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Finance Minister: New normal may be permanent normal

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KUALA LUMPUR, May 23 — Consumer behaviour has possibly changed due to the COVID-19 pandemic, making the new normal permanent — something retailers need to prepare for to help the economy recover.

Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz said his ministry has seen online sales of fast-moving consumer goods growing by 40 per cent due to the pandemic.

The minister made these remarks during an exclusive interview with Bernama for the Malaysians United vs. COVID-19 documentary, which makes its debut tonight at 8:30 pm on Bernama TV.

In order to stem infections and not overwhelm the healthcare system, the government ordered businesses to be shuttered and the public to shelter at home starting March 18. The move has helped to flatten the curve but cost Malaysia an estimated RM2.4 billion a day in lost wages.

On May 4, the country started re-opening its economy with the Conditional Movement Control Order (CMCO), with some industries such as manufacturing and construction being allowed to operate based on normal operating capacity and operating hours.

Tengku Zafrul said 10 million workers have now gone back to work, injecting much-needed revenue into the economy.

As Malaysia is dependent on consumer consumption for Gross Domestic Product (GDP) growth, he said it is important to adapt to the psychology of the consumers and see how the coronavirus has affected their behaviour.

He also cautioned against having unrealistic expectations, as it would take time to restart the economy.

“If you go to the malls, you can see people are slowly going out again, but it takes time because the psychological impact of COVID-19 or the MCO has been such that people are very careful of going out and they only go out if they need to.”

Part of the response is adopting and adapting to e-commerce, which has seen more traffic and purchases since the MCO started. He said new buyers now account for 40 per cent of all online sales.

“Who is to say that this 40 per cent will stop buying (online) just because the shops are open? They’re now comfortable buying online; this could be the new normal even after getting the vaccine,” he said.

Part of revitalising the economy includes people having money to spend, which is where the economic stimulus package — with its RM13 billion wage subsidy programme — comes in.

He said it is too early to judge the effectiveness the Bantuan Prihatin Nasional (BPN) but he believes it has successfully stemmed economic losses.

The number of approved BPN recipients to date has exceeded 11 million, he said.

Citing data from the Department of Statistics Malaysia, he said the government managed to keep unemployment rate at 3.5 per cent in the first quarter of this year, although it is likely to increase to around seven per cent by the end of the year.

He said analysts have pegged it to some sectors experiencing slower recovery. As such, skills retraining is very important.

“We need to make sure our people, the rakyat, are being supported with the right skill sets to remain relevant during the recovery period and, of course, in the reform period as well,” he said, referring to the final stages of the government’s six-phase plan to improve the economy in the wake of COVID-19.

For example, the government recently introduced a programme offering free classes on digital and data skills to unemployed Malaysians via Malaysia Digital Economy Corporation (MDEC).

When asked how the falling oil prices would affect the budget deficit for 2020, he said Malaysia has enough capacity to absorb any shortfall in revenue.

He said the government had to recalibrate the 2020 Budget based on the current oil price of US\$35 a barrel, with this year’s deficit forecast rising from 4.5 to 4.7 per cent assuming oil prices remain stable. The 2020 Budget was tabled in October last year with the assumption of crude oil prices averaging US\$62 per barrel.

“This (budget deficit) is not the highest point for Malaysia. We have the capacity.... It was already high before (during the global financial crisis) and we had the discipline to reduce it all the way down to 3.4 per cent (last year),” he said.

In conclusion, Tengku Zafrul said the most important thing is for Malaysians to take care of each other, employers and the people alike. Without its people, there would be no economy.

“At the end of the day, in the balance of life and livelihood, life always comes first. And it’s important we never forget that,” he said. “Economy, you can fix, but once you lose a life, it’ll never come back.”

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