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# Foreign Labor Trends: Singapore

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Foreign Labor Trends

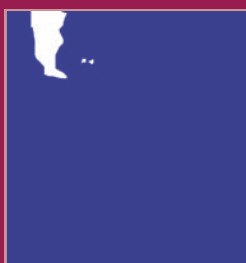
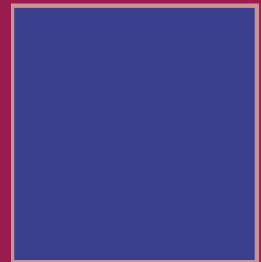
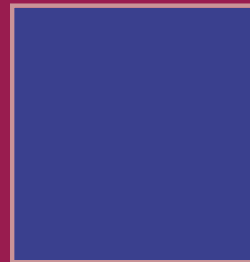
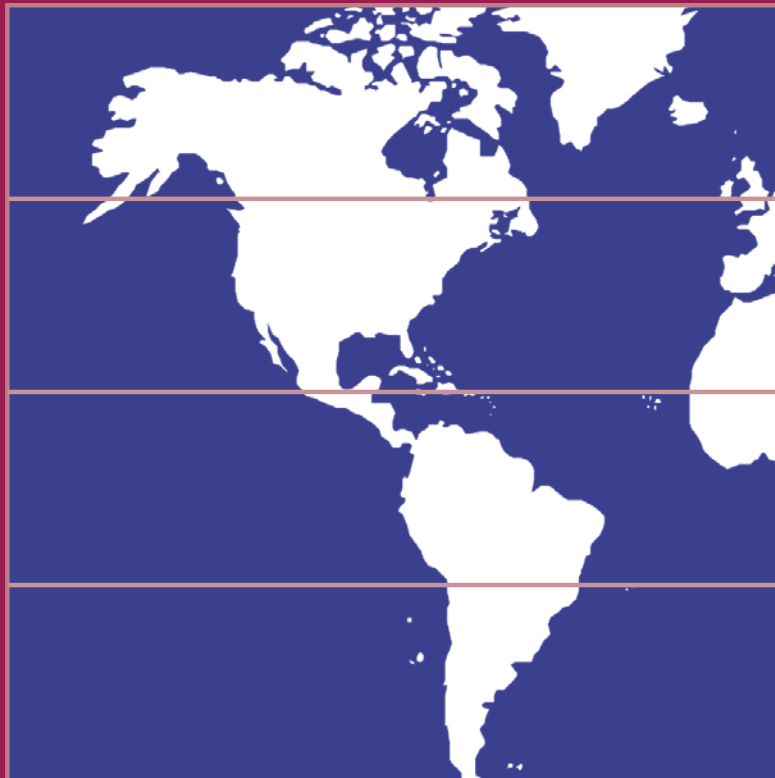
# Foreign Labor Trends

## Singapore



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# KEY LABOR INDICATORS<sup>1</sup>

## Singapore 2003

<u>INDICATOR</u>	<u>2001</u>	<u>2002</u>	<u>%</u> <u>CHANGE</u>
	<u>2000</u>	<u>2001</u>	
1. Per capita GDP current prices (US\$) <sup>2</sup>	23,000	22,090	-4.0
2. —, in agriculture (%) <sup>3</sup>	n/a	n/a	~
3. —, in manufacturing (%)	30	n/a	~
4. —, in services (%)	70	n/a	~
5. —, (S\$)	39,652	39,541	-0.3
6. Population, total (millions)	4.0	4.1	2.5
7. —, in major ethnic groups (%)			
Chinese	76.8	76.7	-0.1
Malay	13.9	13.9	0.0
Indian	7.9	7.9	0.0
Other	1.4	1.5	7.1
8. —, in major urban areas (millions) <sup>4</sup>	n/a	n/a	~
9. Birth rate (per thousand population)	47.0	41.8	-11.1
10. Life expectancy at birth, total	78.1	78.4	0.4
11. —, male	76.1	76.4	0.4
12. —, female	80.1	80.4	0.4
13. Adult literacy rate (%)	92.5	93.2	0.8
14. Labor force, civilian, total (millions)	2.192	2.119	-3.3
15. —, male (millions)	1.324	1.190	-10.1
16. —, female (millions)	0.868	0.929	7.1
17. —, in informal economy (%)	n/a	n/a	~
18. Employment, civilian, total (millions)	2.09	2.05	-1.9
19. —, in industry (%)	n/a	n/a	~
20. —, in free trade zones <sup>5</sup>	none	none	~
21. —, in agriculture (millions)	n/a	n/a	~
22. —, in services (%)	n/a	n/a	~
23. Unemployment rate (%) <sup>6</sup>	3.1	3.3	6.5
24. Underemployment rate (%)	n/a	n/a	~

