



FMM 52nd ANNUAL GENERAL MEETING

Thursday, November 26, 2020 • 10.30 am • Wisma FMM

Speech by YBhg Tan Sri Dato' Soh Thian Lai, FMM President

A very good morning to:

1. FMM President Emeritus, Tan Sri Dr Lim Wee Chai; FMM Vice Presidents, Council Members, FMM Members, Ladies and gentlemen.
2. Welcome to the virtual 52nd Annual General Meeting of FMM. On behalf of the FMM, I would like to thank you for taking your time to join us today. Your support and confidence in us even in these uncertain times are the forces that propel FMM.
3. This is the first time FMM is conducting the AGM virtually in view of the extended CMCO which made it not possible to hold a physical AGM.
4. As we meet, the entire world is struggling with the Covid-19 pandemic. The Government and industries are trying to rebuild the economy in the midst of restricted movement orders and lockdowns to save lives.

Economic Overview

5. The COVID-19 pandemic has affected the globe and changed our way of life. Most major economies are in recession, leaving millions of people out of work.
6. The Malaysia economy, like most other economies, is affected by the COVID-19 pandemic.
7. Affected by the COVID-19 pandemic and the implementation of the movement control order (MCO), the Malaysian economy grew marginally at 0.7% in the first quarter of 2020 as gross domestic product growth, supported by the Services sector at 3.1% and Manufacturing at 1.5%.
8. In second quarter of 2020, the Malaysian economy contracted by 17.1%, mainly due to the lockdown containment efforts against COVID-19, as well as weak global demand, supply chain disruption and domestic consumption amidst a global economic downturn precipitated by the COVID-19 pandemic.
9. The Bank Negara third quarter report revealed that the Malaysian economy recorded a smaller contraction of 2.7% in the third quarter and the country's gross domestic product (GDP) is expected to recover in 2021 and to grow in the range of 6.5%-7.5%.



10. Growth in the manufacturing sector rebounded to 3.3% (2Q 2020: -18.3%), supported by a broad-based improvement across all the major manufacturing clusters in third quarter of 2020.

FMM'S Efforts And Activities During The MCO AND CMCO Period from March 2020 to June 2020

11. In March 2020, prompted by a rapid increase of COVID-19 cases in the country, the Malaysian Government issued the Movement Control Order (MCO) effective March 18, 2020 to May 3, 2020 and Conditional Movement Control Order (CMCO) from May 4 to June 9, 2020 nation-wide. During this period, as the voice of the industry, our top priority remains providing the best support to our industry via work from home. Among others, we have done the following:
 - i. FMM had been invited by Prime Minister's Office on March 25, 2020 to present our proposals to Prime Minister on the Economy Stimulus Packages.
 - ii. FMM assisted members actively and promptly on getting approvals from MITI to operate their factories. Besides working closely with MITI to identify businesses producing essential goods that are allowed by the National Security Council to continue operations.
 - iii. FMM met with several Ministries and Government agencies to provide feedback and recommendations on issues and challenges surrounding COVID-19 outbreak and post-MCO recovery plan.
 - iv. FMM provided members with numerous Advisories and Circulars to update and guide members on the latest Government Standard Operating Procedures, measures and initiatives.
 - v. FMM submitted its recommendations to the Government on the proposals for the Economic Stimulus Package 2020, appealed for further relaxation of conditions on several initiatives introduced in the Prihatin Rakyat Economic Stimulus Package, and provided views and proposals on recovery and mitigation plan against COVID-19.
 - vi. Notable achievements during the MCO also include obtaining exemption on import duty and sales tax for face mask, import and excise duties exemption to hand sanitiser manufacturers, waiver of storage charges and removal of charges for non-essential cargo by Port Klang, Johor, Penang and Sabah ports, waiver of penalty on late submission of returns and full remittance of penalties for payments made by June 30, 2020.



- vii. FMM had 23 meetings with Ministries and Agencies; issued 32 FMM Members' Advisory; 7 FMM Circulars; and 12 FMM Press Statement; sent 22 Letters to Government on FMM's Views; addressed 8 major MCO-related issues with MOHR, MOT and MOF; conducted 6 Surveys; responded to 22 FMM Press Media; provided 5 FMM feedbacks to Government Agencies and Others.
- viii. FMM donated RM49,840 worth of electrical goods to Hospital Sg. Buloh; 50,000 gloves to the State Disaster Management Committee of Sarawak; face masks to Menteri Besar Negeri Sembilan, Chief Police Officer of Negeri Sembilan, Seremban Health District Office, Klinik Kesihatan Seremban; facilitated members' donations to frontliners in appreciation of their efforts in combating the COVID-19 pandemic.

Mitigating Challenges and Regain Confidence in Government

12. As we know, although most of the businesses have resumed operations, the anticipated business recovery will be challenging and dependent on the overall improvement of the economy.

