

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

828 respondents participated in M-BECS for 1H 2020 and 2H 2020F

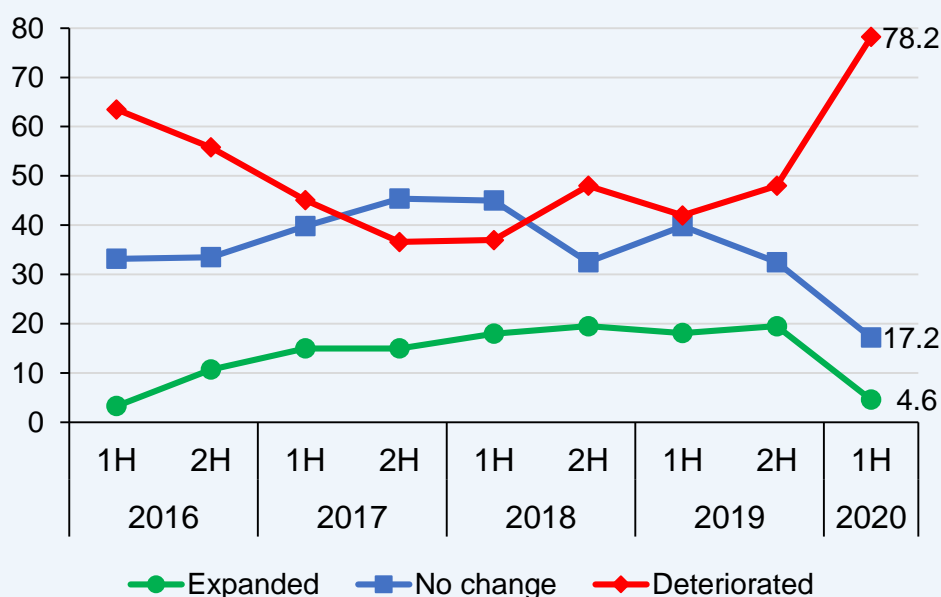
M-BECS aims to gauge:

- Economic and Business Performance and Outlook;
- Factors Affecting Business Performance; and
- Current Issues Confronting Businesses

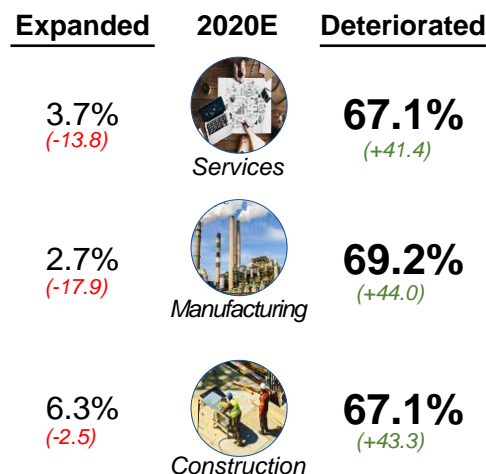
Significance of the Survey

- To gauge business community's assessment of current and forward expectations; and
- To provide a basis for ACCCIM to prepare memoranda and policy proposals

Business conditions have WORSENE in 1H 2020



Higher respondents were pessimistic about business prospects in 2020 in three key sectors...