<sup>1</sup> Source of all indicator figures is the U.S. Embassy Singapore, unless otherwise indicated.

<sup>2</sup> The percent change is largely a result of a change in the Singapore dollar vs. U.S. dollar exchange rate.

<sup>3</sup> This is negligible.

<sup>4</sup> Singapore's entire population lives in an urban environment.

<sup>5</sup> Nine areas called "free trade zones" exist in Singapore, but no manufacturing takes place in these areas.

<sup>6</sup> Annual averages.

## Singapore 2003

<u>INDICATOR</u>	<u>2001</u>	<u>2002</u>	<u>% CHANGE</u>
	<u>2000</u>	<u>2001</u>	
25. Labor productivity, manufacturing (% change) <sup>7</sup>	11.6	n/a	~
26. Work-related accidents and illnesses	4,066	4,352	7.0
27. Days lost from industrial disputes (000)	none	none	~
28. Minimum wage rate	none	none	~
29. —, (US\$)	n/a	n/a	~
30. Average monthly earnings by general worker (S\$)	1,777	1,749	-1.6
31. Hourly compensation costs for production workers in manufacturing (US\$) <sup>8</sup>	7.42	n/a	~
32. —, (S\$)	12.80	n/a	~
33. Monthly gross salary, production operator (unskilled, S\$)	n/a	1,010	~
34. —, clerical assistant	n/a	1,350	~
35. —, mechanic/fitter	n/a	1,893	~
36. —, commercial assistant	n/a	2,395	~
37. Supplementary benefits as % of manufacturing earnings	n/a	n/a	~
38. Average hours worked per week <sup>9</sup>	47.1	46.1	-2.1
39. Unionization of labor (%)	15.7	15.9	1.3
40. Average personal income per year (US\$)	21,000	22,000	4.8
41. Average disposable income after taxes and withholding (US\$)	n/a	n/a	~
42. Percent of population beneath poverty level	n/a	n/a	~
43. Consumer price index (%)	1.8	1.0	-44.4

n/a = not available

Exchange rate: US\$ 1 = 1.80 Singapore dollars (S\$) (2002); 1.79 (2001); 1.7240 (2000); 1.6950 (1999).

<sup>7</sup> In 2001, labor productivity in manufacturing had a -13.5% change.

<sup>8</sup> *International Comparisons of Hourly Compensation Costs for Production Workers in Manufacturing*, September 2001, U.S. Department of Labor, Bureau of Labor Statistics.

<sup>9</sup> The standard legal workweek is 44 hours.

## **SUMMARY**

The situation for labor during the past two years has been shaped by the 2001 global economic downturn, which caused the Singapore economy to plunge into its worst recession since 1985. At the end of December 2001, the country had a seasonally adjusted unemployment rate of 4.1 percent, far exceeding the 2 percent average over the decade prior to 1998. Structural unemployment has become a key problem.

Singapore's labor market totals about two million persons. A quarter of the labor force consists of unskilled and semi-skilled foreign workers. About 16 percent of the workforce is unionized. The vast majority of unions are affiliated with the National Trade Union Congress (NTUC), which has a close relationship with the ruling People's Action Party (PAP).

The United States and Singapore have negotiated a free trade agreement that will include provisions on trade in goods, services, intellectual property and investments. It will also include provisions on trade and labor standards. Singapore's top five trading partners are Malaysia, the U.S., the European Union, Japan and China.

