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`Industries will not be hit by ruling'

INDUSTRIES will have no problem adjusting to the Government's plan to reduce the number of foreign workers in the country as they can either automate or relocate to other countries, International Trade and Industry Minister Datuk Seri Rafidah Aziz said.

Rafidah said companies can also hire local workers to replace foreign ones as there are about 25,000 locals entering the labour market every year.

She said although companies may have to offer slightly higher wages to attract locals, this will not be a problem for high-tech companies as this constitutes only a small margin of their cost.

"But companies with high labour content may have to relocate to other countries which have cheaper labour," she told a news conference after launching Dewanita in Kuala Lumpur yesterday.

Rafidah said this when asked to comment on Prime Minister Datuk Seri Dr Mahathir Mohamad's statement that the Government is determined to reduce the number of foreign workers to stem the outflow of funds and reduce the risk of violence.

Home Ministry secretary-general Datuk Seri Aseh Che Mat also said that the Government plans to halve the number of Indonesia workers from the current 900,000 people.

He, however, did not say when the target will be met.

Rafidah agreed that the smaller the number of foreign workers in the country, the lesser funds remitted by them.

Economists estimate the outflow of funds to be between RM3 billion and RM5 billion a year.

On the relocation of labour-intensive industries, Rafidah said they have to do it on their own.

"It is for their own survival and they should not wait for the Government's incentives," she said.

The minister said the Government has a reverse investment policy that encourages local companies to locate offshore for strategic reasons such as the need to operate within the market itself like in China or to exploit the comparative and competitive advantages of such locations.

For this overseas investment, profits and dividends derived from the operations are fully exempted from tax.

"They are entitled to tax exemption if they use raw materials from Malaysia for their overseas operations," she added.

For factories which face labour shortage problem in the country, Rafidah said they have to embark on a two-pronged strategy - automation and retraining of workers.

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