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KUALA LUMPUR (Feb 1): The Malaysian Knitting Manufacturers Association (MKMA) has lashed out against a hike in foreign worker levy in the manufacturing sector, saying the move came as a "shock, unexpected and without consultation and discussion with private sector".

In a statement today, its president Tang Chong Chin said the association is "disappointed" and "strongly objects" to the government's decision to double the levy of foreign workers in the manufacturing sector effective today.

Yesterday, Deputy Prime Minister Datuk Seri Dr Ahmad Zahid Hamidi was reported as saying that the government's decision to restructure the levy rate system for foreign workers is expected to bring in an extra income of RM2.5 billion to the country.

He said the new rate applies to two categories. The first is for those in the manufacturing, construction and service sector where each foreign worker will be charged the new rate of RM2,500. For those in plantation and agriculture, which come under the second category, the rate is RM1,500 per worker, Ahmad Zahid added.

Tang said MKMA urges the government to suspend and defer the decision as the current businesses environment is already burdened with a multiple whammy such as economy slow down, new minimum wage expected on July 1 this year, the goods and services tax, withdrawal of government subsidies, toll hike and the depreciating of the ringgit.

"MKMA believe such a decision would create the huge negative impact on the private sector and invite for domino effect to the already ill and sickening economy environment. Such move would negate the intended stimulation as per newly announced in the budget adjustment made by the prime minister," he said.

MKMA is of the view that any measurement on foreign worker should be focused on the

illegal Foreign Worker (PATI) rather than legal foreign workers.

"Such (a) decision seems like a punishment to the genuine manufacturer. The government should focus on the enforcement and legalisation of the PATI in order to fill up the gap of the employment need from the private sector," said Tang.

"The current levy should be maintained to keep the private sector remain competitive and space to breath in its current difficulties and challenges," he added.

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