## **BACKGROUND**

Slightly more than 3.5 times the size of Washington, D. C., Singapore was founded as a British colony in 1819, joined Malaysia in 1963, but withdrew 2 years later and became independent. It subsequently has become one of the world's most prosperous countries, with strong international trading links (its port is one of the world's busiest) and with a high per capita gross domestic product (GDP). Singapore is a parliamentary republic where the PAP, which has governed since 1959, dominates politics. The ruling PAP currently controls 82 of the 84 elected parliamentary seats and has formed the government since 1959. Opposition parties hold two regularly contested parliamentary seats and one additional appointed seat.

Singapore has a highly developed and successful free-market economy, a largely corruption-free business environment, stable prices and the fifth highest per capita GDP in the world (based on World Bank's World Development Report 1999/2000). Per capita income rose rapidly during the 1990s. Exports of electronics, chemicals and services are the main source of economic growth. The Government spends heavily on education and technology.

From the late 1960s, the Government has relied on a mix of state-owned enterprises and export-oriented production, largely by multinational companies. These companies provide its workers with tangible benefits, such as steadily rising wages, vastly improved living standards, low unemployment, and an overriding sense that their skills are well matched to the work required.

## **DESCRIPTION OF THE LABOR SCENE**

About 16 percent of the workforce of 2.1 million is unionized. The vast majority of unions are affiliated with NTUC, which has a close "symbiotic" relationship with the ruling party. The current NTUC Secretary General is a full minister in the government, and several ruling party members of parliament are also NTUC officials. On the one hand this arrangement provides labor officials with direct access to government leaders; on the other hand, it provides the ruling party assurance that the union sector will support and explain the government's policies,

even if unpopular. The NTUC attempts to work out both individual and collective worker differences with management and to avoid conflicts; there have been no strikes since 1986. The NTUC also sees itself as a partner with management in improving quality and productivity, thereby creating or preserving jobs. To provide services and benefits to its members, the NTUC runs a variety of enterprises, including Singapore's largest supermarket chain, a major insurance firm, a taxi company, and entertainment and resort establishments. The NTUC participates in the tripartite National Wages Council (NWC) and represents Singaporean labor in the International Labor Organization (ILO). NTUC is also a member of the International Confederation of Free Trade Unions (ICFTU).

The Singapore National Employers' Federation (SNEF, established in 1980), which is registered as a trade union for employers, is an amalgamation of the Singapore Employers Federation (SEF, established in 1948 by U.S. and European companies) and the National Employers' Council (NEC, established in 1965, including local and Japanese companies). The SNEF represents 1,909 companies with 476,000 employees from all sectors of the economy. The Federation has an Industrial Relations Panel that advises on industrial relations, labor-management relations and other labor matters. The SNEF participates in the National Wages Council, the National Productivity and Quality Council and the Central Provident Fund. The SNEF is affiliated with the International Organization of Employers (IOE) and the Association of South East Asian Nations' (ASEAN's) Confederation of Employers (ACE) and represents Singaporean employers in all ILO activities.

Singapore is a member of the ILO. The Ministry of Manpower actively investigates complaints made by workers, and attempts to arbitrate disputes. The Ministry offers mediation services for all employees, foreign and local. The Government believes that a relatively laissez-faire approach to formal labor protections maximizes employment. Local labor laws are flexible, allowing for relatively free hiring and firing practices, and there is no minimum wage.

## **THE ECONOMY AND LABOR**

The situation for labor during the past two years has been shaped by the 2001 global economic downturn. The Government had projected the economy to grow by 3 percent during 2002, but preliminary estimates show a growth of only 2.2 percent (Statistics Singapore). The two percent economic decline during 2001 added to the problems workers have faced since the Asian economic crisis in 1998.

Structural unemployment has become a key problem. Most workers who have lost their jobs in this recession were in the 40 and above age group and were at the middle-management level. Government efforts in labor relations have been influenced by addressing the needs of this group, most of whom will not be rehired at the same level or enjoy the same remuneration even when the economy recovers.

