

SURVEY ON

# THE IMPACT OF COVID-19 AND THE MOVMENT CONTROL ORDER (MCO) ON THE FISHERIES INDUSTRY IN SABAH

*APRIL 2020*



INSTITUTE  
FOR DEVELOPMENT STUDIES  
(SABAH) (152242 - V)

1st-3rd Floors, Lot 2-5, Wisma SEDIA,  
Off Jalan Pintas Penampang,  
Locked Bag 127, 88994 Kota Kinabalu  
Sabah, MALAYSIA.

**Phone:** (+60) 88 450500

**Fax:** (+60) 88 450599

**Email:** [info@ids.org.my](mailto:info@ids.org.my)

**Website:** <http://www.ids.org.my/>

## About the Report

- The report provides a summary of the findings from the survey on the impact COVID-19 and Movement Control Order on Sabah fishing industry 21-27 April 2020.
- The survey contains 10 questions.
- A total of 18 respondents from the fisheries and aquaculture industry player participated in the survey.
- The analysis presented was based on the respondents to the survey, including qualitative view of their industry.
- IDS (Sabah) wish to record our grateful appreciation to the Sabah Fisheries Department & *Gabungan Persatuan Perikanan dan Kapal Nelayan Sabah (SUFFA)* for their kind assistance and participation.

## Objective of the Survey

To obtain feedback from businesses on the impact of the pandemic and lockdown on the State's fisheries industry and the effectiveness of the Government Stimulus Package as well as to assess the impact of the periodical export ban on seafood products from Sabah.

## Disclaimer

Information contained in this report is the collated respondent of 18 respondents who participated in this survey. Result from analysis should not be interpreted as the official figures but can be used to support in providing an overview of the current situation. IDS (Sabah) will not be responsible for any consequences resulted for utilising information on this report.

## **Summary on the effect of COVID-19 / Movement of Control Order (MCO) on the Fisheries industry in Sabah**

Sabah has been one of the highest contributors to the national fisheries sector for many years. From the period 2012 to 2018, total marine fish landing averaged at 208,159.34 metric tonnes per year worth an estimated RM 1 billion ringgit. This translates to a contribution of 2.8% to Sabah's annual Gross Domestic Product (GDP), which is an indication that Sabah is one of the main hubs for fish landing and consumption in Malaysia.

Since the MCO was implemented, most of the industries in Sabah have been badly affected and this includes the fishing and aquaculture industry. Through the survey on various small to large companies, it was found that most of their income had declined by as much as 50%. Respondents lamented that since the MCO, demand on fish has drop significantly not only from local consumption but also international market.

Boat owners stated that since April, their fish stock has increased as they were unable to sell their produce. Most of their fish produce was being turned into fertilizers and dried fish to minimise loses from the market. Furthermore, ship owners and factories experienced oversupply of fish as storage facilities were full as demand halted. If this predicament continues to the next month, most businesses revealed that they will have to retrench their staff in order to stay afloat if there is no additional initiative taken by the Government to help the industry.

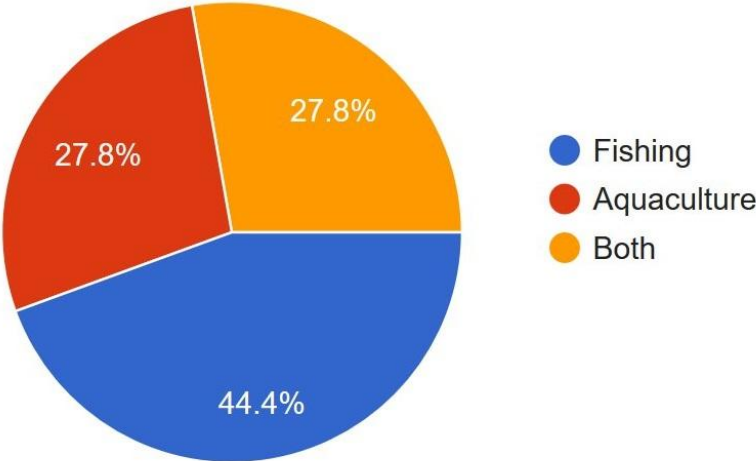
The MCO also affected individual fishermen. Despite the restriction of the MCO on fishing activities has been flexible, they are still struggling to catch enough fish to supplement their income as fishing is only allowed from morning until afternoon. On top of this, most sell their fish produce to middlemen who determine the price. Given the current unsavoury climate, prices have also declined due to falling demand, which further affected their income.

