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Abstract	Malaysia is a net importer of migrant workers. It exports highly-skilled labour on a long-term or permanent basis and imports low to medium-skilled contract migrant workers. The latter form an overwhelming majority of cross-border labour flows and the incidence of irregular migration is high among the less-educated and less-skilled migrants. Hence, the policy focus on labour migration has been on managing migrant labour flows to maximize growth and facilitate structural adjustment and minimize the negative consequences on economy and society. Striking a balance between the short-term and long-term needs of the economy has been a complex policy challenge.

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TOWARDS AND EAST ASIAN COOPERATION FRAMEWORK FOR MIGRANT LABOUR

MIGRANT WORKERS IN MALAYSIA: AN OVERVIEW

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MIGRANT WORKERS IN MALAYSIA: AN OVERVIEW

Introduction

Malaysia is an exporter as well as an importer of labour, but its in-migration far outweighs its out-migration. It exports highly-skilled labour and imports low-to-medium skilled contract labour. The majority of its out-migrants are long-term or permanent migrants, while its in-migrants are predominantly temporary or contract labour. The dynamics of international labour migration (ILM) in Malaysia has been changing in response to policy and market factors, but the principal characteristics have remained.

Malaysia has relied on the regional labour market for low-to-medium skilled workers since the early-1970s to fuel growth and facilitate structural adjustment without a hollowing-out effect on the economy. But the unprecedented influx of the second-generation migrant workers, following unabated high growth since the mid-1980s, had raised several social, political and economic concerns. The popular perception was that foreign workers were displacing local unskilled workers and suppressing wages and living standards. Foreign workers in large numbers were seen as a security threat as the rising crime rate and incidence of highly contagious diseases were associated with them. Such popular perception was compounded by the belief among policy makers that heavy reliance on low-skilled foreign labour will trap the economy in a low-wage low-skill equilibrium and slow down the much-warranted economic transformation into high-skilled activities. The state had permitted a free inflow of low-skilled inexpensive labour till the economic slowdown of the early 1980s, but thereafter it heavily intervened to restrict and regulate their inflow. The import of migrant workers was officially sanctioned as an interim solution to meet excess demand for low-skilled labour to support its high growth strategy, while it pursued a longer-term strategy to upgrade the economy and expand the supply of skilled labour (Ministry of Finance, 1995, p.39).

Economic transition however has not been easy, and neither has its policy to reduce its heavy reliance on low-skilled imported labour. Oil palm, construction and the electronic sectors are the principal engines of growth, and these sectors heavily depend on low-skilled migrants to remain profitable and competitive. Growth since the 1997 financial crisis has been volatile, and the transition to a services-led growth path is riddled with enormous internal and external challenges. Hence, the official policy is not to jeopardize the fragile engines of growth, while it introduces measures to stimulate new sources of high-skilled growth. Reliance on imported labour in the immediate future is likely to continue. Hence, the policy focus on ILM has been on managing migrant labour to facilitate growth and restructuring, and to minimize the negative consequences on the economy and society.

Section 2 traces the degree of reliance on migrant labour in the context of economic development and labour market changes. Section 3 examines Malaysia's experience in managing cross-border labour flows. What are some of the principal policy instruments for managing the quantity and quality of cross-border labour flows? What has been the focus of these policies and how successful have they been? Section 4 briefly examines some of the perceived consequences on the economy of employing sizeable contract migrant workers. Section 5 summarizes the key issues and policy challenges.

2. CONTRACT MIGRANT WORKERS

Contract migrant workers account for about 22 per cent of the Malaysian labour force. This is a relatively high percentage compared to other countries in East Asia that rely on imported labour¹. Contract migrant workers are at the lower end of the skills spectrum and they account for about 98 per cent of the total number of migrant workers in the country. Of the estimated 2.5 million contract migrant workers, an estimated 0.7 million or almost a third are clandestine or irregular migrants.

The majority of migrant workers are from Indonesia (68.9 per cent), followed by Nepal (9.9 per cent), India (6.9 per cent) and Myanmar (4.6 per cent) (Table 1). The manufacturing sector employed most of the migrant workers (29.9 per cent), followed by the plantation sector (19.8 per cent), domestic services (17.1 per cent) and construction (14.5 per cent) (Table 2).

Contract migrant workers are officially classified as semi-skilled and unskilled foreign workers who earn less than RM2,500 a month². They are issued *visit passes for temporary employment*. Work permits for this category of migrant workers are governed by strict criteria to restrict and regulate their entry, residence and employment. This is to ensure that Malaysians are not replaced by cheaper foreign labour, and to encourage employers to adopt labour-saving production techniques or shift to skill and knowledge-intensive industries to reduce long-term reliance on foreign labour. Contract migrant workers are not allowed to bring in their dependents, but there is documentary evidence of foreign workers with dependents, particularly in Sabah, where entire families migrate. It is reported that about a quarter of the estimated 300,000 Indonesian migrant workers in Sabah have 2 to 3 children per family (The Star, September 29, 2004).

The informal cross-border inflow of low-skilled workers in the early 1970s to work in the agricultural sector soon began to swell with rising labour market imbalances, prompting a more formal and regulated approach for importing labour. The magnitude, structure and determinants of the inflow of contract migrant workers have varied over the last three and a half decades, and can best be examined in three phases that coincide with the business cycles and structural transformation of the Malaysian economy.

First Wave of Migrant Labour Inflows: 1970-1985

The wide economic and demographic differences between Malaysia and its immediate neighbours triggered the second-generation³ cross-border movements of labour. Structural changes and labour market segmentation that emerged in the early 1970s motivated the use of foreign labour. Foreign labour was brought in on an informal basis in small numbers to meet labour shortages in the rural agricultural sector. Given a relatively small population base, sustained growth following rapid industrialization and modernization of the economy led to increasing dependence on foreign workers.

¹ Except for labour-scarce Singapore which has a relatively high proportion of foreign labour in its labour force (26.0 per cent in 2002), Taiwan (2 per cent in 1995), Japan (1.3 per cent in 2000), Thailand (1.5 per cent in 2000), Korea (2.4 per cent in 2000) and Hong Kong (8 per cent in 2000) rely less on foreign labour.

² The previous cut-off salary was RM1,200.

³ Second-generation migrants generally refer to inflow of migrants since the 1970s, predominantly Indonesians, unlike the earlier large-scale migration from China and India

Socio-cultural ties also played an important role in determining the nature and extent of migrant workers. The largest number came from Indonesia, a nation with a long history of socio-cultural and family ties with the local Malay population. These links together with the formation of social networks over the years have helped to reduce the transaction cost of migration and have contributed to the uninterrupted inflow of migrant workers and their dependents.

The strong pull (demand) factors brought on by rapid growth and structural transformation coincided with the push (supply) factors from the sending countries contributing to a free flow of migrant into Malaysia. Workers from low-wage, labour surplus economies such as neighbouring Indonesia, the Philippines and Thailand migrated to Malaysia in search of higher wages and better opportunities and gained employment in the plantation and construction sectors. The market forces contributed to a large foreign worker population, estimated at between 500,000 and one million, and almost all were unauthorized (Ministry of Labour, Labour and Manpower Report, 1987/88, Kuala Lumpur: Ministry of Labour, undated). Only a fraction of them held valid work permits (Table 3).

