



MEDIA RELEASE

COST OF DOING BUSINESS AND EMPLOYMENT OPPORTUNITIES IN MALAYSIA

1. Following the discussion on issues surrounding the cost of doing business and employment opportunities at the Cabinet Meeting and Economic Council Meeting last week, MITI organized a dialogue session on 8 January 2018 with the Federation of Malaysian Manufacturers (FMM) and 21 of its members.
2. I was joined by Datuk Paul Low Seng Kuan (Minister in Prime Minister's Department), Datuk Seri Ir. Dr. Wee Ka Siong (Minister in Prime Minister's Department), Dato' Seri Ong Ka Chuan (MITI Minister II) and Tan Sri Yong Poh Kon (Economic Council Member) as well as senior government officials including from Ministry of Finance, Ministry of Home Affairs, Ministry of Human Resources, Economic Planning Unit and Royal Malaysian Customs Department.
3. Dato' Soh Thian Lai, President of FMM gave a presentation on the challenges faced by industry and submitted some proposals in dealing with them. The Government considers industry players, big and small, as our friends – we have been engaging them on a regular basis, to enhance Malaysia's competitiveness as an investment destination.



4. Malaysia's sustainable economic growth – 5.9% in the first nine months of 2017 and forecast of around 5.0-5.5% in 2018, will have a positive impact on employment opportunities, including in new areas such as aerospace and the digital economy. A total of 2.26 million jobs have been created under our Economic Transformation Programme so far. Meanwhile, a survey undertaken by SME Corp in Q3 2017 found that 40% of the SMEs interviewed are expecting their businesses to improve in the near term.
5. However, changes in technology and industrial structure which resulted in workers' displacement are features of the knowledge-driven economy, even in good times. This is also true for Malaysia as we transition from a labour-intensive to knowledge-driven economy. It is therefore incorrect for some quarters to allege that 50,000 workers will be retrenched primarily due to the rising cost of doing business. While there will be retrenchment, in our view most of those retrenched workers will be reemployed by new and expanding businesses and the total number of retrenchments this year may not be as high as claimed.
6. The Government has been responding to the evolving human resource needs of industry by taking concerted steps to prepare our workforce to meet the changing nature of jobs. These include strategies to upgrade skills and reskill the workforce, especially against the backdrop of megatrends such as Industry 4.0 and automation.
7. While we acknowledge there has been some retrenchment, we must also highlight that most of the workers who have been retrenched have been



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

rehired by new and existing companies as they expand to meet increasing demand. For instance, a large percentage of the retrenched workers from companies such as Seagate, Hitachi Global Storage Technology and Rubicon in Penang have been absorbed by other firms which are expanding their operations such as Keysight, Inari, HP, Osram and Infineon.

8. In the three year period 2014-2016, new manufacturing projects implemented have created over 153,000 jobs. An additional 32,700 jobs in the manufacturing sector will be created from the investment secured in the period Jan-Sept 2017. A number of new investments and expansion undertaken by companies last year such as Broadcom and Osram in Penang, Konica Minolta in Melaka, Infineon in Kedah, Roland and IKEA in Selangor, as well as BMW in Johor, among others have created more job opportunities in the country. Oil and gas companies are also starting to hire again, especially in the upstream and offshore businesses as they seek to capitalise on the new found high oil price in recent times.
9. It is also important to note that as at Q3 2017, the total employed persons have increased to 14.48 million from 14.42 million in the previous quarter.
10. Another issue discussed during the dialogue with the FMM was on the hiring of foreign labour. They continued to highlight the need to have a holistic review of policies on foreign labour, the need to enhance administrative efficiency and facilitation to promote a more conducive business environment. Moving forward, MITI will continue to engage the private sector to bridge the gap between their demands and the overall



policies of the Government.

11. Our current unemployment rate of around 3.3% is the lowest in the region and expected to remain stable. We believe that the implementation of sound macroeconomic policies, Budget 2018 proposals and the 11th Malaysia Plan, as well as strong exports and continued strong investment flows will generate more jobs in the country.

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Dato' Sri Mustapa Mohamed
Minister of International Trade and Industry
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About MITI:

The Ministry of Commerce and Industry was established in April 1956 then was renamed as The Ministry of Trade and Industry in February 1972. On 27 October 1990, the Ministry was separated into two Ministries which are; Ministry of International Trade and Industry (MITI) and Ministry of Domestic Trade and Consumer Affairs (KPDN).

MITI is the key driver in making Malaysia the preferred destination for quality investments and enhancing the nation's rising status as a globally competitive trading nation. Its objectives and roles are oriented towards ensuring Malaysia's rapid economic development and help achieve the country's stated goal of becoming a developed nation by 2020 .

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