

SUPPORT FOR SMEs TO WEATHER THE COVID-19 CRISIS

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Presented By: Mr. Foo Ngee Kee
Founding President, SME Association Sabah

THANK YOU TO BIMP FC AND ADB
FOR THE INVITATION FOR ME
TO SHARE MY IDEAS

SUPPORT FOR SMEs TO WEATHER THE COVID-19 CRISIS

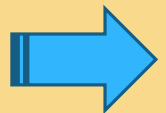
- * PROBLEMS AND ECONOMIC IMPACT OF COVID-19 PANDEMIC HAVE BEEN MUCH PUBLICISED
- * MALAYSIA/SABAH IS IN THE RECOVERY STAGE ESPECIALLY FROM THE ECONOMIC ASPECTS
- * MY PRESENTATION WILL FOCUS ON THE ECONOMIC RECOVERY FOR SMEs
- * THESE IDEAS CAN BE ADOPTED ACROSS THE REGION WITH ADAPTATION DEPENDING ON THE CIRCUMSTANCES OF INDIVIDUAL NATIONS

MOVEMENT RESTRICTION

- * MAJOR PROBLEM WITH COVID-19 IS, IT RESTRICTS MOVEMENT
- * LOCKDOWN STAGE NO BUSINESS CAN BE DONE, EXCEPT ESSENTIAL SERVICES
- * PARTIAL RELAXATION WHEN COVID-19 IS UNDER CONTROL ALLOWS SOME BUSINESS RECOVERY, DEPENDING ON THE NATURE OF THEIR BUSINESS.
- * **F&B RESTAURANTS** ARE GENERALLY HAVING LOCAL CUSTOMERS. ONCE MOVEMENT CONTROLS HAVE BEEN RELAXED, THEIR BUSINESS RECOVER SOON ENOUGH ALBEIT, REDUCED DEMAND DUE TO DEPRESSED SENTIMENTS AND SOCIAL DISTANCING.

MOVEMENT RESTRICTION TOURISM AND HOTELS

- * HOTELS AND TOURISM RELATED BUSINESSES FACE GREAT DIFFICULTY IN THEIR RECOVERY DUE TO THE MOVEMENT RESTRICTIONS FOR INTER STATES AND INTERNATIONAL TRAVELS COUPLED WITH SOCIAL DISTANCING.
- * NOTHING MUCH CAN BE DONE EXCEPT LOCAL TOURISM PROMOTION.
- * AWAITING THE “TRAVEL BUBBLE/CORRIDORS” TO BE ALLOWED.
- * REDUCED TRAVELLING FOR MANY PEOPLE FOR BUSINESS OR PERSONAL PURPOSES DUE TO CONCERNS OF BEING INFECTED AND REDUCED INCOME.
- * THE DEPRESSED SENTIMENTS AND HIGHER COSTS OF TRANSPORTATION DUE TO SOCIAL DISTANCING AND OTHER COVID-19 SOPS GREATLY REDUCED TRAVELLING.
- * EXTENT OF THE IMPACT CAN BE SEEN FROM AIR ASIA’S LOSS



AirAsia in red with more than RM800mil net loss

By [Azanis Shahila Aman](#) - July 6, 2020 @ 9:16pm

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AirAsia Group Bhd posted a net loss of RM803.85 million for the first quarter ended March 31, 2020 (Q1) compared to a RM96.09 million net profit a year ago. Photographer: Goh Seng Chong /Bloomberg *** Local caption***

HOW GOVERNMENT AND SMEs CAN WORK TOGETHER TO EFFECTIVELY IMPLEMENT MEASURES TO HELP SMEs WEATHER THE COVID-19.

1. IMPORT SUBSTITUTION

- > SELF SUBSISTENCE IN FOOD PRODUCTION
- > GOVT ASSISTED ORGANISED FARMING FOR INDIVIDUALS
- > BUY SABAH/M'SIA TO HELP MARKET LOCAL PRODUCE
- > CRITICAL CONNECTIVITY FACTORS FOR B2C BIZ MODEL
- > SABAH GOVT DIGITALISATION PROGRAMME

