

ACCIM Survey on Economic Situation of Malaysia for the 1st Half of 2018

This is a survey conducted by the Commerce Committee of the ACCIM on economic situation of Malaysia in respect of the first (1st) half of 2018. We seek your cooperation to answer the following questions and return to the ACCIM Secretariat by **30-7-2018**. (Email: commerce@accim.org.my / Fax: 03-4260 3080) Thank you for your support and cooperation.

PART A: COMPANY'S PROFILE

A1. The CORE industry that we are in is: [Please select ONE (1) only]

- | | |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| 1. <input type="checkbox"/> Agriculture, forestry and fishery | 8. <input type="checkbox"/> Wholesale and retail trade |
| 2. <input type="checkbox"/> Mining | 9. <input type="checkbox"/> International trade (import and export) |
| 3. <input type="checkbox"/> Manufacturing | 10. <input type="checkbox"/> Tourism, shopping, hotels, restaurants, recreation and entertainment |
| 4. <input type="checkbox"/> Construction | 11. <input type="checkbox"/> Finance and insurance |
| 5. <input type="checkbox"/> Real estate | 12. <input type="checkbox"/> Professional and business services |
| 6. <input type="checkbox"/> Transportation, forwarding and warehousing | 13. <input type="checkbox"/> Others, please specify: |
| 7. <input type="checkbox"/> Telecommunications and information technology | |

A2. Our business operation is directed towards:

1. Domestic market (60 - 80%)
2. Domestic market (More than 80%)
3. Export market (60 - 80%)
4. Export market (More than 80%)
5. Both domestic and export markets

A3. Our full time employees are:

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><u>Manufacturing</u></p> <ol style="list-style-type: none"> 1. <input type="checkbox"/> Less than 5 persons 2. <input type="checkbox"/> 5 - 74 persons 3. <input type="checkbox"/> 75- 100 persons 4. <input type="checkbox"/> 101- 200 persons 5. <input type="checkbox"/> Please specify: _____(> 200 persons) | <p><u>Services</u></p> <ol style="list-style-type: none"> 1. <input type="checkbox"/> Less than 5 persons 2. <input type="checkbox"/> 5 - 29 persons 3. <input type="checkbox"/> 30 - 49 persons 4. <input type="checkbox"/> 50 - 75 persons 5. <input type="checkbox"/> Please specify: _____(> 75 persons) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

A4. Our annual turnover is:

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| <p><u>Manufacturing</u></p> <ol style="list-style-type: none"> 1. <input type="checkbox"/> Less than RM 300,000 2. <input type="checkbox"/> RM 300,000 - RM 1.49 million 3. <input type="checkbox"/> RM 1.5 million - RM 4.99 million 4. <input type="checkbox"/> RM 5.0 million - RM 14.99 million 5. <input type="checkbox"/> RM 15.0 million - RM 29.99 million 6. <input type="checkbox"/> RM 30.0 million - RM 50.0 million 7. <input type="checkbox"/> Please specify: _____(> 50.0 million) | <p><u>Services</u></p> <ol style="list-style-type: none"> 1. <input type="checkbox"/> Less than RM 300,000 2. <input type="checkbox"/> RM 300,000 - RM 1.49 million 3. <input type="checkbox"/> RM 1.5 million - RM 2.99 million 4. <input type="checkbox"/> RM 3.0 million - RM 4.99 million 5. <input type="checkbox"/> RM 5.0 million - RM 9.99 million 6. <input type="checkbox"/> RM 10.0 million - RM 20.0 million 7. <input type="checkbox"/> Please specify: _____(>20.0 million) |
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PART B: OVERALL ASSESSMENT

**B1. Which of the following factors may adversely affect your performance?
[Please select NOT more than THREE (3) items]**

