

Ius Laboris Webinar

CORONAVIRUS: Lessons from Asia

Thursday 16 April 2020

10:00 (CEST), 16:00 (CST), 17:00 (KST)

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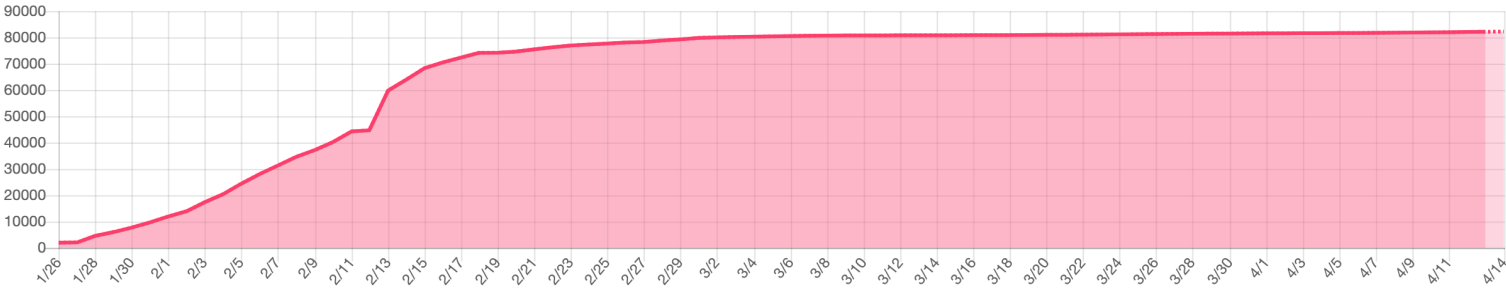
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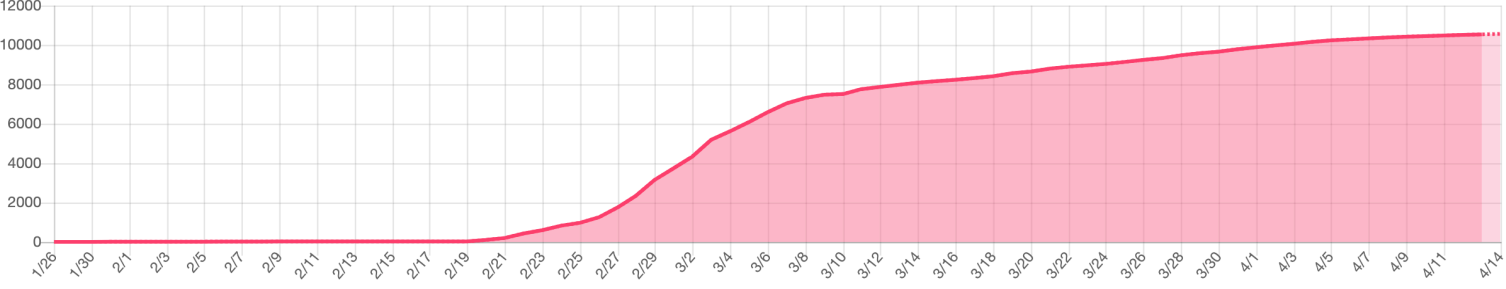
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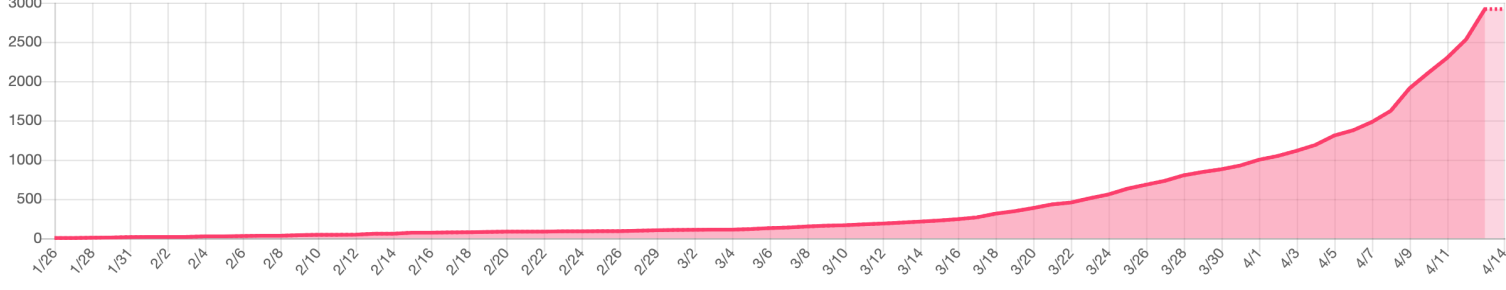
China:



