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Friday, February 4, 2022

MARKETS

	Thursday	Change
STI	3,315.99	+66.40
KL COMP	1,525.73	+13.46
NIKKEI 225	27,241.31	-292.29
HANG SENG	CLOSED	CLOSED
SHENZHEN 8	CLOSED	CLOSED
DOW (Asian 45)	35,302.12	-327.21

SINGAPORE ECONOMY

Singapore PMI dips in the new year, echoing slowdown seen across Asia
TOP STORIES / 2



PROPERTY ACQUISITIONS

Ascott buys US student accommodation asset COMPANIES / 5

GEOPOLITICAL GAME

How to reduce Putin's leverage over Europe OPINION / 16



GLOBAL ENTERPRISE

Asia's 4 tiger economies have matured, but are still burning bright
TOP STORIES / 3

DAILY DEBRIEF

The STI

Upbeat Wall Street sends STI to 30-month high at 3,315.99
Singapore's blue-chip gauge, STI, buoyed by Wall Street's fourth straight day gains, surged 66.40 points or 2.04 per cent to 3,315.99 points on Thursday (Feb 3) and closed at a 30-month high.

COMPANIES / 8

Orchard Towers' potential on bloc sale may come with S\$1.6 billion price tag

The collective sale committee of Orchard Towers is said to have recommended setting the reserve price at S\$1.6 billion and unit owners will conduct an extraordinary general meeting on Feb 18.

TOP STORIES / 2

Singtel to build data centres in Thailand with Gulf Energy, AIS

Singtel has signed a joint development agreement with energy supplier Gulf Energy and mobile phone operator AIS to build and operate data centres in Thailand.

COMPANIES / 4

Sydney Airport shareholders back A\$23.6b cash deal in one of Australia's biggest buyouts

Sydney Airport shareholders approved a A\$23.6 billion (S\$22.7 billion) cash takeover by infrastructure investors, though many small retail investors voted against delisting Australia's only listed airport.

COMPANIES / 6

Indonesia uncovers US\$600m in first month of tax amnesty

Indonesia's second tax amnesty programme in the space of five years has unearthed nearly US\$600 million of unreported assets in its first month, official data showed.

INTERNATIONAL / 15

SINGAPORE BUDGET 2022

Budget must address urgent foreign worker crunch but stay firm on long-term weaning

Shortages in construction, marine shipyard, process as well as high-wage sectors, say business groups, analysts

By Annabeth Leow
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Singapore

THE immediate shortage of foreign labour will likely be tackled in upcoming Budget measures, watchers told. The *Business Times*, although policymakers are expected to keep wearing businesses off foreign manpower in the longer term.

That's as employers clamour for more warm bodies in a labour market where vacancies now far outstrip job seekers. There were 2.09 openings for each unemployed person in September 2021, the latest period for which data is available.

"The exceptionally high ratio... reflects both a recovery in demand as well as the shortfall of foreign manpower due to border restrictions on inflow," noted Terence Ho, an associate professor at the Lee Kuan Yew School of Public Policy.

The foreign workforce shrank from 1.43 million workers in December 2019, before the pandemic, to 1.2 million in mid-2021, the latest data period available. The fall includes declines in Employment Pass (EP) and S Pass holders, as well as work permit holders in construction, marine shipyard and process (CMP) sectors.

As such, Maybank Securities economists Chua Hak Bin and Lee Ju Ye said in a report the government may have to delay CMP foreign worker quota cuts slated for 2023.

While the share of S Pass workers in the manufacturing and CMP sectors is expected to be capped at 15 per cent of the workforce from Jan 1, 2023 - down from 18 per cent now - the Maybank economists believe that the tightening may now be postponed, by 1 to 2 years.

"Construction and process and marine are some of the worst-hit

sectors in the pandemic and the recovery remains sluggish," they wrote, adding the industries are still burdened by labour shortages.

The Covid-19-related foreign manpower crisis began early in the pandemic, when Singapore put a freeze in end-January 2020 on new work permits from mainland China and a 14-day leave of absence for workers returning from there.