The Second Wave of Migrant Worker Inflow: 1986-1998

The second phase of unabated increase of migrant workers coincided with the decade of high and sustained growth that commenced in 1986. The economy grew at about 8.0 per cent per annum during 1988-1997, transforming a situation of high unemployment in the mid-1980s to full employment by the early 1990s, with widespread labour and skill shortages, and escalating wages.

The number of foreign workers with valid work permits stood at around half a million in 1993 and gradually peaked to about 1.5 million in 1997. The official estimate of irregular migrants was about one million⁴. In other words, the total number of migrant workers peaked at about 2.5 million or about 30 per cent of the labour force. The unofficial estimate of irregular migrants was as high as two million, implying that migrant workers accounted for about two fifths of the total labour force. Malaysia's growing reliance on foreign workers was only interrupted by the 1997 financial crisis and ensuing steep recession in 1998. The government imposed a total ban on the intake of migrant workers, and the policy to retrench and repatriate foreign workers resulted in a decline in the total labour force by 1.7 per cent. Based on the documented figures for the Peninsula (that is, excluding Sabah and Sarawak), the number of migrants fell by about 35 per cent from 1.2 million in 1997 to 0.78 million in 1998 (Bank Negara Malaysia, 1997, p.77).

Following a decade of trial and error in managing the import of low-skilled migrant workers, a comprehensive policy on contract migrant workers was introduced in 1991. A wide range of policy instruments and measures were formulated to restrict and regulate their import as well as protect their rights. But under severe labour market pressures and weak enforcement, these policy instruments were only partially effective as reflected by the relatively high number of irregular migrants, inviting severe criticisms on foreign labour management policies (Azizah, 1995 and 1996; Pillai, 1992 and 1995; World Bank, 1995 and Edwards, 1997).

⁴ The official estimate of irregular migrants in 1997 stood at around one million (Ministry of Finance, Economic Report, 1997/1998, Kuala Lumpur, 1997, p.25). According to the Ministry of Home Affairs, the one million irregular migrants comprised 650,000 Indonesians, 200,000 Bangladeshis, 100,000 Indians and 50,000 Chinese nationals (New Straits Times, January, 17, 1997).

The unprecedented increase in the import of contract migrant workers was a response to both structural and cyclical forces. It has been argued that there is strong “path dependency” in migration and therefore migration may increase on the upswing of an economic cycle but may not necessarily fall on the downswing (ILO, 2004, p.115). Malaysia’s experience however shows that the migrant flows did respond to the changes in economic circumstances. Several reasons can allude to the partial success in cutting back on the migrant inflows during the recession. One, the state deployed a wide variety of policy instruments to restrict and regulate the inflow of migrants, and it stepped up enforcement and surveillance. While these measures failed to wipe out the problem of irregular migration, they however did help to stem the unfettered inflow of foreign workers, especially in the Peninsula. Second, the economy underwent significant structural adjustments precipitated by the economic slowdown that reduced the demand for low-skilled workers. Malaysia was no longer viewed as a low-cost investment center, especially with the rapid emergence of new low-cost players in the global arena. Third, comprehensive policy actions were introduced to induce economic upgrading through industrial, immigration, labour market and human resource development policies.

Third Wave of Migrant Workers Inflows: 1998 Onwards

The third phase of migrant worker inflows began with economic recovery and the easing of policy to hire foreign labour. The inflow of migrant workers had resumed, but at a much slower pace. The presence of irregular migrants has also fallen with the amnesty followed by introduction of harsher penalties for both employers and foreign workers under revised immigration laws⁵. There is also greater emphasis on skills and training of foreign labour. If employers could provide evidence that their foreign workers are skilled, they could increase their tenure of employment. There is also a trend to diversify the source countries for overseas workers.

From a peak of around 1.5 million in 1997, the number of registered foreign workers fell to a low of around 800,000 by 2000. With economic recovery, the number of registered migrant workers in the Peninsula has once again risen to around 847,000 in 2002 and to 1.1 million in 2003. As at December 2005 this figure stood at 1.9 million. The magnitude of migrant workers seems to be related to the level of economic activity and success in preventing irregular migration. But broad trends in legal migration since 1997/98 seem to suggest that the import of foreign workers has somewhat stabilized, but at a much lower level than the pre-crisis levels. The increase in the number of registered foreign workers in 2002 and 2005 is largely explained by the tough laws and actions introduced in August 2002 to stem irregular migration. Employers are now more inclined to hire migrant workers through legal channels, at least in the Peninsula.

2.1 Irregular Migrants

Despite the legal and administrative channels to employment in Malaysia, irregular migrants take high risks to be in irregular status for a variety of reasons. Unlike the employment of highly-skilled labour, legal recruitment of low-skilled labour involves several intermediaries in the sending and receiving countries to process their movement, raising their transactions costs of migration. In contrast, illegal employment is less time-consuming and cumbersome, and cheaper for both

⁵ Prior to the enforcement of the amended Immigration Act with effect from August 1, 2002, an amnesty was granted from March 21 to July 31, 2002 to an estimated one million immigrants, who had either entered the country illegally or have overstayed, to be repatriated without being prosecuted.

employers and migrants. Policies also tie foreign workers in legal status to a particular employer and location. Hence, foreign workers who prefer greater freedom and flexibility, and seek more opportunities to earn higher income resort to irregular migration. On the supply side, there is a ready secondary job market for irregular migrants. Despite severe sanctions against employers hiring irregular migrants, they continue to hire irregular migrants since they are cheaper and can be hired for shorter periods than warranted by the work permit. In addition, employers caught hiring irregular migrants are rarely punished, giving the impression that they are immune to the tough laws⁶.

Irregular migrants are likely to work in the informal sectors of the economy or in the remote parts of the country. They are also more open to exploitative working conditions and resort to crime when unemployed. They live in squalid housing conditions and are a source of highly contagious diseases.

As noted earlier, estimates of irregular migrant workers varied from as low as one million to as high as two million in the mid-1990s, depending on whether it is official or unofficial. The high incidence of irregular migration has been curbed to some extent through a combination of measures that include tough immigration and labour laws that penalize migrants as well as those hiring, harbouring or trafficking in irregular migrants, stringent border and internal controls, regularization and amnesty programmes and bilateral engagement with host countries. Apprehended irregular migrants are either prosecuted and sentenced to imprisonment or placed in detention centers before being deported. The Malaysian government faces enormous problems in repatriating irregular migrants due to legal impediments and lack of administrative resources.

According to official sources, the current estimate of irregular migrants is 0.7 million, with around 70 per cent believed to be Indonesians (Malaysiakini, May 2, 2006). Malaysia's incidence of irregular migration is relatively high at around 30.0 per cent compared to 5.0 to 20.0 per cent of annual admissions in the OECD countries (ILO, 2004, p.119). The majority of Indonesians enter illegally, while the others overstay after entering legally as tourists. Due to cultural and linguistic similarities, the incidence of overstaying is relatively high amongst nationals from India and China. Close to 250,000 Indian and Chinese nationals are estimated to have overstayed in 2003 (New Straits Times, February 20, 2004).

