

21 July 2022

MESSAGE FROM THE PRESIDENT...

PLASTICS INDUSTRY TO MAKE ALL EFFORTS TO COMPLY WITH THE 80:20 MANUFACTURING LICENSE EMPLOYMENT REQUIREMENT BY 31 DECEMBER 2024

The Ministry of International Trade and Industry (MITI) has agreed to **extend the deadline** of the 80:20 Manufacturing License employment requirement (Malaysians 80% and foreigners 20%) until **31 December 2024**.

See [letter from MITI dated 18 July 2022](#).

The decision was made after considering the acute nationwide labour shortages faced by the business community. It is also to be noted that MITI is also aware of the tremendous pressure industries are facing to contain the increasing challenging high operational costs given the rising inflationary pressures contributed amongst others by the global supply chain disruptions due to the pandemic, geopolitical tensions, soaring energy prices and rise in freight rates. Besides these challenges, businesses are also negatively impacted by the increase in minimum wages, energy costs and the weakening of the Ringgit.

We wish to remind members that the 80:20 employment requirement had been set by MITI as one of the approving criteria for the Manufacturing License since 2016. Companies were initially given till 31 December 2020 to comply to the requirement. This deadline was then extended to 31 December 2022, and further extended to 31 December 2024 following the latest decision by MITI.

We are indeed grateful to MITI for responding to the business community's appeal for the employment requirement to be extended by an additional two years. However, we wish to draw members' attention to the attached letter from MITI that has stressed the importance of companies increasing their efforts to increase the employment of local workers and increasing the level of automation in their operations.

While we understand that some companies may still face challenges to achieve the 80:20 Manufacturing License employment requirement by end 2024, members must nevertheless make all efforts to reduce dependency on low skilled foreign labour by automating your processes and enhancing the skills of your workers to achieve higher efficiency to reduce the dependency on labour. In this regard, we wish to also advise members to identify and utilise new technologies, machines and equipment with higher efficiency that are less labour-dependent. These are some of the evidences that companies could present to MITI to demonstrate the company's best efforts to reduce dependency on foreign labour.

Thank you.

MALAYSIAN PLASTICS MANUFACTURERS ASSOCIATION

DATUK LIM KOK BOON
President