

PRESIDENT'S STATEMENT



The global economy and global trade in 2019 expanded moderately by 2.9% and 1.0% respectively (2018: 3.6% and 3.7% respectively). This decline can be attributed to the protracted and unresolved ongoing trade tensions which exacerbated the cyclical downturn in global manufacturing and investment activities.

The Malaysian economy in the midst of the challenging global economic environment, expanded by 4.3% in 2019 (2018: 4.7%). This growth was supported by resilient private sector spending made possible through monetary accommodativeness where the OPR was reduced from 3.25% to 3.00% with relative stable inflation of 0.7%. The Statutory Reserve Requirement (SRR) ratio was also reduced from 3.5% to 3.00% in November 2019 to further support the functioning of the domestic financial markets.

In 2019, Malaysia trade surplus continued to register double-digit growth for 3 consecutive years, widening by 11% to RM137.39 billion compared to RM123.78 billion in 2018. This was the largest trade surplus since 2009, representing Malaysia's achievement of 22nd consecutive year of trade surplus.

ASEAN continues to be Malaysia's leading regional trading partner with Singapore as our largest export market in ASEAN. China is Malaysia's largest export destination accounting for 17.2% of Malaysia total trade in 2019.

MASSA commends the efforts of the Ministry of International Trade and Industry (MITI) and its agencies, especially MATRADE for the good performance. MASSA is privileged to work closely with these agencies to continually avail business opportunities for members to expand their businesses, especially in the developing countries.

MASSA also wishes to record its appreciation to the Ministry of Foreign Affairs, our Malaysian Embassies and High Commissions in the developing South-South countries for their continued assistance and business

support. The Embassies and High Commissions of the developing countries located in Malaysia, similarly are also a source of referral and networking for our members looking to expand their trade and investment horizons.

In 2020, the global economic scenario weakened significantly when Covid-19 pandemic emerged to disrupt economic activity across most economies. We have seen large scale disruptions to economic activity resulting in contractions to global growth for 2020.

As an open economy, Malaysia will not be spared. Its economy is expected to see a contraction of -2% at its worst and growth of 0.5% at its best in 2020, compared to 4.3% in 2019. The widespread containment measures and subsequent extensions of the Movement Control Order (MCO) which began on 18 March 2020, while critically needed to save lives, have dampened economic activities. Subdued sentiments have hampered private consumption and domestic demand while exports look set to shrink on muted global demand along with supply chain disruptions weighing on the manufacturing sector, fragile commodity prices and diminished tourism. The Government recently instituted two economic stimulus packages amounting to RM250 billion to provide immediate relief to affected households and businesses to cushion the economic impact of Covid-19.

Concerted efforts between our Government, the business community, NGOs and the rakyat have endeavoured to flatten the pandemic curve and we hope to win the war against Covid-19 very soon. As more businesses gradually recommence operations, economic activity should gradually improve albeit with cautious optimism. As we shift from a "survival" mindset, let us look forward and leverage on the momentum we now have. The "new normal" going forward will embrace adjusted business models that can be leaner and more efficient from a cost perspective while gravitating to the deployment of online channels to reconnect, grow and expand our target markets.

The road ahead is a challenging one as new risks and significant uncertainties will emerge. Let us stay steadfast and resolute to recover and rebuild.

I want to express my gratitude and appreciation to my fellow colleagues in the MASSA Executive Committee for their continuing support. I also want to thank all MASSA members for their participation in our activities and events. I am also grateful for the sponsors on MASSA's website. A word of appreciation is also extended to the staff of MASSCORP Berhad for their commitment and dedication in administering the MASSA Secretariat and the organisation of MASSA's events.

A handwritten signature in black ink, appearing to be 'Tan Sri Azman Hashim'.

Tan Sri Azman Hashim
President
May 2020