More setbacks soon followed, including strict limits on entry approvals for work pass holders in March 2020; the unprecedented closure of the Singapore-Malaysia land border; a widespread, months-long outbreak in foreign worker accommodation that year; and the closure of the borders to all long-term pass holders from South Asia from May to October 2021.

The shortage has taken a tangible toll on business operations. Morgan Stanley economists recently observed that wage levels in sectors such as construction appear to have been pushed up "even though sector GDP still trailed".

Granted, Ho said, the border re-openings now under way should help to alleviate the labour crunch. The government also extended a foreign worker levy (FWL) waiver for workers' on-arrival isolation period. That waiver will last 1 more year, until end-December 2022.

Meanwhile, a S\$250 levy rebate for CMP work permit holders was extended by 3 months - to end-March 2022 - and will be reviewed again closer to the expiry date. But the Singapore Business Federation still cited member feedback that virus-related safety measures mean it costs about S\$5,000 to bring in a CMP worker from abroad.

And Ho added that, if entry restrictions continue, "there may be a need to extend support measures... to help employers retain experienced foreign workers in Singapore, especially for the most affected sectors". He cited the ongoing temporary leeway in work permit renewals for CMP workers who are otherwise ineligible, based on their age or period of employment.



The foreign workforce shrank from 1.43 million workers in December 2019, before the pandemic, to 1.2 million in mid-2021, the latest data period available. BY FILE PHOTO

Some industry players are calling for the Budget to go even further in relaxing manpower curbs. The Singapore Retailers Association has said that freezing FWLs for 2 years and axing the minimum qualifying salaries for foreign staff would help to manage business costs and "contain artificial salary inflation of local workers".

The trade group also asked for looser foreign worker quotas in retail jobs under the progressive wage model, which sets minimum wages for local employees. The S Pass ceiling has been 10 per cent for the services sector since 2021. Staff shortages are also reported on the high end of the wage spectrum, with firms lamenting a lack of talent for specialised roles.

"During the height of the Covid-19 pandemic, there was certainly a perception of a mass ex-

odus of expats returning to home countries," Christina Karl, global migration leader at professional services firm Deloitte, told BT.

And the British Chamber of Commerce found in a recent poll that difficulty obtaining work passes or renewals for foreign talent was the second-biggest concern for members, after staff welfare.

"We track recruitment data for each vacancy and there is definitely a reduction in the average number of applicants per vacancy," one chamber member recounted.

"This reduction is almost entirely explained through the reduction in foreign applicants."

Given this trend, Karl said what employers like large multinational corporations want is "more clarity on the work pass criteria to make it more transparent and allow companies to hire the best candidates".

That's as the National Trades Union Congress and Singapore National Employers Federation last year recommended a points-based system to assess EP applications.

On top of that, Karl also proposed publishing a list of roles for which there are not enough resident workers to fill the job openings.

"For jobs on the Shortage Occupation List, employers should not be required to demonstrate that they have applied the resident labour market test in order to bring in foreign talent," she suggested.

But temporary relief for employers' manpower woes in the Budget is still likely to play second fiddle to longer-term goals for a more sustainable foreign labour policy.

Singapore has made efforts to recruit high-demand foreign talent, such as the "Tech Pass" visa launch in late 2020. But salary bars for EP holders were also raised that year - up to S\$4,500, from S\$3,900 before - and a floor of S\$5,000 was introduced for the finance sector. Similarly, the S Pass minimum salary went up, from S\$2,400 to S\$2,500.

Angie Low, associate professor of finance at Nanyang Technological University, noted that the pandemic merely exacerbated an existing shortage in industries - such as hospitality and food and beverage - that "have always been reliant on foreign labour to plug the labour shortage and to keep cost low".

Urging a revamp of such a business model, she reiterated that it might be "time to think about how we can retool the business to attract locals to these jobs that are often thought of as 'low pay', 'long hours', and 'low prestige'".

And, compared with Singapore's large foreign workforce in 2019, Deloitte's Karl said: "As the government focuses on rebuilding the economy and ensuring that Singapore citizens are in employment, it is unlikely that foreign employment will reach the levels of what we observed before the pandemic."

