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Coface returns Singapore to A1 risk rating

Republic seen as one of the safest places for business where firms can pay debts

By TEH SHI NING

Coface has upgraded Singapore's risk rating to the top rating of A1. From its rating of A2+ in March.

Announcing its latest set of ratings at the Coface Country Risk Conference 2010 yesterday, the trade credit insurer also said that Asian corporate demand for credit insurance is on the rise. Its total exposure in Asia rose 34 per cent from last December to 34 billion euros (\$58 billion) as of end-April.

Singapore's Minister for Trade and Industry Lim Hng Kiang said in his keynote address at the conference that demand for risk management solutions will grow in tandem with global trade growth.

Singapore can play a key role in providing political risk insurance to companies engaged in cross-border investments in the region," he added, noting that Asia alone will require almost US\$3 trillion in infrastructure investment over the next 10 years.

To develop a vibrant insurance marketplace able to respond to these needs, Singapore has made efforts to boost capacity and attract expertise in the underwriting of specialised risks in the areas of trade credit and political risks insurance, Mr Lim said.

With this latest risk rating upgrade, Singapore is now one of the safest places for business in Asia and the

world. Its companies are strong and able to pay their debts," said Coface's chief executive Jerome Cazas.

Japan was also upgraded to A1, the only other Asian country to score the top rating, while China's rating remained at A3. Hong Kong and Taiwan were both upgraded from A2 to A2+.

Coface's country ratings assess the risk of payment defaults by companies rather than sovereign debt risks, and reflect how the country's economic, financial and political outlook and business climate affect local companies' financial commitments.

But the European economies hit by sovereign debt issues saw the impact of those problems on their country risk ratings too. Ireland, Spain, Portugal, Greece and Iceland were rated between A3 and A4.

Still, speakers and panelists at yesterday's conference saw limited risks for Asia from the European situation. Instead, issues surrounding China-led growth, and intra-Asian trade were focal themes at the conference, held in Singapore for the first time and attended by over 500 local and regional businessmen, risk specialists and economists.

"Over the past few months, intra-Asian trade has developed dramatically, helping offset the missing orders from the US and Europe. All Asian countries are participating and benefiting from this move," said Jean-Claude Spittel, regional manager for Coface South Asia-Pacific.

Within ASEAN, Coface guarantees 7.5 billion euros of supplier credit on

28,000 companies to facilitate trade. Of this, it guarantees 2.7 billion on 8,000 Singaporean companies.

Coface yesterday also announced plans to start rating individual companies on the AAA to D scale used by ratings agencies such as S&P and Moody's.

Mr Cazas thinks Coface's rating model addresses key criticisms of existing ratings agencies. By only rating companies it has a high credit exposure to, interests will be aligned with investors, and its ratings are provided free to the rated companies, while investors will be charged a subscription fee. Coface expects to rate 1,200 Asian companies by the end of this year with two full rating offices in Hong Kong and Singapore, and two more in India and Australia by next year.

S'pore slips a notch in expat living cost rank

In Asia-Pac, it's now fourth, after Tokyo, Osaka, HK: survey

By FELDA CHAY

SINGAPORE is the 11th most expensive city in the world for expatriates, one place lower than its 10th position last year, says IIR consultancy firm Mercer.

But the city moved up a notch to fourth place among cities in Asia-Pacific - which for the first time has three cities in the top 10 list of the dearest places for expats.

Tokyo remains the most expensive city in Asia-Pacific, with sister city Osaka second, and Hong Kong third. Singapore and Seoul round out the top five.

Cathy Loose, Asia-Pacific global mobility leader at Mercer's information product solutions business, said: "Cities in Asia, such as Osaka and Seoul, continue to be the most expensive cities given the relatively strong yen against other major currencies such as the US dollar."

Other high-ranking cities such as Hong Kong, Singapore and Beijing remain relatively the same in terms of overall cost-of-living ranking."

Part of the reason Asian cities feature more prominently in the worldwide top 10 list is the rise in residential property prices in the region, said Mercer senior researcher Nathalie Constantin-Metral.

