

# How S'pore firms can navigate the red ocean of cut-throat competition

They should look to venture overseas, strike partnerships and explore opportunities for mergers and acquisitions.

**Musa Fazal and Patrick Yeo**

In a recent Straits Times article, Mr Ang Yuit, president of the Association of Small and Medium Enterprises, described the Singapore business landscape as becoming “increasingly cut-throat” with persistently higher business costs and an influx of foreign investors, particularly from China with integrated and established supply chains that sideline local companies.

He cited geopolitical tensions and the enhancements to the China-Singapore Free Trade Agreement (CSFTA) as push factors for Chinese investors coming to Singapore. As a result, he likened the situation to a “red ocean” where local businesses must fight tooth and claw to survive.

So what should local businesses do? First, they should accept that competition is not a bad word,

per se. Instead of viewing foreign companies as threats, they should explore opportunities to partner with them. They should also look at expanding their own footprint overseas. And instead of just being content to grow organically, they should consider when it makes sense for them to enter into mergers and acquisitions (M&As). Of course there are risks to be addressed. But there are also opportunities.

For example, it is worth remembering that FTAs are reciprocal agreements. Recent upgrades to the CSFTA mean that Singapore companies have greater access to the Chinese market, including the services sector, along with better investment protection. Singapore companies should also explore whether there is scope for them to partner Chinese investors to help them access the region. This, after all, is what happened with previous waves of foreign investors from the US, Europe and Japan who established HQs in Singapore as a gateway to the region. This, in turn, built up our local SME ecosystem.

The thrust of Mr Ang's comments is that rather than viewing this red ocean as a deterrent, small and medium-sized enterprises (SMEs) should see these turbulent times as a clarion call for doubling down on innovation and global ambition. We support this sentiment.

Ayrton Senna, the legendary Formula 1 driver, once said: “You cannot overtake 15 cars in sunny weather... but you can when it's raining.” Just as Senna thrived under adverse conditions, the current challenges and uncertainties could be the perfect catalyst for bold moves should we be prepared to seize them. This includes, as Mr Ang suggests,

embracing technologies such as AI and being prepared to venture overseas.

The Singapore Business Federation and PwC recently released a set of Budget recommendations titled Forging Ahead In Times Of Uncertainty, which include suggestions for how government schemes could be enhanced to better support businesses. For example, we propose that the Productivity Solutions Grant could be turbocharged so that companies can use it more flexibly for customised and modular digital solutions.

To help businesses internationalise, we propose enhancing the scope and quantum of the Market Readiness Assistance Grant. We would also like to see new Singapore Enterprise Centres being set up to deliver services such as business advisory, market information, and business matching in emerging markets such as India and the Middle East.

## THE M&A OPTION

We also feel that more can be done to support inorganic growth strategies as a way of jumpstarting the process of expansion and market penetration.

Organic growth relies on a company's existing operations, like boosting sales and expanding product lines. It is sustainable but often slow. In contrast, inorganic growth involves M&As, or partnerships, that enable rapid expansion and direct access to new markets.

Smaller companies confronted with intense competition and high costs may lack the resources and risk appetite to invest in the kind of innovation necessary to

fend off the competition.

Venturing into new markets can also prove challenging for such companies as they lack the resources and expertise to effectively market their products and services abroad and navigate complex regulatory environments. Ongoing geopolitical tensions and rapidly shifting global trade policies further exacerbate these challenges.

That is why, in our report, we spotlight the significant role M&As can play in helping local enterprises grow and expand.

One primary benefit of M&As is the ability to tap into new customer bases. Take, for example, I Can Read, a Singapore-based English language learning and enrichment centre that acquired onSponge, an educational content and technology platform. This acquisition strengthened I Can Read's local competitive positioning by expanding its curriculum and digital learning offerings, enabling a broader reach for its educational services.

M&As also allow companies with different strengths to come together, pool their expertise and even develop new products and services. Take, for example, fashion specialist Love, Bonito's acquisition of Cheak, a company offering female activewear. This move marked Love, Bonito's expansion into the fast-growing activewear category and caters to the growing demand for wellness-related offerings, especially in the wake of the Covid-19 pandemic.