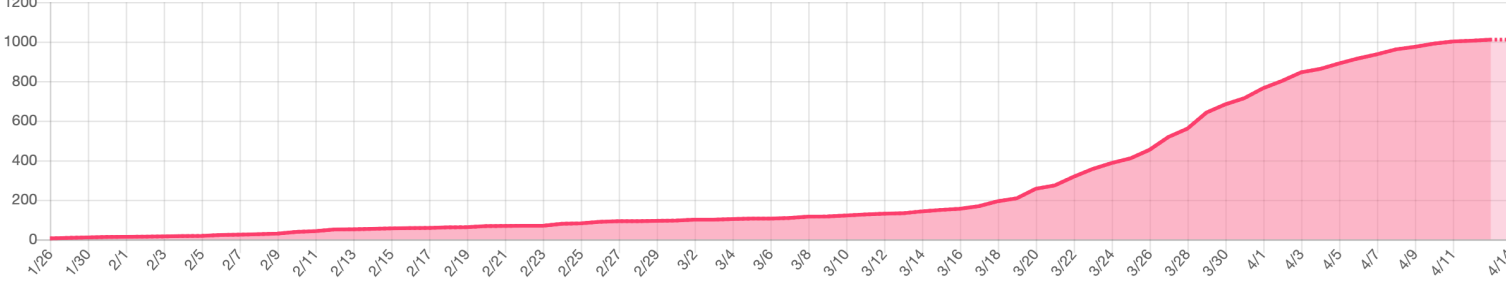
South Korea:



Singapore:



Hong Kong:



RESTRICTIVE MEASURES: OVERVIEW

- HONG KONG:** Borders closed on 25 March to incoming non-residents and tracking measures implemented.
- SINGAPORE :** The spread of infection had been managed without a strict lockdown until a recent significant spike of locally-transmitted cases. Enhanced measures have since been put in place. All offices and businesses are closed, unless essential.
- SOUTH KOREA:** No general lockdown has ever been in place and management of the pandemic has been effected via extensive testing and contact tracing, but there is still a feeling of general anxiety in the country.
- CHINA:** Lockdown in Wuhan between 23 January and 8 April 2020. Now, China is reopening gradually.

HONG KONG – A SNAPSHOT

THE STORY SO FAR

- In the 2003 SARS epidemic – over 1,700 people contracted the virus and 300 people died
- On 23 January 2020, the first Covid-19 case was confirmed in Hong Kong
- On 20 March, there were 48 new cases, the biggest daily tally since January
- Then there was a second wave of cases in the city
- On 25 March, Hong Kong closed its borders to incoming non-residents arriving from overseas and implemented a tracking device in response to a surge of confirmed cases
- On 14 April, the number dropped to 3 confirmed cases
- As at 12 April, there have been a total of 1,012 confirmed cases

HONG KONG - CURRENT RESTRICTIVE MEASURES

RESTRICTIVE MEASURES

- No foreign residents allowed into the city since 25 March
- All those arriving in Hong Kong will be tested for Covid-19 at the airport and quarantined for 14 days
- Schools, universities, public leisure facilities, bars, beauty parlours, gyms, karaoke venues etc. are all closed for an indefinite period
- Many companies are working from home

PERMITTED ACTIVITIES

- Restaurants can only operate at half capacity with patrons sitting 1.5 metres apart
- Maximum 4 people are allowed to gather in a public places (certain exemptions for families of 5 or more)
- There is mandatory temperature checking and use of hand sanitiser when entering most establishments (buildings, restaurants, stores etc.)