2.2 Migrants in Sabah and Sarawak

The cross-border labour flows in Sabah and Sarawak differ drastically from that of the Peninsula. In Sabah, foreign labour accounts for about 50 per cent of the total workforce. They are mostly political refugees from the Philippines who migrated in the 1970s and economic migrants in later years. Unlike the Peninsula, migration in Sabah involves full family formation. For instance 45 per cent of the registered workers in Sabah in 1997 were dependents (Bilson Kurus, 1998, p.284). The presence of migrant workers in Sarawak is relatively insignificant, but has been on the rise

Based on the latest figures from the Sabah Department of Labour, there were about 147,000 registered foreign workers in 2001 (Table 4). Given the agrarian economic structure, it is hardly surprising that about 77.0 per cent were employed in the plantation sector. Indonesians constituted about 93.0 per cent of the migrant

⁶ Between August 2002 and July 2004, of the 112 employers caught for hiring illegal workers, none have been convicted thus far due to lack of evidence and constant postponement of trials.

workers, while the rest 7.0 per cent were from the Philippines. The official estimate of irregular migrant workers by the Sabah Labour Department is about 100,000. However, unofficial estimates suggest that there are about two unregistered workers for every documented worker. In other words, there are about 300,000 irregular migrants in Sabah. Sabah not only has a higher proportion (about 50 per cent) of foreign workers in its labour force, but it also has a higher incidence of illegal entry and employment.

Data for Sarawak indicate that there are about 107,000 registered workers (Table 5). About 50.0 per cent of the workers were employed in the manufacturing sector, and about 31.0 per cent in agriculture. This represents a sharp increase in the intake of migrant workers, since data from the early 1990s suggest only a negligible presence of about 30,000. The incidence of irregular migration in Sarawak is believed to be insignificant given the less agrarian nature of its economy.

3. MANAGEMENT OF MIGRANT LABOUR

The entry, residence and employment of foreign labour are governed by the Employment (Restriction) Act 1968 and the Immigration Act 1957. These overarching regulations have been amended and substantiated with other ad hoc policies and measures to deal with the import of low-skilled and high-skilled migrants. The major part of immigration and migrant employment policies however deal with contract migrant workers and irregular migrants since contract migrant workers account for an overwhelming 98.0 per cent of the total migrant workers, with close to a third in irregular status, posing tremendous challenges to managing migration. Given the dynamics of ILM, policies to regulate the import of labour have evolved over the years, influenced by a number of factors that include labour market imbalances, pressure from labour and human rights organizations, national security and foreign relations, high incidence of irregular migration, and legal and social infractions by migrants. In general labour migration policies aim to:

- i. control and regulate the import of migrant workers;
- ii. reduce clandestine or irregular migration; and
- iii. protect the rights of migrant workers.

A wide array of policy instruments and measures has been used to regulate the inflow of migrant workers to balance the short-term versus long-term needs of the economy (Table 6). These include the use of authorized employment agencies to recruit contract migrant workers, bilateral agreements with selected sending countries, issue of work permits, the imposition of a levy and a freeze or ban on import of contract migrant workers from time to time. These policy instruments have recorded mixed success, but to a large degree they determine the trends and patterns of labour migration in Malaysia since the mid-1980s.

3.1 Control and Regulation of Migration

Malaysia pursues an implicit policy to “hire first and fire last” all Malaysian nationals with respect to the recruitment of low-skilled foreign labour. Import of contract migrant labour is subject to the labour market test, i.e., employers must prove that there are no local workers for the particular job by having advertised the post before they are allowed to hire foreign labour. Also in the event of retrenchment, foreigners must go first.

Legislation was introduced in January 1980 to permit the establishment of private agencies to recruit foreign labour. These recruitment agencies play a vital role in sourcing migrant workers. Competition among these agencies has ensured that they

provide fairly efficient services at competitive fees⁷. These agents deal with recruitment agencies in source countries and they process all administrative paperwork and provide the logistics, thereby relieving employers of the complexities in hiring foreign labour. Government attempts in the past to remove their intermediary role and to deal directly with agents overseas have failed⁸. Recognizing their beneficial role, the present bilateral G to G agreements use labour recruiters to facilitate the recruiting process.

Though agents and recruiters fall under the purview of the Private Employment Agents Act, not all agents are registered. Many migrants opt to use unlicensed labour recruiters or agents, some unaware of their legal status or find them less expensive. Unlicensed labour recruiters and agents have been guilty of charging exorbitant fees, falsifying documents, misleading workers about wages, and other abuses. It has been estimated that on the average about 3,000 workers, mainly from Indonesia, Nepal and India, were left in the lurch every year. Authorities have not been too successful in monitoring the recruitment practices of the agents.

New recruitment mechanisms have been introduced to ensure migrants are not exploited by labour agents. At present, most of the foreign workers were being recruited through agents or directly by employers⁹. As of August 2005, companies intending to hire fewer than 50 foreign workers will have to use the services of labour outsourcing companies. A total of 58 outsourcing companies have been appointed by the government to supply and manage labour. However, the initial ban on agents was lifted when the authorities realized that the use of agents was an “unstoppable trend”. Illegal agents can be fined RM5,000, three years jail or both under the Private Employment Agencies Act. Outsourcing companies had to post bonds on each worker, provide housing and a minimum salary if the worker does not have a job. The labour outsourcing firms have been operational since the end of 2005, and it is too early to assess their effectiveness.

Policy experiences have revealed the inherent limitations in the unilateral approach to curb irregular migration. For instance, irregular migrants apprehended without proper identification papers could not be deported to their country of origin. Recognizing the importance of greater state involvement to stem irregular migration, the government-to-government (G to G) agreement was reintroduced in February 2006 to ensure that the process of recruitment was more systematic and transparent, and beneficial to all parties¹⁰. Sending countries are more forthcoming in engaging in

⁷ The fees charged for foreign workers may not exceed 25.0 per cent of the first month's wages. However, in practice, in many instances, part of the upfront costs of gaining employment in Malaysia are paid by the employers and later deducted from the worker's wages. In this way, the initial transaction costs of migration to the migrants are reduced, enabling more migrants to emigrate.

⁸ The Task Force on Foreign Workers, established in 1994 within the Immigration, took over all recruitment with effect from October 1995, except for domestic maids and shop assistants, to stem exploitation by private agents. The Task Force was however disbanded in March 1997 following complaints of inefficiencies and delays from employers.

⁹ There are about 200 employment agencies in the country, but they are only allowed to recruit domestic helpers. The licensed employment agencies had been barred from bringing in workers other than domestic maids since 1995. Workers for other sectors are brought in by labour agents.