2. GROWING EXPORTS

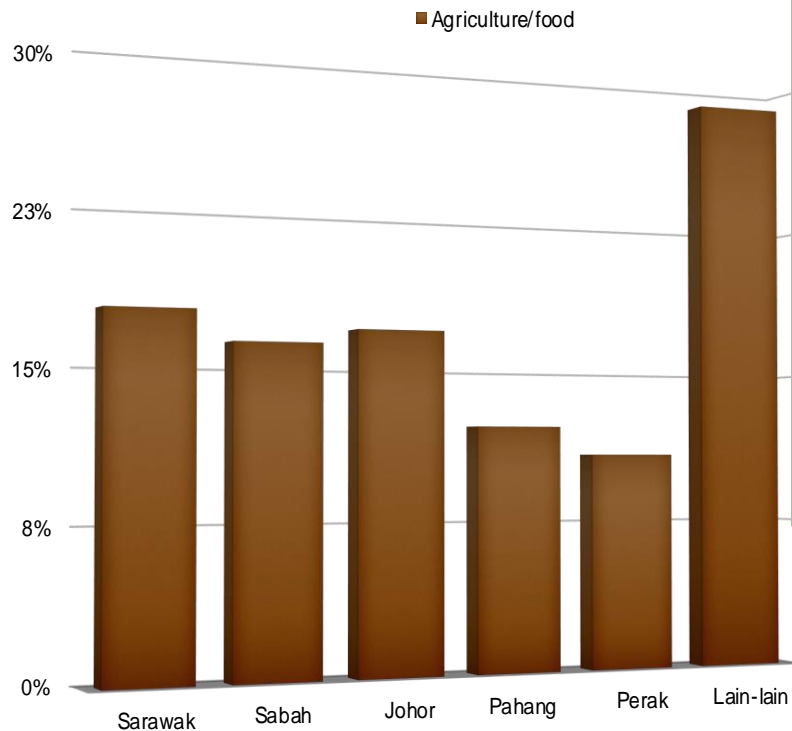
- > BIMP-EAGA TRADING REGION
- > FREE TRADE ZONE (FTZ)
- > CONNECTIVITY SEA & AIR COSTS AND FREQUENCY
- > PORT FACILITIES AND SHIPPING ROUTES

1. IMPORT SUBSTITUTION

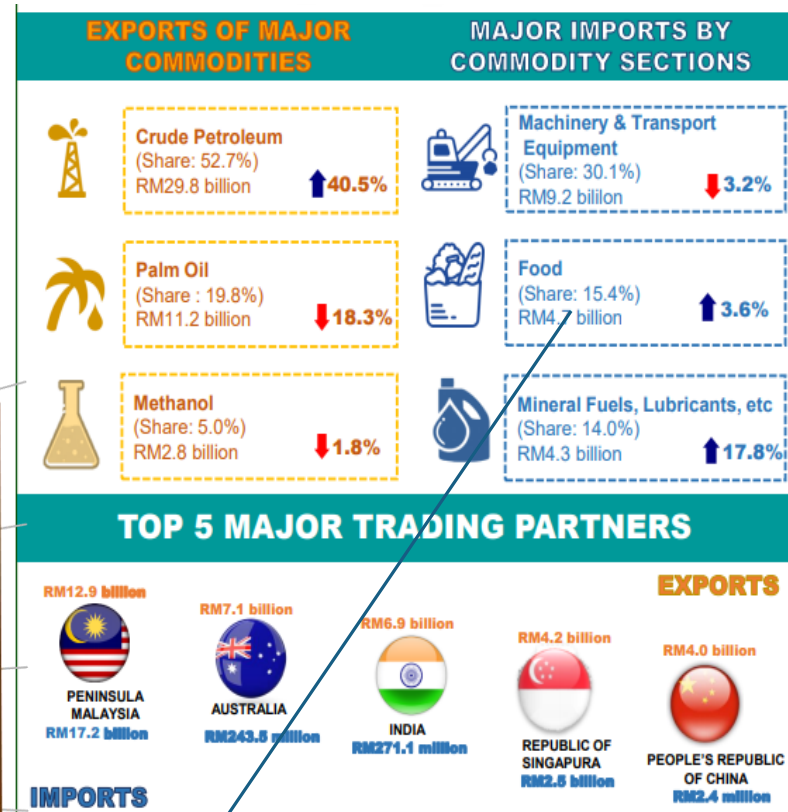
- * CAN OVERCOME MOVEMENT RESTRICTIONS
- * CAN OVERCOME SHIPPING SERVICES DISRUPTIONS
- * MARKET DEMAND FOR A NUMBER OF ITEMS REMAIN; ESPECIALLY FOR FOOD ITEMS
- * INITIATIVES SUCH AS “BUY SABAH” AND “BUY MALAYSIA” FIRST CAN HELP :-
 - + REDUCE IMPORTS, FX OUTFLOWS
 - + GIVE REVENUE TO FARMERS FOR THEIR PRODUCE
 - VE NEED TO MATCH FARMERS WITH CONSUMERS
 - VE DELIVERY LOGISTICS AND COSTS EFFECTIVENESS FOR SMALL ORDERS