HONG KONG - GOVERNMENT RESPONSES

TYPE OF SUPPORT SCHEME

- **Anti-Epidemic Fund:** second round of the anti-epidemic fund of HKD 137.5 billion (approximately USD 80 billion) was announced on 8 April 2020
 - The fund will provide a subsidy to an employee's salary of up to HK 9,000 per month (50% of HK 18,000) for 6 months, and employers must undertake not to make employees redundant
 - The government will also provide support for the hardest hit businesses, meaning that 16 sectors of businesses will receive a lump sum subsidy

HOW MUCH TO INDIVIDUALS?

- **Cash hand-outs:** The Hong Kong Financial Secretary also announced in February a cash hand-out of HKD 10,000 to each permanent resident



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SINGAPORE – CURRENT RESTRICTIONS: “CIRCUIT BREAKER”

PROHIBITED ACTIVITIES

- “***Circuit Breaker***” measures: 7 April 2020 to 4 May 2020
- Individuals can only leave their home for specific activities
- All social gatherings, private and public, are prohibited
- Workplaces (except essential services) to close. Those allowed to stay open must adopt safe distancing measures
- Schools moved to full home-based learning
- Travel: No short-term visitors. All returnees (citizens, PRs, Long-Term Pass holders) to quarantine in government-designated facilities
- Employers of work pass holders must obtain Ministry of Manpower (MOM) approval before coming to Singapore
- Those leaving Singapore against travel advice must bear the cost of serving a Stay Home Notice (inc. any hospitalisation costs)
- The courts only to hear essential urgent matters

PERMITTED ACTIVITIES

- Essential services may continue: health and social services, food, energy, environmental, transportation, communications, defence, construction for critical public infrastructure, manufacturing, banking and limited legal services
- Non-essential services can continue via tele-working only
- There is a “time-limited exemption” to allow non-essential services to take place in offices, subject to conditions
- People can leave home to:
 - send child to childcare if parents are essential workers
 - obtain essential goods and services (e.g. groceries)
 - exercise alone or with others you live with
 - seek medical help
 - move house
 - comply with legal requirements, etc.

*Update: all sports stadiums and some parks are now closed due to non-compliance with safe distance requirements by some members of the public

SINGAPORE – EMPLOYERS' OBLIGATIONS AND WORKFORCE MANAGEMENT

HEALTH AND SAFETY MEASURES

- Before the Circuit Breaker, there was the Infectious Diseases (Workplace Measures to Prevent Spread of COVID-19) Regulations 2020, but this was revoked from 10 April 2020
- Under existing Circuit Breaker measures, the following safe distance requirements are enforced:
 - 1 metre distance
 - all public places to be marked out and numbers of people restricted
 - closure of gyms, cinemas etc.
- Wearing of masks outside is mandatory from 15 April 2020

MANAGEMENT OF THE WORKFORCE

- Mandatory notification to MOM of cost-saving measures during the Circuit Breaker period if the employer is registered in Singapore, has at least 10 employees, and implements measures that result in employees' salaries falling below 75%
- No need to seek approval to reduce salaries of foreign employees during this period
- The 'Tripartite advisory on managing excess manpower and responsible retrenchment' advises companies to consider alternatives to retrenchment
- Important to note that employees' consent is still required for various approaches that affect employees' salaries

SINGAPORE – GOVERNMENT SUPPORT SCHEMES

TYPE OF SUPPORT SCHEME

- **Resilience Budget and Solidarity Budget**
- **Jobs Support Scheme** involving wage subsidies for all firms up to 75% of gross monthly wages for the first SGD 4,600 paid in April 2020, for each local employee. Thereafter, percentages differ for different industries
- **Enhancement to Enterprise Development Grant** to support projects for growth and transformation
- **Enhancement of Productivity Solutions Grant** to support SMEs to develop productivity solutions (e.g. working from home, digital solutions etc.)
- **Quarantine Order Allowance** pays SGD 100 per day for self-employed citizens or PRs, and by Singapore-registered companies for local employees
- **Leave of Absence and Stay Home Notice Support Programme** of SGD 100 per day for affected employees who are citizens or PRs
- **Other measures:**
 - Foreign worker levy due in April waived
 - Foreign worker levy rebate of SGD 750 for each work permit or 'S pass' holder, based on previous levies paid in 2020

HOW MUCH TO THE EMPLOYEE?