Then, of course, there is the pooling of funds that comes with M&As. This enables companies to invest more readily in R&D, innovation and technology so that they can stay ahead of the game.

By joining forces with international partners, local enterprises can also access new markets. For example, Synagie's acquisition by a consortium of investors has not only strengthened its position in South-east Asia, but also opened doors to global markets.

## SOME NEED HELP

Here, we must add that M&As are not for everyone. Some companies may shy away from them on account of the high costs related to due diligence and rebranding. Others may be put off by the legal and regulatory landscape, including the need to comply with local and international laws. Plus, there are financial risks involved as many SMEs may simply lack the experience and expertise to identify suitable targets, negotiate favourable terms, and manage the integration process effectively.

Despite these hurdles, we believe that with careful planning, adequate resources, and the right advisory support, SMEs can navigate these complexities and potentially reap the benefits of successful M&As.

In our Budget recommendations, we have advocated some policy moves and reforms to address the legal and financial hurdles that might be deterring businesses from pursuing M&As. This includes expanding existing grant schemes and reviewing some laws.

We further propose that the Government partner trade associations and chambers (TACs) to offer advisory services and educate SMEs on exploring inorganic growth strategies. This should include advice on the financing solutions available to SMEs.

Such initiatives are not new. The Scale-Up SG programme under Enterprise Singapore provides high-growth local companies with access to expert partners to help them develop and implement growth strategies and targeted assistance to execute their growth plans. Since its launch in 2019, the programme has supported more than 100 companies and enjoyed significant success with 80 per cent of participating companies launching new products and services, 70 per cent entering new markets, and close to half expanding their business via M&As or joint ventures. Both I Can Read and Love, Bonito are alumni of the Scale-Up programme.

Is there scope, though, to expand the programme to cover more companies? How can the Government tap the broader business support ecosystem including the network of TACs to support the next tier of promising SMEs?

Yes, the competition is getting more fierce. The business landscape is evolving rapidly, and many of the challenges confronting SMEs will persist. Yet as we enter the Year of the Snake, we remain cautiously confident about the future. Individuals born under this sign are known to be brave, agile and resilient, and we hope that this year, businesses too embrace agility, boldness and resilience to reinvent themselves for a brighter future. If there is anything we can learn from the animal kingdom, it is that it is possible to thrive even in the reddest of oceans.

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Instead of just being content to grow organically, local businesses should consider when it makes sense for them to enter into mergers and acquisitions. There are risks to be addressed, but there are also opportunities, say the writers. ST PHOTO: AZMI ATHNI

# Should fluoride still be in our water? Yes, here's why

The mineral is a key defence against tooth decay, which remains a big problem.

**Sharon Tan and Felicia Sundram**

There has been growing concern about the presence of fluoride in drinking water, particularly after a study was published in the Journal of the American Medical Association Paediatrics early last month. The study, a meta-analysis of several others conducted around the world, suggested a possible link between higher fluoride levels in water and lower IQ scores in children.

At this point, it is important to understand the facts and dispel some myths surrounding the issue.

It is critical to note that the studies included in the meta-analysis were focused on regions where the fluoride concentrations in drinking water were significantly higher than the levels used in places like Singapore.

Specifically, the study in the journal found a correlation between fluoride exposure and IQ scores only in areas where the fluoride concentration was above 1.5 milligrams (mg) per litre. This is considerably higher than the levels recommended by global

health authorities. For example, the World Health Organisation (WHO) recommends a maximum fluoride concentration of 1.5mg per litre, while the Public Health Service of the United States recommends a concentration of 0.7mg per litre.

In Singapore, the fluoride concentration in tap water is well below these levels, at around 0.5mg per litre. In fact, national water agency PUB reports that fluoride levels ranged from 0.2mg to 0.56mg per litre between July 2023 and June 2024, an amount much lower than that mentioned in the studies cited in the journal.

## WHY DO WE NEED FLUORIDE?

A naturally occurring mineral, fluoride has long been recognised for its ability to help prevent tooth decay. The discovery of its dental benefits dates back to the early 1900s when scientists noticed that people living in areas with naturally fluoridated water had fewer cavities.