Note: () indicates changes from 2H 2019

Cautious views on economy and business prospects in 2021

M-BECS 1H 2020 and 2H 2020F

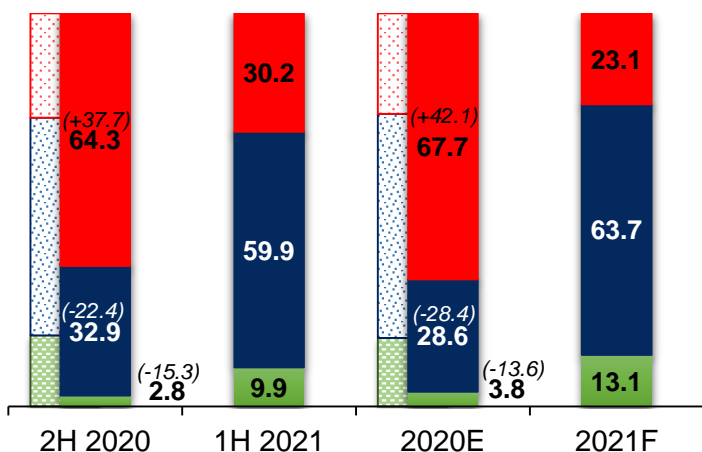
Optimistic Neutral Pessimistic

M-BECS 2H 2019 and 1H 2020F

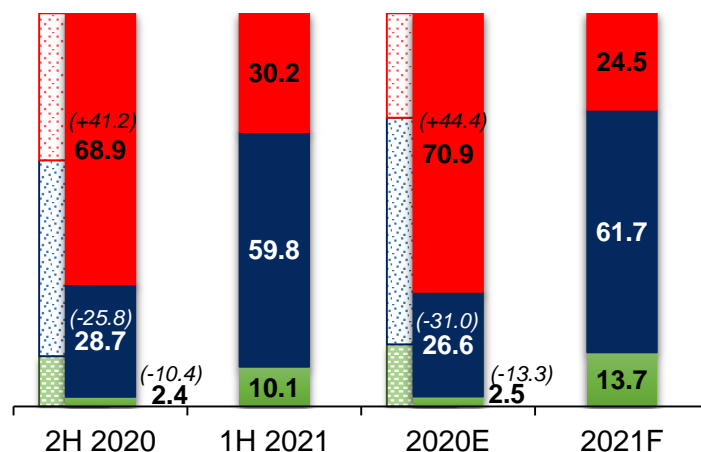
Optimistic Neutral Pessimistic

Note: E=Estimates; F=Forecast; () denotes data obtained from previous survey

Business prospects (% respondents)

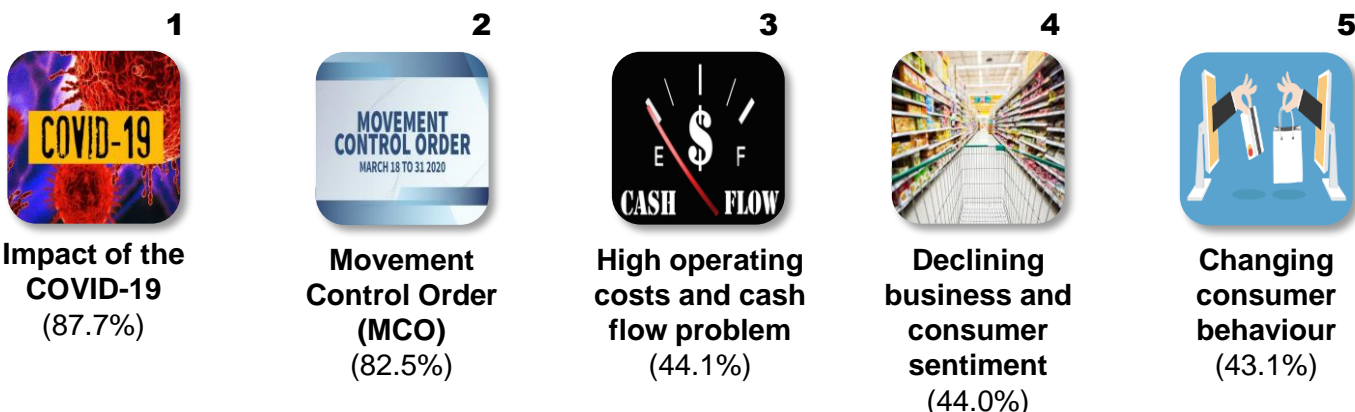


Economic prospects (% respondents)



