



ACCCIM Malaysia's Business and Economic
Conditions Survey (M-BECS) Report
(1H 2020 and 2H 2020F)

**中总 2020 上半年及 2020 下半年预测
马来西亚商业和经济状况调查报告**

6 August 2020

Executive Summary of Key Findings

The Associated Chinese Chambers of Commerce and Industry of Malaysia's (ACCCIM) Malaysia's Business and Economic Conditions Survey (M-BECS) was conducted **from mid-May 2020 to early July 2020, covering the first half-year of 2020 (Jan-Jun 2020) and expectations for the second half-year of 2020 (Jul-Dec 2020)**, has received **828 responses**.

During the implementation of Movement Control Order (MCO) to contain the Coronavirus Disease 2019 (COVID-19), ACCCIM via the Social-Economic Research Centre (SERC) has proactively conducted four Quick-Take Surveys (QTS) to gauge business community's feedback regarding the coronavirus's impact on business sector as well as the effectiveness of Government's counteract measures to limit the economic damage. The QTS results and feedback gathered have been submitted to the Government. The brief details of QTS were as follows:

1. **QTS on PRIHATIN Economic Stimulus Package and Retrenchment Plan** (Survey period: 29 March 2020 – 4 April 2020, received 2,041 responses)
2. **QTS on Preparation of Post MCO's Exit Strategy** (Survey period: 13 April 2020 – 21 April 2020, received 916 responses)
3. **QTS on Financial Impact due to the MCO's Extension** (Survey period: 24 April 2020 – 25 April 2020, received 323 responses)
4. **QTS on Reopening of Economy** (Survey period: 3 May 2020 – 6 May 2020, received 728 responses)

The **ACCCIM's M-BECS** is a good barometer to **gauge Malaysian business community's assessment and expectations about domestic business and economic conditions as well as their prospects**.

It covers questions to **measure expectations about the performance and prospects of economy and business, particularly during this unprecedented COVID-19 and MCO as well as post MCO**; identify **main factors affecting business performance**; and to gauge the **implications of current issues and challenges faced by businesses**.

An overview and summary of key findings of the survey are as follows:

Overall, M-BECS results showed that **most businesses have pessimistic views about economic and business conditions in 1H 2020** as inflicted by the unprecedented impact of the COVID-19 and MCO.

While PRIHATIN and PENJANA economic and financial packages have helped to limit economic damage and ease cash flow burden, **businesses' pessimism expectations are expected to continue in 2H 2020, albeit a marginal improvement**. At this juncture, the fragile economic and business environment remains highly vulnerable to new economic and financial shocks.

While **most respondents anticipate the economic recovery to take place in 2021**, some cautiousness still prevail given lingering concerns about the containment of virus (through the availability of vaccines); the effectiveness of the Government's stimulus and counteract measures; domestic political climate; and the recovery strength of our major trading partners.

1. **Sluggish business conditions in 1H 2020 due to the COVID-19 pandemic. A majority (78.2%) of respondents revealed that their business has worsened in 1H 2020**, reflecting the tough economic and business environment inflicted by the COVID-19 pandemic and the consequences of MCO (18 March to 3 May). Only 4.6% of respondents are better-off in their business performance while 17.2% registered a flat growth.
2. **There is a widespread pessimism on the Malaysian economy. The share of respondents having bleak views about the economy has spiked to 68.4% in 1H 2020 and will rise further to 68.9% for 2H 2020.** The 70.9% share of respondents' pessimism for 2020 is lower than the highest previous spike of such sentiment (76%¹) in 2008-2009 when the 2008-09 Global Financial Crisis unfolded.
3. **More than 60% of respondents in all sectors are pessimistic about 2020's economic conditions and prospects** due to the substantial economic damage on demand and supply caused by the virus outbreak in domestic and global economy.
4. **There is a glimpse of hope in 2021. Nearly all sectors have more than 60% of respondents hold a neutral view on economic conditions and prospects for 2021** amid lingering hope on the availability and affordability of vaccines. **The number of respondents having pessimistic views will decline to 24.5% in 2021** from 70.9% in 2020.
5. **A prolonged COVID-19 pandemic has pulled down respondents' expectations on business conditions and prospects.** 67.7% of respondents anticipate deteriorating business conditions and prospects in 2020; only 28.6% hold a neutral stand; and 3.8% of respondents expect positive business conditions and prospects. Despite they are expecting the economy to recover in 2021, a majority of the respondents (63.7%) do not expect a strong comeback, holding a neutral view.
6. **Businesses feel pessimistic about business conditions and prospects in 1H 2020** as indicated by **67.2% of respondents and the pessimism (64.3%) will continue in 2H 2020.** Nearly all non-essential business activities were completely halted during the MCO from 18 March to April before allowing economic sectors to reopen gradually starting 4 May under Conditional Movement Control Order (CMCO) and Recovery Movement Control Order (RMCO) since 10 June amid still facing a slow pace of recovery in consumer demand and operating cost challenges.

¹ Average pessimism voted in ACCCIM Survey Report 1H 2008 and ACCCIM Survey Report 2H 2008

7. **Businesses are generally expecting somewhat cautiously better business outlook in 2021:** (a) **Lesser number of respondents (23.1% vs. 67.7% in 2020) have pessimistic views** about business prospects in 2021; (b) A majority of respondents (63.7% vs. 28.6% in 2020) have a neutral view; and (c) Only 13.1% anticipate good business conditions in 2021 (3.8% in 2020).
8. On the cash flow conditions, **71.9% of respondent having cash flow problems in 1H 2020**, much higher compared to 42.2% in 2H 2019. **36.9% of respondents unable to cover fixed operational expenses for 3 months** while 41.3% can only last between 3-6 months. In addition, **42.8% of respondents are unable to cover debt/financing obligations for 3 months if the automatic loan moratorium is not extended.**
9. The **capacity utilisation rate of sectors surveyed has dropped drastically** due to a “sudden stop” in non-essential sectors during the MCO and also limited manpower capacity for the allowable operative essential sectors. Most respondents (48.1%) reported that their plants are operating below 50% in 1H 2020 and are expected to improve marginally in 2H 2020 amid the strict SOP still in place and a gradual recovery in demand.
10. **Business operations (production, sales and raw materials)** were generally in line with the business conditions.
 - (a) **Sales:** Overall sales performance was dampened as indicated by 65.8% of respondents and is expected to remain sluggish in 2H 2020 given still weak sales prospect.
 - (b) **Production:** Production level has dropped significantly in 1H 2020 due to the impact of COVID-19 and MCO, as reflected by more than half (52.7%) of respondents. The SOP and social distancing measures would restraint the production capacity for some time.
 - (c) **Raw materials:** Following the softening of global commodity prices, the percentage of respondents indicated an increase in cost of raw materials has dropped compared to previous surveys. Nevertheless, the shortage of raw materials has partially offset the effect as about half of respondents indicated an increase in cost of raw materials from domestic and overseas suppliers.
11. Clouded by the impact of COVID-19 and MCO, **most respondents have chosen to remain unchanged or reduced their capital expenditure in both 1H 2020 (66.3%) and 2H 2020 (68.3%).**
12. The **top five factors** that have impacted business performance are: (i) **Impact of COVID-19** (as ranked by 87.7% of total respondents); (ii) **Movement Control Order (MCO)** (82.5%); (iii) **High operating costs and cash flow problem** (44.1%); (iv) **Declining business and consumer sentiment** (44.0%); and (v) **Changing consumer behaviour** (43.1%).

13. The respondents were asked to provide **feedback and views on business impact and policy responses during the MCO, CMCO and RMCO as well as post COVID-19:**

- (a) **Almost 50% of respondents** expect the **Malaysian economy to recover in 1H 2021, albeit gradually, i.e. "U-shaped Recovery" in 2020-2021.** 40% of respondents expect an "L-shaped Recovery".
- (b) **A majority of respondents (71.4%) can survive the COVID-19-inflicted economic downturn,** though it is a tough journey ahead. However, about **a quarter of respondents have "difficulty to hang on",** depending on how lasting the impact of COVID-19. The M-BECS results showed that **68.4% of businesses need at least 4-12 months to recover post MCO.**
- (c) **The unprecedented COVID-19 outbreak has caused demand and supply shocks.** The supply chain disruptions have resulted in a reduction in customers' orders across all industries. In adapting to post COVID-19's new normal environment, the survey results revealed that **large enterprises are prepared to adopt more digitalisation, e-commerce and automation** (voted by 62.7% of large enterprises respondents) whereas **51.4% of SMEs are prepared to retool and re-engineer their business model.**
- (d) PRIHATIN Economic Stimulus Package provides a **timely assistance for all sectors to ease their financial burden.** 71.8% of respondents have benefitted from the Wage Subsidy Program, followed by the deferment of loan repayments (50.2%) and income tax deferment (44.1%).
- (e) **36.9% of respondents have tight cash flow problems and unable to cover business operations/productions, raw materials/inventory, manpower cost for 3 months** while **41.3% can only last within 3-6 months,** leaving 21.8% of respondents say can last for more than 6 months.
- (f) **Assuming there was no automatic six months loan/financing deferment for SMEs, 42.8% of respondents are unable to cover debt/financing obligations for 3 months** and 33.0% can only cover 3-6 months.
- (g) **Nearly two-thirds (66.3%) of respondents hope that the Government will consider to extend the payment deferment on SME loans/financing for an additional 3-6 months** as the business outlook remains cloudy in 2H 2020.
- (h) **For Budget 2021 expectations,** the respondents proposed the following measures to revitalise private investment and to sustain private consumption.
 - (i) **Stimulate private investment**
 1. **Reduce corporate tax rate to 22%** (24% currently) **for large companies** and **15%** (17% currently) **for SMEs** (voted by 83.9% of respondents)
 2. **A suspension of foreign workers' levy in 2021 or a 50% reduction in foreign levy** (46.7%) [Note: Levy on foreign workers was reduced by 25% for the period of 1 April to 31 December 2020 as announced in PRIHATIN Tambahan]

3. **Reintroduce the GST at 3% rate (40.3%)**
4. **Import duties reduction on machinery equipment related to automation or digitalisation (39.9%)**
5. **Extend Reinvestment Allowance (36.0%)** [Note: Special Reinvestment Allowance (RA) for the manufacturing and selected agriculture activity for YA 2020 and YA 2021 as announced in PENJANA]

(ii) **Sustain private consumption**

1. **A tax holiday for tax payers with taxable income below RM100,000 per annum for YA 2021 (voted by 72.6% of respondents)**
2. **Encourage domestic tourism via the exemption of tourism tax and service tax on accommodation as well as entertainment tax for parks (55.6%)** [Note: Tourism tax exemption from 1 July 2020 to 30 June 2021; Extension of service tax exemption for hotels to 30 June 2021 as announced in PENJANA]
3. **Reduce Real Property Gains Tax (RPGT); a 50% reduction in stamp duty for first-home buyers between 2021 and 2025 (54.2%)** [Note: Reintroduction of Home Ownership Campaign (HOC): Stamp duty exemption for property priced between RM300,000 and RM2.5 million subject to at least 10% price discount for S&P signed between 1 June 2020 and 31 May 2021; RPGT exemption for disposal of residential homes, limited to three units per individual from 1 June 2020 to 31 December 2021 as announced in PENJANA]
4. **Launch “Buy Malaysia made Products” every quarter using E-commerce platform (47.0%)** [Note: Provide promotional codes and discount vouchers through e-commerce platforms to encourage online spending under “Shop Malaysia Online”; Promote consumption of Malaysian made products and services with dedicated channels for local products on major digital platforms under National “Buy Malaysia” Campaign as announced in PENJANA]
5. **Collaborate with retailers to provide e-vouchers and shopping discount vouchers (39.7%)**
6. **Reduce the parcel delivery cost below 5kg (39.7%)**

调查报告摘要

中总 2020 上半年及 2020 下半年预测马来西亚商业和经济状况调查报告，于 2020 年 5 月中至 2020 年 7 月初进行，共收到 828 份问卷回复。

在行动管制令期间，中总通过社会经济研究中心（SERC）进行了 4 次快速调查，针对新冠病毒肺炎疫情对工商领域造成的影响，以及政府为减缓经济损失所采取的对策措施，收集商界的反馈。快速调查的结果和所收到的反馈，已呈交给政府。以下为快速调查的简要细节：

1. 关怀人民振兴经济配套及裁员计划快速调查（调查日期：2020 年 3 月 29 日至 4 月 4 日，共收到 2,041 份问卷答复）
2. 行动管制期之后的退场机制策略快速调查（调查日期：2020 年 4 月 13 日至 4 月 21 日，共收到 916 份问卷答复）
3. 行动管制令延长对财务影响（调查日期：2020 年 4 月 24 日至 4 月 25 日，共收到 323 份问卷答复）
4. 重新开放经济领域快速调查（调查日期：2020 年 5 月 3 日至 5 月 6 日，共收到 728 份问卷答复）

在收集马来西亚商家对于本地商业和经济状况以及前景的评估与期望，中总的马来西亚商业和经济状况调查报告是一个很好的指向标。

问卷中涵盖了一些衡量对经济和商业表现与前景期望的一些问题，尤其是在新冠肺炎病毒、行动管制令期间和行动管制令后；鉴定影响业务表现的主要因素；评估当前问题和企业面临的挑战。

问卷调查结果的概述和摘要如下：

整体而言，马来西亚商业和经济状况调查报告显示，由于新冠病毒肺炎和行动管制令所造成的空前影响，大多数商家对 2020 上半年的经济和商业状况保持悲观态度。

关怀人民振兴经济配套和经济复苏计划的经济与金融配套，协助减轻了经济损失和现金流动的负担。尽管已持续有所改善，但企业对 2020 下半年依然感到谨慎和悲观。在这个时刻，脆弱的经济和商业环境，非常容易受到新的经济和金融冲击的影响。

尽管大多数回复者预计经济将于 2021 年复苏，但由于大家对病毒的遏制一直存在担忧（通过疫苗供应），因此仍需谨慎行事；政府的振兴措施和对策的有效性；国内政治气候；我国主要贸易伙伴的复苏实力。

1. 由于新冠病毒肺炎疫情的关系，2020 上半年的商业状况不佳。大多数回复者（78.2%）表示，他们的业务状况在 2020 上半年变得更糟，这反映了新冠病毒肺炎疫情和行动管制令（3 月 18 日至 5 月 3 日）所引起的严峻经济和商业环境。仅有 4.6% 回复者的业务表现较好，而 17.2% 则表现持平。

2. 商家普遍对马来西亚的经济感到悲观，2020 上半年对经济前景感到悲观的回复者上升至 **68.4%**，并将在 2020 年下半年进一步上升至 **68.9%**。相比于 2008 至 2009 年金融危机时期的悲观情绪最高值（76%²），2020 年回复者的悲观情绪是较低的，占了 70.9%。
3. 由于国内和全球经济受到病毒爆发的影响，对需求和供应链造成巨大的经济伤害，**超过 60% 的所有领域回复者对 2020 年的经济状况和前景感到悲观。**
4. **2021 年将有一线希望**，几乎所有领域都有**超过 60% 的回复者对 2021 年的经济状况和前景持有中立看法**，因为人们对疫苗的出现和可承受性抱有希望。持有悲观态度的回复者将从 2020 年的 70.9% 下降至 **2021 年的 24.5%**。
5. 长时间的新冠病毒肺炎疫情，已经打击回复者对商业状况和前景的期望。67.7% 回复者预计 2020 年的商业状况和前景将会恶化，只有 28.6% 持有中立的立场，而 3.8% 的回复者则期望良好的商业状况和前景。尽管他们预计 2021 年经济将会复苏，但大多数回复者（63.7%）预计不会强劲反弹，持有中立看法。
6. **67.2% 的回复者对 2020 上半年的商业状况和前景感到悲观，而这悲观情绪（64.3%）将会持续至 2020 下半年。**5 月 4 日有条件行动管制令和自 6 月 10 日起的复原行动管制令允许经济领域逐步重新启动，但几乎所有非关键领域商业活动在 3 月 18 日至 4 月的行动管制令期间完全暂停，所以在消费者需求和运营成本挑战上，仍然处于缓慢复苏的过程。
7. 商家普遍对 2021 年的商业前景持有谨慎乐观的态度：(a) 对 2021 年商业前景持有悲观态度的回复者较少（**23.1% vs 2020 年的 67.7%**）；(b) 大多数回复者持有中立看法（63.7% vs 2020 年的 28.6%）；(c) 预计 2021 年拥有良好商业状况的只有 13.1%（2020 年为 3.8%）。
8. 在现金流的情况上，有 **71.9% 的回复者在 2020 上半年面对现金流的问题**。**36.9% 的回复者无法支付 3 个月的固定运营费用**，而 41.3% 的回复者则只能维持 3 至 6 个月。此外，如果不延长自动暂停偿还贷款的期限，则有 **42.8% 的回复者无法承担 3 个月的债务或融资。**
9. 由于非关键领域在行动管制令期间“突然暂停”，以及允许运营关键领域的产能和人力有限，**参与此调查的领域的产能利用率急剧下降**。大多数回复者（48.1%）表示，他们的工厂运营在 2020 上半年是低于 50% 的。由于实行严格的标准作业程序和需求的逐步恢复，预计 2020 下半年将有所改善。
10. **企业运作（生产、销售和原材料）普遍符合商业状况。**
 - (a) **销售**：65.8% 的回复者表示整体销售表现受到影响，由于销售前景依然疲弱，预计 2020 年下半年仍将保持低迷。
 - (b) **生产**：由于新冠病毒肺炎疫情和行动管制令的影响，2020 上半年的生产水平已大幅下降，超过一半以上的回复者（52.7%）反映了这个问题。标准作业程序和社交距离措施，将在一段时间内限制生产力。

² 中总 2008 上半年和下半年调查报告的平均悲观值

(c) **原材料**：在全球商品价格疲软之后，相较于之前所做的调查，表示原材料成本上涨的回复者比例有所下降。然而，原材料短缺问题已经抵消了相关效应，因为大约一半的回复者表示国内和国外供应商的原材料成本上涨。

11. 在新冠肺炎和行动管制令的影响下，大多数回复者选择在 **2020 上半年（66.3%）和 2020 下半年（68.3%）维持或减少资本支出。**

12. 影响商业表现的首 **5 个因素是：新冠肺炎的影响（占总回复者的 87.7%）、行动管制令（82.5%）、高运营成本和现金流问题（44.1%）、商业和消费者情绪下降（44.0%），以及消费者习惯改变（43.1%）。**

13. 在行动管制令、有条件行动管制令、复原行动管制令和新冠肺炎疫情后，要求回复者针对商业影响和政策的反馈和观点：

(a) 尽管经济逐步稳定和复苏，但将近 **50%**的回复者预计马来西亚的经济将于 **2021 上半年**回复，即 **2020 至 2021 年的“U 型复苏”**。40%的回复者则预计“L 型复苏”。

(b) 在新冠肺炎造成的经济衰退下，尽管非常艰难，但大多数回复者（**71.4%**）仍可以生存。但是，大约有四分之一的回复者“难以坚持”，这取决于新冠肺炎的影响维持多久。马来西亚商业和经济状况调查报告结果显示，在行动管制令后，有 **68.4%**的企业至少需要 **4 至 12 个月**才能恢复。

(c) 前所未有的新冠肺炎爆发，冲击了需求和供应链。供应链中断导致所有行业的客户订单减少。为了适应新冠肺炎后的新常态，调查结果显示大型企业已准备采用更多数字化、电子商务和自动化（**62.7%**大型企业），而 **51.4%**的中小型企业则准备重组和调整他们的商业模式。

(d) 关怀人民振兴经济配套为所有领域提供了及时的援助，以减轻他们的财政负担。**71.8%**的回复者受益于工资补贴计划，紧接着是延长偿还贷款期限（**50.2%**）和延迟交税（**44.1%**）。

(e) **36.9%**的回复者面对现金流紧张和无法负担 **3 个月**的业务运营或生产、原材料或库存，以及三个月的人力成本问题。**41.3%**的回复者只能维持 **3 至 6 个月**，剩余 **21.8%**的回复者则表示可以维持超过 **6 个月**。

(f) 假设中小型企业没有 **6 个月**的延长偿还贷款期限，**42.8%**的回复者无法偿还 **3 个月**的债务或融资，而 **33%**的回复者只能维持 **3 至 6 个月**。

(g) 将近三分之二（**66.3%**）的回复者希望政府考虑将中小型企业贷款或融资偿还期限，再延长 **3 至 6 个月**，因为 **2020 下半年**的商业前景黯淡。

(h) 对于 2021 年财政预算案的期望，回复者建议了以下措施，以振兴私人投资和维持私人消费：

(i) 刺激私人投资

1. 降低大型企业的企业税至 **22%**（目前为 24%），以及中小型企业的企业税至 **15%**（目前为 17%）（由 83.9% 回复者投出）。
2. **2021 年暂停征收外劳人头税或减少 50%**（46.7%）[备注：关怀人民振兴经济配套（增加版）已宣布，2020 年 4 月 1 日至 12 月 31 日，外劳人头税减少 25%]
3. **重新推行 3% 的消费税**（40.3%）。
4. **降低与自动化或数字化相关机械装备的进口关税**（39.9%）
5. **延长再投资津贴 (36.0%)** [备注：国家经济重振计划宣布 2020 和 2021 课税年，制造业和特定农业活动将享有特别再投资津贴]

(ii) 维持私人消费

1. 在 **2021 课税年**，年收入低于 **10 万令吉**的纳税人可免税（72.6%）
2. **通过豁免旅游税、酒店服务税和主题公园娱乐税，鼓励国内旅游**（55.6%）
[备注：国家经济重振计划宣布，2020 年 7 月 1 日至 2021 年 6 月 30 日豁免旅游税；延长豁免酒店服务税至 2021 年 6 月 30 日]
3. **减少产业盈利税；2021 至 2025 年首次购屋者的印花税减少 50%**（54.2%）
[备注：国家经济重振计划宣布重新推行拥有房屋运动；介于 30 万至 250 万令吉的房产免印花税，并于 2020 年 6 月 1 日至 2021 年 5 月 31 日签署的买卖合同将享有至少 10% 的折扣；自 2020 年 6 月 1 日至 2021 年 12 月 31 日，出售住宅可豁免产业盈利税，每人仅限 3 间]
4. **每个季度使用电子商务平台，推介“购买国货”**（47.0%）[备注：国家经济重振计划宣布，通过电子商务平台提供促销代码和折扣券，以“线上购买国货”计划，鼓励线上消费；在“购买马来西亚计划”下，通过主要数字平台上的本地产品专用渠道，促进马来西亚制造产品和服务的消费]
5. **与零售商合作，提供电子优惠券和购物折扣券** (39.7%)
6. **降低少于 5 公斤的包裹运输成本** (39.7%)

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1. INTRODUCTION

1.1 Background

The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM)'s Bi-Annual Survey on Malaysia's Economic Situation, which was launched since 1992, is being recognized as an **important barometer to gauge Malaysian business community's assessment and expectations about domestic business and economic conditions as well as their prospects.**

Starting 1 January 2019, the survey was renamed as **Malaysia's Business and Economic Conditions Survey (M-BECS).** This survey, covering **the first half-year (Jan-Jun) of 2020 (1H 2020) and expectations for the second half-year (Jul-Dec) of 2020 (2H 2020F),** encompasses the following scopes:

- i. **Economic and Business Performance and Outlook;**
- ii. **Factors Affecting Business Performance;** and
- iii. **Current Issues Confronting Businesses**

1.2 Significance of the Survey

This Survey intends to **complement as well as fill in the gap of existing surveys compiled by various private organizations,** namely the Malaysian Institute of Economic Research (MIER), the Federation of Malaysian Manufacturers (FMM), RAM Holdings Berhad, etc. The survey findings would also be used to supplement the primary data and statistics of the Department of Statistics Malaysia (DOSM) when gauging Malaysia's overall economic and business conditions.

As the Chinese business community plays an important contribution in Malaysia's overall economic and business development, **ACCCIM, being a major national organization representing Malaysian Chinese business community,** takes the initiative to **assist the Government in gauging the perspectives of business community about current economic and business conditions as well as their prospects.** It also attempts to obtain feedback and suggestions regarding the issues and problems faced as well as how they view the measures and initiatives implemented by the Government. This helps the Government to gauge the effectiveness of public policies implemented and hence, would consider to make the necessary adjustments for future policy formulation.

The survey results also **provide a basis or an input for ACCCIM to prepare memoranda concerning economic issues, including public policies impacting Malaysia's business community** for submission to the Government and relevant Ministries for their consideration. The report also serves as a source of reference for the Government, researchers, business community and investors in the formulation of public policy, business expansion and investment planning.

2. SURVEY METHODOLOGY

The survey period covering the **first half-year (Jan-Jun) of 2020 (1H 2020) and expectations for the second half-year (Jul-Dec) of 2020 (2H 2020F)** is to gather respondents' assessment of their business performance and economic outlook, including views about current issues and challenges faced by Malaysian business community. The survey questionnaire is divided into three sections as follows:

Section A: Business Background, which captures the profile of businesses – type of principal business activity and its size of business operations; share of total sales in domestic vs. overseas market; number of employees and the proportion of local vs. foreign workers to total employment.

Section B: Overall Assessment is divided into two sub-sections:

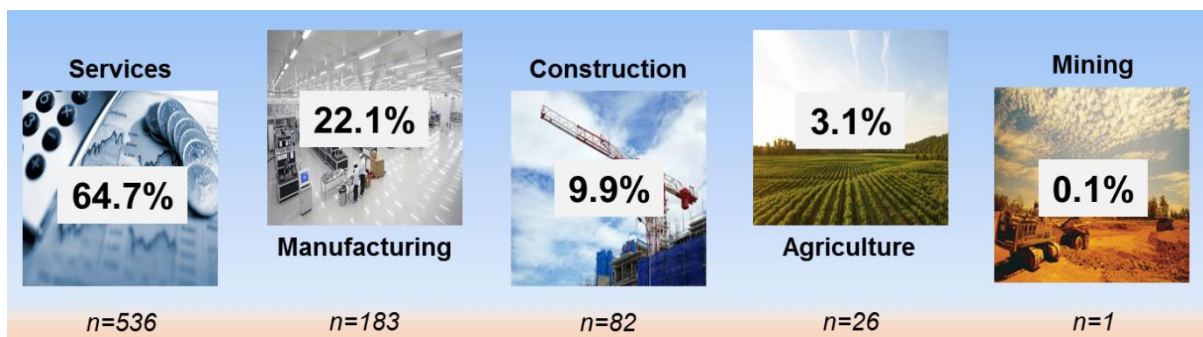
- (1) Identify what are the major factors affecting the business performance; and
- (2) Track the performance and outlook of economic and business conditions.

Section C: Current Issues, which focus on **Business Impact and Government's Policy Responses during the Movement Control Order (MCO) and Post COVID-19**.

To obtain a more representative coverage, the questionnaires were distributed to direct and indirect memberships of ACCCIM Constituent Chambers, which comprise Malaysian Chinese companies, individuals and trade associations. As most of the prominent Chinese businessmen are committee/council members of ACCCIM either at the national or state levels; hence, their participation would enhance the representation of Chinese business community. The questionnaires were also outreached to Chinese businesses nationwide to solicit their feedback via Google Form and the distribution of hard copies.

A total of **828 active responses** were received from **mid-May 2020 to early July 2020**, covering a broad-based of sectors and industries.

(i) By sector and industry (n=828 companies)



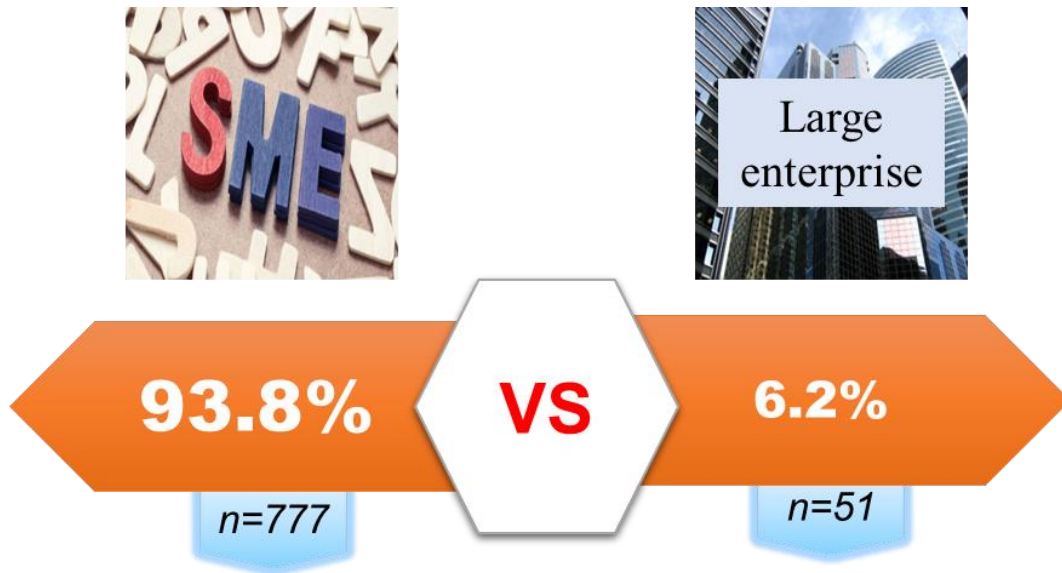
(ii) By size of business operations³

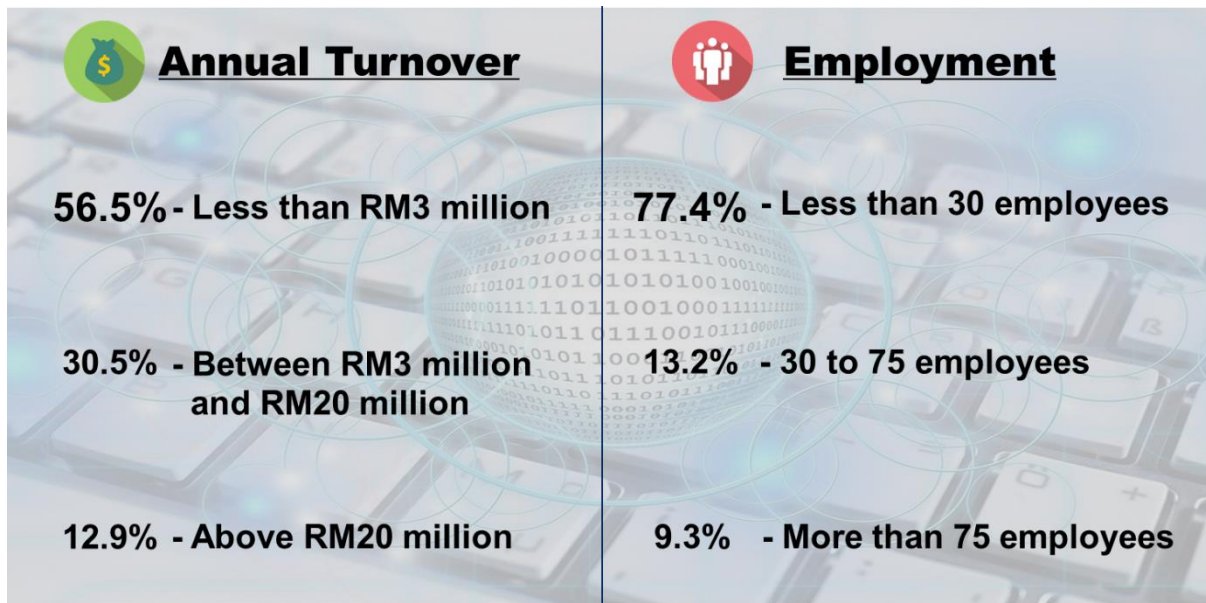
Table 1: Breakdown of respondents by sector/industry and size of business operations

| Sector and industry | Percentage (%) | Large enterprises (%) | SMEs (%) |
|--|--------------------|-----------------------|----------|
| Services | 64.7 | 5.2 | 94.8 |
| Wholesale and retail trade | 20.9 | 6.9 | 93.1 |
| Professional and business services | 13.2 | 1.8 | 98.2 |
| Tourism, shopping, hotels, restaurants, recreation and entertainment | 8.6 | 4.2 | 95.8 |
| Trading (imports and exports) | 5.4 | 6.7 | 93.3 |
| Information and communications technology (ICT) | 5.1 | 2.4 | 97.6 |
| Real estate | 4.6 | 7.9 | 92.1 |
| Transportation, forwarding and warehousing | 3.7 | 9.7 | 90.3 |
| Finance and insurance | 3.3 | 3.7 | 96.3 |
| Manufacturing | 22.1 | 8.2 | 91.8 |
| Construction | 9.9 | 6.1 | 93.9 |
| Agriculture, forestry and fishery | 3.1 | 11.5 | 88.5 |
| Mining and quarrying | 0.1 | 0.0 | 100.0 |
| Total (sample size, n) | 100.0 (828) | | |