Changes in the economy have been, and continue to be very rapid. A generation ago, most of Singapore's industrial workers were engaged in low technical assembly line production. That is no longer the case, and if the government's plans succeed, will be less so in the future. The Government has encouraged companies to bring high technical production on shore and move lower-end operations offshore. As a result, high-end industries (such as semi-conductor wafer fabrication) are expanding rapidly. The Government hopes these policies will solve its dependence on low-skilled foreign workers, mitigate high labor and land costs, keep Singapore competitive, and ensure that it remains a favored destination for foreign investment.



Despite the increase in unemployment, many industries continue to have difficulty recruiting workers, particularly in the service and construction sectors, and semi-skilled workers in small or medium-sized production companies. Some industries are using creative methods to fill employment gaps. For example, Singapore's hotel association formed an employee pool for part-time workers and actively recruits students to work during holiday periods.

To encourage companies to start part-time work programs, the Ministry of Manpower published a set of guidelines on personnel issues for part-timers. The Ministry may allow part-time employees to receive greater proportions of take-home pay as an incentive to attract second income-earners.

During the 1990s, foreign workers in the labor force increased rapidly. In Singapore's labor market of 2.1 million persons, nearly 100,000 are foreign professionals, and 500,000 are unskilled and semi-skilled foreign workers. Most foreign unskilled or semi-skilled workers are construction, domestic or service workers. The Government places a ceiling on the ratio of unskilled/semi-skilled foreign workers to local workers that a company can employ, and charges a monthly levy for each unskilled and semi-skilled foreign worker. At the same time, the Government provides incentives and assistance to firms to automate and invest in labor-reducing technology. Firms pay a levy equivalent to 1 percent of wages paid to employees earning S\$ 1,500 per month (about US\$ 833) or less, to the Skills Development Fund (SDF), a pool from which the Government draws funds to provide incentives and grants for manpower training.

Union membership declined in the 1980s, but in recent years, the NTUC has slightly boosted the absolute and relative number of union members by expanding the categories of workers eligible for membership and by emphasizing the advantages that NTUC membership brings in its affiliated economic enterprises.

The U.S. and Singapore began negotiations for a Free Trade Agreement (FTA) in November 2000 and concluded the Agreement in December 2002. Under the FTA, bilateral duties are eliminated. The Agreement significantly enhances access to the Singapore market for U.S. financial service providers, professional service providers, and providers of telecommunications and e-commerce services. Other features include enhanced transparency in disputes settlement procedures, strong intellectual property rights protection, and protection of U.S. investors and their investments. The draft Agreement includes provisions aimed at ensuring adherence to acceptable labor standards.

## **FOREIGN INVESTMENT POTENTIAL**

The Singapore Government is strongly committed both to maintaining a free market and to taking a leadership role in planning Singapore's economic development. The Government has actively used government-linked companies (GLCs) as both investors and catalysts for development. GLCs remain important economically, although their share of the GDP has decreased sharply according to government statistics. Many GLCs have at least a portion of their shares listed on the stock exchange.

Foreign investment, combined with investments through GLCs, underpins Singapore's heavily trade-dependent economy. Singapore continues to have a sophisticated investment-promotion strategy designed to attract major investment in knowledge-intensive manufacturing and service activities. With the exception of restrictions in the financial services, professional services, and media sectors, Singapore maintains an open investment regime. Foreign investors are not required to enter into joint ventures or cede management control to local

interests, and local and foreign investors are subject to the same basic laws. There are no special export processing zones.

Singapore is host to about 6,000 multinational companies, more than 1,300 U.S. businesses and about 17,000 American expatriates. Under the 1966 investment guarantee agreement with Singapore, the U.S. Overseas Private Investment Corporation (OPIC) offers insurance to U.S. investors against currency inconvertibility, expropriations, and losses arising from war. Singapore became a member of the Multilateral Investment Guarantee Agency (MIGA) in 1998. The Free Trade Agreement (FTA) that the U.S. and Singapore have negotiated includes investment provisions.