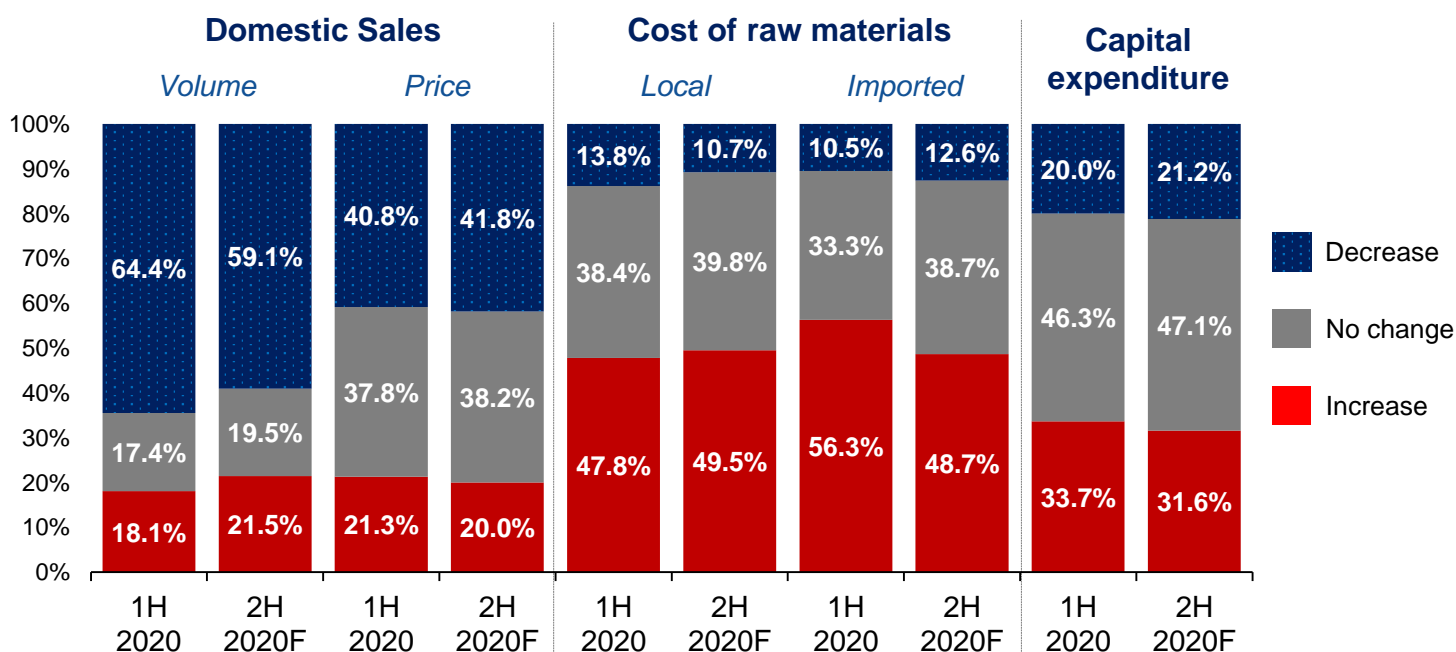
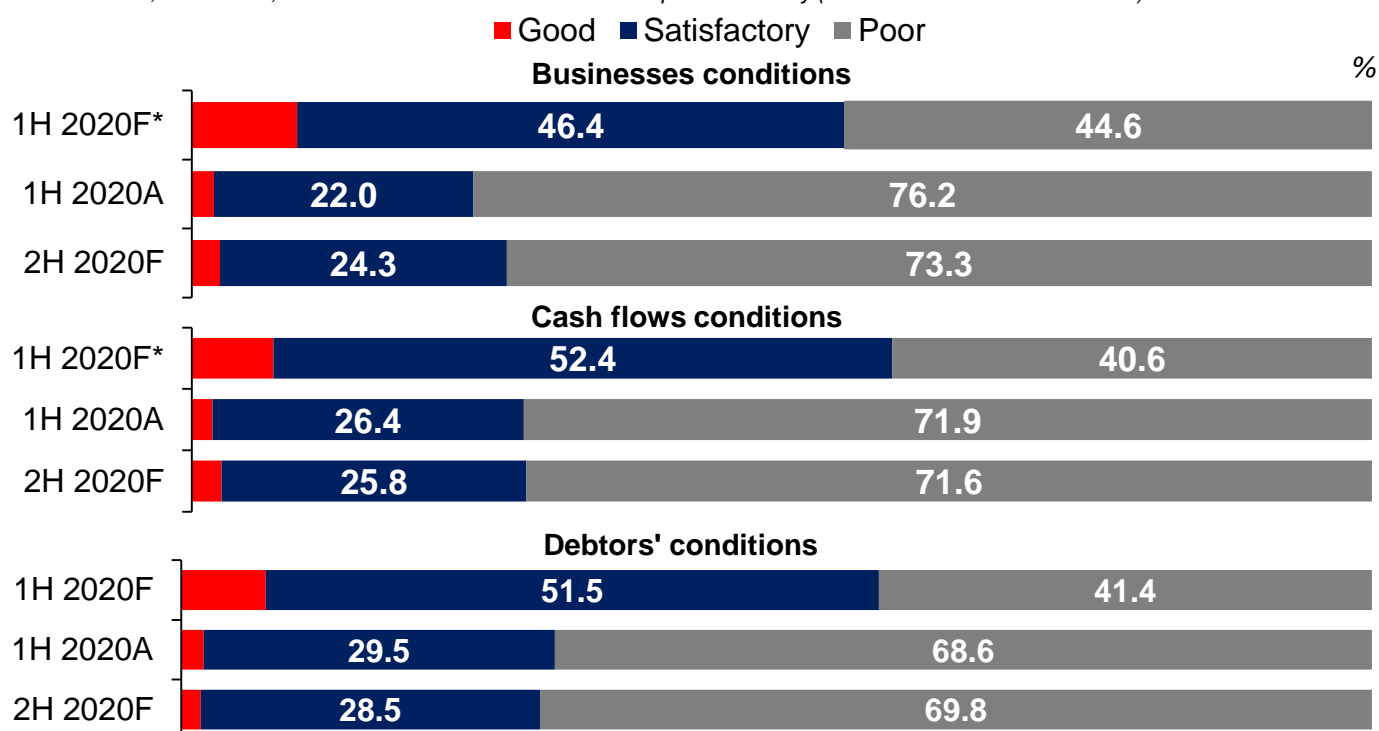
Business Pulse Diagnosis

