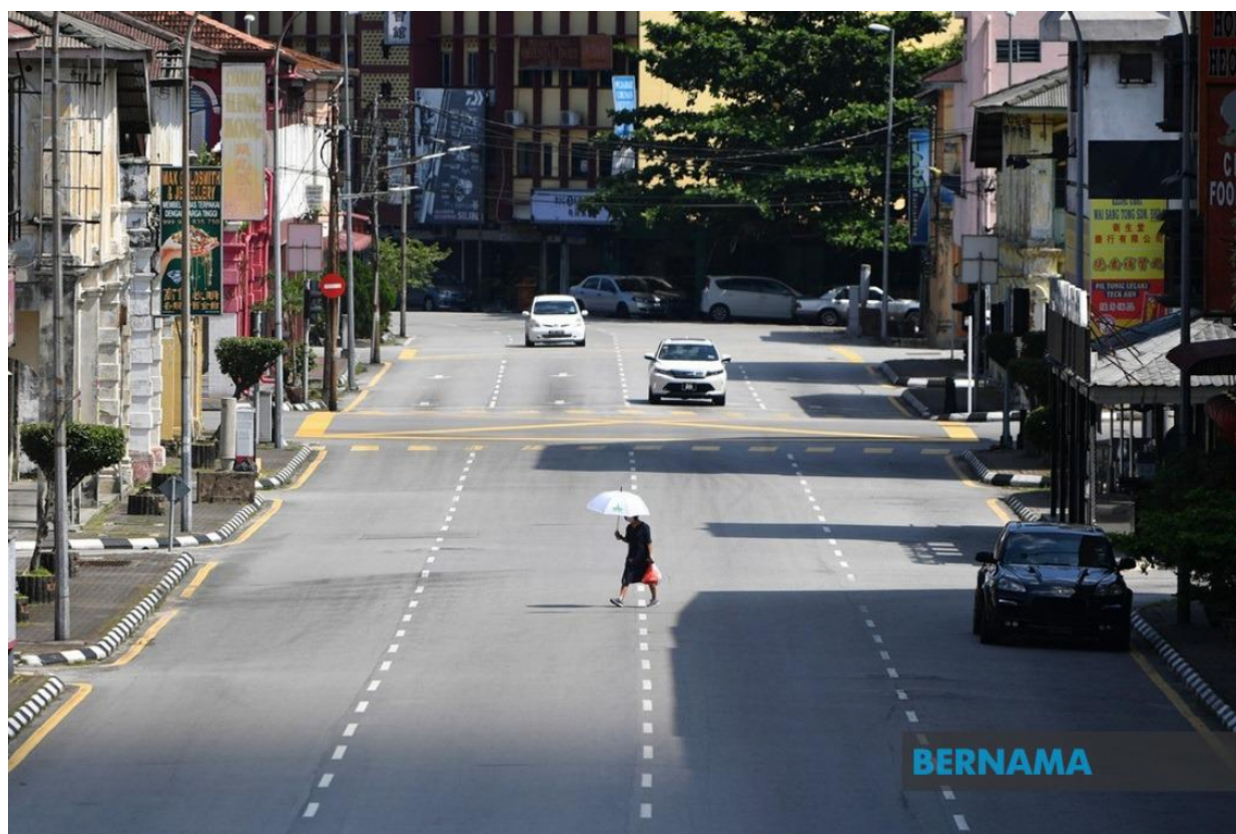




PRESS CITATIONS

Tightened MCO 3.0 to have 1.0 pct impact on GDP – Tengku Zafrul

PRESS CITATIONS | 22 MAY 2021



KUALA LUMPUR, May 22 – The tightened movement control order 3.0 (MCO 3.0) is estimated to have up to 1.0 per cent impact on the gross domestic product (GDP) throughout the implementation period from May 12 to June 7, said Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz.

For instance, he said during the first MCO which run from March 18 to May 3, 2020, Malaysia lost about RM2.4 billion daily while during MCO 2.0 from Jan 13 to Feb 18, 2021, it was estimated to cost the country RM300 million to RM400 million a day.

"We are still studying the impact, although it is still too early to tell. We are estimating that during the whole period of MCO 3.0, the impact could be up to 1.0 per cent.

"The exact numbers will be shared later when a proper analysis is done," he told a virtual press conference on Saturday.

With tighter standard operation procedures (SOPs) being enforced under the one-month MCO 3.0, Tengku Zafrul

said it could lower the GDP growth to about 5.0 to 6.5 per cent for 2021, slightly lower than the 6.0 to 7.5 per cent target forecast by Bank Negara Malaysia earlier.

“When we forecast the GDP target of 6.0 to 7.5 per cent for 2021, we did not expect another MCO to take place.

“So now that it has happened, it (the GDP) could be lowered to 5.0 to 6.5 per cent, but again, this is preliminary and we are watching this closely,” he said.

Senior Minister (Security Cluster) Ismail Sabri Yaakob today announced additional restrictions to tighten the SOPs of MCO 3.0 through two strategies, namely work-from-home (WFH) directive, and limiting business operating hours effective May 25 for the entire Peninsula and Labuan.

Ismail Sabri said this was aimed at reducing the movement of people and thus, preventing a more serious spread of COVID-19.

Commenting on this, Tengku Zafrul said every decision made would have a trade-off with a different impact on the lives and well-being of the people.

“If controls are too tight and the economy is closed, yes COVID-19 cases are reduced but at a severe cost to the rakyat, but if controls are too lax, it will lead to an explosion of COVID-19 cases which also will undermine the economy,” he said.

Hence, he said a balanced approach had been taken by the government to allow a win-win situation.

“We allow the economy to continue but with tightened SOPs, towards keeping COVID-19 cases at a controlled level and at the same time, safeguard the livelihoods of the rakyat,” he said.

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