- Financing under the schemes are disbursed to employers rather than employees directly
- **COVID-19 Support Grant** for low-middle income employees who lose their jobs due to COVID-19: SGD 800 per month for 3 months
- **Care and Support Package:** SGD 600 for all adult Singaporeans and additional SGD 300 for each parent with at least one child aged 20 and below



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SOUTH KOREA – A SNAPSHOT

COVID-19 STATUS AS AT 10 APRIL 2020

- When it started: 20 January 2020
- Confirmed cases: 10,450
- New cases: 27 (as of 10 April 2020; first time below 30)
- Tests performed: 503,051
- Pending cases (i.e. people being tested now): 15,298
- Patients released after recovering: 7,117
- Fatality rate: 208(1.99%)

SOUTH KOREA – CURRENT RESTRICTIONS AND PARTIAL LOCKDOWN

SUSPENDED ACTIVITIES

- **No general lockdown order** in place
- The government orders partial shutdown in cases of suspected or confirmed cases
- The government strongly urges the shutdown of all religious facilities, indoor sport facilities, entertainment facilities until 19 April (likely to be extended)
- Schools reopened as of 9 April via e-learning. However, day care and kindergartens, are mostly closed except for a limited service
- Limited to Seoul, all entertainment facilities (e.g. clubs) must close by 19 April (likely to be extended)

PERMITTED ACTIVITIES

- Strong social distancing campaign continues, but...
- The shutdown recommendation **does not apply to general business operations**
- Most companies have returned to general commuting (some teleworking is still in place), in compliance with the workplace guidelines issued by the government
- Most activities are not restricted by law, but widespread voluntary measures by individual citizens have led to the restriction of activities

S KOREA – EMPLOYERS’ OBLIGATIONS AND WORKFORCE MANAGEMENT

HEALTH AND SAFETY MEASURES

Mostly based on Ministry of Employment and Labour (MOEL) guidelines

Before any confirmed/suspected cases:

- Encourage employees to maintain good personal hygiene by providing hygiene products and disinfecting work areas

Outbreak of confirmed or suspected cases:

- Immediately require confirmed or suspected employees to wear masks and segregate them
- Report to the KCDC (which will likely shutdown the work site for 2 days)
- Inform all other employees (whilst abiding by relevant privacy law)

MANAGEMENT OF THE WORKFORCE

- Generally cannot require employees to accept a pay cut or unpaid furlough based on COVID-19. No change to primary principles of labour law
- Generally cannot lay off employees based on COVID-19
- Teleworking and flexible working hours are still subject to the same working-hour limits and overtime pay rules as in the office
- In the case of a shutdown or partial shutdown, generally employers must pay at least 70% of each employee’s average wage, unless this is done following a government order

SOUTH KOREA - GOVERNMENT SUPPORT SCHEMES

TYPE OF SUPPORT SCHEME

Mostly under the unemployment-insurance system

Quarantine Subsidy: If an employee is unable to work due to being hospitalised or quarantined, the employer can apply for a government subsidy to pay the employee.

Employment retention subsidy is intended to defray the cost of paying workers a shutdown allowance, rather than down-sizing (subject to eligibility).

Temporary family-care leave subsidy is for employees who take unpaid days off for family care.

HOW MUCH TO THE EMPLOYEE?

Quarantine Subsidy: KRW 130,000 (about USD 105) per day. An employer that applies for these subsidies is legally required to grant paid leave at least equal to the subsidy.

Employment retention subsidy:

- Cap: KRW 66,000 (almost USD 55) per employee per day, for up to 180 days per year
- For employers with fewer than 100 employees: 90% of shutdown allowance (within the cap)
- Employers with 100 or more employees: 2/3 of shutdown allowance (i.e. 70% of average wage)

Temporary family care leave subsidy: KRW 50,000 (about USD 40) per day with a cap of KRW 500,000.



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CHINA - OVERVIEW

STATUS QUO

- Daily new confirmed cases are at 50-60 on average per day nationwide, with less than 10 in any locality and the rest being cases coming from abroad. Since 28 March, entry by foreign nationals holding valid Chinese visas or residence permits has been temporarily suspended.
- Wuhan was locked down on 23 January but reopened on 8 April.
- Businesses are now starting to recover and schools in some cities have been reopening since the beginning of April.