Top FIVE factors affecting business performance



Business Assessment

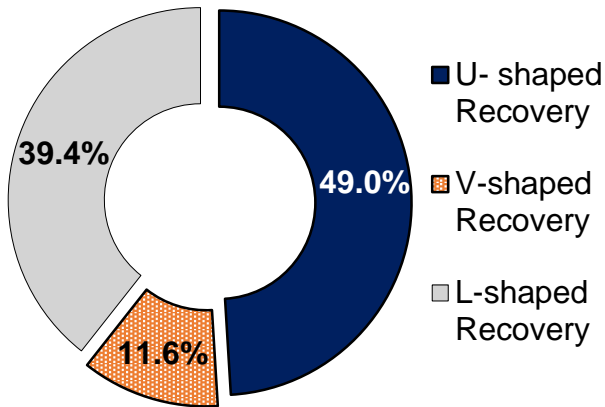
Note: A=Actual; F=Forecast; * Denotes the results of 1H 2020F from previous survey (M-BECS 2H 2019 and 1H 2020F)



MCO and Post COVID-19: Business Impact and Government's Policy Responses

49.0% respondents expect a “U-shaped Recovery” for the Malaysian economy

Businesses' expectations of Malaysia's economic recovery shape in 2020-2021



Definition

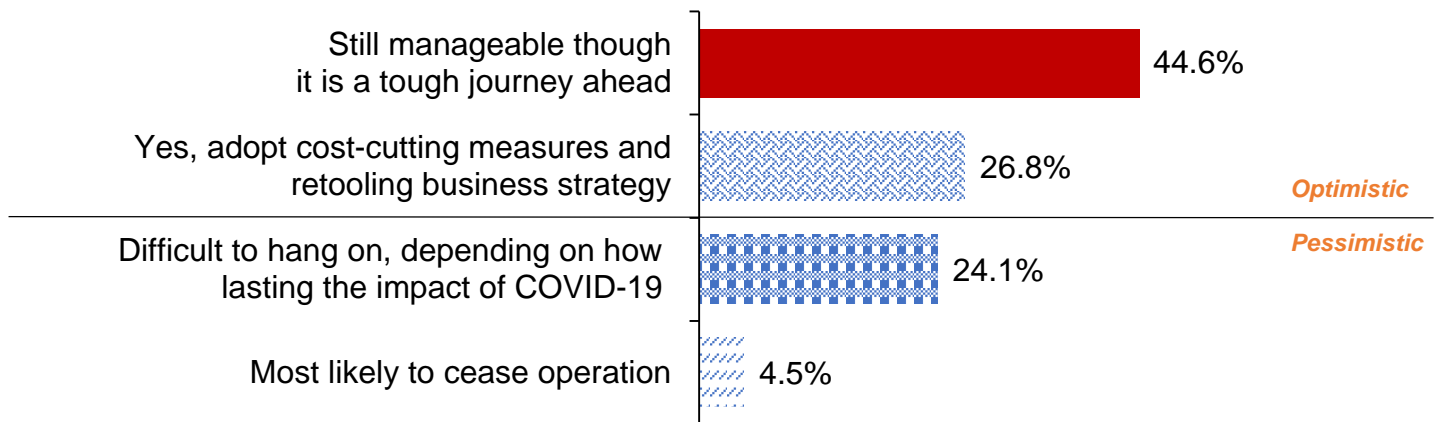
U-shaped Recovery – Virus contained, a recession in 2020, followed by slow recovery in 2021