¹⁰ The first bilateral agreement - the Medan Agreement - was signed with Indonesia in 1984 to encourage legal recruitment. Indonesia was to supply six specific categories of workers upon request from Malaysia (Ministry of Labour, n.d, p.14). Similar agreements were later signed with Philippines to import domestic maids, and with Thailand and Bangladesh to import workers for the construction and plantation sector. Only a fraction of migrant workers were imported via bilateral agreements when it was first introduced, as supply failed to keep pace with the high demand for unskilled workers. Bureaucratic delays were blamed for the slow response.

bilateral agreements following Malaysia's tough legislation and other repressive preventive measures for combating irregular migration. The wide publicity in sending countries on the harsh treatment of irregular migrants has brought immense public pressure on their governments to play a more active role to protect their workers overseas. Many of the shortcomings of earlier bilateral agreements are being addressed by streamlining the role of recruiting agencies. The bilateral agreements include several clauses dealing with the responsibilities of the signing parties, the employers and the migrant workers on conditions of residence and employment.

The authorities are in the process of issuing smart cards to all migrant workers to deter forgery and falsification of documents. The biometric card system will contain the migrant workers' personal details and fingerprints and would facilitate enforcement. Card tempering is a possibility, but the removal of the chip would damage the card, thereby preventing fake identification cards.

The work permit is the principal instrument used to target labour migrants. Work permits allow migrants to reside and work temporarily in Malaysia, with the sole objective of meeting labour market needs. Several conditions such as age, sex, nationality, skills, duration and sector of occupation are tied to the work permit to restrict and regulate their import. By varying the terms and conditions attached to the work permits, immigrant policies are used to target labour and skill needs.

Work permits are issued for a restricted duration to discourage permanent settlement and to impress upon employers that labour imports are a temporary solution to labour shortages. The duration of employment has been revised several times. Migrant workers are granted work permits valid for a year, and they can be renewed annually for a maximum of three years. Skilled workers can extend their length of stay for another two years¹¹. The duration of employment has been extended further in selected industries following requests from employers¹². Employers can now extend their foreign workers' services beyond the five-year period, provided they could furnish information within six months that their workers are skilled¹³. The nationality of the migrant workers is also limited, and different nationals are assigned to work in different sectors (See Table 7 for details).

A levy on the employment of foreign workers was imposed in the 1991/1992 national budget to offset social costs and encourage restructuring to reduce reliance on foreign workers. The annual levy can be paid by the employer, employee or by both, and it varies by sector and skills. Apart from the levy, migrant workers have to pay various other fees that raise the costs of hiring foreign labour (See Table 8 for details). Unlike Singapore, which imposes a lower levy on higher skilled workers, Malaysia imposes a higher levy on higher skilled workers, which appears to contradict the national policy to encourage skill-intensive industries. The rationale in the Malaysian case is to impose a lower levy on sectors perceived to face critical labour shortages, while a higher levy is imposed on sectors where the problem of excess labour demand has been perceived to be less serious. In other words, the

¹¹ The 3+1+1-year ruling however does not apply to domestic maids. They can be employed for as long as their services are required or up to the maximum age of 45.

¹² Employers were reluctant to repatriate skilled workers and recruit new ones for fear it would disrupt their production schedules.

¹³ During the six-month period, the employer is encouraged to send his workers for further training to improve their skills. Relevant organizations such as the National Vocational Training Council (NVTC) and the Construction Industry Development Board (CIDB) are entrusted with the task of verifying the skills of migrants.

short-term goals to meet labour shortages override the longer-term goals of economic restructuring.

A freeze or total ban on the import of foreign workers was introduced as and when necessary. The ban was imposed when the regularization programmes proved ineffective or when the economy experienced a recession. The imposition of the ban on migrant workers has proven to be highly ineffective, particularly during periods of high growth. Even during the 1998 recession, there was pressing demand for foreign workers, and the ban had to be lifted. The demand for foreign labour is more of a structural phenomenon. The majority of foreigners are employed in a segmented labour market carrying out the 3-D functions (dirty, difficult and dangerous). Hence, the prospects of doing away with foreign labour appear to be slim, at least in the near future.

3.2 The elimination of irregular or clandestine migration

One of the primary concerns of foreign worker policies is to deal with the large numbers of irregular migrants who are seen to pose a threat to national security. Irregular migrants are also open to exploitation by employers and recruiting agents. Hence, a number of measures have been taken from time to time to legalize their stay and employment in the country. These policies include registration of migrants working illegally without threat of deportation, amnesty, enhanced surveillance on unauthorised entry and employment through the security operations code-named Ops Nyah I and Ops Nyah II, and the imposition of tougher penalties on migrants and all those hiring, harbouring or trafficking in irregular migrants.

Four major regularization programmes in the Peninsula and two in Sabah and Sarawak each have been carried out to combat irregular migration. Initial experiences with registrations exercises have proven to be futile due to the high cost of registration, excessive paperwork¹⁴ and the lack of effective mechanisms to enforce existing legislation on irregular migrants. The cost of legalizing each illegal worker was estimated at RM560 (Azizah, 1995). The enforcement mechanism was also weak due to poor resources and irregularities in contrast to the vast coverage of the interior parts of the country where irregular migrants were mostly employed, especially in Sabah. The more recent registration exercises have been greatly simplified and followed by strict surveillance and enhanced penalties to ensure better response from irregular migrants.

Malaysia has periodically offered amnesties to reduce the number of undocumented migrants in the country. Those who return voluntarily during this period are free from prosecution. Amnesty was usually granted before tougher immigration laws and measures were implemented. Irregular migrants however perceive the regularization and amnesty exercises as weaknesses on the part of the government and have been encouraged to illegally extend their stay in the country.

An amnesty was offered in mid-2002 prior to the introduction of tough immigration laws, and an estimated 400,000 took advantage of it. The latest amnesty was offered for a four-month period from October 29 to February 28, 2005¹⁵. Official accounts

¹⁴ Irregular migrants were required to obtain valid travel documents from their embassies before registering.

¹⁵ The initial amnesty was from October 29 to November 14, 2004. Poor response from undocumented workers forced the government to extend the deadline to December 6, 2004, which was further extended to December 31 2004 and later to February 28, 2005 for Indonesians following the earthquake and tsunami in December 26, 2005.

indicated that about 400,000 of the estimated 800,000 to 1.2 million migrants in irregular status had returned under the amnesty programme (New Straits Times, June 22, 2005).

Following the tsunami in December 26 2004 and a formal request from the Indonesian government to postpone the amnesty deadline, the authorities had adopted a softer approach code-named “Ops Nasihat” (Advisory Operations) to track and deport migrants in irregular status¹⁶. The valuable insights and experiences gained from the 2002 amnesty exposed the enormous difficulties and costs involved in holding very large numbers of illegal migrants in detention centers. Thus, instead of raiding settlements, arresting illegal immigrants and placing them in detention centres, illegal migrants were persuaded to return home.

Malaysia has experienced severe labour shortage following forced large-scale repatriation of migrant workers, compelling authorities to relax regulation on hiring new foreign workers for the affected sectors. The experiences with forced repatriation are indeed clear reflections of the heavy reliance of the Malaysian economy on low-skilled migrant workers.