Sabah Export & Import

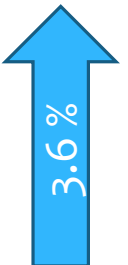
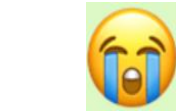
Agriculture contribution to GDP



Source: Department of Statistics Malaysia



Food (Share 15.4%)
RM4.7Billion



TRUSAN SAPI PILOT RICE PROJECT, PHASE I INVOLVING 1,600 HA of land.
PIC Left 5 in black T-shirt is Minister of Agriculture & Food Industry



Sabah Gov started planning this pilot project in 2018. The Phase I **production target is 15,000 tonnes a year.**

During the peak of the COVID-19, Vietnam, which Msia imports a lot of rice from started banning rice exports.

Today the project is bearing fruits and will bring food security to Sabah. In future Sabah can **even export rice** when this project is in full swing.

Sabah Dept of Agriculture
1st pilot project in Mesilau,
Kundasang to grow
tomatoes and pepper
bells (capsicums)

INITIATIVE BY SABAH
MINISTRY OF AGRICULTURE
TO HELP **INCREASE INCOME**
OF SMEs IN THE
AGRICULTURE SECTOR



Sabah Dept of Agriculture
1st pilot project in Mesilau,
Kundasang to grow
tomatoes and pepper
bells (capsicums)

RM16,000 p.m. earned from
300 to 500 KG of tomatoes
2 harvest a week @RM4/KG

RM16,000 p.m. earned from
150 to 200 KG of capsicums
2 harvests a week @RM8 to
RM10/KG



Junz (second right) with Azizul (second left) at the Kundasang Aquaponic.

Earning five figures growing greens

KUNDASANG: Participants of a fertigation pilot programme are earning five figures today, two years after it started, according to State Agriculture and Food Industry Minister Datuk Junz Wong.

"The first batch of eight participants who joined the programme are consistently earning five figures. Just imagine using a green house of only 2,000 sq feet to harvest three to five hundred kg of tomatoes twice a week and selling it at RM4 per kilo.

"That is RM16,000 a month," he said after visiting the Mesilau Permanent Food Production Area (Taman Kekal Pengeluaran Makanan-TKPM) to have a look the progress of the programme.

"Or pepper bells (capsicums). The same 2,000 square feet can yield two harvests a week of about 150 to 200kg each harvest. At about RM8 to 10 per kg one can make also about RM16,000 a month," he said, adding that the Kundasang and Ranau

areas are set to undergo an agricultural revolution. There are many TKPMs throughout the country, but it rarely yielded any significant results. Participants are complaining, farmers are still poor, not many are helped and there is a lot of harm done to the environment despite a lot of money being allocated by the previous administration.

"That is why after Warisan took over in 2018, the Sabah Government decided to revolutionise the agriculture sector by implementing modern technologies. We wanted to solve the problems faced by farmers and problems that are threatening the environment," he said.

He said the Mesilau TKPM was a test run intended to reform the previous administration's failed system so that participants can increase income and at the same time avoid more pollution to the environment.

See Page 2, Col. 3

BUY SABAH PRODUCTS FIRST



Minister of Agriculture and Food Industry, YB Datuk Junz Wong, initiated a video competition to promote Buy Sabah Products.

The most creative and popular videos promoting and cooking Sabah Products will win cash prizes of up to RM400 per week. The videos were uploaded to the Face Book for viewers to cast their votes

A total of 28 persons won cash prizes over the 7 weekly competition.

