatedly throughout their careers

122. Ms Tan stressed the importance of agility, critical thinking and communication skills, noting that in a dynamic economy, passion and adaptability would matter more than fixed career plans.

Technology, AI and creative innovation

123. Given that GDP might not fully capture the benefits of technological advancement, how should the value and impact of AI including its integration into creative industries be measured, asked participants. Additionally, how could the government support local startups in adopting AI to maximise such benefits?

124. On measuring AI's economic value, Ms Tan recommended a pragmatic, data-driven approach: A/B testing to evaluate gains in productivity, efficiency and customer outcomes. She noted that while macroeconomic measures might lag, companies could assess tangible impact within their operations, directly.

125. The role of AI in the arts was also explored especially as an area that seemed not to be easily "disrupted" by this technology. Ms Tan highlighted opportunities for AI to augment artistic expression and for blockchain technologies to help protect intellectual property. Mr Sternfels predicted the emergence of a creative renaissance driven by AI, enabling entirely new forms of humour, storytelling and cultural distribution previously unimaginable.

Risk-taking, public-private partnerships and global networks

126. Several participants wondered what models of partnership and global networks Singapore should pursue to drive innovation and economic growth in an interconnected world shaped by external forces? Which global cities should it prioritise connecting with to foster the new pathways of growth discussed by the panellists? How could Singapore balance the fear of failure and potential erosion of its current economic base with the need to take bold risks for future growth?

127. There was strong consensus among the panellists that economic growth would increasingly depend on robust public-private partnerships and globally connected ecosystems Ms Tan pointed out that different challenges required different partnership models. In the case of AI adoption, "Queen Bee" companies could anchor ecosystems that fostered collaboration among SMEs, large firms and even public agencies. Mr Sternfels emphasised the importance of bridging the gap between SMEs and large corporations, arguing that this was a critical lever for economic growth. When discussing risk-taking, Mr Nakakita emphasised the need to build resilience in supply chains and cybersecurity.

128. Ms Tan encouraged sandbox experimentation to normalise or even celebrate risk-taking and failure as part of an effort to promote the culture of innovation. Mr Sternfels called for greater venture activity and support for cross-border scaling of SMEs, which he believed were essential for long-term competitiveness. The conversation also touched on global connectivity. Ms Tan underscored the need to strengthen trusted networks for flows of services, talent, ideas, data and intellectual property — particularly with India, ASEAN and other strategic partners.

Optimism and the path forward

129. The session concluded on an optimistic note with reflections that the next 60 years could be even better than the past if Singaporeans remained hungry, humble and willing to adapt. Singapore's approach to progress was praised as one that blended economic ambition with social resilience that together constituted a strong foundation for future success.

Dialogue with Deputy Prime Minister and Minister for Trade and Industry, Mr Gan Kim Yong

From left: Deputy Prime Minister and Minister for Trade and Industry, Mr Gan Kim Yong, and Mr David Rennie at the closing dialogue session of the Conference.

130. The final segment of the Conference featured a dialogue with DPM Gan. The session was moderated by Mr David Rennie, the Geopolitics Editor of *The Economist*. It began with opening remarks by DPM Gan which was followed by a question-and-answer segment.

Singapore's engagement with the US

131. DPM Gan shared that he visited the US from 20 to 26 July with four objectives. First, he sought insights into the existing state of the US economy. He found it to be relatively resilient — inflation was muted although costs could rise in the second half of the year; the unemployment rate was relatively stable; business leaders and academics were cautiously optimistic about the economic outlook.

132. Second, he wanted to engage members of Congress from both political parties to impress upon them that Singapore had a good long-term relationship with the US and a trade surplus to its benefit.

133. Third, he explored ways to raise the level of cooperation with the US in areas of growth including the digital and green economy, for not only Singapore but other members of the fast-growing ASEAN region.

