

Corporate & Commercial

Movement Control Order – How Does It Affect the Manufacturing Sector?

Introduction

Manufacturing was not explicitly named as one of the essential services under the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) Regulations 2020. However, the essential services list does provide for “*any services or works determined by the Minister as essential or critical to public health or safety*” to continue to operate during the Movement Control Order period between 18 March 2020 to 31 March 2020 (“**Restriction Period**”). On 18 March 2020, the National Security Council (“**NSC**”) and the Ministry of International Trade and Industry (“**MITI**”) issued a corresponding press statement and circular to allow certain manufacturing companies to operate during the Restriction Period if such companies are producing critical products.

Only manufacturing companies which manufacture: (i) essential goods; or (ii) products that are part of the supply chain of essential goods (“**Qualifying Condition**”) will qualify to apply for the exemption. Based on statements issued by MITI, this exemption is not automatically granted to all manufacturing companies that meet the Qualifying Condition and the companies must still submit an application in order to gain approval to operate during the Restriction Period. Applicants are required to submit the application online.

As at 19 March 2020, MITI has received 202 applications, 13 of which have been processed. Out of the 13 applications, five are approved as follows:

Cluster		State	
(i)	Personal safety equipment – 1	(i)	Selangor – 2
(ii)	Medical & surgical device – 1	(ii)	Negeri Sembilan – 1
(iii)	Oil & gas – 1	(iii)	Johor – 1
(iv)	Electrical and electronics - 2	(iv)	Pulau Pinang - 1

The eight applications that were rejected are due to the reasons that: (i) the production is not for an essential goods or services (e.g. cosmetics); (ii) there is less than 50% reduction in the number of employees; and/or (iii) the application is incomplete (e.g. no list of employees involved).

Can All Manufacturing Companies Operate During the Restriction Period?

Only manufacturing companies which have been granted an exemption by MITI may operate their production component during the Restriction Period. All activities which are not critical must be suspended.

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What Are the Conditions to Operate Under the Exemption?

- (1) The company must reduce the number of employees to the bare minimum or by at least 50% of its current or registered operations, for any production during the Restriction Period. The company must implement a work-from-home system for employees who are not involved in critical factory operations.
- (2) The company is required to meet the demands and needs of products or services for the domestic market in its entirety.
- (3) The company must submit to MITI a list of employees who are involved during the Restriction Period and ensure that the movement of such employees is limited between their respective homes and the factory / premises.
- (4) The company must provide body temperature screening devices and take daily body temperature measurements of each employee at the entrance of the factory / premises. Readings for each employee must be recorded and kept for reference.
- (5) If the employee's body temperature is above the normal range, the company must immediately inform the nearest Health Office or government hospital.
- (6) All employees must strictly comply with the COVID-19 control procedures as issued by the Ministry of Health from time to time.
- (7) The company must provide hand sanitisers at the entrance of the factory / premises and all other relevant areas within the factory / premises, and ensure face masks are worn by every employee.
- (8) The company must carry out a sanitisation and disinfection process at the factory / premises before the commencement of each shift or operation.
- (9) A sanitisation and disinfection process must be carried out three times a day, particularly in common spaces such as the lobby, lifts, cafeteria, meeting rooms, prayer room, factory buses / employees' vehicles and enclosed recreational facilities.
- (10) The company must ensure that the vehicles operated by the employees have undergone a sanitisation and disinfection process before each use.
- (11) The company must ensure that best practices guidelines on social distancing are in place and implemented, particularly on the production floor, in the cafeteria / canteen, meeting rooms, and multi-purpose hall.
- (12) If an employee is found to be infected with COVID-19, the company is fully responsible for all medical expenses, the cost of disinfecting the premises, and any other related costs.
- (13) Government wishes to emphasise that the exemption can be cancelled or revoked if any condition is not complied with by the company / industry.
- (14) Government reserves the right to amend the above conditions in accordance with the prevailing situation.

Can a Manufacturing Company Submit an Enquiry to MITI to Ascertain Whether it is Qualified for the Exemption?

