

Economic Strategy Review Mid-term Update Media Factsheet

The Economic Strategy Review¹ (ESR) Committees have provided a mid-term update proposing seven recommendations to secure Singapore's economic growth and create good jobs for Singaporeans in a changing world.

2. These recommendations were built on suggestions from businesses and workers, including through engagements with the Trade Associations and Chambers (TACs) and unions. Over 60 engagements, events, and company visits have been conducted so far as part of the ESR Committees' ongoing work.

Securing Growth and Good Jobs in a Changing World

3. Singapore is entering a new phase in our economic journey. The rules that allowed Singapore to prosper have changed fundamentally. We face a more complex global environment, with heightened great power contestation and economic imperatives that will increasingly be shaped by security considerations and national interests. Industries, businesses, and jobs are also being disrupted by rapid technological advancements and the need to thrive in a low-carbon world. At the same time, we have to contend with slower workforce growth, given our ageing population, and falling birth rates.

4. In this landscape, achieving economic growth will become more challenging. **We will have to work harder and smarter, take some risks, and explore innovative and bold solutions, to reach the higher end of our GDP trend-growth estimate of 2-3% p.a. on average over the next decade.**

5. At the same time, given advances in automation and AI, we can no longer take for granted that growth automatically leads to the same levels of job creation. We must be **more intentional in adopting an economic growth strategy that continues to create good jobs and opportunities, and prepare Singaporeans to access them.**

6. Accomplishing this will require Singapore to stay true to the values that have underpinned our success: **being trusted, staying open, and connected to the world; embracing change to remain competitive and relevant; and making sure that our economic progress is inclusive**, so we can all navigate the new economy together with confidence and agility.

¹ Launched in August 2025, the ESR embarked on a comprehensive review of the Singapore's economic strategy through five committees, each co-chaired by two Political Office Holders (POHs) with relevant members drawn from the private sector, unions, and other industry stakeholders.

Recommendation 1: Extend our lead and establish global leadership in key growth sectors

7. As our economy matures and with more binding resource constraints, growth and good jobs in the next phase cannot come from scale alone. It will also have to come from **establishing global leadership in key sectors**.

8. Singapore is a global node in key manufacturing sectors such as semiconductors, healthcare, specialty chemicals, and aerospace. However, with rapid technological advancements, the way the world manufactures will change to be more tech-reliant, flexible, and sustainable. To stay ahead, we need to **transform our advanced manufacturing industry towards best-in-class and sustainable operations**, by investing in AI and automation, as well as technologies to reduce emissions and improve circularity. At the same time, we need to **direct national-level R&D resources to secure global leadership in high-value industry sectors** to maintain our competitive edge.

9. Singapore is well-positioned to capture new trade and investment flows, as firms gravitate towards trusted locations to manage risks in a more volatile and uncertain world. With the global environment in flux and emerging technologies introducing new risks, Singapore can **capitalise on our trusted reputation – a key enabler we have built up over decades – to offer new trust technologies and services** (e.g. cybersecurity, AI assurance, and Testing, Inspection and Certification) that will extend our lead in modern services.

Recommendation 2: Boldly pursue emerging opportunities to create new engines that can push the growth frontier of our economy

10. We should also **boldly pursue emerging technologies that can drive breakthroughs across the economy**. These include areas such as (i) quantum, which will redefine the way we process and transmit information, and transform existing industries like finance, logistics, and biomedicine; (ii) decarbonisation technologies that will help Singapore stay competitive in a low-carbon future; and (iii) space technologies that will revolutionise the way we connect people and businesses, deliver location-based services, and tackle global challenges such as climate change.

11. Beyond attracting leading MNCs, we should **nurture a new generation of globally-leading enterprises**. The next wave of growth will likely be tech and innovation driven (e.g. AI, deep tech, and fintech), and many of these firms start small and will need to take greater risks. We need new ways of identifying, attracting, and supporting these emerging champions to use Singapore as their home base, and help them scale their innovations to capture greater value for Singapore.

12. We should also **sustain a vibrant startup ecosystem with an entrepreneurial culture where people dare to dream big and take risks**. To achieve this, we need to **help high-potential, fast-growing startups scale regionally and globally**, by increasing availability of capital and

access to top-tier talent, and enhancing market access support. We also need to **facilitate recycling of capital and expertise** into new ventures.

