

Highlights on

ACCCIM Survey Report on Economic Situation of Malaysia

for the 2nd half of 2012

Significance of the survey

- ❑ To assist the Government in gauging the economic situation facing the Chinese business community.
- ❑ To collect feedback and opinion on various measures undertaken by the Government to enable them to evaluate the effectiveness of those measures.
- ❑ This study would be helpful to the Government either in making adjustments to the existing policies or in the formulation of new policies.
- ❑ The result of the survey would also provide a basis for ACCCIM to submit relevant memoranda to the Government.

Profile of respondents

- ❑ The respondents were mainly from wholesale and retail (24.5%), manufacturing (22.1%), professional and business services (12.0%), construction (8.3%), real estate (6.4%), agriculture, forestry and fishery (5.9%), and telecommunication and information technology (5.1%) as well as others (15.7%).
- ❑ About 24% of the respondents were from Non-SMEs (according to annual turnover and full time employees)
- ❑ About 82.0% of the respondents were domestic market oriented whereas the remaining 18% focused on “both domestic and export” markets (11.5%) or ‘export’ markets (6.9%).

Major survey questions and findings

The major survey questions are as follows :

i. Did the Malaysian economy deteriorating, remain unchanged or grow in the 2nd half of 2012 ?

- ◆ Sales Performance Sustained
- ◆ Increase in Production Volume
- ◆ Inventory Levels Somewhat Unchanged
- ◆ Improved Collections from Customers
- ◆ Increase in New Orders from Overseas Markets
- ◆ Sustained Levels of New Local Orders
- ◆ Local Sales Prices Relatively Unchanged
- ◆ Improved Employment Market
- ◆ Wages Were Generally Stable
- ◆ Relatively Unchanged Capacity Utilization
- ◆ Drop in Investment in New Resources or Plant

The Malaysian economy was seen to have experienced little growth in the 2nd of 2012

ii. What were the major factors adversely affecting business performances in the 2nd half of 2012 ?

- ◆ Government policies
- ◆ Manpower shortage
- ◆ Increase in operating cost and price of raw materials
- ◆ Domestic competition

iii. *Is the Chinese business communities optimistic or pessimistic about the Malaysian economic outlook?*

- ◆ Overall, the Chinese business community is optimistic about the economic outlook for Malaysia for 2013, 2014 and 2015.

iv. *Current issues facing the Chinese businessmen in relation to trade, investment and industrial development in Malaysia.*

A Implementation of Minimum Wage

- ❖ 69.4% (up from 55.9% for the last survey) of the respondents believed that the setting of minimum wages would bring about negative effects on their businesses
- ❖ Low support for minimum wage policy

B External Economic Sector and Domestic Demand

- ❖ A majority (84.8%) of respondents were of the opinion that the world economic environment would continue to remain weak and challenging in the near future.
- ❖ 77% of the respondents were of the opinion that their businesses would be negatively affected, owing to the uncertainties in the foreign countries' economies.
- ❖ Budget 2013 may not be able to strengthen domestic demand and maintain economic stability

C Limited Liability Partnership

- ❖ 42% of respondents were familiar with the Limited Liability Partnership (LLP) that came into effect in December 2012, and how it works.
- ❖ The majority (63.5%) of the respondents indicated that they would not consider converting from a limited company to LLP status.
- ❖ 45% of respondents indicated that they were aware of the tax provisions for the LLP.

D Property Sector

- ❖ 48.3% of respondents were of the opinion that the increase in RPGT rates were likely to be able to curb speculative activities, whereas 39% of respondents opined that the change in tax rate would have no effect whatsoever.
- ❖ Many respondents (72.5%) did not foresee that property prices would trend downwards in the near future

E Low Success in Efforts to Move the Economy out of Middle Income Trap

- ❖ Many SMEs / SMIs appear not to have benefitted from the various government initiatives. This has led to many respondents not believing that Malaysia is on its way to being successful in respect of efforts to move the economy out of the middle income trap.

F Majority of Respondents were not Happy with the State of the Malaysian Economy

- ❖ A majority (73%) of the respondents were not happy with the state of the Malaysian economy to-date, leading up to the coming 13th General Elections for Malaysia

G Bankruptcy Law in Malaysia

- ❖ 74% of the respondents were in agreement with the need for review of the existing Bankruptcy Law in Malaysia
- ❖ 76.5% of the respondents also felt that the threshold that allowed financial institutions or creditors to institute bankruptcy proceedings ought to be raised
- ❖ 69.2% of respondents opined that the laws in Malaysia should be amended to make it easier for one to be discharged from bankruptcy.

H Competition Act 2010

- ❖ Majority of the respondents (51%) replied that thus far, the Competition Act has had no effect on their businesses.

Please visit the ACCCIM website: www.acccim.org.my for the full ACCCIM Survey report on Economic Situation of Malaysia for the 2nd half 2012