

Hope For A Slow And Steady Recovery



By
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In Parliament on 11 January 2010, Labour Member of Parliament and NTUC Deputy Secretary-General Halimah Yacob asked the Minister for Trade and Industry to provide an update on Singapore's economic and employment outlook; the factors that can derail growth in 2010, particularly with increasing protectionism in the aftermath of the global economic and financial meltdown; and in what ways APEC can energise growth and development in the region.

Here are excerpts of Trade and Industry Minister Lim Hng Kiang's answer:

Economic Outlook

“The global economy is turning around. This has contributed to the upturn in our economy in the second and third quarters of 2009. In the fourth quarter, our economy saw a moderate dip as compared to the preceding quarter, due to a pull-back in the manufacturing sector. This, however, does not imply a return to recessionary conditions.

“Instead, it largely reflects a moderation in the pace of recovery after the exceptionally strong expansion in the previous two quarters. Compared to the fourth quarter of 2008, the economy registered positive growth, at 3.5 per cent, in the last quarter of 2009.

“For 2010, my ministry expects that the economy will grow by 3 to 5 per cent. External demand will continue to grow, but at a sluggish pace. There will be some support from continued inventory restocking and a resumption in global trade. Domestically, the opening of new facilities for the chemicals and biomedical manufacturing clusters as well as the opening of the Integrated Resorts will also provide a boost to growth in 2010.

“The recovery in 2010 is expected to be uneven. The risk of a return to recession is low in the absence of further financial shocks. But growth momentum in the second

half of 2010 may slow down as the effects of global fiscal stimulus measures and inventory restocking wane. In addition, weak household balance sheets and persistently high unemployment, especially in the US, will weigh down on consumer demand in our key export markets.

“Growth in 2010 may also be derailed if ‘creeping’ trade protectionism becomes more prevalent and causes global trade flows to contract again. But the likelihood of this scenario is low.”

Employment Outlook

“As we emerge from the recession, our labour market has stabilised. Overall employment expanded in the third quarter of 2009, a reversal from the preceding two quarters. Business and hiring sentiments have picked up in recent months with a greater proportion of companies expecting to increase their headcounts in the last quarter of 2009, compared to the earlier quarters.

“The number of redundancies has also dropped significantly in the third quarter compared to the first two quarters of 2009. The unemployment rate however is likely to stay up for some time, as it typically lags economic recovery. More updated information will be available when the Ministry of Manpower releases preliminary labour market statistics for the fourth quarter of 2009 at the end of this month.

“There are many jobs available for Singaporeans, at the rank-and-file and PMETs (Professional, Managerial, Executive & Technician) level. These jobs can be found across a diverse span of industries such as pharmaceuticals, clean energy, retail, food & beverage, hospitality, healthcare, aerospace, IT and finance. The Integrated Resorts coming up this year will also be recruiting.”

Role Of APEC

“As Chair of APEC last year, Singapore played a key role in practical initiatives to promote growth, boost trade, and reduce business costs. To improve the business environment in the Asia-Pacific, APEC economies agreed to make it 25 per cent cheaper, faster, and easier to do business in the region by 2015, with an interim target of 5 per cent improvement by 2011. APEC will focus their efforts on five priority areas identified by the business community, namely Starting a Business, Getting Credit, Enforcing Contracts, Trading Across Borders and Dealing with Permits.

“The announced targets will translate into concrete gains for businesses. For example, it could cost on average up to US\$450 less to import and export a container of goods in and out of APEC economies. The time taken to start a business within APEC economies could be reduced by one week on average.

“The Asia-Pacific is already one of the most economically open regions in the world. Gains will come not just from being more open, but being more connected. Hence the focus on improving supply chain connectivity. We started by identifying eight critical chokepoints impeding the smooth flow of goods, services and business travellers in the Asia-Pacific.

“We are now in the process of developing measures to address these chokepoints. These include enhancing customs clearance efficiency, improving coordination among border agencies, forging greater multi-modal transport linkages, and developing common technical standards such as in logistics safety. These practical measures will help businesses in a tangible way, and thereby boost growth and development in the region over the medium term.”