

MEDIA RELEASE

MEF Urges Immediate and Firm Action to Level the Playing Field for Malaysian MSMEs

Petaling Jaya: MEF strongly supports the position taken by the Minister of Entrepreneur Development and Cooperatives, YB Steven Sim, on the growing pressures confronting Malaysian businesses amid intensifying global competition and the unchecked influx of foreign operators into the Malaysian domestic market.

MEF President Datuk Dr Syed Hussain Syed Husman said the situation facing Malaysian MSMEs has reached a critical stage, particularly in the retail and services sectors, where local businesses are increasingly displaced by foreign sellers operating at extremely low prices and with uneven regulatory oversight. “MEF has been raising this issue consistently for years. Today, the impact is no longer theoretical, local MSMEs are closing down. Jobs are being lost. Domestic supply chains are weakening. This trend certainly cannot be allowed to continue unchecked,” Datuk Dr Syed said.

He stressed that while Malaysia remains committed to being an open economy, openness must not come at the expense of domestic MSMEs survival.

“MEF is not calling for blanket protectionism. What MEF calls for is for a fairer and well-enforced competitive environment. When foreign businesses can enter the Malaysian retail market with ease, bypass local intermediaries, undercut prices and operate with lighter compliance burdens, local MSMEs are placed at a structural disadvantage,” Datuk Dr Syed Hussain said.

MEF therefore strongly endorses the Minister of Entrepreneur Development and Cooperatives, YB Steven Sim Minister’s call for tougher rules and stronger enforcement, particularly in areas involving:

- Licensing and business registration

- Tax compliance and reporting
- Product standards, consumer protection and safety
- Fair pricing and market conduct

“Rules must apply equally to all who operate in Malaysia. Weak enforcement distorts competition and penalizes compliant local businesses. The Government must act decisively now, not after irreversible damage has been done to the MSME ecosystem,” Datuk Dr Syed Hussain emphasized.

MEF also reiterated its firm support for strengthening local content policies, including the prioritization of Malaysian products and enterprises in public procurement, GLC sourcing and national supply chains.

“If Malaysian companies are not trusted and supported at home, they will never be competitive abroad. Domestic confidence is the foundation of global competitiveness,” he added.

Acknowledging MSMEs’ contribution of nearly 97 per cent of registered businesses and 39 per cent of GDP, MEF stressed that MSMEs are not merely economic actors but key employers and stabilizers of Malaysia national economy.

MEF welcomed the Ministry’s focus on productivity enhancement, bureaucracy reduction, improved access to capital and expanded market access, noting that financing constraints, cash-flow pressures and regulatory complexity continue to impede MSME growth.

“Many MSMEs have viable products, strong brands and loyal customers, but lack the financial headroom to scale. MEF has long championed the need for faster, more accessible and less bureaucratic financing mechanisms,” Datuk Dr Syed said.

MEF reaffirmed its commitment to working closely with the Government to intensify efforts to build resilient, competitive and sustainable Malaysian MSMEs, including through:

- Stronger enforcement to restore market fairness
- Accelerated digitalization and automation support
- Skills upgrading and workforce development
- Deeper integration into domestic and export markets

“The survival and growth of Malaysian MSMEs must be treated as a national economic priority. MEF stands firmly with the Government in calling for tougher rules, stronger enforcement and a business ecosystem that genuinely supports local enterprises, before it is too late,” Datuk Dr Syed Hussain concluded.

For further information, please contact the MEF Secretariat at 03-7498 7200 or email mef-hq@mef.org.my.

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