134. Fourth, DPM Gan attempted to negotiate a lowering of the 10 per cent baseline tariff imposed on exports from Singapore to the US but his counterparts were not prepared to

discuss this. He did put in a place marker to register Singapore's interest in negotiating that. There were no negotiations on sectoral tariffs as DPM Gan was unable to meet with the US Secretary of Commerce Howard Lutnick, who was overseas at the time.

135. There remained significant uncertainty as the tariff policies were being ironed out, said DPM Gan. For instance, details on the rules of origin and the way tariffs would be implemented had not been fully discussed or disclosed. Sectoral tariffs had not been decided on. It was not clear how other countries' response to the new US tariffs would impact Singapore's economy. For example, countries might choose to divert investments away from countries like Singapore, into the US, as part of their tariff negotiations. This was the secondary impact that Singapore had to consider. Supply chains were likely to be restructured over the longer term. Beyond these, the main uncertainty was how these changes would affect the rules-based multilateral trading system.

Question-and-Answer Session

Singapore's value proposition in this uncertain world

136. The moderator, Mr Rennie, started off the question-and-answer session by asking DPM Gan whether it was possible for Singapore to continue to avoid taking sides between the US and China. In response, DPM Gan said that even if it became increasingly challenging, Singapore would continue to adopt a principled approach that upheld international law and considered its own interests. This would allow Singapore to strengthen its value proposition to the world as a consistent, reliable and trusted partner.

Tripartism is key to Singapore's adaptability

137. Referring to ICC Secretary-General Mr John Denton's keynote speech on how actors had the agency to transform the current international economic order rather than let it break down, an audience member asked DPM Gan what was the key factor to ensuring it was the latter.

138. DPM Gan highlighted that Singapore's strength was in its agility. Economies and businesses that could adapt quickly to changes in the tariff environment and supply chain reorganisation would emerge as winners. SERT, chaired by DPM Gan, was established to help businesses and workers navigate the uncertainties arising from the US tariffs and related global developments. He encouraged businesses to be ready to change and assured them that the government would continue to support them.

139. DPM Gan also said that Singapore's agility was enabled by its small size and tripartism. In crises, the strong relationship among the tripartite partners — businesses, the unions and the government — allowed them to co-create solutions to move forward together. Past tripartite solutions included cutting costs to save jobs instead of cutting jobs to save costs. In the same way, key stakeholders had to work with each other, not against each other, at this time of transformation.

Rationale behind the tariffs

140. Responding to Mr Rennie's question on the logic of the Trump administration's new tariff policies, DPM Gan shared three key considerations: The baseline tariff, which every country was subject to, was mainly to generate revenue for the US administration. The

country-specific reciprocal tariffs were instruments to lower the US' trade deficit. The sectoral tariffs were designed to encourage the onshoring of manufacturing activities. These were not mutually exclusive strategies.

Expanding cooperation

141. Mr Rennie noted that businesses could take a wait-and-see approach to the situation and there would be a period of drift which was a risk. DPM Gan shared that in this uncertain environment, Singapore continued to promote greater cooperation with other countries and regions, which would be a strategy of no regret. Singapore was expanding its network of FTAs. There had been efforts to promote greater trade integration within ASEAN, such as the recent upgrade of the ASEAN Trade in Goods Agreement (ATIGA) to be signed later in the year. Singapore was exploring how it could facilitate the collaboration across different trading groups, such as between ASEAN and the EU, ASEAN and the Gulf Cooperation Council (GCC), and CPTPP and the EU. Singapore was also exploring new sectors to collaborate with like-minded partners in, such as the digital economy.

142. A participant asked how worthwhile it was to pursue a deal with the US, given the uncertainty of it being honoured in the future.

143. Since Singapore's trade was three times its GDP, DPM Gan reminded the audience that trade and FTAs were critical to Singapore's economy. It was possible that without the existing FTA, Singapore might not have been offered the baseline tariff but worse. FTAs not only enabled more trade, but the process of negotiating FTAs deepened understanding, and built trust and confidence among partners. The partnership in the FTA enabled Singapore to embark on other areas of collaboration with the US such as the digital and green economy. DPM Gan cited the Civil Nuclear Cooperation Agreement, also known as the 123 Agreement, that the US signed with Singapore to build the latter's understanding and evaluation of advanced nuclear energy technologies. Through continual engagement with the US, important opportunities for partnership could emerge.