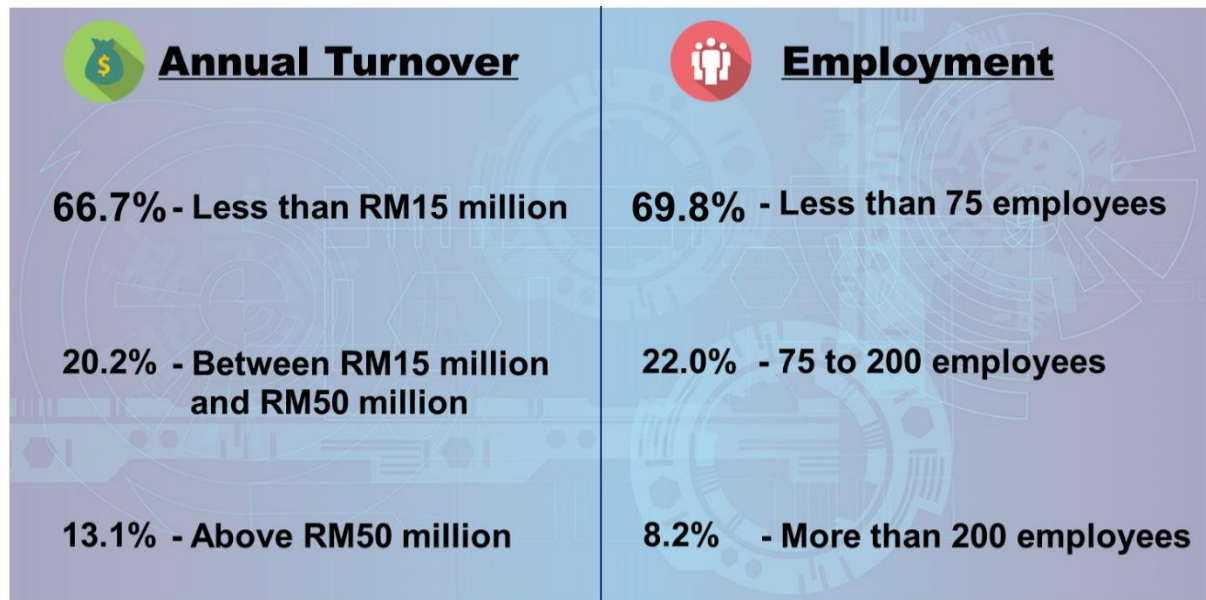
³ A business will be deemed as an SME if it meets either one of the two specified qualifying criteria, namely sales turnover or full-time employees, whichever is lower basis, as endorsed by the National SME Development Council (NSDC) and published by SME Corporation Malaysia in 2013. For a detailed definition, please refer to Appendix 2

(iii) By annual turnover and employment⁴

For Broad Services sector (n=534):

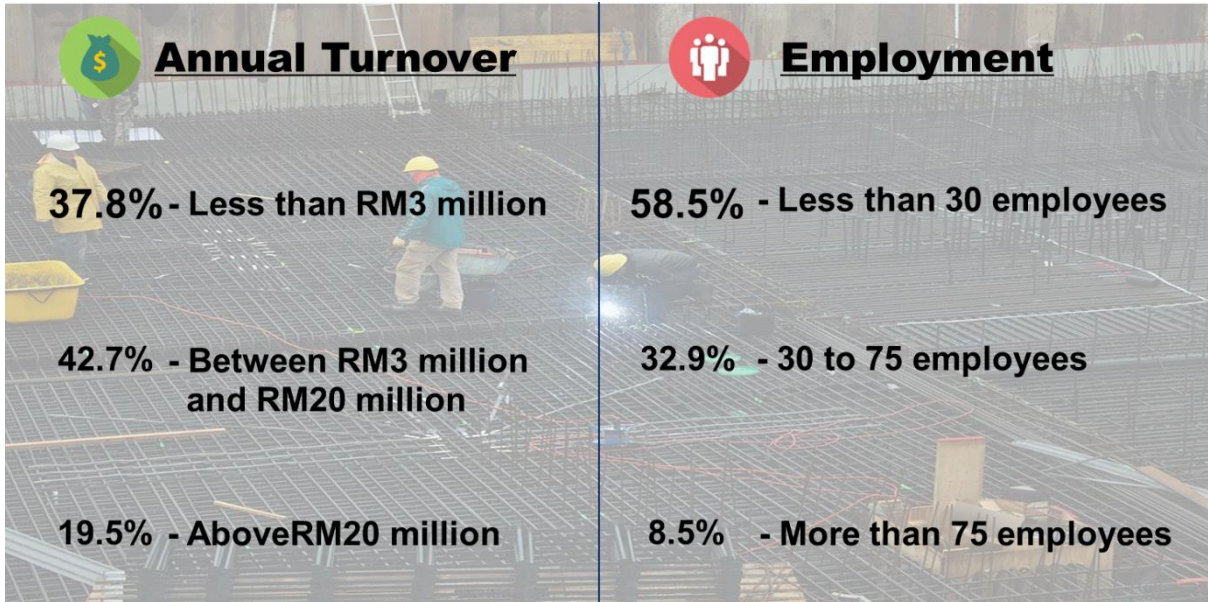


For manufacturing sector (n=182):

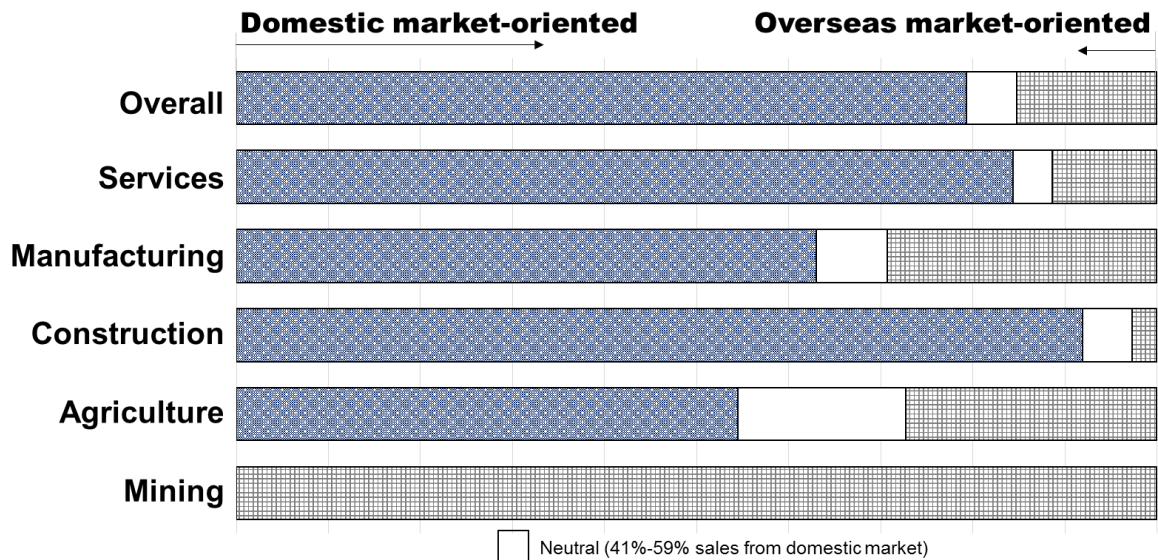


⁴ Agriculture and mining sectors are omitted due to a low number of respondents; numbers may not add up due to rounding.

For Construction sector (n=82):

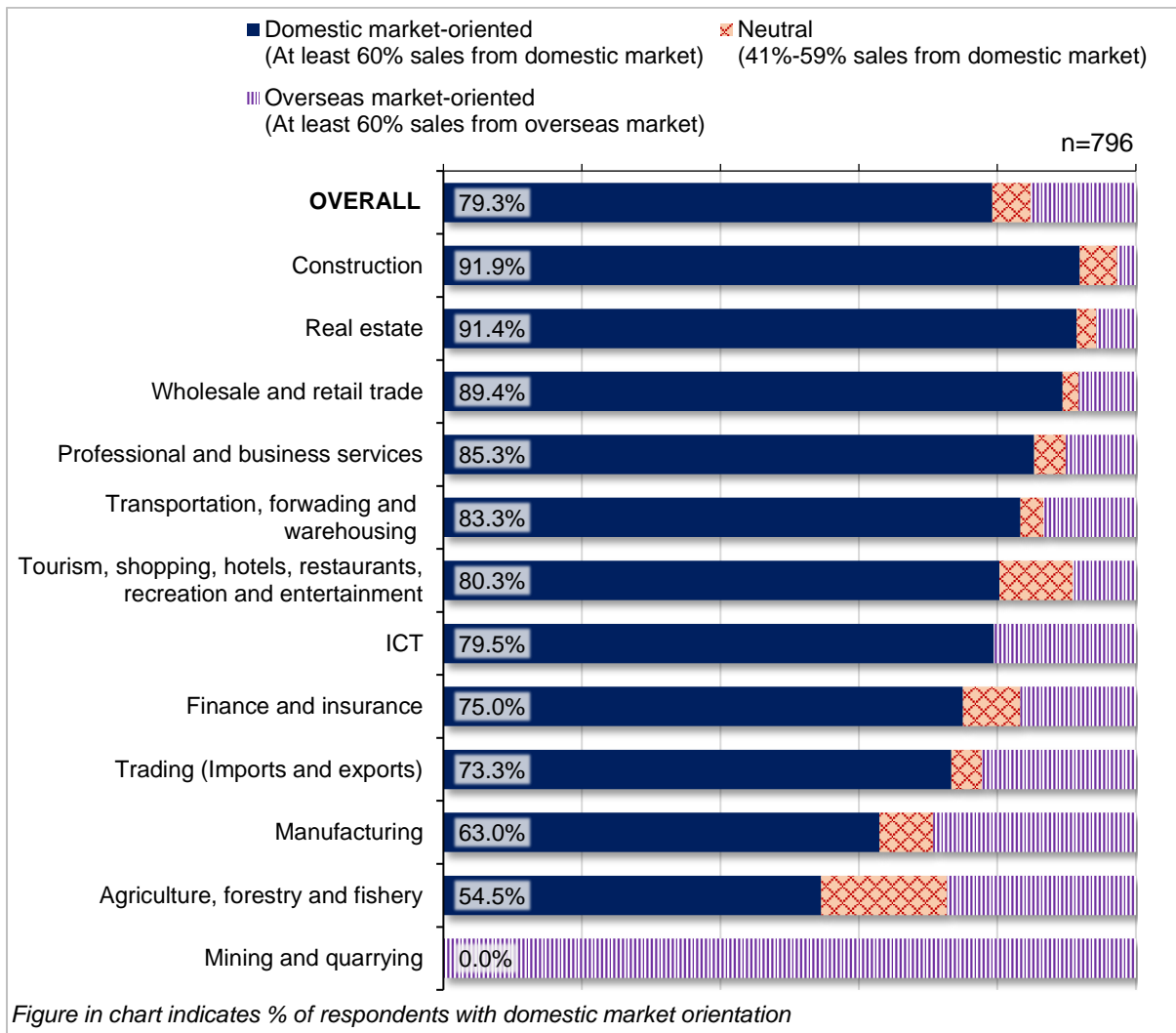


(iv) By sales orientation (domestic market-oriented vs. overseas market-oriented)



Note: Domestic market-oriented indicates at least 60% of total sales are generated from domestic market; overseas market-oriented indicates at least 60% of sales generated from overseas market.

Figure 1: Breakdown of respondents by sales orientation

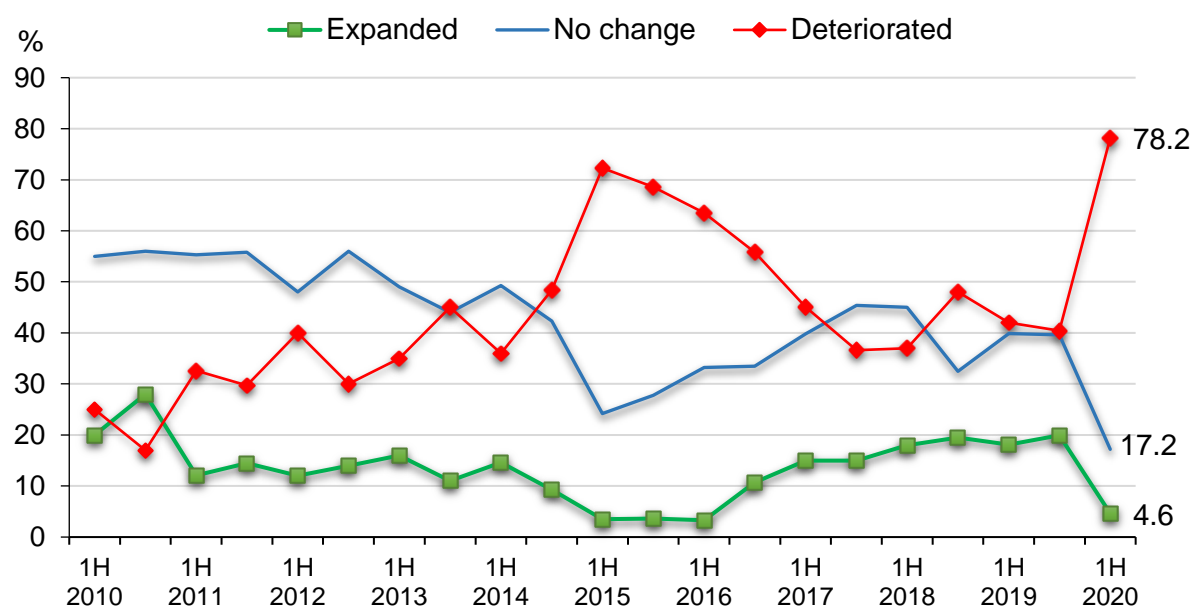


3. SENTIMENT TRACKER

3.1 Business Assessment in 1H 2020

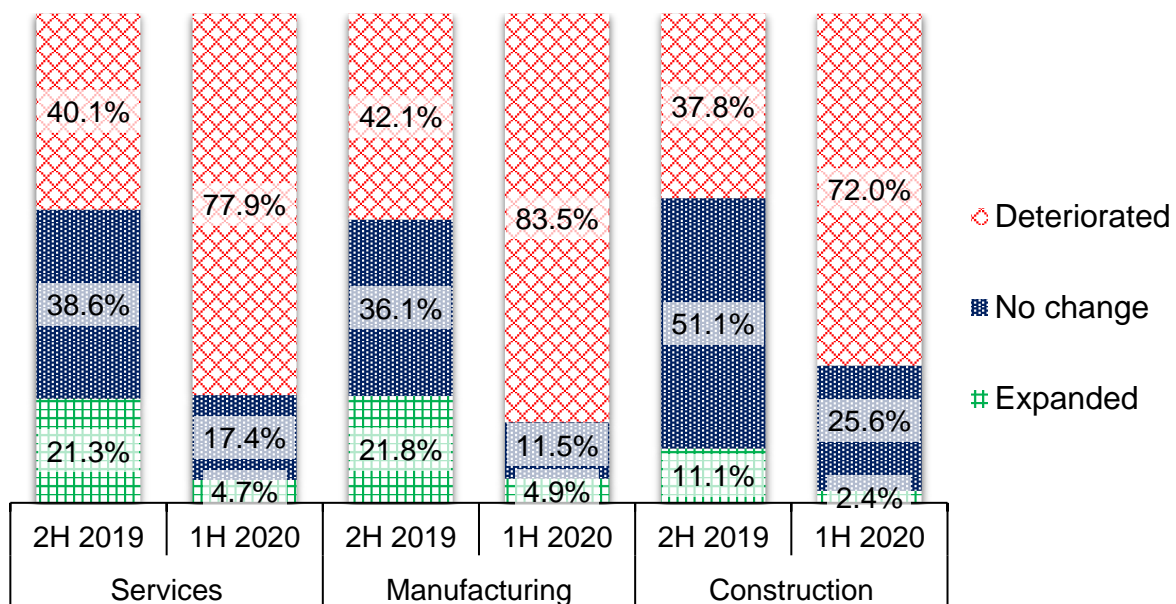
- A majority (78.2%) of respondents revealed that **their business has worsened in 1H 2020**, reflecting the tough economic and business environment inflicted by the COVID-19 pandemic and the consequences of Movement Control Order (MCO). Only 4.6% of respondents are better-off in their business performance while 17.2% registered a flat growth.
- The coronavirus pandemic has dampened business sentiments as reflected in MIER's Business Conditions Index (BCI), which was down to 83.0 in 1Q 2020 from 88.3 in 4Q 2019. We expect a sharp plunge in BCI in 2Q as the full impact of MCO on business conditions will be felt in April while the economic sectors were gradually reopened starting 4 May under CMCO.
- The survey results revealed that **more than half of respondents' business conditions have deteriorated in all sectors** due to demand and supply shocks, including supply chain disruptions. Amongst the sectors⁵ having more than 80% of respondents indicated deteriorating business conditions were **tourism, shopping, hotels, restaurants, recreation and entertainment (87.3%), manufacturing (83.5%), professional and business services (82.6%)** and **wholesale and retail trade (82.1%)**.
- With the exception of finance and insurance industry, **all other sectors have less than 10% of respondents reported positive business growth.**

Figure 2: Malaysia's business conditions in 2010-1H 2020



⁵ Only accounted for sectors with a sample size above 30, which is also applied for the rest of the report.

Figure 3: Business conditions in 1H 2020 compared to 2H 2019 by sector



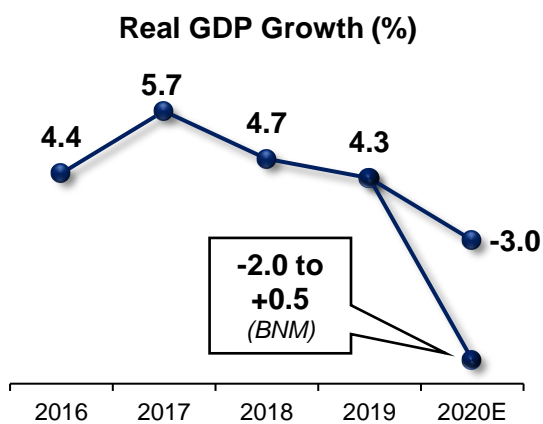
3.2 Economic Conditions and Prospects

- The survey results revealed a **widespread pessimism on the Malaysian economy**. The share of respondents **having bleak views about the economy has spiked to 68.4% in 1H 2020 and will rise further to 68.9% for 2H 2020**. The 70.9% share of respondents' economic pessimism in 2020 is lower than the highest previous spike of such sentiment (76%⁶) in 2008-2009 when the 2008-09 Global Financial Crisis (GFC) unfolded.
- **More than 60% of respondents in all sectors are pessimistic about 2020's economic conditions and prospects** due to the substantial economic damage on demand and supply caused by the virus outbreak in domestic and global economy.
- **There is a glimpse of hope in 2021. Nearly all sectors have more than 60% of respondents hold a neutral view on economic conditions and prospects for 2021** amid lingering hope on the availability and affordability of vaccines. The **number of respondents having pessimistic views will decline to 24.5% in 2021 from 70.9% in 2020**.
- SERC expects **the worst of economic contraction to hit the trough in 2Q 2020** due largely to the full impact of MCO in April and a gradual reopening of economic sectors starting May amid the healing time to revive consumers' and businesses' confidence post COVID-19's recovery. High unemployment rate (5.3% in May), massive retrenchments and income losses will continue to dent consumer spending amid some buffers from cash assistance, loan moratorium and EPF's i-Lestari. Businesses are still struggling with 3 Cs (Cash flow, Costs and Credit).

⁶ Average pessimism voted in ACCCIM Survey Report 1H 2008 and ACCCIM Survey Report 2H 2008

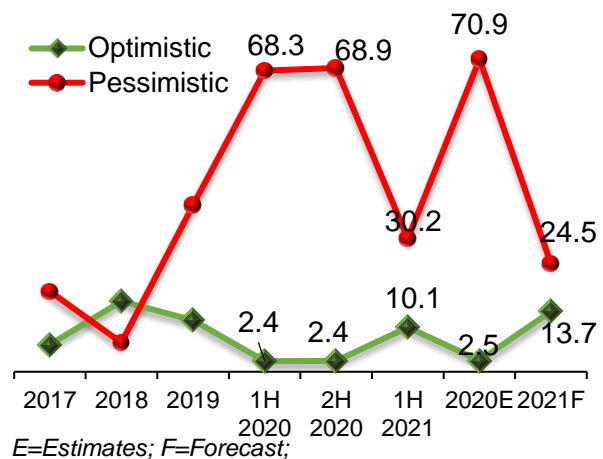
- The **RM295.0 billion or 21.1% of GDP PRIHATIN Economic Stimulus Package and PENJANA Short-term Economic Recovery Plan**, which have provided timely cash assistance and financial relief (such as Bantuan Prihatin Nasional (BPN), Employment Retention Program (ERP), Wage Subsidy Program, loan moratorium, EPF's i-Lestari and various loan programs for SMEs and special grant for micro enterprises) are expected to limit the financial and economic damage on economy, households and businesses. It is expected to contribute between 3.0%-4.0% pts to overall GDP growth this year. Overall, **SERC estimates 2020's GDP growth will contract by 3.0% in 2020** (+4.3% in 2019) and **will recover to 5.5% in 2021**, contingent on an expected recovery in global growth to 5.4% in 2021 from -4.9% in 2020 (source: IMF) and the diminishing risk of coronavirus due to the availability of vaccines and positive impact of worldwide Governments' and central banks' ultra large fiscal and monetary stimuli.

Figure 4: Malaysia's economic growth



Source: DOSM; SERC estimates

Figure 5: Respondents' views about the economy



E=Estimates; F=Forecast;

Figure 6: Economic prospects in 2020E-2021F by major sectors

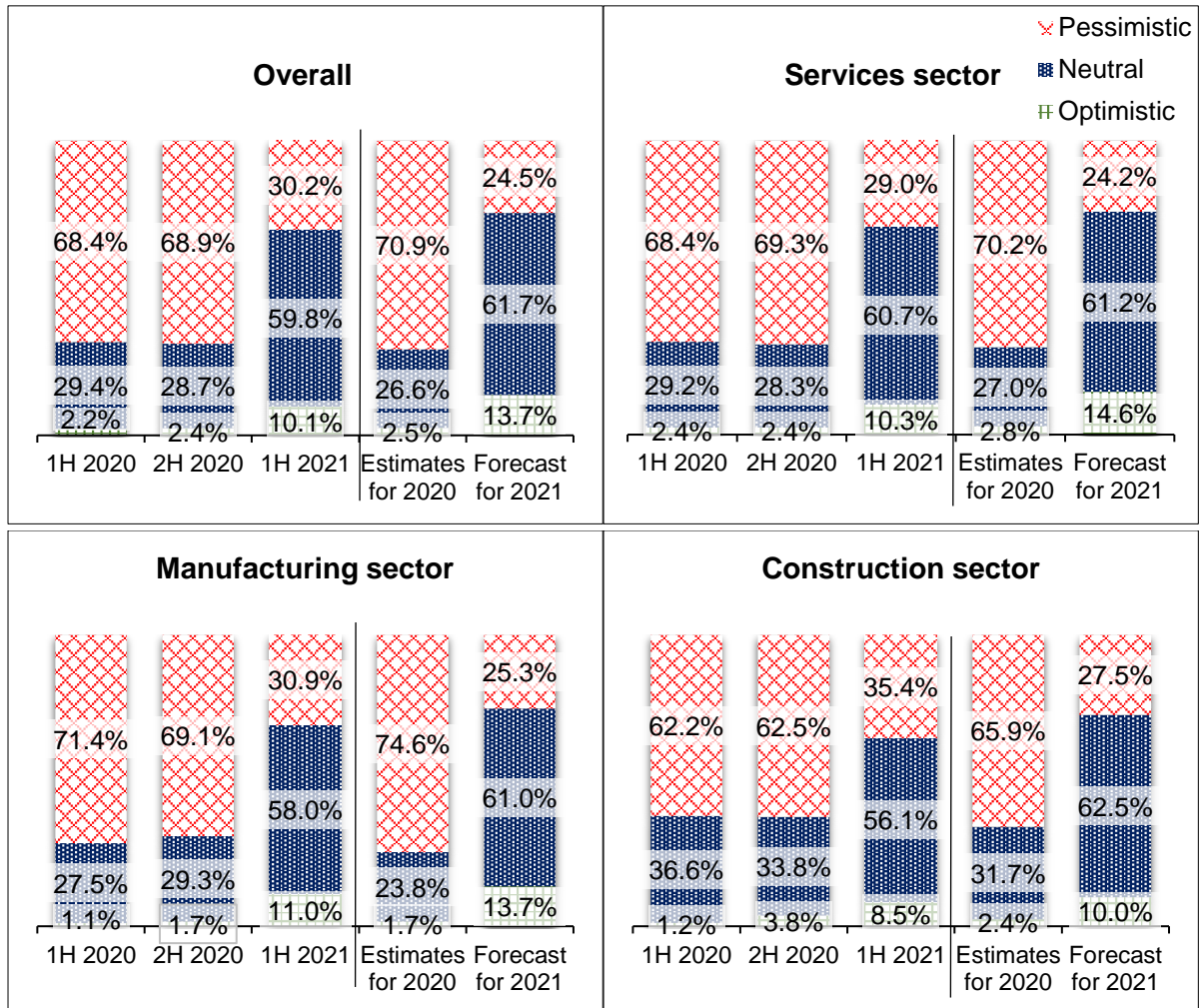


Table 2: Comparison of economic prospects between “M-BECS 2H2019 and 1H2020” and “M-BECS 1H 2020 and 2H 2020F”

| Overall | | | | | | | | | |
|--------------------|-------------|-------------|----------------|-------------|----------------|----------------|-------------|----------------|----------------|
| | 1H2020 | | | 2H 2020 | | | 2020 | | |
| | <i>Est.</i> | <i>Act.</i> | <i>Changes</i> | <i>Est.</i> | <i>Est.(R)</i> | <i>Changes</i> | <i>Est.</i> | <i>Est.(R)</i> | <i>Changes</i> |
| | % | % | | % | % | | % | % | |
| Optimistic | 12.8 | 2.2 | ▼ | 17.8 | 2.4 | ▼ | 15.8 | 2.5 | ▼ |
| Neutral | 49.8 | 29.4 | ▼ | 54.5 | 28.7 | ▼ | 57.6 | 26.6 | ▼ |
| Pessimistic | 37.4 | 68.4 | ▲ | 27.7 | 68.9 | ▲ | 26.5 | 70.9 | ▲ |

| Services sector | | | | | | | | | |
|------------------------|-------------|-------------|----------------|-------------|----------------|----------------|-------------|----------------|----------------|
| | 1H2020 | | | 2H 2020 | | | 2020 | | |
| | <i>Est.</i> | <i>Act.</i> | <i>Changes</i> | <i>Est.</i> | <i>Est.(R)</i> | <i>Changes</i> | <i>Est.</i> | <i>Est.(R)</i> | <i>Changes</i> |
| | % | % | | % | % | | % | % | |
| Optimistic | 13.2 | 2.4 | ▼ | 17.8 | 2.4 | ▼ | 58.1 | 2.8 | ▼ |
| Neutral | 48.3 | 29.2 | ▼ | 53.7 | 28.3 | ▼ | 15.9 | 27.0 | ▲ |
| Pessimistic | 38.4 | 68.4 | ▲ | 27.7 | 69.3 | ▲ | 26.0 | 70.2 | ▲ |

| Manufacturing sector | | | | | | | | | |
|-----------------------------|-------------|-------------|----------------|-------------|----------------|----------------|-------------|----------------|----------------|
| | 1H2020 | | | 2H 2020 | | | 2020 | | |
| | <i>Est.</i> | <i>Act.</i> | <i>Changes</i> | <i>Est.</i> | <i>Est.(R)</i> | <i>Changes</i> | <i>Est.</i> | <i>Est.(R)</i> | <i>Changes</i> |
| | % | % | | % | % | | % | % | |
| Optimistic | 14.3 | 1.1 | ▼ | 17.6 | 1.7 | ▼ | 52.7 | 1.7 | ▼ |
| Neutral | 50.4 | 27.5 | ▼ | 52.7 | 29.3 | ▼ | 18.3 | 23.8 | ▲ |
| Pessimistic | 35.3 | 71.4 | ▲ | 29.8 | 69.1 | ▲ | 29.0 | 74.6 | ▲ |

| Construction sector | | | | | | | | | |
|----------------------------|-------------|-------------|----------------|-------------|----------------|----------------|-------------|----------------|----------------|
| | 1H2020 | | | 2H 2020 | | | 2020 | | |
| | <i>Est.</i> | <i>Act.</i> | <i>Changes</i> | <i>Est.</i> | <i>Est.(R)</i> | <i>Changes</i> | <i>Est.</i> | <i>Est.(R)</i> | <i>Changes</i> |
| | % | % | | % | % | | % | % | |
| Optimistic | 6.7 | 1.2 | ▼ | 7.5 | 3.8 | ▼ | 66.7 | 2.4 | ▼ |
| Neutral | 61.8 | 36.6 | ▼ | 68.8 | 33.8 | ▼ | 23.1 | 31.7 | ▲ |
| Pessimistic | 31.5 | 62.2 | ▲ | 23.8 | 62.5 | ▲ | 14.9 | 65.9 | ▲ |

Act. = Actual; Est. = Estimates; Est.(R)= Revised estimates

3.3 Business Conditions and Prospects

- **Businesses feel pessimistic about business conditions and prospects in 1H 2020, as indicated by 67.2% of respondents, which is worse than 35.6% surveyed previously.** Nearly all non-essential business activities were completely halted during the MCO from 18 March to April before allowing economic sectors to reopen gradually starting 4 May under Conditional Movement Control Order (CMCO) and Recovery Movement Control Order (RMCO) since 10 June.
- The share of respondents **having pessimism sentiment continues in 2H 2020 (64.3% of respondents)**. While most business activities have resumed operations under RMCO, they are still facing a slow pace of recovery in consumer demand and operating cost challenges.
- Overall, **67.7% of respondents expect worsening business conditions this year**. As envisaged, **tourism, shopping, hotels, restaurants, recreation and entertainment sectors have most respondents feeling worse off this year (76.1%)** as crippled by the closed cross-border travel amid a slow revival in domestic inbound tourism. The tourism industry hopes that the Government will implement a phased reopening borders with countries with “similar overall coronavirus risk profiles” under “Green Travel Bubble” concept to help bolster business and tourism. The Malaysian Association of Hotels in its survey revealed that as high as 15% of hotel operators will be closing down permanently while International Air Transport Association (IATA) pointed that Malaysia’s airline industry will suffer a revenue loss of US\$3.3bn, affecting 169,700 jobs. Other sectors recorded high share of pessimism are **professional and business services (70.6%) and manufacturing sector (69.2%)**.
- **Businesses are generally expecting a somewhat cautiously better business outlook in 2021:** (a) **Lesser number of respondents (23.1% vs. 67.7% in 2020) have pessimistic views on business prospects in 2021;** (b) **A majority of respondents (63.7% vs. 28.6% in 2020) hold a neutral view;** and (c) Only 13.1% anticipate better business conditions in 2021 (3.8% in 2020).