In conclusion, the significant weakening of the economy worldwide has dampened the demand for fish and marine products from Sabah, which will put a dent on the State's income. The State government will need to draft a new policy to help the industry regrow in the coming year. At present, the government must respond rapidly to keep the industry's operation and business going by introducing added measures such as the provision of more loan with zero interest rate, exclude income tax for a certain period, and others.

# SURVEY ON THE IMPACT OF PANDEMIC OF COVID-19 / MCO ON THE FISHERIES INDUSTRY IN SABAH

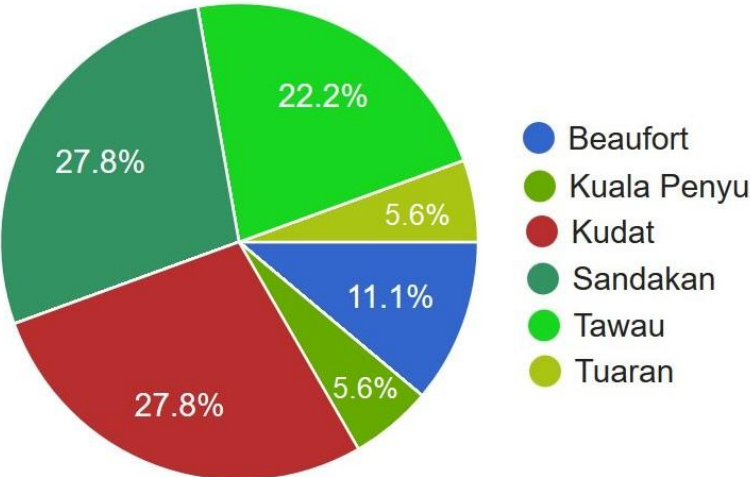
## 1. TYPE OF BUSINESSES

Majority of respondents interviewed are mainly involved in fishing (44.4%).



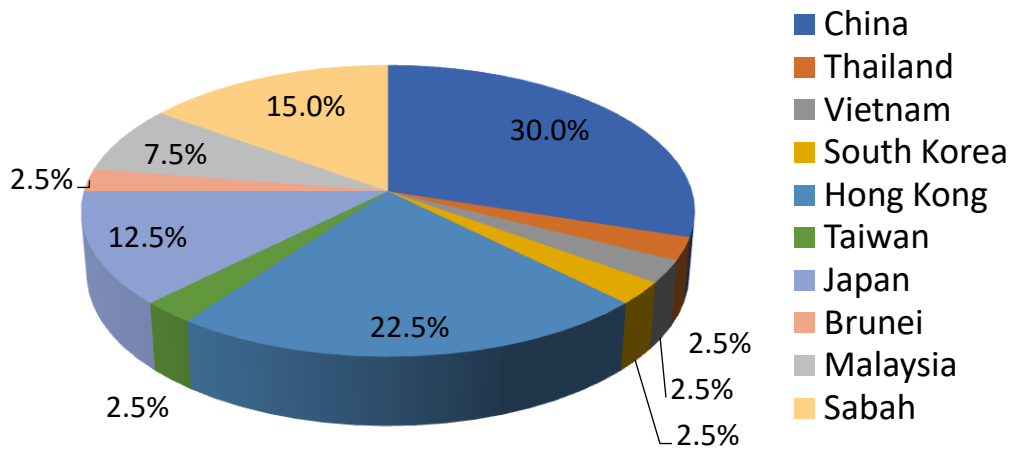
## 2. Location of operation

Most of the respondents have their operation located in Kudat and Sandakan (27.8%), followed by Tawau (22.2%) and Beaufort (11.1%).