Recommendation 3: Establish Singapore as an AI leader with an AI-empowered economy

13. AI will revolutionise economies and industries the same way electricity and the internet had. Singapore must stay ahead of the curve to capture the transformative power of AI and put ourselves on a different growth trajectory. We have embarked on this journey with our National AI Strategies and built a solid base of AI innovation and engineering activities. But we should **do more to position Singapore as a location of choice where companies and top talent come together to develop, test, deploy, and scale innovative and impactful AI solutions**.

14. To differentiate ourselves from other AI talent centres, we need strong collaboration within the Government and with industry to **identify clear and ambitious problem statements**, and **pull together necessary resources such as datasets, compute, and regulatory sandboxes** to green-lane the development and testing of AI solutions.

15. We should also **push for AI adoption across the economy to drive overall productivity**, by helping leading companies leverage AI to transform their businesses and develop innovative new products, and helping SMEs adopt and reap the full benefits of AI.

Recommendation 4: Strengthen connectivity and linkages to global markets, and more aggressively support firms to internationalise

16. With our small domestic market, many opportunities lie beyond Singapore's shores. Our continued growth therefore relies on our ability to strengthen linkages with the world and secure access to global markets, value chains, and ideas. We should **deepen and broaden our connectivity and ensure Singapore remains a vital and trusted node** by investing in our transport hubs and networks to capture new supply chain opportunities, and deepening trade cooperation and integration with economic partners.

17. We should also **aggressively support leading firms here to internationalise**. Our firms will need to take greater risks in a volatile global environment and compete with local market players who may have home-ground advantages. We can do more to **support them in pursuing significant overseas ventures that carry higher risks and capital outlay**, but will give them a substantive foothold from which they can grow. Ultimately, these firms keep Singapore relevant to the global economy and bring value back to Singapore in the form of additional revenue and higher-value jobs here and abroad for Singaporeans.

Recommendation 5: Broaden the range of good jobs in our economy

18. To ensure growth is inclusive and translates into shared progress for all, **we should broaden the range of good jobs in our economy to meet the aspirations of our people and make the best use of their skills.**

19. Some of the new roles will come from our growth strategies – our AI ambitions will create new technical (e.g. AI research and engineering) and non-technical (e.g. project management, trust & safety) roles. However, new opportunities cannot be concentrated only in a few sectors. We should boost our efforts to **uplift and transform jobs in sectors that may be more resilient to global shifts and offer opportunities for quality employment.** These could range from skilled trades such as technicians, to jobs in care and social services.

Recommendation 6: Make lifelong learning a practical reality and empower every worker to take charge of their career

20. Our economic transformation will create new roles and reshape existing ones. Hence, our workers will need to be more agile in acquiring new skills, more proactive in career planning, and more entrepreneurial in seizing new opportunities.

21. We should **evolve our skills and training models**, to enable training to be agile and responsive to worker and industry needs, and for Singaporeans to upskill and reskill throughout their careers. This requires: (i) **more flexible pathways that blend training and work to develop industry-relevant skills throughout careers**; (ii) a **national AI workforce strategy to build AI literacy and fluency across the workforce**; (iii) a **more nimble career and skills system** that better harnesses the strengths, agility, and diverse offerings of private sector intermediaries to offer training and career transition support; and (iv) a **review of how the Government organises itself** to provide stronger end-to-end support for Singaporeans in bridging skills to jobs.

22. We should also strengthen career transition support for workers, in close partnership with NTUC and SNEF. As our economy evolves, there will be more churn. The churn will be less destabilising if we **strengthen transition support** for affected workers. Efforts could include working with employers on earlier retrenchment notices, partnering tripartite partners and TACs to aggregate job vacancies and facilitate job matching, as well as enhancing career conversion programmes and providing tailored placement and training support for both SMEs and rank-and-file workers.

Recommendation 7: Enable our businesses to proactively navigate transitions

23. Just as workers need to adapt and upskill, businesses must continually innovate and reposition themselves to remain competitive. Beyond traditional support for business expansion

and capability-building, we need to **enable businesses to proactively navigate transitions and pivot to more viable opportunities as the economy restructures**. This could entail providing practical support for businesses to better understand their business health and make transition plans, including rationalising or offshoring parts of their operations to seize new opportunities.

Next Steps

24. The Government will respond to the ESR Committees' recommendations in the following months. ESR Committees will continue their engagements, and a full report detailing the ESR Committees' final recommendations will be published in mid-2026.