



## **MEDIA RELEASE**

**FOR IMMEDIATE RELEASE**

### **MALAYSIA SEMICONDUCTOR INDUSTRY ASSOCIATION (MSIA) IS FULLY SUPPORTIVE OF THE DECISION BY THE GOVERNMENT TO DEFER THE CONDITION THAT AT LEAST 80% OF COMPANIES WORKFORCE MUST BE MALAYSIAN**

**Kuala Lumpur, 17 JULY 2022** – The news that the Malaysian Government will defer by two years the condition that Malaysian form at least 80% of the workforce in manufacturing companies before companies are allowed to employ foreign workers is good news for the Semiconductor and E&E industry.

The Malaysia Semiconductor Industry Association (MSIA) is fully supportive of this decision by the Government.

The Semiconductor and E&E industry is a key contributor to the Malaysian economy and is a key growth industry to Malaysia.

- E&E exports grew 18% from RM386 billion in 2020 to RM456 billion in 2021
- E&E generated 56% of Malaysia's trade surplus
- Labour productivity in the E&E sector grew by 12% in 2021 with RM198,437 in value-added per employment, 2 times the national average of RM90,647.

The E&E industry also received the most investment opportunities in 2021, with 94 approved projects worth RM148 billion in 2021 which will create 28,362 job opportunities. The capital intensity (as measured by Capital Investment Per Employee, CIPE) of the E&E industry of RM5,217,439 is the highest among the manufacturing sub-sectors.

These investments by E&E companies in Malaysia signify that there is still a strong demand for semiconductors globally. Supply cannot meet demand. Companies are expanding their existing factories and/ or are building new factories to try to meet the demand for semiconductors. However, the critical challenge facing the industry is the shortage of workers. A survey by MSIA in November 2021 from 80 of our members concluded that the industry needs at least 30,000 workers immediately. As E&E companies expand their factories or set-up new factories, even more workers will be required.

*Malaysia Semiconductor Industry Association (MSIA) President Dato' Seri Wong Siew Hai stated that "E&E companies in Malaysia prefer to hire Malaysian rather than hire foreign workers. Unfortunately, there is an insufficient supply of suitable or industry-ready workers in Malaysia, despite the recent increase in minimum wage. The E&E industry is doing all it can to hire Malaysian workers by searching for them in the whole of Peninsular & East Malaysia including getting the help of agents."*

Currently, the E&E industry is encouraging SPM leavers to join its Academy in Factory (AiF) programme, where they undergo on-the-job training for 18 months and then achieve a technician certificate on successfully completing the training.

The impact is very severe on SMEs and Malaysian companies, as they are losing workers to MNCs with pay increases and these SMEs had to turn away new orders. MNCs will have to move their orders to other sister companies located in other countries, not able to transfer new products & technology to Malaysia and even turning new orders away.

As the E&E industry helps to reduce the semiconductor shortages, the Malaysian economy will be benefit from the growth of the E&E industry.

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### **About MSIA**

Malaysia Semiconductor Industry Association (MSIA) is an industry association which cover companies incorporated in Malaysia who are involved directly or related to Semiconductor Industry (Electronics and Systems), Semiconductor Industry supply chain, institutions providing significant related services to semiconductor industry such as engineering, finance, legal and those societies, associations, chambers and government - linked agencies.

For more information, please visit <http://www.msia.org.my>.

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