CRITICAL CONNECTIVITY FACTORS FOR B2C

- * ONLINE SHOP IS CRITICAL TO HANDLE THE SMALL ORDERS AND ORGANISE DELIVERY WITH MINIMAL ADMIN WORK; INTERNET AVAILABILITY AND COSTS
- * DELIVERY COMPANIES THAT CHARGE LOW FEES ON HIGH VOLUME BUSINESS
- * SMALL VALUE ORDERS AS CONSUMERS MAY HAVE LITTLE TRUST IN THE ONLINE SUPPLIERS.
- * SELLERS NEED TO HAVE A VALUE OFFERING TO HAVE REPEAT ORDERS FROM REGULAR BUYERS.

Sabah broadband penetration is below 50%.

Sabah is a vast area and there are a lot of places with resources.

In the **Sabah New Deal**, RM35mil is allocated to upgrade all government computer servers and equipment, including high-speed broadband internet at Sabah Govt office buildings.

This will be the Sabah Govt **Digitalisation Programme** to improve quality, capacity and efficiency of the Sabah Govt public service delivery system.



Shafie launches RM240mil Sabah New Deal to revive economy

By [Olivia Miwil](#) - June 18, 2020 @ 2:47pm

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Sabah Chief Minister Datuk Seri Mohd Shafie Apdal launches the Sabah New Deal in Kota Kinabalu. - Pic source: Facebook/shafieapdalofficial

KOTA KINABALU: The Sabah government will spearhead and intensify efforts to digitalise the state economy.

Its Chief Minister Datuk Seri Mohd Shafie Apdal said broadband penetration in the state was still below 50 per cent.

"We have identified places that have very poor connection...those with potential for property development, agriculture, research centres such as the Danum Valley and Imbak Canyon conservation centres.

"Sabah is a vast area and there are a lot of places with resources.

"That is why we will be leading in terms of infrastructure development instead of waiting for telecommunication towers or private sectors to come in," he said after launching the state Economic Recovery Package dubbed Sabah New Deal at the state administrative centre here.

Present were Deputy Sabah Chief Ministers Datuk Jaujan Sambakong, Datuk Seri Wilfred Madius Tangau and Datuk Christina Liew, as well as other cabinet ministers.

Mohd Shafie, who is also the state Finance Minister, announced the package worth RM240 million to digitalise the state economy, encourage the agro-food industry, assist small and medium enterprises, upskill human capital, and revive tourism,

1. IMPORT SUBSTITUTION

Shafie launches RM240mil Sabah New Deal to revive economy

among others.

For digitalisation, RM35 million is allocated to speed up delivery of Sabah civil services and RM60 million to encourage private sectors to shift to digital business.

He also encouraged industrialists to venture into manufacturing personal protective equipment which the state is now mostly importing.

"Sabah has the resources and capability to produce these items and at the same time provide business and employment for the people.

"Apart from that, the state government will continue to complement efforts to contain the spread of Covid-19 by disinfecting public buildings, provide thermometers, hand sanitisers and face masks."

2. GROWING EXPORTS

Sabah@Brief

- * One of the countries formed Federation of Malaysia in 1965
- * 3.2 million people
- * Second biggest state in Malaysia in term of land size
- * Main producer of natural resources for the country amounting 56% ranging from oil & gas, palm oil, wood, agriculture produce, mining
- * Rich resources country



