

CIRCULAR No. 1

ADVICE TO MEMBERS ON FACTORS TO BE CAUTIOUS

In view of the COVID-19 pandemic and the implementation of the Movement Control Order (MCO) by the government from 18 March until 31 March which is subsequently extended to 28 April 2020, IEM has initiated an Ad Hoc Committee on COVID-19.

The role of the Ad Hoc Committee is to look into:

1. what IEM can do to assist its Members during the Movement Control Order (MCO) period and post COVID-19.
2. how IEM can assist the nation as a result of COVID-19 outbreak.

MITIGATING FACTORS FOR ENGINEERS UNDER A CONTRACT OF WORKS & SERVICES

For a start, the COVID-19 outbreak is a global public health emergency that will cause a huge impact on families and communities.

The restrictions imposed by the government such as Movement Control Order, social distancing, restrictions on gatherings/meetings will have huge impact and repercussions to the economy. Bank Negara Malaysia (BNM) reported that the gross domestic product (GDP) index is expected to decline to between -2.0 to 0.5 per cent this year.

Under the MCO, generally all infrastructure and construction works which are not categorised as essential services are not permitted to operate until the end of the MCO period. In view of this, IEM noted with concern that many of our members and their companies would be affected. We would like to advise that members look into the following to ensure that your company is well protected.

- a) Review the relevant contracts carefully to identify force majeure clauses and consider whether those clauses or any other provisions can be relied upon under the MCO;
- b) Check whether there are any limitations or timelines to invoke such clauses;
- c) Consider whether the contract requires the parties to take mitigating measures; and
- d) Consider in future contracts to include and expand the provisions covering incidents such as pandemics and restriction of movement of people and goods.

For further information, although the IEM office may be closed during the MCO, our staff are contactable by email as follows:

Main IEM contact: sec@iem.org.my

Finance: finance@iem.org.my

Publications: pub@iem.org.my

Membership: membership@iem.org.my

Activities: activities@iem.org.my

We hope that all our members would remain safe and healthy during this challenging time.

Thank you.

Ad Hoc Committee on COVID-19
The Institution of Engineers, Malaysia
14 April 2020