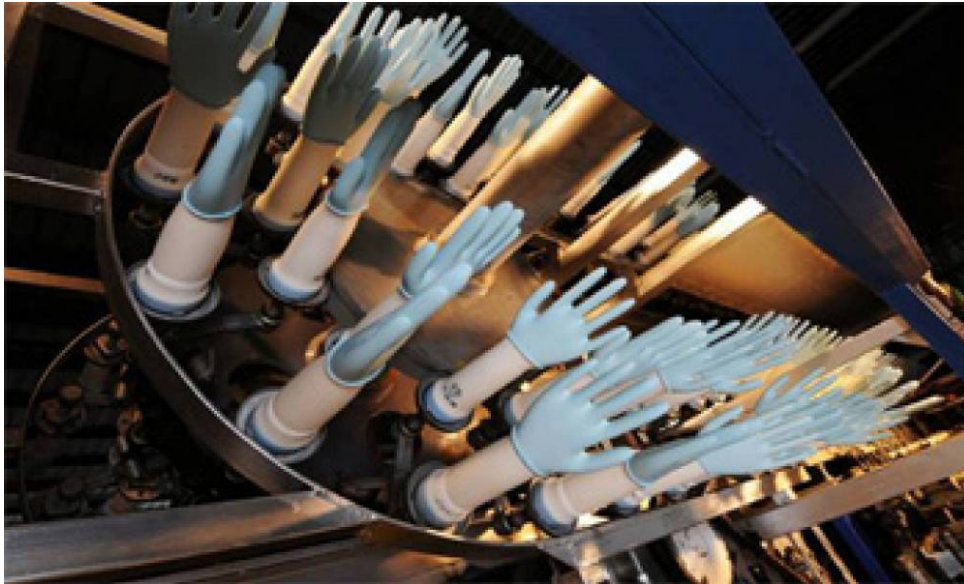


TOP GLOVE TO CUT FOREIGN LABOUR WORKFORCE BY 5% DUE TO NEW LEVY

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SHAH ALAM: Top Glove Corp Bhd intends to cut its foreign labour workforce by 5% this year to manage cost efficiently, in view of the new foreign worker levy rate system effective this month.

Chairman Tan Sri Dr Lim Wee Chai said that while the company was headed towards automation in its 27 plants, the new levy rate system announced by the Government recently was very sudden and didn't take into account the impact on industries overall.

“The levy rate system needs to be improvised, but increasing the rates is totally uncalled for. We now have to pay double the amount.

“The authorities should have called for a dialogue session with the various industries involved before implementing it,” said Lim on the sidelines of launching Top Glove's Private Retirement Scheme (PRS) for employees yesterday.

Reducing the number of foreign workers would be the fastest solution for better cost optimisation, as the industry would also be faced with a minimum wage hike in July, Lim pointed out.

The group's foreign labour workforce now stands at about 7,000. Lim said unlike the gas price hike where the industry was able to pass on the cost to customers, this was a strenuous and challenging situation to be in.

Commenting on the outlook for 2016, Lim said every year presented different challenges, but this year would be harder, not only due to a capacity increase, but with the volatile market as a whole. "We would have to be pro-active and efficient to witness growth," he replied when asked on the recent rebound of the ringgit and its impact on the group's performance.

With the prevailing issues in hand now, Lim also shared that the company had no plans to cut its RM200mil annual capital expenditure. Top Glove would continue to be innovative and invest in research and automation for better growth, said the optimistic Lim.

Meanwhile, on the new PRS scheme, Lim said the group would pump in RM2mil a year.

Lim also was not favourable for the option given by the Government to employees to reduce their Employees Provident Fund contribution by 3% as a measure to increase domestic consumption, stating that the move was irrational.

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