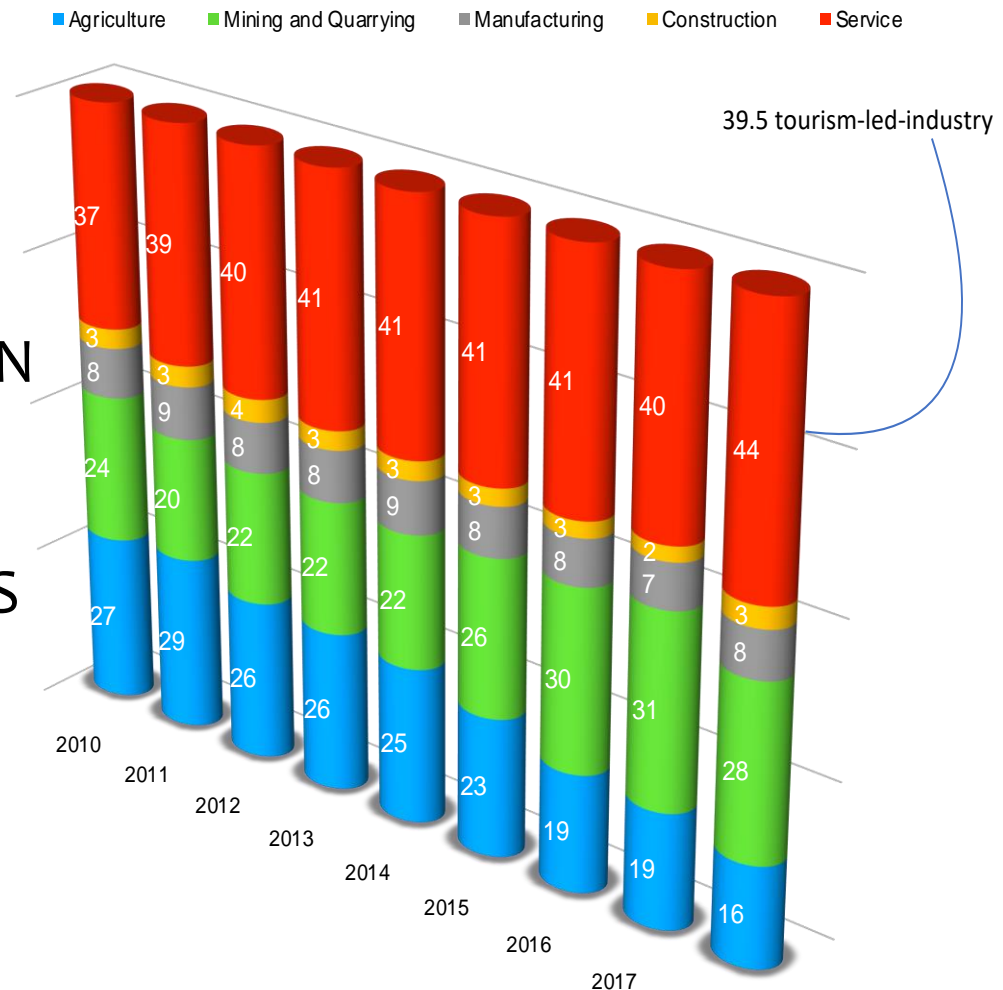
Infograph is courtesy of Dr. Firdausi Suffian,
Deputy Rector UITM Sabah/
Member of SEEDS Economic Cluster

2. GROWING EXPORTS

- * SABAH IS RICH IN NATURAL RESOURCES
- * ECONOMY OF SABAH IS HEAVILY DEPENDENT ON EXPORT OF PRIMARY AND MINIMALLY PROCESSED COMMODITIES.
- * MANUFACTURING ONLY CONTRIBUTES 7.5% TO SABAH'S GDP
- * SABAH IS ACTIVELY PURSUING DOWNSTREAM PROCESSING OF TWO MAJOR RESOURCES IE. TIMBER AND PALM OIL TO GET BETTER VALUE FOR HER RESOURCES.

Sabah GDP by sector 2010 - 2018

SABAH GOV IS FOCUSING ON INCREASING THE CONTRIBUTION TO THE STATE'S GDP BY THE AGRICULTURE (16%) AND MANUFACTURING (8%) SECTORS



Source: Department of Statistics Malaysia

DAILY EXPRESS JULY 5, 2020

DOWNSTREAM
PROCESSING OF
PALM OIL INTO
COOKING OIL TO
ENHANCE VALUE
GAINED FROM
THE COMMODITY.

A JOINT VENTURE
BETWEEN A GOVT
OWNED
PLANTATION
COMPANY AND A
PRIVATE COMPANY



Shafie visiting the Syarikat Intipati Sawit Kinabalu factory in Sandakan.

ve to coordinate with the
aid, at the launch of "Gold"
tipati Sawit Kinabalu Sdn
Saturday.
ce Minister Datuk Seri Is-
Sabah did not discuss the
ment, Shafie said the issue
economy.
ecretary to contact Federal
ion Department although
decide who can come into
that we work and inform
en the project can resume,
l people able to work, have

salaries thus put a meal on their table for their fam-
ily," he added.

However, Shafie said the Chinese workers have to
undergo a Covid-19 swab test three days before enter-
ing Sabah and must be confirmed free of the out-
break.

This permission is also subject to compliance with
the standard operation procedures of the Sabah State
Department of Health and Malaysian Immigration
Department regulations and the relevant enforce-
ment authorities.

Mohd Shafie also said the State Government will
look into the possibility of allowing tourists from
green zone countries into Sabah as part of efforts to
kick-start the State's tourism sector.



