



FMM Welcomes Placement of Foreign Worker Management Fully Under KESUMA, Calls for MTLM to Complete the Reform

Kuala Lumpur, July 7, 2026 — The Federation of Malaysian Manufacturing (FMM) welcomes the Cabinet's decision, taken on July 1, 2026 and effective July 6, 2026, to place the One-Stop Centre (OSC) for foreign worker management fully under the Ministry of Human Resources (KESUMA). With effect from July 6, 2026, all foreign worker quota applications must be submitted exclusively through the eQuota module of the Foreign Workers Centralised Management System (FWCMS), with case-by-case manual processing discontinued.

This is a reform FMM has consistently called for. We have long held that Malaysia's foreign worker management architecture must be consolidated into a single, transparent digital window, and that operational control of the hiring process should sit with KESUMA, the ministry with direct oversight of labour market policy and employer compliance.

We have repeatedly highlighted that the fragmentation of foreign worker approvals across multiple agencies with employers required to navigate separate processes, travel to Putrajaya, and contend with inconsistent case-by-case decisions has imposed unnecessary cost, delay, and uncertainty on manufacturers, particularly small and medium enterprises. Consolidating quota processing under a single ministry and a single digital platform directly addresses these long-standing concerns, and we commend KESUMA for taking this decisive step.

FMM strongly supports an integrated, end-to-end digital system covering the full foreign worker recruitment process. The system should provide employers with a single interface, standardised requirements, real-time application tracking, clear processing timelines, seamless data-sharing across relevant agencies, automated verification, direct employer access, strong data security and an effective escalation mechanism.

We note that the Home Ministry retains authority over national security-related considerations. We view this as an appropriate safeguard that does not detract from the operational clarity this new arrangement provides.

We urge KESUMA to ensure that the transition is accompanied by clear operational guidelines, adequate system capacity to handle application volumes without new bottlenecks, and continued engagement with industry associations to fine-tune the framework as it beds in. We also reiterate the importance of ensuring that any future enhancements to the digital recruitment ecosystem build upon, rather than duplicate, this newly consolidated FWCMS/eQuota single window.

Critically, we view the consolidation of quota processing under KESUMA as the ideal platform to finally operationalise the Multi-Tier Levy Mechanism (MTLM), which we have consistently called on the Government to implement without further delay. We have long maintained that MTLM should replace rigid administrative caps and sectoral ratios with a structured, demand-driven approach, allowing companies to hire based on genuine operational need, with tiered levies calibrated to incentivise automation and reduce dependency on foreign labour over time. With foreign worker management now centralised within a single ministry and a single digital system, we urge KESUMA to

integrate MTLM's tiered-levy logic directly into the eQuota approval process, so that recruitment volumes are calibrated to demonstrated industry demand rather than fixed quotas or discretionary limits. This would complete the reform by pairing single-window efficiency with a rational, incentive-based mechanism for determining how many foreign workers each company may hire.

MTLM should provide a gradual and predictable pathway to reduce foreign labour dependency while encouraging automation, productivity improvements and industry restructuring. Companies that maintain foreign workers at or below 10% or 15% of their workforce should be considered for preferential levy rates, potentially below the current RM1,850 rate, while higher dependency may attract progressively higher levies based on a transparent formula and adequate advance notice.

The mechanism must recognise that labour transformation cannot occur uniformly across all industries, including in export-oriented manufacturing where operational and semi-skilled workers remain essential. MTLM should therefore serve as an economic and industrial transition tool, rather than a rigid barrier to labour access, with levy proceeds channelled back into automation, workforce development and productivity support, especially for SMEs.

FMM looks forward to working closely with KESUMA and other relevant agencies to support effective implementation of this reform. We will continue to engage constructively on all matters affecting the manufacturing sector's access to foreign workforce, in a manner that is transparent, efficient, and aligned with national labour market objectives.



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FMM Advocates Transparency, Integrity, Accountability and No Corruption

About FMM

The Federation of Malaysian Manufacturing (FMM) (formerly known as Federation of Malaysian Manufacturers) has been the voice of the Malaysian manufacturing sector since 1968, advocating policies and initiatives that drive industrial growth, competitiveness and workforce development. Representing over 13,300 member companies (4,200 direct and 9,100 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-added services including training, business networking and trade opportunities as well as regular information updates.

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