The registration exercises and amnesty programmes were also accompanied by preventive actions by the police. The police have launched several security operations. Ops Nyah I (Get Rid Operation I) is to stop illegal entry along the coastline and the northern border between Thailand and Malaysia. It has been accompanied by Ops Nyah II to arrest irregular migrants not responding to the registration exercise. Those arrested were held at the detention centers until deportation.

The government is also in the process of drafting a comprehensive strategy involving various government agencies to tackle the illegal entry and employment of immigrants, especially Indonesians, more effectively. The strategy involved coordinating sea, land and air operations of the various security and defense forces at the country's borders and checkpoints.

The immigration law has also been amended to plug loopholes in the law and to increase penalties to deter irregular migration. The first of the amendments to the Immigration Act, 1957 to deal with unauthorized entry of migrant workers was introduced in February 1997. The amendments increased the penalty on illegal immigrants and employers hiring irregular migrants. The fine for hiring foreign workers without permits was raised from RM5,000 to a maximum of RM10,000 and imprisonment from one to five years upon conviction. The Immigration Act was revised again in August 2002 as existing provisions were found to be ineffective in curbing the problem of irregular migrants. Under the revised Act, illegal entry into Malaysia carried a maximum fine of RM10,000 or a jail term not exceeding five years or both, and mandatory caning, not exceeding six strokes. Females were exempted from caning. Previously, the law only provided for caning for repeat offenders, and it was found that irregular migrants who were deported re-entered the country assuming a new identity to escape the heavier penalty. Further, those found guilty of harbouring or employing illegal immigrants were liable to fines of between RM10,000 and RM50,000 per employee and a jail term not exceeding one year, while those who hire more than five irregular migrants would be liable for mandatory caning and jail terms of up to a maximum of five years.

¹⁶ About 90 per cent of the illegal migrants are from Indonesia, and a large number of them are from the province of Aceh which was devastated by the December 2004 tsunami.

Owners or tenants of buildings guilty of such offences in the first instance would be liable for fines of between RM5,000 and RM30,000 and/or a jail term not exceeding a year for each irregular migrant found on their premises. For second and subsequent similar offence, the fine goes up to between RM10,000 and RM60,000 and/or a jail term not exceeding two years for each illegal immigrant. Project owners will also be held responsible if irregular migrant were to be found on their premises.

3.3 The protection of migrant workers

All foreigners employed in Malaysia are accorded equal rights as local workers. Special guidelines were also introduced in 1991 as part of the Policy on the Recruitment of Foreign Workers. The comprehensive policy detailed the terms and conditions of employment of migrants. It outlined the responsibilities of the employers on aspects covering housing, health and other terms and conditions of employment. The employer had to sign a contract of employment with the worker, and also undertake to bear the cost of recruitment and repatriation. The foreign worker was also to be accorded similar wages and benefits and terms and conditions of service as provided for in the labour legislation. The employer had to contribute to the Social Security Scheme (SOCSO) and foreign employees could opt to participate in the Employees' Provident Fund (EPF). In early 1998, it was made mandatory for employers to make a monthly EPF contribution of RM5 per worker. This was however abolished in 2001 due to administrative difficulties. In addition, employers were required to provide accommodation for their workers.

To ensure migrant workers are not open to abuse and are able to better integrate into the Malaysian work environment, the government has introduced new measures to expose migrant workers on Malaysian laws and culture. Effective November 1, 2005, all countries, except Indonesia, would have to conduct induction courses for workers coming to Malaysia, failing which they would not be issued visas and work permits. This is to ensure that source countries take responsibility for ensuring that their workers receive some basic information on Malaysian culture and laws before coming to Malaysia to work.

There are fairly adequate laws to protect the rights and interests of migrant workers, but the implementation of the legislation leaves much to be desired. In practice, there is weak enforcement of the laws and lack of knowledge among migrants of their rights, as well as the ways and means to channel their grouses. Common complaints lodged by foreign workers at the Manpower Department include sub-standard housing, inadequate medical facilities, non-payment of wages, denial of paid leave and right to overtime pay, and excessive working hours. In the case of domestic helpers, physical and mental abuse and confinement are the main grouses.

Malaysia has gone through a steep learning curve in managing migration. It has built a fairly comprehensive policy framework and administrative machinery to facilitate the import of migrants to meet sectoral labour imbalances and skill gaps. Delays in legal recruitment have been reduced from about two years to about six months, and the recruitment process and procedures have been made simpler and more transparent. The intake of foreign workers is discouraged through proof of unavailability of local workers, levy, payment of equal wages, restriction of the duration of employment and sector of employment, and annual renewal of work permit.

The bulk of the migration policies cover irregular migration of low-skilled migrants. But state intervention has been less than successful in combating irregular entry,

residence and employment when faced with severe labour market pressures. Lax enforcement and malpractices in enforcing existing rules and regulations have compounded the problem of irregular migration. Very harsh penalties for irregular migration has been more effective in reducing irregular migration but has invited strong criticisms from labour exporting nations and rights-based organizations, and has strained diplomatic ties with labour-exporting countries. Given the complexities in managing labour inflows, Malaysia has moved from a unilateral to a bilateral approach in managing the import of foreign labour.

4. IMPACT OF FOREIGN WORKERS ON THE MALAYSIAN ECONOMY

Migration has positive, negative or neutral effects, but public debate tends to center on the perceived adverse effects of migration. The cross-country experiences, based on a vast empirical literature, show that the effects of migration on the economy have been reasonably balanced or positive (Peter, M, 1993; Simon Chapple, John Yeasbley, et al, 1994 & Withers, 2001). Cross-country empirical evidence suggests that immigration has not caused any net increase in the unemployment rate in the host country, and any negative impact of migration on wages is small. The impact of migrants on the current account is also neutral, while its effects on public outlay have been positive. It is important to note that the impact of immigrants on the local economy would very much depend on the magnitude and type of immigrants. In the case of Malaysia, contract labour migrants account for about 98.0 per cent of all foreign labour and, hence the policy concerns on the impact of migrant workers may differ.

There is little empirical analysis on the impact of migrant workers on the Malaysian economy, due at least in part, to the lack of accurate data on contract migrant workers. Poor record keeping prior to the early 1990s and the high incidence of irregular migration have made it difficult to carry out empirical investigation. None the less, several casual observations have been made, and these tend to highlight the negative impact of migrant workers on the economy and downplay the benefits. This could be attributed to the relatively high incidence of irregular migration and the visible socio-political and security problems associated with migrants, in particular with irregular migrants. Subsequently, the underlying concerns of migrant worker polices in Malaysia have been to restrict and regulate the inflow of irregular migrants through a wide range of policy measures and tough legislation that is out of sync with international best practices.