CM: Need to set up more cooking oil factories

Winnie Kasmir

SANDAKAN: Palm oil industry players in the
state need to increase their domestic cook-
ing oil capacity to meet rising demand from
several countries.

Chief Minister Datuk Seri Shafie Apdal
said the Philippines alone now needs about
one million tonnes of cooking oil while pro-
duction from factories in the state is far
below that. He said local cooking oil is also
in demand from other countries in Africa,
Middle East and Korea.

"That's why we see the need to set up
more cooking oil processing factories in the
state. Tawau has previously produced its
own cooking oil. Today, Sandakan and soon
another cooking oil processing factory will
be operating in Keningau.

"And, we also see the need for these fac-
tories to increase their capacity to produce
more cooking oil to meet the domestic and
foreign market needs," he told reporters
after the launch of the "Gold" brand cook-
ing oil at Sibuga Industrial Centre, here.

Shafie also wants industry players to di-
versify downstream products to ensure sus-
tainable palm oil use. Clearly, palm oil is a
commodity with the highest revenue for the
state at up to RM900 million and to main-
tain its sustainability, various oil-based
downstream products can be produced in
addition to cooking oil, such as margarine,
candles, soap and so forth.

For the record, "Gold" brand cooking oil
is the product of Syarikat Intipati Sawit Kin-
abalu Sdn Bhd, a joint-owned company of
Syarikat Intipati Minyak Sdn Bhd and Sawit
Kinabalu Sdn Bhd.

01. Allocation of RM25 million to prepare loans without interest to food producers under the Agrofood Assistance (Bantuan Agromakanan).

02. CHIEF MINISTER Shafie also announced an allocation of RM13.21 million to Koperasi Pembangunan Desa (KPD) for the creation of six agriculture produce collection and marketing centres.

04. Allocate RM21.15 million to Sabah Fish Marketing Sdn Bhd (SAFMA) to upgrade its marketing facilities and its relevant network, including its logistics.



KPD, SABAH GOV RURAL DEVELOPMENT AGENCY IS ENTRUSTED WITH THE SETTING UP 6 COLLECTION CENTRES

- * Shafie also announced an allocation of RM13.21 million to Koperasi Pembangunan Desa (KPD) for the creation of six agriculture produce collection and marketing centres.
- * He said that due to the lack of such facilities, farmers incurred loss when they were unable to sell their produce.
- * The six centres will be set up at strategic locations namely in Sipitang, Keningau, Kota Marudu, Lahad Datu, Kundasang, Ranau and Telupid and shall be equipped with various facilities for purchase, collection, grading, cold storage, packaging, transportation and other needed services by the target groups, he said.

INFRASTRUCTURE NEEDED TO SUPPORT EXPORTS

- * A **FTZ** IS A MUST FOR EXPORTS. SABAH WILL SOON HAVE THE FIRST FTZ IN KKIP
- * TOGETHER WITH THE SETTING UP OF THE **6 COLLECTION CENTRES** FOR THE AGRO PRODUCE IT WILL HELP EXPORTERS TO GARNER SUFFICIENT SCALE TO SUSTAIN EXPORTS THROUGHOUT THE YEAR
- * WITH THE FTZ, SABAH CAN **GROUP TOGETHER** SELECTED AGRO **PRODUCE OF THE BIMP-EAGA AND RE-EXPORT** AT ENHANCED VOLUME TO GAIN ECONOMIES OF SCALE TO COMPETE INTERNATIONALLY.

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CLOSING REMARKS

WITH MOVEMENT RESTRICTION AND BORDERS CLOSED, SMEs HAVE TO RELY ON DOMESTIC TRADE THROUGH IMPORT SUBSTITUTION TO GAIN INCOME.

TO GROW EXPORTS, WE NEED TO DEVELOP THE BIMP-EAGA INTRA REGION TRADE AND DEVELOP MORE PRIVATE EXPORTERS & INTERNATIONAL TRADING COMPANIES

MANY HURDLES TO CROSS FOR EXPORTS – ISSUES ON 1.SEA CONNECTIVITY, 2.PORT MANAGEMENT 3. FREE TRADE ZONE, CIQ EFFICIENCIES 4. COMPETITION.



THANK YOU
FOR YOUR
ATTENTION



MR. N.K.FOO
FOUNDED PRESIDENT
SME ASSOCIATION OF SABAH

