



Conditions Imposed on Big Corporations Bringing in New Foreign Workers is Too Taxing on Employers and Will Not Solve the Overall Labour Shortage Faced by Industries

Kuala Lumpur, December 14, 2020 – While the Federation of Malaysian Manufacturers (FMM) welcomes the Government's announcement which provides a window for filling up existing vacancies with new foreign workers from the source country, we view the conditions imposed on this relaxation as very restrictive and would tremendously tax employers financially amidst the industry's business recovery and the other regulatory compliance imposed on employment of foreign workers. In addition, just allowing the big corporations but not SMEs to bring in new workers would not help solve the overall labour shortage of the rest because larger companies need the support of SME companies in their supply chain to support their operations. As such, the labour shortage in the industry is not just based on the size of the organisations.

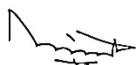
With that said, the industry is strongly against the condition imposed on big corporations intending to bring in new foreign workers to cover the cost of deportation of five illegal foreign workers currently in the immigration depots for every new worker intended to be brought in. The industry is of the view that they should not be made responsible to cover the cost of deportation of the illegal foreigner workers (PATI) who have entered the country via the illegal channel. Employers are not responsible for the illegal stay of these workers and thus should not be burdened with their repatriation as those who bring in foreign workers via the proper channels are already paying towards a bank guarantee of between RM250 – RM1500 per worker depending on the nationality of the foreign worker, and this bank guarantee is meant to cover the cost of repatriation should the worker abscond. Imposing additional conditions on employers during the current challenging business conditions amidst the Covid-19 pandemic recovery period will be very damaging on industries that are already struggling with many other cost challenges as well as labour issues in their business recovery process.

It is also very costly to employ a new foreign worker currently. The cost to bring in a new foreign worker would have escalated due to the new conditions that have to be met amidst the Covid-19 pandemic with additional medical examination and screening tests to be done and the mandatory quarantine period to be observed all of which has to be borne by the employer. On top of this, employers have to also absorb other costs involved in employing a foreign worker including the mobilisation cost at the source country and all other expenses resulting from the zero cost on workers policy imposed by source countries. In total, the cost of bringing in a new foreign workers can easily come up to over RM11,000 per worker. As such, imposing this new condition would make it impossible for companies to cover the total cost while at the same time struggling with their labour shortage issues.

While the industry is supportive of the Government's decision to allow sourcing of workers from the pool of illegal workers currently in the Immigration depot which are getting congested with workers, it is important that this be managed well as there are some negative consequences of allowing such a legalisation process. There would still be the tendency for these workers to abscond after they have been legalised due to the

poor tracking system of workers. It could encourage unlawful job hopping amongst the legal workers too. In this regard, it is proposed that the Government allows for the legalisation and re-employment of these workers without any additional cost to the employer except for the cost for a work permit, passport and visa and allow employers to filter and screen the workers before they make a decision. In this case, even if the worker absconds right after the legalisation process, the cost impact on the employer would be minimal. Such workers should then be blacklisted and deported with the assistance of their respective embassies.

The FMM thus calls on the Government to review this new condition and engage with the relevant stakeholders to come up with a more workable solution to address the current labour shortages faced by some industries in supporting their business and the overall economic recovery.



Tan Sri Dato' Soh Thian Lai
President, Federation of Malaysian Manufacturers

FMM Advocates Transparency, Integrity and No Corruption

About FMM

The Federation of Malaysian Manufacturers (FMM) has been the voice of the Malaysian manufacturing sector since 1968. Representing over 10,000 member companies (3,000 direct and 7,000 indirect) from the manufacturing supply chain, FMM is actively engaged with government and its key agencies at Federal, State and local levels. FMM is also well-linked with international organisations, Malaysian businesses and civil society. Apart from benefitting from FMM's advocacy, FMM members enjoy value-add services, including training, business networking and trade opportunities as well as regular information updates.

Media Enquiries

Han Mong Ying, Senior Manager, Corporate Affairs | Tel: 03-6286 7200 | Email: webmaster@fmm.org.my