Figure 7: Business prospects in 2020E-2021F by major sectors

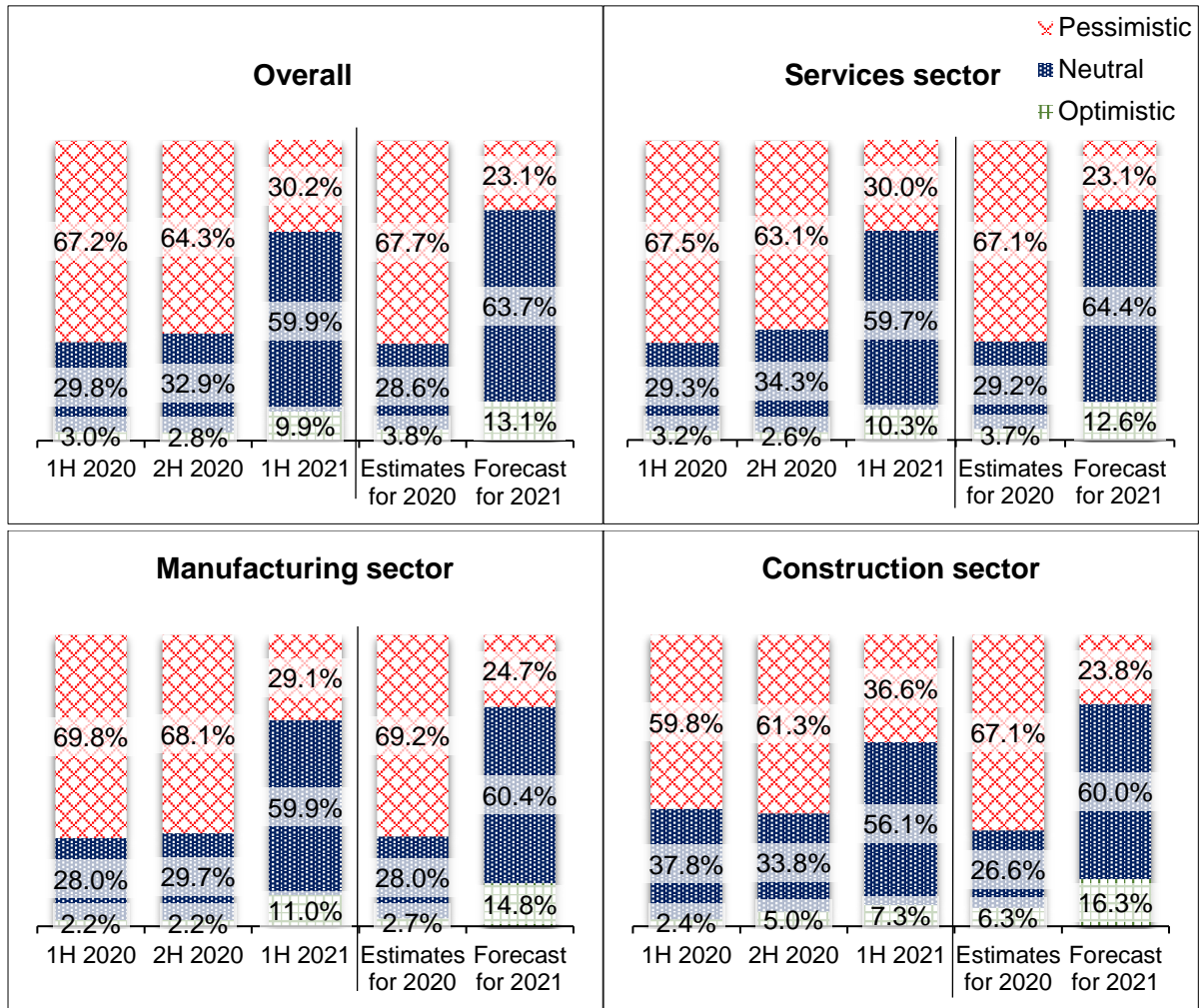


Table 3: Comparison of business prospects between “M-BECS 2H2019 and 1H2020” and “M-BECS 1H 2020 and 2H 2020F”

| | Overall | | | | | | | | |
|--------------------|------------------|------------------|----------------|------------------|---------------------|----------------|------------------|---------------------|----------------|
| | 1H 2020 | | | 2H 2020 | | | 2020 | | |
| | <i>Est.</i> % | <i>Act.</i> % | <i>Changes</i> | <i>Est.</i> % | <i>Est.(R)</i> % | <i>Changes</i> | <i>Est.</i> % | <i>Est.(R)</i> % | <i>Changes</i> |
| Optimistic | 14.7 | 3.0 | ▼ | 18.1 | 2.8 | ▼ | 17.4 | 3.8 | ▼ |
| Neutral | 49.7 | 29.8 | ▼ | 55.3 | 32.9 | ▼ | 57.0 | 28.6 | ▼ |
| Pessimistic | 35.6 | 67.2 | ▲ | 26.6 | 64.3 | ▲ | 25.6 | 67.7 | ▲ |

| | Services sector | | | | | | | | |
|--------------------|------------------|------------------|----------------|------------------|---------------------|----------------|------------------|---------------------|----------------|
| | 1H 2020 | | | 2H 2020 | | | 2020 | | |
| | <i>Est.</i> % | <i>Act.</i> % | <i>Changes</i> | <i>Est.</i> % | <i>Est.(R)</i> % | <i>Changes</i> | <i>Est.</i> % | <i>Est.(R)</i> % | <i>Changes</i> |
| Optimistic | 15.1 | 3.2 | ▼ | 18.9 | 2.6 | ▼ | 17.5 | 3.7 | ▼ |
| Neutral | 48.6 | 29.3 | ▼ | 53.7 | 34.3 | ▼ | 56.8 | 29.2 | ▼ |
| Pessimistic | 36.3 | 67.5 | ▲ | 27.4 | 63.1 | ▲ | 25.7 | 67.1 | ▲ |

| | Manufacturing sector | | | | | | | | |
|--------------------|----------------------|------------------|----------------|------------------|---------------------|----------------|------------------|---------------------|----------------|
| | 1H 2020 | | | 2H 2020 | | | 2020 | | |
| | <i>Est.</i> % | <i>Act.</i> % | <i>Changes</i> | <i>Est.</i> % | <i>Est.(R)</i> % | <i>Changes</i> | <i>Est.</i> % | <i>Est.(R)</i> % | <i>Changes</i> |
| Optimistic | 15.8 | 2.2 | ▼ | 19.1 | 2.2 | ▼ | 20.6 | 2.7 | ▼ |
| Neutral | 51.1 | 28.0 | ▼ | 58.0 | 29.7 | ▼ | 54.2 | 28.0 | ▼ |
| Pessimistic | 33.1 | 69.8 | ▲ | 22.9 | 68.1 | ▲ | 25.2 | 69.2 | ▲ |

| | Construction sector | | | | | | | | |
|--------------------|---------------------|------------------|----------------|------------------|---------------------|----------------|------------------|---------------------|----------------|
| | 1H 2020 | | | 2H 2020 | | | 2020 | | |
| | <i>Est.</i> % | <i>Act.</i> % | <i>Changes</i> | <i>Est.</i> % | <i>Est.(R)</i> % | <i>Changes</i> | <i>Est.</i> % | <i>Est.(R)</i> % | <i>Changes</i> |
| Optimistic | 9.1 | 2.4 | ▼ | 8.6 | 5.0 | ▼ | 8.8 | 6.3 | ▼ |
| Neutral | 59.1 | 37.8 | ▼ | 66.7 | 33.8 | ▼ | 67.5 | 26.6 | ▼ |
| Pessimistic | 31.8 | 59.8 | ▲ | 24.7 | 61.3 | ▲ | 23.8 | 67.1 | ▲ |

Act. = Actual; *Est.* = Estimates; *Est.(R)*= Revised estimates

4. BUSINESS PULSE DIAGNOSIS

4.1 Major Factors Affecting Business Performance

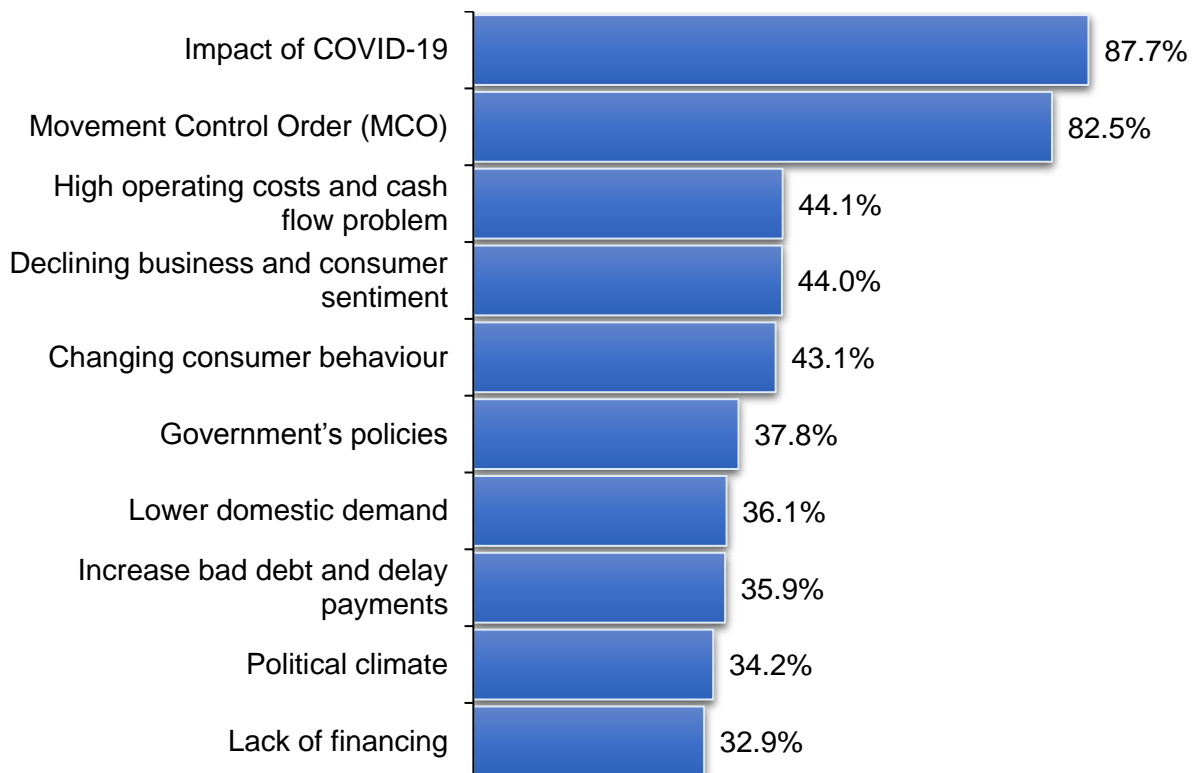
In this section, respondents were asked to list **at least three** out of 15 external and domestic factors⁷ that will **likely adversely affect their business performance in 2020**.

The **top five factors** that have impacted business operations and domestic business environment are:

- (I) **Impact of the COVID-19** (as ranked by 87.7% of total respondents)
- (II) **Movement Control Order (MCO)** (82.5%)
- (III) **High operating costs and cash flow problem** (44.1%)
- (IV) **Declining business and consumer sentiment** (44.0%)
- (V) **Changing consumer behaviour** (43.1%)





Other significant factors cited by the respondents were **Government's policies** (37.8%), **lower domestic demand** (36.1%), **increase bad debt and delay payments** (35.9%), **political climate** (34.2%) and **lack of financing** (32.9%).

Figure 8: Top 10 factors affecting business performance



⁷ Due to the extraordinary impact caused by COVID-19 and MCO, the list of factors is revamped to reflect current situation.

Table 4: Top five factors affecting business performance by selected sectors*

| | | Impact of COVID-19 | The Movement Control Order (MCO) | High operating cost and cash flow problem | Declining business and consumer sentiment | Changing consumer behaviour | Government's policies | Increase bad debt and delay payments | Political climate | Lower external demand |
|---|----------|--------------------|----------------------------------|---|---|-----------------------------|-----------------------|--------------------------------------|-------------------|-----------------------|
|  Manufacturing | Vote (%) | 91.3 | 76.5 | 42.6 | | | | 38.3 | | 39.3 |
| | Ranking | 1 | 2 | 3 | | | | 5 | | 4 |
|  Wholesale and retail trade | Vote (%) | 86.7 | 86.1 | 52.0 | 59.0 | 52.0 | | | | |
| | Ranking | 1 | 2 | 4 | 3 | 4 | | | | |
|  Professional and business services | Vote (%) | 85.3 | 82.6 | | 49.5 | 45.0 | 42.2 | | | |
| | Ranking | 1 | 2 | | 3 | 4 | 5 | | | |
|  Construction | Vote (%) | 79.3 | 84.1 | 54.9 | | | | 42.7 | 45.1 | |
| | Ranking | 2 | 1 | 3 | | | | 5 | 4 | |

* According to highest sample size.

For other sectors, please refer to Appendix 3

(I) & (II) Impact of the COVID-19 & Movement Control Order (MCO)

Given the widespread global impact of the pandemic crisis-inflicted demand and supply shocks, especially during the Great Lockdown, Malaysia is not spared via trade and services channels.

The Government has implemented MCO to flatten the virus infection curve starting 18 March 2020, which caused a “sudden stop” of almost all non-essential sectors; a limited operating capacity for essential sectors and also restricted the movement of people. Following the containment of infected cases, the economy has moved into a gradual reopening of economic sectors under **Conditional Movement Control Order (CMCO)** starting 4 May 2020; and was subsequently freed-up more economic sectors and movement restrictions under **Recovery Movement Control Order (RMCO)** since 10 June 2020.

According to a survey conducted by Department of Statistics, Malaysia (DOSM), **67.8% of respondents have zero income** during the survey period (10 April – 1 May). This colludes with our survey results that **87.7% of total respondents across all sub-sectors** cited the **impact of COVID-19 and MCO (82.5%)** as the core factors that have adversely affected their business performance.

With the practicing of social distancing and Standard Operating Procedures (SOP) as well as cross-borders' travel restriction under RMCO, domestic spending and external demand (with the exception of healthcare and technology-based products) still slowly on the mend. **65.8% of respondents indicated that their overall sales volume in 1H 2020 have declined** compared to preceding six months (38.7% of total respondents reported that the decline in sales is more than 30%) and **60.1% of respondents expect overall sales volume would continue to decline in 2H 2020**, particularly in the “tourism, shopping, hotels, restaurants, recreation and entertainment” industry.

Faced with the highly uncertain business environment, it is expected that most investment plans would either be cancelled or put on hold until investors' confidence are being restored. **66.3% of total respondents have either reduced their capital expenditure or remained unchanged in 1H 2020**, worse than the previous forecast of 44.9% (2H 2019: 41.9%).

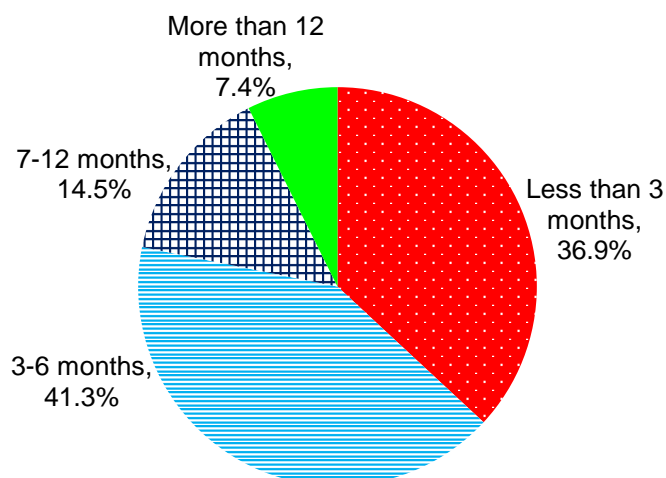
Moving forward, the economic and business stabilisation and recovery are largely depending on how deep and long-lasting impact of the COVID-19, the effectiveness of economic stimulus measures (PRIHATIN and PENJANA) as well as the recovery phase of Malaysia's major trading economies. The business sector is also looking forward to the Economic Recovery Plan that is scheduled to roll-out in October and Budget 2021 on 6 November 2020.

(III) High operating costs and cash flow problem

Many businesses are still struggling with 3Cs (Cash flow, Credit and Costs) while recouping their revenue losses. 62.1% of respondents were loaded with monthly fixed operational expenses (including rental charges, utilities, salary, raw materials/inventory and statutory payments) of between RM20,000 and RM300,000. The DOSM survey conducted during the MCO indicated that **salary payment and rental payments** were cited as the top and third main challenges faced by businesses. Our M-BECS results showed that **71.9% of respondents have experienced poor cash flow conditions in 1H 2020** and **71.6% of respondents expect the same in 2H 2020.**

Most respondents (68.3%) have opted to use their internal reserves to service fixed operational expenses, however, their internal reserves may not last long. **78.2% of respondents stated that their cash flow is unable to cover operational expenses for more than six months** and **31.1% of respondents unsure their business can survive in 2020.** On a more pessimistic view, 4.5% foresee their business will close down this year.

Figure 9: Cash flow position in covering operational expenses



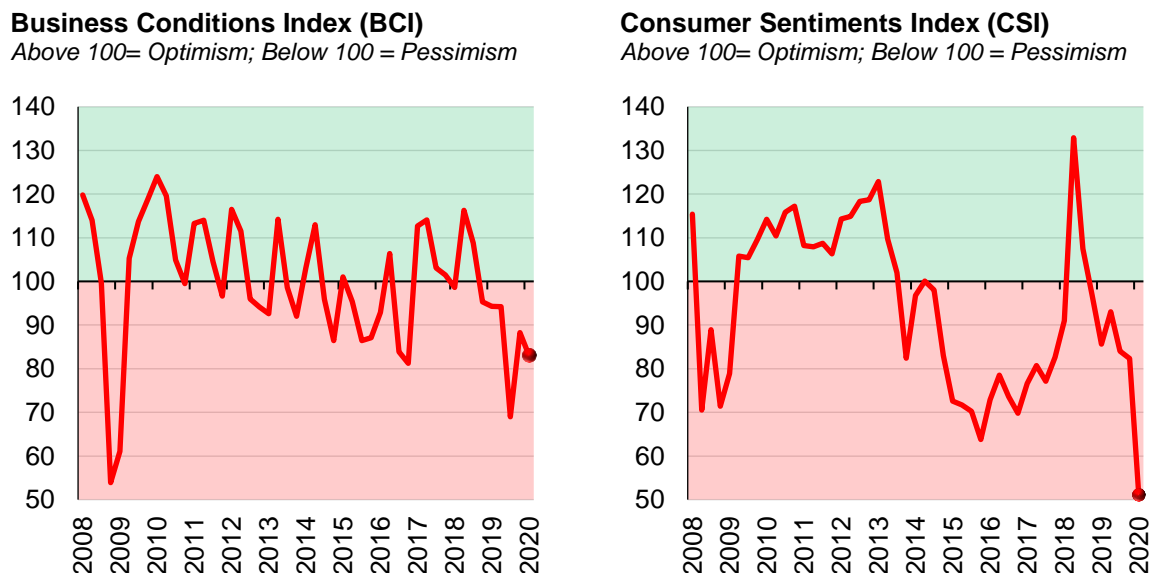
A raft of financial relief measures and credit facilities (such as six months loan moratorium, Wage Subsidy Program, Special Relief Facility (SRF) and PENJANA SMEs Financing (PSF) as well as the special grant for micro-enterprises) were implemented to ease businesses and SMEs' operating cash flow burden.

Upon the expiry of loan moratorium comes September 2020, 36.8% of respondents expect to take up a new loan, and 33.7% would restructure or reschedule their loan from the lenders. On 29 July 2020, the Government has announced **the extension of loan moratorium** where all financial institutions would continue to provide **targeted flexible repayment program and financial assistance to borrowers and sectors that are badly affected** and would take a longer while to recover. This helps to avoid massive business closures, which would result in higher cost to the economy such as a large-scale unemployment and structural damage to the country's future growth potential.

(IV) Declining business and consumer sentiment

The **overall business and consumer sentiments have remained weak** as expressed by 44.0% of total respondents. The MIER's Business Conditions Index (BCI) dropped to 83.0 in 1Q 2020, the second lowest since 1Q 2017 while MIER's Consumer Sentiments Index (CSI) has plunged to a record-low of 51.1 in 1Q 2020. Generally, **most respondents (74.0%) expect the Malaysian economy to recover in 2021, mainly in the first half-year of 2021** (46.4%), albeit not a strong comeback as only 11.6% of respondents expect a V-shaped recovery.

Figure 10: MIER's Business Conditions Index (BCI) and Consumer Sentiments Index (CSI)



Source: Malaysian Institute of Economic Research (MIER)

Despite about 2.8 million jobs were saved via Wage Subsidy Program and Employment Retention Program, the number of retrenchments still climbing higher as PERKESO's Employment Insurance System (EIS) has recorded 58,523 job losses for the period 1 January to 11 July 2020, much higher than the 40,084 job losses for the full-year 2019. Unemployment rate also shot up to 5.3% in May (5.0% in April and 3.9% in March vs. 3.0%-3.5% during Jan 2015 to Feb 2020). Households and consumers remained cautious about their shopping plan.

In order to **stimulate private investment and regain business confidence, most respondents (83.9%) proposed a reduction in corporate tax rate to 22% from 24% currently for large companies and 15% from 17% currently for SMEs** as well as a suspension of foreign workers' levy in 2021 or a 50% reduction in foreign levy (voted by 46.7% of respondents) in the Budget 2021.

On measures to **sustain private consumption activities and improve consumer sentiments, 72.6% of respondents voted a tax holiday for tax payers with taxable income below RM100,000 per annum for 2021** while 55.6% of respondents hope that the Government can encourage domestic tourism via exemption of tourism tax and service tax on accommodation as well as entertainment tax for parks. Under PENJANA Short-term Economic Recovery Plan announced on 5 June, the Government has exempted tourism tax and extended service tax exemptions for hotels until 30 June 2021.

(V) Changing consumer behaviour

43.1% of respondents voted “Changing consumer behaviour” as the fifth major factor impacting their business performance. It is undeniable that the COVID-19 has accelerated the protocol and behavioural changes to many businesses and individuals. Businesses and consumers are utilising digital solutions in the conduct of business transactions as well as the delivery of goods and services. Domestic retailers have moved to online market to stay afloat. The pandemic-induced restricted mobility during the MCO has made businesses realise that there is a bigger market for online business. Such consumer and business behavioural changes are likely to remain post the COVID-19's new normal environment.

Many businesses need to transform their business model and fine tune selling channels in adapting with the changing consumer behaviour. However, not all businesses can adopt this model, for example, it is an uneconomical scale for large-sized restaurants catering orders online. Some retailers that have yet to establish a proper online sales channel also lost market share to their competitors who are well-equipped with the online selling platform. Besides, consumers exploring and accepting new experiences when shopping online have resulted in a shift in customers' loyalty and hence, poses greater competition to the conventional physical retailers.

With consumers increasingly consider health safety in their consumption preference, businesses may need to incur more resources to address such safety concerns for their customers.

The growing popularity of flexible working hours and remote office practices are also a game changer to business environment, affecting a wide range of industries such as property sector, food and beverages industry and business services.

4.2 Business Assessment in 1H 2020 and 2H 2020F

Business conditions

- Overall, **more than three quarters of respondents (76.2%) rated “poor business conditions”** while 22.0% indicated “satisfactory business conditions”, leaving only 1.9% of businesses reporting “good business conditions” in 1H 2020. This result is not a surprise given the extraordinary impact induced by the unprecedented COVID-19 pandemic outbreak, which is much worse-off compared to the preceding period (2H 2019) whereby 45.7% of respondents rated “poor business conditions”, 45.0% “satisfactory condition” and 9.3% “good business conditions”.
- **A similar high percentage of respondents (73.3%) expect their business conditions would remain “poor”** with the remaining 24.3% and 2.4% expect a “satisfactory” and “good” conditions respectively for 2H 2020. Amongst the sectors that foresee a much poorer business conditions are **tourism, shopping, hotels, restaurants, recreation and entertainment sectors (89.4%), wholesale and retail trade (82.2%) and construction sector (76.0%)**.

Working capital outlook

1. Cash flows conditions:

- **71.9% of respondents suffered poor cash flow conditions in 1H 2020** (vs. 42.2% in 2H 2019). By industry size, **large corporations (64.7% voted “poor”)**, which is somewhat lower than SMEs (72.4%). Backed by stronger reserve position, 86.0% of large corporations will use internal reserves to pay fixed operating expenses vs. 67.2% for SMEs.
- **36.9% of respondents have tight cash flow problems and unable to cover business operations/productions, raw materials/inventory, manpower cost for 3 months** while **41.3% can only last between 3-6 months**, leaving 21.8% can last for more than 6 months.
- **Half of the micro-enterprise respondents do not have sufficient cash to pay their operating expenses for 3 months**. The survey results showed that larger enterprises have better financial buffer against economic shocks. **About 49.1% of large corporations indicated that their cash position can cover more than 6 months** compared to **20.0% for SMEs** (24.0% among medium-sized enterprises, 22.5% among small enterprises and 10.7% among micro enterprises).
- **Assuming there was no automatic six months loan/financing deferment for SMEs, 43.8% of respondents are unable to cover debt/financing obligations for 3 months and 34.1% can only cover 3-6 months**.
- **71.6% of respondents foresee their cash flow conditions would remain poor in 2H 2020**. Amongst the major selected sectors recording a higher percentage of poor cash flow conditions in 2H 2020: **construction sector (78.7% vs. 73.3% in 1H 2020) and wholesale and retail trade sector (75.1% vs. 74.1% in 1H 2020)**.

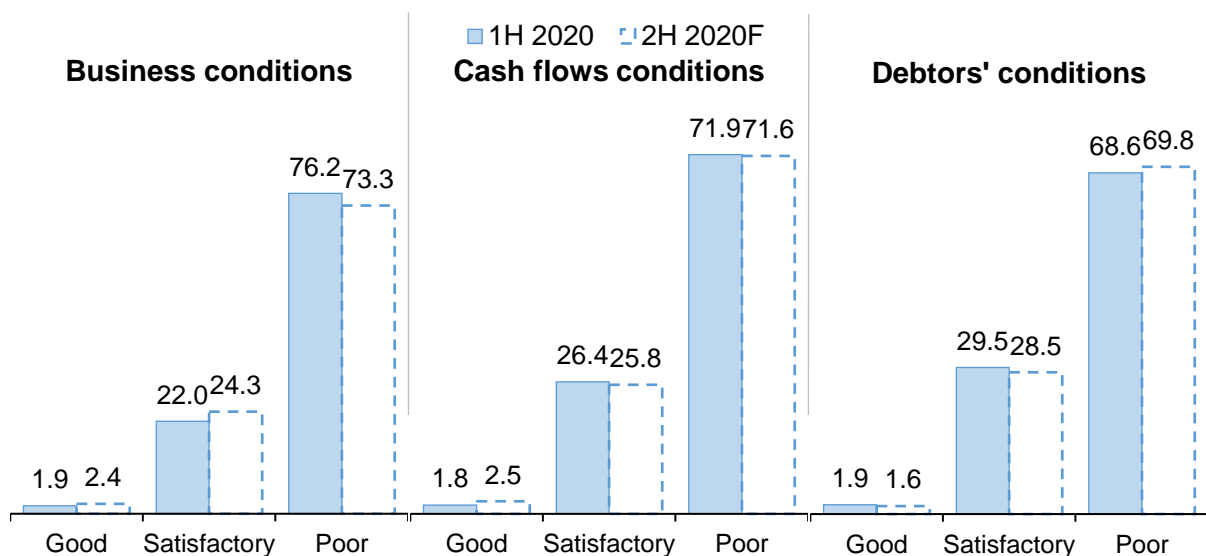
2. Debtors' conditions:

- **68.6% of respondents indicated “poor debtors’ conditions” in 1H 2020** (vs. 42.2% in 2H 2019), particularly in tourism, shopping, hotels, restaurants, recreation and entertainment sectors (74.2%), wholesale and retail trade sector (74.1%) and construction sector (72.4%).
- Going into 2H 2020, a **slightly higher number of respondents (69.8%) expect “poor debtors’ conditions”** with lesser respondents anticipate debtors’ conditions to be “satisfactory” (28.5% vs. 29.5% in 1H 2020) and “good” (1.6% vs. 1.9% in 1H 2020). Amongst the sectors are again tourism, shopping, hotels, restaurants, recreation and entertainment sectors (81.8%), construction sector (80.3%) and wholesale and retail trade sector (75.1%).

Capacity utilization level

- Given that the industries are allowed to operate with limited capacity during the MCO, **most respondents (48.1%) reported that their plants are operating below 50% in 1H 2020**, followed by 33.7% operating between 50% and 75% capacity utilisation rate in 2H 2019 and only 18.2% operating above 75% capacity.
- **For 2H 2020, the capacity utilisation rate is expected to improve marginally for certain sectors**, whereby 19.7% of respondents expect to operate above 75% capacity, offsetting the decline in sectors operating between 50% and 75% (32.2%), whereas 48.1% will continue to operate below 50% capacity.

Figure 11: Business, cash flows, and debtors’ conditions in 1H 2020 and 2H 2020F



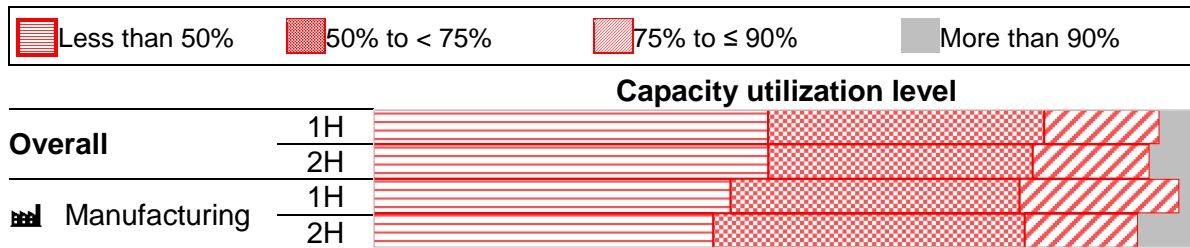
F=Forecast

Figure 12: Business, cash flows and debtors' conditions by selected sectors*

| | | Conditions in terms of: | | | | | |
|------------------------------------|-------|-------------------------|--------------|--------------|--------------|--------------|--------------|
| | | Business | | Cash flows | | Debtors | |
| | | Good | Poor | Good | Poor | Good | Poor |
| | | Satisfactory | Satisfactory | Satisfactory | Satisfactory | Satisfactory | Satisfactory |
| Overall | 1H20 | 22.0 | 76.2 | 26.4 | 71.9 | 29.5 | 68.6 |
| | 2H20F | 24.3 | 73.3 | 25.8 | 71.6 | 28.5 | 69.8 |
| Manufacturing | 1H20 | 21.9 | 76.0 | 31.9 | 67.0 | 33.5 | 63.7 |
| | 2H20F | 29.1 | 68.1 | 30.4 | 66.9 | 37.0 | 62.4 |
| Wholesale and retail trade | 1H20 | 20.6 | 79.4 | 24.7 | 74.1 | 25.3 | 74.1 |
| | 2H20F | 17.2 | 82.2 | 23.1 | 75.1 | 23.7 | 75.1 |
| Professional and business services | 1H20 | 16.5 | 78.0 | 28.4 | 68.8 | 31.2 | 66.1 |
| | 2H20F | 25.7 | 71.6 | 29.4 | 68.8 | 29.4 | 68.8 |
| Construction | 1H20 | 28.0 | 70.7 | 25.3 | 73.3 | 25.0 | 72.4 |
| | 2H20F | 22.7 | 76.0 | 20.0 | 78.7 | 18.4 | 80.3 |

Note: Bold number indicates highest percentage share
 1H2020= 1H2020; 2H20=2H2020; F=Forecast; * According to the highest sample size

Figure 13: Capacity utilization level in 1H 2020 and 2H 2020F for overall and manufacturing sector



4.2.1 Sales Turnover

An uphill battle

Overall sales volume

- As expected, a **very high percentage of respondents (65.8%)** reported a **decrease in overall sales volume in 1H 2020 when compared to 2H 2019**, whereby 38.7% of respondents indicated a sales drop of more than 30%, particularly in tourism, shopping, hotels, restaurants, recreation and entertainment sectors (60.0% of businesses reported that their sales have dropped by more than 30%).
- There are 18.6% of respondents reported an increase of sales, mainly in finance and insurance sector (34.8%), which provided essential services during the MCO.
- **For 2H 2020, sales prospect remains weak but there are respondents expect some turnaround** (21.7% of respondents expect an increase in sales and 60.1% projects a decline in sales vs. 18.6% recorded increased sales and 65.8% suffered declining sales in 1H 2020).

Domestic market

- Following the MCO which began on 18 March and most businesses were forced to halt their operations, **overall domestic sales volume has dropped significantly**. 64.4% of respondents reported a decrease in domestic sales volume in 1H 2020 when compared to 2H 2019 while 37.6% indicated a sales drop of more than 30%. Nevertheless, 18.1% of respondents saw an increase in sales volume and 17.4% have a flat growth during the same period.
- Even the CMCO and RMCO have lifted economic restrictions on nearly all businesses and sectors, the **respondents expect continued weak business sentiment ahead**, albeit some traction in certain businesses. 59.1% of respondents expect their sales to fall in 2H 2020, whereas a slightly higher 21.5% of respondents foresee some pick-up in sales volume.
- With the support of “Buy Malaysia” campaign and other economic stimulus initiatives like sales tax exemption on passenger cars, real property gain tax and stamp duty exemption, domestic sales performance is expected to improve over the time. **Businesses and individuals are eyeing on the Economic Recovery Plan in October and 2021 Budget on 6 November 2020** to provide more assistances and facilitations to enhance a sustained economic and business recovery.

Overseas market

- With the Great Lockdown to fight the global pandemic have significantly curtailed most countries' business and social activities as well as consumer spending, the survey results revealed that **businesses' export sales volume also plunged substantially in 1H 2020**. 55.4% of respondents indicated a decrease in overseas sales volume in 1H 2020 when compared to 2H 2019, whereby 28.8% of respondents recorded a sales drop of more than 30%.
- The respondents expect the weakening overseas sales performance would hit the bottom in 2H 2020, thanks to the reopening of economy in major advanced and regional economies. **There are lesser respondents (39.9% vs. 55.4% in 1H 2020) expect a decline in sales in 2H 2020**; 37.4% (vs. 25.0% in 1H 2020) expect "unchanged" in overseas sale while 22.7% (vs. 19.6% in 1H 2020) expect improvement in overseas sales in 2H 2020. Notwithstanding, **a firm recovery remains uncertain at this juncture**.