Fluoride helps in the prevention of tooth decay in three ways:

- By strengthening enamel: Fluoride helps to convert the mineral structure of tooth enamel from hydroxyapatite to a

more durable form called fluorapatite. This structure is significantly more resistant to acid attacks from bacteria in the mouth.

- By remineralisation: Fluoride is beneficial in reversing early stages of tooth decay. It aids in the process of remineralisation, where minerals are restored to weakened enamel before deeper cavities can form.
- By bacteria inhibition: Fluoride inhibits the growth and activity of the bacteria that cause tooth decay, reducing the production of harmful acids that damage the enamel.

But given that tooth decay is less common than before, some have questioned the need for fluoride. The fact, however, is that tooth decay remains a big problem. The 2019 National Adult Oral Health Survey found that 34.8 per cent of adults in Singapore still have untreated decay and nearly one in two children experience decay by primary school.

Tooth decay is not merely a cosmetic issue. It can result in pain and infections, potentially impacting the development of teeth and jaws, as well as long-term health problems. In children and adults, severe decay often requires complex and costly treatments involving surgery, sedation and/or general anaesthesia.

Fluoride is an affordable and

effective way to prevent these conditions and denying access to water fluoridation, especially to vulnerable groups, can result in significant social and economic costs.

## FLUORIDATED TOOTHPASTE

With the widespread use of fluoridated toothpaste since the 1970s, many have argued that additional fluoride in drinking water may no longer be necessary. It is true that the use of fluoride toothpaste has significantly reduced rates of tooth decay worldwide, but not for a significant number of people who do not maintain good oral hygiene or have access to oral health care.

For example, young children and elderly individuals with reduced hand dexterity, as well as people with special care needs, may struggle with basic tooth brushing. For parents, trying to get a young child to cooperate with brushing their teeth is an all-too-familiar challenge. Without proper brushing, fluoride toothpaste alone may not be enough to protect against cavities.

Moreover, modern diets, which often contain processed foods and high levels of sugar, continue to fuel tooth decay. The bacteria in our mouths feed on sugars, producing acids that erode tooth enamel. The risk of tooth decay increases with frequent and

prolonged exposure to sugar and brushing once or twice a day may not fully combat this risk, particularly for individuals who are more susceptible to tooth decay. For individuals with a higher risk of tooth decay, additional fluoride preparations in direct contact with the teeth, such as varnishes, gels or rinses, may be recommended by oral health professionals.

Additionally, it is prudent to be aware of and adhere to the recommended amounts of fluoridated toothpaste to be used when brushing teeth, especially for young children who are more likely to ingest toothpaste.

Research has shown that water fluoridation and topical fluoride applications work together with fluoride toothpaste to provide additional protection against tooth decay.

In places like the US state of Alaska, Calgary in Canada, and south-west Scotland, where water fluoridation was removed, tooth decay rates increased as a result. This underscores the fact that water fluoridation remains a vital tool in the fight against dental decay, even in an era where toothpaste is widely used.

## HOW MUCH IS TOO MUCH?

When it comes to fluoride, as with many things in life, the Goldilocks principle applies: Too little is ineffective, but too much

can be harmful. Excessive fluoride exposure can lead to dental fluorosis (discolouration of the teeth) or, in extreme cases, skeletal fluorosis (damage to bones and joints). Fortunately, the authorities in Singapore carefully monitor and regulate fluoride levels to ensure they remain within safe and effective limits.

Singapore was the first in Asia to introduce universal water fluoridation, and fluoride levels in the tap water have been carefully adjusted over the years based on scientific research and local needs.

When water fluoridation was first introduced in 1957, the concentration was set at 0.7mg per litre, then lowered to 0.6mg per litre in 1992, and finally to the current level of 0.5mg per litre in 2008. These adjustments take into account fluoride intake from other sources such as toothpaste, tea, coffee and dietary supplements.

In the final analysis, fluoride is a key tool in protecting dental health, but it is not the only one. Good oral hygiene habits, like daily brushing and flossing, limiting the intake of sugary foods, avoiding smoking and going for regular dental check-ups, are just as crucial. Ultimately, only a comprehensive approach which includes the use of fluoride can ensure strong, healthy teeth for life.

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