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

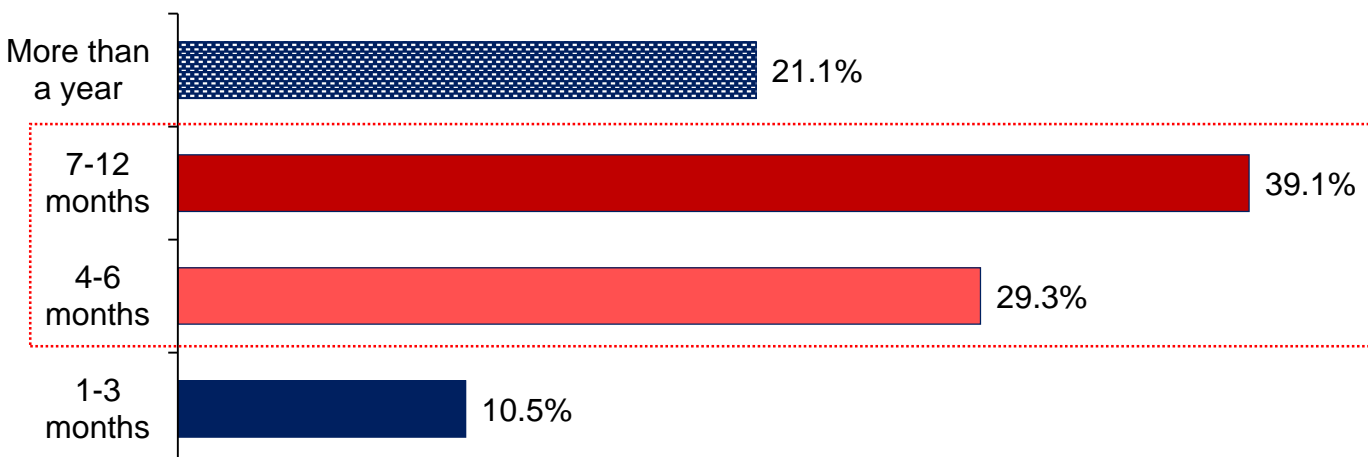
71.4% respondents expect to survive the impact of COVID-19, albeit a tough journey ahead