Figure 14: Overall sales volume growth in 1H 2020 and 2H 2020F by selected sectors

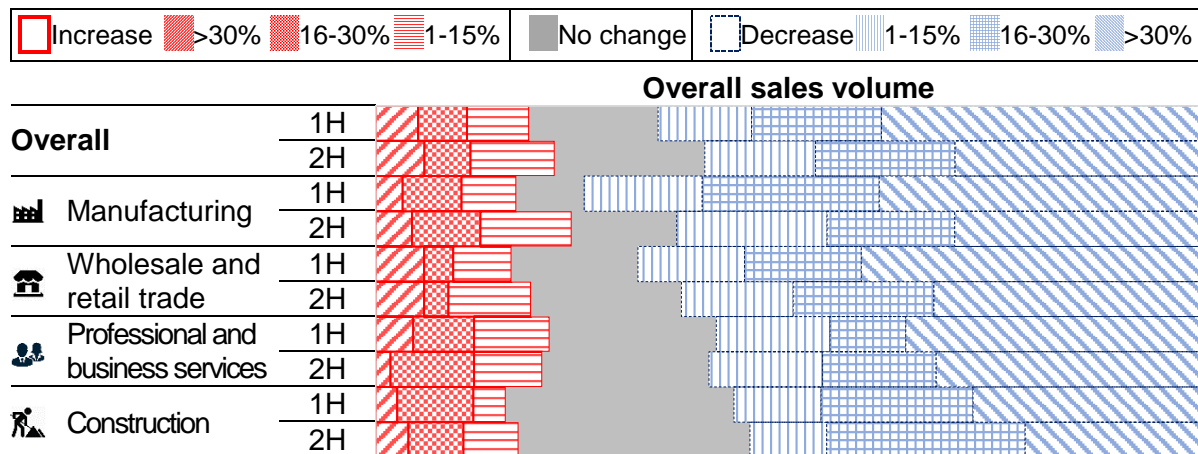
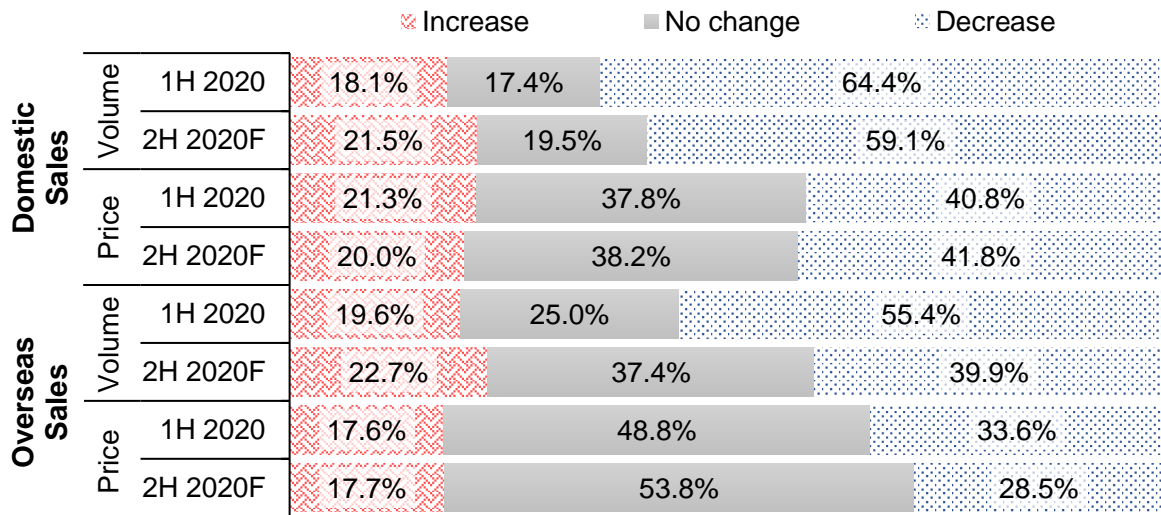
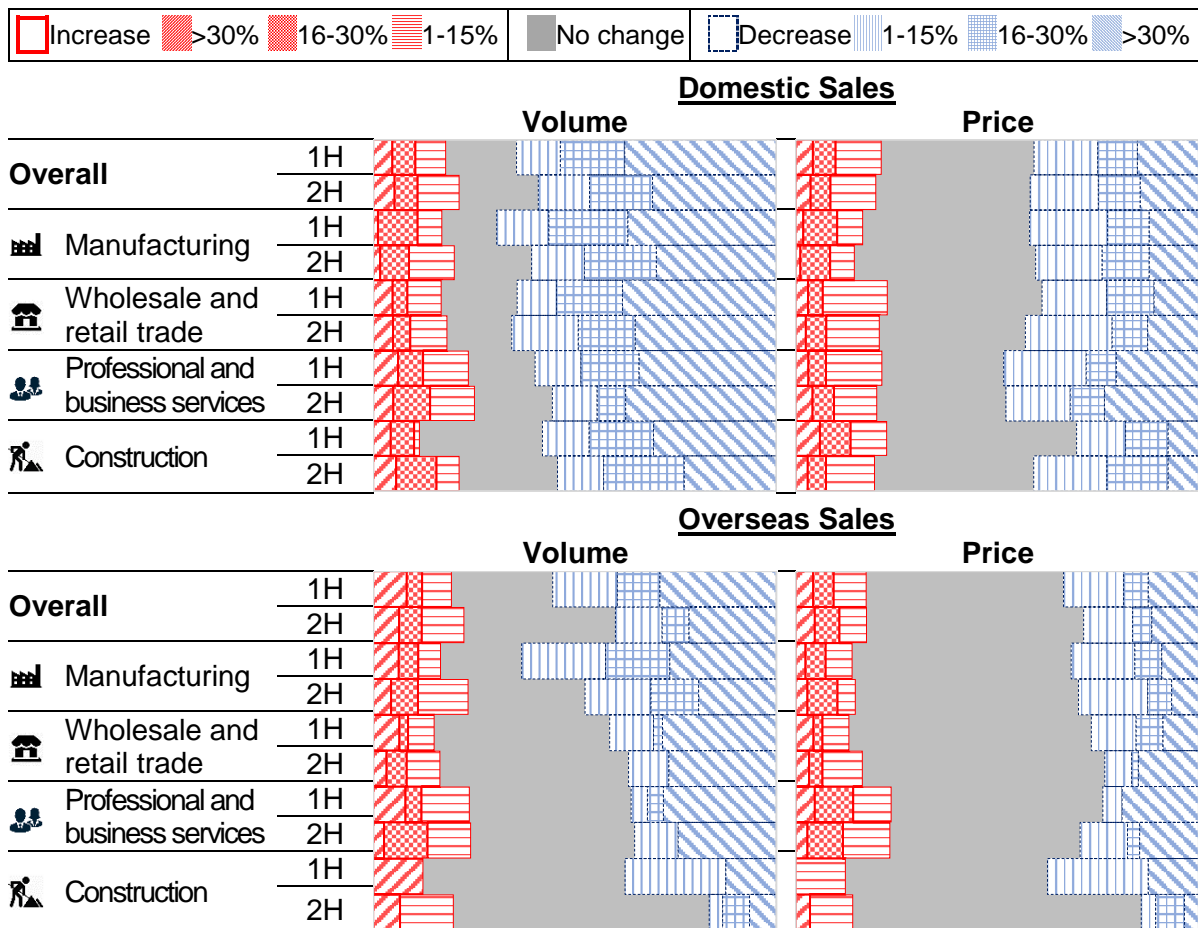


Figure 15: Domestic and overseas sales (volume and price) in 1H 2020 and 2H 2020F



F = Forecast

Figure 16: Domestic and overseas sales (volume and price) in 1H 2020 and 2H 2020F by selected sectors

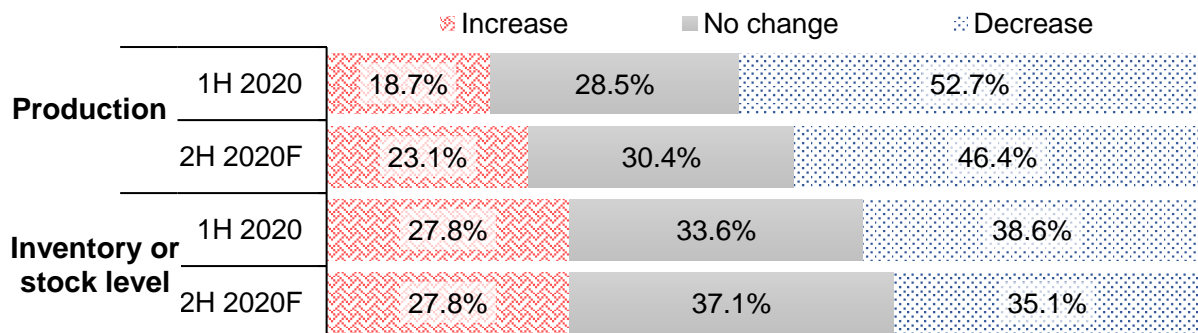


4.2.2 Production and Inventory Level

MCO restrained production capacity amid the supply chain disruptions

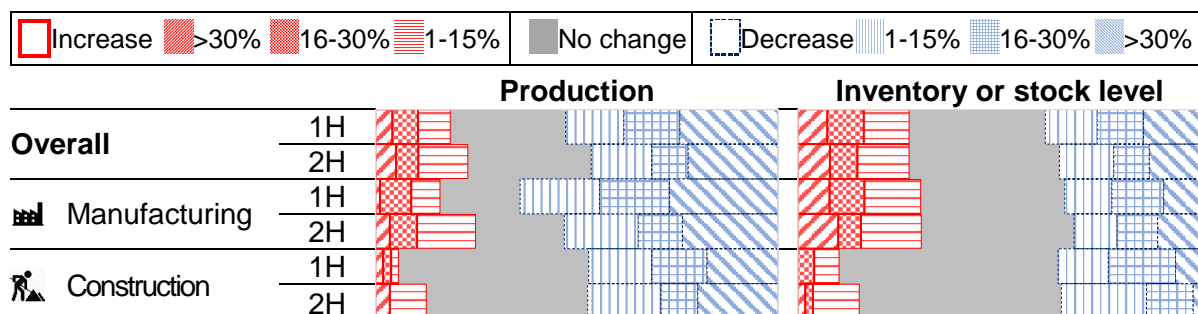
- As the MCO has halted business operations for most non-essential sectors, overall production is heavily impacted. Businesses that were allowed to operate but were restrained by the manpower capacity at 40%-50% initially and subsequently increased gradually under CMCO and RMCO. The global supply chain disruptions since January when China imposed the lockdown has worsened supply chain disruptions during the MCO. Malaysia's industrial production contracted for the first time since February 2013 in March 2020 (-4.9% yoy), and contracted further by 32.0% in April before narrowing to a decline of 22.1% in May.
- 52.7% of respondents recorded a drop in production level in 1H 2020.** In the manufacturing sector, 64.1% claimed a decline in production with 26.9% reporting production has dropped by more than 30%.
- With the SOP and social distancing in place amid a slow recovery in demand, production capacity will likely be restrained for some time. As a result, **inventory level will largely remain unchanged or continue to decline going into 2H 2020.**

Figure 17: Production and inventory or stock level in 1H 2020 and 2H 2020F



F=Forecast

Figure 18: Production and inventory or stock level in 1H 2020 and 2H 2020F by selected sectors

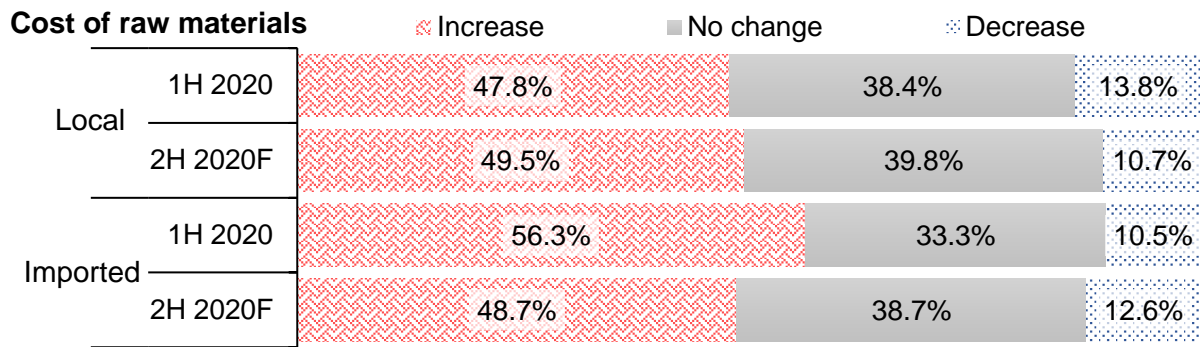


4.2.3 Cost of Raw Materials

Lockdown-induced shortages led to increase in cost of raw materials

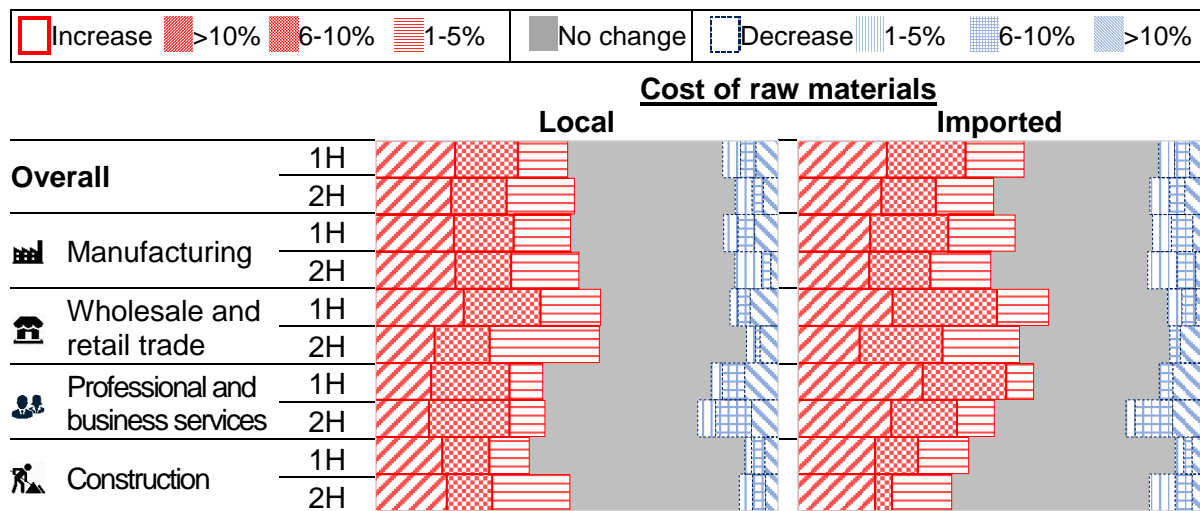
- As a result of a global-wide lockdown and various virus containment measures, global supply chains are seriously disrupted and hence, the **shortage of raw materials is a growing concern for manufacturers and producers**. 20.2% of respondents in the manufacturing sector pointed that shortage of raw materials have significantly affected their production.
- **47.8% reported an increase in cost of local raw materials in 1H 2020 with 19.8% experiencing an increase of more than 10%** (15.6% for an increase of 6%-10%; 12.4% for an increase of 1%-5%) while a 38.4% indicated an unchanged in cost of raw materials. The survey results revealed that a slightly higher percentage of respondents (49.5%) expect a higher cost level in 2H 2020.
- In terms of **imported raw materials, more than half of respondents (56.3%) claimed that their cost level has escalated**, whereby 22.1% (vs. 17.0% in 2H 2019) revealed an increase of more than 10%. Following the gradual reopening of economy worldwide, global supply of raw materials will be slowly return to normal, and hence, softened the escalating prices. In this regard, 48.7% of respondents foresee the cost of imported raw materials continue to rise in 2H 2020.
- Nevertheless, the percentage of respondents stated an increase in cost of raw materials are lower compared to the past surveys, partly due to softening global commodity prices, especially crude oil and natural gas prices. According to the World Bank, the average energy price index has dropped by 36.6% yoy in 1H 2020 while non-energy index has slipped by 3.3% compared to 1H 2019.

Figure 19: Cost of raw materials in 1H 2020 and 2H 2020F



F=Forecast

Figure 20: Cost of raw materials in 1H 2020 and 2H 2020F by selected sectors

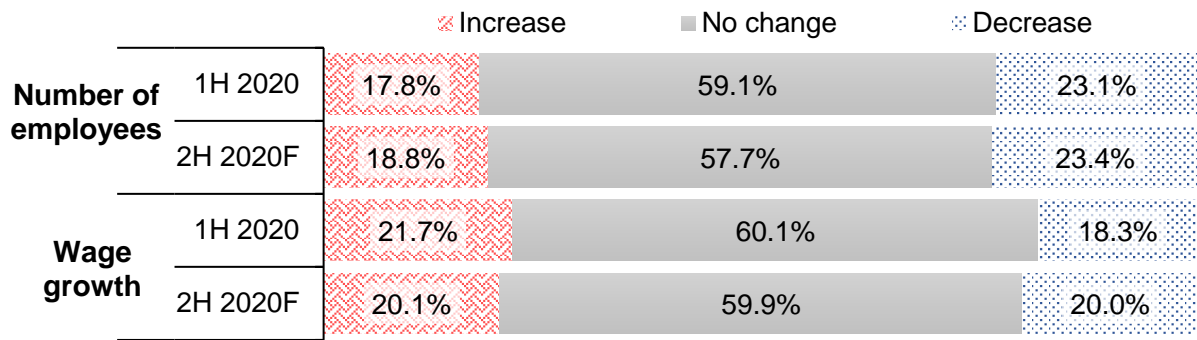


4.2.4 Manpower

Businesses are between rock and hard place

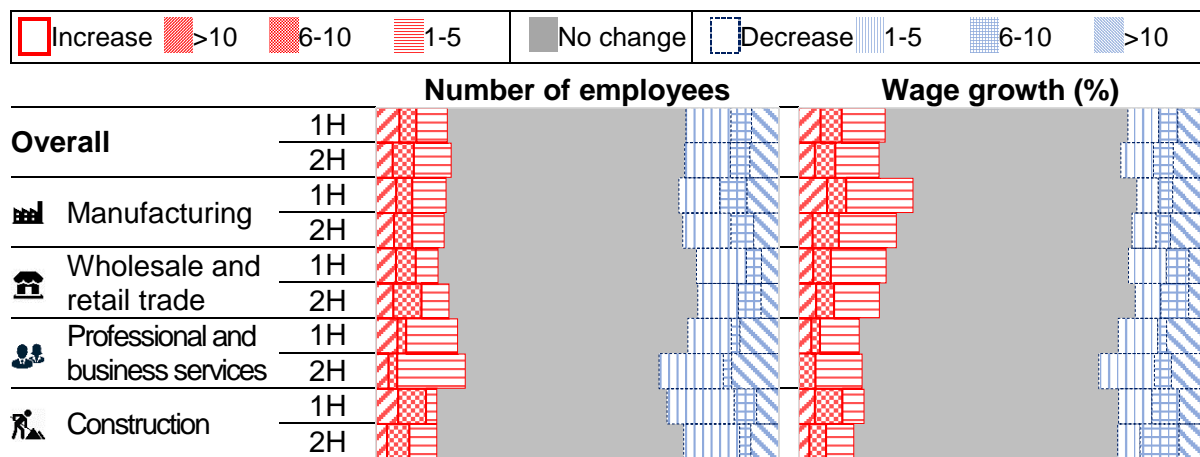
- As **salary payment topped the list of main issues/challenges** in DOSM's survey, **businesses have resorted or compelled to lay off their employees to contain operating expenses on sluggish sales**. In 1H 2020, 50,408 employees claimed unemployment benefits through the Employment Insurance System (EIS) of PERKESO, much higher than 40,084 unemployment benefit claims in the full year 2019. The employment loss trend is increasing month-on-month since February as reflected in rising national unemployment rate (Feb: 3.3%; Mar: 3.9%; Apr: 5.0%; May: 5.3%). The Employment Retention Program (ERP) and Wage Subsidy Program (WSP) have provided a timely relief to save jobs. As of 20 July, RM7.8 billion of wage subsidy was approved to benefit 2.6 million employees in addition to 202,000 employees have benefitted under ERP.
- **It is observed that retrenchment is not a favourable option** as employers need to incur rehiring cost and time to retrain new workers when the economy recovers. The survey results showed that **31.7% of respondents will tend to engage their workers to co-share the burden through a pay cut to address employment cost management**, subjecting to the negotiation between both parties.
- When asked about the change in the number of payrolls, **more than half of the respondents (59.1%) have kept their employees on board**, though higher respondents (23.1%) have reduced some manpower compared to 17.8% who recruited additional workers. As businesses expect the economic recovery and business conditions to get back on track in 2021, a slightly higher respondents (23.4%) anticipate some headcount cut in 2H 2020.
- PENJANA Short-term Economic Recovery Plan's enhancement of the job portal and employment placement services as well as some hiring and training assistance are expected to provide some support to the unemployed seeking for jobs and also stabilise the labour market.

Figure 21: Number of employees and wage growth in 1H 2020 and 2H 2020F



F=Forecast

Figure 22: Number of employees and wage growth in 1H 2020 and 2H 2020F by selected sectors

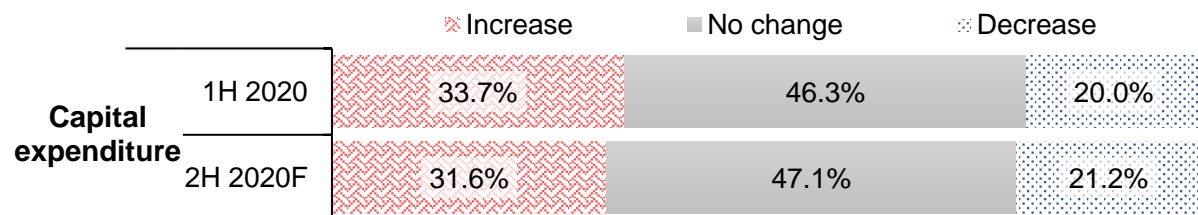


4.2.5 Capital Expenditure

Capital investment plan put on hold

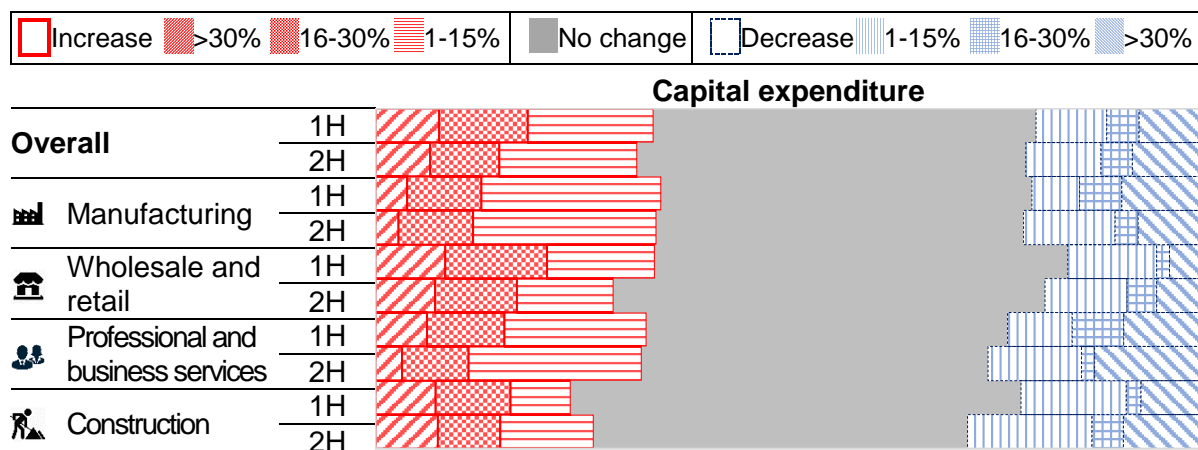
- Overall, **66.3% of respondents indicated that they have either remained unchanged (46.3%) or reduced (20.0%) their capital expenditure in 1H 2020**. The remaining 33.7% of respondents have increased their capital expenditure, but it is much lower compared to 55.1% in the previous survey that forecasted an increase in capital spending in 1H 2020.
- Private investment had contracted by 2.3% yoy in 1Q 2020 owing to the impact of the COVID-19 and bleak economic conditions. In order to sustain this growth engine, capital expenditure is one of the key elements in supporting overall private investment.
- Weighed by **lingering uncertainty about the COVID-19 vaccines development, global economic recovery, domestic economic conditions and political climate, many businesses will continue to adopt a wait-and-see approach in committing their capital investment plans**. A lower share of respondents (31.6%) allocate funds to increase capital expenditure in 2H 2020.
- Among the other reasons cited for **not increase capital expenditure** include **high operating costs and cash flow problem as well as declining business and consumer sentiments as indicated by 44.1% and 44.0% of respondents respectively** when asked the factors affecting business performance.

Figure 23: Capital expenditure in 1H 2020 and 2H 2020F



F=Forecast

Figure 24: Capital expenditure in 1H 2020 and 2H 2020F by selected sectors



4.3 Supplementary Assessment on the Impact of MCO

At the onset of the COVID-19 pandemic outbreak, ACCCIM has conducted four Quick-Take surveys (QTS) to assess the impact of virus on economy and business sector as well as to gauge feedback on the government's policy responses and counteract measures. The feedback and QTS results gathered were submitted to the Government and relevant Ministries from time to time as below:

- A. **QTS on PRIHATIN Economic Stimulus Package and Retrenchment Plan** (Survey period: 29 March 2020 - 4 April 2020, received 2,041 responses)
- B. **QTS on Preparation of Post MCO's Exit Strategy** (Survey period: 13 April 2020 - 21 April 2020, received 916 responses)
- C. **QTS on Financial Impact of the MCO's Extension** (Survey period: 24 April 2020 - 25 April 2020, received 323 responses)
- D. **QTS on Reopening of Economy** (Survey period: 3 May 2020 - 6 May 2020, received 728 responses)

The Key Findings of ACCCIM's Quick-Take Survey

A. Economic Stimulus Package (1st PRIHATIIN) and potential retrenchment

PRIHATIN Economic Stimulus Package was announced on 27 March 2020 to ease the burden of the rakyat and business community.

1. **78.2% of total respondents have expressed dissatisfaction** with PRIHATIN Economic Stimulus Package as it lacks sufficient financial relief measures to help businesses, which are severely impacted by the MCO and also concerned about the business sustainability post MCO.
2. **Top three reasons** cited by the respondents indicating "not satisfied" are **95.4% of respondents felt that businesses need more financial relief to prevent massive retrenchments; 85.7% of them have requested for a wage subsidy support of 70%-80% during the MCO to help retaining workers; and 75.6% of the employers have indicated that employees can be requested to take up annual leave or unpaid leave or a combination of both during the MCO period.**
3. It is clearly that **labour conditions are expected to weaken considerably in the months ahead.** 48.1% of total respondents have planned to retrench about 6,148 workers for the period April-December 2020 while 12.2% of employers have laid off about 1,362 employees in January-March 2020. 56.7% of total respondents are planning for a pay cut to ease employment cost amid the tough going business conditions.

B. Preparation of Post MCO's exit strategy

1. **89.3% of respondents agreed to lift MCO with conditions** such as SOP, social distancing and protective countermeasures.
2. **76.2% of respondents** stated **they are well prepared** to comply with SOP post MCO.
3. **"Incurred an additional health prevention cost" (73.4% of respondents)** stated as **top expected challenge/issue** when complying with SOP on health prevention post MCO.

C. The financial impact of MCO's extension

1. Under the cumulative four phases of MCO (18 Mar-12 May), **32.8% of respondents have reported an estimated total revenue loss of more than RM1 million**, 34.1% would suffer revenue loss between RM200,000 and RM1 million.
2. **"Loss of customers" was voted by 80.5% of respondents as the largest impact** amongst other implications due to a longer period of MCO. This is followed by **"More retrenchment and/or pay cut" (71.8%)**, and **"Supply chain disruptions" (57.9%)**.
3. **Most of the respondents (84.8%)** hope that the **Government can consider to provide a longer period of wage subsidy from current three months to six months**.

D. Reopening of economy

1. **62.1% of businesses prefer a gradual reopening of the economy in stages** (e.g. a 100% operation in Green Zone).
2. **80.8% of total manufacturers still operating below 75% of production capacity on or after 4 May 2020**.
3. **Employees returning to work have increased and lesser workforce continued working from home** on or after 4 May 2020.
4. **Business are "confused" with the contradictory statement made on "Employers' compulsory COVID-19 screening test for their employees (58.4% of respondents)", "Inconsistence in the Ministries' SOP (58.2%)" and "COVID-19 screening test before starting work (53.0%)"**.
5. **73.6% of respondents** voted **"slow recovery in revenue even it is allowed to restart business"** as the top factor that could hinder business resumption plan.

5. CURRENT ISSUE: Business Impact and Policy Response on Post-COVID-19

The unprecedented COVID-19 outbreak – a black swan event has caused a deep global recession due to demand and supply shocks. Jobless rate in advanced economies has spiked to highest level since the 1930s Great Depression. While many countries have implemented different levels of lockdown to curb the virus at the onset of the outbreak and have reopened their economy subsequently, the number of infected cases globally are still climbing up at a rapid rate, stirring concerns over a third wave, which may cause a protracted deep economic downturn and delay the recovery envisaged in 2021.

The IMF has revised 2020's global GDP estimate to -4.9% from -3.0% previously and expects a slower recovery of +5.4% in 2021. IMF also marked down Malaysia's GDP estimate from -2.1% to -3.8% this year, a much lower rate compared to Bank Negara Malaysia's forecast of between -2.0% and +0.5%.

In this survey, we gauge the respondents' feedback and opinions on **Post COVID-19's and MCO, CMCO and RMCO**. It covers (a) **Economy Perception**; (b) **Business Sustainability**; (c) **The COVID-19 Pandemic's Impact on Business Operations**; (d) **Government's Financial Assistance and Credit Facilities**; (e) **Government's Policy Responses**; and (f) **Budget 2021 Expectations**.

Economy Perception

Q1: When do you expect the economy to recover (positive growth) from the COVID-19 pandemic?

Q2: What is the expected shape of recovery for the Malaysian economy in 2020-2021?

Most respondents (46.4%) expect that the Malaysian economy to recover in 1H 2021, with the exception from tourism, shopping, hotels, restaurants, reaction and entertainment sectors, which anticipate that the Malaysian economy will only recover in 2H 2021.

Despite almost 50% of respondents perceived a "U-shaped Recovery" for the Malaysian economy in 2020-2021, 39.4% of respondents expect an "L-shaped Recovery". The shape of recovery will depend on the effectiveness of economic stimulus and counteract measures, the restoration of domestic consumer and business confidence, the availability of vaccines as well as the economic recovery strength of Malaysia's major trading partners. More importantly, our compliance of SOP and protective measures are crucial to prevent an occurrence of a third wave of the COVID-19 during the RMCO.

By sector, **a majority of respondents in wholesale and retail sector expect an "L-shaped Recovery"** rather than a "U-shaped Recovery". This can be explained by cautious spending behaviour in both local and overseas market as well as a slow returning of international tourists.