- | | |
|------------------------------------------------------------------------------------|----------------------------------------------------------|
| 1. <input type="checkbox"/> Excess capacity of the foreign and domestic production | 9. <input type="checkbox"/> Management style |
| 2. <input type="checkbox"/> Drop in foreign and domestic demand | 10. <input type="checkbox"/> Lack of capital |
| 3. <input type="checkbox"/> Domestic competition | 11. <input type="checkbox"/> Technological disadvantage |
| 4. <input type="checkbox"/> Foreign competition | 12. <input type="checkbox"/> Manpower shortage |
| 5. <input type="checkbox"/> Domestic political situation | 13. <input type="checkbox"/> Insufficient training |
| 6. <input type="checkbox"/> International political situation | 14. <input type="checkbox"/> Insufficient infrastructure |
| 7. <input type="checkbox"/> Government policies | 15. <input type="checkbox"/> Lack of business confidence |
| 8. <input type="checkbox"/> Increase in operating cost and price of raw materials | 16. Others, please specify: |
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B2 : Actual Performance and Forecast

		<u>January ~ June, 2018</u>			<u>July ~ December, 2018</u>		
		<u>(Actual)</u>			<u>(Forecast)</u>		
		<u>Good</u>	<u>Satisfactory</u>	<u>Poor</u>	<u>Good</u>	<u>Satisfactory</u>	<u>Poor</u>
i.	Our sales of goods & services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ii.	Collection for payment of debts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<u>Increased</u>	<u>Remained unchanged</u>	<u>Decreased</u>	<u>Increase</u>	<u>Remain unchanged</u>	<u>Decrease</u>
iii.	Local new orders of goods & services (if you sell locally)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iv.	New foreign orders (if you sell abroad)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
v.	Local sales prices (if you sell locally)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
vi.	Number of employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
vii.	Wage cost per unit of goods & services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
viii.	Investment in new resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ix.	Our production volume (for agriculture, forestry, fishery, mining, manufacturing & construction sectors only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
x.	Our stock (for agriculture, forestry, fishery, mining, manufacturing, real estate, wholesale, retail trade, international trade sectors only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
xi.	Our capacity utilisation level	<input type="checkbox"/> 0- 40%	<input type="checkbox"/> 41-60%	<input type="checkbox"/> 61- 80%	<input type="checkbox"/> 81- 100%		

B3. Relative to the 2nd half of 2017, the Malaysian economy in the 1st half of 2018 has :

1. Deteriorated 2. Remained unchanged 3. Grown

B4. Our view on the economic outlook in year 2019 is :

1. Optimistic 3. Somewhat pessimistic
2. Somewhat optimistic 4. Pessimistic

B5. Our view on the economic outlook in year 2020 is :

1. Optimistic 3. Somewhat pessimistic
2. Somewhat optimistic 4. Pessimistic

B6. Our view on the economic outlook in year 2021 is :

1. Optimistic 3. Somewhat pessimistic
2. Somewhat optimistic 4. Pessimistic

PART C: CURRENT ISSUES

C1. Goods and Services Tax (GST) and Sales and Services Tax (SST)

The Government has announced that GST will be abolished and replaced by SST on 1 September 2018. In the meantime, during the period from 1 June 2018 to 31 August 2018, the GST standard rate has been set at 0%.

a) How familiar are you with the workings of SST?

1. Some level of familiarity – based on the previous experience with SST
2. No – this will require a new learning experience for my business

b) Has your business experienced some form of price reductions since 1 June 2018 with the setting of the GST standard rate at 0%?

1. Yes – significant decrease in prices 2. Yes – small decrease in prices
3. No – no significant change in prices

c) Going forward, when the SST is officially in place, do you expect business reporting and compliance to be easier and costs of doing business to reduce?

1. Yes – since GST is payable by all companies whereas SST affects manufacturers and certain prescribed services
2. No – business reporting and compliance are expected to be still required
3. Not sure – too early to tell

C2. Price of gas

Gas Malaysia announced recently that the average gas base tariff is set at RM31.92/mmBtu, representing an increase of RM1.02/mmBtu. Added on with the surcharge of RM0.77/mmBtu to all tariff categories (allowed under the Gas Cost Pass Through (GCPT) mechanism), this results in the effective average price of natural gas to be RM32.69/mmBtu.

a) How will this tariff hike affect your organisation's cost of doing business?

1. No effect
2. Adverse effect

b) If your answer to part a) above is 'adverse', what is the expected rise in cost of doing business attributable to rise in cost of gas?

1. Less than 5%
2. 5% to less than 10%
3. 10% to less than 20%
4. 20% to less than 30%
5. 30% and above

C3. Price of Petrol

The price of RON95 has been kept constant at RM2.20 per litre for quite awhile. What is your opinion on the price level of RON95?

