

# Restricted Rights Updates: Malaysia

## POLICY UPDATE

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- In July 2012 the Malaysian government announced that workers in Malaysia would receive minimum wages of RM 900 (\$291 for Peninsular Malaysia) and RM800 (\$259 for Sabah and Sarawak). The announcement came in to force in January 2013. Many workers who began receiving minimum wages found that their monthly remuneration was adjusted without their approval. Allowances and other benefits that they previously enjoyed were removed or reduced, resulting in many workers receiving even less than what they had been earning.
- The government decision on the Implementation of Minimum Wages states that “local employees (citizens) shall be paid minimum wages as per the [2012] Order”, but for migrant workers, the following exemptions apply:
  - SMEs (with a turnover up to RM 25 million (\$8 million) or with up to 150 employees) were given blanket deferment of the implementation of the minimum wages for their foreign workers until 31 December 2013;
  - Employers are given a blanket approval for deductions of levy and cost of accommodation from the migrant workers, generally capped at RM 50 per month (\$16) but this amount can be raised upon application with the Labor Department due to cost of accommodation.

Source: <http://www.hurights.or.jp/archives/focus/section2/2013/03/cheap-vulnerable-and-easily-exploitable-migrant-workers-in-malaysia.html>

## MIGRATION STATISTICS AND OTHER

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- In November 2013 the Home Ministry reported that there are 2.1 million documented migrant workers and another 1.3 million undocumented foreigners in Malaysia; a total of 3.4 million foreign workers. The majority come from Indonesia, Bangladesh, Nepal, Burma/Myanmar, India and Vietnam. (Sources: [http://migration.ucdavis.edu/mn/more.php?id=3888\\_0\\_3\\_0](http://migration.ucdavis.edu/mn/more.php?id=3888_0_3_0); [http://articles.economictimes.indiatimes.com/2014-01-09/news/46029986\\_1\\_foreign-workers-new-id-cards-malaysia](http://articles.economictimes.indiatimes.com/2014-01-09/news/46029986_1_foreign-workers-new-id-cards-malaysia))
- Bangladesh and Malaysia signed an MOU in November 2012 that anticipated up to 10,000 Bangladeshi migrants working on Malaysian plantations. In 2013, 1,100 Bangladeshis had gone to Malaysia under the MOU, which limits worker migration costs to 33,500 taka (\$430). However, private recruiters typically charge departing migrants \$1,000 to \$2,000.
- The unemployment rate was 3.0% as at December 2013 (13.55 million employed and 425,000 unemployed persons). (Source: [http://www.statistics.gov.my/portal/images/stories/files/LatestReleases/employment/2013/Labour\\_Force\\_Indicator\\_Malaysia\\_Dec\\_2013BI.pdf](http://www.statistics.gov.my/portal/images/stories/files/LatestReleases/employment/2013/Labour_Force_Indicator_Malaysia_Dec_2013BI.pdf))
- Malaysia's GDP grew 5.1% in the fourth quarter of 2013 due to strong manufacturing and exports (Source: <http://www.thestar.com.my/Business/Business-News/2014/02/12/Malaysia-GDP-grew-5pt1-pct-in-Q4-2013/>)

## KEY ISSUES

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- In 2014, Malaysia embarked on a nationwide crackdown against undocumented workers. Under this drive, the government aims to arrest 400,000 illegal immigrants and 45,000 employers. Between 21 January and 21 February 2014, 5,508 undocumented foreign workers employed in Malaysia were arrested. (Sources: <http://www.thejakartapost.com/news/2014/02/24/2156-undocumented-migrant-workers-indonesia-caught-malaysia.html>; <http://blogs.wsj.com/searealtime/2014/01/21/malaysia-gets-tough-on-illegal-immigrants-as-amnesty-program-expires/>)
- On 30 January 2013, the government announced that the imposition of a levy on foreign workers would be reintroduced with immediate effect in order to reduce the rising costs faced by employers, especially in the small- and medium-size industries. Trade unions and civil society activists have expressed serious concern that the government's decision to reintroduce the deduction of migrant workers levy from their wages would shift

the burden on to migrant workers, arguing that employers should not be permitted to remove pre-April 2012 worker entitlements and benefits from existing and subsequent employment contracts (Sources: <http://www.industrialunion.org/malaysia-minimum-wages-for-all>; *Malaysiakini*, 'Levy on foreign workers cancels out minimum wage', 6 February 2013)

- The government recently implemented a biometric identity card system with different colours according to working sectors such as manufacturing, construction and services. Employers have been told to get "I Cards" for their foreign workers by the end of 2014 to ensure only legal foreign workers are in the country. Biometrics of migrant workers who are arrested will be taken before they are deported to ensure the 'offenders' will not be allowed to re-enter the country. (Source: <http://www.channelnewsasia.com/news/asiapacific/malaysia-to-weed-out/960732.html>)
- The minimum wage announced in July 2012 is a basic wage excluding overtime, existing allowances and other benefits. However, to avoid paying minimum wages some employers calculate other benefits as part of minimum wage and some force workers to sign that they received minimum wages, while actually paying them less.
- In 2011 Malaysia initiated a '6P' regularization program that allowed employers and agents to legalize foreign workers in the country. This program was officially discontinued in September 2013. In response to a request from Indonesia, a Special Program of Managing Illegal Immigrants (PKPP) was initiated by the Malaysian government in 2013 to allow workers who reported being cheated by agents during the 6P program to be regularized by their employers. After first encouraging employers to use agents to deal with foreign workers, the Malaysian government later required employers to deal with immigration authorities directly to register migrant workers.
- Reports of abuse led Indonesia to stop sending domestic workers to Malaysia in June 2009. Cambodia also suspended sending domestic workers to Malaysia in October 2011. Malaysia has taken some steps towards improving the welfare of domestic workers, including requiring at least one day off per week and nearly doubling minimum monthly salaries to 700 ringgit (\$210). Both countries have negotiated new MOUs providing greater protections to allow the ban to be lifted in 2014. (Sources: <http://www.theguardian.com/world/2014/mar/07/malaysian-couple-to-hang-murdering-indonesian-maid-komariyah>; [http://migration.ucdavis.edu/mn/more.php?id=3888\\_0\\_3\\_0](http://migration.ucdavis.edu/mn/more.php?id=3888_0_3_0); <http://www.cambodiadaily.com/news/cambodia-to-meet-malaysia-over-maids-mou-53635/>)

*Updated May 2014.*