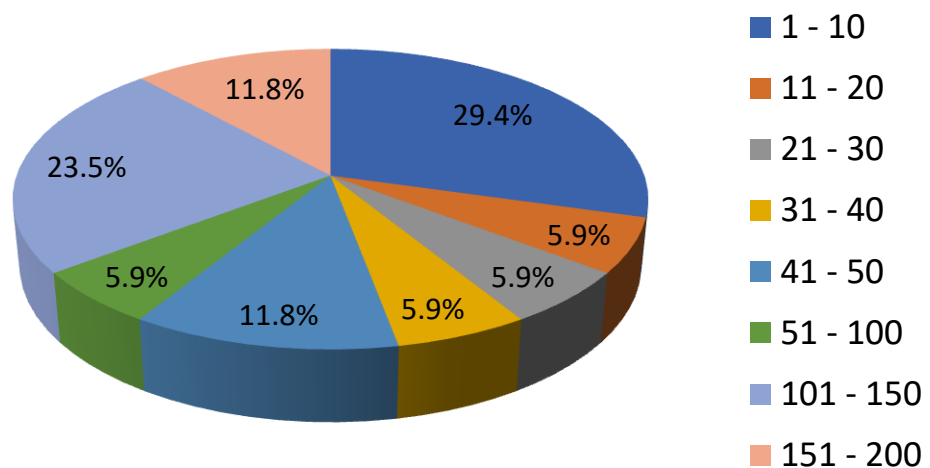
### 3. Major Marketing / Countries

China is the major business market for most respondents (30.0%), followed by Hong Kong (22.5%) and local/Sabah (15.0%).



### 4. No of Staff /Employee

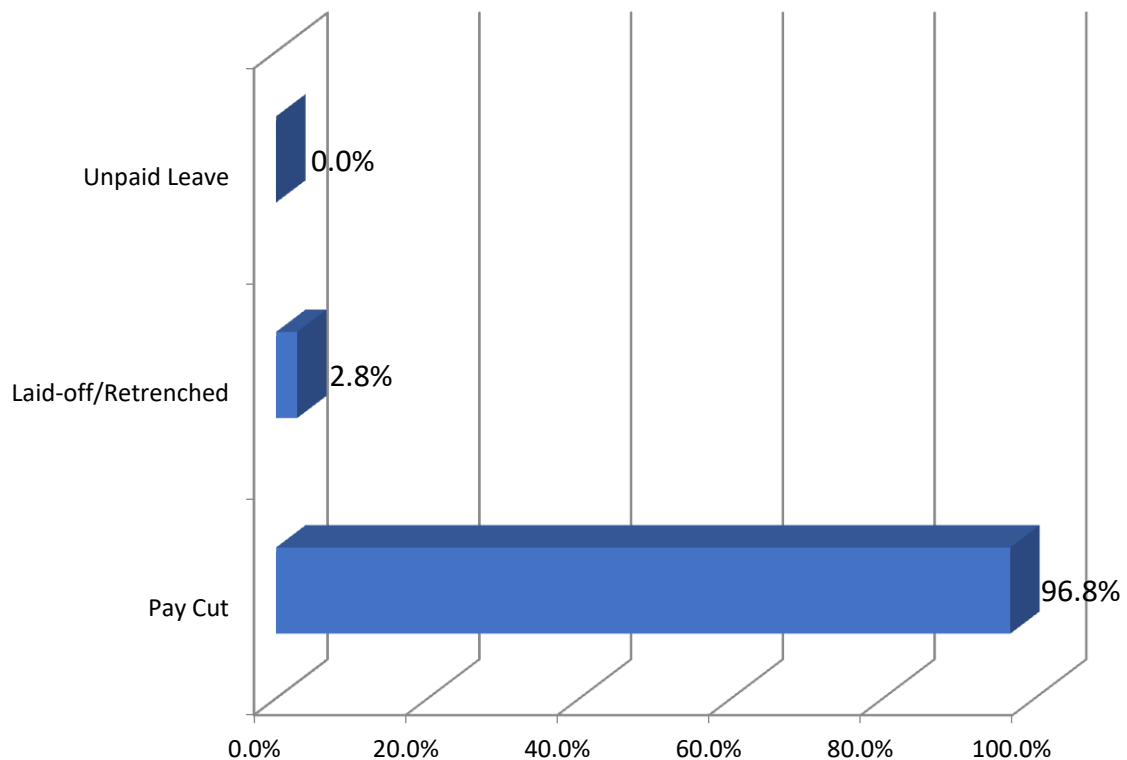
Most of the businesses in the survey employ between 1-10 staff (29.4%), followed by 101-150 staff (23.5%) and 151-200 and 41-50 staff (both 11.8%)



## 5. Number of staff affected by COVID- 19/Lockdown

During the Movement Control Order (MCO) many companies must take measures in reducing the cost of operation by retrenching staff, give them unpaid leave and/or enforce a pay cut.