Any person may contact MITI via WhatsApp at +60126072750 for any enquiries relating to the manufacturing sector. However, companies are advised to check whether they meet the Qualifying Condition; the list of essential goods and the list of products that are part of the supply chain of essential goods are available [here](#).

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Can a Manufacturing Company which Does Not Meet the Qualifying Condition Appeal to MITI for the Exemption?

No. However, where certain factory machineries and equipment are required to be maintained at warm idle due to technical reasons, and in such instance, a technician's surveillance is required, the company may submit an application online to do so.

Can a Company Providing Key Services to the Manufacturing Companies Continue to Operate?

Currently, there is no specific guidance from the NSC or MITI on this point. However, informal engagement with certain authorities do indicate that companies that provide key services within the relevant sectors that have been allowed to operate may continue to do so. For example, logistic companies may continue to operate to transport goods for the manufacturing companies, cleaning companies may continue to provide cleaning and sanitization services to the manufacturing companies. However, businesses are still recommended to consult with the NSC or the relevant government ministry to confirm whether their business may continue to operate.

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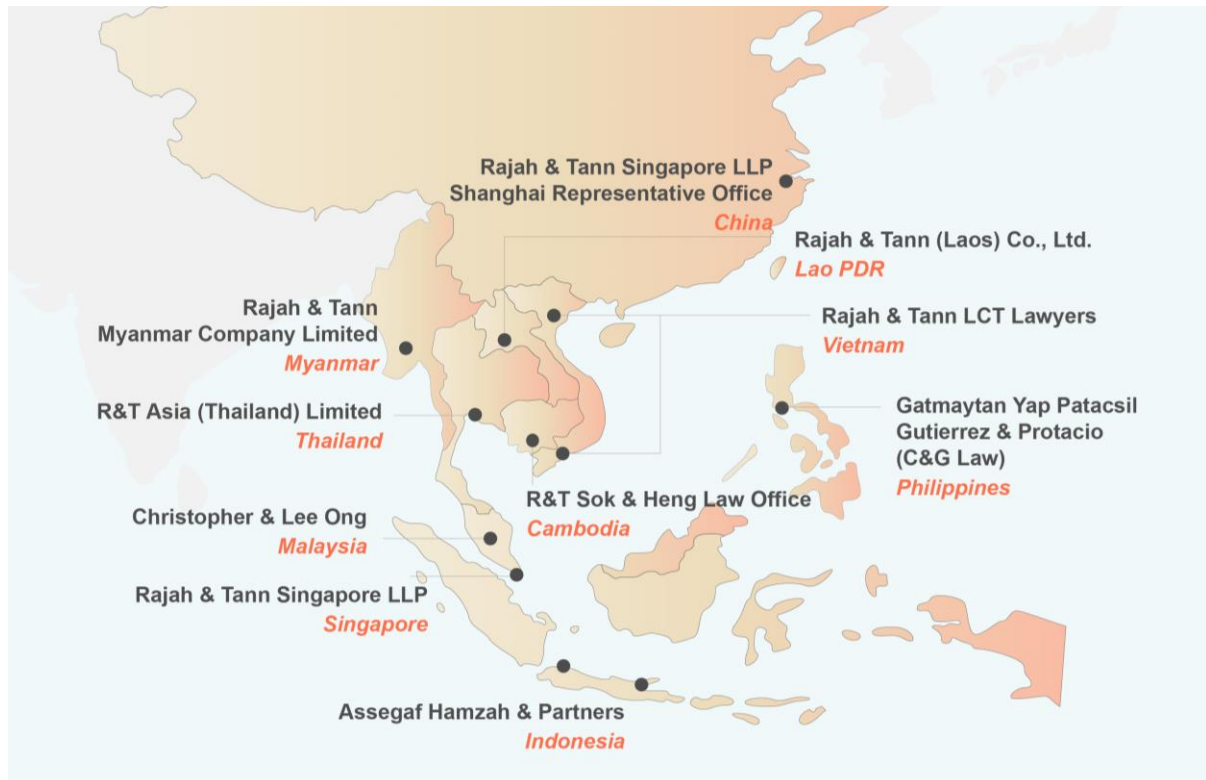
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