

# THE BUSINESS TIMES

GE2020

## A twist, but businesses still see stability, continuity after GE2020

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Singapore

THE ruling People's Action Party (PAP) may not have gained as strong a mandate as desired in Friday's General Election (GE), but this is unlikely to put off investors, who can expect Singapore's stability and economic policy direction to continue, said economists and business groups.

While many alternative economic proposals were raised during campaigning, this does not necessarily herald changes ahead, they added.

"The PAP continues as the elected government and holds a sizeable majority in Parliament. This suggests there will be policy continuity in this unprecedented period and throughout the new term of government," said UOB economist Barnabas Gan, adding that the government remains able to introduce required policies for growth in a post-Covid world.

The PAP won 83 out of 93 seats with 61.24 per cent of the valid vote. During the campaign, Prime Minister Lee Hsien Loong had warned of the risk of spooking investors if voters did not give the government a sufficiently strong mandate.

In a press conference after the results, Mr Lee said that the outcome was "not as strong a mandate as... hoped for, but it's a good mandate".

Asked what he would say to the business community, especially investors, he replied: "I will say that we have got a good result, that we will make the most of this result, and we will continue to fight to persuade them that Singapore is worthy of their confidence and their investment."

"And we will demonstrate that this is so by the way we take Singapore forward from here."

Deputy Prime Minister and Finance Minister Heng Swee Keat stressed that long-running efforts would continue: "The work of restructuring our economy, of transforming our industry must continue. The work of protecting jobs, saving jobs, and creating new jobs must continue."

He added: "I think it is important for us to continue to emphasise the



From left: PM Lee, DPM Heng, PAP second assistant secretary-general Chan Chun Sing and party vice-chairman Masagos Zulkifli holding a press conference after the announcement of polling results. Mr Lee said that the outcome was "not as strong a mandate as... hoped for, but it's a good mandate". BT PHOTO

fundamentals that we have and be able to enhance investor confidence."

Both he and Mr Lee noted that this also relies on the opposition being willing to work together with the government in the national interest.

Investors are pragmatic and will look at what the result means for their investments or business here, said CIMB Private Banking economist Song Seng Wun. Given that long-term policy endures, they will not be spooked, he added. In the global context, "this is still a very, very strong mandate for the incumbent".

Business groups were upbeat, remaining confident in stability and continuity. Responding to the results, the Singapore Chinese Chamber of Commerce & Industry said that "a stable environment with continuity of good policies" are essential to help companies transform and adapt.

The business community's priority is to foster even stronger tripartite partnerships, it added.

Association of Small & Medium Enterprises (ASME) president Kurt Wee also sees the result boding well for continuity, with "no uncertainty as far as economic policies are concerned".

"It's a return of the government that has been steering the economy and businesses through this crisis," he said. "That sense of stability is important because we all need to come together and prepare to fight the battle of this second half of the year."

If things do not improve in the second half, ASME hopes that the government will consider extending the Jobs Support Scheme, even into 2021.

With foreign manpower policy having featured in opposition parties' campaigns, one question is whether

the lower-than-expected vote share could push the government to reconsider policies on this front.

Barclays economist Brian Tan expects that "the PAP will face greater pressure to tighten rules on the supply of foreign labour", especially for foreign professionals, managers, executives and technicians (PMETs).

Rather than policy changes *per se*, this could mean closer scrutiny of firms to ensure fair employment practices, said Mr Song. Given the recession, labour demand – apart from in critical areas such as infocomms technology – is likely to be low, he added. Any pressure will be felt by the few firms which are still looking to hire.

Mr Wee noted that existing manpower policy has included much training support and other programmes to help firms transition further towards a local workforce, including PMETs.

ASME expects the government's labour policy to remain steadfast, and hopes that it will not tighten application parameters or approval processes related to foreign talent.

OCBC Bank chief economist Selena Ling sees no immediate impact on current economic policies in general, but adds that "there may be more diverse views presented at future policy discussions".

"In the global context, this is still a very, very strong mandate for the incumbent."

CIMB economist Song Seng Wun on the PAP's 61.24 per cent win

"Minimum wages and unemployment insurance are not new suggestions *per se*, but may continue to see a fuller debate post elections given the potentially protracted nature of Covid-19 and its implications for the labour market," she said. Though official rhetoric has supported the existing progressive wage model rather than a minimum wage, she "would hesitate to say it would never evolve".

As for the markets, she expects little if any near-term impact, "as market attention will turn back to global Covid-19 developments and the external economic environment".

TSMP Law Corporation joint managing partner Stefanie Yuen-Thio argues that the election result could even burnish Singapore's reputation.

"In the short term there may be a knee-jerk reaction in the markets because a dip in support at the polls for the incumbent usually results in a fall in markets," she said. "Overall though, this GE has shown that our electorate is as forward-thinking as our markets."

Drawing a parallel with investors who "have been clamouring for more checks and balance in the boardroom", she added: "A Singapore Parliament that has more diverse views and a more inclusive government is a net plus on the whole."

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Investors are pragmatic and will look at what the result means for their investments or business here, said CIMB Private Banking economist Song Seng Wun. Given that long-term policy endures, they will not be spooked, he added. In the global context, "this is still a very, very strong mandate for the incumbent".

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