

Singapore has funds to support firms further: Expert

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When a scheme that will give employers a cash grant for three months to help them retain their local workers was announced in this year's Budget, some businesses asked if Singapore was under-reacting to the economic impact of the coronavirus outbreak.

"Far from it," said United Overseas Bank economist Barnabas Gan yesterday, at a forum by the Institute of Policy Studies (IPS) to discuss Singapore's response to the coronavirus disease, or Covid-19.

Pointing to the \$18.7 billion in Budget surpluses that Singapore had accrued in the past four years, he said: "We have the funds to roll out a secondary stream of aid, if needed, to help the companies."

He noted that the latest Budget has a projected deficit of \$10.9 billion. "This means that we have almost \$8 billion of additional monies to push out to the Singapore economy if needed," he said.

Besides Mr Gan, the other panellists were Associate Professor Vernon Lee, director of the Health Ministry's communicable diseases division; Dr Carol Soon, an IPS senior research fellow; and Dr Shashi Jayakumar, who heads the Centre of Excellence for National Security at the S. Rajaratnam School of International Studies.

Mr Gan said more time is needed to fully understand the severity of the outbreak and to gauge how long it will last. Singapore's economy, he noted, was in a "very good place" before the outbreak, despite global challenges posed by the trade war between China and the United States.

Exports, as well as optimism and consumer confidence, were on the rise not just in Singapore but also in the rest of Asia as the market looked forward to the first phase of a trade deal between the two powers, he said.

But growth projections have been downgraded in the wake of the Covid-19 outbreak and Singapore could lose \$6.8 billion to \$8.1 billion from the fall in tourism receipts alone, he added. Tourism is a big part of Singapore's economy, and relying on revenue from local consumption alone "isn't going to cut it", said Mr Gan.

It remains unclear how long the global Covid-19 outbreak will last, he said, noting that the severe acute respiratory syndrome outbreak in 2003 lasted about three months for Singapore. "We saw only one quarter of negative growth, in the second quarter of 2003," he said.

"The question is, are we going to see Singapore be declared Covid-19-free in May? That is an optimistic view, but if it does happen, the Budget (measures) come in handy as a three-month lifeline and by then, things may blow over and the economy may start to pick up again."