Cooperation in climate agenda

144. Mr Rennie asked DPM Gan how Singapore's efforts to combat climate change were affected by the switch from the Biden Administration to the one under President Trump, and how this added to uncertainty in the policy environment.

145. Given that climate change was a certainty, most business leaders DPM Gan spoke to indicated they would keep up their investments in environment sustainability as consumers demanded it, despite the US withdrawing from the Paris Agreement. He said that US tariffs would probably raise costs, reduce the resources available and lower the pace of tackling climate change. Despite this, it was still important for governments to co-create solutions to address this global challenge. For example, there was fresh impetus for the ASEAN Power Grid due to the recognition of the benefits of clean energy. This was a long-term project to create an efficient, reliable and resilient electricity infrastructure that would be integrated throughout ASEAN.

Singaporeans exercising agency

146. A participant asked what role the youth and other Singaporeans could play in helping Singapore flourish in this shifting global economy.

147. DPM Gan highlighted that the government had invested heavily in the training and upgrading of the workforce through SkillsFuture to ensure they could seize the opportunities presented in this changing world. He encouraged youths to embrace the change and master the skills of the future.

148. Other than developing the economy, Singaporeans should concurrently strengthen its social fabric and check that no one was left behind. DPM Gan stated that Singapore's policies were continually being re-examined to ensure future economic growth would be inclusive even as the operating conditions changed. The set of Forward Singapore conversations was an example of such efforts. It facilitated citizen participation in developing a new social compact for a more inclusive Singapore.

D. RECOMMENDATIONS

1. The following are recommendations derived from conference insights, to boost Singapore's competitiveness, resilience and prosperity in a fast-changing global environment, targeted at key stakeholders.

For corporate leaders

2. ***Mandate AI adoption as a core C-suite priority.*** AI was recognised as a foundational technology where successful integration required top-down strategic direction, not just bottom-up IT initiatives. To capitalise on this, corporate boards and C-suites should establish dedicated, cross-functional teams to drive AI diffusion across all business units. There were four key attributes necessary for adoption of these sorts of technologies that were discussed: deep technical sense-making; leadership buy-in; agility in responding to weak signals; and decisive top-down execution. Performance metrics should be tied to the successful deployment of AI in enhancing productivity, creating new revenue streams and improving customer outcomes. Using the technique of A/B testing of pilot applications, the ROI of AI was more than measurable. It could be tracked and projected as a key business deliverable or core strategic imperative. "Queen Bee" companies could anchor ecosystems that fostered collaboration among SMEs, large firms and even public agencies. This could help to bridge the gap between large corporations and SMEs in technological diffusion.

3. ***Proactively reconfigure supply chains for resilience and regional opportunity.*** The narrative of "derisking" was now a reality, and a passive "wait-and-see" approach was a significant risk. Leaders had to conduct rigorous assessments of their supply chain vulnerabilities to geopolitical shocks and follow up with strategic investments in diversification. This should include a focus on building robust networks within the growing ASEAN market, moving beyond simple sourcing to investing in local capabilities and deep partnerships. This may even require operating dual supply chains — one designed for the US market and another for the rest of the world — to create a truly resilient ecosystem that would be able to withstand future disruptions.

4. ***Lead public-private partnerships in talent reinvention.*** With the "half-life of a tech skill" now under two years, as highlighted by Mr Sternfels, the private sector had to take the leading role in shaping the future workforce rather than rely on traditional education models. To achieve this, industry leaders could form consortia to co-create and co-fund "stackable" micro-credentials and continuous learning programs with universities and polytechnics. These programmes should focus on achieving the critical symbiosis of technical AI literacy with unique human capabilities like creativity and critical thinking, ensuring a talent pipeline that would be directly aligned with the evolving needs of the modern economy.