"At the end of 2009 and the beginning of 2010, residential property prices in many Asian countries rose as the economic environment began to stabilise and demand for good expat housing increased," she said. Among the 214 cities surveyed by Mercer, Tokyo was ranked second worldwide, giving up its place as the world's most costly city for expats to Angola's capital Luanda. Ndjamena, in the central African nation of Chad, was placed third, followed by Moscow, then Geneva.

Mercer said the high living costs in some African cities reflects the continent's increasing economic importance across all business sectors.

"We've seen an increase in demand for information on African cities from across the business spectrum," she said. Mercer's cost-of-living survey covers more than 200 cities in 190 countries. The cost of living index is a relative measure of the cost of living in various cities around the world. It is based on the cost of a basket of goods and services, such as housing, transport, food, and entertainment. The index is used to compare the cost of living in different cities and to track changes over time.



Most expensive cities in the world

RANKINGS	CITY	COUNTRY
1	Luanda	Ang
2	Tokyo	Japa
3	Ndjamena	Chad
4	Moscow	Russ
5	Geneva	Swit
6	Osaka	Japa
7	Lilleville	Gob
8	Zurich	Swit
9	Hong Kong	Chi
10	Copenhagen	Den
11	Singapore	Sing

In Asia-Pacific	CITY	COUNTRY
1	Tokyo	Japa
2	Osaka	Japa
3	Hong Kong	Chi
4	Singapore	Sing
5	Seoul	Sout

BASE: IIR NEW YORK, USA (4-10)

In particular, the high living costs in some African cities reflects the continent's increasing economic importance across all business sectors. Mercer's cost-of-living survey covers more than 200 cities in 190 countries. The cost of living index is a relative measure of the cost of living in various cities around the world. It is based on the cost of a basket of goods and services, such as housing, transport, food, and entertainment. The index is used to compare the cost of living in different cities and to track changes over time.

Opting for PIC cash payout? Apply to IRAS now

BUSINESSSES can now apply to the Inland Revenue Authority of Singapore (IRAS) for a cash payout under the Productivity and Innovation Credit (PIC) scheme.

Announced in Budget 2010, the scheme was introduced to encourage productivity and innovation by enhancing tax incentives for investments in a range of activities. The five-year government \$480 million a year.

Businesses that invest in a qualifying activity can deduct 250 per cent of the expenditure from their taxable income, with a cap of \$300,000 on expenditure for each activity per year.

Deductions at the current levels of between 100 and 150 per cent can also be claimed for any expenditure above the cap. Businesses can claim the enhanced deductions in their income tax returns.

For the first three years

of the scheme, businesses can choose to convert 7 per cent of the tax deduction - which is capped at \$300,000 - into a cash payout each year.

For the first two years, the tax deduction cap of \$300,000 will not apply for the cash payout option. Businesses can choose to convert a total tax deduction of \$600,000 into a cash payout.

Businesses that employ at least three local staff and made CPF contributions for them in the last month of their accounting period.

Businesses opting for the cash payout will have to complete and submit the PIC Cash Payout Application Form to IRAS. The form can be found on the IRAS's website at www.iras.gov.sg. IRAS will conduct a series of free seminars, starting in July, to help businesses understand the details of the scheme.

More turning down jobs as war for talent heats up

MORE people are turning down job offers for better offers being rejected. Counter offers from present employers were the third most common reason, cited by 38 per cent of respondents.

Employers are well aware of this. Forty-two per cent are now prepared to raise salaries more than 10 per cent as part of a counter offer to retain talent. But 22 per cent still will not offer any pay rise to discontinue a candidate's job offer.

The war for talent is heating up as candidates find it easier to obtain new positions," said Hudson's Singapore's executive general manager George Chong.

Higher salary expectations and a better offer from another company were cited - by 55 and 51

per cent of respondents respectively - as the two most common reasons for job offers being rejected. Counter offers from present employers were the third most common reason, cited by 38 per cent of respondents.

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26 per cent looking to hire a year ago.

