

# SSIA COVID-19 INDUSTRY SURVEY (Mar 2020)

# Overview

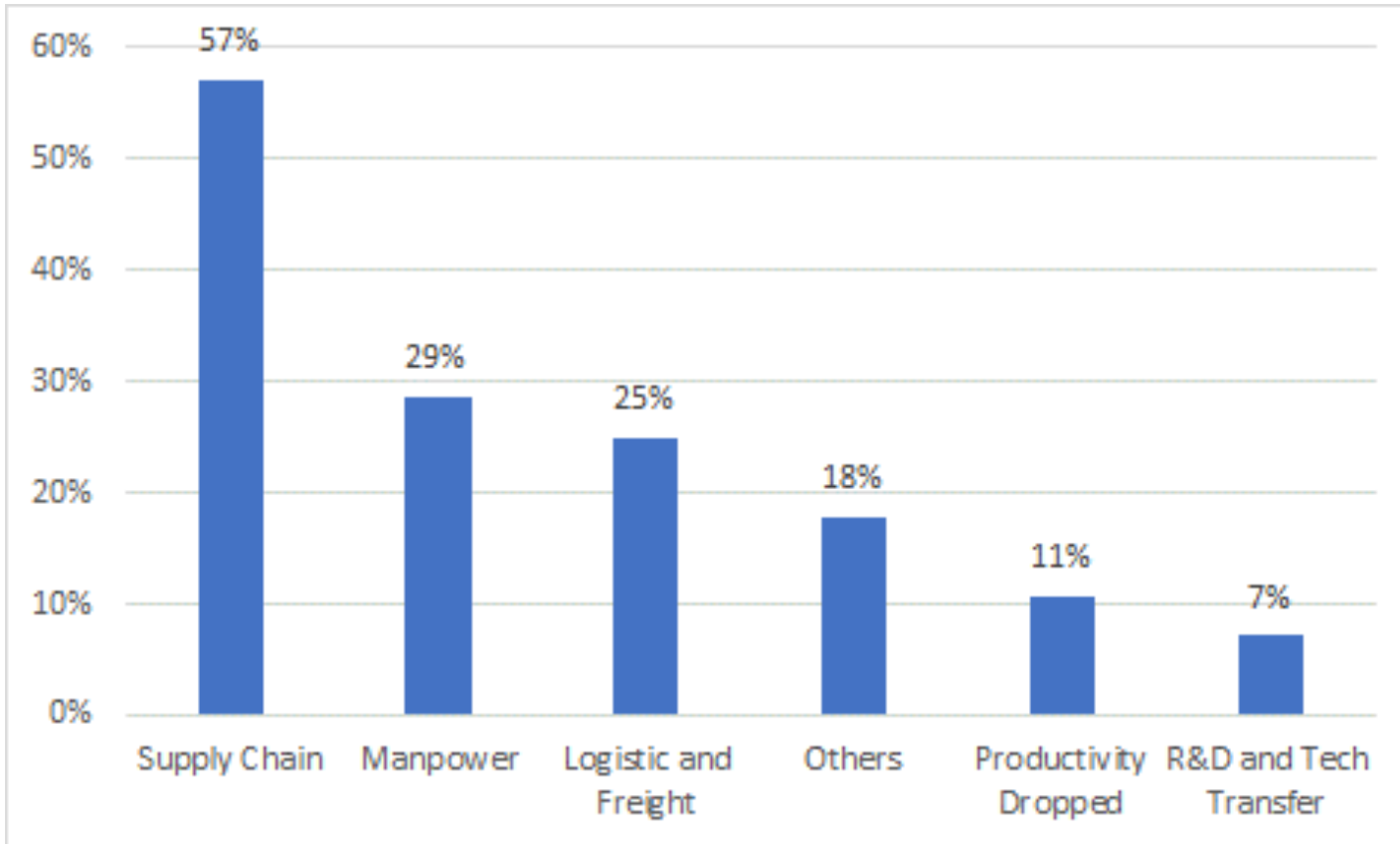
---

- Considering the COVID-19 situation, SSIA have conducted an industry wide pulse survey (including non-members) to understand the following on 16 Mar 2020:
  1. impact of COVID-19 to current business
  2. challenges companies will face should the situation escalates
- We have responses from over 30 companies, covering several sectors, including MNCs and SMEs from the semiconductor industry.

