

## **FMM 53rd ANNUAL GENERAL MEETING**

**Thursday, November 25, 2021 • 10.30 am • Wisma FMM**

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

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A very good morning to:

1. FMM President Emeritus, Tan Sri Lim Wee Chai; FMM Vice Presidents, Council Members, FMM Members, Ladies and gentlemen.
2. Welcome to the 53rd 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. When I addressed you virtually in November last year, I was looking forward to welcoming you in person in 2021 and I am glad to do so in today's AGM.

*Ladies and gentlemen*

### Economic Overview

4. Malaysia's economy grew by 16.1 per cent in the second quarter of 2021, compared to the second quarter of 2020 which contracted by 17.1%.
5. The economic performance in the second quarter of 2021 was supported by the continuous growth in the manufacturing sector and the rebound of service. Growth in the manufacturing sector expanded by 26.6% (1Q 21: 6.6%).
6. However, Bank Negara's third quarter report revealed that the Malaysian economy contracted by 4.5% in the third quarter of 2021 (2Q 2021: +16.1%). This was largely attributable to the strict containment measures particularly in July, under Phase 1 of the National Recovery Plan (NRP).
7. The manufacturing sector also contracted marginally by 0.8% (2Q 21: 26.6%) largely due to continued implementation of NRP Phase 1 in July in most states, as activities allowed to operate were restricted to essentials and global value chains

*Ladies and gentlemen*

FMM'S Efforts And Activities During The MCO, CMCO, FMCO, NRP Period

8. In light of the COVID-19 difficult business environment, FMM has stepped up its position as the voice of the manufacturing sector and focused on assisting members to manage both domestic and external challenges.
9. Since the implementation of various phases of the MCO in 2020, FMM had appealed for more financial relief, COVID-19 energy related relief, lifting of freeze on foreign workers recruitment to support business recovery, and extension of the moratorium on repayment of loans. Several of FMM's recommendations were taken up under the PEMULIH package and PEMERKASA Stimulus package.
10. In May 2021, FMM appealed to Government not to implement a total lockdown under MCO 3.0 and the Government on May 22, 2021 announced no total lockdown and instead, implemented stricter SOPs. But, one week later Government abruptly announced total lockdown due to Covid-19 pandemic cases had reached the uncontrollable level, only way was full lockdown to flatten the curve so that hospital facilities were able to handle.
11. During the NRP period, FMM also requested for critical industries such as iron, steel, cement, export based product (example automotive) as well as non-essential manufacturing industries to operate as we moved to Phase 2 of the NRP.
12. FMM had also put statements to clarify the misunderstanding of Covid-19 pandemic clusters which many including government ministries pin-pointed manufacturing as source of Covid-19 cases, but contrary to the fact by MOH that we are not the main contributor to positive cases because almost 70% were sporadic cases not from factory clusters .

FMM had proposed opening up of manufacturing and all industries based on vaccination rate to MOF Minister whom acting as National Recovery Council (MPN) Coordinator in July, and MPN adopted this proposal by end August.

*Ladies and gentlemen*

13. FMM continued to pursue members' concerns through regular meetings with key players in both Federal and State Governments. Because of the strong links FMM has with the government and its agencies, FMM was appointed into several key public policy-making and implementation bodies including the Economic Action Council, National Employment Council, National TVET Council and National Science Council all chaired by YAB Prime Minister where FMM was represented

by myself as FMM President. In addition, FMM was also appointed into Malaysia Standard & Accreditation Council, PEMUDAH (Special Task Force To Facilitate Business), Malaysian Investment Development Authority, Employees' Provident Fund, Social Security Organisation and HRD Corp, all of which provided effective channels to convey FMM views and to resolve the key issues faced by members.

14. Apart from various representations to government agencies at meetings, FMM actively highlighted its views to the public through press releases, press responses, TV interviews and FMM advisories/publications. During the period under review, FMM had issued 34 members' advisory, 41 press statements, provided 139 press responses, gave 9 media interviews and written 72 letters to Government, Ministries, agencies, including to YAB PM, to highlight the views of members. FMM also conducted 15 surveys to obtain the latest feedback on industry concerns on prevailing business conditions and emerging challenges.
15. As part of our Corporate Social Responsibility initiative and to support the Government in combating the health crisis as Covid-19 cases surged, FMM contributed 13 units of ventilators to the Ministry of Health, donated face masks and gloves to a government hospital, facilitated the donation of waiting chairs to hospitals and organised a blood donation. FMM also assisted flood victims in the East Coast through contributions to the Malaysian Red Crescent, Pahang state government and Malaysian Civil Defence Force.

*Ladies and gentlemen*

#### Mitigating Challenges and Regain Confidence in Government

16. With the reopening of economic sectors, businesses need to manage both operational and financial challenges, and to consider different scenarios for the potential trajectory of their recoveries. Hence, it is important for businesses to have an effective and sustainable continuity planning with recovery strategies, for business resilience and turn the COVID-19 crisis into opportunities.
17. To thrive, our members must stay ahead of their competition. Hence, we need to restructure the industry toward productivity-driven growth and reduce the reliance on foreign workers. To achieve that, all of us – the Government and the industry must work together to move higher up the value chain through the upgrading of the skills of our workforce. In this regard, the government has acknowledged that Technical and Vocational Education and Training (TVET) should be the main route to provide highly-skilled human resources. Hence, a Government-Industry TVET Coordination Body (GITC) has been established to coordinate the private sector involvement for TVET to be industry driven. I am pleased to inform that FMM was tasked by the National TVET Council to lead the GITC and has been appointed as its Protem Committee Chairman.

18. FMM believes that the economic growth after the COVID-19 pandemic can be accelerated through the opening of new export markets and early ratifications of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Regional Comprehensive Partnership Agreement (RCEP). Also, there is a need to revive the Malaysia – European Union Free Trade Agreement, and a FMM and EUROCHAM Malaysia Joint Task Force, co-chaired by FMM President and EUROCHAM Chairman, was formed to identify private sector inputs and to work with MITI and the EU Delegation to Malaysia. In addition, FMM has called on the Government to conclude negotiations on the Malaysia – European Free Trade Area Partnership (MEEPA), an important bilateral Free Trade Agreement with Iceland, Liechtenstein, Norway and Switzerland (EFTA states).

*Ladies and gentlemen*

#### Conclusion

19. 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.
20. 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 our economy to greater heights. As such, I seek your continued support for FMM and its activities.
21. I would also like to take the opportunity to record my appreciation to a dedicated FMM Secretariat led by a dedicated CEO committed to the highest level of values.
22. A detailed report of the activities carried out in the Financial Year 2020/2021 is contained in the FMM Annual Report, together with updates on our subsidiaries – the FMM Institute, and GS1 Malaysia. Members are encouraged to go through the Report.
23. Now, let us proceed to the main agenda of this morning's Annual General Meeting.