Budget to extend support to ailing sectors, will tackle cost of living; Lawrence Wong, Page 2

SICC urges 'selective' application of GST hike to ease strain on businesses, Page 2



Abolishing the motherhood penalty

MANY a woman may wear the pants in a relationship but when it comes to household chores and caregiving duties at home, it seems the mothers also bear the brunt of the task. This gender gap at home extends well into the workplace - to a pay differential of between 13 and 18 per cent between men and women in their late 30s and 40s. Are the baby steps being taken towards gender equality enough

to support working mothers? Brunch, in *The Business Times Weekend*, looks at the issue of workplace discrimination and the motherhood penalty.

Meanwhile, here's a cool idea for scorching days: use a phone app to turn your car's air-con remotely so you'll have a cold cabin waiting for you. Don't have the option? Then you might need to upgrade to, of all things, a Kia. Find out which in *The Steering Column*.

ASEAN BUSINESS

Vietnam's factories craving for workers to return to the big cities

By Mark Barnes
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Hanoi

BUSINESSES and factories across Vietnam are still struggling to return to anywhere near full capacity with Covid-induced labour shortages crippling output.

In early January, the Centre of Forecasting Manpower Needs and Labour Market Information released the results of a survey that found that Ho Chi Minh City alone would require over 300,000 new workers this year.

Vietnam is one of the world's largest garment makers, with its factories supplying global brands such as Ralph Lauren, Zara, Nike and Lacoste. It is also a major production centre for electronics giants including Samsung.

Simon Hosking, the managing director of sportswear manufacturer Game Day Apparel, said the lack of manpower is being acutely felt at his company.

"Demand for my products is such that I could increase output by another 50 per cent but I simply can't get the people (to work for me)," he noted.

Son Nguyen, the operations manager of staffing and outsourcing services at labour recruitment firm ManpowerGroup Vietnam, said this

is a problem felt by many businesses across almost every sector in Vietnam.

"One of my clients ran at maximum capacity during the Covid-19 outbreak in July last year until October. Now they have decreased to 50 per cent or even 30 per cent on some days. They're trying to slow down production because of shortages in the workforce," he explained.

Hosking believes the problem stemmed from the country's lockdowns last year. When these curbs were lifted in October, it resulted in a mass exodus of hundreds of thousands of workers heading back to their villages, many for good.

"In many cases, these people were left with nothing, many were starving and had no support from the government, so they went back to the safety of their villages where they can live off the land," he said.

With the Covid-19 situation still somewhat uncertain in Vietnam, the view is that many workers are taking a cautious approach to returning to work in the big cities like Ho Chi Minh City and the capital Hanoi.

Nguyen, however, said he expects to see more people coming back to the cities after the Chinese New Year holidays.

One problem they are likely to face is having to start from scratch to find new accommodation and deciding whether to relocate their families. "That is going to be a heavy cost for them when they return to the city, and that's why they are going to wait," he said.

To entice more people to come back to Vietnam's factories this year, businesses and organisations are dishing out incentives such as subsidising the cost of their accommodation and transport.

Nguyen added, however, that salary increases are unlikely in the current environment.

"Companies these days tend to offer an incentive programme for a short period of time to attract workers and retain them, but they won't increase the basic wage because companies suffered a lot financially in the past year," he said.

Game Day Apparel's Hosking, however, feels that higher wages are par for the course if firms are to stay competitive in an extremely tight labour market.

According to him, workers who are both skilled and have been working in the industry for a number of years are in short supply. "Those skilled workers are going to see a 20-30 per cent salary increase if you want to have any chance of getting them."



Left: The White Jacket office doubles as an art gallery for local artists. On the wall is a mural by Aeropalmics, titled *Earthing Way*. PHOTO: WHITE JACKET

DESIGN

Buying art in designer-led spaces

An office and some co-living homes have become unconventional spots to support local artists.

BY TAY SUAN CHIANG

SINCE she founded her firm White Jacket in 2010, interior designer Patricia Ho Douven has made a name for herself designing hospitality spaces and restaurants such as the upcoming Kimpton Naranja Bali and the refurbishment of Naumi Hotel.