Figure 25: Businesses' expectations of the economic recovery path post the COVID-19

Global, ASEAN and Malaysian economy are expected to recover in 1H 2021

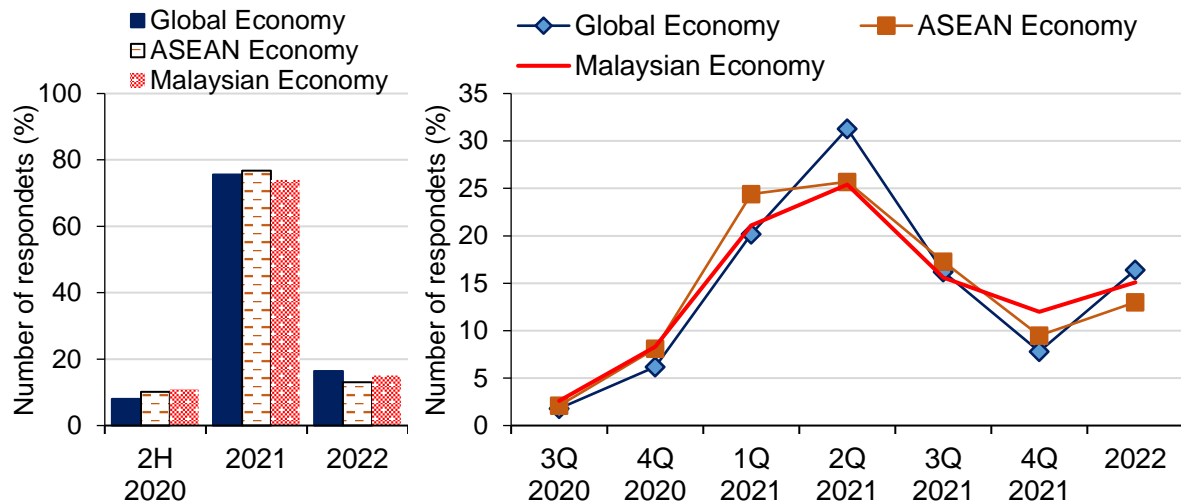
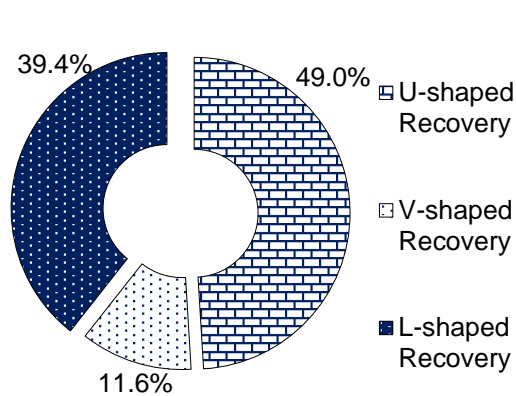


Figure 26: Businesses' expectations of Malaysia's recovery shape in 2020-2021

Almost 50% of respondents expect a "U-shaped Recovery" for the Malaysian economy



Definition

- U-shaped Recovery** – Virus contained, a recession in 2020, followed by slow recovery in 2021
- V-shaped Recovery** – Virus contained, a recession in 2020, followed by strong rebound in 2021
- L-shaped Recovery** – Virus slowly contained, a recession in 2020, followed by no or weak growth in 2021

Business Sustainability

Q3: Can your business/company sustain through the COVID-19 pandemic?

Q4: How long does it take for a business recovery?

Q5: Do you foresee your business closing down in 2020?

A majority of respondents (71.4%) indicated that they can survive the COVID-19 pandemic, albeit it is a tough journey ahead. The M-BECS results showed that 68.4% of businesses need at least 4-12 months to recover post MCO. Nevertheless, there remains risk if there are escalating number of coronavirus infected cases, which compel the re-imposition of MCO, businesses may not be able to absorb a second round of lockdown impact.

By size of enterprise, a higher percentage among SMEs (25.0% vs. 9.8% among large corporations) have “difficulty to hang on” if the impact of COVID-19 pandemic lasts longer than expected. 8.9% of micro enterprises are very likely to cease their operations compared to small enterprises (3.2%) and medium enterprises (3.8%).

Figure 27: Business sustainability during the COVID-19 pandemic

71.4% of respondents expect to survive the impact of COVID-19

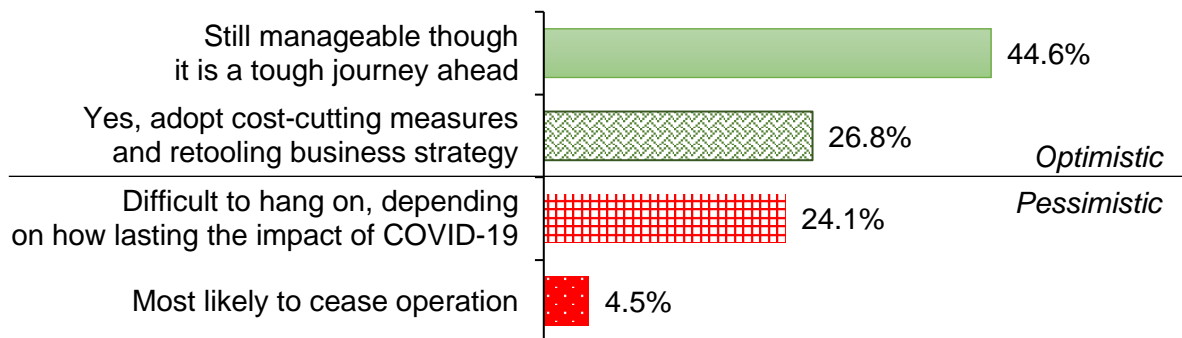


Figure 28: Business recovery duration post COVID-19 and MCO

At least 4-12 months (68.4% of respondents) for businesses to get back on track

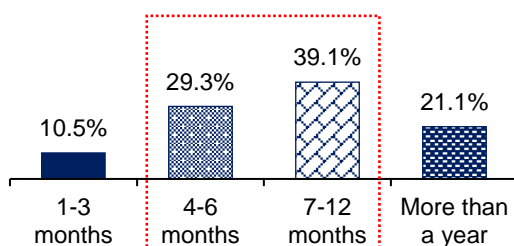
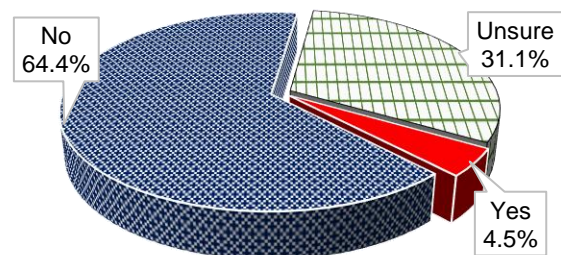


Figure 29: Businesses' perceptions of closing down in 2020

64.4% of respondents can sustain their business in 2020



The COVID-19 Pandemic's Impact on Business Operations

Q6: How are you currently paying for fixed operational expenses (per Section A)?

Q7: How does your business affect by the supply chain disruptions?

Q8: What employment cost management have you taken so far in this economic crisis?

Q9: How does your company prepare in confronting a new normal post-MCO & COVID-19?

Most businesses are forced to halt their operations under the MCO as the Government only allowed essential services providers (e.g. food manufacturers or financial services) and very limited non-essential businesses to operate with conditions.

68.3% of respondents utilise their internal reserves to pay fixed operational expenses such as labour cost or rental fees. As the COVID-19 caused severe demand and supply shocks, businesses are facing “reduction in customer orders” and “difficulty in collecting payments”. Respondents tend to engage their employees to negotiate for co-sharing of burden through pay cuts while at the same time implemented flexible working hours in order to address high employment cost due to a tight cash flow position.

Post-MCO and COVID-19, **a majority of respondents have revamped their business structure and developed new business models as well as adopt business contingency plan to adapt to the new normal.** By size of enterprise, large enterprises (62.7% of respondents) are moving towards more digitalisation, e-commerce and automation in adapting to the new normal compared to SMEs (38.1% of respondents).

Figure 30: Current payment approach for fixed operational expenses

Internal reserves are the main source for company to pay fixed operational expenses during this challenging period

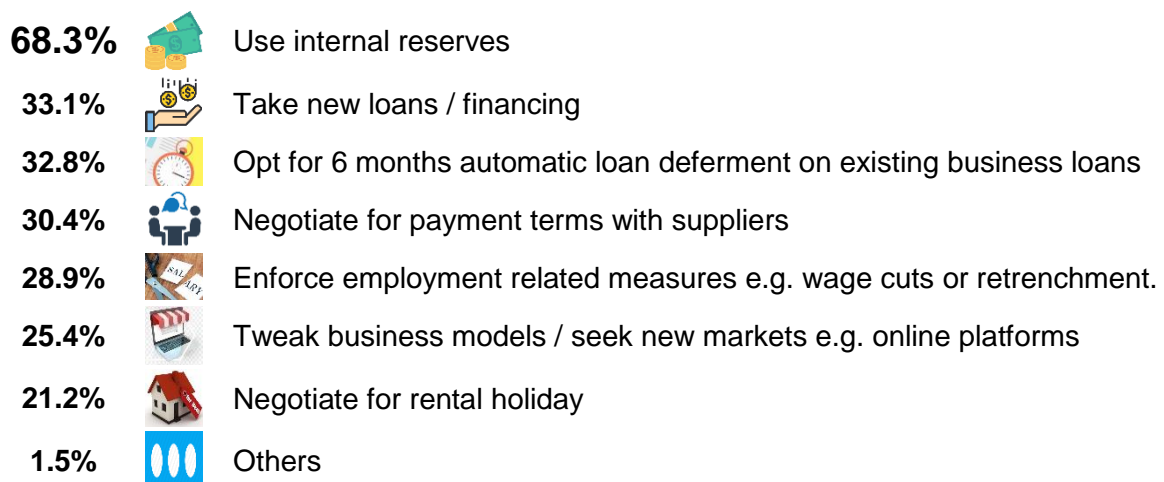


Figure 31: Business segment affected by the supply chain disruptions

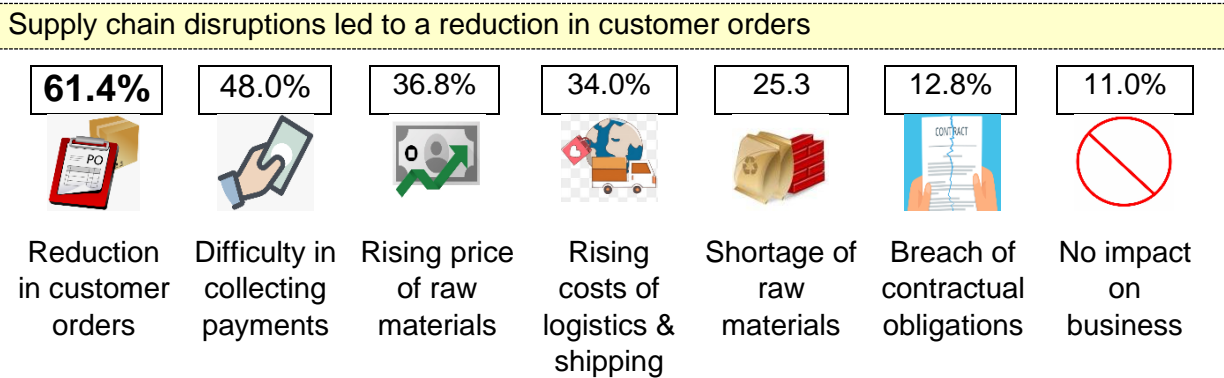


Figure 32: Businesses' strategies on employment cost management

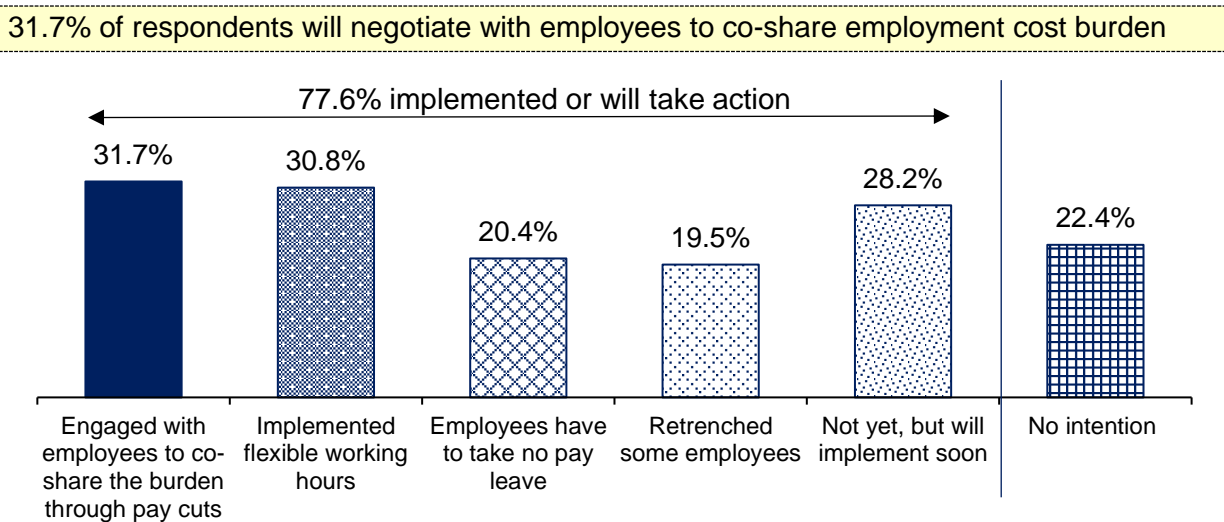
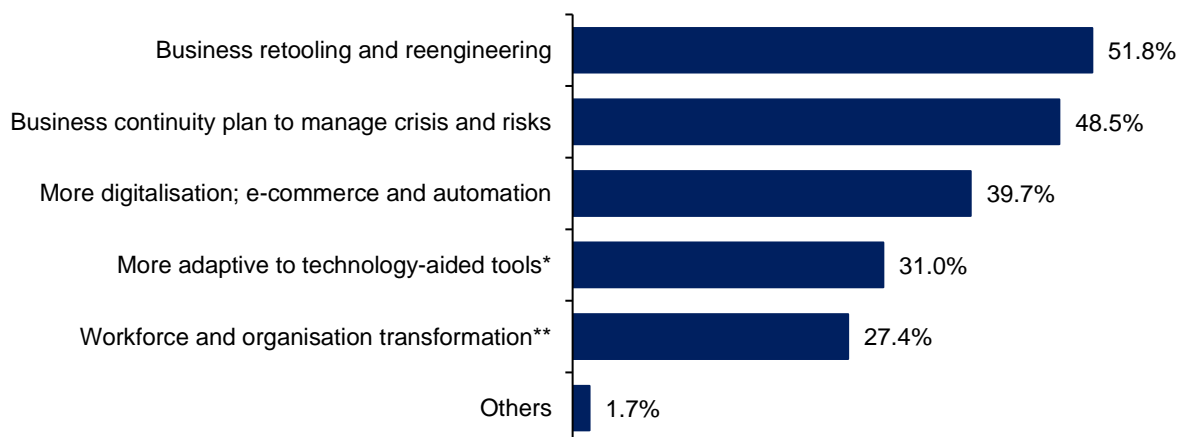


Figure 33: Company's approaches in confronting new normal post MCO and COVID-19

Key approaches for company adapting to the new normal are business retooling and re-engineering as well as implement a business continuity plan



* E.g. remote office and working and video conferencing

** E.g. agile, creative and digital savvy; cybersecurity and safety, among other issues

Government’s Financial Assistance and Credit Facilities

Q10: Please rate the level of effectiveness of PRIHATIN Economic Stimulus Package

Q11: Which measures of PRIHATIN Economic Stimulus Package will benefit your company the most?

Q12: Is your company taking up the EPF Employer COVID-19 Assistance Programme (e-CAP)?

Q13: Did you apply for new loans / financing to help you with cash flow difficulties?

Q14: Do you plan to do the following actions after the automatic deferment on loan repayment ends in September 2020?

The M-BECS findings revealed that a majority of respondents rated the RM260.0bn PRIHATIN Economic Package as a timely assistance to blunt the COVID-19’s impact on economy, businesses and households. Most of respondents had benefited from the wage subsidy. As of 20 July 2020, the Government has approved RM7.4 billion to 2.6 million employees.

In terms of the type of loans/grant facilities under PRIHATIN Economic Package, 79.3% of respondents indicated that they have applied for Special Relief Facility (SRF), followed by micro-credit scheme (37.0%) and Special PRIHATIN grant (30.1%). It is reported that the enlarged allocation of SRF has been fully disbursed. For Special PRHITAN grant, the Government has approved RM1.6 billion benefitting 545,000 micro enterprises.

As of 13 July 2020, business cash flow is freed up from the loan repayment moratorium amounting to RM19.3 billion. The survey found that **66.3% of respondents hope that the Government to consider extending the payment deferment on SME loans/financing for an additional 3-6 months** as the business outlook remains cloudy in 2H 2020.

Figure 34: Level of effectiveness of PRIHATIN Economic Stimulus Package

More than 60% of respondents rated “Neutral” for PRIHATIN Economic Stimulus Package

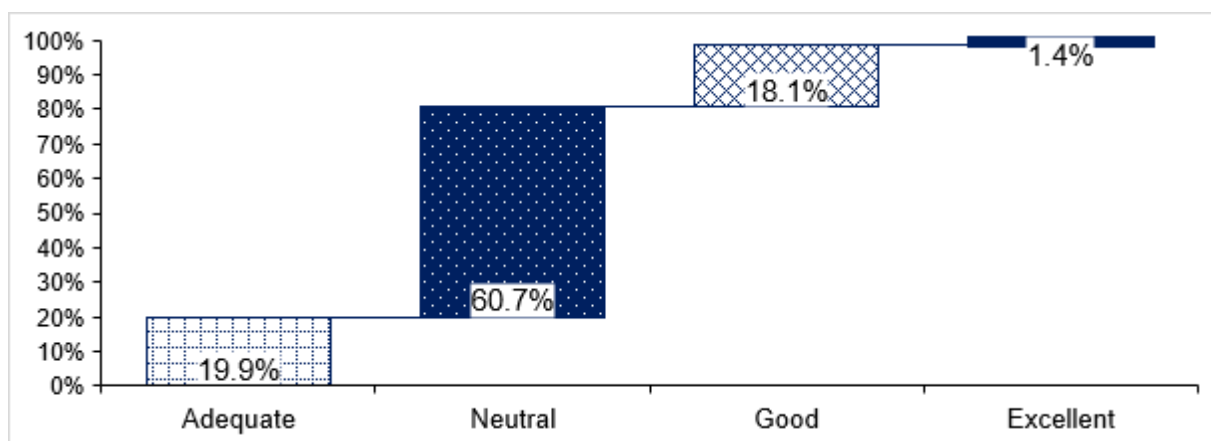


Figure 35: Measures of PRIHATIN Economic Stimulus Package benefitted by respondents

Wage subsidy is the most popular measures to ease cash flow burden







| | | |
|--------------|---|---|
| 71.8% |  | Wage subsidy for employer |
| 50.2% |  | Deferment on loan repayments |
| 44.1% |  | Income tax deferment |
| 38.0% |  | Loan/grant facilities |
| 24.3% |  | Deferment/instalment of Employer's EPF contribution |
| 21.9% |  | A 25% reduction in foreign workers' levy |

Figure 36: Businesses' opinions on extension of moratorium on SME loans/financing

66.3% of respondents urge the Government to consider extending payment deferment on SME loans/financing for an additional 3-6 months

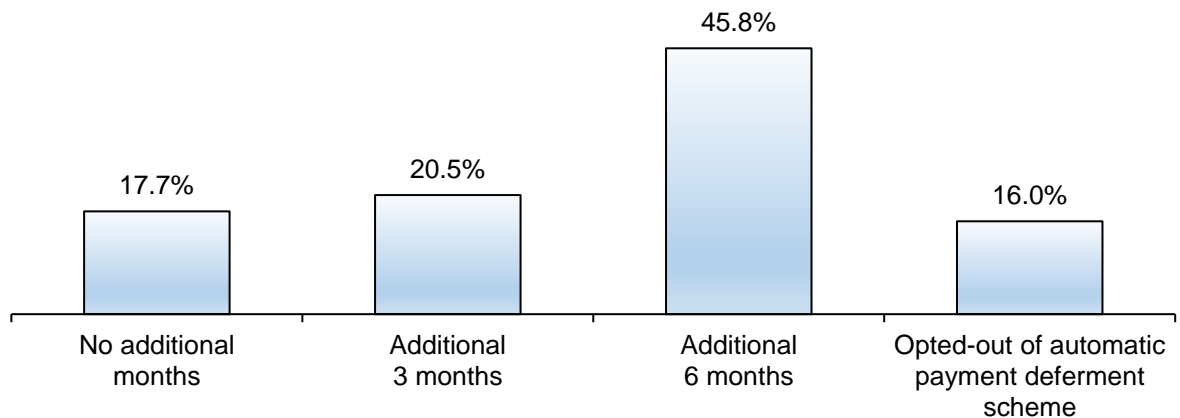


Figure 37: Take up rate of EPF Employer COVID-19 Assistance Programme (e-CAP)

Low take up rate in EPF's e-CAP initiative

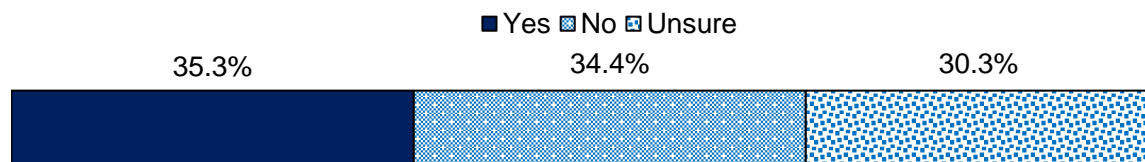


Figure 38: Applying new loans / financing to overcome company difficulties

More than 50% of businesses are seeking for affordable credit facilities amid wary that over-leveraged will increase business risk

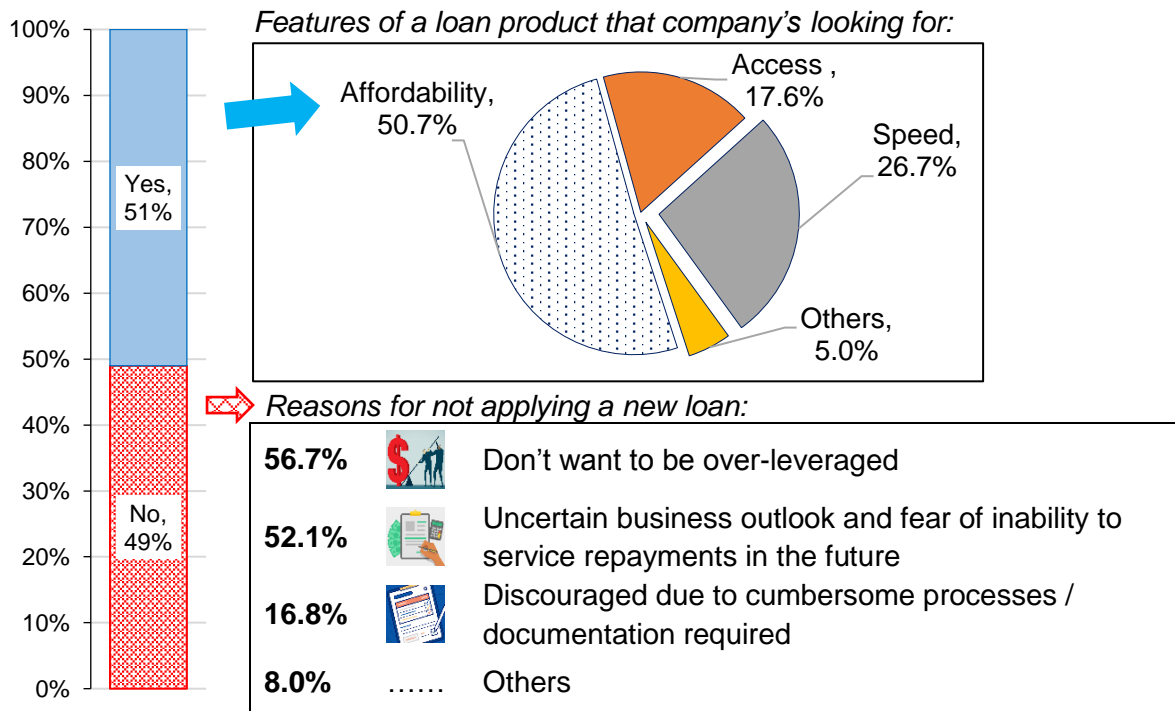
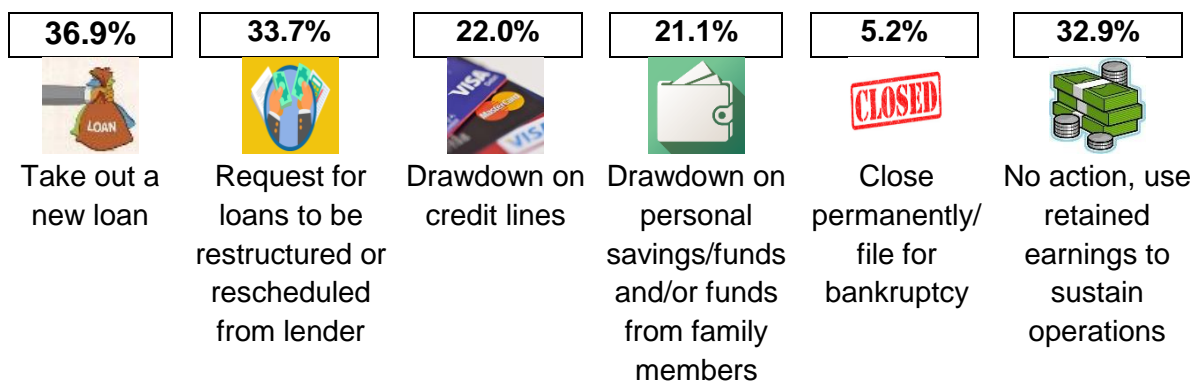


Figure 39: Action plans after the automatic deferment on loan repayment ends in September 2020

Businesses will apply new loan or request loan restructuring or rescheduling after the expiry of loan moratorium



Government's Policy Responses

Q15: What more the Government could have done to counteract the impact of COVID-19?

Q16: What the Government can implement to revitalise domestic demand?

Figure 40: Businesses' expectations of Government to counteract the COVID-19

The elevated business operating and compliance costs need further assistance from the Government

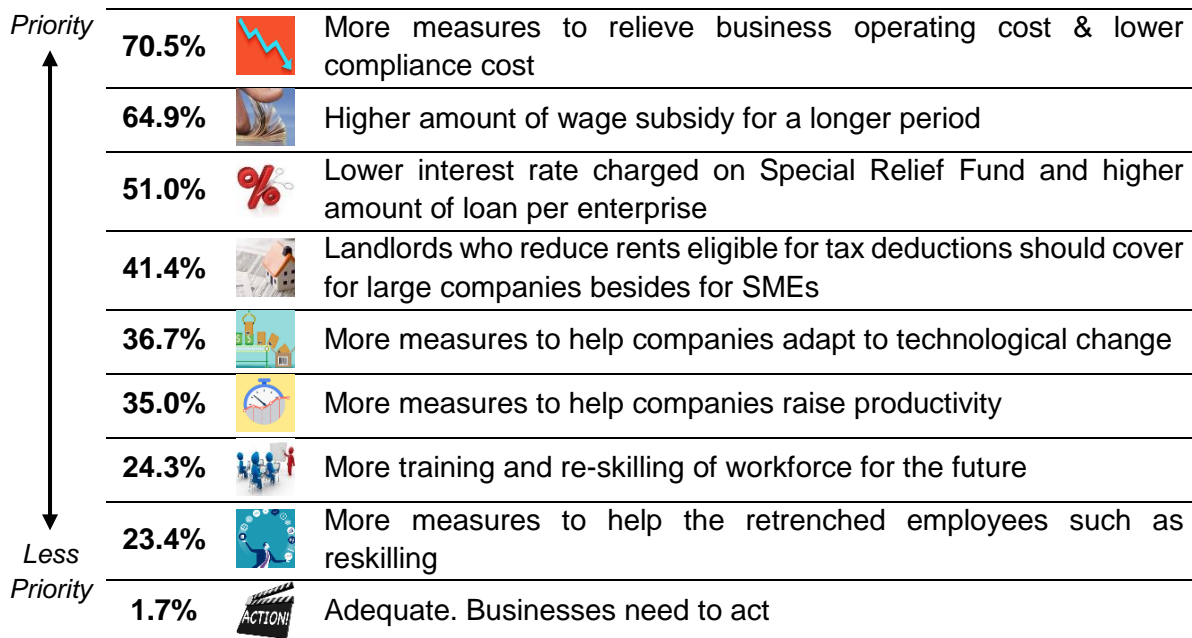
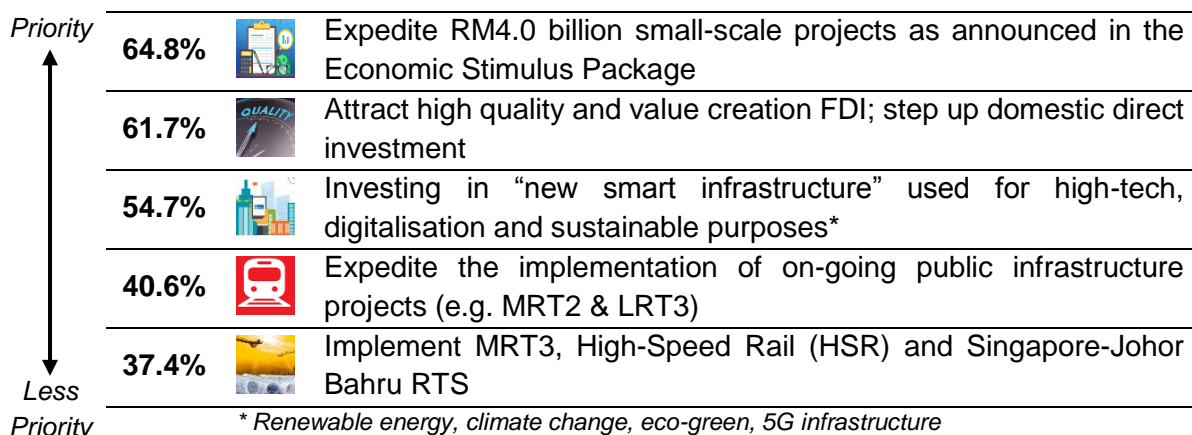


Figure 41: The government's action plans to revitalise domestic demand

Quick and high multiplier effects from the speedy implementation of public infrastructure projects and the urgency to re-strategise national investment policy to revive both FDI and DDI



| |
|---------------------------------|
| Budget 2021 Expectations |
|---------------------------------|

| |
|--|
| Q17: What measures you expect in Budget 2021 to stimulate private investment? |
|--|

| |
|---|
| Q18: What measures you expect in Budget 2021 to sustain private consumption? |
|---|

With the COVID-19 outbreak, Bank Negara Malaysia (BNM) expects private investment to slump by 9.7% in 2020 (+1.6% in 2019) and a moderate growth of +4.2% for private consumption (+7.6% in 2019). Therefore, households, investors and businesses are piling up high expectations on Budget 2021 to sustain the economic revival.

In order to **revitalise private investment**, ACCCIM proposes to **reduce corporate tax rate to 22% from 24% currently for large companies and 15% (17% currently) for SMEs**, which are voted by more than 80% of respondents. Currently, Malaysia's corporate tax rate of 24% is higher compared to Singapore (17%), Thailand (20%), and Vietnam (20%). In addition, with the escalating tensions between the US and China, foreign companies are searching for a safety place to re-shore their manufacturing plants and services hubs. Malaysia may be losing such opportunity to other neighbouring countries given the uncompetitive corporate tax rate.

Besides offering attractive tax rate, **political and economic stability and a predictable legal and regulatory environment are important for investors to make better investment decision**. In essence, the Government needs to **enhance a conducive investment climate, starting with the regulatory reform to ease regulatory risk and compliance cost**.

Towards this end, we welcome the investment facilitation measures as announced in PENJANA namely, zero tax rate for a period of 10-15 years for reshoring of capital investment from abroad to Malaysia; 100% Investment Tax Allowance (ITA) and Special Reinvestment Allowance (RA); the establishment of Project Acceleration & Coordination Unit (PACU) at MIDA to simplify and coordinate application process across the Federal, state and local authorities; and a two working days fast track manufacturing license approval for non-sensitive industry. These initiatives must be well executed without delay as our competitors also have stepped up their plates.

To **boost private consumption**, ACCCIM hopes that the Government can provide **a tax holiday for tax payers with taxable income below RM100,000 per annum for YA 2021**. This move would benefit about 2 million individual tax payers who only contributed close to one-fifth of the individual tax revenue in 2017. Although this may cost the Government about RM5 billion lost in direct tax revenue, but the Government can partially recoup the lower revenue from indirect tax revenue.

