1. Recent Trends in Labor Migration

It is difficult to gather accurate information on the trends of foreign labor in Singapore, as the government of Singapore does not release any official statistics.

2. Policy Developments

Singapore, which experienced labor shortages from the early 1970s, started to import foreign labor on a limited basis. At first, the city-state placed a priority on recruiting Malaysian national foreign workers, yet in the late 1970s when the labor shortage problem deepened, it started seeking labor from countries other than Malaysia.¹ The key features of Singapore’s foreign labor policy are as follows:

First, the recruitment of skilled foreign labor is actively encouraged, while unskilled foreign labor is restricted only to areas where a need

¹ As of July 2000, there were 311,000 foreign workers in Singapore, accounting for 20 per cent of the total number of 1.5 million employed people (Labor Ministry, 2000).
exists. Foreign workers whose monthly salaries are below S$2,500 are required to obtain work permits issued by the Ministry of Manpower (MOM) in accordance with the Employment of Foreign Workers Act to obtain a residence permit from the Immigration Authority. The duration of a work permit is two years and it is renewable for once up to a cumulative total of four years. During this period, if the foreign worker returns to his or her home country, he/she is not allowed to reenter Singapore. An employer of a work permit holder is required to pay a security deposit of SD$5,000 to the government, but an employer of a Malaysian national is exempted from the requirement.

Second, Singapore limits the number of countries that it imports labor from, and classifies labor-sending countries into Non-Traditional Sources (NTS) and North Asian Sources (NAS), making a distinction between allowable sectors. Owing to its geopolitical location and historical background after being liberated from Malaysia, Singapore places a priority on Malaysian nationals in hiring foreign workers. The city-state has different allowable sectors according to nationalities. More specifically, only foreign workers whose nationalities are Malaysia, Hong Kong, Macau, Korea and Taiwan are

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2 Singapore classifies foreign workers according to wage levels. More specifically, foreign workers with salaries of more than S$2,500 per month are categorized as professional and skilled workers, and others with monthly salaries of less than S$2,500 are classified as unskilled workers. Visa issuance procedures and employment conditions differ according to the classification. As for skilled workers, the Immigration Authority issues an Employment Pass for them in accordance with the Immigration Act. In general, skilled workers have no restriction on immigration and employment in Singapore and not only the period of stay can be extended, but also permanent residence can be granted to those who desire it.

3 If work permit holders pass government-certified national skills tests, which are classification level two and higher of national skills tests, they are recognized as skilled workers and their work permit duration is extended to three years.

4 Non-Traditional Sources (NTS) include India, Sri Lanka, Thailand, China, Bangladesh, Myanmar, the Philippines, and Pakistan, while North Asian Sources (NAS) include Hong Kong, Macau, Korea and Taiwan.
eligible for jobs in the manufacturing sector, while construction jobs are open to all foreign workers from Malaysia, NTS and NAS. Employment of foreign workers from NTS in the service sector is restricted and their employment is limited to contracts by Town Councils or the government’s grass cutting contracts. The marine sector is open to all foreign workers from Malaysia, NTS and NAS.

Third, although Singapore implements a relatively open foreign labor policy, there are considerable restrictions on employment or settlement for unskilled foreign workers. The number of foreign workers allowed for each business is limited and the Singapore regulations stipulate minimum training periods for employment in the service industry. Moreover, unskilled foreign workers are not allowed to bring their families to Singapore and the permission of the MOM is required when they wish to marry Singapore nationals.

Lastly, in an effort to protect the labor conditions of local workers and prevent a large influx of unskilled foreign labor, Singapore has introduced the Foreign Workers’ Levy system. When it was first introduced, the levy was imposed only on employers hiring foreign workers from NTS, but from 1989 the system was expanded to include all employers hiring workers of foreign nationalities, even including Malaysians.

3. Administrative Structure

In Singapore the MOM is in charge of devising and implementing foreign labor policy. Within the ministry there are two divisions which are responsible for foreign manpower issues in Singapore: namely, the Foreign Manpower Employment Division in charge of issues related to foreign labor employment, and the Foreign Manpower Management Division in charge of welfare of foreign workforce. The Foreign Manpower Employment Division comprises
the Work Permit Department in charge of unskilled foreign manpower and the Employment Pass Department in charge of skilled foreign manpower. On the other hand, the Foreign Manpower Management Division comprises the Employment Inspectorate Department in charge of illegal employment, dismissals, and any violations of foreign manpower regulations; the Well-being Management Department in charge of well-being and welfare of foreign workers; and the Corporate Management and Development Department which supports the entire division in the areas of office management, finance, training and human resource management.