# Pulse Survey Questions

1. What aspects of your business are affected by the Covid-19 pandemic so far?
2. Does your company encounter any difficulties on manpower? If so, please elaborate.
3. What kind of measures or support would you like to have to cushion the impact of the pandemic on your company (short-term and long-term)?
4. Does the Covid-19 situation impact your business strategies planning? (e.g. China strategy, allocation of resources, workforce development strategy, etc)
5. If the DORSCON level is changed to red (by then major disruptions e.g. work from home orders are expected), what aspects of your business will be affected most?
6. What measures or support would you like to have before or during the period with the DORSCON red level?
7. Do you have any questions or information needed which are relevant to the current COVID-19 situation?

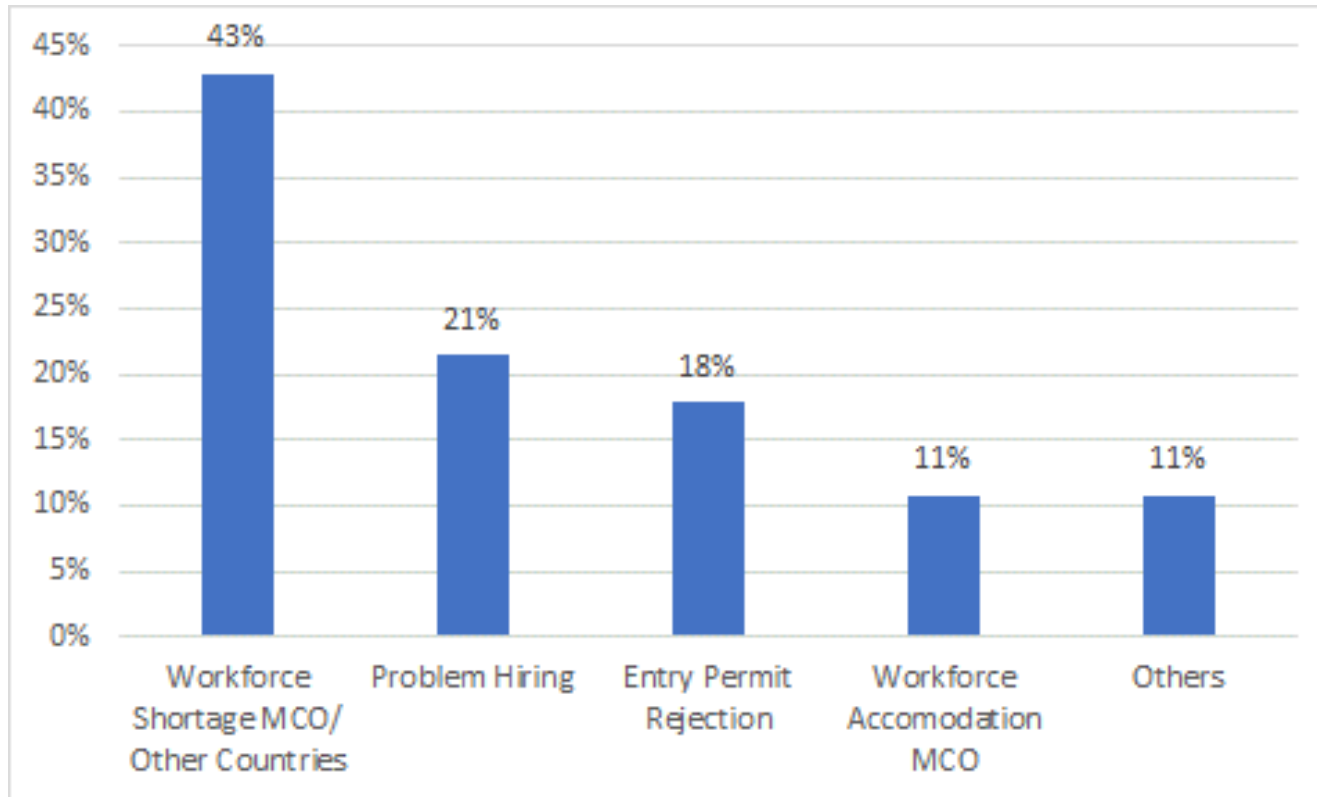
# COVID-19 Impact to Current Business



- Majority of respondent is concern of COVID-19 to their supply chain, both globally and locally. The other areas of concern is manpower and logistic/ freight support due to the various lockdown across the world. This is especially worst for manufacturing plants.
- There are few companies who delayed plans in technology transfers and R&D due to the difficulty in getting their staff to travel for the technology transfer.
- Some companies have raised concern for drop in work productivity due to WFH, SHN, quarantine and longer MC duration.