1. Should be maintained at RM2.20 per litre
2. Should be allowed to float and fluctuate according to market prices
3. Should be subsidized such that the ceiling price would be below RM2.20 per litre to help to spur the Malaysian economy

C4. Price of electricity

Tenaga Nasional Bhd has announced that with effect from 1 July 2018, businesses would face additional surcharge on consumption of electricity of 1.35sen/kWh. TNB has claimed that the additional surcharge is attributed to the higher fuel and generation costs for the period of 1 January to 30 June 2018. Under the continued implementation of the Imbalance-Cost-Pass-Through (ICPT) mechanism, TNB is allowed to reflect the changes in such costs in the electricity tariff every 6 months.

a) How will this tariff hike affect your organisation's cost of doing business?

1. No effect
2. Adverse effect

b) If your answer to part a) above is 'adverse', what is the expected rise in cost of doing business attributable to rise in cost of electricity?

1. Less than 5%
2. 5% to less than 10%
3. 10% to less than 20%
4. 20% to less than 30%
5. 30% and above

c) How will the selling prices of the goods and/or services offered by your business be affected in the future?

1. Increase
2. Decrease
3. No change

C5. Minimum Wages

a) The Government is reviewing the minimum wage structure, with the aim to standardize the minimum wage throughout the whole country. Do you believe that the minimum wage level should be raised to a higher level?

1. Yes
2. No
3. Not sure

b) If your answer to part a) above is 'No', what may be the possible reasons for your comment? You may select more than one response.

1. Productivity levels of workers need to increase
2. Revenue has not grown to-date
3. Still restructuring costs
4. Others (please elaborate) _____

C6. Digital Free Trade Zone and e-Hub

Malaysia Digital Economy Corporation (MDEC) has launched various initiatives (especially e-Hub) to transform the Malaysian economy, in particular the area of digital economy. This has also been complemented by the launch of the Digital Free Trade Zone (DFTZ) by the Government that provides physical and virtual zones to facilitate SMEs to capitalise on the convergence of exponential growth of the internet economy and cross-border eCommerce activities. Jack Ma has visited twice to Malaysia to initiate the PFTZ and the eWTP.

a) Are you aware of the various developments and initiatives in Malaysia to develop the business of using Information and Communications Technology (ICT) and eCommerce in Malaysia?

1. Yes – very aware
2. Yes – somewhat aware
3. No – find it difficult to keep abreast with the latest developments

b) How keen an interest have you and your business put in to keep abreast with the latest developments in the IT initiatives by various bodies such as MDEC and the launch of DFTZ and eWTP?

1. Very keen interest
2. Some level of interest
3. Find it difficult to keep abreast with the latest developments

c) Do you think that the recent visit and courtesy call by Jack Ma on the Prime Minister of Malaysia at his Office will spur greater development of the DFTZ and eWTP in Malaysia?

1. Definitely
2. Not sure; need to wait and see

d) With the development of DFTZ and eWTP, the ceiling for free flow of goods into Malaysia market without tariff and customs inspection through eCommerce will be raised from RM 500 to RM 800. Foreign traders will set up their distribution warehouse in Malaysia. Do you think that this could have negative impact on your business?

1. Yes
2. No

e) If there is negative impact, how many % of your business will be affected?

1. 51% and above
2. 31% - 50%
3. 11% - 30%
4. 10% and less

C7. Cashless Society

a) During Jack Ma's recent visit to Malaysia, Jack Ma mentioned that AliPay is working with 'Touch 'n Go' to promote a cashless community in Malaysia. Do you think the cashless transaction will benefit your business?

1. Yes
2. No

b) How ready is your business to participate in transactions under a situation of a cashless community?

1. Yes – definitely ready
2. Yes – somewhat ready; still studying various systems
3. No – still trying to understand the systems
4. No – prefer to transact in cash

C8. Trade Disputes between US & China

Schroders commented that Malaysia, Singapore and Taiwan are among the top 10 markets most affected by US tariffs on Chinese goods via the supply chain. Do you believe that the on-going trade disputes between China and the United States of America will have adverse effect on the world's economies and hence spillover into Malaysia?

1. Yes
2. No

Closing Date: 30th July 2018



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ACCCIM

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