Figure 42: Businesses' expectations of Budget 2021 measures to stimulate private investment

Reduce corporate tax will help motivate businesses to expand capital expenditure while reviving both DDI and FDI

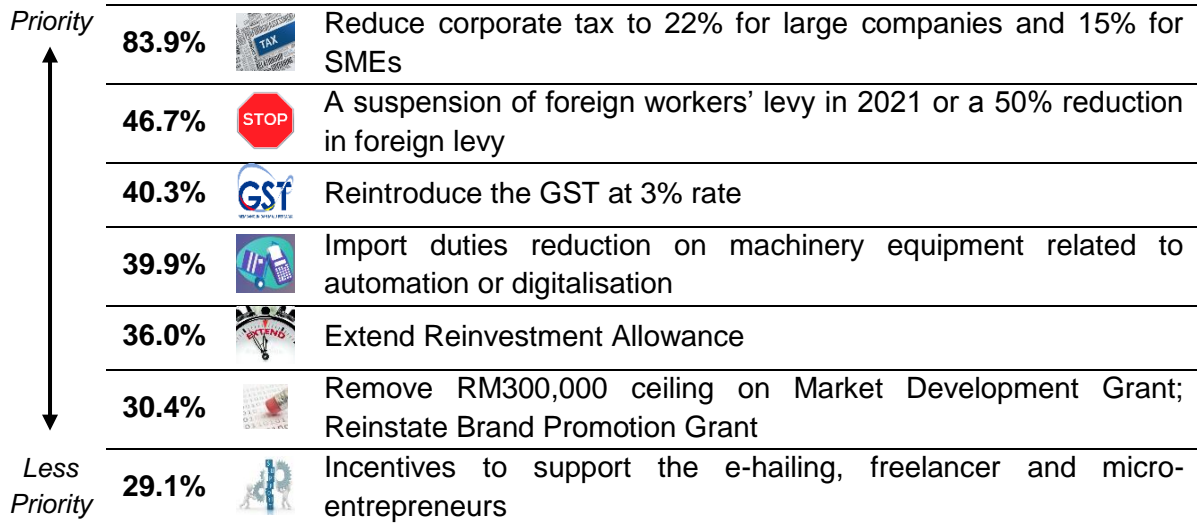
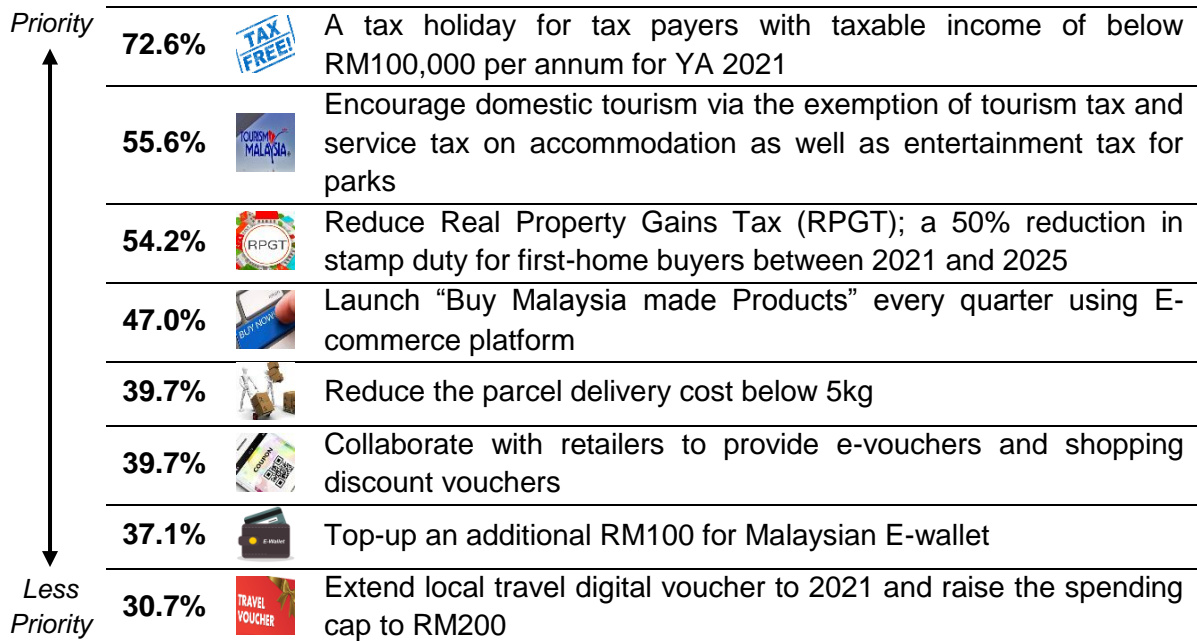


Figure 43: Businesses' expectations of Budget 2021 measures to sustain private consumption

Tax holiday for taxable income below RM100,000 per annum helps to increase discretionary spending, especially among the middle-income households



6. CONCLUSION

Overall, M-BECS results showed that **most businesses have pessimistic views about economic and business conditions in 1H 2020** as inflicted by the unprecedented impact of the COVID-19 and MCO.

While PRIHATIN and PENJANA economic and financial packages have helped to blunt economic damage and ease cash flow burden, **businesses' pessimism expectations are expected to continue in 2H 2020, albeit a marginal improvement**. At this juncture, the fragile economic and business environment remains highly vulnerable to new economic and financial shocks.

While most respondents anticipate the economic recovery to take place in 2021, some cautiousness still prevail given lingering concerns about the containment of virus (through the availability of vaccines); the effectiveness of the Government's stimulus and counteract measures; domestic political climate; and the recovery strength of our major trading partners.

Sentiment Tracker

- **Domestic business confidence and conditions have plummeted** caused by the COVID-19 pandemic outbreak and MCO started on 18 March. A "sudden stop" of non-essential sectors and limited operating capacity of some essential businesses as well as demand shock have dampened businesses. **78.2% of respondents' business conditions have deteriorated in 1H 2020 and will continue in 2H 2020.**
- **70.9% of respondents hold pessimistic views on economic conditions and prospects for this year (2020)**, reflecting the prolonged impact from the pandemic, which has resulted in massive job losses year-to-date and continued struggling of businesses, particularly in tourism, shopping, hotels, restaurants, recreation and entertainment sectors.
- **67.7% of businesses expect business prospects to be worse-off in 2020** while pinning hope that the vaccines will be available in 2021.
- **There is a glimpse of hope in 2021. Nearly all sectors have more than 60% of respondents hold a neutral view on economic conditions and prospects for 2021** amid lingering hope on the availability and affordability of vaccines. **The number of respondents having pessimistic views will decline to 24.5% in 2021 from 70.9% in 2020.**

Major Factors Affecting Business Performance:

- (I) **Impact of COVID-19** (voted by 87.7% of total respondents)
- (II) **Movement Control Order (MCO)** (82.5%)
- (III) **High operating costs and cash flow problem** (44.1%)
- (IV) **Declining business and consumer sentiment** (44.0%)
- (V) **Changing consumer behaviour** (43.1%)

Business Assessment in 2H 2020 and Prospects for 1H 2020

- **Sales:** Overall sales performance was dampened as indicated by 65.8% of respondents and is expected to remain sluggish in 2H 2020 given still weak sales prospect.
- **Production:** Production level has dropped significantly in 1H 2020 due to the impact of COVID-19 and MCO, as reflected by more than half (52.7%) of respondents. The SOP and social distancing measures as well as a slow recovery in demand would continue to restrain the production capacity for some time.
- **Raw materials:** Following the softening of global commodity prices, the percentage of respondents indicated an increase in cost of raw materials has dropped compared to previous surveys. Nevertheless, the shortage of raw materials has partially offset the effect as about half of total respondents indicated an increase in cost of raw materials from domestic and overseas suppliers.
- **Capital expenditure:** Clouded by the impact of COVID-19 and MCO, most respondents have chosen to remain unchanged or reduced their capital expenditure in both 1H 2020 (66.3%) and 2H 2020 (68.3%)

Post COVID-19 and MCO: Business Impact and Policy Response

- Almost 50% of respondents expect the Malaysian economy to recover in 1H 2021, albeit gradually, i.e. “U-shaped Recovery”.
- A majority of respondents (71.4%) indicated that they can survive the COVID-19 pandemic, albeit it is a tough journey ahead. The M-BECS results showed that 68.4% of businesses need at least 4-12 months to recover post-MCO.
- 36.9% of respondents have tight cash flow problems and unable to cover business operations/productions, raw materials/inventory, manpower cost for 3 months while 41.3% can only last between 3-6 months, leaving 21.8% of respondents say can last for more than 6 months.
- Assuming there was no automatic six months loan/financing deferment for SMEs, 42.8% of respondents are unable to cover debt/financing obligations for 3 months and 33.0% can only cover 3-6 months.
- The M-BECS results indicated that 66.3% of respondents hope that the Government to consider extending the payment deferment on SME loans/financing for an additional 3-6 months as the business outlook remains cloudy in 2H 2020.
- 68.3% of respondents are tapping on internal reserves to pay fixed operational expenses, but it is not a sustainable solution as a majority of respondents have insufficient cashflow to service the expenses for more than 6 months.
- Large enterprises will adopt more digitalisation, e-commerce and automation in adapting to the new normal environment post-MCO and COVID-19 as compared to SMEs.

- **83.9% of respondents** proposed that the **Government to reduce corporate tax rate to 22% (24% currently) for large companies and 15% (17% currently) for SMEs in Budget 2021** in order to **stimulus private investment as well as revive both DDI and FDI**.
- In order to sustain private consumption, **72.6% of respondents** wish that **the Government to provide a tax holiday for tax payers with taxable income below RM100,000 per annum for YA 2021 in Budget 2021**.

Appendix 1: Survey Questionnaire



| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
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Malaysia's Business and Economic Conditions Survey (M-BECS)

This is a survey jointly conducted by the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) and Socio-Economic Research Centre (SERC) on **Malaysia's business and economic conditions in the first half-year of 2020** (1H2020: Jan-Jun 2020) and prospects for the second half-year of 2020 (2H2020: Jul-Dec 2020) and beyond.

We seek your kind cooperation to return the duly completed questionnaire to ACCCIM Secretariat by **30 June 2020** (Email: commerce@accim.org.my / Fax: 03-4260 3080). Thank you for your support and cooperation.

Section A: BUSINESS BACKGROUND

***If you have multiple businesses, please refer to the principal business/sector when answering the questions.*

A1. Constituent Members:

- | | | |
|---|--|--|
| <input type="checkbox"/> 1 KLSCCCI | <input type="checkbox"/> 7 Penang CCC | <input type="checkbox"/> 13 Batu Pahat CCC |
| <input type="checkbox"/> 2 Klang CCCI | <input type="checkbox"/> 8 Malacca CCCI | <input type="checkbox"/> 14 Kedah CCCI |
| <input type="checkbox"/> 3 ACCCI Sarawak | <input type="checkbox"/> 9 Kelantan CCCI | <input type="checkbox"/> 15 North Perak CCCI |
| <input type="checkbox"/> 4 Negeri Sembilan CCCI | <input type="checkbox"/> 10 ACCCI Pahang | <input type="checkbox"/> 16 Terengganu CCCI |
| <input type="checkbox"/> 5 Kluang CCCI | <input type="checkbox"/> 11 Perak CCCI | <input type="checkbox"/> 17 Perlis CCCI |
| <input type="checkbox"/> 6 Sabah UCCC | <input type="checkbox"/> 12 Johor ACCCI | <input type="checkbox"/> 18 Others |

A2. Type of industry or sub-sector: [Please select ONE (1)]

- | | |
|--|--|
| <input type="checkbox"/> 1 Agriculture, forestry and fishery | <input type="checkbox"/> 7 Transportation, forwarding and warehousing |
| <input type="checkbox"/> 2 Mining and quarrying | <input type="checkbox"/> 8 ICT |
| <input type="checkbox"/> 3 Manufacturing | <input type="checkbox"/> 9 Finance and insurance |
| <input type="checkbox"/> 4 Construction | <input type="checkbox"/> 10 Real estate |
| <input type="checkbox"/> 5 Wholesale and retail trade | <input type="checkbox"/> 11 Professional and business services |
| <input type="checkbox"/> 6 Trading (imports and exports) | <input type="checkbox"/> 12 Tourism, shopping, hotels, restaurants, recreation and entertainment |

A3. Annual turnover:

- | |
|---|
| <input type="checkbox"/> 1 Less than RM300k |
| <input type="checkbox"/> 2 RM300k to < RM3mil |
| <input type="checkbox"/> 3 RM3mil to < RM15mil |
| <input type="checkbox"/> 4 RM15mil to < RM20mil |
| <input type="checkbox"/> 5 RM20mil to ≤ RM50mil |
| <input type="checkbox"/> 6 More than RM50mil |

A4. Number of full-time employees:

- | |
|--|
| <input type="checkbox"/> 1 Less than 5 |
| <input type="checkbox"/> 2 5 to < 30 |
| <input type="checkbox"/> 3 30 to < 75 |
| <input type="checkbox"/> 4 75 to ≤ 200 |
| <input type="checkbox"/> 5 More than 200 |

A5. Share of total sales derived from:

Domestic market : _____ %
Overseas market : _____ %

A6. Share of total employees:

Local employees : _____ %
Foreign employees : _____ %

Section A: BUSINESS BACKGROUND (cont.)

A7. Your monthly fixed operational expenses (including rent, utilities, salary, raw materials/inventory and statutory payments).

- ₁ < RM20,000
 ₂ RM20,001 – RM50,000
 ₃ RM50,001 – RM100,000
 ₄ RM100,001 – RM300,000
 ₅ RM300,001 – RM1 million
 ₆ RM1 million – RM3 million
 ₇ > RM3 million

Section B: OVERALL ASSESSMENT

B1. When comparing to 2H 2019, how are business conditions in 1H 2020?

- ₁ Expanded ₂ No change ₃ Deteriorated

B2. Overall economic conditions and outlook:

| | <u>Better</u> | <u>Neutral</u> | <u>Worse</u> |
|---------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| 1H 2020 | <input type="checkbox"/> ₁ | <input type="checkbox"/> ₂ | <input type="checkbox"/> ₃ |
| 2H 2020 | <input type="checkbox"/> ₁ | <input type="checkbox"/> ₂ | <input type="checkbox"/> ₃ |
| 1H 2021 | <input type="checkbox"/> ₁ | <input type="checkbox"/> ₂ | <input type="checkbox"/> ₃ |
| Estimation for 2020 | <input type="checkbox"/> ₁ | <input type="checkbox"/> ₂ | <input type="checkbox"/> ₃ |
| Forecast for 2021 | <input type="checkbox"/> ₁ | <input type="checkbox"/> ₂ | <input type="checkbox"/> ₃ |

B3. Overall business conditions and outlook:

| | <u>Better</u> | <u>Neutral</u> | <u>Worse</u> |
|---------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| 1H 2020 | <input type="checkbox"/> ₁ | <input type="checkbox"/> ₂ | <input type="checkbox"/> ₃ |
| 2H 2020 | <input type="checkbox"/> ₁ | <input type="checkbox"/> ₂ | <input type="checkbox"/> ₃ |
| 1H 2021 | <input type="checkbox"/> ₁ | <input type="checkbox"/> ₂ | <input type="checkbox"/> ₃ |
| Estimation for 2020 | <input type="checkbox"/> ₁ | <input type="checkbox"/> ₂ | <input type="checkbox"/> ₃ |
| Forecast for 2021 | <input type="checkbox"/> ₁ | <input type="checkbox"/> ₂ | <input type="checkbox"/> ₃ |

B4. Which of the following factors may adversely affect your business performance in 2020?
[Please select at least THREE (3)]

- | | |
|---|--|
| <input type="checkbox"/> ₁ Impact of COVID-19 | <input type="checkbox"/> ₉ Lower external demand |
| <input type="checkbox"/> ₂ The Movement Control Order (MCO) | <input type="checkbox"/> ₁₀ Declining business and consumer sentiment |
| <input type="checkbox"/> ₃ Changing consumer behaviour | <input type="checkbox"/> ₁₁ The Ringgit's fluctuation |
| <input type="checkbox"/> ₄ High operating cost and cash flow problem | <input type="checkbox"/> ₁₂ Increase bad debt and delay payments |
| <input type="checkbox"/> ₅ Supply chain disruptions | <input type="checkbox"/> ₁₃ Political climate |
| <input type="checkbox"/> ₆ Shortage of raw materials | <input type="checkbox"/> ₁₄ Lack of financing |
| <input type="checkbox"/> ₇ Availability of skilled labour | <input type="checkbox"/> ₁₅ Lower domestic demand |
| <input type="checkbox"/> ₈ Government's policies* | |

*If "government's policies" is one of your answers, please further elaborate on the type of policy and issues faced by your industry.

B5. Performance and Forecast

| B5.1 Overall | <u>Current Performance</u> Actual for 1H 2020 (Jan-Jun) compared to 2H 2019 (Jul-Dec) | | | <u>Forecast</u> Outlook for 2H 2020 (Jul-Dec) compared to 1H 2020 (Jan-Jun) | | |
|--|--|---|--|--|---|--|
| | <u>Good</u> | <u>Satisfactory</u> | <u>Poor</u> | <u>Good</u> | <u>Satisfactory</u> | <u>Poor</u> |
| i. Business conditions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ii. Debtors' conditions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| iii. Cash flows conditions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| a. How many months can your cash flow cover business operations/productions, raw materials/inventory, manpower? | | | | <i>Intentionally left blank, kindly go to Question iv</i> | | |
| <input type="checkbox"/> ₁ Less than 3 months | | | | | | |
| <input type="checkbox"/> ₂ 3-6 months | | | | | | |
| <input type="checkbox"/> ₃ 7-12 months | | | | | | |
| <input type="checkbox"/> ₄ More than 12 months | | | | | | |
| b. How many months can your cash flow also cover debt/financing obligation assuming there was no automatic six months loan/financing deferment for SMEs? | | | | | | |
| <input type="checkbox"/> ₁ Less than 3 months | | | | | | |
| <input type="checkbox"/> ₂ 3-6 months | | | | | | |
| <input type="checkbox"/> ₃ 7-12 months | | | | | | |
| <input type="checkbox"/> ₄ More than 12 months | | | | | | |
| <input type="checkbox"/> ₅ Not applicable | | | | | | |
| iv. Capacity utilization level ◇ N/A or N/R | <input type="checkbox"/> Less than 50% <input type="checkbox"/> 50% to < 75% <input type="checkbox"/> 75% to ≤ 90% <input type="checkbox"/> More than 90% | | | <input type="checkbox"/> Less than 50% <input type="checkbox"/> 50% to < 75% <input type="checkbox"/> 75% to ≤ 90% <input type="checkbox"/> More than 90% | | |
| v. Overall Sales - Volume | Increase <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | <i>Unchanged</i> <input type="radio"/> | Decrease <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | Increase <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | <i>Unchanged</i> <input type="radio"/> | Decrease <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% |
| <u>B5.2 Domestic sales</u> | Increase | <i>Unchanged</i> | Decrease | Increase | <i>Unchanged</i> | Decrease |
| i. Volume | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | <input type="radio"/> | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | <input type="radio"/> | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% |
| ii. Price level | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | <input type="radio"/> | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | <input type="radio"/> | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% |
| <u>B5.3 Foreign sales</u> | Increase | <i>Unchanged</i> | Decrease | Increase | <i>Unchanged</i> | Decrease |
| i. Volume | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | <input type="radio"/> | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | <input type="radio"/> | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% |
| ii. Price level | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | <input type="radio"/> | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | <input type="radio"/> | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% |

Note: N/A = Not applicable; N/R=Not Relevant

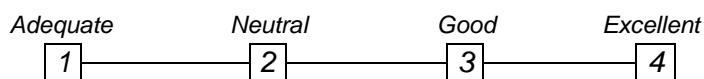
| (B5 Cont.) Note: N/A=Not Applicable N/R= Not Relevant | <u>Current Performance</u> Actual for 1H 2020 (Jan-Jun) compared to 2H 2019 (Jul-Dec) | | | <u>Forecast</u> Outlook for 2H 2020 (Jul-Dec) compared to 1H 2020 (Jan-Jun) | | |
|---|--|------------------|---|--|------------------|---|
| | Increase | <i>Unchanged</i> | Decrease | Increase | <i>Unchanged</i> | Decrease |
| <u>B5.4 Business operations</u> | | | | | | |
| i. Production ◇ N/A or N/R | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | ○ | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | ○ | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% |
| ii. Inventory or stock level ◇ N/A or N/R | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | ○ | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | ○ | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% |
| <u>B5.5 Cost of raw materials</u> | | | | | | |
| i. Local ◇ N/A or N/R | <input type="checkbox"/> 1-5% <input type="checkbox"/> 6-10% <input type="checkbox"/> > 10% | ○ | <input type="checkbox"/> 1-5% <input type="checkbox"/> 6-10% <input type="checkbox"/> > 10% | <input type="checkbox"/> 1-5% <input type="checkbox"/> 6-10% <input type="checkbox"/> > 10% | ○ | <input type="checkbox"/> 1-5% <input type="checkbox"/> 6-10% <input type="checkbox"/> > 10% |
| ii. (Blank) | <input type="checkbox"/> 1-5% <input type="checkbox"/> 6-10% <input type="checkbox"/> > 10% | ○ | <input type="checkbox"/> 1-5% <input type="checkbox"/> 6-10% <input type="checkbox"/> > 10% | <input type="checkbox"/> 1-5% <input type="checkbox"/> 6-10% <input type="checkbox"/> > 10% | ○ | <input type="checkbox"/> 1-5% <input type="checkbox"/> 6-10% <input type="checkbox"/> > 10% |
| <u>B5.6 Manpower</u> | | | | | | |
| i. Number of employees | <input type="checkbox"/> 1-5 <input type="checkbox"/> 6-10 <input type="checkbox"/> > 10 | ○ | <input type="checkbox"/> 1-5 <input type="checkbox"/> 6-10 <input type="checkbox"/> > 10 | <input type="checkbox"/> 1-5 <input type="checkbox"/> 6-10 <input type="checkbox"/> > 10 | ○ | <input type="checkbox"/> 1-5 <input type="checkbox"/> 6-10 <input type="checkbox"/> > 10 |
| ii. Wage growth | <input type="checkbox"/> 1-5% <input type="checkbox"/> 6-10% <input type="checkbox"/> > 10% | ○ | <input type="checkbox"/> 1-5% <input type="checkbox"/> 6-10% <input type="checkbox"/> > 10% | <input type="checkbox"/> 1-5% <input type="checkbox"/> 6-10% <input type="checkbox"/> > 10% | ○ | <input type="checkbox"/> 1-5% <input type="checkbox"/> 6-10% <input type="checkbox"/> > 10% |
| <u>B5.7 Others</u> | | | | | | |
| i. Capital expenditure ◇ N/A or N/R | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | ○ | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% | ○ | <input type="checkbox"/> 1-15% <input type="checkbox"/> 16-30% <input type="checkbox"/> > 30% |

Section C: CURRENT ISSUE

POST-COVID-19 AND MCO: BUSINESS IMPACT AND POLICY RESPONSE

I. General

a) Please rate the level of effectiveness of PRIHATIN Economic Stimulus Package.



b) Which measures of PRIHATIN Economic Stimulus Package will benefit your company the most?

(Multiple-choice)

| | | |
|---|--|---|
| <input type="checkbox"/> ₁ Loan/grant facilities <input type="checkbox"/> ₂ Wage subsidy for employer <input type="checkbox"/> ₃ Deferment on loan repayments <input type="checkbox"/> ₄ Income tax deferment <input type="checkbox"/> ₅ Deferment/instalment of Employer's EPF contribution <input type="checkbox"/> ₆ A 25% reduction in foreign workers' levy | | <p>Which loans/grants have you applied?</p> <input type="checkbox"/> ₁ Special Relief Facility (SRF) <input type="checkbox"/> ₂ Micro-credit scheme <input type="checkbox"/> ₃ BizMula-i scheme <input type="checkbox"/> ₄ BizWanita-i scheme <input type="checkbox"/> ₅ Special PRIHTAIN grant |
|---|--|---|

b-3) If you have chosen to take up the automatic 6 months payment deferment on SME loans/ financing, do you expect to need a further extension after the end of the 6 months. If yes, how many additional months would be needed to address anticipated cash-flow issues?

- ₁ No additional months
- ₂ Additional 3 months
- ₃ Additional 6 months
- ₄ Opted-out of automatic payment deferment scheme

c) When do you expect the economy to recover (positive growth) from the COVID-19 pandemic?

| | 2020 | | 2021 | | | | 2022 |
|-------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | |
| i) Global economy | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ii) ASEAN | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| iii) Malaysian economy | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

d) What is the expected shape of recovery for the Malaysian economy in 2020-2021?

- ₁ Virus contained, a recession in 2020, followed by slow recovery in 2021 (**U-shaped Recovery**)
- ₂ Virus contained, a recession in 2020, followed by strong rebound in 2021 (**V-shaped Recovery**)
- ₃ Virus slowly contained, a recession in 2020, followed by no or weak growth in 2021 (**L-shaped Recovery**)

II. Business Level

e) Can your business/company sustain through the COVID-19 pandemic?

- ₁ Still manageable though it is a tough journey ahead
- ₂ Yes, adopt cost-cutting measures and retooling business strategy
- ₃ Difficult to hang on, depending on how lasting the impact of COVID-19
- ₄ Most likely to cease operation

f) How long does it take for a business recovery?

- ₁ 1-3 months
- ₂ 4-6 months
- ₃ 7-12 months
- ₄ More than a year

g) Is your company taking up the EPF Employer COVID-19 Assistance Programme (e-CAP)?

₁ Yes

₂ No

₃ Unsure

h) How are you currently paying for the fixed operational expenses (as per Section A)? *(Multiple-choice)*

₁ Use internal reserves

₂ Negotiate for rental holiday

₃ Negotiate for payment terms with suppliers

₄ Enforce employment related measures e.g. wage cuts, retrenchment, instituting leaves

₅ Tweak business models / seek new markets e.g. online platforms

₆ Opt for 6 months automatic loan deferment on existing business loans

₇ Take new loans / financing

₈ Other cost cutting measures (please specify): _____

i) Did you apply for new loans / financing to help you with cashflow difficulties?

i. If yes, what are the most important features of a loan product would you need? *(please choose only 1)*

₁ Affordability (cheap)

₂ Access (Getting a loan, even though I don't have perfect track record)

₃ Speed (fast processing and disbursements)

₄ Others, please specify: _____

ii If no, why not? *(can choose more than 1)*

₁ Don't want to be overleveraged

₂ Uncertain business outlook and fear of inability to service repayments in the future

₃ Discouraged due to cumbersome processes / documentation required

₄ Others, please specify: _____

j) Do you plan to do the following actions after the automatic deferment on loan repayment ends in September 2020? *(Tick top 3 that applies)*

₁ Take out a new loan

₂ Drawdown on credit lines

₃ Request for loans to be restructured or rescheduled from lender

₄ Drawdown on personal savings/funds and/or funds from family members

₅ Close permanently/file for bankruptcy

₆ No action, use retained earnings to sustain operations

k) How does your business affect by the supply chain disruptions? (Multiple-choice)

- 1 Shortage of raw materials
- 2 Rising price of raw materials
- 3 Rising costs of logistics and shipping
- 4 Reduction in customer orders
- 5 Difficulty in collecting payments
- 6 Breach of contractual obligations
- 7 No impact on business

l) What employment cost management have you taken so far in this economic crisis? (Multiple-choice)

- 1 Retrenched some employees
- 2 Engaged with employees to co-share the burden through pay cuts
- 3 Implemented flexible working hours
- 4 Employees have to take no pay leave
- 5 Not yet, but will implement soon
- 6 No intention

m) How does your company prepare in confronting a new normal post-MCO & COVID-19? (Multiple-choice)

- 1 Business retooling and reengineering
- 2 More adaptive to technology-aided tools (Remote office and working, video conferencing, etc.)
- 3 Workforce and organisation transformation (agile, creative and digital savvy; cybersecurity and safety, among other issues)
- 4 More digitalisation; e-commerce and automation
- 5 Business continuity plan to manage crisis and risks
- 6 Others, please specify: _____

n) Do you foresee your business closing down in 2020?

- 1 Yes
- 2 No
- 3 Unsure

III. Views on Government's Economic Policy Response

o) What more the Government could have done to counteract the impact of COVID-19? (Multiple-choice)

- 1 More measures to relieve business operating cost and lower compliance cost
- 2 Higher amount of wage subsidy for a longer period
- 3 Lower interest rate charged on Special Relief Fund and higher amount of loan per enterprise
- 4 Landlords who reduce rents eligible for tax deductions should cover for large companies besides for SMEs
- 5 More measures to help the retrenched employees such as reskilling
- 6 More training and re-skilling of workforce for the future
- 7 More measures to help companies raise productivity
- 8 More measures to help companies adapt to technological change
- 9 Adequate. Businesses need to act

p) What the government can implement to revitalise domestic demand? (Multiple-choice)

- 1 Implement MRT3, High-Speed Rail (HSR) and Singapore-Johor Bahru RTS
- 2 Expedite the implementation of on-going public infrastructure projects (e.g. MRT2 & LRT3)
- 3 Expedite RM4.0 billion small-scale projects as announced in the Economic Stimulus Package
- 4 Attract high quality and value creation FDI; step up domestic direct investment
- 5 Investing in “new smart infrastructure” used for high-tech, digitalisation and sustainable purposes (renewable energy, climate change, eco-green, 5G infrastructure)

q) What measures you expect in Budget 2021 to stimulate private investment? (Multiple-choice)

- 1 Reduce corporate tax to 22% for large companies and 15% for SMEs
- 2 A suspension of foreign workers' levy in 2021 or a 50% reduction in foreign levy
- 3 Reintroduce the GST at 3% rate
- 4 Remove RM300,000 ceiling on Market Development Grant; Reinstate Brand Promotion Grant
- 5 Extend Reinvestment Allowance
- 6 Import duties reduction on machinery equipment related to automation or digitalisation
- 7 Incentives to support the e-hailing, freelancer and micro-entrepreneurs

r) What measures you expect in Budget 2021 to sustain private consumption? (Multiple-choice)

- 1 A tax holiday for tax payers with taxable income of below RM100,000 per annum for YA 2021
- 2 Launch “Buy Malaysia made Products” every quarter using e-commerce platform
- 3 Encourage domestic tourism via the exemption of tourism tax and service tax on accommodation as well as entertainment tax for parks
- 4 Top-up an additional RM100 for Malaysian e-wallet
- 5 Reduce Real Property Gains Tax (RPGT); a 50% reduction in stamp duty for first-home buyers between 2021 and 2025
- 6 Reduce the parcel delivery cost below 5kg
- 7 Extend local travel digital voucher to 2021 and raise the spending cap to RM200
- 8 Collaborate with retailers to provide e-vouchers and shopping discount vouchers

Kindly elaborate further what are potential challenges and issues faced by c

| | | | | | |
|---------------|---|-------|-------------------|---|-------|
| Company name | : | _____ | Respondent's name | : | _____ |
| Email address | : | _____ | Contact number | : | _____ |

Disclaimer: The information provided in this survey will be treated in strictest confidential.

~ Thank you very much for your cooperation ~

Appendix 2: Summary of guidelines for SME definition

| Size of enterprise | | Criteria | Manufacturing sector | Services and other sectors |
|-------------------------|--------------------------|---|---|--|
| Large enterprise | | Sales turnover Number of full-time employees | Above RM50 million <u>OR</u> Above 200 | Above RM20 million <u>OR</u> Above 75 |
| SME | Medium enterprise | Sales turnover Number of full-time employees | RM15 million to RM50 million <u>OR</u> 75 to 200 | RM3 million to RM20 million <u>OR</u> 30 to 75 |
| | Small enterprise | Sales turnover Number of full-time employees | RM300,000 to less than RM15 million <u>OR</u> 5 to less than 75 | RM300,000 to less than RM3 million <u>OR</u> 5 to less than 30 |
| | Micro enterprise | Sales turnover Number of full-time employees | Below RM300,000 <u>OR</u> Less than 5 | Below RM300,000 <u>OR</u> Less than 5 |

Appendix 3: Top 5 factors affecting business performance by sector

| | | Impact of COVID-19 | The Movement Control Order (MCO) | High operating cost and cash flow problem | Declining business and consumer | Changing consumer behaviour | Political climate | Lower external demand | Changing consumer behaviour | Increase bad debt and delay payments | Government's policies |
|---|----------|--------------------|----------------------------------|---|---------------------------------|-----------------------------|-------------------|-----------------------|-----------------------------|--------------------------------------|-----------------------|
| Overall | Votes, % | 87.7 | 82.5 | 44.1 | 44.0 | 43.1 | | | | | |
| | Ranking | 1 | 2 | 3 | 4 | 5 | | | | | |
| Agriculture, forestry and fishery | Votes, % | 92.3 | 76.9 | 30.8 | | | 46.2 | 42.3 | | | |
| | Ranking | 1 | 2 | 5 | | | 3 | 4 | | | |
| Mining and quarrying | Votes, % | 100.0 | 100.0 | | | | | 100.0 | 100.0 | | 100.0 |
| | Ranking | 1 | 1 | | | | | 1 | 1 | | 1 |
| Manufacturing | Votes, % | 91.3 | 76.5 | 42.6 | | | | 39.3 | | 38.3 | |
| | Ranking | 1 | 2 | 3 | | | | 4 | | 5 | |
| Construction | Votes, % | 79.3 | 84.1 | 54.9 | | | 45.1 | | | 42.7 | |
| | Ranking | 2 | 1 | 3 | | | 4 | | | 5 | |
| Wholesale and retail trade | Votes, % | 86.7 | 86.1 | 52.0 | 59.0 | 52.0 | | | | | |
| | Ranking | 1 | 2 | 4 | 3 | 4 | | | | | |
| Trading (Imports and exports) | Votes, % | 88.9 | 88.9 | | | | | 46.7 | | | 53.3 |
| | Ranking | 1 | 1 | | | | | 5 | | | 4 |
| Transportation, forwarding and warehousing | Votes, % | 90.3 | 80.6 | 54.8 | | | 45.2 | | | 45.2 | |
| | Ranking | 1 | 2 | 3 | | | 4 | | | 4 | |
| ICT | Votes, % | 85.7 | 78.6 | 47.6 | 54.8 | | 45.2 | | | | |
| | Ranking | 1 | 2 | 4 | 3 | | 5 | | | | |
| Finance and insurance | Votes, % | 81.5 | 81.5 | | 37.0 | | 40.7 | | 44.4 | | |
| | Ranking | 1 | 1 | | 5 | | 4 | | 3 | | |
| Real estate | Votes, % | 86.8 | 84.2 | | | 50.0 | 44.7 | | | | 55.3 |
| | Ranking | 1 | 2 | | | 4 | 5 | | | | 3 |
| Professional and business services | Votes, % | 85.3 | 82.6 | | 49.5 | 45.0 | | | | | 42.2 |
| | Ranking | 1 | 2 | | 3 | 4 | | | | | 5 |
| Tourism, shopping, hotels, restaurants, recreation and entertainment | Votes, % | 94.4 | 873.3 | | 50.7 | 71.8 | | | | | 42.3 |
| | Ranking | 1 | 2 | | 4 | 3 | | | | | 5 |

Note: *The Ringgit's fluctuation* was ranked as 3 factor in trading (Imports and exports).