The perceived costs and benefits of employing migrant workers that have been raised by policy makers, academics and the general public include the following:

Economic, Social, Security and Political Concerns

- i. The relatively easy access to a ready pool of inexpensive low-skilled workers tends to distort domestic factor prices and retard industrial upgrading and trap the Malaysian economy in low-wage low-skill equilibrium.
- ii. It has also been argued that migrant workers have displaced Malaysians and depressed wages in agriculture and construction, thereby contradicting national poverty eradication objectives (Mehmet, 1988).
- iii. Migrant workers are believed to be using social services without paying for them. The subsidized or free use of public facilities such as health, education and infrastructure has been a source of concern.
- iv. Employing migrant workers contributes to a "significant outflow of capital". Migrant workers have been reported to send remittances home using informal channels, and hence the actual amount is speculated to be much higher. The

- outflow of foreign exchange is reported to adversely affect the services account of the balance of payments.
- v. Migrant workers, especially the undocumented workers who avoid compulsory health screening have been a source of communicable diseases that have been eradicated or under control until the arrival of immigrants. The inflow of foreign workers impinges upon public safety and security, as some immigrants, particularly the illegals, were engaged in criminal activities.
 - vi. Migrants also compete with the poor for low-cost accommodation in the squatter settlements and the Malay Reservation areas, causing resentment among the locals. The lack of housing has encouraged the growth of immigrant squatter settlements, with their associated problems of overcrowding and diseases.
 - vii. The inflow of large numbers of young single workers breeds social disharmony and disease-related promiscuity.
 - viii. More recently, immigrants have been associated with the spread of deviant religious teachings and philosophy. The Home Ministry has revoked the permanent resident status of 16 suspected members of the Jemaah Islamiah (JI), a radical Muslim organization (The Star, October 4 2004).
 - ix. There are also fears that a continued influx of migrants with similar linguistic, cultural and religious affinities with the local bumiputera-based political parties could upset the delicate political and economic power-sharing largely based on ethnicity (Azizah, 1991).

Economic Benefits

- i. Migrants alleviate labour shortages and contribute to growth. The intake of temporary migrant workers feeds excess labour demand in sectors affected by rapid structural transformation of the economy, and maintains labour cost competitiveness and profitability in industries that are fast losing their comparative advantage. Firms that operate in highly competitive markets prefer contract migrant workers as they provide greater employment and wage flexibility.
- ii. Migrant workers have served as a buffer to soften the impact of business cycles by fueling growth and moderating wage inflation during periods of high growth and maintaining relatively low levels of unemployment during economic slowdown by shedding excess foreign labour. This aggravates the effects of recessions in sending countries.

The following elaborates on some of the key consequences of employing migrant workers.

4.1 Public Safety and Security Concerns

Migrants, especially irregular migrants who avoid compulsory health screening, have been the conduit for highly communicable diseases such as malaria, tuberculosis and leprosy. These were diseases that were either eradicated or under control until the arrival of migrant workers.

All foreign workers must produce certificates of fitness from recognized clinics in their home countries before work permits are issued to them. They would undergo re-examination by the Foreign Workers' Medical Examination Monitoring Agency (FOMEMA) a year later before their work permits are renewed. FOMEMA also carries out random checks on 10.0 per cent of the new foreign workers that enter the country each year to ascertain whether they suffer from infectious diseases. FOMEMA was established in December 1997 to manage the health screening of

migrant workers. Up to August 2003, a total of 2.7 million foreign workers have been medically examined through FOMEMA. Based on FOMEMA's database, the number of foreign workers infected with tuberculosis has increased alarmingly and amounted to 1,278 persons in 2002 compared to only 21 persons in 1997, while those with Hepatitis B was 4,505 persons (1997: 124 persons) (Table 9). The situation in Sabah is much more serious where migrants accounted for 24.5 per cent of total patients infected with tuberculosis, 49.3 per cent with cholera and 35.4 per cent with malaria in 2001 (Sabah Health Department). Those who failed their medical tests were deported and their work permits revoked. It must be noted that these figures only refer to all those who enter legally. There is no information on the incidence of infectious diseases amongst the irregular migrants who account for about a third of the migrant population in the country. Due to the unreliability of medical tests carried out in the home countries, it is now mandatory for all foreign workers to undergo another medical examination within a month of their arrival in Malaysia¹⁷.

The influx of foreign workers is also perceived to impinge upon public safety and security, as some migrant workers, particularly the irregular migrants engaged in criminal activities. Cross-border terrorism activities in the region have also raised concerns about employing large numbers of migrants from countries associated with terrorist activities. The number of crimes committed by migrants has increased three-fold from 1,333 in 1992 to 3113 in 2002 (Table 10). Indonesians, by virtue of their larger presence committed the most number of crimes (about 62.0 per cent of total crimes committed). However, the proportion of crimes committed by foreigners merely hovers around 2.0 per cent of the total crimes in Malaysia. On a per capita basis, foreigners on average committed about 3.8 crimes per 1000 foreign population, whereas Malaysians committed 5.3 per 1000 foreign population (Table 11). Though the incidence of crimes committed by foreigners rises on a per capita basis, the empirical evidence for suggesting that foreigners are primarily responsible for the rising crime rate in Malaysia remains weak.

There is also the popular perception that foreigners commit more violent crimes. Statistics on the incidence of violent crimes show that 30.0 to 40.0 per cent of the total crimes committed by foreigners are violent crimes (Table 12). But in terms of the ratio of total violent crimes committed by foreigners, it was around 5.1 in 1992, but had risen to 8.0 in 2002.

4.2 Fiscal and Financial Constraints

Remittances by Migrant Workers

Data on the repatriation of income by migrants are not readily available, and therefore an estimate is made based on a field survey of migrant workers¹⁸. The average monthly income of foreign workers is around RM835. The survey also shows that migrant workers in the different sectors send varying proportion of their income home. Those in the plantation sector remitted about 70.0 per cent of their income, while those in the services sector and domestic maids remitted about 93 per cent since food and lodging are provided by their employers. Assuming that migrant workers on the average remit 50.0 per cent of their income, the 1.3 million documented migrant workers are estimated to remit about RM6.5 billion annually. If the irregular migrants are included, the estimated 2.5 million foreign workers remit about RM12.5 billion annually.

¹⁷ This ruling however does not apply to white collared foreign workers and students.

¹⁸ A survey of about 600 migrant workers was carried out between July and September 2003 to gather information on migrant workers in Malaysia.

The survey also showed that three out of every four workers used telegraphic transfer or bank draft, while the remaining 25 per cent used informal channels such as agents and money-changers, or friends and relatives. Official transfer of remittances in Malaysia is relatively higher than elsewhere¹⁹ since many local banks encourage savings and remittances by providing special facilities for foreign workers.

Use of Medical and Health Services

The unpaid medical bills by foreign patients stood at RM11 million for 2004 or double that three years ago. Foreigners have been paying first class fees for treatment since June 2004. Since the hike in fees, there has been a 30.0 per cent reduction in the number of non-citizens seeking treatment and a twofold increase in revenue. The fee charged for foreigners is expected to rise further with the introduction of the National Health Insurance Scheme. However, the fee hike could deny healthcare access to some migrant workers. Those who are most at risk are the ones with no legal status, in the lowest paying jobs and where no medical benefits are provided by employers. At present it is not mandatory for employers to provide medical benefits for their migrant workers. The welfare and well being of migrant workers in this respect has to be addressed.