<b>STOCK OF FOREIGN DIRECT EQUITY INVESTMENT IN SINGAPORE BY COUNTRY</b>			
As at year-end, historical value, (US\$ 1 million)			
	<b>1997</b>	<b>1998</b>	<b>1999*</b>
Total Foreign Direct Investment	66,923.7	75,074.4	90,307.3
Australia	1,944.6	2,143.1	1,613.3
Canada	2,199.6	1,874.6	2,477.7
New Zealand	89.4	99.2	98.0
United States	12,342.2	11,548.7	13,065.9
European Countries	20,192.8	24,045.6	34,346.3
Asian Countries	20,124.0	23,900.1	24,230.0
Other Countries	10,031.0	11,463.1	14,476.1
*Latest data available. Source: Singapore Department of Statistics			

<b>STOCK OF FOREIGN DIRECT EQUITY INVESTMENT, BY SECTOR</b>			
As at year end, historical value (US\$ 1 million)			
	<b>1997</b>	<b>1998</b>	<b>1999*</b>
Total Foreign Direct Equity Investment	66,923.7	75,074.4	90,307.3
Agriculture and Fishing	31.4	26.8	28.6
Mining and Quarrying	-10.9	-3.4	-8.6
Manufacturing	23,243.2	24,966.5	32,348.8
Construction	701.0	857.9	862.3
Commerce	8,703	10,803.3	13,202.9
Transport, Storage and Communications	2,240.9	2,794.0	2,594.8
Financial and Business Services	31,946.0	35,564.2	41,320.7
Social and Personal Services	68.8	65.0	-42.1
*Latest data available. Source: Singapore Department of Statistics			

## **SOCIAL SAFETY NET**

The Government believes that the family structure should be the foundation of the social safety net. Consequently, there are no unemployment benefits from the government. However, retrenched workers are often given separation packages depending on their tenure of employment. The limited government assistance is concentrated on retraining programs and job search centers that offer free counseling and computer stations for the job search process. Some training programs offer successful candidates a small living stipend during the training process.

The Government promotes high levels of savings and investment through the Central Provident Fund (CPF), a mandatory savings scheme, which enables nearly 90 percent of all Singaporeans to own their homes. The mandatory savings rate of 20 percent by employees and 16 percent by employers (20 percent prior to the Asian economic crisis) has effectively enabled Singapore to create a high savings rate for its citizens. Employer and employee contributions are fully vested in the individual's account in the CPF. Employees can only withdraw part of the money before age 55 to buy a home, invest in government-approved stocks and unit trusts, pay for medical costs, or finance university education. Use of the CPF to finance the cost of housing has resulted in home ownership rates that are among the highest in the world. Most Singaporeans live in and own government-subsidized apartments.

## **LABOR LAW AND SYSTEM**

There are several Acts under Singaporean Labor Law that cover a wide range of labor issues. The Singapore Employment Act (1968) provides basic terms and working conditions for the bargaining unit workforce. The Ministry of Manpower investigates claims and complaints for all workers not covered under the Act.

The Industrial Relations Act (1960) provides the basic framework for settling industrial disputes on a tripartite basis and allows for arbitration by the industrial arbitration court. Union affairs are covered in the Singapore Labor Foundation Act (1977) that addresses the welfare of union members, and the Trade Unions Act (1940), which regulates the activities of trade unions. The Trade Disputes Act (1941) deals with industrial actions, strikes, and lockouts. A legal minimum retirement age of 60 was set with the enactment of the Retirement Age Act (1993).

In some cases when an employment dispute cannot be resolved through arbitration, the matter can be referred to the Labor Court. However, in order for a case to be referred to the Court, the individual in concern must be covered under the Employment Act, and if the individual is not a "workman," the salary cannot be more than S\$ 1,600 (US\$ 900) a month. In addition, the incident in question cannot have happened more than one year from the time the complaint is filed.

Singapore has ratified 22 ILO Conventions, including 4 core conventions (Convention 29 on forced labor, Convention 98 on the right to organize and bargain collectively, Convention 100 on equal remuneration—ratified May 2002, and Convention 182 on the worst forms of child labor). Singapore ratified Convention 105 on the abolition of forced labor but denounced the Convention in 1979.

