Institute of
Policy Studies

The 43rd Singapore Economic Roundtable

By Cassandra Ho and Sharanya Shanmugam

The Governance & Economy Department of the Institute of Policy Studies (IPS) held the 43rd Singapore Economic Roundtable (SER) on 18 November 2025. The event brought together seventy participants, including economists, academics and business leaders from the public and private sectors.

The 43rd SER was divided into two segments.

The first segment examined Singapore's macro-economic outlook and its implications for policy amid heightened global uncertainty following trade tensions and shifting global monetary conditions. It featured Mr Aninda Mitra, Head of Asia Macro and Investment Strategy at BNY Investment Institute, and Mr Marcus Fum, Executive Director of the Economic Analysis Department at the Monetary Authority of Singapore. The session was moderated by Mr Manu Bhaskaran, Adjunct Senior Research Fellow at IPS.

The second segment was a special session on the impact of artificial intelligence (AI) on the economy. It featured Dr Kati Suominen, Founder and CEO of Nextrade Group; Mr Tancho Fingarov, Senior Vice President for Business & Market Insights of Mastercard; and Dr Benjamin Mah, Councillor at SGTech. Mr Christopher Gee, Deputy Director and Senior Research Fellow at IPS, moderated the discussion.

Both discussion sessions were conducted under Chatham House Rules.

The full proceedings of the 43rd SER will be published by IPS at a later date. A summary of the key issues discussed is presented below.

SESSION ONE: MACRO-ECONOMIC OUTLOOK FOR SINGAPORE

Singapore's Economy: Resilience and Growth

Despite being a small, open and vulnerable economy, Singapore has shown remarkable flexibility and resilience amid ongoing global uncertainty. It recorded one of the strongest post-pandemic recoveries among developed economies, with growth returning to pre-COVID trends.

Forecasters anticipate oil prices to decline further, central banks to begin cutting rates, and overall benign financial conditions. These developments, along with accelerated currency depreciation, positive supply-side effects from the oil crisis and cheaper imports from China,

provide room for optimism. Singapore's exports, particularly in the electronics sector, have performed well, boosted by strong demand and the frontloading of orders in response to tariff-related concerns.

Domestically, the Monetary Authority of Singapore (MAS) eased monetary policy twice in FY2025, in January and April, while maintaining a modest appreciation path for the Singapore dollar within its policy band. Fiscal policy has been supportive, with the government's rollout of vouchers, and long-term investments in infrastructure and climate resilience.

With greater clarity on tariff regimes, corporate leaders are better positioned to assess true levels of risk, which may prompt a reversal of the earlier postponements in capital spending and hiring. Looking ahead, the ongoing supply chain reconfiguration is expected to accelerate, driving a renewed surge in foreign direct investment flows, benefiting Singapore and the wider region.

Near-Term Risks

Despite the prevailing optimism, several near-term risks warrant attention. The lagged effects of recent global turbulence should not be underestimated, given the series of shocks to the global trade ecosystem. US tariff rates, rising from about 2.3 per cent to between 15 and 18 per cent, are likely to have a larger impact that the market currently anticipates. As a result, significant financial market correction is plausible. Capital spending has also been overheated due to protectionist measures, suggesting a need for rebalancing and a cautious outlook on trade.

China's rising trade competitiveness also presents challenges. While its high-quality, cost-competitive essential goods benefit consumers, it risks displacing local production in other developing economies, potentially triggering new waves of protectionist responses in the Global South.

Technological and AI advances have accelerated progress in sectors like pharmaceuticals and new materials, and global competition in this sphere is set to intensify as more countries increase R&D investments in AI. With this, the divergence between the fast-growing AI-driven economy and non-AI sectors is becoming more pronounced. The outlook for electronics and semiconductor industries will, in turn, be highly dependent on capital spending in the US and other developed markets.

Finally, in an increasingly turbulent global environment, safe havens tend to attract substantial inflows. Singapore, recognised as a trusted and stable hub, is likely to see continued inflows of capital, talent, and corporate activity. While this can be positive, these flows require careful management to ensure they remain aligned with the country's long-term economic stability.

Discussion Session

Weak Job Market Despite Strong Growth

Panellists were asked why, despite Singapore's strong post-pandemic recovery, job prospects for fresh graduates remained weak. Several reasons were highlighted: earlier over-hiring in

sectors like finance, professional services and tech during the pandemic recovery, heightened tariff-related uncertainty, and major tech firms prioritising cash flow toward AI investments rather than manpower, all of which have dampened hiring.

Recent research in the US also indicated that entry-level workers in AI-exposed roles face tougher employment prospects than their peers in non-AI fields, while experienced professionals in these roles continue to enjoy strong wage growth and employment outcomes.

Local vs Foreign Talent

The roundtable also reflected on the skillsets of Singaporean graduates. While local graduates tend to perform well in roles requiring analytical thinking and having well-defined processes, they may struggle with creative problem-solving and navigating unfamiliar situations. As a result, one participant suggested that international graduates may be preferred for roles involving international business dealings, digital transformation or futures-oriented work.

