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Reduce foreign workers in stages



Currently, there are about 1.82 million legal foreign workers employed in the manufacturing, construction, plantation, agriculture, services and mining sectors. FILE PIC

KUALA LUMPUR: Employers and manufacturer groups say Malaysia still relies heavily on foreign workers and they cannot be totally removed until Malaysians are trained well enough take over these jobs.

They said this on the heels of the government's pledge to aim for a more drastic reduction in foreign workers under the 13th Malaysia Plan (13MP), which will be presented next year.

Federation of Malaysian Manufacturers president Tan Sri Soh Thian Lai said the government must ensure the plans were implemented properly and fairly.

"One key impact would be on cost and labour productivity, as manufacturers would need to invest in training and upskilling their local workers to address skills gaps, especially as more technology is deployed in operations, requiring investment and time that can also affect labour productivity."

Soh also said there could be an impact on competitiveness, which would vary across industries.

Earlier, Economy Minister Rafizi Ramli informed the Dewan Rakyat that the National Economic Action Council was set to discuss specific mechanisms to gradually reduce the number of foreign workers in the country next month.

"I raised this issue so that we can prepare our industry and economy in advance. We need to be committed," he said during the minister's question-and-answer session in the Dewan Rakyat yesterday.

He was responding to additional questions from Datuk Mohd Shahar Abdullah (BN-Paya Besar) regarding job competition between locals and foreign workers.

He said the proposed mechanism would entail not only policy adjustments, but also collaboration from industries, as every time the previous administration wanted to reduce foreign workers, it received objections.

Malaysian Employers Federation (MEF) president Datuk Dr Syed Hussain Syed Husman said the reduction of foreign workers must be done in stages to give enough time to prepare more local workers to take over the jobs.

He said the government needed to help micro, small, and medium-scale enterprises transition to digitalisation, automation, and improved work processes.

"MEF is of the view that in the long term, Malaysia must not be too dependent on foreign workers."

Currently, there are about 1.82 million legal foreign workers employed in the manufacturing, construction, plantation, agriculture, services and mining sectors.

Syed Hussain agreed with Loh that Malaysia needed to move away from labour-intensive industries and adopt high-tech automation processes where local workers could be given certified skill and re-skill training to operate modern machines at their workplaces.

"However, not all business operations and processes can be mechanised and automated and not many locals are interested in taking up the dirty, difficult and dangerous jobs."

Small and Medium Enterprise Association of Malaysia president Datuk William Ng, however, said such measures would have minimal impact because many SMEs would prefer not to hire foreign workers due to the more significant costs involved.

"Hiring a foreign worker is more expensive than hiring a local, after accounting for the tax, annual health checks, airfare, training, accommodation and so on."

Ng added that SMEs had primarily supported the soon-to-be implemented multi-tiered levy system (MTLS) which rewarded enterprises and sectors with a high concentration of foreign workers, such as plantations and construction, to lessen their reliance on foreign labour.

MTLS is a component of 12MP, aimed at reducing foreign worker dependency to below 15 per cent.

Currently, the foreign worker levy is RM640 per person for the plantation and agricultural sectors, while the manufacturing, services, mining, and construction sectors pay a levy of RM1,850 per foreign worker.