



MALAYSIA UNVEILS REFORMS TO REDUCE DEPENDENCE ON UNSKILLED FOREIGN WORKERS

The government of Malaysia has announced its New Economic Model (NEM) which lays out the government's plan to transform the economy of Malaysia into a high-income, sustainable and inclusive economy by 2020. It includes fiscal reforms to spur further development and new labor policies designed to address the country's dependence on foreign labor, which the Malaysian government considers a hindrance in achieving long term economic growth.

The NEM has proposed two major labor reforms, namely: **a) enforcement of equal labor standards for both local and foreign workers and b) use of levy system to achieve targets for unskilled foreign workers according to the needs of particular sectors.** Malaysia believes that these reforms would address international concerns on poor treatment of foreign workers. In 2009, there were about 1.9 million registered foreign workers in Malaysia.

As part of the government's efforts to improve the management of foreign workers in the country, the government of Malaysia has implemented the following measures:

- i. creation of a special task force to revisit the policies and procedures on the employment of foreign workers;
- ii. establishment of a one-stop center to process applications by employers hiring foreign workers;
- iii. formation of a new committee to oversee hiring procedures;
- iv. creation of a job-clearing system to ensure that locals are given priority in employment; and
- v. introduction of a guidebook for employers on the right procedures to recruit foreign workers.

These measures are expected to have a significant impact on OFWs onsite and for those who wish to work in Malaysia in the future.