



THE PERILS OF SLOWBALISATION

KUALA LUMPUR (8 OCTOBER 2020): MTC organised an Economic Affairs webinar today which featured award-winning economist Mr Lee Heng Guie as the guest speaker. Lee is the Executive Director of the Socio-Economic Research Centre (SERC), the think tank of the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM).

Lee, in his presentation titled "How The Timber Industry Survives The Covid-19 Crisis?", said though global economic recovery was underway, the strength of recovery was critically dependent on the future path of the virus, how well it is being contained and the availability of a vaccine.

He said Malaysia's economy was moving towards the early stages of the recovery phase after having stabilised from the initial "demand and supply shocks" on the onset of the pandemic.

In terms of global inflation and interest rates, Lee said central banks all over the world will keep interest rates ultra-low or even at a negative until the economy gets back on track. He also outlined major risks that may dampen global

recovery which are: the US Presidential Election on 3 November 2020; renewed lockdown measures worldwide; premature withdrawal of fiscal stimulus and the accommodative mode of central banks; sudden reversal of investors' positive optimism towards the stock market; the US-China trade tensions and geopolitical upheavals.

He said Malaysia's GDP will decline by -4.0% this year with an anticipated rebound in growth of 5.0% in 2021. However, should the number of Covid-19 cases spike and lead to a wide scale targeted Conditional/Enhanced Movement Control Order, the GDP is expected to further decline between -4.5% and -5.0% this year.

Lee added that it was vital for timber industry players to produce more sustainable products and incentives should be provided to encourage the manufacturing of such products. He also highlighted the need to promote the adoption of digital technologies that focus on improving data access and using Big Data analytics to strengthen business operations.

Also speaking at the webinar was MTC CEO, Mr Wong Kah Cane who said since the Covid-19 pandemic, business-related uncertainties have been hurting profit margins as globalisation gives way to slowbalisation.

He said the Malaysian timber industry, which benefited immensely from globalisation over three decades, needs to transform its business operations to one that centres on digitalisation, technology, innovation, and branding, if it is to maintain its stake in the nation's economic pie.

Wong said MTC is willing to help manufacturers who are keen on transforming their business operations.