Based on respondents who provided a response, an estimated 96.8% of staff (or a total of approximately 210 individuals) have taken a 'pay cut', whereas 2.8% (or 6 individuals) has been laid off during the MCO. There is no staff that has been given unpaid leave.

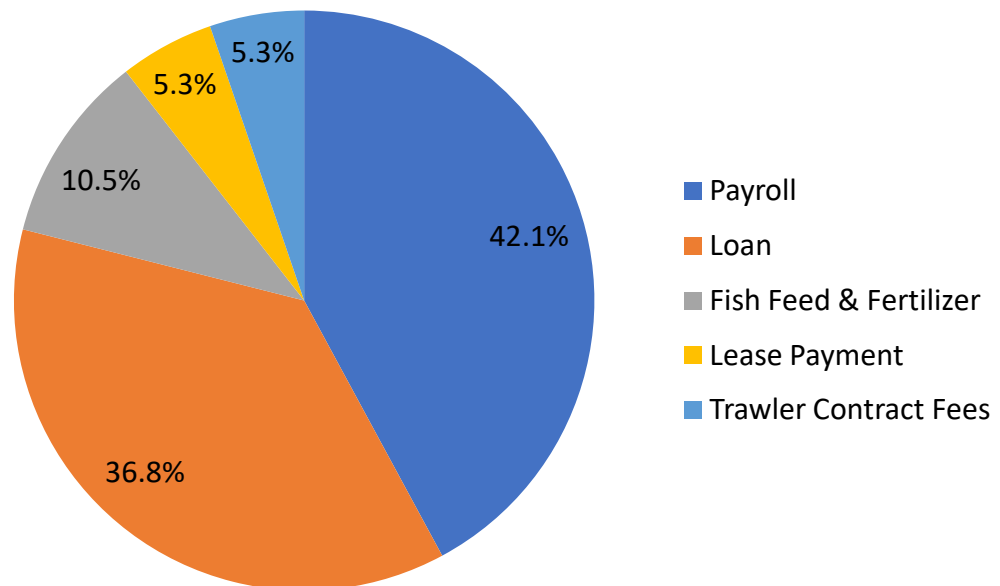


## 6. Company most urgent/crucial need that requires government's assistance

Most of the company in the industry are badly affected by the COVID-19 outbreak. Respondents lamented that their income has declined by 50% and this is made worst by the lack of cash flow for their business.

Even though fishing activities are still allowed in Sabah and Malaysia as a whole, the lack of purchasing power of Sabahans for high grade products in particular, has caused supply bulking in the storage which severely affected respondents' income.

Therefore it is not surprising that 42.1% of respondents indicate 'payroll' as their most/urgent needs that required government assistance, followed by 'loan' (36.8%) and 'fish feed and fertilizer' (10.5%).

