

## Press release

### SINGAPORE SEES THE LEAST RED TAPE : MOST FRIENDLY LANDSCAPE FOR BUSINESSES

































- Singapore has lowest level of red tape – the biggest frustration to global businesses for fifth year running
- Singapore also lowest for shortage of skilled workforce - the next significant global constraint
- the only country out of 32 with the lowest score in 3 out of 6 constraints to business expansion

**Singapore, 28 June 2007** - Singapore ranks as the country with the least amount of frustration stemming from regulation/red tape when it comes to doing business. The latest Grant Thornton International Business Report (IBR) reveals just 16% of Singapore business owners citing red tape as a major constraint to their expansion plans. Sharing top spot with Singapore having the least red tape are Spain (17%) and Sweden (19%). In contrast, Brazil (60%) has the most red tape and is closely followed by Russia (59%), Poland (55%) and Greece (52%). For the fifth year running, red tape and regulation is regarded as the biggest frustration faced by businesses globally with nearly four out of ten businesses worldwide ranking it as the greatest constraint to their business expansion.

In Singapore, there have been measures to reduce red tape such as the establishing the Pro-Enterprise Panel (PEP) since 2000. To step up on efforts to further minimise the amount of red tape, PEP has also tied up with various channels, such as the Enterprise Development Centres, to reach out to more companies. The Economic Development Board of Singapore also identifies red tape as deterrence to the local business landscape and hence has plans to assist potential investors by committing to further trimming red tape and also to cultivate an industry-ready workforce, instead of offering financial perks.

Kon Yin Tong, Managing Partner of Foo Kon Tan Grant Thornton comments: “The issue of increasing regulations and red tape hampering business operations is becoming an increasing global issue. The global average is up by a 3% point compared to 2006. Although many governments continue in their efforts to simplify red tape, many have been unsuccessful. In today's global economy, with increasing pressures from emerging economies, governments must ensure their regulatory environment responds to the speed of business change.

“The plea must be that governments work closely with business and those organisations which understand the privately held business sector, to identify their future needs and aim to address the regulatory issues ahead of the need rather than constantly playing 'catch up!'”

Regulation/red tape as a major constraint on expansion plans (%*)		
	Singapore	16
	Spain	17
	Sweden	19
	Thailand	20
	Malaysia	22
	Ireland	22
	France	22
	Armenia	23
	Philippines	26
	Canada	26
	Australia	28
	Botswana	29
	UK	32
	Luxembourg	32
	US	34
	Netherlands	34
	Japan	34
	Hong Kong	35
	Taiwan	37
	Mexico	37
	India	37
	<b>Global average</b>	<b>38</b>
	New Zealand	41
	Mainland China	42
	Italy	43
	Turkey	44
	South Africa	46
	Argentina	48
	Germany	49
	Greece	52
	Poland	55
	Russia	59
	Brazil	60

\* % of respondents rating this 4 or 5 on a scale of 1 to 5, where 1 is not a constraint and 5 is a major constraint.  
Source: Grant Thornton International Business Report (IBR) 2007

The IBR also found the next important constraint, quoted by more than three out of ten businesses, to be the shortage of skilled labour. Just two out of ten, quoted cost of finance, shortage of working capital or shortage of long term finance as constraints

Singapore boasts of being the friendliest business environment to rank lowest in the chart for three out of six constraints in the global survey. Apart from having the least constraint for red tape, and retaining her enviable position for the fourth consecutive year as the country with the least constraint for red tape, she also leads the chart for shortage of skilled labour (19%) and reduced demand (9%).

The level of concern over the accessibility to skilled labour in Singapore contrasts with that in other countries such as New Zealand (60%), Australia (59%) and South Africa (58%). With a level of concern higher than the global average (36%), business owners in these countries feel a significant hold back on their businesses due to shortage of skilled labour.

Interestingly in Asia, in a period of optimism about demand and orders, three Asian countries - Japan (59%), Thailand (54%) and mainland China (50%) - are having significant concerns about shortage of orders and lack of demand constraining their ability to expand. This compares with just 9% in Singapore and 29% of businesses worldwide.

Commenting on the above, Kon Yin Tong said: "Finding skilled labour is a big issue for the growth economies of New Zealand, Australia and South Africa. These countries have not benefited in the way that the EU, for example, has in terms of substantial inflows of skilled migrants from Eastern Europe.

"The lack of demand issue is a real worry in two major Asian economies. In Japan, it is possible that businesses are yet to be convinced that consumer demand has emerged from the doldrums of the past decade. In mainland China's case it is likely that with the US taking almost one quarter of exports, businesses are more concerned about their sales due to the US economy's slowdown this year and the impact on domestic demand of mainland Chinese authorities taking action to cool the economy."

## **Ends**

### **Notes to editors**

Grant Thornton International started a major annual survey of the attitudes and expectations of small and medium-sized businesses in 1992 called the European Business Survey (EBS). In 2003 the research project was widened to an international perspective covering medium-sized businesses and renamed the International Business Owners Survey (IBOS).

In 2007, the survey's name was changed from IBOS to the International Business Report (IBR). The IBR survey draws upon 15 years of trend data for original EBS participants and 5 years for original IBOS countries. 15 year trend data is available for: France, Germany, Greece, Ireland, Italy, the Netherlands, Poland, Spain, Sweden, Turkey and the UK, while 5

year trend data is available for Australia, Canada, Hong Kong, India, Japan, Mexico, Singapore, South Africa and the US.

Grant Thornton International will donate US\$5 to UNICEF for every completed IBR questionnaire. In 2007 this will result in a donation of over US\$35,000.

The research was conducted by Experian Business Strategies Limited and Harris Interactive. All figures were correct at time of going to press. To find out more about IBR and to obtain details of IBR reports and results please visit [www.internationalbusinessreport.com](http://www.internationalbusinessreport.com).

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