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## MEDIA RELEASE

# MEF URGES THE GOVERNMENT TO URGENTLY RESOLVE OUTSTANDING ISSUES WITH INDONESIA TO ENSURE SMOOTH FLOW OF WORKERS

PETALING JAYA: Indonesia decided to stop receiving new job orders for workers in all sectors probably due to an alleged breach of the MOU signed in April 2022 where the Sistem Maid Online (SMO) was not supposed to be applicable to Indonesian domestic workers. Based on the MOU signed in April, Indonesia requires recruitment of domestic maids to be only done through the One Channel System (OCS). The use of OCS was agreed in the memorandum to screen employers and ensure that only those eligible could hire Indonesian domestic workers at a minimum salary of RM1,500 per month.

The MEF President Datuk Dr Syed Hussain Syed Husman, PJN. JP. states “the suspension of receiving orders for new foreign workers by Indonesia will prolong the chronic labour shortages faced by all sectors of the economy. Effort by businesses to bring back their operations to pre pandemic levels will be hampered by the suspension of supply of new foreign workers from Indonesia. Indonesian is an important source country for the supply of foreign workers as about 35% of foreign workers come from Indonesia. The supply of domestic from Indonesia is even more critical as they made up about 70% of all domestic maids in Malaysia.”

“With above scenario, it is very critical for the government to iron out any outstanding matters so as to ensure that the smooth supply of foreign workers will not be disrupted. Employers had endured shortages of foreign workers for a long time and the shortages had caused operational disruptions to businesses. Some businesses in the manufacturing sector had to turn down new orders for fear of not being able to meet the deadlines. Construction companies had to bear penalties for late deliveries. Restaurants being bombarded with complaints from customers for slow services and hotels were also being criticised for not being able to check in the guests on time due to rooms being not ready.

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Plantation companies suffered huge losses due to shortage of harvesters.” adds Datuk Dr Syed Hussain.

Datuk Dr Syed Hussain states further that “MEF proposes for special approval to be given to utilise labour available within the country now. We can source for the required labour from among the refugees and paroled prisoners. These people with the special approval of the government may be deployed immediately to fill up the acute shortage until the new foreign workers finally arrive. It was reported that there are about 168,000 refugees holding UNHCR card and more than 60% of them are potentially employable. Employers need the new workers urgently to assist in their recovery efforts and put their businesses on the right path . We need to look for quick solutions as short gap measures until all issues on foreign labour recruitment are resolved. The Joint Committee on the Management of Foreign Workers should review the conditions under the Labour Recalibration Programme to regularise foreign illegals in the country to allow more PATI to participate in the programme.”

“Currently employers are faced with extreme difficulties to get the required manpower to run their business. While MEF supports efforts to reduce dependence on foreign workers in certain sectors, the government should address this complex matter on sectoral basis as many other sectors such as manufacturing and restaurants also depend on foreign labour apart from the plantation and construction sectors.”

“While waiting for the arrival of new foreign workers MEF is appealing to the government to allow other forms of labour to cover the shortage of foreign workers until they finally arrive in Malaysia. The plantation industry depends on available harvesters to harvest the crops at the right time failing which the fruits will turn bad and will be considered as total loss which will not be able to be recovered. Any delay in harvesting, the crop will lead to total loss. Billions were lost as the ripe fruits were not harvested to convert to palm oil due to shortage of workers. Similar shortage is being experienced by other sectors such as manufacturing, tourism retail services and construction.”



In the meantime, MEF proposes to the government to arrange for more foreign workers from other source countries such as Nepal, Pakistan, Cambodia, Laos and Philippines to be recruited.

For further information, please contact the MEF Secretariat at 03-7955-7778 or fax 03-7955-9008 or email [mef-hq@mef.org.my](mailto:mef-hq@mef.org.my).

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