# **LABOR STANDARDS AND WORKER RIGHTS**

## **The Right of Association**

The Constitution provides all citizens with the right to form associations, including trade unions. However, Parliament may impose restrictions based on security, public order, or morality grounds, as well as friendly relations with other countries. The right of association is delimited by the Societies Act and by labor and education laws and regulations. Under these laws, any group consisting of 10 or more persons is required to register with the government. The Trade Unions Act authorizes the formation of unions with broad rights, albeit with some narrow restrictions, such as prohibitions on the unionization of uniformed employees. According to government statistics approximately 340,000 workers are represented by 71 unions. Almost all the unions are affiliated with NTUC. Singapore has three independent unions, the most well known being the Air Line Pilots Association-Singapore.

Workers, other than those in essential services, have the legal right to strike but rarely do so. No strikes have occurred since 1986. Most disagreements are resolved through informal consultations with the Ministry of Manpower. If conciliation fails, the disputing parties usually submit their case to the Industrial Arbitration Court, which has representatives from labor, management, and the government. Besides these labor dispute mechanisms and the close working relationship and shared views among labor, management, and the government, the maintenance of labor peace has been a product of high economic growth rates, regular wage increases, and a high degree of job mobility in a virtual full-employment economy. In addition, the widely held view that labor conflict would undermine the country's economic competitiveness and attractiveness to investors, and a reluctance to risk possible confrontation with the government, help to maintain a harmonious labor situation.

## **The Right to Organize and Bargain Collectively**

Collective bargaining is a normal part of labor-management relations in the industrial sector. Agreements between management and labor are renewed every two to three years, although wage increases are negotiated annually. The Government follows a policy of allowing market forces to determine wage levels. Singapore has a flexible wage system in which the tripartite National Wage Council (NWC) recommends non-binding percentage increase (if any) in salary on an annual basis, largely based on prevailing economic conditions. The NWC is comprised of 30 members: 10 trade union leaders, 10 employer group leaders and 10 government officials. The NWC recommendations apply to both domestic and foreign firms, but are not mandatory. Unionized companies tend to adopt NWC recommendations more readily than do non-unionized companies.

To help companies adjust employment costs, the Government has urged them to include an "annual variable component" of up to 20 percent of wages. After discussion with employees, firms in difficulty can lower wages by up to that amount. The NWC has also recommended that companies and employers agree to set aside an additional 10 percent of wages in a "monthly variable component," allowing for quicker wage cost adjustments. Only a minority of firms has implemented the monthly variable component.

One way the Government attempts to eliminate wage-productivity caps is through a sustained "flexible wage" policy. Since 1986, the Government and NWC have endorsed the concept that total wage increases should be tied to company performance with built-in wage increases lagging behind productivity growth ("flexi-wage"). Firms performing well are expected to

reward employees with higher variable bonuses but are not pressured to increase wages during downturns. Workers in the meantime have a direct interest in the profitability of the firm.

The NWC has tried, unsuccessfully in recent years, to keep wage increases below increases in productivity. The Standards, Productivity and Innovation Board (SPRING) monitors Singapore's productivity level by sector and industry and implements measures to raise productivity so as to enhance Singapore's competitiveness and economic growth.

Nine areas called "free trade zones" exist in Singapore, but no manufacturing takes place in these areas.

### **Prohibition of Forced or Compulsory Labor**

The Government prohibits forced or compulsory labor, including forced and bonded labor by children, and generally enforces this provision effectively. Under sections of the Destitute Persons Act, any indigent person may be required to reside in a welfare home and engage in suitable work. The ILO has criticized the coercive terms of this Act, which includes penal sanctions, as not in compliance with ILO Convention 29 on Forced Labor (to which Singapore is a party, but not party to Convention 105 also on forced labor). The Government maintains that the Act is social legislation that provides for the shelter, care, and protection of destitute persons, and that work programs are designed to reintegrate individuals into society.

