

**Comments from NTUC Chief Lim Swee Say on DBS Bank's decision to retrench 900 staff, in response to questions from The Straits Times.**

The global economy is slowing down fast. IMF has revised downwards its forecast of global growth for this year to 3.75% (vs 4.9% growth last year), and to "just over 2%" for next year. The advanced economies are forecast to face overall contraction (i.e. negative growth) next year - first time since WWII.

As an open economy, Singapore will be affected. It is unavoidable. Our GDP growth this year will be lower than the global growth rate of 3.75%. One consolation is that we may still end the year with a retrenchment level of around 10,000 or less, and an overall unemployment rate of below 3%. This is provided that companies continue to conduct themselves in a socially responsible manner and do not look to retrenchment as the first resort.

2009 will be a much tougher year. At "just over 2%", global growth in 2009 will be lower than even 1998 and 2001. We are bracing ourselves for more retrenchment and rising unemployment. Take USA and UK for example, unemployment rates have surged to a 14-year high of 6.5% and a 11-year high of 5.8% respectively, and still rising. Our top priority is to guard against massive rise in retrenchment and rapid rise in unemployment in Singapore.

Will retrenchment reach a high of 30,000 next year as in 1998? It depends very much on how companies conduct themselves during this downturn. If they look to retrenchment as the first resort, the number will surge. But if companies look to retrenchment not as the first resort but as the last resort, then there is some hope of keeping it at below the level we saw in 1998.

In the case of DBS, we are disappointed by the sudden decision. There was no prior consultation with the DBS Staff Union. There was no exploration with the union on other cost reduction alternatives. Perception on the ground is that DBS has decided on retrenchment as the first resort. It has weakened the trust between the management and the union. Ground reaction is critical and highly negative. It is regrettable because trust takes a long time to build but a short time to destroy.

As a labour movement, our top priority now is to help the retrenched staff find jobs. Our union leaders at DBS are working closely with NTUC staff at e2i (Employment and Employability Institute) to screen and match them to suitable job openings. DBS management has responded positively to our request for training grants. This is most helpful as some of the retrenched staff will need to learn new skills and go through professional conversion in order to secure jobs in new and growing job sectors.

My message to companies: As partners, we are in this together. In good times, we work closely together to capture market opportunities, grow businesses and enhance profitability. In bad times, we should likewise work closely together to save businesses and save jobs. We do not demand zero retrenchment because we know fully well that at times it is better to let go some workers so that the remaining workers can survive and keep their jobs, then for business to be closed down and for all workers to lose their jobs altogether. However, we do not support retrenchment as the first resort because there are alternatives for us to explore together to reduce cost and save jobs - from flexible wage system, to flexible work arrangement. For companies that go through the process of mutual consultation with us, should retrenchment become unavoidable, our unions are committed to standby the management to help explain and carry the ground. In short, the labour movement is in this together with the management, if the management is also in this together with the labour movement. For trust to be mutual, it must be two way.

What measures can help employers and worker? As we go through this global recession in 2009, we need to be cheaper, be better and be more united. Companies hope for measures that can help them lower business cost, upgrade capabilities and strengthen cash flow. As for workers, they hope for measures that can help them keep jobs, improve employability and cope with cost of living as they expect lower bonus and hence drop in total wage resulting from a weaker economy and poorer business performance.