5. KEY ISSUES AND POLICY CHALLENGES

Malaysia is a net importer of migrant workers. It exports highly-skilled labour on a long-term or permanent basis and imports low to medium-skilled contract migrant workers. The latter form an overwhelming majority of cross-border labour flows and the incidence of irregular migration is high among the less-educated and less-skilled migrants. Hence, the policy focus on labour migration has been on managing migrant labour flows to maximize growth and facilitate structural adjustment and minimize the negative consequences on economy and society. Striking a balance between the short-term and long-term needs of the economy has been a complex policy challenge.

The inflow of contract migrant workers is both a structural and cyclical phenomenon. The magnitude of contract migrant workers has declined somewhat from the peak in the mid-1990s with slower growth and restructuring towards more skill-intensive industries. But apart from Singapore, Malaysia is still the largest importer of contract migrant workers in the region, with a relatively high incidence of irregular migration. Given the structural nature of the demand for foreign workers, and the fact that demand for low-skilled labour is seldom eliminated though restructuring towards more skill-intensity, Malaysia will continue to rely on imported labour in the near future.

Malaysia's temporary migrant worker programme has been more successful than generally acknowledged. Foreign labour management policies have evolved with changing circumstances and experiences, and a fairly comprehensive policy framework and efficient administrative infrastructure has been developed to manage temporary migration. In the initial phase when state intervention was largely absent, the push and pull factors largely explained the cross-border flow of labour migrants, but since the mid-1980s, policies have become important factors influencing the nature and extent of migration.

¹⁹ In many countries, it is believed that only half the remittances are sent through official channels because of the cumbersome procedures, high fees and poor rates of exchange (ILO, 2004, p.24)

The large part of the migrant labour policies deals with irregular migration, which has proven to be a rather complex and daunting task. Harsh penalties for irregular migration have reduced the incidence of irregular migration, at least in the Peninsula, but such repressive measures have drawn strong criticisms from labour exporting nations and rights-based organizations and strained diplomatic ties.

Malaysia has gained a great deal of experience in managing the import of guest workers, and is continually seeking new and better approaches to alleviate illegal entry and employment and to ensure migrant workers are not abused or exploited by agents or employers. The government is also mindful that harsh enforcement of laws against economic migrants and political refugees is not very strategic and relevant within the context of bilateral relations with its neighbours. The government has taken more positive steps to address the human rights of refugees and migrant workers. However, managing cross-border labour flows cannot be done unilaterally. It is a complex multi-faceted phenomenon involving three key players - sending and receiving nations, and migrants, all of whom should shoulder equal responsibility to maximize the benefits and minimize the costs to each of the key players. The role of labour recruiters who serve as middlemen between migrants and employers should be minimized and regulated to ensure workers are not exploited and receive fair value for their efforts.

Economic growth in labour surplus neighbouring countries can stem migration pressures such as that witnessed along the Malaysian Thai borders. In this respect, regional economic integration through trade liberalization under AFTA could bring about greater convergence of wages and prices and other factors of production and ease cross-border labour flows. But in the interim phase, a much wider regional framework is warranted to ensure more orderly movement of people and better protection of migrants. There is a need to shift from the present system that has spawned a huge migration industry that feeds off migrant workers and to a system that maximizes gains to the individual workers.

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Table 1
Distribution of Contract Migrant Workers by Sector, 2000 –2005
(in thousands)

	1990	1995	2001	2003	2004 (as at end July)	2005 (as at end Dec)
<u>Agriculture</u>	47.9	36.1	32.9	16.5	24.7	22.0 [*]
Mining	0.6	0.4	0.2	-	-	-
Construction	10.4	13.5	11.5	23.6	19.8	14.5
Manufacturing	9.8	24.1	24.7	31.5	30.5	29.9
Services	31.3	25.9	30.7	28.4	25.0	33.6 [#]
<u>Total</u> (‘000)	100.0 (242.0)	100.0 (479.3)	100.0 (863.8)	100.0 1,126.8	100.0 (1,359.5)	100.0 (1,944,646)

Notes: * 19.8 per cent are employed in plantations.

17.1 per cent are employed as domestic helpers.

Source: Department of Immigration as cited in Ministry of Finance, *Economic Report, 2004/2005*, Kuala Lumpur;

Department of Immigration, unpublished figures for 2005.

Table 2
Composition of Contract Migrant Workers by Country, 2000 –2005
(Percentage distribution)

	2000	2001	2002	2003	2004 (as at end July)	2005 (as end Dec)
Indonesia	69.4	68.4	64.7	63.8	66.5	68.9
Nepal	0.1	7.3	9.7	9.7	9.2	9.9
Bangladesh	24.6	17.1	9.7	8.4	8.0	2.9
India	3.0	4.0	4.6	5.6	4.5	6.9
Myanmar	0.5	1.0	3.3	4.3	4.2	4.6
Philippines	1.2	1.0	0.8	0.6	1.1	1.1
Thailand	0.4	0.4	2.4	0.9	1.0	0.3
Pakistan	0.5	0.4	0.2	0.2	0.1	0.7
Others	0.3	0.4	4.6	6.5	5.4	4.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Department of Immigration as cited in Ministry of Finance, *Economic Report, 2004/2005*, Kuala Lumpur;

Department of Immigration, unpublished figures for 2005.

Table 3
Estimates of Registered Migrant Workers
(Skilled and Semi-skilled)

Year	Malaysia	Peninsula	Sabah	Sarawak
1985		3,484		
1986		5,529		
1987		7,697		
1988		5,972		
1989		8,738		
1990		24,152		
1993.7-12	532,723	414,336	100,000	18,387
1994	642,057	515,984	100,000	26,074
1995	726,689	576,441	120,719	29,529
1996	745,239	586,796	121,144	37,299
1997	1,471,562	1,190,437	226,565	54,643
1998	1,127,652	789,684	283,968	54,000
1999	897,705	680,845	162,269	54,590
2000	799,685	632,720	75,232	91,733
2001	807,984	618,946	147,447	88,120
2002	-	847,015	-	-
2003	-	1,125,844	-	106,748
2004	1,359,500	-	-	-
2005	1,944,646	-	-	-

Sources: Department of Immigration; Vijayakumari Kanapathy (2001); Azizah Kassim (2002)
Immigration Office, Sabah; Department of Immigration, Sarawak.

Table 4
Registered Foreign Workers by Sector and Nationality, Sabah, 2001

	Bangladesh	Indonesia	Philippines	Others	Total
Domestic Maids	-	7,319	707	-	8,026 (5.44)
Construction	-	976	797	-	1,773 (1.20)
Manufacturing	-	16,528	1,566	-	18,094 (12.27)
Services	5	4,331	1,869	-	6,205 (4.21)
Agriculture	-	108,163	5,183	3	113,345 (76.87)
Total	5 (*)	137,317 (93.13)	10,122 (6.87)	3 (*)	147,447 (100.0)

Note: * Negligible

Source: Adapted from unpublished data from Immigration Office Sabah. Data provided by Dr Bilson Kurus of Institute of Policy Studies, Sabah.