### **Status of Child Labor Practices and Minimum Age for Employment**

In 2001, the ILO estimated that less than 1 percent of children between the ages of 10 and 14 in Singapore worked. However, a recent NGO report indicates that Singapore is a destination country for children trafficked from Thailand and Malaysia to work in the sex tourism industry. The Government enforces the Employment Act, which prohibits the employment of children under the age of 12. Restrictions on the employment of children between the ages of 12 and 16 are rigorous and enforced fully. Children under the age of 14 are prohibited from employment in any industrial undertakings except family enterprises where children may work in an industrial undertaking in which only members of the same family are employed. A child who is 12 years old or above may be engaged in "light work suited to his capacity." A medical officer must certify suitability for such light work. Employers must notify the Commissioner of Labor within 30 days of hiring a child between the ages of 14 and 16 and must attach medical certification of fitness for employment. The incidence of children taking up permanent employment is low, and abuses are almost nonexistent.

Ministry of Manpower regulations prohibit night employment of children and restrict industrial work for children between the ages of 14 and 16 to no more than 7 hours a day, including the hours spent in school. Children may not work on commercial vessels, with any machinery in motion, on live electrical apparatus lacking effective insulation, or in any underground job. The Minister of Manpower effectively enforces these laws and regulations.

In 2000, the Government enacted legislation that would make six years of education in public schools compulsory by 2003. Although school attendance has not been compulsory, virtually 100 percent of children are enrolled through grade 6, and the dropout rate for secondary school is low.

The Government has ratified ILO Convention No. 182 on the worst forms of child labor.

## **Discrimination in Employment**

Women constitute 42 percent of the labor force and are well represented in many professions. They hold a preponderance of low wage jobs such as clerks and secretaries, but also hold senior corporate leadership positions. The average salary of women is still only 72 percent of men's wages (however, an increase from 68 percent 10 years ago). Officials note that the wage differential is smaller in professional jobs. They attribute much of the overall wage disparity to average lower educational qualifications by women and to fewer years of job experience by women due to family commitments, rather than to discrimination.

Although there is no legislation that addresses the issue of equal opportunities for the disabled in education or employment, the National Council for Social Services, in conjunction with various voluntary associations, provides an extensive job training and placement program for the disabled. Informal provisions in education have permitted university matriculation for visually impaired, deaf, and physically disabled students. The Government allows an annual S\$ 4,000 (US\$ 2,400) tax deduction for families with a disabled person.

## **Acceptable Conditions of Work**

There are no laws or regulations on minimum wages or unemployment compensation. However, the National Wages Council (NWC), a tripartite body consisting of government, labor, and business, monitors the economy and makes annual recommendations to the government concerning wage guidelines. All labor representatives of the tripartite must be members of the NTUC or an affiliate. Independent unions and nonunionized employees are not represented. The NWC, set up in 1972 to assist the government in the formulation of wage policy, recommends adjustments to wage structures consistent with long term economic development, and advises on various incentive schemes to promote productivity and efficiency, using economic indicators and market forces to determine the recommended wages. These recommendations are not legally binding and apply to domestic and foreign firms alike.

In 1987, the NWC introduced a flexible wage system that allows employers to deduct a percent from total wages and substitute what is termed an annual variable component (AVC). This portion of total wages that is withheld from the employee during the year will either be paid as a bonus at year's end or may be used by the employer to offset an unanticipated drop in production. The NWC has recommended that the percentage of the salary tied to the AVC be allowed to rise to 20 percent. They contend that this gives employees a direct interest in the firm, while protecting employers from sharp economic downturns. By tying wages to production, with built in increases lagging behind productivity growth, this system enables the employer to reduce or remove these payments if they need to reduce wage costs.

In 1999, the NWC recommended that employers set aside up to an additional 10 percent of total wages as a Monthly Variable Component (MVC), to permit even greater wage flexibility of wages throughout the year. The NWC recommended that employers and unions agree on what percent of the wage increase would be allocated toward MVC. The NWC envisions that the current balance of 80 percent basic wage and 20 percent annual variable component will evolve into 70 percent basic wage, 20 percent annual variable component, and 10 percent monthly variable component. Since its introduction in 1999, the percent of companies utilizing the component increased from 11 percent in 1999 to 34 percent in 2001, due mainly to being highly endorsed by unions.

