NEW STRAITS TIMES ONLINE

Keep business-friendly policies, MEF urges govt

BY LIDIANA ROSLI (/AUTHORS/LIDIANA-ROSLI) - 10 OCTOBER 2016 @ 12:39 PM

KUALA LUMPUR: SOME form of “damage control” for the local manufacturing industry is needed to withstand the current global volatility, said Malaysian Employers Federation (MEF) executive director Datuk Shamsuddin Bardan.

He said with the manufacturing sector expected to remain soft for the rest of the year, the industry stakeholders felt a soft cushioning policy was much needed.

“What we need right now is for the policymakers to maintain policies that are friendly towards employers and business owners,” said Shamsuddin.

He said for the past year, the manufacturing industry had been impacted by the weakening ringgit, rising cost of doing business, the implementation of the Goods and Services Tax (GST) and mandatory increase in the minimum wage.

The industry retrenched some 9,000 employees last year, which contributed to 24 per cent of the total.

Apart from the common factors, manufacturing employers were also badly affected by the economic volatility in overseas markets like Europe, Japan and the Middle East.

Malaysian Trade Union Congress (MTUC) secretary-general N. Gopal Krishnam believes that there will be more retrenchments this year.

“But whether it is better or worse than last year is yet to be determined as we do not have the data right now,” he said. “We are not denying that the situation in the manufacturing segment is challenging right now.”

Gopal added that MTUC had received numerous complaints from various unions under its purview, claiming that companies had been offering voluntary separation or mandatory separation schemes and the ones let go were usually the locals.

“We have asked the Human Resource Ministry to step in and conduct a proper study on those companies that are planning to conduct retrenchment,” he said.

“We feel that with the government stepping in, we will have less of such abuse,” said Gopal, adding that production workers were the most affected.

To this end, MTUC plans to submit its 2017 Budget wishlist to the government today.

“It will have some 12 items on it. They include asking the government to lower the GST rate and also to look into the matter of undocumented workers and resolve it as urgently as possible as the matter is effecting the workers directly,” he said.

The Federation of Malaysian Manufacturers (FMM) declined to comment but had stated recently that manufacturers were facing mounting pressures in the current challenging economic climate.

“As manufacturers and exporters as well as importers, our members are facing mounting pressure to remain competitive,” said its president Tan Sri Saw Choo Boon last Tuesday.

“In a trade-dependent economy like Malaysia, efficient and cost-effective trade infrastructure and best practices in trade facilitation is crucial in ensuring export competitiveness.”

Saw also noted Malaysia’s lower rankings in the World Bank Doing Business for Trading Across Borders (which slipped to 49 from 48 out of 189 economies last year) and the World Bank Logistics Performance (which fell to 32nd from 25th out of 160 countries in 2014).

He said lower rankings painted a bigger picture of the Malaysian state of economy rather than just the manufacturing sector under an economic siege.

According to data provided by the Statistics Department, the manufacturing sector contributed RM626 billion last year, thus making it a key economic driver, which also accounted for half of Malaysia’s RM1.16 trillion economy and more than 80 per cent of RM780 billion total exports.

SOME form of “damage control” for the local manufacturing industry is needed to withstand the current global volatility, said Malaysian Employers Federation (MEF) executive director Datuk Shamsuddin Bardan. He said with the manufacturing sector expected to remain soft for the rest of the year, the industry stakeholders felt a soft cushioning policy was much needed. (File pix)