END THE LOCKDOWN: Malaysia's F&B Industry Pleads with Putrajaya to Ease Restrictions

The country's beleaguered restaurant industry is perched on the edge of ruin, with F&B trade groups warning of mass business closures and innumerable job losses if things don't change fast.

On June 7, a half-dozen substantial food and beverage industry groups banded together and issued a joint statement to Malaysia's government, strongly urging them strongly to stop punishing restaurants by disallowing dine-in business before a wave of mass closures becomes unavoidable.

They note that restaurants have been exceptionally compliant overall, going to great lengths to ensure the safety of workers and patrons by adhering to all SOPs. Yet every time restrictions are rolled out by the government, restaurants are among the first to get hammered, despite incidences of clusters or outbreaks at these outlets being exceedingly uncommon.

The statement points out the devastating impact that continued lockdowns will have, not only on the F&B industry, but the economy as a whole, including the many businesses in the supply stream for F&B.

"Based on a 2016 census done by The Department of Statistics, we have approximately 167,490 F&B establishments in Malaysia with an annual growth rate of 5.1%," the statement read. "By 2020, we estimate there would be approximately 200,000 F&B establishments. Assume each outlet hires an average of five Malaysians, we are looking at potentially 1 million Malaysians' livelihoods at stake. This number does not account for the ecosystem that supports our F&B establishments – Farmers, Fisheries, Suppliers, Distributors and many more businesses that makes up a diverse ecosystem."

FOR MOST RESTAURANTS TO SURVIVE, DINE-IN IS A MUST

The statement points out that most restaurants are purpose-built for primarily dine-in business, and only allowing takeaway and delivery business is not a sustainable model.

"Yes, our industry is allowed to 'operate,' but you impose a dine-in ban without consultation or consideration," the statement points out, suggesting that government decision-makers clearly have no real idea of the impact to the F&B industry when they announce these sweeping bans on dine-in business.

The statement also takes a swipe at the top two delivery services (presumably GrabFood and Foodpanda, which are attracting more and more negative attention because of the extortionate

commission rates they charge to restaurants to use their service – as high as 35% – making this sort of arrangement completely unsustainable.

"During this extended dine-in ban, we still incur monthly overheads (rent, staffing cost, and utilities), but the revenue generated is less than 10% with very little government aids or subsidies. How is this sustainable?" the statement reads. "On top of the sunk costs incurred, an unregulated duopoly exists in the delivery platform sphere. The 'Big Two' currently demand an exorbitant commission rate (30% upwards) because of their reach, causing many restaurants to be caught in a dilemma."

The statement advises the government that many F&B operators have "less than two months' cashflow left" and they anticipate a closure rate of at least 60% if the dine-in ban continues. It also states that the government should drop the 'essential' and 'non-essential' labels for sectors and businesses, correctly pointing out that in a healthy economy, all industries are essential, and that as both lives and livelihoods are important, you cannot pit one against the other, but rather must find balance.

The industry statement goes on to first urge Putrajaya to bring stakeholders into the conversation instead of making decisions unilaterally, and then also makes a number of suggestions. The industry even offers its help, such as providing incentives to people who get vaccinated (after all, Malaysians love good food). Their "Next Steps" suggestions include:

1. Vaccinate as many people as soon as possible. Please let us know how we can help? Do you need help to drive the registration numbers, vaccine literacy, or do you need us to reward vaccinated individuals? We stand ready to help.
2. We urge Putrajaya to be transparent and let the public know what are the expected vaccine arrival timelines. If there is a delay, share that info with us when you get it, be accountable. The 'big brother' method of shepherding us has proven to be unsuccessful and only caused more distrust.
3. Use available data and formulate when making a decision; review our current SOP and produce a more comprehensive set, in line with these data. Armed with a comprehensive set of SOPs, allow businesses to reopen. The government can no longer afford to keep everyone at home. If no action is taken immediately, there will long-term implications.

Most experts in public health, economic, and industry fields all agree: Lockdowns are not effective as a tool for fighting the pandemic.

Like a number of other important sectors of Malaysia's economy, the F&B industry is on the brink. It's time to lift the ban on dine-in business. And it's time to rethink nationwide lockdowns.

https://www.expatgo.com/my/2021/07/08/end-the-lockdown-malaysias-fb-industry-pleads-with-putrajaya-to-ease-restrictions/