Business sustainability during the MCO and post COVID-19 pandemic



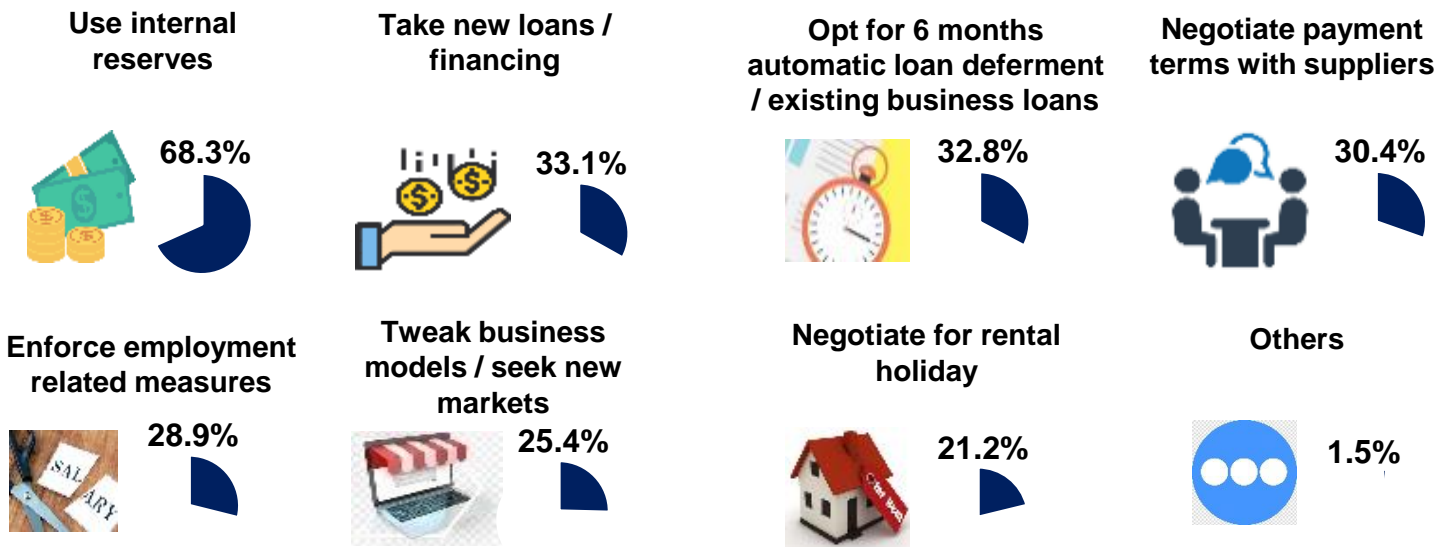
At least 4-12 months (68.4% of respondents) for businesses to get back on track

Business recovery duration post MCO and COVID-19 pandemic



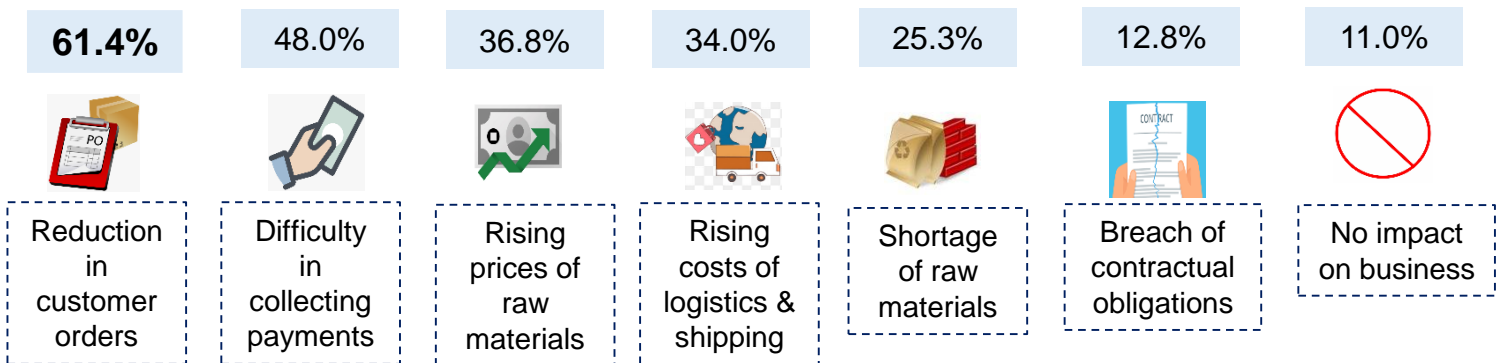
Current Issues (Cont.)

68.3% of respondents use “internal reserves” for fixed operational expenses



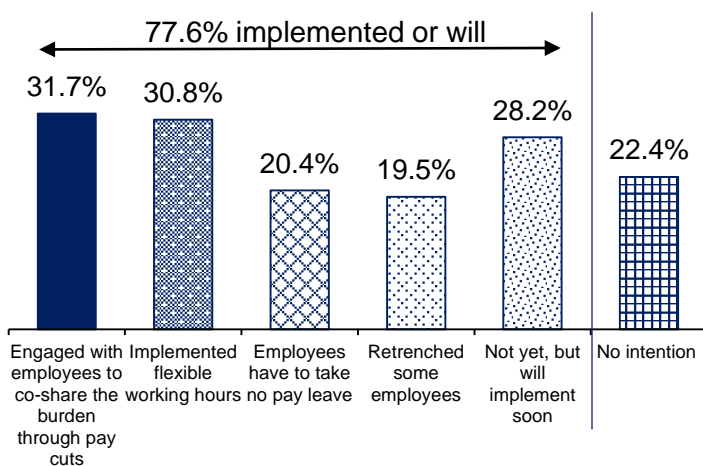
61.4% of respondents indicate supply chain disruptions led to a reduction in customer orders