FMM noted that businesses, especially the SMEs are still very much cash strapped and financial assistance is most needed to sustain their business given the contraction in economic activities amidst the recovery from the COVID-19 pandemic. In August 2020, FMM appealed to the Prime Minister to extend the loan moratorium and Wage Subsidy Programme until December 2020.

On September 23, 2020, Prime Minister announced that under the Prihatin Supplementary Initiative Package (Kita Prihatin) package, the government extended the Wage Subsidy Programme until December with additional allocation under the Wage Subsidy Programme 2.0 of RM2.4 billion which is expected to benefit 1.3 million employees.

13. Other than the above, FMM appealed to the Ministry of Finance for further assistance, including a six-month moratorium on all Penjana financing schemes, one-year stamp duty exemptions on all loan and financing instruments starting July 1 and the extension of mergers and acquisitions (M&As) one-year stamp duty exemptions to M&As and partnership agreements signed prior to Covid-19 that have faced disruption due to the pandemic and MCO.
14. On the Employees' Minimum Standards of Housing, Accommodations and Amenities (Amendment) Act 2019 (Act 446), FMM reiterated its support for the enhancement to the law which in the long-term would be of a great benefit and advantage for the industry and the nation. However, in light of the current weak economic conditions, most industries are still struggling to sustain their business, FMM appealed to Ministry of Human Resources for additional time to allow necessary adjustment in compliance to the law.



15. Under the Budget 2021, FMM had proposed for the Government to consider income tax waivers for corporate and individuals, which will allow business to recoup and rebuild their business and consumers to have higher disposable income. Other items on the FMM wishlist included continuous support for technology and digitisation adoption; tax relief and assistance accorded to SMEs should be accessible to mid-tier companies for at least two years to help in their recovery; as well as the reinstatement of the goods and services tax (GST) at three per cent, with a threshold of RM500,000 and a transition period of six months.

On the Wage Subsidy Programme, FMM had proposed for the government to remove the 200 employees limit criteria and RM4,000 salary cap, and further expand the programme to include mid-tier companies by a restriction of perhaps not more than 800 workers.

16. As part of efforts to ensure uninterrupted supply of manufactured goods to be made available at national and regional levels, FMM has taken the lead to establish the ASEAN Manufacturing Network, a networking platform for manufacturing-related organisations in ASEAN to communicate and collaborate on strategies to restructure regional production networks.
17. The impact of Covid-19 has emerged as the top risk to global trade flows as it affects both supply and demand of goods. FMM reiterated its position as a strong advocate of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and urged the Government to ratify CPTPP early which will greatly contribute to post-pandemic recovery as it will help to drive growth and exports during current critical period.

FMM lauded the Government for signing the Regional Comprehensive Economic Partnership (RCEP) on November 15, 2020, during the 37th ASEAN Summit. FMM is a strong advocate of RCEP as we have always maintained that it will contribute significantly to Malaysian companies to improve market access, participate in new value chains, increase economic activities and strengthen supply chain links across Asia Pacific. FMM believes that RCEP will contribute greatly to the country's post-pandemic recovery by creating resilient supply chains.

18. Lately, we have seen increasing cases of COVID-19 and the country has entered into a third wave of battling the pandemic, which has posed another major challenge to the economy and threatens the momentum of the country's recovery.



19. Nevertheless, FMM has the confidence in Government's ability to contain Covid-19 pandemic and will extend its strong support towards the initiatives of the Government aimed at steering the economy and build the country's resilience. FMM will continue to engage with the Government agencies and other stakeholders to protect and advocate members' interest. We urge the businesses work hand-in-hand with the Government to embrace the new normal and move towards economic recovery to ensure future growth.

Conclusion

20. A detailed report of the activities carried out in the Financial Year 2019/2020 is contained in the FMM Annual Report, together with updates on our subsidiaries – the FMM Institute, FMM Services and GS1 Malaysia. Members are encouraged to go through the Report.
21. In concluding, allow me to say that FMM's recognition by the government and industry today is due to the dedicated people who contributed precious time to the work of FMM Council, Branch Committees and Working Committees. I would like to personally thank each and every one of you for supporting and sharing the responsibilities of making FMM an effective and respected organisation.
22. The FMM community – Council, Branches, Working Committees and the Secretariat - will continue to engage stakeholders, particularly the Government of Malaysia positively with transparency, accountability and integrity to move the Malaysian manufacturing sector and economy to greater heights. As such, I seek your continued support for FMM and its activities.
23. I would also like to take the opportunity to record my appreciation to a dedicated FMM Secretariat led by a CEO committed to the highest level of values.
24. Allow me to conclude on that note and proceed to the main agenda of this morning's Annual General Meeting.