

More businesses will close without extended moratorium, warns MEF

By **Robin Augustin** - July 21, 2020 3:22 PM



Companies and individuals need help because it is far from 'business as usual', say MEF and MTUC.

PETALING JAYA: The country's largest employer and employee groups have called on Putrajaya to extend the loan moratorium, saying the post-Covid 19 outlook is still bleak.

Both groups claimed that although economic activities have resumed following the gradual lifting of the movement control order on May 4, it is "far from business as usual".

Speaking to FMT, Malaysian Employers Federation (MEF) executive director Shamsuddin Bardan said the ending of the moratorium will result in many businesses closing faster.

Yesterday, Finance Minister Tengku Zafrul Aziz said businesses were now able to service their loans as they were operating again and that moving forward, a targeted approach will be taken.

The six-month automatic loan moratorium, introduced on April 1 due to Covid-19 and the movement control order (MCO), is set to end in September.

There have been calls for the moratorium to be extended and Tengku Zafrul said the matter was still being discussed.

"It is true that many businesses have resumed but it is far from business as usual. Consumer confidence is still very low and people are only spending on essentials, so the question of demand and volume of business is still there," said Shamsuddin.

He said exporters were also faced with issues of cancelled orders and rescheduling of shipments as importers in other countries were also facing problems.

"I do not agree with the notion that businesses will be able to service their loans. The process of restructuring loans will take up a lot of time due to the sheer number of borrowers," he said, adding an extension until December would be good.

Meanwhile, the Malaysian Trades Union Congress said it will continue to pursue the extension of the moratorium.

"The government has a moral obligation to the people, as do the banks to their customers. The people have continuously supported the banks," its secretary-general J Solomon said.

He said there was no reason for the banks not to provide a moratorium extension unless they were "intent on confiscating assets and properties" of the people when they cannot make their payments.

"Everyone is affected, not just here but globally. Many businesses are still affected and this means that wages are also likely to be affected," he said.

Solomon urged the government to look after the "80%" who were struggling rather than the top 20%.