Business segment affected by the supply chain disruptions



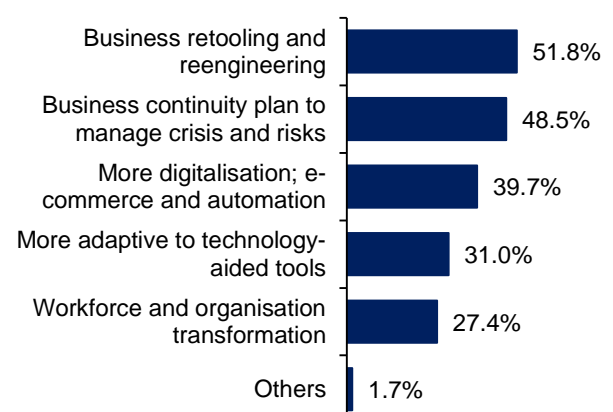
31.7% of respondents will negotiate with employees to co-share employment cost burden

Businesses' strategies on employment cost management



51.8% opt for business retooling and re-engineering in confronting new normal post MCO and COVID-19

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



Current Issues (Cont.)

60.7% respondents rated “Neutral” for **PRIHATIN Economic Stimulus Package**

Wage subsidy is the most popular measure (71.8%) to ease cash flow burden

Measures of PRIHATIN Economic Stimulus Package benefitted by respondents



Wage subsidy for employer **(71.8%)**



Deferment on loan repayments **(50.2%)**



Income tax deferment **(44.1%)**

66.3% of respondents urge the Government to consider extending loan repayment deferment for an additional 3-6 months*

Businesses’ opinions on the extension of moratorium on SME loans/financing

➤ Additional 6 months **(45.8%)**

➤ Additional 3 months **(20.5%)**

➤ No additional months **(17.7%)**

➤ Opted-out of automatic payment deferment scheme **(16.0%)**

Business operating & compliance costs need further assistance

Businesses’ expectations of Government to counteract the COVID-19



More measures to relieve business operating cost & lower compliance cost **(70.5%)**



Higher amount of wage subsidy for a longer period **(64.9%)**



Lower interest rate charged on Special Relief Fund and higher amount of loan per enterprise **(51.0%)**

Implement public infrastructure projects to support domestic demand

Government’s action plans to revitalize domestic demand



Expedite RM4.0 billion small-scale projects **(64.8%)**



Attract high quality and value creation FDI; step up domestic direct investment **(61.7%)**



Investing in “new smart infrastructure” used for high-tech, digitalisation and sustainable purposes **(54.7%)**

Businesses’ expectations to revive private investment



Reduce corporate tax to 22% for large companies and 15% for SMEs **(83.9%)**



A suspension of foreign workers’ levy in 2021 or a 50% reduction in foreign levy **(46.7%)**



Reintroduce GST at 3% rate **(40.3%)**

Measures to stimulate and sustain consumer spending



A tax holiday for tax payers with taxable income below RM100,000 per annum for YA 2021 **(72.6%)**



*Encourage domestic tourism via the exemption of tourism tax and service tax **(55.6%)**



Reduce Real Property Gains Tax (RPGT); a 50% reduction in stamp duty **(54.2%)**

BUDGET 2021 Expectations

Note: * Already implemented under PENJANA; the extension of loan moratorium based targeted flexible loan repayment programs after September 2020



马来西亚中华总商会

ACKNOWLEDGMENT

*We are exceptionally grateful for the generous support provided by
17 Constituent Members and their valued members*



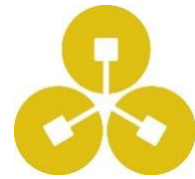
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For more information, please access www.acccim.org.my

This survey is collaborated with:



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