# Manpower Concern

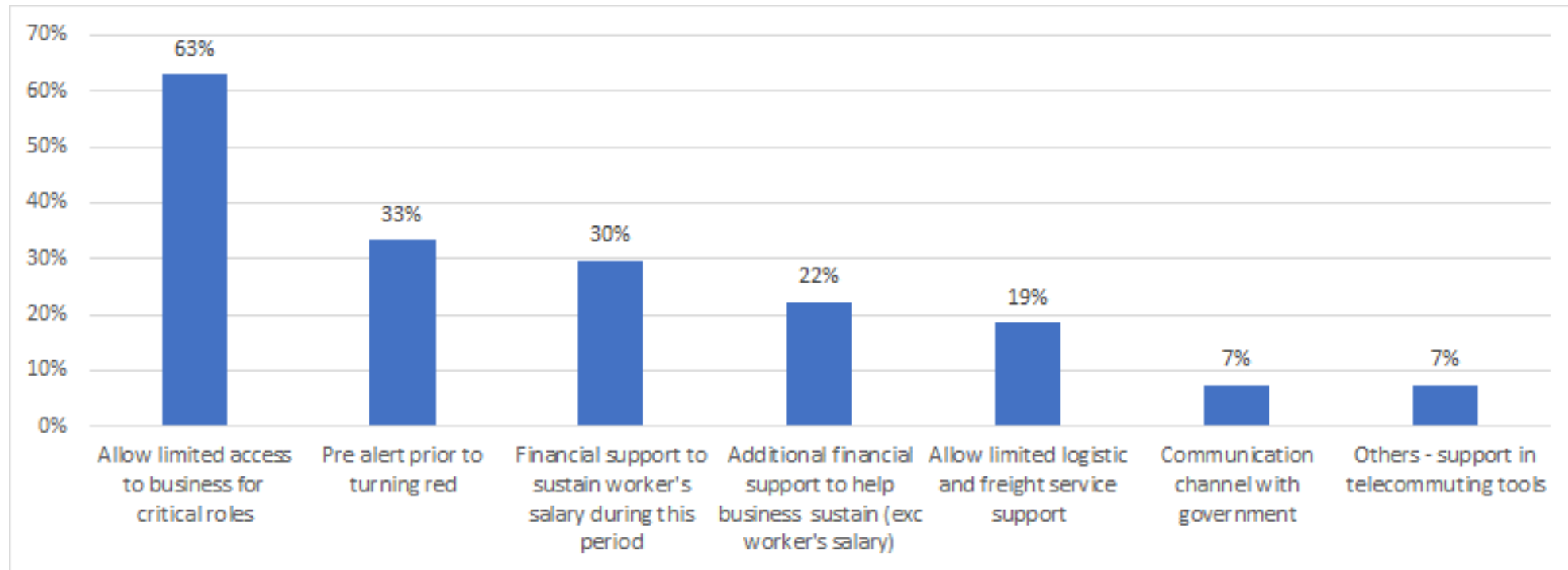


- The Malaysian's MCO has significant impact to the manpower needs for most companies, especially those running operations. The MCO is creating workforce shortages, and challenges in housing Malaysians who are staying in Singapore.
- Because of the shortage in manpower due to MCO and foreign countries restriction to travel, companies are trying to hire locally but is seeing that as another challenge.
- Companies also raised concern in bringing workers back from other countries, who are not able to return to Singapore because their entry permit has been rejected.
- Other concerns include drop in workforce productivity due to WFH

# Impact to Business Strategy

- One concern we see is the impact of COVID-19 forcing companies to rethink their business strategy for the year, both immediate and long term. Generally, this applies to both SME and MNC.
- All respondents agree that the COVID-19 situation will make them look at their business strategy in this areas.
  - Business planning for forecast – downplay
  - Manpower utilization
  - Postponement of R&D and tech transfer projects
  - BCP to include telecommute infrastructure integrated into business
  - Diversifying supply chain
  - Delaying product launches
  - Delay in business expansion, including expanding overseas
  - Cost savings

# What if DORCON RED...



- Many of the companies are calling for a minimal workforce to be back at work to keep operations running should we go to DORCON red.
- Businesses hope to get a pre-warning prior to turning the alert to red. They would also seek for further financial assistance, both for worker's salary and other areas of business, such as rentals etc.