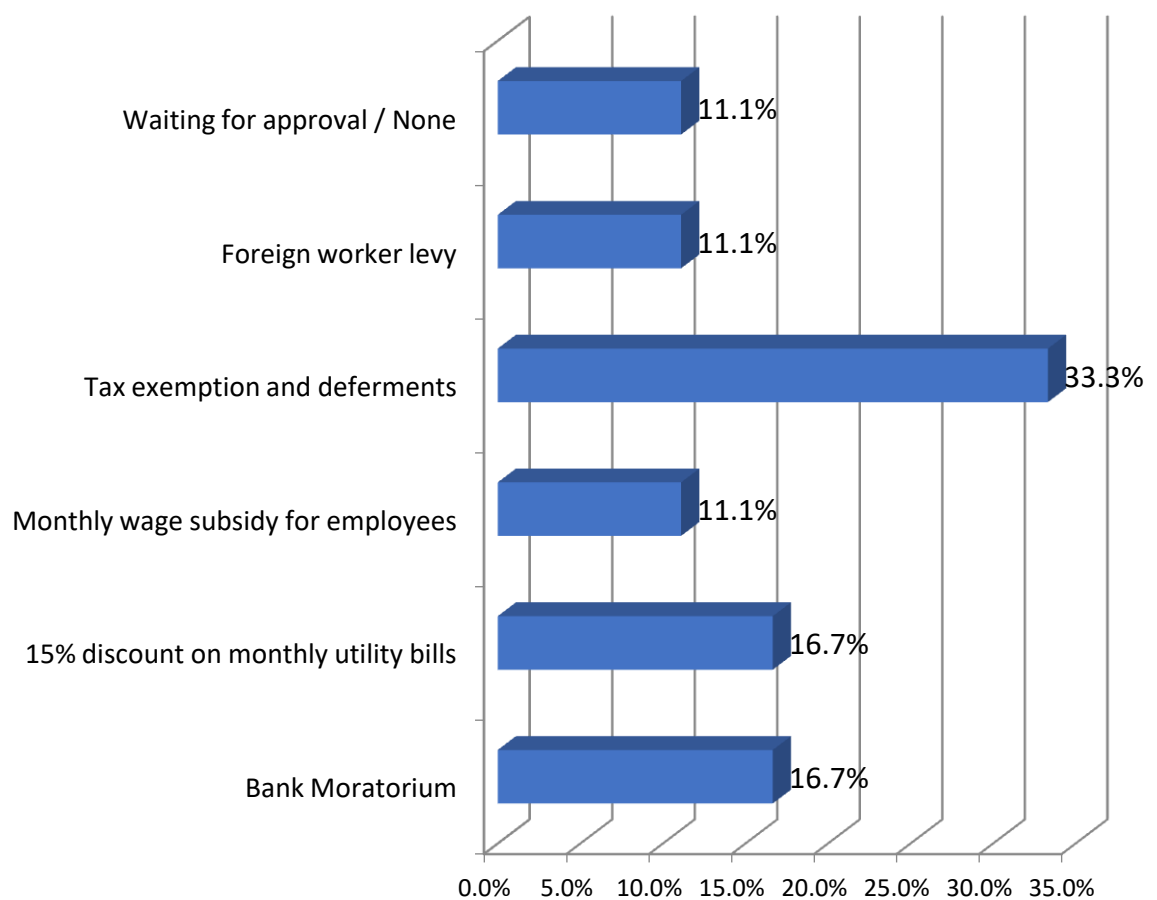


## 7. Types of Stimulus Package received

Almost all of the respondents have received various government's stimulus package or relief measures to support businesses to counter the impact of the COVID-19 outbreak and the lockdown.

A large proportion of the respondents has utilised 'tax exemption and deferments' (33.3%), followed by '15% discount on monthly utility bills' and 'Bank Moratorium' (both 16.7%).

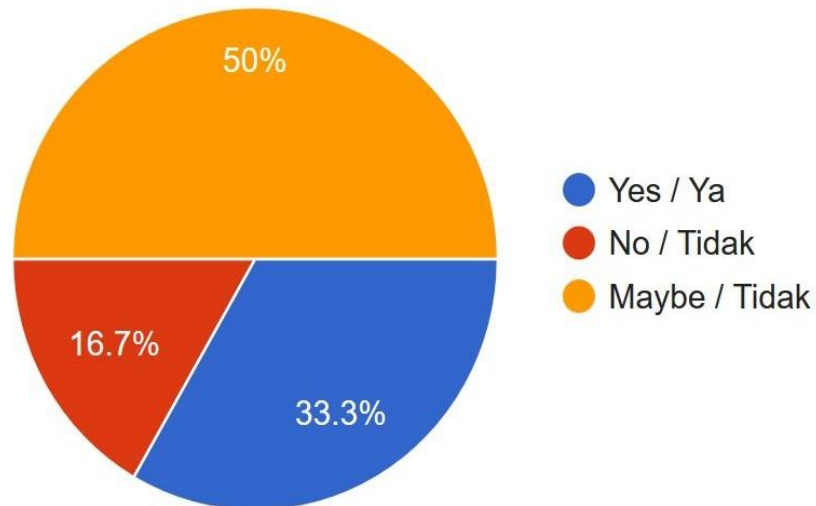
There were some respondents who claimed that they have yet to receive any relief benefits or still waiting for approval (11.1%)