In 1999, NWC proposed a cap on wages to bolster investor confidence and from 2000 to 2001 three times as many companies or one-third of the total number cut wages. There was a strong

correlation in 2001 between the profitability of a firm and the wage change. This figure was up three times that of 2000. However, in 1999, 2000 and 2001, rank and file employees saw steady growth in total wages.

The Employment Act sets the standard legal workweek at 44 hours and provides for 1 rest day each week. An employee shall not be required under a service contract to work more than 8 hours a day or 44 hours per week. An employee who works 5 days or less per week can be required to work up to 9 hours a day, but still no more than 44 hours per week. An employee may be permitted to work up to 12 hours per day, if the employee gives consent in writing to the employer requesting the extended workday.

Some workers classified as "shift workers" may be required to work up to 12 hours per day if the average amount of hours per week in any 3-week continuous period does not exceed 44 hours per week.

An employee can only work more than 12 hours per day when work is either essential to the community, essential to national defense or security, when the work to be done to the machinery or a plant is urgent, in an actual or threatened emergency, or in the case of an impossible to foresee interruption in production that makes it necessary to work extended hours when production resumes.

A shift worker is not allowed to work over 12 hours in a day under any circumstances.

All employees are only permitted to work up to 72 hours of overtime per month unless an exemption has been granted by the Ministry of Manpower.

In part because of a domestic labor shortage, approximately 600,000 foreign workers are employed legally, constituting about 30 percent of the total work force. There are no reliable estimates of the number of foreigners working illegally. Most foreign workers are unskilled laborers and household servants from other Asian countries. Foreign workers face no legal wage discrimination. However, they are concentrated in low-wage, low-skill jobs and often work long hours. Most foreign construction workers live on-site in substandard conditions. However, the Ministry of Manpower has indicated that by 2004, construction companies will have to provide approved housing for foreign laborers before it will issue work permits.

Singapore is an attractive work destination for female domestic workers. Although a great majority of the more than 100,000 maids (mainly from the Philippines, Indonesia, and Sri Lanka) work under clearly-outlined contracts, their low wages, dependence on their employers for food and lodging, and the fact that they often live and work in relative isolation from the rest of society make them vulnerable to mistreatment and abuse. In 1998, Parliament passed an amendment to the Penal Code, in response to a reported increase in cases of maid abuse, which raised the punishment for confining or sexually or physically abusing a maid. The authorities have fined or imprisoned employers who have abused domestics, often with great publicity.

Most maids work six days per week from early morning until late in the evening. Some contracts allow only one day off per month, others allow one or more days off per week. Contracts often stipulate that, even when the maid is ostensibly not working, she must remain on the premises except on her day off. Maids must often put aside most or all of their wages for the first several months of employment to reimburse their placement agents. Work permits for low-wage workers stipulate the cancellation of such permits if workers apply to marry, or marry a citizen or permanent resident.

The Ministry of Manpower effectively enforces laws and regulations establishing working conditions and comprehensive occupational safety and health laws. Enforcement procedures, coupled with the promotion of educational and training programs, have been implemented to reduce the frequency of job-related accidents. While a worker has the right under the Employment Act to remove himself from a dangerous work situation, his right to continued employment depends upon an investigation of the circumstances by the Ministry of Manpower.

### **Trafficking in Persons**

The law prohibits trafficking in persons. The three major laws that govern trafficking and prostitution are the Women's Charter, the Children and Young Person's Act, and the Penal Code. The laws make trafficking in women and children—whether or not it is related to prostitution—punishable by up to 5 years imprisonment, a S\$ 10,000 (US\$ 5,434) fine, and caning. The Penal Code covers trafficking and wrongful constraint of men. The country is a destination for trafficking in women for the purpose of prostitution, although many female sex workers come to Singapore voluntarily. Female sex workers come primarily from Thailand and Malaysia, but also from India, China, Sri Lanka, Indonesia, the Philippines, Burma and Colombia. Police reportedly conduct raids about once a month in an effort to maintain some control over the situation.

Non-governmental organizations are not known to provide assistance to trafficked victims.



# **DIRECTORY OF LABOR ORGANIZATIONS**

## **GOVERNMENT**

### **Ministry of Manpower (MOM)**

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### **Singapore National Employers Federation**

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