



Industry Concerned with Government Plans to Export Skilled Malaysians to Japan, Should Focus on Adequate Local Supply Instead

Kuala Lumpur, May 31, 2022 – The Federation of Malaysian Manufacturers (FMM) views with concern the recent announcement on the plan to send local skilled graduates and/or eligible skilled workers to work in Japan under a memorandum of collaboration (MoC) between Malaysia and Japan while the country continues to struggle with manpower shortages at both the skilled and semi-skilled level. As there was no prior consultations or details made available on this potential skill export program to Japan we wish to get more information on this MoC by the Ministry of Human Resources so that the industry will be clear on how this collaboration might work.

As it stands, Malaysia is currently facing an acute shortage of manpower, especially skilled workers, which is hampering our national economic recovery. The labour shortage has caused work stoppages and under-production across the industry. Output has been severely constrained, resulting in the failure to fulfil existing orders and accepting new ones. The constraints on supply of goods to satisfy the required demand will add further inflationary pressures despite the recent benchmark interest rate hike by Bank Negara which was intended to dampen inflation.

At this juncture, Malaysia is still preparing to get more skilled workers through various programmes such as Technical and Vocational Education and Training (TVET) and promotion of Science, Technology, Engineering and Mathematics (STEM) courses at various levels of our education system. The local public institutions and industries are enhancing collaboration initiatives in promoting TVET and STEM as a way to boost greater interest and participation of our youngsters in TVET and STEM education. This is also an initiative to support the technology transformation of our industries and at the same time to reduce the hiring of skilled expatriates. The MoC with Japan would somehow hamper the initiatives and hard work from all parties involved that has been on-going over the past several years.

Following the Covid-19 pandemic which had accelerated industrial and technological transformation, the critical shortage of skilled workers is envisaged to continue for the next few years as we cope with the transformational changes and increased demand for skilled manpower. In addition, Malaysia has already been suffering from brain drain for some years now as many Malaysians have been migrating overseas in search of better jobs. Malaysia has been working hard to bring these diasporas back via various initiatives. As such, Malaysia should carry on with these sustainable programmes for self-help first and do all that is possible and necessary to ensure that the industries do not face a dearth of skilled workers. The country should be more concerned with the brain-drain issues then to be thinking about repatriating earnings from overseas via exchange programmes. Obtaining upskilling opportunities in developed countries could be something that Malaysian employers could consider after or as part of the on-the-job training. Instead of exporting skilled workers, Malaysia should consider memorandum of understanding (MOU) with companies in Malaysia for formal apprenticeship and upskilling programmes to be carried out by the global parent companies. This will help alleviate the skill shortages faced by our industries.

In addition, with the current employment condition of 80:20 ratio of local workers to foreign employees being imposed by the Government, we see this collaboration further hampering the ability of our industries to obtain skilled manpower as on one hand, the Government is sending our skilled workers overseas to work through such collaboration programmes and at the same time, our local industries are limited on the number of foreign employees that they are able to bring in.

In conclusion, FMM hopes for greater consideration to ensure that the local employers are given priority in getting skilled workers and that the Government provides the necessary assistance in supporting the industry's manpower needs to ensure the industries' business sustainability and growth.



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 11,500 member companies (3,500 direct and 8,000 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