

Surviving the wait

BY LIEW JIA TENG

As expected, the government has decided to extend the Movement Control Order (MCO) by another two weeks to April 28.

Without divulging details, Prime Minister Tan Sri Muhyiddin Yassin indicated last Friday in his televised speech that certain businesses will be allowed to resume operations in stages.

As we have seen in other countries, unwinding the restrictions on businesses could take several weeks. But how many businesses can survive the wait?

Ultimately, how high is the economic cost of a prolonged MCO?

The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCIM) president Tan Sri Ter Leong Yap acknowledges that it is difficult to strike a balance between public health and the country's economy.

"The MCO was imposed because we need to bite the bullet and suffer short-term pain so that the spread of Covid-19 can be curbed. We need to take it seriously. We can't let the crisis prolong. If you asked me, I would like all businesses to continue operating, but it is equally important to break the chain of infections," he tells *The Edge*.

Ter highlights that its members from the mining, manufacturing and construction industries have put in some strong requests to the government, asking for the resumption of operations.

"We are compiling a list of companies that are appealing or applying to resume operations in a safe manner. We believe the government will unwind the restrictions gradually," he says.

"It will not be 100%, that's for sure. But for those that will be allowed to reopen, we hope they will strictly follow the safety guidelines. They must have self-discipline. We don't want our efforts and sacrifices in the past few weeks to go down the drain."

Lee Heng Guie, executive director of the Socio-Economic Research Centre (SERC) of ACCIM, says the economic cost of the MCO will be high, hence there is a need to be clear on how the latest extension will be different from the current practice.

"We can't let Covid-19 spread without any measures to control it, but the authorities also have to understand that the longer the lockdown, the greater the economic losses and impact on livelihoods and households. There's a price to be paid," he warns.

Lee says it should be a balanced act via a softer approach to the MCO, whereby socio-economic and job losses can be minimised while keeping infections down.

"This can be done by having MCO extensions with some relaxation, by allowing more flexibility in terms of operating hours for businesses, where the impact will be less than that of the first phase of the MCO, which was more restrictive (limited to essential services)," he says.

"In Singapore, industries are still running but they must comply with protective measures at work — for example, the floor plan has to be spaced out. The employers must be responsible."

Likewise, factories in Germany are still operating, although Covid-19 cases are rampant in the country. It was reported that the factories were quick to get workers on board and impose strict cleanliness measures and organisational rules, often imported from their operations in China.

In some cases, they even brought in their own medical staff. Also, no visitors are



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allowed, and teams of cleaners sterilise door-knobs, machine handles and other equipment around the clock.

Moreover, break rooms are organised so that workers do not have to stand next to each other. Management staff alternate between working at the office and working from home, while in-house doctors administer coronavirus tests to at-risk workers.

Minimising the impact

Sunway University Business School economics professor Dr Yeah Kim Leng says various kinds of government support should be able to cushion the economic impact for three to six months, but it will be magnified the longer the MCO is extended.

"This is because the economic assistance provided to households and firms can only offset partially the income losses due to the shutdown in economic activity," he says.

While most manufacturers will have sufficient inventory for two to three months, Yeah says once the inventory is depleted, some of them could face supply disruptions.

"Even if they do manage to source the supplies, there are still risks of these goods being held up at airports or ports, or getting the logistics in place. These are the challenges that the government needs to consider in depth," he says.

Although some manufacturers are considered as part of essential services, they have to be better managed and streamlined so that there is no loss of productivity, which may affect their supply and performance of goods, says Yeah.

"Delays will affect their business costs. This is something that can be avoided. It is important for us to minimise the impact. We need to have a smart way to do this, we need to allow less-risky industries to start working again," he says.

RHB Research Institute chief Asean economist Peck Boon Soon says the local supply chain disruption is not too severe at the moment and, in fact, he thinks the situation should get better gradually.

"Demand from the US and Europe is declining while China's production is slowly ramping up, so from Malaysia's perspective, our supply chain may not be affected badly. We should have sufficient supply of raw materials. It is not a big concern right now," he says.

Peck observes that the government is allowing more non-essential companies to start operating again as it has taken cognisance of the problem of supply chain disruption.