But Ho Douven, a recipient of the Society of Interior Designers' recent '20 Under 45' award, says art has always been her first love. She trained under a master artist when she was a child and interpreted the world around her using watercolour, pencil, charcoal and pastel.

While she didn't pursue art as a career, instead becoming an interior designer, she has turned her new office near Clarke Quay into a design studio for her firm; it is also an art gallery. The studio is "very much a tribute to Singapore artists", she says. Most of her overseas projects involve working with foreign artists, but Ho Douven feels that she can do more for local ones.

The space thus features works of local artists, which not only gives them a place to showcase their art, but also for clients to familiarise themselves with them. "I want to help local artists raise their profiles and give them a spot on the international stage," she explains.

White Jacket is currently hosting 2 art exhibitions. The first, WJ x NAFA Showcase, features 10 wooden stools, which have been given a decorative touch by 8 local artists and 2 White Jacket in-house designers, based on the theme "Lepak", the Malay word for chilling out. The 10 stools are up



Clockwise from above left: *Still Here*, a collection of Chinese ink on rice paper artworks by Yen Phang, at Alexandra House; Leow Wei Li's *Assorted Portions*, 2021, a mixed media on disposable plates, at Gallery House; a collection of works by Nature Shanker using repurposed fabric, cotton thread, paper, turmeric, dye, and graphite on calico, at Red Dragon House. PHOTOS: KHOO GUO JIE

for auction, with the proceeds going towards the Nanyang Academy of Fine Arts scholarships and bursaries.

The second exhibition, *A Decade*, commemorates the firm's 10th anniversary. The firm had commissioned 9 young local artists to create pieces in their signature style, based on the concept of celebration and encompassing local elements and history.

One of the pieces is a mural by Dawn Ang better known as Aeropalmics. Titled *Earthing Way*, Ang drew inspiration from the curved bay and steps of nearby Clarke Quay and Boat Quay.

"We will soon introduce an artist-in-residency programme, which will be open to all creative types, even fashion designers," says Ho Douven. Lasting 3 months, these artists will work at White Jacket with oppor-



tunities for their creations to be showcased.

Those who are shopping for art for their home might want to check out the collection that can be found in some co-living shophouses owned by Figment. The boutique hospitality firm recently partnered with 4 local artists to showcase original works in 4 conservation shophouses in Geylang and River Valley.

Through the tie-up, artists Nature Shankar, Leow Wei Li, Yen Phang and Khairullah Rahim get a chance to show their works in spaces steeped in history. Each artist was brought to their respective shophouses to understand the architecture and spaces before creating their works.

For example, Phang's *Still Here*, a series of artworks created using Chinese ink on rice paper, resembles ripples and complements the raw brick and dark wood interiors of Alexandra House in Geylang.

All artworks showcased will be exhibited in the shophouses for at least the next 5 years. Each artist will also receive 10 per cent of rental profits from the respective shophouses their works are in for the next 5 years or until their works are sold.

Fang Low, Figment's CEO, says it is a win-win programme for all. "The artists get a space to show their works, the shophouses get filled with original works, and buyers get a chance to see how these artworks would fit in their homes."

Low adds: "Showing art this way provides a more approachable site for talented local creators to comfortably network with arts patrons, especially young emerging collectors".

Figment will host a sustained programme of events and workshops during the artists' tenure. Alongside private viewings of the shophouses on a fortnightly basis, Figment members and the public can sign up for artist studio visits, talks and workshops planned in the near future.

White Jacket's 2 exhibitions are open to the public, by appointment only and will run till Mar 31.

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WJ x NAFA Showcase at White Jacket features 10 decorated wooden stools. *Bee It Work Or Play, Teaming Up is A Better Way* (above) is by Lush Tan and William Sim. When the 2 stools are displayed together, the Chinese proverb for "a single bee produces no honey, so teamwork matters", can be seen.



Below: "_____ " on the fields by Chris Chew who was inspired by nature in creating this piece. PHOTOS: WHITE JACKET



Left: Nafa fine arts student Kenenza Michiko Hasan's *Memoir* evokes a sense of nostalgia and is inspired by Peranakan art and batik patterns.