

**TRANSCRIPT OF MINISTER CHAN CHUN SING'S REMARKS AT
OASIA HOTEL DOWNTOWN ON SUNDAY, 2 FEBRUARY 2020, 4PM**

1. Let me take a step back and give you a sense of our reading, and what are the things we must be prepared for both economically and psychologically.
2. Now I've heard a lot of people comparing this episode with the SARS episode many years ago in 2003. I think we shouldn't do that kind of direct comparison. I'll just provide a bit of context to help us understand. In 2003 compared to now, China's GDP has gone up by about four times. Our trade with China has also increased by nearly four times. China's GDP as a proportion of the entire world's GDP has more than doubled from 2003 till now. So it was about nine percent last time, and now it's more than 19 percent.
3. So what we must be mentally prepared for, is that the impact of any disruption to the Chinese economy and the supply chains is likely to be a much wider, much deeper impact because of the interlinkages with the global economy, and certainly with the Singapore economy.
4. On the plus side, the Singapore economy has continued to diversify, so that gives us a bit of ballast in case of any of these external shocks. But what we must expect at this point in time, is that the shock is not just isolated to China. There is a secondary impact whereby the shocks will be transmitted to the rest of the world. And as the rest of the world progressively tightens their border controls, there will also be serious implications on tourism and other industries, including manufacturing and elsewhere.
5. At this point in time, it will be a bit too early for us to give a number on how big the impact will be. There are a couple of reasons for this, because we are now only at the initial stage of this contingency. So how long it will take to play out still bears watching. So we don't want to jump to conclusions.
6. What we have seen is definitely a direct impact on the tourism industry which has already been felt since the situation first developed. We should also be sympathetic and understanding to some of the enterprises in the tourism sector. While we talk about it at the average numbers level, it is not the same situation for all enterprises. For example, we know that there are some tourism-related industries like tour agents and the F&B sector. They have been very badly hit because 80% to 90% of their business comes from the Chinese market. But on the other hand, we also have businesses that are not so much impacted because they have a more diversified client base, so that allows them to weather the storm a bit better.
7. We are watching this closely and in the next couple of weeks, we will be in close consultations with the trade associations and chambers and they are giving us feedback on where are the pressure points at this point in time. But at this point, I just want to assure the businesses and our workers is that the survival of the businesses, and in turn, the sustainability of the jobs of Singaporeans will be our primary focus. We want to make sure that throughout this difficult moment, the jobs for Singaporeans are well taken care of.
8. Over the last one week, we have actually been talking to many of the trade associations and chambers. For example, the SCCC and the Singapore Manufacturing Federation. The feedback they have given us is that at this point in time, even beyond the tourism related industries, what people are most concerned with is cash flow because once the top line revenue comes down, how able they are to sustain their operations will also affect their ability to hold on to the workers. So we are going

to introduce a few small measures to help the companies in the short term while we wait for Minister for Finance and DPM Heng Swee Keat to do the package announcement during the Budget.

9. So there are few things that we will do with immediate effect. For example, for license fees, the waiver of license fees for travel agents, tour guides and hotels. We will do a one-off waiver of license fees for them.
10. Second, STB will also implement measures to help with the hotels that have to do extra cleaning because of the suspected and confirmed cases. We will subsidise up to 50 percent of the cost for the additional cleaning for the hotels that are affected by the confirmed and suspected cases.
11. Now, taking the feedback from the trade associations and chambers on the issue of working capital, Enterprise Singapore has the Enterprise Financing Scheme, which we can use to help companies facing cash flow problems. So for specific companies that are much more impacted, they can contact ESG and we will see how we can help them to tide over this period.
12. Companies have also asked if we can help them with temporary bridging loans. This is something that we are studying to see how to help them with their cash flow.
13. On the aviation industry side, we are very cognisant of the impact of the downturn in tourist arrivals, and also the numbers for the aviation industry. So we will be looking at measures to see how we can help them defray their costs as well as to maintain air connectivity between Singapore and China.
14. Likewise, domestically, for the taxi industry and the private hire industry, we will be looking into measures to see how we can help the drivers alleviate some of the temporary cash flow issues that they have at this point in time.
15. Finally I just like to reassure Singaporean businesses and Singaporean workers that we stand together with them. We do have the means to help them tide over this difficult moment, but we must do this with a long-term perspective. We must make sure that whatever we do is sustainable because we are not sure how long this crisis will last. So whatever we do, we must make sure that we do it systematically, progressively and make sure that it is sustainable, and that will give greater confidence to our businesses that whatever measures we implement, it is something for the long haul. But we must be mentally prepared, psychologically prepared that the impact of this, compared to SARS could be wider, deeper and longer.