

Singapore Budget 2025



Singapore Budget 2025: Driving Innovation, Sustainability, and Workforce Transformation

The Singapore Budget 2025, announced on 18 February 2025 by Prime Minister Lawrence Wong, comes at a pivotal moment as the nation celebrates the 60th year of independence. This year's Budget was shaped by concerns over geopolitical tensions, heightened risks of trade wars, rapid technological disruption and climate change. In response, Budget 2025 emphasised sustainability and innovation with targeted government support to ensure that Singaporeans and Singapore-based businesses are well-equipped to succeed in the evolving global landscape.





Strengthening Singapore's Innovation Edge

Budget 2025 further strengthens Singapore's push to become an innovation hub, with a particular focus on semiconductors and life sciences. Building on the groundwork laid in Budget 2024, the Budget's additional S\$1 billion investment in building a national semiconductor R&D fabrication facility signaled Singapore's aims to enhance its position in the global supply chain.

In life sciences, Budget 2025 revealed Singapore's ambitions to attract more companies to conduct R&D in the country. The government's plans to refresh facilities in the one-north area provide companies quicker access to cutting-edge research facilities and foster innovation through partnerships with research institutions.

Additionally, the top-up of S\$3 billion to the National Productivity Fund will directly benefit businesses by supporting initiatives that translate research into tangible products and solutions.

These measures provide the infrastructure and conditions for Singapore to grow the target sectors, and the country has a track record of succeeding in doing so. Companies in the semiconductor and life sciences sectors that already have a presence in Singapore are likely to consider expanding their activities and investments in the country. More importantly, these measures also provide a window of opportunity for new companies to choose Singapore for their next R&D base.

Driving Digital Transformation

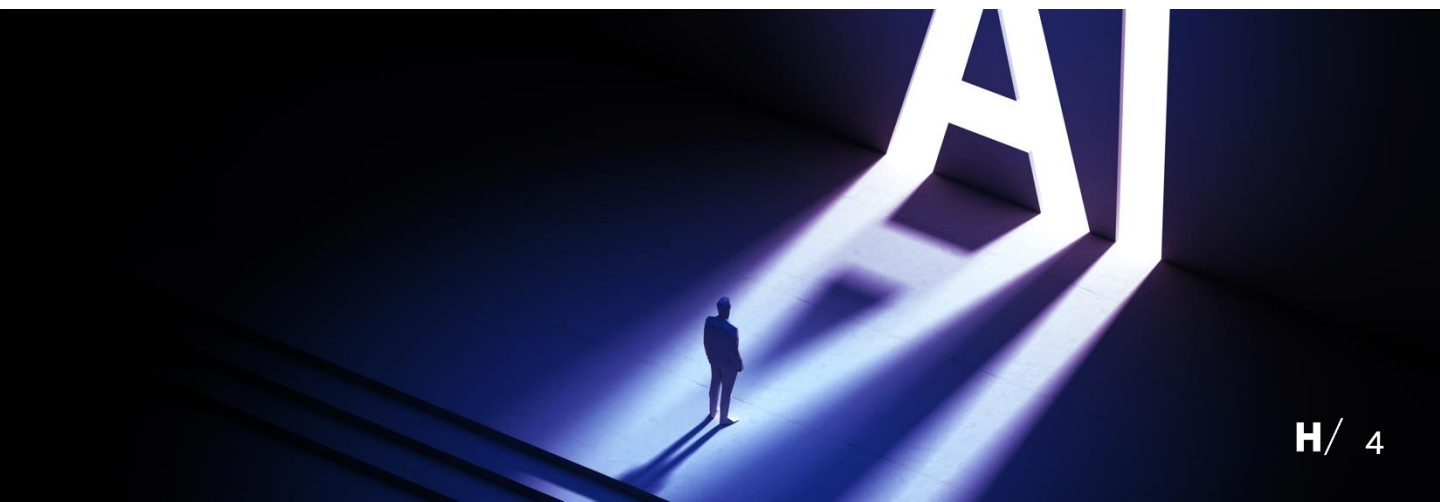
Budget 2025 continues to place strong emphasis on driving digital transformation through AI adoption and workforce upskilling, aiming to enhance productivity and maintain Singapore's competitive edge in an increasingly tech-driven global economy.

Companies will be able to tap on the Enterprise Compute Initiative, which allocates S\$150 million to support businesses in integrating AI solutions into their operations through partnerships with major cloud service providers. This initiative presents opportunity for businesses across various sectors to adopt AI tools that will streamline operations, improve efficiency, and bolster competitiveness.

In addition, on the workforce transformation front, the SkillsFuture Workforce Development Grant now offers up to 70% funding for job redesign activities, which will help businesses retrain their workforce to adapt to new technologies like AI. This is also complemented by the redesigned SkillsFuture Enterprise Credit which makes employee training more accessible. With these enhanced programs, businesses can more effectively upskill their employees to meet the demands of a digital economy, thereby enhancing workforce productivity and driving long-term competitiveness.

In parallel, Budget 2025 introduces the Private Credit Growth Fund, a S\$1 billion initiative aimed at providing financing for high-growth local enterprises, particularly those focused on tech-driven industries.

Startups and SMEs are most likely to benefit from these measures as they gain access to capital that help them scale their digital transformation efforts. However, adoption of these incentives will depend on raising awareness and convincing SMEs that they are worth the effort and time. The take-up rate of SkillsFuture credits had been slow in the past due to limited capacity of SMEs to understand the schemes and benefits. Proper utilisation of the Enterprise Compute Initiative will also play a key role in the success of the scheme as many companies are still figuring how best to leverage AI for efficiency.





Powering Singapore's Green Transition

In Budget 2025, sustainability takes centre stage as Singapore continues its journey towards a net-zero future. The commitment to its net zero goals shows the foresight of Singapore as other major economies such as the US relook at their renewable energy transition. The challenge for Singapore remains figuring out its optimal renewable energy mix as energy demand increases alongside economic growth.

Building on the previous year's efforts, the Budget is committing a S\$5 billion top-up to the Future Energy Fund to accelerate the energy transition by supporting infrastructure investments in low-carbon technologies. Exploring nuclear energy could potentially open a new frontier for Singapore as new investments and talent are required to set up a new energy source for the country. Singapore will most likely look to countries with experience building small modular reactors and apply their knowledge to build up its capabilities.

In addition, a S\$3 billion top-up to the National Productivity Fund will further support green innovation. Businesses can expect to receive more support for energy-efficient practices and green technologies, helping them reduce operational costs while contributing to national sustainability targets.

This is a direct push for businesses in the energy sectors to invest in cleaner energy solutions. For companies in the green finance space, the top-up of the Future Energy Fund also opens up opportunities to expand clean energy infrastructure. Businesses in the renewable energy sector should look for collaboration opportunities and tap into government funding for projects that support Singapore's ambitious sustainability goals. Companies in the construction, transportation, and energy sectors should look to these initiatives to adopt cleaner technologies, reduce emissions, and unlock new sources of funding.

Conclusion

Budget 2025 reinforces Singapore's commitment to sustainability, innovation, and inclusivity, providing a robust framework for businesses to thrive in a challenging global environment. By proactively adapting to new policies and leveraging government support, businesses can contribute to Singapore's long-term growth and resilience while securing their own competitive advantage.



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