



MALAYSIA'S PLAN TO INCREASE LEVY ON FOREIGN WORKERS

The Philippine Embassy in Kuala Lumpur, Malaysia has reported on the plan by the government of Malaysia to increase the levy on foreign workers in 2011. According to the report, AmResearch Sdn Bhd senior economist Manokaran Mottain was quoted by one of the biggest English newspaper in Malaysia saying that the move could discourage the hiring and lessen Malaysia's dependency on foreign workers.

Malaysian Estate Owners Association president Boon Weng Siew, however, opines that increasing the levy would not reduce the need to employ foreign workers based on the existing demand. Mr. Boon said that he is hoping that the planned increase would not apply to the plantation sector, of which the hiring of foreign workers is not a choice but a need. He added that Malaysia, since 1980, has followed pro-manufacturing sector policies that facilitated rural-urban migration leaving the plantation sectors no recourse but to employ foreign workers.

Mr. Boon also believed that the planned increase would only be an added financial burden to the industry and would make it less competitive. Based on the existing levy, the cost of recruiting a foreign workers for plantations is estimated at around RM3,000 (US\$967) in peninsular Malaysia and around RM4,000 (US\$1,290) in Sabah and Sarawak. It is believed that the sector would continue to be dependent on foreign workers despite the policy to "Malaysianize" the workforce.

The levy, along with the legislated minimum wage policy, is one of the measures the Malaysian government is considering to boost domestic employment and raise per capita income from around US\$7,000 to US\$15,000 by 2020. The estimated 1.8 million foreign workers in Malaysia can be found in the country's construction, manufacturing, plantations and service sectors.