Table 5
Registered Foreign Workers by Sector and Nationality, Sarawak, 2003^{*}

	Domestic Maids	Construction	Manufacturing	Services	Agriculture	Total
Indonesia	14,028	4,011	52,761	1,818	32,976	105,594 (99.9)
Bangladesh	-	90	180	37	13	320 (0.3)
Philippines	-	83	210	26	27	346 (0.3)
Thailand	7	-	4	13	9	33 (0.03)
Vietnam	-	-	74	-	-	74 (0.07)
Others	-	51	151	127	1	330 (0.3)
Total	14,028 (13.1)	4,267 (4.0)	53,389 (50.0)	2,031 (1.9)	33,026 (30.9)	106,748 (100.0)

Source: Department of Immigration, Sarawak, 2003

Table 6
Policy Objectives and Measures for Managing Migration

Objectives	Policies Measures and Instruments
Control and Regulate the Inflow of Migrant Workers	- Establishment of recruitment agencies - Bilateral agreements - Work permit - Levy - Freeze/ban on the intake of contract migrant workers - Employment of "Malaysians First" Policy
Reduce Clandestine or Irregular Migrants	- Registration and regularization Programmes for Irregular migrants - Amnesty - Security Operations code-named Ops Nyah I (Get Rid Operation) and Ops Nyah II - Enhanced legal penalties for irregular migrants and those hiring or harbouring irregular migrants. - Biometric Identity Cards
Protect the Rights of Migrant Workers	- Ratification of ILO Convention 97 (Migration for Employment Convention (Revised), 1949 by Sabah in March 1964. - Foreign Worker Recruitment Policy – Requirement for Contract of Employment, Provision of Similar wages and benefits as local workers. - Compulsory Induction Course on Local Labour Laws and Customs

Table 7
Countries and Sectors Allowed to Recruit Foreign Workers

Sector	Country
Construction	Philippines (malea), Indonesia, Cambodia, Kazakhstan, Laos, Myanmar, Nepal, Thailand, Turkmenistan, Uzbekistan and Vietnam
Manufacturing	Philippines (malea), Indonesia (female), Cambodia, Kazakhstan, Laos, Myanmar, Nepal, Thailand, Turkmenistan, Uzbekistan and Vietnam
Plantation/Agriculture	Philippines (male), Indonesia, India, Cambodia, Kazakhstan, Laos, Myanmar, Nepal, Thailand, Turkmenistan, Uzbekistan and Vietnam
Services	
• Restaurants	All source countries for general worker posts (except India – cooks only). Restaurants in major towns only.
• Laundry	All source countries except India.
• Cleaning/Sanitation	All source countries except India.
• Caddy	All source countries except India.
• Resort Islands	All source countries except India.
• Welfare Homes	All source countries except India.
• Cargo	All source countries except India.
• High Tension Cables	India only
• Domestic Maids	Sri Lanka, Indonesia, Thailand, Philippines and Cambodia

Source: Ministry of Human Resources

Table 8
Foreign Worker Levy and Other Fee

Items	Rate (RM)	
	<u>Peninsula</u>	<u>Sabah & Sarawak</u>
Visa	10-100 per annum	
Employment Pass	200-300 per annum	
Temporary work Permit	60 per annum	
Medical Examination Fee	200 per annum	
Processing Fee	50 per annum	
Personal Bond/Bank Guarantee	500 to 1,500	
<u>Levy</u>		
Manufacturing and Construction	1,200 per annum	960 per annum
Plantation	540 per annum	540 per annum
Agricultural Activities	360 per annum	360 per annum
Services	1,800 per annum	1,440 per annum
Restaurants and Textiles	1,800 per annum	1,440 per annum
Welfare Homes	600 per annum	600 per annum
Island Resorts	1,200 per annum	960 per annum
Sectors with Special Approvals	1,800 per annum	1,440 per annum
Domestic Maids	360(first) 540 (second)	360(first) 540 (second)
Technical and Professional Personnel		

Source: Immigration Department, Malaysia

Table 9
Types of Diseases Found In Registered Foreign Workers, 1997-2002

Type of Infection	1997	1998	1999	2000	2001	2002
HIV	4	173	69	76	91	122
TB	21	1,467	853	1,063	1,477	1,278
Hepatitis B	124	12,030	3,907	2,445	4,093	4,505
Others	51	4,484	2,447	3,330	3,623	2,922
Total	200	18,154	7,276	6,914	9,284	8,827

Source: FOMEMA

Table 10
Number of Crimes Committed by Foreigners, 1992-2002

	Indonesians	Filipinos	Bangladeshis	Others	Total	% of Crimes Committed by Foreigners
1992	710	618	-	5	1,333	1.8
1993	848	875	-	23	1,746	2.2
1994	472	274	-	11	757	1.0
1995	932	1,165	28	46	2,171	2.7
1996	1,066	922	8	23	2,019	2.3
1997	752	802	32	13	1,599	1.3
1998	1,326	897	139	23	2,385	1.5
1999	2,378	1,354	155	83	3,970	2.3
2000	2,219	1,011	142	116	3,488	2.1
2001	2,169	814	178	203	3,364	2.1
2002	2,066	686	147	214	3,113	2.1

Source: The Royal Policy Department, Malaysia

Table 11
Crime Incidence of Migrants versus Malaysians, 1992-2002

	Crimes by Foreigners per 1000 Foreigners	Crimes by Malaysians per 1000 Malaysians	Crimes by Foreigners per 1000 Employed Persons
1992	3.8	3.8	10.6
1993	4.0	4.0	11.4
1994	1.6	3.7	10.8
1995	12.1	3.8	10.9
1996	2.2	4.1	11.7
1997	1.7	5.5	16.2
1998	2.4	7.1	20.3
1999	3.8	7.3	21.1
2000	3.0	7.0	20.8
2001	3.9	6.4	18.9
2002	3.3	6.0	17.3
Average	3.8	5.3	15.5

Source: Computed using data from The Royal Policy Department, Malaysia and the Department and Statistics, Malaysia

Table 12
Incidence of Types of Crimes Committed by Foreigners, 1992-2002

	Violent Crimes	% of Total Violent Crimes ¹	Property-related Crimes	% of Total Property-related ² Crimes
1992	513	5.1	820	1.3
1993	564	5.1	1,182	1.7
1994	312	3.0	445	0.7
1995	643	6.1	1,528	2.2
1996	693	5.6	1,326	1.8
1997	470	2.8	1,129	1.1
1998	748	3.8	1,637	1.2
1999	1,715	8.1	2,255	1.5
2000	1,659	7.7	1,829	1.3
2001	1,490	7.3	1,874	1.4
2002	1,656	7.9	1,457	1.1

Note: 1 – Violent crimes include murder, armed and unarmed robbery, rapes, etc.

2 – Property-related crimes include house-breaking, car/motorcycle/bicycle thefts, etc.

Source: The Royal Policy Department, Malaysia