



Manufacturing Especially of Essential Goods and Exports Must Continue

Kuala Lumpur, March 17, 2020 – The Federation of Malaysian Manufacturers (FMM) takes note of the decision of the Government to institute a Restriction of Movement Order from March 18 to March 31, 2020. FMM is in full support of the need to contain the further spread of the outbreak in the interest of public health and safety.

However, the restriction of movement imposed on all private companies excluding the essential services may be too drastic a move as factories producing essential goods including the supporting supply chain of goods and services as well as companies with export order commitments need to continue operations as the repercussion of a total shutdown of operations would have very damaging effects on businesses as well as the economy.

FMM has continued to advise members to remain calm and focused in tackling the adverse impact caused by the COVID-19 and also to continue to ramp up production in the critical goods required such as food items, face masks, sanitisers, disinfectant, pharmaceutical, medical devices and personal protective equipment to support the Government in the fight against COVID-19.

FMM has submitted the list of essential goods as well as goods that are part of the supply chain to be exempted from the Restriction of Movement Order. In addition, in view of the challenges faced by manufacturer such as export commitments, incoming inputs/raw materials and operations that run on a 24/7 basis that are sensitive to sudden shutdown and restart such as kiln and smelting facilities in the iron and steel, aluminium, ceramics and cement industries, FMM has requested for all manufacturing activities to continue operations during this period. We have assured that companies would:

- Adopt safety and health Standard Operating Procedures;
- Regulate smaller work groups to minimise contact amongst employees;
- Spread distance between production staff with a minimum of one meter from each other;
- Allow non-essential staff to work from home;
- Cut down long hours of work including overtime; and
- Submit a list of employees required to be at the workplace to the National Security Council.

In this regard, FMM strongly appeals to the Government to exempt manufacturing to ensure business continuity and ability to support the economy during such unprecedented challenging times.

Concurrently, FMM appeals to the Government on the following:

1. Increase the fund allocation to contain the outbreak to RM1 billion to cater for patient care and treatment including ensuring sufficient hospital beds and equipment such as ventilators are available which is key in the treatment of affected patients. It is understood that the Sungai Buloh Hospital has been designated as the centre for infectious diseases as well as 12 other state hospitals equipped to handle COVID-19 cases. A contingency plan must be put in place to ensure that even hospitals at the district level as well as private hospitals are equipped to cater for situations when these designated hospitals are unable to cope.

2. Double the allocation under the 2020 Economic Stimulus Package Businesses to RM40 billion in view of that the situation has now escalated and more businesses are affected. We would like to take this opportunity to reiterate some of our comments to the stimulus package and our recommendations which we strongly believe should be considered as follows:
- i. On the Special Relief facility for SMEs introduced in the stimulus package, given the large number of SME establishments in the country, FMM is of the view that the allocation should be doubled to RM4 billion with a lower interest rate of 2% to allow more affected SMEs to tap on the Fund;
 - ii. On support to the business sector, to reconsider a 5% discount to all power consumers in commercial, industrial, agriculture and domestic sectors instead of the 2% announced on March 16, 2020. This would help lower business costs and sustain operations;
 - iii. Reintroduce the Goods and Services Tax (GST) at 3%;
 - iv. Bank Negara Malaysia to ensure that financial institutions do not pull back financing lines, especially to Small and Medium Enterprises (SMEs);
 - v. Grant exemption on import duty and sales tax on inputs of all essential goods
 - vi. Expanding market access by concluding the Regional Comprehensive Partnership Agreement (RCEP) and implementing Free Trade Agreements (FTAs) which have been signed such as the Comprehensive and Progressive Agreement for Trans Pacific Partnership (CPTPP) and removing the RM300,000 ceiling on the Market Development Grant (MDG);
 - vii. Banks to extend the payment terms to the affected companies by declassified non-performing loans from 3 months to 6 months;
 - viii. Boosting domestic consumption by expediting the approved local infrastructure and development projects such as the East Coast Rail Link (ECRL), KL-Singapore High-Speed Rail (HSR), Light Rail Transit 3, etc will have a profound multiplier effect on more than 100 industries in all other sectors especially the manufacturing sector.

In conclusion, FMM strongly believes that it is the collective action of all stakeholders including the business community that is most critical in ensuring that the situation does not escalate further and impact on the economy. FMM is doing its part in supporting the fight against COVID-19 and had pledged a contribution of RM50,000 in kind to the Sungai Buloh Hospital.



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President, Federation of Malaysian Manufacturers

FMM Advocates Transparency, Integrity and No Corruption

About FMM

The Federation of Malaysian Manufacturers (FMM) has been the voice of the Malaysian manufacturing sector since 1968. Representing over 10,000 member companies (3,000 direct and 7,000 indirect) from the manufacturing supply chain, FMM is actively engaged with government and its key agencies at Federal, State and local levels. FMM is also well-linked with international organisations, Malaysian businesses and civil society. Apart from benefitting from FMM's advocacy, FMM members enjoy value-add services, including training, business networking and trade opportunities as well as regular information updates.

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