

MEDIA RELEASE

RETRENCHED WORKERS ARE BEING REHIRED AS A RESULT OF BUSINESS EXPANSION AND NEW INVESTMENTS

1. On 27 July 2016, I had issued a statement outlining the state of Malaysia's manufacturing sector. I touched on the challenges posed by the closure and restructuring of business operations, and stressed the Government's success in attracting many other companies to set up their manufacturing facilities in Malaysia.
2. The economic climate is challenging. A number of firms are restructuring their business plans and shifting their investments from one country to another to take advantage of abundant and cheaper labour costs.
3. Malaysia is not spared from this new reality. In the period of January 2015 – August 2016, data from the Labour Department shows that a total of 10,907 workers at 51 companies in the manufacturing sector have been retrenched as a result of closure or restructuring exercises. Among companies which had announced and undertaken retrenchment exercise were Western Digital, Seagate, Samsung Electronics Display, JVC Manufacturing, Konica Minolta, and Philipp Morris, among others.
4. Meanwhile for services sector, a total of 1,152 workers at 61 oil & gas services companies have been retrenched and some 22,079 workers in the banking and financial sectors have been retrenched during the same period.
5. While many were quick to point out on the number of retrenchments, they fail to look at the new investments that are coming in, as well as the expansion by many established firms which have operations in our country and the employment opportunities created by them.

6. In the period of 2014-2015, a total of 1,031 manufacturing projects with capital investments of RM73.6 billion were approved and implemented. This has generated a total of 86,183 employment opportunities in the economy.
7. Additionally, in the first half of 2016, additional new investments worth RM88.4 billion have been approved which will create additional 76,000 job opportunities.
8. During my dialogue session with the industry players in Penang on 20 September 2016, I was informed that a large number of the retrenched workers have been absorbed by other firms. Almost all companies which had undertaken restructuring exercise have job placement services for their affected employees. For examples:
 - i. Rubicon has been aggressively engaging with other companies to ensure retrenched workers are being re-employed through mini career fairs.
 - ii. 80% of retrenched workers at HGST Technologies have been absorbed by other firms and some have started their own business.
 - iii. Over 60% of affected workers of Samsung Electronics Display have been rehired by other firms. The rest have been absorbed by Samsung SDI, another Samsung entity.
9. Penang Seagate has informed that it has been engaging with other companies in Penang and Kedah for placement of the affected workers.
10. Despite most of the companies which had closed down or restructured their operations were in the electrical & electronics (E&E) industry, it is worth noting that the industry continues to show a high demand for employees. Based on approved projects from 2015 – June 2016, the E&E industry would require 32,600 employees. Other industries which have high demand of workers include rubber products, food manufacturing, machine manufacturing, transport equipment and chemical products.

11. We need to be fair and objective in the assessment of our economy. While the Government does not deny that retrenchment is happening at some companies, we must not turn a blind eye to employments created as a result of business expansion and new investments.
12. As a matter of fact, the number of new jobs created has far surpassed the number of jobs lost due to business closure and restructuring exercises. In the manufacturing sector for example, the number of employment opportunities created (2015–June 2016) stood at 98,800 which offset the total of around 10,900 jobs lost (2015-August 2016).
13. The manufacturing sector remains strong and there is no lack of opportunities in the manufacturing sector, especially in the Klang Valley, Johor and Penang. What we need is to encourage greater labour mobility from states where there is surplus of labour to areas where demand for labour is higher.

Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry

23 September 2016

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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 .

Media enquiries

**Ministry of International Trade & Industry
Strategic Communications Unit**

Tel +603 6200 0082

Fax +603 6206 4293

E-mail allpegkomunikasikorporat@miti.gov.my