CHINA - WORK RESUMPTION

GETTING BACK TO NORMAL

- In early February, when new cases were surging, companies allowed employees to **work from home or work flexibly**. They could only reopen offices with the approval of the local authority. Approval standards were rigid, e.g., employers needed to have sufficient face masks in stock and a work resumption plan covering the physical separation of employees during work.
- **Now 80% of SMEs have restarted work.** Public transport is back to normal, parks are reopening. Many companies, including restaurants and shopping centres are also returning to work. But control measures are still being taken everywhere, e.g., body temperature tests are needed before entering offices and the metro.
- **Employers must take appropriate measures to clean and safeguard the workplace.** This includes distributing face masks and disinfectant, and regularly disinfecting the workplace. Some companies also separate employees into groups, allowing only one group to work in the office at a time.

CHINA - CURRENT FOCUS

WAYS TO CUT COSTS

- Cost-saving arrangements, such as **reduced salary and unpaid leave** can be agreed with employees.
- Where employers have had to suspend operations and production and employees have no work to do, they should be paid their normal salary, if the suspension is contained within one full wage cycle. For longer suspensions, employees can be paid a reduced salary. Note that this arrangement **can be adopted by employers unilaterally**.
- The coronavirus itself is not grounds for employers to terminate or make large layoffs, but termination grounds such as **restructuring and mutual termination may be possible**, depending on the impact of the virus on the business.
- There are some **temporary governmental support measures** aimed at rebooting economic recovery, such as reducing employers' social insurance burden by postponing the annual adjustment of the contributions base, reducing the contribution rate, refunding trade union fees, etc.

HONG KONG – WHAT OF THE FUTURE?

ACCESSING SUPPORT AND COST-CUTTING

- Many businesses could start to apply for the anti-epidemic fund, where applicable
- Companies are looking into cost-saving options, such as:
 - unpaid leave
 - reduction in compensation
 - reduction in hours and corresponding reduction in compensation
 - temporary 'withholding' of remuneration
 - asking employees to take annual leave

SINGAPORE – WHAT OF THE FUTURE?

MEASURES YET TO BEAR FRUIT

- A second spike of cases started with the return of many students and citizens from Europe at the end of March 2020. These figures hovered at around 50-70 cases. However, between 7 April to 15 April alone, there were 2,324 new cases (with a large proportion from foreign workers' dormitories) with Singapore crossing the 3,500 mark in a very short time.
- The Government's intention is to enforce the rules very strictly to ensure they can be lifted on 5 May 2020. As such, containment remains the key strategy at this stage.
- Potentially greater negative impact on economy if the measures are extended beyond 4 May 2020.
- Government is ensuring global supply chains are in place and trade continues to “flow unimpeded.”

SOUTH KOREA – WHAT OF THE FUTURE?

FOCUSING ON THE EXIT STRATEGY

Government aims to transition to an **‘Everyday Prevention System’** phase

- Currently, an ‘Enhanced Social Distancing Campaign’ is in place.
- People are expressing fatigue due to the campaign, but government is unlikely to withdraw it before the general election on 15 April.
- The government suggests three criteria for a transition:
 - daily confirmed cases must be under 50
 - confirmed cases with an unclear infection route must be less than 5% of all confirmed cases
 - number of patients must decrease to half the current number.
- The government announces various subsidies and mitigating measures almost daily so additional measures are expected.

CHINA – WHAT OF THE FUTURE?