A human capital survey was also cited to explain why companies may not hire local talent for entry-level positions, which pointed to unrealistic salary expectations, insufficient technical skills and unrealistic promotion expectations. For more senior roles, firms highlighted gaps in technical skills, leadership capabilities and knowledge of target markets — areas where local candidates were perceived to be weaker.

Digital Transformation in SMEs

Building on the discussion about hiring local talent, it was emphasised that digital transformation must precede hiring, as without adopting new technologies, firms have little need for digitally skilled workers. This contributes to a surplus of graduates, who otherwise could be absorbed by Micro, Small and Medium Enterprises (MSMEs), which employ about 70 per cent of the workforce.[1] However, MSMEs often struggle to digitalise due to thin margins and low risk appetite. It was suggested that greater government risk-sharing could help these firms invest in digitalisation and create more opportunities for graduates.

Once MSMEs implement technologies, they inevitably need digital talent, because existing workers may lack the skills to operate these systems. This creates demand not only for AI specialists, but also for graduates with strong analytical, research and writing skills. It was noted that Singapore may be over-investing in the computer science field and should build more foundational capabilities needed for simpler tasks such as AI prompting, AI-assisted coding and applied digital problem-solving.

A major barrier SMEs face is a lack of clarity around the workflows and guardrails needed for digital transformation, coupled with a reluctance to acknowledge these gaps. It was recommended that the government can curate a set of practical use-cases, such as how to apply AI to marketing or hiring, to guide SMEs through adoption. Integrating AI into day-to-day workflows is far more challenging than adopting new technology, and helping companies

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[1] National Trades Union Congress (NTUC). (2018, May 28). *SMEs: Taking care of business and workers*. https://www.ntuc.org.sg/uportal/news/SMEs-Taking-Care-of-Business-and-Workers/

become truly AI-ready will require walking with them through their entire transformation journey.

Finally, funding remains a hurdle. It was noted that government funding schemes may often require minimum headcount levels or turnovers, that can exclude smaller firms. Large tech companies like Google, Microsoft and Amazon are also increasingly partnering with SMEs to help embed digital tools into their daily operations.

Rebalancing Sustainability Goals

Questions were raised about whether sustainability efforts in Singapore are slowing amid heightened tariff pressures and firms prioritising short-term survival. While sustainability may no longer be at the forefront of the government agenda, Singapore's long-term commitments to sustainability remain firm, including investments in climate resilience, greener energy sources for data centres, raising carbon taxes and continued promotion of electric vehicles.

It was argued that what may appear to be an anti-sustainability shift is more likely a global recalibration. Europe's earlier push for full-scale sustainability had strained its industrial competitiveness, prompting countries to pursue more balanced and realistic targets.

Additionally, technological progress can support sustainability goals. For example, it was claimed that China's advancements in carbon capture and storage (CCS) have made coal less carbon-intensive, improving its viability as an energy source.

SESSION TWO: SPECIAL SESSION — AI AND THE ECONOMY

AI Adoption: Speed and ROI vs Readiness

Recent Statista estimates showed that the ASEAN AI market was growing at strong double digits, and according to Kearney and ADBI, was forecast to generate US$1 trillion in economic gains by 2030. Businesses are clearly interested in AI adoption, and investors are similarly interested in AI firms as well as AI-driven firms; AI investments correlate positively with export growth and productivity, and AI "superuser" firms investing more than 3 per cent of their revenue in AI tend to see faster gains and ROI.

The hiking interest in AI means that data has taken centre stage: data quality becomes a prerequisite for firms' ROI. AI models — especially generative AI (GenAI) — are trained on data, and because these models meet the limit of publicly available data for training, proprietary data becomes the discriminating factor, and companies with large private datasets gain a strong potential edge. Among banking chief experience officers, 47 per cent indicated that lack of data readiness was the greatest barrier to GenAI adoption.

Alongside skilled AI talent and infrastructure, data quality and a strong understanding of what sort of transformation and effect AI can bring to firms' business value proposition are key in firms' adoption of AI.

Despite the interest in AI adoption, not all firms, sectors and even countries are able to effectively capitalise on AI and its benefits. Some countries lack policies, frameworks, use cases, infrastructure, and advanced readiness for AI adoption. In some sectors such as in

banking, AI ROI is currently unclear, and risks, regulatory uncertainties and lack of data readiness keep firms hesitant in more widespread adoption beyond quality control use cases.

AI & Human Capital

The aforementioned unevenness is also exemplified in manpower: AI adoption is highest amongst firms that have a strong pool of AI talent and employees trained in digital skills. Human capital is not only a key enabler in AI adoption, but also the greatest bottleneck in doing so. Companies that invest in AI tools without adequate talent to use these tools will also struggle to effectively implement AI and realize its benefits. Yet, hiring the right talent takes time, and firms struggle to find workers who are not only technically skilled and able to quickly adapt to new technologies, but also determined and ambitious. In addition to the workers themselves, firms may also lack a culture of experimentation and innovation.