Hiring sentiment grew more bullish in the banking and financial services and information technology and telecommunications sectors. More than 60 per cent of respondents now plan to lift headcount in Q3, but this is slightly below the percentage in Q2. Hiring sentiment also eased in the media, PR and advertising sector, in which 27 per cent plan to raise headcount in Q3, down from 36 per cent in Q2.

Gaming machine maker taps into casino industry

By ARTHUR SIM

THE integrated resorts (IR) may have many spin-offs here but few would have counted the manufacturing of gaming machines as one until now.

Still a relatively small industry, it consists of one manufacturer - Weika Gaming Technology - in Singapore. Weika CEO David Kinsman says the company has sold a total of about 50 gaming machines to Marina Bay Sands and Resorts World Sentosa and hopes to sell the IRs more in the future. And the cost of each machine? Between

US\$15,000 and US\$25,000.

Currently, most of Weika's business is overseas in Asia. "Asia is a big market for gaming machines, with estimated sales of US\$50 million to US\$75 million annually."

There are about 60 casinos and 340 clubs in this region," he adds. "What will give this segment more credibility now is Spring Singapore's accreditation scheme for gaming laboratories which will provide the quality and conformity in infrastructure for electronic gaming machine testing. The Singapore Accreditation Council (SAC) scheme

was introduced last year to accreditation for their technical competency in testing the hardware and software of electronic gaming machines."

Spring Singapore CEO Png Cheong Boon said: "This accreditation scheme for gaming laboratories supports the infrastructure to ensure the quality and integrity of the gaming industry in Singapore. The laboratories test the gaming machines to ensure that they meet the technical standards. In turn, the SAC accredits these laboratories to ensure that they have a man-

agement system and a competency to do the job. The SAC has direct one of the six sub-entities providing the test for gaming machines. The other five are through the SAC-Mutual Arrangement partnership overseas counterparts. Weika employs about 100 people and Mr Kinsman creditation scheme will reduce duplication for its business because it had to be tested overseas previously."

Pulses July issue out now!

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Better service with new office, e-features: MOM minister

CUSTOMERS are set for better services from the Ministry of Manpower (MOM) through its new Henderson office and e-services.

At a ground-breaking ceremony yesterday for the Henderson office, Manpower Minister Kim Yong said that the new office, the revamped website and new media channels "represent the culmination of hardware and software efforts to significantly raise the level of customer service and engagement."

The new four-storey office, about 800 metres from Potong Pasir MRT station, is expected to be operating by mid-2012.

The new \$73 million environmentally friendly office will house MOM units such as the labour relations and workplaces divisions and work passes units. About 1,100 staff will be relocated.

When the leases for Work Pass Service Office and Work Pass Service Centre at Tanjong Pagar Complex

expire, the sites will be re-located to the Singapore Land Authority and PSA Corporation respectively.

The Henderson building will also house a customer service centre to provide services such as consultation on employment and work injury compensation. Customers with specific needs can make e-appointments in advance.

Partner agency - the Work Pass Service Office operates from the Ministry of National Development Complex, will join MOM in the building.

The MOM website, which now registers more than eight million page views monthly, has been enhanced by an iSubmit portal that allows customers to

Expect seamless ser after merging of Oc Far East operations:

ERNST & Young (EY) is furthering its plan to create an integrated Asia-Pacific "arena" to help to deliver seamless services to regional clients.

Some tomorrow, the company will combine its Far East area and Oceania area - comprising New Zealand and Australia - to stay ahead of the competition. The two entities will be merged into a single entity.

This single operating unit will reduce duplication and streamline processes, resulting in cost savings of about US\$20 million, said EY's executive chairman Doug Yoo Hwat.

Mr Ong, who will be chief operating officer of

the combined unit, said: "The integration of our Far East and Oceania operations will create a more seamless service to our clients."

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But the European economies hit by sovereign debt woes saw the impact of those problems on their country risk ratings too. Ireland, Spain, Portugal, Greece and Iceland were rated between A3 and A4.

Still, speakers and panelists at yesterday's conference saw limited risks for Asia from the European situation. Instead, issues surrounding China-led growth and intra-Asean trade were focal themes at the conference, held in Singapore for the first time and attended by over 500 local and regional businessmen, risk specialists and economists.

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