"The demand for essential items is high, so the government and businesses are learning how to solve the supply chain problem. The priority is to curb the spread of the virus, but at the same time, perhaps the government should also gradually open up manufacturing activities, especially those that are in the less-risky or safe zones," he says. ■

Prihatin – ensuring food supplies at affordable prices

The stimulus package announced by Prime Minister Tan Sri Muhyiddin Yassin on March 27 came at the right time and was urgently needed to counter the possibility of an economic downturn due to the cut in production levels, reduced demand for exports and drop in commodity prices amid the Covid-19 pandemic.

For the very basic need, which is food security, the package allocation of RM1 billion is to enhance food production through the provision of input assistance, crop integration programmes and short-term agrifood projects. It is also to stabilise food supply through storage and efficient distribution.

Up to now, disruptions to the food chain have been minimal as the supply has been adequate and markets are stable so far. However, we may be facing challenges in terms of logistics bottlenecks and suspension of



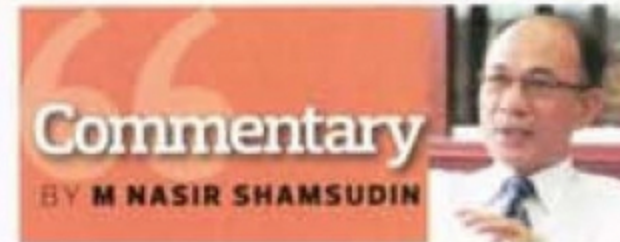
Innovation and investments in agricultural systems technology will play an important role in fostering productivity

food imports. If the stimulus package is not properly implemented, we can expect disruptions to the food supply chain in the next one to two months. There is a risk of a food crisis unless measures are taken fast to protect the most vulnerable, keep the supply chain alive and mitigate the pandemic's impact on the food chain.

Therefore, the stimulus package, especially with the adverse effects of the pandemic, is welcomed, not only to secure but also to stabilise the supply of quality and safe food at affordable prices through increased production and food storage.

However, in order for the food security package in Prihatin to have a significant impact, it is recommended that it is accompanied by the following initiatives:

- Food production, in general, is exposed to more unpredictable risks and uncertainties than those in the industrial sector. A budget should be allocated to develop effective an early warning system to reduce the risk in food production and distribution. The scope of the system includes price monitoring and forecasting as well as emergency-preparedness planning;
- Food production is not practised like industrial crop production yet. Thus, there is a need for entrepreneurs who are capable of carrying out commercially and technologically advanced food production;



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- The sector needs to employ a wide range of evolving technologies and farm practices. Innovation and investments in agricultural systems technology will play an important role in fostering productivity. Examples of these technologies are soil and water sensors, weather tracking, satellite imaging, automation, minichromosome technology, vertical farming, artificial intelligence, nanotechnology, GPS applications, robots and precision agriculture;
 - Cooperatives, which play a role in the food supply chain and increasing farmers' incomes, need to be empowered;
 - Safety net programmes that include policies to compensate farmers for the effects of market instability and abnormally low prices or non-trade distorting measures to help the poor and vulnerable manage price risks;
 - As the estimated post-harvest loss for fruits and vegetables in South and Southeast Asia is as high as 25%, promote efficient post-harvest processing and marketing to improve food supplies;
 - The role of agriculture now is beyond food production and fibre. Its multi-functionality includes resource conservation and environmental protection. We should recognise this through payments for environmental services to promote production and conservation incentives;
 - Malaysians generally produce 38,000 tonnes of waste a day and of this, about 15,000 tonnes comprise food waste. About 8,000 tonnes, or 60%, of the food wasted daily is avoidable (referring to the disposal of edible food such as bread crust and juice pulp). Of the 8,000 tonnes, about 3,000 tonnes are actually still edible. Rationed well and proportionately, the amount could feed about two million people. Thus, we have to adopt and practise sustainable food consumption; and
 - Adequate stockholding in the form of strategic food security reserves as the first line of defence in an emergency.
- What is important now is the efficiency of the delivery of the stimulus package to agrifood stakeholders such as farmers, processors and distributors, so that it can be implemented efficiently and quickly to avoid a hiccup in supply. Smallholder farmers (producing crops, livestock and poultry) are particularly vulnerable. The authorities should continue to closely monitor food prices and strengthen market supervision, ensure effective delivery of agricultural inputs, including feed, ensure smooth logistical operations of regional agricultural and food supply chains and the smooth flow of trade and make full use of the international market as a vital tool to secure food supply and demand. ■

Datuk Dr M Nasir Shamsudin is a professor at Universiti Putra Malaysia's Faculty of Agriculture