



**PERSEKUTUAN MAJIKAN-MAJIKAN MALAYSIA
MALAYSIAN EMPLOYERS FEDERATION**

Malaysia Business Response to COVID-19

by

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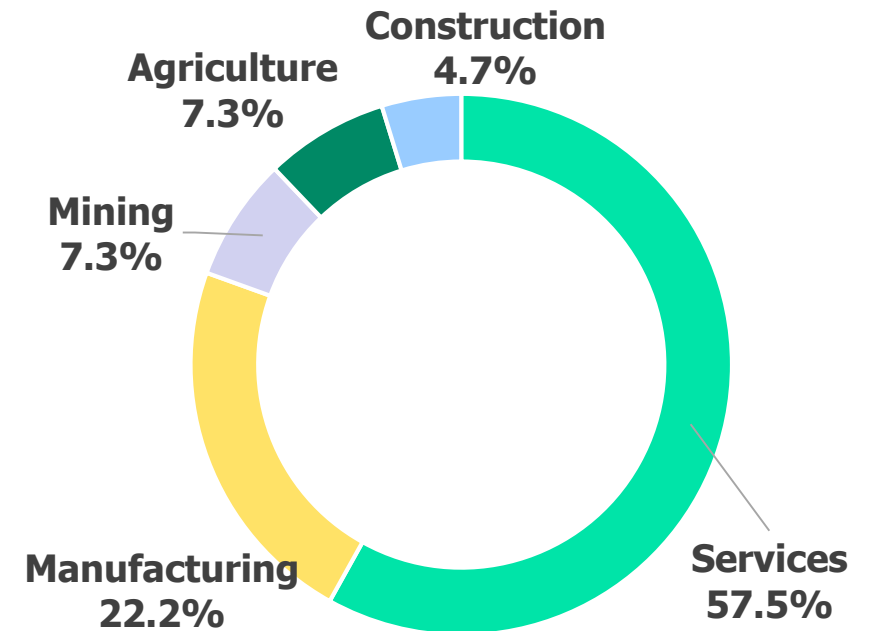
Pre COVID-19 :Economic Performance - 2019

	2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
GDP	4.7	4.5	4.9	4.4	3.6
Sectoral					
Agriculture	0.1	5.6	4.2	3.7	- 5.7
Mining	-2.6	-2.1	2.9	-4.3	- 2.5
Manufacturing	5.0	4.1	4.3	3.6	3.0
Construction	4.2	0.3	0.5	-1.5	1.0
Services	6.8	6.4	6.1	5.9	6.1

GDP growth in 2019 – 4.3%

GDP growth in 2020 – estimated 3.2% – 4.2%

GDP By Sector



Source: Malaysia Economic Monitor, December 2019 World Bank, Bank Negara Quarterly

GDP FORECAST –COVID 19

- Tun Dr Mahathir Mohamad on 27 Feb 2020: Malaysia revised Gross Domestic Product (GDP) growth to be in the range of 3.2% to 4.2% for 2020 due to the global economic scenario and Covid-19 impact
- Standard Chartered has cut its 2020 forecast for Malaysia's gross domestic product (GDP) growth to 2.5% from 4.2% as the demand outlook worsens more than expected

(Source: The Edge Markets 20 March 2020)



Status of COVID-19 as of 26 March 2020 @5pm

Number of New Cases	235
Total Cases	2,031
No. of Patients Cured and Discharged	215
Total Deaths	23
No. in ICU	45

Source: Ministry of Health Malaysia



2020 Economic Stimulus Package – 27 February 2020

- “Bolstering Confidence, Stimulating Growth, Protecting Jobs”
- 3 main strategies:
 - Mitigating impact of COVID-19 outbreak
 - restructuring and rescheduling of loans
 - deferment and revision of income tax estimation
 - service tax exemption for hotels
 - tax deduction on PPEs provided to employees
 - further deduction to hotel operators for training expenses
 - exemption from HRDF levy - 6 months
 - one-off cash incentive RM600 for taxi & tour bus drivers, tour guides



2020 Economic Stimulus Package – 27 February 2020

- **Catalysing economic growth**
 - Employees Provident Fund (EPF) Employee Contribution reduced by 4% percent from 11% to 7%
- **Promoting quality investment**
 - accelerating public investment
 - SME Automation And Digitalization Facility (ADF)



Movement Control Order (MCO) – from 18 March 2020

- Duration of MCO
 - from 18 March to 31 March 2020
- ERP under EIS
 - Pre condition of 30 days no pay before entitled to claim



Under MCO – Full Wages ?

- **ISSUE :**
- SHOULD EMPLOYERS PAY FULL SALARY DURING MCO?
- NO WORK NO PAY PRINCIPLE
- MEF position **win-win** formulation
 - (a) Employees may take up to 5 days annual leave or unpaid leave or combination of both; in the event the employee refuses to take annual leave or unpaid leave , employer may decide not to pay employee for up to 5 days, and,
 - (b) Employers may grant paid leave for the remaining 9 days.



Malaysia will face recession if partial lockdown extended, MIER warns

- Malaysian Institute of Economic Research (MIER)
 - Malaysia's real gross domestic product (GDP) may shrink by about 2.9% for 2020 compared to 2019
 - result in 2.4 million people losing their jobs
 - 67% estimated (presumably mainly non-salaried jobs) will be unskilled workers

Announcement of Second MCO

- Prime Minister announced 2nd MCO on 25 March 2020
- Government extended Movement Control Order (MCO) to April 14 from March 31st previously
- **Stimulus:** business and personal Bank loans given moratorium of 6 months



Impact of COVID-19 on air travel and hotels

- Malaysia Airports Holdings Bhd (MAHB)
 - 23.4% year-on-year (y-o-y) decline in number of passengers travelling through its airports in Malaysia
 - Malaysia Airlines recorded 63 percent flight cancellations
 - AirAsia suffered 70 percent cancellations, and
 - Malindo Air saw 510 flights cancelled
- Malaysian Hotel Association
 - >190,000 room bookings cancelled, translating into losses of more than RM75 million

Impact of COVID-19 on Airlines

- MAS
 - offering all employees the option of taking three months no-pay leave or five days no-pay leave per month for at least three months, starting April
 - 10 per cent pay cut for its senior management and forgo their allowances
- Malindo Air
 - ordered staff to take two weeks unpaid leave
 - 50% salary cut
 - asking vendors to delay payments
- Air Asia
 - pay cut
 - free munch and external training suspensions
 - duty travel restriction

- Stimulus Package 2
- (SP2) to be announced on 27 March 2020 by PM 3.00 pm