

## Economists say drop in foreigners may lead to labour shortage

*Hoe Yeen Nie*

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SINGAPORE : Observers said the drop in the number of permanent residencies granted last year reflected a change in the type of immigrants the government is trying to attract.

They said the move also needs to be seen against the backdrop of recent policies aimed at tightening the inflow of foreign workers, such as raising the criteria for S—Pass holders.

Economists said given Singapore's strong economic growth and full employment, the policy may lead to labour shortage.

This in turn may lead to a rise in wages and also higher inflation.

Manu Bhaskaran, partner, Centennial Group, said: "When wages rise, businesses will find ways to economise on labour, and that will drive productivity up.

"In the longer term, that would be good for Singapore. In the short term unfortunately, it will be painful for certain businesses and certain companies."

— CNA/al