



FMM Focuses on Key Workforce and Productivity Priorities in Courtesy Call on Minister of Human Resources

Kuala Lumpur, February 26, 2026 - The Federation of Malaysian Manufacturing (FMM) led by its President Mr Jacob Lee Chor Kok and members of the FMM Presidential Committee, paid a courtesy call on YB Dato' Sri Ramanan Ramakrishnan, Minister of Human Resources on February 25, 2026, to strengthen collaboration and exchange views on priority issues for the manufacturing sector.

FMM reaffirmed its strong commitment to working closely with the Ministry in supporting national priorities under the 13th Malaysia Plan (RMK-13), the New Industrial Master Plan (NIMP) 2030 and Ekonomi MADANI. The engagement focused on enhancing productivity, talent and skills development, and workforce transformation, while ensuring a balanced and sustainable approach to labour reforms that safeguards workers' welfare and supports long-term business sustainability.

During the meeting, FMM highlighted three main areas of focus and corresponding recommendations for the Minister's and Ministry's consideration:

i. Balanced and Sustainable Labour Law Reforms and Modernisation

- FMM emphasised that wages and worker welfare remain a priority. However, businesses are currently facing multiple cost pressures and therefore called for a balanced and phased approach to labour reforms to avoid excessive cost burdens, particularly on SMEs. This includes maintaining flexibility in wage-setting and avoiding mandatory increments that are not linked to productivity or business conditions.
- FMM also welcomed the Ministry's efforts to modernise and digitalise labour processes, including digital labour courts and streamlined approvals. FMM stressed the importance of strengthening consultation and impact assessments, as well as ensuring practical and effective enforcement, citing as an example the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446), taking into account operational challenges faced by industries.

ii. Foreign Worker Policy and Governance, including the Implementation of the Multi-Tier Levy Mechanism (MTLM)

- FMM reiterated its support for the long-term objective of reducing reliance on foreign workers, while advocating a gradual and sector-specific transition. FMM recommended strengthening governance, transparency and enforcement across the ecosystem, addressing excessive recruitment fees and unethical practices, enhancing border control to address undocumented employment and associated international concerns on forced labour and human trafficking, and reaffirmed its support for direct recruitment and Government-to-Government hiring as recently announced by the Minister. FMM also suggested exploring, on humanitarian grounds, the regulated participation of refugees as a supplementary workforce within a clear legal and policy framework.
- FMM reaffirmed its long-standing support for MTLM as a structural reform and productivity and transformation tool that would allow market forces to influence employer behaviour. FMM proposed that the Multi-Tier Levy Mechanism be implemented gradually as a structural reform to drive productivity and

transformation, with clear and predictable parameters and levy reviews at longer intervals to allow industry adjustment. FMM recommended basing levy tiers on the proportion of foreign workers rather than absolute headcount, removing legacy quota and discretionary systems once MTLM is introduced, and ensuring the policy is implemented as a coherent framework. FMM also proposed that levy proceeds be strategically reinvested into a National TVET Apprenticeship Fund and a National Automation and Industry 4.0 Fund to support skills upgrading, automation and long-term competitiveness.

iii. Talent, Skills Development and Industry Representation

- FMM recommended strengthening industry-led talent and skills development through expanded apprenticeships, closer collaboration with TVET institutions and universities, and continued alignment of training with evolving industry needs. FMM also emphasised maintaining strong industry representation in national skills platforms and supporting reskilling and upskilling initiatives to build a future-ready, high-skilled workforce.
- FMM proposed a more forward-looking and pragmatic foreign talent strategy to complement domestic capability development, including attracting high-skilled talent in priority sectors, retaining qualified foreign graduates from Malaysian institutions, and facilitating access to specialised skills needed for emerging technologies and R&D, while continuing to strengthen local talent pipelines and long-term workforce competitiveness



Mr Jacob Lee Chor Kok
President, Federation of Malaysian Manufacturing

FMM Advocates Transparency, Integrity, Accountability and No Corruption

About FMM

The Federation of Malaysian Manufacturing (FMM) (formerly known as Federation of Malaysian Manufacturers) has been the voice of the Malaysian manufacturing sector since 1968, advocating policies and initiatives that drive industrial growth, competitiveness and workforce development. Representing over 13,300 member companies (4,200 direct and 9,100 indirect) from the manufacturing supply chain, FMM is actively engaged with government and its key agencies at Federal, State and local levels. FMM is also well-linked with international organisations, Malaysian businesses and civil society. Apart from benefitting from FMM's advocacy, FMM members enjoy value-added services including training, business networking and trade opportunities as well as regular information updates.

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