4. Labor Migration Systems

Singapore is one of the countries that operate a demand-oriented foreign labor import system where employers play a leading role in introducing foreign manpower. The city-state imports unskilled workers through the work permit system and skilled workers through the employment pass system.

Singapore encourages the introduction of skilled foreign manpower, while strictly controlling the inflow of unskilled foreign labor. It does not control the introduction of foreign manpower by limiting the total numbers, but by dependency ceilings by sector. More specifically, in principle, Singapore provides foreign labor to industries suffering from severe labor shortages such as construction, manufacturing, marine, service industries including hotels and domestic workers, yet it adjusts the demand by individual employers of each industry and occupation by setting dependency ceilings by industry. Yet, the Singapore authorities have not set any dependency ceiling for

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5 Singapore’s current policy on unskilled foreign labor is aimed at discouraging the demand for foreign workers. It aims to reduce the dependency ratio from the current one national to five foreign workers to one to two over the next 10 years.
domestic workers, as there is a need for the introduction of a large number of cheap foreign domestic helpers because there are few Singaporean nationals who wish to work as domestic helpers and the government needs to induce the participation of housewives in the labor market, the untapped labor force in Singapore.

In addition, the Foreign Workers Levy system is implemented to discourage employers' demand for unskilled foreign workforce.

Although the Singapore government is inevitably compelled to allow the import of foreign labor, it has implemented the security bond and foreign worker levy system in order to discourage over-reliance on foreign labor.

In order to provide resources for the management of foreign workers from NTS and guarantee their return to their home countries, the Singapore government has mandated employers hiring foreign workers from NTS in all sectors to put up S$5,000 security bond per worker as from April 1993.

In addition to the security bond system, the Singapore authorities are restricting demand for foreign workforce by considerably raising foreign worker levies on businesses with high dependency on foreign workforce. The system was first introduced in December 1980.

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6 The security bond system is comparable to the security deposit system of Taiwan.
7 Until March 1993, the Singapore government set different security bond amounts by sector and occupation and nationalities of foreign workers. At that time, the security bond for domestic workers was the highest at S$5,000 and the amounts for other sectors such as manufacturing, construction and marine industries differed, ranging from S$1,000 to S$3,000. The amount of security bond was differently applied even in the same industry, depending on nationalities of foreign workers. For example, in the construction and marine sector, the security bond amounts for foreign workers from Thailand, the Philippines, and Indonesia was S$1,000, the amount for workers from Bangladesh, Sri Lanka, Hong Kong and Macau S$1,200, the amount for worker from India S$1,500, amount for worker from Pakistan S$1,700, the amount for worker from Taiwan S$1,600, the amount for worker from Korea S$2,200, the amount for worker from China S$3,000. Since April 1993, differentiation of security bond amount by sector, occupation and nationality was abolished.
Table 14-1. Foreign Labor Allowable Industries, Foreign Labor Ratios, Dependency Ceilings and Levy Rates

(Unit: Singapore dollar)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Dependency ceiling</th>
<th>Category of workers</th>
<th>Levy rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Monthly</td>
<td>Daily</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Up to 40% of the total workforce</td>
<td>Skilled 30</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Between 40% and 50% of the total workforce</td>
<td>Unskilled 240</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Skilled 30</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unskilled 310</td>
<td>11</td>
</tr>
<tr>
<td>Construction</td>
<td>1 full-time local worker to 4 foreign workers</td>
<td>Skilled 30</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unskilled 470</td>
<td>16</td>
</tr>
<tr>
<td>Process</td>
<td>1 full-time local worker to 3 foreign workers</td>
<td>Skilled 30</td>
<td>1</td>
</tr>
<tr>
<td>Marine</td>
<td>1 full-time local worker to 3 foreign workers</td>
<td>Unskilled 295</td>
<td>10</td>
</tr>
<tr>
<td>Service</td>
<td>30% of total workforce</td>
<td>Skilled 30</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unskilled 240</td>
<td>8</td>
</tr>
<tr>
<td>Harbor Craft</td>
<td>1 local full-time worker to 9 foreign workers</td>
<td>Certified Crew 30</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>(Number of crews shown on Maritime and Port Authority Harbour Craft License) ×2</td>
<td>Non-Certified Crew 240</td>
<td>8</td>
</tr>
<tr>
<td>Domestic Worker</td>
<td>NA</td>
<td>NA</td>
<td>345 12</td>
</tr>
</tbody>
</table>

Note: The levy rates apply from Jan. 1, 1999.

with a purpose to stem over-reliance on unskilled foreign labor and deterioration of working conditions for local workers, and to promote technology-intensive industries. At that time, a monthly rate of S$230 was levied per foreign worker in the construction sector. In 1982, the government raised the levy amount to 30% of the basic salary of foreign workers and expanded the categories of industries to include manufacturing, construction, marine industries and domestic workers. In 1987, the levy was imposed on employers hiring all work
permit holders. In January 1992 the Singapore government introduced the differentiation of the foreign worker levy system. The government classified manufacturing businesses into ones with high and low dependence on foreign labor and applied different levy rates. Meanwhile, the government classified foreign workers in all sectors into skilled and unskilled workers and applied different levy rates. This system has continued through until the present day, as of 2001.