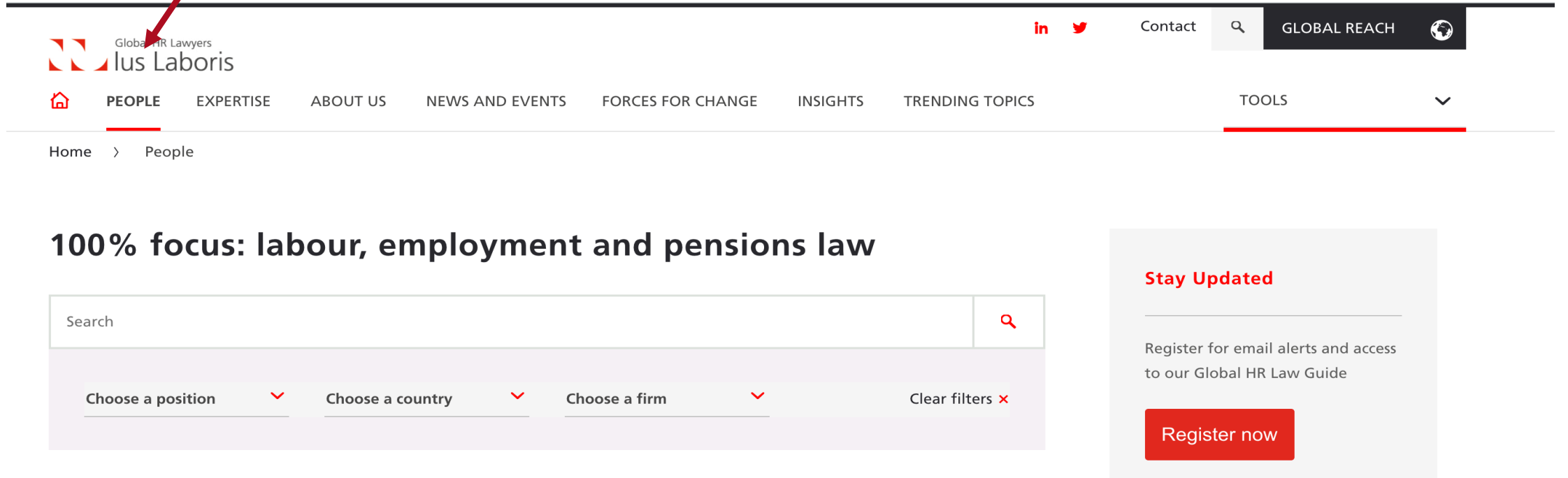
UNLOCKING

- Ongoing impact expected, especially for multi-nationals.
- There is no government funding scheme applicable to large groups of employees but a subsidy is available to front-line medical personnel and infected patients.
- Layoffs and restructurings are likely.
- Some employers will have to start looking at new ways of working, for instance, employee sharing.

ANY QUESTIONS?

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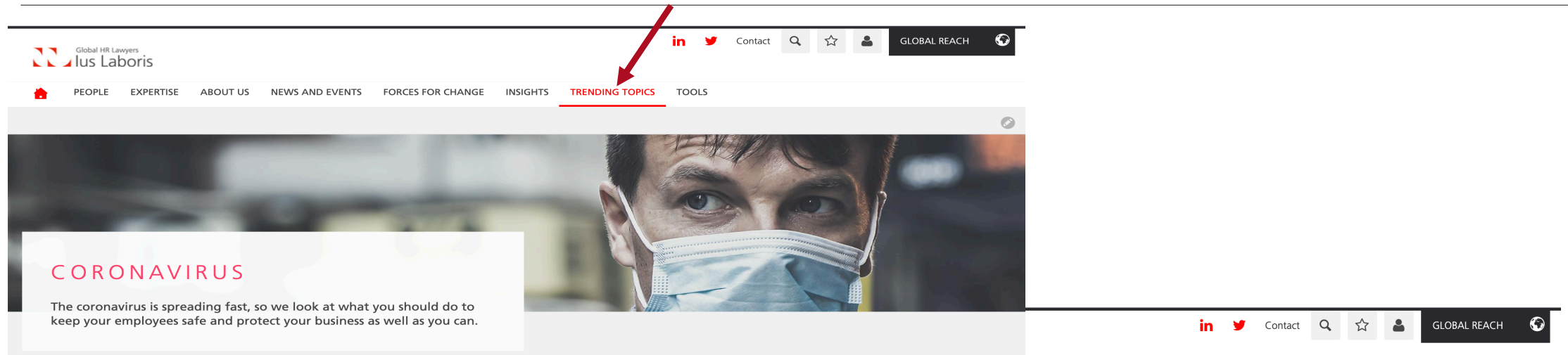
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Questions and comments also welcome: anni.laakso@iuslaboris.com

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