For technology and innovation leaders

5. ***Develop and scale "AI-as-a-service" platforms for the SME sector.*** Significant barriers to AI adoption for SMEs were the high costs involved and a lack of appropriate expertise, which also represented a major market opportunity. Technology leaders should their shift focus from bespoke enterprise solutions to creating affordable, scalable and user-

friendly "AI-as-a-service" platforms. Tailored to SME needs, these platforms could offer turnkey solutions for common business functions, for example, in dealing with marketing and finance, thereby democratising access to advanced technology and accelerating the broad-based economic diffusion.

6. ***Champion the development of interoperable standards for new economic alliances.*** The proliferation of digital and green economy agreements meant there would be a critical need for common standards for seamless cross-border flows, and Singapore's trusted status provides a unique platform for global leadership. Technology leaders should actively participate in and lead initiatives to establish interoperable standards for digital identity, cross-border data flows, AI governance and carbon accounting. By building "coalitions of the willing", Singapore's technology ecosystem could set de facto global standards that enhanced its position as an indispensable hub. To raise utilisation of trade agreements and the resulting standards, business stakeholders should be at the front end of designing them through processes of structured engagement; have their input in negotiating and drafting the rulebooks and clear implementation plans to improve use and compliance. They should ensure rules are presented through accessible, tech-enabled tools, instead of dense legal annexes. AI could be applied in user-directed tools to provide step-by-step guidance so that SMEs could appropriate the provisions of FTAs effectively.

7. ***Invest in R&D focused on the human-AI symbiosis.*** The discussion centred on a future that would be about augmenting, not replacing, humans with AI, where the greatest value is created at the intersection of machine intelligence, human creativity and purpose. R&D investment should be directed towards developing tools and platforms that would enhance human judgment, creativity and complex problem-solving. This included creating AI "co-pilots" to assist with research, as well as interfaces that would foster non-linear, innovative thinking speakers identified as a uniquely human and highly valuable capability.

For government leaders and regulators

8. ***Double down on "active alignment" by expanding the network of digital and green agreements and other areas of mutual interest, and across emerging intelligent growth poles.*** In a world of fragmenting trade rules, new-generation agreements would offer a powerful way to build resilient economic partnerships that would be less susceptible to geopolitical friction. Regulators should accelerate negotiations for digital and green economy agreements, and agreements in other areas of mutual interest, with a diverse range of like-minded partners. These agreements should be designed as open, "plurilateral" platforms that other nations could join, allowing Singapore to serve as a nucleus for building a new, more flexible international economic architecture. In the same way, Singapore could identify and configure new networks of value across cities that would be central to the technological, business and economic resets that might take place. Cities that would be able to ride on the twin developments in intelligence and sustainable energy yet ensure that economic progress would be inclusive for their domestic constituents would be new growth poles in the next phase of globalisation.

9. ***Evolve national talent initiatives to embrace a lifelong, modular learning model.*** The traditional "front-loaded" education model was no longer sufficient to meet the demands

of a rapidly changing economy. National programmes like SkillsFuture should be enhanced and scaled by working with industry to create modular and accessible systems of “stackable” courses. To foster a culture of continuous learning, incentives should be provided to both individuals and employers, ensuring that curricula would be dynamically updated to reflect the urgent demands of the job market, particularly in AI-related fields. Education systems should shift away from purely credential-based outcomes towards equipping individuals with the more crucial ability to learn-unlearn-relearn as well as enhance the uniquely creative and critical thinking abilities of human capital.

10. ***Design “smart regulation” to lower the barriers to SME technology adoption***. SMEs, a vital part of the economy, faced the highest barriers to adopting transformative technologies, and the government had a key role in de-risking this transition. Regulators should expand sandboxes to allow SMEs to experiment with new technologies like AI in controlled environments. By co-creating clear and simplified guidelines for AI ethics and data governance, the compliance burden could be reduced. Enhanced financial support schemes, possibly through the risk-sharing loan models, for instance, could lower the capital investment hurdles for SMEs seeking to innovate.

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