Appendix 4: ACCCIM M-BECS Survey Results

| MALAYSIA'S BUSINESS AND ECONOMIC CONDITIONS SURVEY (M-BECS) FOR THE 1ST HALF-YEAR OF 2020 | | | | | | | | | | | | | | |
|--|---|-----------------------------------|----------------------|---------------|--------------|----------------------------|-------------------------------|--|-------|-----------------------|-------------|------------------------------------|--|---------------|
| | | Agriculture, forestry and fishery | Mining and quarrying | Manufacturing | Construction | Wholesale and retail trade | Trading (imports and exports) | Transportation, forwarding and warehousing | ICT | Finance and insurance | Real estate | Professional and business services | Tourism, shopping, hotels, restaurants, recreation and entertainment | 1st Half 2020 |
| Section A: Business Background | | | | | | | | | | | | | | |
| A3&4 Size of business operations | | | | | | | | | | | | | | |
| | SMEs | 88.5% | 100.0% | 91.8% | 93.9% | 93.1% | 93.3% | 90.3% | 97.6% | 96.3% | 92.1% | 98.2% | 95.8% | 93.8% |
| | Large Enterprise | 11.5% | 0.0% | 8.2% | 6.1% | 6.9% | 6.7% | 9.7% | 2.4% | 3.7% | 7.9% | 1.8% | 4.2% | 6.2% |
| | Sample size (n) | 26 | 1 | 183 | 82 | 173 | 45 | 31 | 42 | 27 | 38 | 109 | 71 | 828 |
| A5 Market orientation | | | | | | | | | | | | | | |
| | At least 60% sales from domestic market | 54.5% | 0.0% | 63.0% | 91.9% | 89.4% | 73.3% | 83.3% | 79.5% | 75.0% | 91.4% | 85.3% | 80.3% | 79.3% |
| | 41%-59% sales from domestic market | 18.2% | 0.0% | 7.7% | 5.4% | 2.4% | 4.4% | 3.3% | 0.0% | 8.3% | 2.9% | 4.6% | 10.6% | 5.5% |
| | At least 60% sales from export market | 27.3% | 100.0% | 29.3% | 2.7% | 8.2% | 22.2% | 13.3% | 20.5% | 16.7% | 5.7% | 10.1% | 9.1% | 15.2% |
| | Sample size (n) | 22 | 1 | 181 | 74 | 170 | 45 | 30 | 39 | 24 | 35 | 109 | 66 | 796 |
| A6 Share of total employees | | | | | | | | | | | | | | |
| | At least 50% are local employees | 57.7% | 100.0% | 71.6% | 61.0% | 90.2% | 82.2% | 87.1% | 81.0% | 66.7% | 92.1% | 86.2% | 83.1% | 79.3% |
| | more than 50% are foreign employees | 42.3% | 0.0% | 28.4% | 39.0% | 9.8% | 17.8% | 12.9% | 19.0% | 33.3% | 7.9% | 13.8% | 16.9% | 20.7% |
| | Sample size (n) | 26 | 1 | 183 | 82 | 173 | 45 | 31 | 42 | 27 | 38 | 109 | 71 | 828 |
| A7 Your monthly fixed operational expenses (including rent, utilities, salary, raw materials/inventory and statutory payments). | | | | | | | | | | | | | | |
| | < RM20,000 | 23.1% | 0.0% | 2.2% | 8.5% | 15.0% | 8.9% | 3.2% | 19.0% | 44.4% | 10.5% | 32.1% | 23.9% | 15.0% |
| | RM20,001 - RM50,000 | 15.4% | 0.0% | 11.5% | 28.0% | 25.4% | 31.1% | 12.9% | 40.5% | 33.3% | 23.7% | 34.9% | 38.0% | 25.4% |
| | RM50,001 - RM100,000 | 11.5% | 0.0% | 14.2% | 17.1% | 23.1% | 20.0% | 16.1% | 19.0% | 3.7% | 28.9% | 15.6% | 9.9% | 17.0% |
| | RM100,001 - RM300,000 | 26.9% | 0.0% | 25.7% | 28.0% | 19.1% | 26.7% | 35.5% | 9.5% | 3.7% | 15.8% | 7.3% | 15.5% | 19.7% |
| | RM300,001 - RM1 million | 7.7% | 100.0% | 25.7% | 13.4% | 11.6% | 8.9% | 19.4% | 4.8% | 11.1% | 10.5% | 8.3% | 7.0% | 13.8% |
| | RM1 million - RM3 million | 7.7% | 0.0% | 13.1% | 3.7% | 2.9% | 0.0% | 12.9% | 4.8% | 3.7% | 5.3% | 0.9% | 2.8% | 5.6% |
| | > RM3 million | 7.7% | 0.0% | 7.7% | 1.2% | 2.9% | 4.4% | 0.0% | 2.4% | 0.0% | 5.3% | 0.9% | 2.8% | 3.6% |
| | Sample size (n) | 26 | 1 | 183 | 82 | 173 | 45 | 31 | 42 | 27 | 38 | 109 | 71 | 828 |
| Section B: Overall Assessment | | | | | | | | | | | | | | |
| B1 When comparing with 2H 2019, business conditions in 1H 2020 have: | | | | | | | | | | | | | | |
| | Expanded | 7.7% | 0.0% | 4.9% | 2.4% | 2.9% | 8.9% | 6.7% | 4.8% | 11.1% | 2.6% | 5.5% | 2.8% | 4.6% |
| | No change | 26.9% | 0.0% | 11.5% | 25.6% | 15.0% | 22.2% | 3.3% | 33.3% | 33.3% | 34.2% | 11.9% | 9.9% | 17.2% |
| | Deteriorated | 65.4% | 100.0% | 83.5% | 72.0% | 82.1% | 68.9% | 90.0% | 61.9% | 55.6% | 63.2% | 82.6% | 87.3% | 78.2% |
| | Sample size (n) | 26 | 1 | 182 | 82 | 173 | 45 | 30 | 42 | 27 | 38 | 109 | 71 | 826 |
| B2 Economic conditions and prospects | | | | | | | | | | | | | | |
| 1H 2020 | | | | | | | | | | | | | | |
| | Better | 7.7% | 0.0% | 1.1% | 1.2% | 1.2% | 4.4% | 3.3% | 4.8% | 0.0% | 2.6% | 3.7% | 1.4% | 2.2% |
| | Neutral | 26.9% | 0.0% | 27.5% | 36.6% | 26.0% | 26.7% | 16.7% | 42.9% | 55.6% | 44.7% | 28.4% | 18.3% | 29.4% |
| | Worse | 65.4% | 100.0% | 71.4% | 62.2% | 72.8% | 68.9% | 80.0% | 52.4% | 44.4% | 52.6% | 67.9% | 80.3% | 68.4% |
| | Sample size (n) | 26 | 1 | 182 | 82 | 173 | 45 | 30 | 42 | 27 | 38 | 109 | 71 | 826 |
| 2H 2020 | | | | | | | | | | | | | | |
| | Better | 3.8% | 0.0% | 1.7% | 3.8% | 2.3% | 4.4% | 0.0% | 4.9% | 0.0% | 2.6% | 2.8% | 1.4% | 2.4% |
| | Neutral | 15.4% | 100.0% | 29.3% | 33.8% | 27.7% | 26.7% | 30.0% | 39.0% | 37.0% | 31.6% | 25.7% | 22.5% | 28.7% |
| | Worse | 80.8% | 0.0% | 69.1% | 62.5% | 69.9% | 68.9% | 70.0% | 56.1% | 63.0% | 65.8% | 71.6% | 76.1% | 68.9% |
| | Sample size (n) | 26 | 1 | 181 | 80 | 173 | 45 | 30 | 41 | 27 | 38 | 109 | 71 | 822 |
| 1H 2021 | | | | | | | | | | | | | | |
| | Better | 3.8% | 0.0% | 11.0% | 8.5% | 5.2% | 8.9% | 12.9% | 24.4% | 3.7% | 18.4% | 12.8% | 8.5% | 10.1% |
| | Neutral | 61.5% | 100.0% | 58.0% | 56.1% | 65.3% | 62.2% | 64.5% | 48.8% | 63.0% | 57.9% | 53.2% | 66.2% | 59.8% |
| | Worse | 34.6% | 0.0% | 30.9% | 35.4% | 29.5% | 28.9% | 22.6% | 26.8% | 33.3% | 23.7% | 33.9% | 25.4% | 30.2% |
| | Sample size (n) | 26 | 1 | 181 | 82 | 173 | 45 | 31 | 41 | 27 | 38 | 109 | 71 | 825 |
| Estimation for 2020 | | | | | | | | | | | | | | |
| | Better | 3.8% | 0.0% | 1.7% | 2.4% | 1.7% | 4.4% | 0.0% | 4.9% | 0.0% | 2.6% | 6.4% | 0.0% | 2.5% |
| | Neutral | 19.2% | 100.0% | 23.8% | 31.7% | 30.6% | 28.9% | 36.7% | 22.0% | 37.0% | 36.8% | 15.6% | 23.9% | 26.6% |
| | Worse | 76.9% | 0.0% | 74.6% | 65.9% | 67.6% | 66.7% | 63.3% | 73.2% | 63.0% | 60.5% | 78.0% | 76.1% | 70.9% |
| | Sample size (n) | 26 | 1 | 181 | 82 | 173 | 45 | 30 | 41 | 27 | 38 | 109 | 71 | 824 |
| Forecast for 2021 | | | | | | | | | | | | | | |
| | Better | 7.7% | 0.0% | 13.7% | 10.0% | 9.8% | 13.3% | 20.0% | 22.0% | 3.7% | 21.1% | 18.3% | 15.5% | 13.7% |
| | Neutral | 73.1% | 100.0% | 61.0% | 62.5% | 64.2% | 62.2% | 63.3% | 58.5% | 74.1% | 60.5% | 54.1% | 60.6% | 61.7% |
| | Worse | 19.2% | 0.0% | 25.3% | 27.5% | 26.0% | 24.4% | 16.7% | 19.5% | 22.2% | 18.4% | 27.5% | 23.9% | 24.5% |
| | Sample size (n) | 26 | 1 | 182 | 80 | 173 | 45 | 30 | 41 | 27 | 38 | 109 | 71 | 823 |
| B3 Business conditions and prospects | | | | | | | | | | | | | | |
| 1H 2020 | | | | | | | | | | | | | | |
| | Better | 7.7% | 0.0% | 2.2% | 2.4% | 2.3% | 6.7% | 3.3% | 4.8% | 3.7% | 2.6% | 3.7% | 1.4% | 3.0% |
| | Neutral | 26.9% | 0.0% | 28.0% | 37.8% | 24.9% | 22.2% | 23.3% | 40.5% | 51.9% | 50.0% | 33.0% | 15.5% | 29.8% |
| | Worse | 65.4% | 100.0% | 69.8% | 59.8% | 72.8% | 71.1% | 73.3% | 54.8% | 44.4% | 47.4% | 63.3% | 83.1% | 67.2% |
| | Sample size (n) | 26 | 1 | 182 | 82 | 173 | 45 | 30 | 42 | 27 | 38 | 109 | 71 | 826 |
| 2H 2020 | | | | | | | | | | | | | | |
| | Better | 3.8% | 0.0% | 2.2% | 5.0% | 1.7% | 2.2% | 3.3% | 7.3% | 0.0% | 5.3% | 2.8% | 1.4% | 2.8% |
| | Neutral | 23.1% | 100.0% | 29.7% | 33.8% | 33.5% | 31.1% | 36.7% | 39.0% | 48.1% | 36.8% | 36.7% | 23.9% | 32.9% |
| | Worse | 73.1% | 0.0% | 68.1% | 61.3% | 64.7% | 66.7% | 60.0% | 53.7% | 51.9% | 57.9% | 60.6% | 74.6% | 64.3% |
| | Sample size (n) | 26 | 1 | 182 | 80 | 173 | 45 | 30 | 41 | 27 | 38 | 109 | 71 | 823 |

**MALAYSIA'S BUSINESS AND ECONOMIC CONDITIONS SURVEY (M-BECS)
FOR THE 1ST HALF-YEAR OF 2020**

| | | Agriculture, forestry and fishery | Mining and quarrying | Manufacturing | Construction | Wholesale and retail trade | Trading (imports and exports) | Transportation, forwarding and warehousing | ICT | Finance and insurance | Real estate | Professional and business services | Tourism, shopping, hotels, restaurants, recreation and entertainment | 1st Half 2020 |
|------------|---------------------------------|-----------------------------------|----------------------|---------------|--------------|----------------------------|-------------------------------|--|-------|-----------------------|-------------|------------------------------------|--|---------------|
| ii | Inventory or stock level | | | | | | | | | | | | | |
| | Increased 1%-15% | 16.7% | 0.0% | 14.1% | 6.3% | 9.5% | 14.7% | 0.0% | 4.5% | 12.5% | 14.8% | 13.0% | 10.0% | 11.3% |
| | Increased 16%-30% | 0.0% | 0.0% | 8.6% | 4.2% | 10.3% | 8.8% | 8.3% | 9.1% | 37.5% | 11.1% | 8.7% | 10.0% | 9.1% |
| | Increased >30% | 0.0% | 0.0% | 8.0% | 0.0% | 7.9% | 11.8% | 8.3% | 0.0% | 12.5% | 22.2% | 6.5% | 3.3% | 7.4% |
| | Unchanged | 41.7% | 0.0% | 35.6% | 54.2% | 23.0% | 23.5% | 41.7% | 54.5% | 25.0% | 44.4% | 37.0% | 13.3% | 33.6% |
| | Decreased 1%-15% | 8.3% | 100.0% | 11.7% | 12.5% | 18.3% | 2.9% | 16.7% | 18.2% | 0.0% | 3.7% | 17.4% | 6.7% | 12.9% |
| | Decreased 16%-30% | 16.7% | 0.0% | 12.9% | 16.7% | 15.1% | 8.8% | 8.3% | 0.0% | 12.5% | 3.7% | 4.3% | 10.0% | 11.5% |
| | Decreased >30% | 16.7% | 0.0% | 9.2% | 6.3% | 15.9% | 29.4% | 16.7% | 13.6% | 0.0% | 0.0% | 13.0% | 46.7% | 14.2% |
| | Sample size (n) | 12 | 1 | 163 | 48 | 126 | 34 | 12 | 22 | 8 | 27 | 46 | 30 | 529 |
| v | Cost of raw materials | | | | | | | | | | | | | |
| i | Local | | | | | | | | | | | | | |
| | Increased 1%-5% | 12.5% | 0.0% | 14.2% | 10.0% | 15.0% | 10.3% | 0.0% | 0.0% | 10.0% | 16.0% | 8.3% | 13.3% | 12.4% |
| | Increased 6%-10% | 12.5% | 0.0% | 14.8% | 11.7% | 19.0% | 13.8% | 0.0% | 11.1% | 20.0% | 20.0% | 19.4% | 16.7% | 15.6% |
| | Increased >10% | 6.3% | 0.0% | 19.5% | 16.7% | 22.0% | 20.7% | 0.0% | 16.7% | 30.0% | 24.0% | 13.9% | 33.3% | 19.8% |
| | Unchanged | 56.3% | 0.0% | 37.9% | 53.3% | 32.0% | 31.0% | 50.0% | 50.0% | 30.0% | 28.0% | 41.7% | 30.0% | 38.4% |
| | Decreased 1%-5% | 0.0% | 100.0% | 3.6% | 1.7% | 2.0% | 20.7% | 16.7% | 11.1% | 0.0% | 8.0% | 2.8% | 0.0% | 4.4% |
| | Decreased 6%-10% | 0.0% | 0.0% | 4.1% | 3.3% | 3.0% | 0.0% | 33.3% | 11.1% | 0.0% | 0.0% | 5.6% | 3.3% | 3.8% |
| | Decreased >10% | 12.5% | 0.0% | 5.9% | 3.3% | 7.0% | 3.4% | 0.0% | 0.0% | 10.0% | 4.0% | 8.3% | 3.3% | 5.6% |
| | Sample size (n) | 16 | 1 | 169 | 60 | 100 | 29 | 6 | 18 | 10 | 25 | 36 | 30 | 500 |
| ii | Imported | | | | | | | | | | | | | |
| | Increased 1%-5% | 45.5% | 0.0% | 16.7% | 12.8% | 12.9% | 13.8% | 14.3% | 5.9% | 12.5% | 23.8% | 6.9% | 8.0% | 14.7% |
| | Increased 6%-10% | 0.0% | 0.0% | 19.3% | 10.6% | 25.9% | 24.1% | 14.3% | 23.5% | 37.5% | 19.0% | 20.7% | 12.0% | 19.5% |
| | Increased >10% | 18.2% | 0.0% | 18.0% | 19.1% | 23.5% | 27.6% | 0.0% | 23.5% | 12.5% | 19.0% | 31.0% | 44.0% | 22.1% |
| | Unchanged | 36.4% | 0.0% | 34.0% | 51.1% | 29.4% | 17.2% | 28.6% | 35.3% | 37.5% | 33.3% | 31.0% | 28.0% | 33.3% |
| | Decreased 1%-5% | 0.0% | 100.0% | 4.7% | 2.1% | 3.5% | 10.3% | 14.3% | 5.9% | 0.0% | 0.0% | 0.0% | 0.0% | 4.0% |
| | Decreased 6%-10% | 0.0% | 0.0% | 5.3% | 2.1% | 3.5% | 0.0% | 28.6% | 0.0% | 0.0% | 0.0% | 3.4% | 4.0% | 3.7% |
| | Decreased >10% | 0.0% | 0.0% | 2.0% | 2.1% | 1.2% | 6.9% | 0.0% | 5.9% | 0.0% | 4.8% | 6.9% | 4.0% | 2.8% |
| | Sample size (n) | 11 | 1 | 150 | 47 | 85 | 29 | 7 | 17 | 8 | 21 | 29 | 25 | 430 |
| vi | Manpower | | | | | | | | | | | | | |
| i | Number of employees | | | | | | | | | | | | | |
| | Increased 1-5 | 13.6% | 0.0% | 8.5% | 2.8% | 5.6% | 12.2% | 3.6% | 2.6% | 10.5% | 8.3% | 12.9% | 8.6% | 7.8% |
| | Increased 6-10 | 4.5% | 0.0% | 4.0% | 6.9% | 5.0% | 2.4% | 7.1% | 7.9% | 10.5% | 0.0% | 2.2% | 0.0% | 4.2% |
| | Increased >10 | 4.5% | 0.0% | 5.1% | 5.6% | 5.0% | 4.9% | 7.1% | 0.0% | 15.8% | 13.9% | 5.4% | 8.6% | 5.9% |
| | Unchanged | 59.1% | 100.0% | 57.6% | 56.9% | 64.0% | 70.7% | 57.1% | 68.4% | 52.6% | 63.9% | 57.0% | 41.4% | 59.1% |
| | Decreased 1-5 | 4.5% | 0.0% | 10.2% | 16.7% | 12.4% | 2.4% | 7.1% | 15.8% | 0.0% | 8.3% | 10.8% | 17.2% | 11.1% |
| | Decreased 6-10 | 9.1% | 0.0% | 6.8% | 5.6% | 3.7% | 2.4% | 10.7% | 0.0% | 5.3% | 2.8% | 2.2% | 10.3% | 5.1% |
| | Decreased >10 | 4.5% | 0.0% | 7.9% | 5.6% | 4.3% | 4.9% | 7.1% | 5.3% | 5.3% | 2.8% | 9.7% | 13.8% | 6.8% |
| | Sample size (n) | 22 | 1 | 177 | 72 | 161 | 41 | 28 | 38 | 19 | 36 | 93 | 58 | 746 |
| ii | Wage growth | | | | | | | | | | | | | |
| | Increased 1%-5% | 4.5% | 0.0% | 16.7% | 5.5% | 13.8% | 9.8% | 0.0% | 5.3% | 15.8% | 8.3% | 9.8% | 6.9% | 10.9% |
| | Increased 6%-10% | 4.5% | 0.0% | 4.8% | 6.8% | 4.4% | 2.4% | 11.5% | 10.5% | 15.8% | 5.6% | 2.2% | 3.4% | 5.2% |
| | Increased >10% | 9.1% | 0.0% | 7.1% | 4.1% | 3.8% | 4.9% | 7.7% | 2.6% | 15.8% | 5.6% | 3.3% | 8.6% | 5.6% |
| | Unchanged | 72.7% | 100.0% | 55.4% | 63.0% | 60.0% | 68.3% | 57.7% | 68.4% | 36.8% | 69.4% | 64.1% | 50.0% | 60.1% |
| | Decreased 1%-5% | 4.5% | 0.0% | 5.4% | 8.2% | 9.4% | 2.4% | 11.5% | 7.9% | 10.5% | 2.8% | 9.8% | 10.3% | 7.6% |
| | Decreased 6%-10% | 4.5% | 0.0% | 3.6% | 6.8% | 5.6% | 9.8% | 7.7% | 2.6% | 0.0% | 5.6% | 2.2% | 5.2% | 4.8% |
| | Decreased >10% | 0.0% | 0.0% | 7.1% | 5.5% | 3.1% | 2.4% | 3.8% | 2.6% | 5.3% | 2.8% | 8.7% | 15.5% | 5.9% |
| | Sample size (n) | 22 | 1 | 168 | 73 | 160 | 41 | 26 | 38 | 19 | 36 | 92 | 58 | 734 |
| vii | Others | | | | | | | | | | | | | |
| i | Capital expenditure | | | | | | | | | | | | | |
| | Increased 1%-15% | 28.6% | 0.0% | 21.8% | 7.3% | 13.1% | 11.8% | 13.3% | 10.0% | 11.8% | 10.3% | 17.2% | 12.5% | 15.2% |
| | Increased 16%-30% | 14.3% | 0.0% | 9.0% | 9.1% | 12.3% | 17.6% | 13.3% | 10.0% | 23.5% | 6.9% | 9.4% | 7.5% | 10.8% |
| | Increased >30% | 14.3% | 0.0% | 3.8% | 7.3% | 8.5% | 14.7% | 6.7% | 3.3% | 23.5% | 13.8% | 6.3% | 7.5% | 7.7% |
| | Unchanged | 35.7% | 100.0% | 44.9% | 54.5% | 50.0% | 38.2% | 46.7% | 60.0% | 29.4% | 48.3% | 43.8% | 37.5% | 46.3% |
| | Decreased 1%-15% | 0.0% | 0.0% | 5.8% | 12.7% | 10.8% | 8.8% | 13.3% | 6.7% | 5.9% | 6.9% | 7.8% | 12.5% | 8.5% |
| | Decreased 16%-30% | 0.0% | 0.0% | 5.1% | 1.8% | 1.5% | 5.9% | 6.7% | 6.7% | 0.0% | 3.4% | 6.3% | 5.0% | 3.9% |
| | Decreased >30% | 7.1% | 0.0% | 9.6% | 7.3% | 3.8% | 2.9% | 0.0% | 3.3% | 5.9% | 10.3% | 9.4% | 17.5% | 7.5% |
| | Sample size (n) | 14 | 1 | 156 | 55 | 130 | 34 | 15 | 30 | 17 | 29 | 64 | 40 | 585 |

MALAYSIA'S BUSINESS AND ECONOMIC CONDITIONS SURVEY (M-BECS)
FOR THE 1ST HALF-YEAR OF 2020

| | | Agriculture, forestry and fishery | Mining and quarrying | Manufacturing | Construction | Wholesale and retail trade | Trading (imports and exports) | Transportation, forwarding and warehousing | ICT | Finance and insurance | Real estate | Professional and business services | Tourism, shopping, hotels, restaurants, recreation and entertainment | 1st Half 2020 |
|--|------------------|-----------------------------------|----------------------|---------------|--------------|----------------------------|-------------------------------|--|-------|-----------------------|-------------|------------------------------------|--|---------------|
| Forecast: 2H 2020 (Jul-Dec 2020) compared to 1H 2020 (Jan-Jun 2020) | | | | | | | | | | | | | | |
| i Business conditions | | | | | | | | | | | | | | |
| | Good | 4.5% | 0.0% | 2.7% | 1.3% | 0.6% | 6.7% | 0.0% | 5.1% | 4.2% | 0.0% | 2.8% | 3.0% | 2.4% |
| | Satisfactory | 22.7% | 100.0% | 29.1% | 22.7% | 17.2% | 26.7% | 26.7% | 33.3% | 29.2% | 44.4% | 25.7% | 7.6% | 24.3% |
| | Poor | 72.7% | 0.0% | 68.1% | 76.0% | 82.2% | 66.7% | 73.3% | 61.5% | 66.7% | 55.6% | 71.6% | 89.4% | 73.3% |
| | Sample size (n) | 22 | 1 | 182 | 75 | 169 | 45 | 30 | 39 | 24 | 36 | 109 | 66 | 798 |
| ii Debtors' conditions | | | | | | | | | | | | | | |
| | Good | 0.0% | 0.0% | 0.6% | 1.3% | 1.2% | 2.2% | 0.0% | 7.7% | 0.0% | 0.0% | 1.8% | 4.5% | 1.6% |
| | Satisfactory | 27.3% | 100.0% | 37.0% | 18.4% | 23.7% | 33.3% | 29.0% | 20.5% | 45.8% | 44.4% | 29.4% | 13.6% | 28.5% |
| | Poor | 72.7% | 0.0% | 62.4% | 80.3% | 75.1% | 64.4% | 71.0% | 71.8% | 54.2% | 55.6% | 68.8% | 81.8% | 69.8% |
| | Sample size (n) | 22 | 1 | 181 | 76 | 169 | 45 | 31 | 39 | 24 | 36 | 109 | 66 | 799 |
| iii Cash flows conditions | | | | | | | | | | | | | | |
| | Good | 0.0% | 0.0% | 2.8% | 1.3% | 1.8% | 6.7% | 3.3% | 5.1% | 0.0% | 2.8% | 1.8% | 3.0% | 2.5% |
| | Satisfactory | 31.8% | 100.0% | 30.4% | 20.0% | 23.1% | 22.2% | 23.3% | 20.5% | 37.5% | 41.7% | 29.4% | 12.1% | 25.8% |
| | Poor | 68.2% | 0.0% | 66.9% | 78.7% | 75.1% | 71.1% | 73.3% | 74.4% | 62.5% | 55.6% | 68.8% | 84.8% | 71.6% |
| | Sample size (n) | 22 | 1 | 181 | 75 | 169 | 45 | 30 | 39 | 24 | 36 | 109 | 66 | 797 |
| iv Capacity utilization level | | | | | | | | | | | | | | |
| | Less than 50% | 33.3% | 0.0% | 39.1% | 41.4% | 43.9% | 60.0% | 45.5% | 75.0% | 54.5% | 60.0% | 69.0% | 68.8% | 48.1% |
| | 50% to < 75% | 33.3% | 100.0% | 38.2% | 37.9% | 43.9% | 20.0% | 36.4% | 12.5% | 36.4% | 20.0% | 10.3% | 12.5% | 32.2% |
| | 75% to ≤ 90% | 33.3% | 0.0% | 18.2% | 13.8% | 9.8% | 6.7% | 18.2% | 0.0% | 0.0% | 13.3% | 13.8% | 12.5% | 14.2% |
| | More than 90% | 0.0% | 0.0% | 4.5% | 6.9% | 2.4% | 13.3% | 0.0% | 12.5% | 9.1% | 6.7% | 6.9% | 6.3% | 5.4% |
| | Sample size (n) | 9 | 1 | 110 | 29 | 41 | 15 | 11 | 8 | 11 | 15 | 29 | 16 | 295 |
| v Overall Sales (Volume) | | | | | | | | | | | | | | |
| | Increase 1%-15% | 18.2% | 0.0% | 11.0% | 6.7% | 10.0% | 6.7% | 21.4% | 7.9% | 8.7% | 11.4% | 8.3% | 12.3% | 10.2% |
| | Increase 16%-30% | 4.5% | 0.0% | 8.3% | 6.7% | 2.9% | 6.7% | 0.0% | 0.0% | 4.3% | 2.9% | 10.1% | 3.1% | 5.6% |
| | Increase >30% | 4.5% | 0.0% | 4.4% | 4.0% | 5.9% | 8.9% | 10.7% | 7.9% | 17.4% | 11.4% | 1.8% | 7.7% | 5.9% |
| | Unchanged | 22.7% | 100.0% | 12.7% | 28.0% | 18.2% | 17.8% | 10.7% | 23.7% | 17.4% | 31.4% | 20.2% | 9.2% | 18.2% |
| | Decrease 1%-15% | 4.5% | 0.0% | 18.2% | 9.3% | 13.5% | 6.7% | 17.9% | 10.5% | 8.7% | 20.0% | 13.8% | 9.2% | 13.4% |
| | Decrease 16%-30% | 18.2% | 0.0% | 15.5% | 24.0% | 17.1% | 24.4% | 17.9% | 28.9% | 13.0% | 8.6% | 13.8% | 10.8% | 16.9% |
| | Decrease >30% | 27.3% | 0.0% | 29.8% | 21.3% | 32.4% | 28.9% | 21.4% | 21.1% | 30.4% | 14.3% | 32.1% | 47.7% | 29.8% |
| | Sample size (n) | 22 | 1 | 181 | 75 | 170 | 45 | 28 | 38 | 23 | 35 | 109 | 65 | 792 |
| II Domestic sales | | | | | | | | | | | | | | |
| i Volume | | | | | | | | | | | | | | |
| | Increase 1%-15% | 27.3% | 0.0% | 11.3% | 5.7% | 9.2% | 4.9% | 17.9% | 13.9% | 9.5% | 5.6% | 11.1% | 11.7% | 10.5% |
| | Increase 16%-30% | 4.5% | 0.0% | 7.1% | 10.0% | 4.3% | 4.9% | 0.0% | 0.0% | 4.8% | 5.6% | 9.1% | 1.7% | 5.6% |
| | Increase >30% | 4.5% | 0.0% | 1.8% | 5.7% | 4.9% | 9.8% | 10.7% | 2.8% | 19.0% | 5.6% | 5.1% | 8.3% | 5.4% |
| | Unchanged | 18.2% | 100.0% | 19.0% | 24.3% | 16.0% | 19.5% | 10.7% | 22.2% | 19.0% | 41.7% | 19.2% | 13.3% | 19.5% |
| | Decrease 1%-15% | 0.0% | 0.0% | 13.1% | 11.4% | 16.6% | 4.9% | 17.9% | 13.9% | 9.5% | 19.4% | 11.1% | 10.0% | 12.8% |
| | Decrease 16%-30% | 18.2% | 0.0% | 17.9% | 20.0% | 14.1% | 26.8% | 32.1% | 22.2% | 4.8% | 8.3% | 7.1% | 10.0% | 15.6% |
| | Decrease >30% | 27.3% | 0.0% | 29.8% | 22.9% | 35.0% | 29.3% | 10.7% | 25.0% | 33.3% | 13.9% | 37.4% | 45.0% | 30.7% |
| | Sample size (n) | 22 | 1 | 168 | 70 | 163 | 41 | 28 | 36 | 21 | 36 | 99 | 60 | 745 |
| ii Price level | | | | | | | | | | | | | | |
| | Increase 1%-15% | 22.7% | 0.0% | 6.1% | 12.1% | 13.3% | 10.5% | 14.8% | 11.8% | 10.0% | 14.7% | 10.6% | 13.8% | 11.3% |
| | Increase 16%-30% | 0.0% | 0.0% | 7.4% | 4.5% | 5.1% | 7.9% | 0.0% | 0.0% | 5.0% | 2.9% | 5.3% | 3.4% | 4.9% |
| | Increase >30% | 4.5% | 0.0% | 1.2% | 3.0% | 2.5% | 7.9% | 7.4% | 0.0% | 20.0% | 2.9% | 4.3% | 6.9% | 3.8% |
| | Unchanged | 36.4% | 100.0% | 44.8% | 39.4% | 36.1% | 39.5% | 25.9% | 55.9% | 35.0% | 55.9% | 31.9% | 19.0% | 38.2% |
| | Decrease 1%-15% | 0.0% | 0.0% | 16.6% | 18.2% | 21.5% | 7.9% | 25.9% | 17.6% | 10.0% | 14.7% | 16.0% | 17.2% | 16.9% |
| | Decrease 16%-30% | 13.6% | 0.0% | 11.7% | 15.2% | 8.9% | 13.2% | 18.5% | 2.9% | 0.0% | 2.9% | 8.5% | 13.8% | 10.3% |
| | Decrease >30% | 22.7% | 0.0% | 12.3% | 7.6% | 12.7% | 13.2% | 7.4% | 11.8% | 20.0% | 5.9% | 23.4% | 25.9% | 14.5% |
| | Sample size (n) | 22 | 1 | 163 | 66 | 158 | 38 | 27 | 34 | 20 | 34 | 94 | 58 | 715 |
| III Foreign sales | | | | | | | | | | | | | | |
| i Volume | | | | | | | | | | | | | | |
| | Increase 1%-15% | 12.5% | 0.0% | 12.6% | 13.3% | 8.3% | 6.3% | 17.6% | 13.3% | 0.0% | 10.5% | 10.8% | 6.5% | 10.6% |
| | Increase 16%-30% | 6.3% | 0.0% | 6.7% | 0.0% | 5.0% | 9.4% | 0.0% | 0.0% | 7.7% | 0.0% | 10.8% | 6.5% | 5.7% |
| | Increase >30% | 6.3% | 0.0% | 4.4% | 6.7% | 3.3% | 9.4% | 11.8% | 13.3% | 30.8% | 10.5% | 2.7% | 3.2% | 6.4% |
| | Unchanged | 25.0% | 100.0% | 28.9% | 63.3% | 46.7% | 25.0% | 35.3% | 46.7% | 46.2% | 52.6% | 40.5% | 29.0% | 37.4% |
| | Decrease 1%-15% | 0.0% | 0.0% | 16.3% | 3.3% | 10.0% | 9.4% | 11.8% | 20.0% | 7.7% | 10.5% | 10.8% | 9.7% | 11.6% |
| | Decrease 16%-30% | 6.3% | 0.0% | 11.9% | 6.7% | 0.0% | 3.1% | 17.6% | 0.0% | 0.0% | 5.3% | 0.0% | 9.7% | 6.7% |
| | Decrease >30% | 43.8% | 0.0% | 19.3% | 6.7% | 26.7% | 37.5% | 5.9% | 6.7% | 7.7% | 10.5% | 24.3% | 35.5% | 21.7% |
| | Sample size (n) | 16 | 1 | 135 | 30 | 60 | 32 | 17 | 15 | 13 | 19 | 37 | 31 | 406 |