**8. The Government stimulus package be able to help in easing the financial burden your businesses as present**

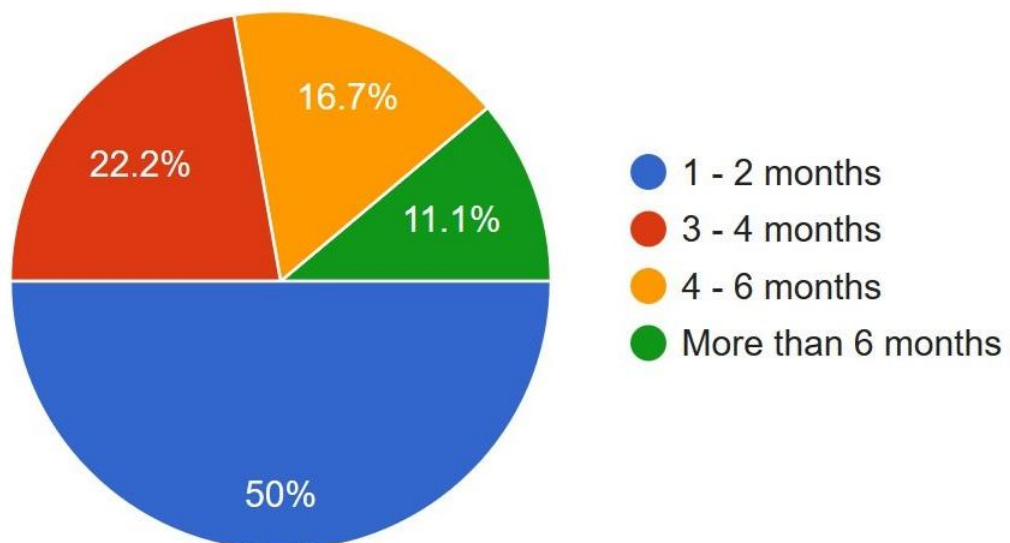
Half of the respondents (50%) are unsure that the stimulus packages offered can ease their financial burden, whereas 33.3% are optimistic and another 16.7% are pessimistic that the packages will be helpful for their business.



**9. The length of time that the measure from the current Stimulus Packages be able to sustain your businesses**

50% of the respondents feels that their business can only sustain for '1-2 months' supported by the government's current stimulus packages, whereas 22.2% believe that their business will survive for '3-4 months'.

Only 11.1% of respondents are optimistic that the stimulus packages will sustain them for more than 6 months.



## 10. Suggestion for the State Government to improve on the Stimulus Package to help companies for immediate term

There have been many proposals being voiced out by respondents for the State government to continue to ease the financial burden on their businesses as the MCO prolongs.

These are collated and tabulated by percentage of response into the table below.

No	SUGGESTION	% OF RESPONSE
1	State Government to provide soft loan with zero interest rate	42%
2	Provide more subsidy and levy for foreign workers	16%
3	Provide tax exemption for the industry	16%
4	Exercise State executive power by taking back fuel subsidies	11%
5	State must have control over the fishing trade (i.e. free to trade without having to pay fee for import and exports)	5%
6	Simplify and speed up the approval of the Special Relief Facility application	5%
7	State government to cover the cost of testing and treatment of COVID-19 patients in the fisheries industry	5%

- In conclusion, most respondents require a supplementary and extended Government Stimulus Package for them to minimize the loss in their business.
- Many of the respondents are uncertain if the current stimulus will be able to support their businesses (refer no.8). Respondents lamented that their businesses can only endure another 1-2 months (refer No.9).
- A large number of respondents have suggested the State government to provide a loan with zero interest rate and easy application.
- The other popular proposals are to provide further tax deduction, and the levy for the foreign worker to be refunded.
- Respondents also strongly feel that there is a need for the State government to draft a new policy and implement effective measures to revive the fisheries and aquaculture industry in the State after the pandemic ends.
- The implementation of periodical export ban from Sabah prompted strong opposition from the fishery industry. Most respondents believed that the current industrial practice will certainly not be sustainable in the long term.
- Respondents also added that there is a need for the State government to enforce the restriction on sizes of fishing net, so that only higher grade fish that meet the criteria size range will be captured.
- Respondents also feel that there is a need for Ko-Nelayan to restructure in order to achieve its objectives. They suggest that individuals with experience and knowledge in the industry to sit in committees or the board in order to ensure alignment between policy direction and implementation on the ground.

#### **Additional Information: Fisheries handling at the port:**

##### **Commercial boat**

- All licences of catching and exporting fish products are under the jurisdiction of LKIM
- Landed fish will be distributed to the storage facility for exporting purpose, and to middleman for local consumption

##### **Individual boat**

- Licence under LKIM
- Landed fish will be bought by the middleman to be distributed to the local market
- Price of fish are dependent on the middleman and fish supply in the market