# Short Term Support Needed

	Short-term Support Needed	New support/initiatives	Summary
1	Subsidies for payroll, rental and utilities to support businesses	1) Jobs Support Scheme 2) Resilience Budget	1) Under the JSS, the Government will co-fund between 25% to 75% of the first \$4,600 of gross monthly wages <sup>1</sup> paid to each local employee in a nine-month period through cash subsidies. Employers need not apply for the scheme, as the cash grant will be automatically computed based on CPF contribution data. 2) Landlord will be granted property tax rebate of up to 30% for the year of 2020 and they are urged to fully pass on the rebate to tenants by reducing rentals, to directly ease the cash flow and cost pressures faced by tenants.
2	Tax relieve for companies	Corporate Income Tax ("CIT") Rebate	To help companies with cash flow, a CIT Rebate of 25% of tax payable, capped at \$15,000, will be granted for Year of Assessment ("YA") 2020.
3	Continue to encourage trade shows and seminars, but via online platforms. Businesses will still want to connect and announce their product launches etc	- SSIA will continue to organize online industry-relevant courses and joint-courses with our partners to help upgrade and upskill our workforce - SSIA will continue to organize the annual Automation Supplier Day which encourages business matching and business development activities - We will also continue to organize industry leaders networking session, such as the upcoming dialogue session with SMS Koh Poh Koon. Learn about more of such events at <a href="http://ssia.org.sg">ssia.org.sg</a>	More details at <a href="http://ssia.org.sg">ssia.org.sg</a>
4	Incentivize companies to hire by support certain % of wages	- SGUnited Traineeships Programme - PCP	- WSG will co-fund 80% of the training allowance given to the trainees by the host company. The programme will last for 12 months starting from 1 June 2020. - PCP allows company to claim salary support between 70 - 90% of the monthly salary for up to 6 months



# Long Term Support Needed

	Long term Support Needed	New support/initiatives	Summary
1	Developing more local talents to support the industry	Short-term: career talks in schools, bridging IHLs with the hiring companies Long term: Semiconductor Communications Campaign to attract graduates to join the industry	SSIA is committed to continue developing and to grow our talent pool for the future of this industry. We will roll out more initiatives later this year to support this vision.
2	Diversifying supply chain	SSIA will organise events with global trade associations on supply chain collaboration and discussions	More details in the coming weeks. Please check back at <a href="http://ssia.org.sg">ssia.org.sg</a>

# Semiconductor Business as “Essential Business”



## Global Semiconductor Industry Calls on Nations to Prioritize Essential Supply Chain Operations During COVID-19

As government authorities craft public health measures to battle the COVID-19 pandemic, including mandatory business closures, **we call on all governments to specify semiconductor industry operations as “essential infrastructure” and/or “essential business” to allow continuity in operations of an industry that powers our global digital infrastructure and underpins vital sectors of the economy.**

In response to the global coronavirus pandemic, the semiconductor industry is focused on ensuring the health and safety of its workers and the continuity of its research, design, and manufacturing operations. Semiconductors are essential components of the technologies that control and enable essential infrastructure and life-critical equipment such as health care and medical devices, water systems and the energy grid, transportation and communication networks, and the financial system.

Semiconductors also underpin the IT systems that enable remote or on-line work, education, and shopping for essential supplies, as well as access to services across every domain, including medicine, finance, education, government, food distribution and more. Semiconductor and related supply chains will be necessary to support the greater range of services that will be digitized in the coming weeks and months in order to keep the global economy productive and to accelerate the recovery.

As the semiconductor supply chain is highly integrated and globalized, semiconductor shortages created by operating restrictions in one region cannot be readily made up by production in other regions. Such shortages lead to line-down situations at electronics factories downstream, and have a ripple effect in our digital economy. We therefore call on all global governments at all levels – central, states/provinces, and localities – to prioritize continued operations for their domestic semiconductor companies and their suppliers by defining the semiconductor industry, its R&D and manufacturing operations and its supply chain as “essential infrastructure” and/or “essential business.”

The semiconductor industry is committed to taking all necessary steps to ensure its essential workers remain healthy and safe and to use its critical technologies to assist in the effort to battle the global pandemic.

AmCham Malaysia, Semiconductor Industry Association in China (CSIA), Semiconductor Industry Association in EU (ESIA), Semiconductor Industry Association in Japan (JSIA), Semiconductor Industry Association in Korea (KSIA), Semiconductor & Electronics Industries in the Philippines, Inc. (SEIPI), SEMI, Semiconductor Industry Association in U.S. (SIA), Singapore Semiconductor Industry Association (SSIA), Semiconductor Industry Association in Chinese Taipei (TSIA)

March 27, 2020

- Based on the study, many companies are worried about their business operations should the COVID-19 situation worsen. SSIA has since written to the Singapore government seeking their support to recognize the semiconductor operations and its supply chain as essential businesses should the COVID-19 situation escalate.
- We have also supplemented our letter with a global joint statement from over 9 countries semiconductor industry associations. This includes the semiconductor industry association from Singapore, US, Japan, EU, Chinese Taipei, Korea, China and industry groups that represent Malaysia and the Philippines (letter on the left).
- One of our member company have since echoed and support our call by separately writing to Singapore government too.
- On 3 Apr 2020, the semiconductor industry is recognized by Singapore government as essential under the circuit breaker measures.



# Thank you!