**MALAYSIA'S BUSINESS AND ECONOMIC CONDITIONS SURVEY (M-BECS)
FOR THE 1ST HALF-YEAR OF 2020**

| | | Agriculture, forestry and fishery | Mining and quarrying | Manufacturing | Construction | Wholesale and retail trade | Trading (imports and exports) | Transportation, forwarding and warehousing | ICT | Finance and insurance | Real estate | Professional and business services | Tourism, shopping, hotels, restaurants, recreation and entertainment | 1st Half 2020 |
|----|---------------------|-----------------------------------|----------------------|---------------|--------------|----------------------------|-------------------------------|--|-------|-----------------------|-------------|------------------------------------|--|---------------|
| VI | Others | | | | | | | | | | | | | |
| i | Capital expenditure | | | | | | | | | | | | | |
| | Increase 1%-15% | 38.5% | 0.0% | 22.2% | 11.3% | 11.7% | 17.2% | 28.6% | 8.3% | 6.7% | 11.1% | 21.0% | 11.8% | 16.7% |
| | Increase 16%-30% | 0.0% | 0.0% | 9.0% | 7.5% | 9.9% | 13.8% | 0.0% | 8.3% | 6.7% | 0.0% | 8.1% | 11.8% | 8.3% |
| | Increase >30% | 15.4% | 0.0% | 2.8% | 7.5% | 7.2% | 10.3% | 7.1% | 4.2% | 20.0% | 14.8% | 3.2% | 8.8% | 6.6% |
| | Unchanged | 38.5% | 100.0% | 44.4% | 45.3% | 52.3% | 37.9% | 57.1% | 58.3% | 60.0% | 63.0% | 41.9% | 32.4% | 47.1% |
| | Decrease 1%-15% | 0.0% | 0.0% | 11.1% | 15.1% | 9.9% | 3.4% | 0.0% | 12.5% | 0.0% | 0.0% | 11.3% | 5.9% | 9.1% |
| | Decrease 16%-30% | 7.7% | 0.0% | 2.8% | 3.8% | 3.6% | 10.3% | 7.1% | 8.3% | 0.0% | 3.7% | 1.6% | 2.9% | 3.8% |
| | Decrease >30% | 0.0% | 0.0% | 7.6% | 9.4% | 5.4% | 6.9% | 0.0% | 0.0% | 6.7% | 7.4% | 12.9% | 26.5% | 8.3% |
| | Sample size (n) | 13 | 1 | 144 | 53 | 111 | 29 | # | 24 | 15 | 27 | 62 | 34 | 527 |

Section C: Current issues

Post-COVID-19 and MCO: Business Impact and Policy Response

| I | General | | | | | | | | | | | | | |
|---|---|-------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| a | Please rate the level of effectiveness of PRIHATIN Economic Stimulus Package. | | | | | | | | | | | | | |
| | Adequate | 24.0% | 0.0% | 14.8% | 22.8% | 16.9% | 27.3% | 17.2% | 23.8% | 25.9% | 21.1% | 17.6% | 30.0% | 19.9% |
| | Neutral | 52.0% | 100.0% | 64.8% | 64.6% | 61.6% | 52.3% | 51.7% | 61.9% | 55.6% | 50.0% | 63.0% | 58.6% | 60.7% |
| | Good | 24.0% | 0.0% | 18.8% | 11.4% | 20.3% | 18.2% | 31.0% | 14.3% | 18.5% | 18.4% | 19.4% | 11.4% | 18.1% |
| | Excellent | 0.0% | 0.0% | 1.7% | 1.3% | 1.2% | 2.3% | 0.0% | 0.0% | 0.0% | 10.5% | 0.0% | 0.0% | 1.4% |
| | Sample size (n) | 25 | 1 | 176 | 79 | 172 | 44 | 29 | 42 | 27 | 38 | 108 | 70 | 811 |
| b | 1) Which measures of PRIHATIN Economic Stimulus Package will benefit your company the most? (Dummy variables) | | | | | | | | | | | | | |
| | Loan/grant facilities | 30.8% | 0.0% | 35.6% | 40.2% | 41.3% | 40.9% | 30.0% | 31.0% | 23.1% | 47.4% | 39.8% | 40.0% | 38.0% |
| | Wage subsidy for employer | 65.4% | 100.0% | 76.1% | 69.5% | 80.2% | 54.5% | 73.3% | 73.8% | 46.2% | 73.7% | 73.1% | 60.0% | 71.8% |
| | Deferment on loan repayments | 50.0% | 100.0% | 45.0% | 47.6% | 54.1% | 40.9% | 43.3% | 45.2% | 53.8% | 73.7% | 54.6% | 47.1% | 50.2% |
| | Income tax deferment | 30.8% | 0.0% | 36.7% | 52.4% | 47.1% | 34.1% | 46.7% | 45.2% | 42.3% | 57.9% | 43.5% | 50.0% | 44.1% |
| | Deferment/instalment of Employer's EPF contribution | 11.5% | 0.0% | 21.1% | 23.2% | 23.8% | 13.6% | 36.7% | 31.0% | 19.2% | 28.9% | 27.8% | 31.4% | 24.3% |
| | A 25% reduction in foreign workers' levy | 53.8% | 0.0% | 43.3% | 39.0% | 11.6% | 4.5% | 16.7% | 2.4% | 7.7% | 21.1% | 7.4% | 12.9% | 21.9% |
| | Sample size (n) | 26 | 1 | 180 | 82 | 172 | 44 | 30 | 42 | 26 | 38 | 108 | 70 | 819 |
| | 2) Loan/grant facilities: Which loans/grants have you applied? (Dummy variables) | | | | | | | | | | | | | |
| | Special Relief Fund (SRF) | 75.0% | 0.0% | 89.5% | 80.8% | 86.2% | 77.8% | 77.8% | 81.8% | 83.3% | 91.7% | 65.8% | 53.8% | 79.3% |
| | Micro-credit scheme | 62.5% | 0.0% | 24.6% | 15.4% | 43.1% | 22.2% | 77.8% | 27.3% | 33.3% | 58.3% | 44.7% | 42.3% | 37.0% |
| | BizMula-i scheme | 12.5% | 0.0% | 7.0% | 7.7% | 10.8% | 5.6% | 11.1% | 9.1% | 0.0% | 0.0% | 15.8% | 0.0% | 8.3% |
| | BizWanita-i scheme | 0.0% | 0.0% | 1.8% | 3.8% | 6.2% | 5.6% | 0.0% | 9.1% | 0.0% | 0.0% | 7.9% | 3.8% | 4.3% |
| | Special PRIHATIN grant | 37.5% | 0.0% | 17.5% | 26.9% | 27.7% | 22.2% | 55.6% | 36.4% | 16.7% | 50.0% | 36.8% | 42.3% | 30.1% |
| | Sample size (n) | 8 | 0 | 57 | 26 | 65 | 18 | 9 | 11 | 6 | 12 | 38 | 26 | 276 |
| | 3) If you have chosen to take up the automatic 6 months payment deferment on SME loans/ financing, do you expect to need a further extension after the end of the 6 months. If yes, how many additional months would be needed to address anticipated cash-flow issues? | | | | | | | | | | | | | |
| | No additional months | 8.0% | 100.0% | 24.0% | 11.0% | 17.5% | 13.6% | 16.7% | 19.0% | 22.2% | 18.4% | 18.3% | 11.3% | 17.7% |
| | Additional 3 months | 24.0% | 0.0% | 18.4% | 13.4% | 20.5% | 11.4% | 20.0% | 21.4% | 37.0% | 18.4% | 26.6% | 23.9% | 20.5% |
| | Additional 6 months | 56.0% | 0.0% | 39.1% | 48.8% | 47.4% | 47.7% | 46.7% | 38.1% | 37.0% | 55.3% | 45.9% | 53.5% | 45.8% |
| | Opted-out of automatic payment deferment scheme | 12.0% | 0.0% | 18.4% | 26.8% | 14.6% | 27.3% | 16.7% | 21.4% | 3.7% | 7.9% | 9.2% | 11.3% | 16.0% |
| | Sample size (n) | 25 | 1 | 179 | 82 | 171 | 44 | 30 | 42 | 27 | 38 | 109 | 71 | 819 |
| c | When do you expect the economy to recover (positive growth) from the COVID-19 pandemic? | | | | | | | | | | | | | |
| | Global Economy | | | | | | | | | | | | | |
| | 3Q 2020 | 7.7% | 0.0% | 0.6% | 5.0% | 2.9% | 2.2% | 0.0% | 0.0% | 0.0% | 0.0% | 1.8% | 0.0% | 1.8% |
| | 4Q 2020 | 3.8% | 0.0% | 6.1% | 12.5% | 5.3% | 2.2% | 3.4% | 2.5% | 7.4% | 5.3% | 9.2% | 4.2% | 6.2% |
| | 1Q 2021 | 7.7% | 0.0% | 17.8% | 11.3% | 19.9% | 28.9% | 34.5% | 25.0% | 22.2% | 31.6% | 16.5% | 26.8% | 20.2% |
| | 2Q 2021 | 26.9% | 100.0% | 33.3% | 26.3% | 28.7% | 24.4% | 24.1% | 35.0% | 44.4% | 42.1% | 34.9% | 28.2% | 31.3% |
| | 3Q 2021 | 11.5% | 0.0% | 19.4% | 12.5% | 18.1% | 8.9% | 10.3% | 20.0% | 22.2% | 10.5% | 12.8% | 19.7% | 16.2% |
| | 4Q 2021 | 19.2% | 0.0% | 6.1% | 10.0% | 9.9% | 13.3% | 6.9% | 2.5% | 0.0% | 2.6% | 6.4% | 8.5% | 7.8% |
| | 2022 | 23.1% | 0.0% | 16.7% | 22.5% | 15.2% | 20.0% | 20.7% | 15.0% | 3.7% | 7.9% | 18.3% | 12.7% | 16.4% |
| | Sample size (n) | 26 | 1 | 180 | 80 | 171 | 45 | 29 | 40 | 27 | 38 | 109 | 71 | 817 |

**MALAYSIA'S BUSINESS AND ECONOMIC CONDITIONS SURVEY (M-BECS)
FOR THE 1ST HALF-YEAR OF 2020**

| | Agriculture, forestry and fishery | Mining and quarrying | Manufacturing | Construction | Wholesale and retail trade | Trading (imports and exports) | Transportation, forwarding and warehousing | ICT | Finance and insurance | Real estate | Professional and business services | Tourism, shopping, hotels, restaurants, recreation and entertainment | 1st Half 2020 |
|--|-----------------------------------|----------------------|---------------|--------------|----------------------------|-------------------------------|--|-------|-----------------------|-------------|------------------------------------|--|---------------|
| ASEAN | | | | | | | | | | | | | |
| 3Q 2020 | 7.7% | 0.0% | 1.7% | 5.0% | 2.9% | 2.2% | 0.0% | 0.0% | 0.0% | 2.6% | 0.9% | 0.0% | 2.1% |
| 4Q 2020 | 3.8% | 0.0% | 5.6% | 13.8% | 9.4% | 0.0% | 6.9% | 5.0% | 7.4% | 2.6% | 13.8% | 8.5% | 8.1% |
| 1Q 2021 | 7.7% | 0.0% | 26.1% | 17.5% | 22.8% | 35.6% | 31.0% | 32.5% | 29.6% | 44.7% | 16.5% | 22.5% | 24.4% |
| 2Q 2021 | 23.1% | 100.0% | 28.3% | 21.3% | 24.6% | 22.2% | 24.1% | 22.5% | 29.6% | 28.9% | 33.0% | 16.9% | 25.7% |
| 3Q 2021 | 11.5% | 0.0% | 16.7% | 10.0% | 18.7% | 13.3% | 13.8% | 20.0% | 22.2% | 7.9% | 14.7% | 35.2% | 17.3% |
| 4Q 2021 | 19.2% | 0.0% | 10.0% | 15.0% | 10.5% | 11.1% | 13.8% | 10.0% | 0.0% | 2.6% | 4.6% | 8.5% | 9.5% |
| 2022 | 26.9% | 0.0% | 11.7% | 17.5% | 11.1% | 15.6% | 10.3% | 10.0% | 11.1% | 10.5% | 16.5% | 8.5% | 13.0% |
| Sample size (n) | 26 | 1 | 180 | 80 | 171 | 45 | 29 | 40 | 27 | 38 | 109 | 71 | 817 |
| Malaysian Economy | | | | | | | | | | | | | |
| 3Q 2020 | 3.8% | 0.0% | 1.7% | 6.3% | 4.7% | 2.2% | 0.0% | 0.0% | 0.0% | 2.6% | 1.8% | 0.0% | 2.6% |
| 4Q 2020 | 7.7% | 0.0% | 6.1% | 13.9% | 8.8% | 4.4% | 3.4% | 2.5% | 7.4% | 13.2% | 11.9% | 7.0% | 8.3% |
| 1Q 2021 | 7.7% | 0.0% | 23.9% | 13.9% | 18.7% | 20.0% | 24.1% | 37.5% | 25.9% | 36.8% | 14.7% | 22.5% | 21.1% |
| 2Q 2021 | 11.5% | 100.0% | 25.6% | 22.8% | 28.7% | 26.7% | 34.5% | 17.5% | 29.6% | 26.3% | 30.3% | 14.1% | 25.4% |
| 3Q 2021 | 19.2% | 0.0% | 18.9% | 7.6% | 12.3% | 15.6% | 13.8% | 12.5% | 11.1% | 5.3% | 21.1% | 23.9% | 15.6% |
| 4Q 2021 | 23.1% | 0.0% | 7.8% | 15.2% | 13.5% | 13.3% | 13.8% | 15.0% | 14.8% | 5.3% | 4.6% | 22.5% | 12.0% |
| 2022 | 26.9% | 0.0% | 16.1% | 20.3% | 13.5% | 17.8% | 10.3% | 15.0% | 11.1% | 10.5% | 15.6% | 9.9% | 15.1% |
| Sample size (n) | 26 | 1 | 180 | 79 | 171 | 45 | 29 | 40 | 27 | 38 | 109 | 71 | 816 |
| d What is the expected shape of recovery for the Malaysian economy in 2020-2021? | | | | | | | | | | | | | |
| Virus contained, a recession in 2020, followed by slow recovery in 2021 (U-shaped Recovery) | 69.2% | 100.0% | 46.4% | 45.1% | 43.9% | 53.3% | 45.2% | 54.8% | 51.9% | 63.2% | 51.4% | 47.9% | 49.0% |
| Virus contained, a recession in 2020, followed by strong rebound in 2021 (V-shaped Recovery) | 0.0% | 0.0% | 10.9% | 19.5% | 8.7% | 15.6% | 12.9% | 14.3% | 11.1% | 18.4% | 11.0% | 8.5% | 11.6% |
| Virus slowly contained, a recession in 2020, followed by no or weak growth in 2021 (L-shaped Recovery) | 30.8% | 0.0% | 42.6% | 35.4% | 47.4% | 31.1% | 41.9% | 31.0% | 37.0% | 18.4% | 37.6% | 43.7% | 39.4% |
| Sample size (n) | 26 | 1 | 183 | 82 | 173 | 45 | 31 | 42 | 27 | 38 | 109 | 71 | 828 |
| ii Business Level | | | | | | | | | | | | | |
| e Can your business/company sustain through the COVID-19 pandemic? | | | | | | | | | | | | | |
| Still manageable though it is a tough journey ahead | 46.2% | 0.0% | 49.2% | 41.5% | 43.9% | 51.1% | 35.5% | 41.5% | 55.6% | 55.3% | 50.5% | 21.1% | 44.6% |
| Yes, adopt cost-cutting measures and retooling business strategy | 15.4% | 100.0% | 27.9% | 23.2% | 26.6% | 24.4% | 41.9% | 26.8% | 29.6% | 34.2% | 23.9% | 26.8% | 26.8% |
| Difficult to hang on, depending on how lasting the impact of COVID-19 | 38.5% | 0.0% | 19.1% | 30.5% | 26.0% | 17.8% | 16.1% | 31.7% | 7.4% | 5.3% | 22.9% | 40.8% | 24.1% |
| Most likely to cease operation | 0.0% | 0.0% | 3.8% | 4.9% | 3.5% | 6.7% | 6.5% | 0.0% | 7.4% | 5.3% | 2.8% | 11.3% | 4.5% |
| Sample size (n) | 26 | 1 | 183 | 82 | 173 | 45 | 31 | 41 | 27 | 38 | 109 | 71 | 827 |
| f How long does it take for a business recovery? | | | | | | | | | | | | | |
| 1-3 months | 11.5% | 100.0% | 7.7% | 8.5% | 11.0% | 6.8% | 9.7% | 4.8% | 29.6% | 5.3% | 20.2% | 4.2% | 10.5% |
| 4-6 months | 23.1% | 0.0% | 32.4% | 28.0% | 28.9% | 22.7% | 16.1% | 31.0% | 40.7% | 42.1% | 26.6% | 28.2% | 29.3% |
| 7-12 months | 46.2% | 0.0% | 40.7% | 39.0% | 34.1% | 52.3% | 38.7% | 42.9% | 25.9% | 42.1% | 33.9% | 46.5% | 39.1% |
| More than a year | 19.2% | 0.0% | 19.2% | 24.4% | 26.0% | 18.2% | 35.5% | 21.4% | 3.7% | 10.5% | 19.3% | 21.1% | 21.1% |
| Sample size (n) | 26 | 1 | 182 | 82 | 173 | 44 | 31 | 42 | 27 | 38 | 109 | 71 | 826 |
| g Is your company taking up the EPF Employer COVID-19 Assistance Programme (e-CAP)? | | | | | | | | | | | | | |
| Yes | 23.1% | 100.0% | 33.9% | 30.5% | 33.5% | 48.9% | 22.6% | 42.9% | 29.6% | 47.4% | 43.1% | 28.2% | 35.3% |
| No | 26.9% | 0.0% | 35.5% | 32.9% | 39.9% | 26.7% | 45.2% | 33.3% | 40.7% | 26.3% | 31.2% | 31.0% | 34.4% |
| Unsure | 50.0% | 0.0% | 30.6% | 36.6% | 26.6% | 24.4% | 32.3% | 23.8% | 29.6% | 26.3% | 25.7% | 40.8% | 30.3% |
| Sample size (n) | 26 | 1 | 183 | 82 | 173 | 45 | 31 | 42 | 27 | 38 | 109 | 71 | 828 |
| h How are you currently paying for the fixed operational expenses (as per Section A)? (Dummy variables) | | | | | | | | | | | | | |
| Use internal reserves | 50.0% | 100.0% | 72.5% | 67.1% | 74.6% | 66.7% | 64.5% | 66.7% | 48.1% | 76.3% | 67.9% | 57.7% | 68.3% |
| Negotiate for rental holiday | 20.0% | 0.0% | 13.2% | 15.9% | 19.7% | 11.1% | 29.0% | 35.7% | 25.9% | 34.2% | 22.0% | 36.6% | 21.2% |
| Negotiate for payment terms with suppliers | 30.8% | 0.0% | 31.3% | 43.9% | 33.5% | 26.7% | 29.0% | 26.2% | 18.5% | 31.6% | 17.4% | 33.8% | 30.4% |
| Enforce employment related measures e.g. wage cuts or retrenchment | 34.6% | 0.0% | 34.1% | 23.2% | 24.3% | 20.0% | 38.7% | 31.0% | 11.1% | 26.3% | 24.8% | 46.5% | 28.9% |
| Tweak business models / seek new markets e.g. online platforms | 19.2% | 100.0% | 20.3% | 17.1% | 30.6% | 20.0% | 22.6% | 33.3% | 44.4% | 26.3% | 22.0% | 33.8% | 25.4% |
| Opt for 6 months automatic loan deferment on existing business loans | 34.6% | 100.0% | 28.6% | 36.6% | 35.3% | 24.4% | 38.7% | 26.2% | 18.5% | 50.0% | 38.5% | 25.4% | 32.8% |
| Take new loans / financing | 26.9% | 0.0% | 38.5% | 35.4% | 36.4% | 28.9% | 25.8% | 33.3% | 25.9% | 42.1% | 27.5% | 23.9% | 33.1% |
| Others | 0.0% | 0.0% | 3.3% | 0.0% | 1.2% | 0.0% | 0.0% | 0.0% | 3.7% | 0.0% | 1.8% | 1.4% | 1.5% |
| Sample size (n) | 26 | 1 | 182 | 82 | 173 | 45 | 31 | 42 | 27 | 38 | 109 | 71 | 827 |

| MALAYSIA'S BUSINESS AND ECONOMIC CONDITIONS SURVEY (M-BECS) | | | | | | | | | | | | | | |
|---|--|-----------------------------------|----------------------|---------------|--------------|----------------------------|-------------------------------|--|-----------|-----------------------|-------------|------------------------------------|--|---------------|
| FOR THE 1ST HALF-YEAR OF 2020 | | | | | | | | | | | | | | |
| | | Agriculture, forestry and fishery | Mining and quarrying | Manufacturing | Construction | Wholesale and retail trade | Trading (imports and exports) | Transportation, forwarding and warehousing | ICT | Finance and insurance | Real estate | Professional and business services | Tourism, shopping, hotels, restaurants, recreation and entertainment | 1st Half 2020 |
| III | Views on Government's Economic Policy Response | | | | | | | | | | | | | |
| o | What more the Government could have done to counteract the impact of COVID-19? (Dummy variables) | | | | | | | | | | | | | |
| | More measures to relieve business operating cost and lower compliance cost | 84.6% | 100.0% | 71.0% | 73.2% | 75.1% | 66.7% | 71.0% | 57.1% | 59.3% | 84.2% | 64.2% | 66.2% | 70.5% |
| | Higher amount of wage subsidy for a longer period | 65.4% | 0.0% | 65.0% | 62.2% | 63.6% | 62.2% | 54.8% | 66.7% | 55.6% | 73.7% | 71.6% | 64.8% | 64.9% |
| | Lower interest rate charged on Special Relief Fund and higher amount of loan per enterprise | 42.3% | 0.0% | 49.2% | 42.7% | 54.3% | 37.8% | 48.4% | 52.4% | 66.7% | 68.4% | 54.1% | 49.3% | 51.0% |
| | Landlords who reduce rents eligible for tax deductions should cover for large companies besides for SMEs | 53.8% | 0.0% | 31.1% | 39.0% | 45.7% | 33.3% | 48.4% | 35.7% | 51.9% | 50.0% | 44.0% | 49.3% | 41.4% |
| | More measures to help the retrenched employees such as reskilling | 23.1% | 0.0% | 23.5% | 31.7% | 16.2% | 20.0% | 35.5% | 16.7% | 44.4% | 28.9% | 25.7% | 18.3% | 23.4% |
| | More training and re-skilling of workforce for the future | 15.4% | 0.0% | 30.6% | 36.6% | 16.8% | 17.8% | 22.6% | 26.2% | 14.8% | 31.6% | 28.4% | 12.7% | 24.3% |
| | More measures to help companies raise productivity | 42.3% | 0.0% | 47.5% | 32.9% | 30.6% | 33.3% | 38.7% | 38.1% | 18.5% | 36.8% | 33.0% | 19.7% | 35.0% |
| | More measures to help companies adapt to technological change | 30.8% | 0.0% | 39.9% | 39.0% | 36.4% | 31.1% | 32.3% | 38.1% | 29.6% | 36.8% | 39.4% | 32.4% | 36.7% |
| | Adequate. Businesses need to act | 0.0% | 0.0% | 1.6% | 1.2% | 1.2% | 4.4% | 3.2% | 4.8% | 0.0% | 2.6% | 1.8% | 0.0% | 1.7% |
| | Sample size (n) | 26 | 1 | 183 | 82 | 173 | 45 | 31 | 42 | 27 | 38 | 109 | 71 | 828 |
| p | What the Government can implement to revitalise domestic demand? (Dummy variables) | | | | | | | | | | | | | |
| | Implement MRT3, High-Speed Rail (HSR) and Singapore-Johor Bahru RTS | 57.7% | 100.0% | 29.5% | 45.1% | 35.8% | 40.0% | 36.7% | 34.1% | 37.0% | 52.6% | 37.6% | 36.6% | 37.4% |
| | Expedite the implementation of on-going public infrastructure projects (e.g. MRT2 & LRT3) | 50.0% | 100.0% | 37.2% | 45.1% | 34.1% | 31.1% | 43.3% | 39.0% | 48.1% | 55.3% | 45.9% | 42.3% | 40.6% |
| | Expedite RM4.0 billion small-scale projects as announced in the Economic Stimulus Package | 53.8% | 0.0% | 65.6% | 67.1% | 72.8% | 60.0% | 53.3% | 70.7% | 51.9% | 68.4% | 66.1% | 50.7% | 64.8% |
| | Attract high quality and value creation FDI; step up domestic direct investment | 65.4% | 0.0% | 62.3% | 61.0% | 63.0% | 55.6% | 50.0% | 65.9% | 66.7% | 63.2% | 59.6% | 64.8% | 61.7% |
| | Investing in "new smart infrastructure" used for high-tech, digitalisation and sustainable purposes (renewable energy, climate change, eco-green, 5G infrastructure) | 61.5% | 0.0% | 51.4% | 50.0% | 48.0% | 66.7% | 60.0% | 70.7% | 59.3% | 57.9% | 60.6% | 52.1% | 54.7% |
| | Sample size (n) | 26 | 1 | 183 | 82 | 173 | 45 | 30 | 41 | 27 | 38 | 109 | 71 | 826 |
| q | What measures you expect in Budget 2021 to stimulate private investment? (Dummy variables) | | | | | | | | | | | | | |
| | Reduce corporate tax to 22% for large companies and 15% for SMEs | 88.5% | 100.0% | 89.1% | 80.5% | 86.7% | 88.9% | 77.4% | 80.5% | 77.8% | 86.8% | 78.9% | 76.1% | 83.9% |
| | A suspension of foreign workers' levy in 2021 or a 50% reduction in foreign levy | 76.9% | 0.0% | 63.4% | 61.0% | 31.8% | 35.6% | 51.6% | 24.4% | 29.6% | 60.5% | 38.5% | 42.3% | 46.7% |
| | Reintroduce the GST at 3% rate | 34.6% | 0.0% | 44.8% | 36.6% | 39.9% | 42.2% | 48.4% | 39.0% | 25.9% | 34.2% | 39.4% | 42.3% | 40.3% |
| | Remove RM300,000 ceiling on Market Development Grant; Reinstate Brand Promotion Grant | 15.4% | 0.0% | 37.2% | 26.8% | 28.9% | 22.2% | 29.0% | 34.1% | 29.6% | 28.9% | 31.2% | 29.6% | 30.4% |
| | Extend Reinvestment Allowance | 34.6% | 0.0% | 45.9% | 24.4% | 39.3% | 31.1% | 35.5% | 19.5% | 25.9% | 50.0% | 38.5% | 22.5% | 36.0% |
| | Import duties reduction on machinery equipment related to automation or digitalisation | 38.5% | 0.0% | 51.9% | 30.5% | 35.3% | 53.3% | 35.5% | 39.0% | 37.0% | 47.4% | 34.9% | 31.0% | 39.9% |
| | Incentives to support the e-hailing, freelancer and micro-entrepreneurs | 15.4% | 0.0% | 23.5% | 18.3% | 27.7% | 22.2% | 38.7% | 34.1% | 33.3% | 34.2% | 37.6% | 45.1% | 29.1% |
| | Sample size (n) | 26 | 1 | 183 | 82 | 173 | 45 | 31 | 41 | 27 | 38 | 109 | 71 | 827 |
| r | What measures you expect in Budget 2021 to sustain private consumption? (Dummy variables) | | | | | | | | | | | | | |
| | A tax holiday for tax payers with taxable income of below RM100,000 per annum for YA 2021 | 84.6% | 100.0% | 74.7% | 70.7% | 68.2% | 66.7% | 67.7% | 64.3% | 85.2% | 81.6% | 73.4% | 74.6% | 72.6% |
| | Launch "Buy Malaysia made Products" every quarter using e-commerce platform | 42.3% | 0.0% | 58.2% | 41.5% | 44.5% | 44.4% | 45.2% | 54.8% | 33.3% | 44.7% | 44.0% | 42.3% | 47.0% |
| | Encourage domestic tourism via the exemption of tourism tax and service tax on accommodation as well as entertainment tax for parks | 46.2% | 0.0% | 51.1% | 56.1% | 57.2% | 57.8% | 54.8% | 50.0% | 51.9% | 65.8% | 51.4% | 71.8% | 55.6% |
| | Top-up an additional RM100 for Malaysian e-wallet | 46.2% | 0.0% | 34.6% | 32.9% | 35.8% | 31.1% | 38.7% | 38.1% | 37.0% | 34.2% | 37.6% | 52.1% | 37.1% |
| | Reduce Real Property Gains Tax (RPGT); a 50% reduction in stamp duty for first-home buyers between 2021 and 2025 | 50.0% | 0.0% | 56.6% | 58.5% | 56.1% | 51.1% | 58.1% | 47.6% | 37.0% | 68.4% | 54.1% | 43.7% | 54.2% |
| | Reduce the parcel delivery cost below 5kg | 42.3% | 0.0% | 37.4% | 28.0% | 48.6% | 55.6% | 22.6% | 54.8% | 33.3% | 34.2% | 38.5% | 32.4% | 39.7% |
| | Extend local travel digital voucher to 2021 and raise the spending cap to RM200 | 19.2% | 0.0% | 28.0% | 28.0% | 27.7% | 28.9% | 38.7% | 38.1% | 29.6% | 34.2% | 28.4% | 47.9% | 30.7% |
| | Collaborate with retailers to provide e-vouchers and shopping discount vouchers | 15.4% | 0.0% | 36.3% | 31.7% | 46.8% | 44.4% | 32.3% | 57.1% | 44.4% | 39.5% | 37.6% | 40.8% | 39.7% |
| | Sample size (n) | 26 | 1 | 182 | 82 | 173 | 45 | 31 | 42 | 27 | 38 | 109 | 71 | 827 |



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