An ASEAN AI Strategy

What could help firms would be the establishment of nationally or regionally recognised certificates that are aligned with AI use cases as well as ASEAN-wide AI skill frameworks.

Currently, firms interested in adopting AI in their business processes struggle with a slew of legal uncertainties such as compliance concerns. Moreover, the growing economic interdependencies within the region require a more coordinated, interoperable and regionally harmonised AI ecosystem.

AI-related economic activity, including digital services trade, cloud infrastructure and startup formation, risks scaling at a pace that exceeds national regulatory and infrastructure boundaries. There are persistent cross-country gaps in readiness, talent and policy frameworks that risk fragmenting regional growth if left unaddressed. To address these challenges, shared standards, recognised skill frameworks and cross-border data regimes will be essential for enabling AI-driven firms to operate seamlessly across ASEAN markets.

Taken together, these insights suggest a clear direction of travel: ASEAN requires an integrated AI industrial strategy, built on interoperable frameworks, mutual recognition mechanisms, and shared innovation infrastructure that can support cross-border scaling and global competitiveness.

Discussion Session

Human Capital Standardisation: Accreditation & Certification

A recurring theme across both sessions centred on the preparedness of the emerging workforce — particularly young graduates and early-career employees — entering an increasingly AI-driven labour market. In session two, discussions veered towards the need for continuous upskilling and reskilling, as well as about whom the responsibility for developing AI-ready talent should fall upon. Some participants shared cascading top-down training strategies within their firms that are mandated for all staff regardless of skill level. Other participants emphasised the necessity of individual responsibility of skilling, and that "mindset

first, then skillset" should be the predominant mentality in approaching rapid technological developments such as with AI.

Participants highlighted that workforce transformation goes beyond technical training. Change management also requires leadership capable of articulating the urgency for change, clear and consistent communication about change, as well as a cohesive unit that is able to orchestrate, design, and capitalise change.

Building off earlier comments on regional frameworks and standards, participants also shared their thoughts about the availability of regional or global accreditation and certification. Participants noted that fragmented standards limit the mobility of talent and the portability of skills, and some suggested on harmonising certifications across different providers or sources such that certifications are cohesively recognised across boundaries. International standards such as ISO 42001 could be used to provide consistent guarantees of risk-management capability regardless of jurisdiction, supporting both workforce development and cross-border interoperability.

Mismatches in Confidence and Expectations, and AI Skills and Readiness

A striking insight that emerged during the discussion was the extent to which confidence in digital and AI capabilities may outpace actual competencies and capabilities. Participants noted that while individuals and firms often believe they are well-equipped to navigate digital and AI tools and manage risks, practical assessments reveal substantial gaps. A survey showed that while 84 per cent of respondents expressed high confidence in detecting frauds, only half could correctly identify them when assessed.[2] Initially raised in the context of frauds, this mismatch could also be recognised as part of a broader confidence–skills gap that may affect AI readiness across firms and economies.

Participants also noted that while AI readiness indices such as the IMF AI Readiness Index may position Singapore and neighbouring ASEAN economies as highly AI-ready, it is unclear whether most firms on the ground have the capabilities required for practical implementation, or if our positions on these indices are bolstered primarily by major players. The unevenness of AI adoption as mentioned by the speakers is reflected in this mismatch in indicated and actual AI readiness. Furthermore, some participants also raised that despite Singapore's high AI readiness, the trade AI space is still rudimentary and heavily paper-based and needs to undergo digitalisation before AI can be effectively adopted.

Mismatches between readiness and ROI also emerged during the discussion. Discussants noted that while governments are pouring resources into compute capacity, digital infrastructure, and AI governance frameworks, SMEs tend to lack the capabilities, talent or clarity of purpose needed to translate these investments into benefits. A discussant observed that some governments in other parts of the world have aggressively accumulated AI chips and hardware, only to lack the specialised workforce required to maintain or utilise them

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[2] Bamboo Builders. *Strengthening Scam Readiness in Singapore: Insights into Vulnerabilities, Threats, and Pathways to Greater Protection*.
https://www.bamboobuilders.org/_files/ugd/ebb12b_84abfb289d624a618716ff4d3a17879c.pdf

effectively. Similarly, policy pushes towards on-premises AI infrastructure may make sense from a security standpoint, but only firms with access to scaling resources and clear business cases can justify a sustainable economic shift from cloud to on-prem. Most SMEs lack the resources to be able to do so in a sustainable fashion that is in alignment with national policies.

Singapore's future in an AI-driven world

Notably, discussants highlighted Singapore's unique position as an intermediary in the ASEAN region. With Singapore chairing ASEAN in 2027, Singapore is set to take on an intermediary role in the region for AI governance, frameworks and adoption. Furthermore, drawing parallels to Singapore's traditional strengths in the energy and petrochemical sectors — where the country refines and processes raw oil it does not produce, discussants noted that Singapore can become a data intermediary for the region. With strong subsea cable connectivity and data-protection standards, Singapore can host secure infrastructures required to anonymise, aggregate and transform data into usable, compliant inputs for AI development.

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