As shown in Table 14-1, employers hiring skilled foreign workers need to pay a monthly rate of only S$30 per worker, while employers hiring unskilled foreign workers have to pay different sectoral monthly rates of S$240-S$470 per worker. More specifically, the government imposes S$240 for foreign workers in the manufacturing, harbor-craft, and service sectors, S$295 for marine sector, S$345 for domestic workers, S$470 for construction, thereby discouraging market demand for unskilled foreign workforce. In a bid to attract more skilled foreign workers engaged in professional occupations and technology, the Singapore authorities implements a policy to lower the levy rates for skilled foreign workers on a continual basis.

Except for a prohibition on change of employer and limited working duration, foreign workers in Singapore enjoy a status specified in the Labor Act equal to local workers. Like local workers, foreign workers are entitled to industrial accident compensation insurance and accident insurance. And in most cases, foreign workers are offered inexpensive housing facilities. Their wages are decided upon through negotiations with employers, yet as far as unskilled foreign workers are concerned, there is a monthly salary ceiling of S$2,500.

Meanwhile, in accordance with the Employment Agencies Act, Singapore allows licensed employment agencies to import and

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8 Domestic workers are not allowed to join labor unions as they are not regarded as production workers.
manage foreign workforce on behalf of employers. In most cases, employers use private foreign manpower employment agencies, as it is time-and-cost-consuming for employers to go overseas to recruit foreign workforce and employers prefer to avoid any direct responsibilities for foreign manpower management.

The Work Permit Division of the Ministry of Manpower revokes a work permit when foreign workers violate work permit provisions. Those whose work permits are revoked include 1) those who change a job or are engaged in other sectors specified on the work permit during employment; 2) those who desert their workplaces 3) those who are pregnant, contracted with venereal diseases or have not submitted medical certificates; 4) those who marry a Singaporean woman without permission from the government. When the controller of work permits decides to suspend or revoke a work permit for a specific foreign worker, he notifies the employer of the worker of the decision and the employer has to terminate the services of the foreign worker within nine days of receiving the notification and the foreign worker is obliged to return his or her work permit and leave Singapore within seven days of the termination of service. The Employment of Foreign Workers Act specifies that the termination of the services of a foreign worker shall not be subject to negotiation with a trade union representing the foreign worker and shall not be the subject-matter of a trade dispute or of conciliation proceedings or any method of redress.

Singapore is also confronted with the issue of illegal employment,

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9 In accordance with the Employment Agencies Act, employment agencies are required to deposit security of $S$20,000 to the Ministry of Manpower. If the agencies recommend illegal foreign workers or violate provisions of operation places, commissions, and report obligations, the security is forfeited and their license is revoked.

10 The Ministry of Manpower of Singapore offers information on licensed private foreign labor employment agencies, such as their listings, addresses, telephone and fax numbers, license numbers and license duration.
yet the government continues to enforce a strict crackdown and punishment on illegal foreign workers and employers hiring them. As for the punishment of illegal foreign workers, the Immigration Act stipulates that a foreign worker who remains in Singapore unlawfully for a period exceeding 90 days or unlawfully enters the city-state shall be liable to imprisonment for a period of three months to two years. Furthermore, in accordance with the Employment of Foreign Workers Act, employers hiring a foreign worker without a work permit shall be liable to a fine of not less than 12 months’ levy and not more than 24 months’ levy or to imprisonment for a term not exceeding 12 months. On a second or subsequent conviction, the employer shall be punished with a fine of an amount of not less than 24 months’ levy and not more than 48 months’ levy or imprisonment for a term of not less than one month and no more than 12 months. In addition to imprisonment and fine, an employer hiring an illegal foreign worker is not permitted to hire foreign workers for a year and shall be liable to frequent searches and inspections.

According to the Employment of Foreign Workers Act, an employment inspector from the Ministry of Manpower, officials from the Immigration Authority and police officers may arrest without warrant illegal foreign workers. Moreover, the government has launched a neighbor monitoring system in the local communities and set up a crime-prevention committee to receive reports of illegal foreign aliens. Community centers in Singapore also receive such reports.