

MEF Supports Review of Expatriate Employment Policy; Calls for Balanced, Talent-Driven and Investment-Friendly Implementation

PETALING JAYA: MEF welcomes the Government’s review of the expatriate employment policy led by the Ministry of Home Affairs (MOHA) and the Ministry of Human Resources (KESUMA), with revisions set to take effect on 1st June 2026.

MEF views the policy enhancement, including higher salary thresholds, defined tenure limits, and structured succession planning requirements, as a positive step towards strengthening local talent development while ensuring Malaysia remains competitive in attracting high-value global investments.

MEF emphasizes that Malaysia is at a critical juncture, with growing opportunities in strategic sectors such as data centers, generative artificial intelligence (AI), green energy, and environmental, social and governance (ESG) compliance. These sectors are increasingly drawing interest from multinational corporations seeking to establish or expand regional operations in Malaysia due to its strategic location, strong infrastructure, reliable energy and water resources, and well-educated workforce.

However, MEF states that Malaysia is still in a growth and capability-building phase in many of these advanced sectors, and there remains a shortage of highly experienced and specialized talent locally.

“Malaysia must strike the right balance between developing local talent and attracting global expertise. Expatriates play a critical catalytic role in accelerating knowledge transfer, capability building, and innovation within our workforce,” said MEF President, Datuk Dr Syed Hussain Syed Husman.

MEF stressed that learning and capability development take place through two key channels 'structured training and hands-on experience. The presence of expatriates enables both, particularly through direct mentorship and exposure to global best practices within international organizations.

"Knowledge transfer is not instantaneous. It requires time, structured engagement, and continuous exposure. Therefore, tenure policies must be sufficiently flexible to allow meaningful transfer of skills and expertise to Malaysian employees," Datuk Dr Syed Hussain added.

While supporting the introduction of succession planning requirements, MEF recommends that such measures be implemented in a practical and industry-sensitive manner, recognizing that certain highly specialized roles may require longer development timelines before localization can be achieved.

MEF also highlighted the importance of ensuring that Malaysia remains an attractive destination for global talent. Beyond employment policies, factors such as ease of doing business, efficient immigration processes, quality of life, education, healthcare, and overall living conditions play a crucial role in attracting and retaining expatriates who contribute to national development.

"To capture emerging opportunities in high-growth sectors, Malaysia must position itself as both an investment hub and a talent hub. Attracting expatriates should be seen as a strategic enabler of local talent development and economic expansion," Datuk Dr Syed Hussain said.

MEF welcomes ongoing digitalization initiatives such as the Xpats Gateway and improvements in processing efficiency through the MYXpats Centre and MIDA's Expatriate System, noting that timely and transparent processes are essential in enhancing investor confidence.

MEF reiterates its support for the Government's policy direction and calls for continued engagement with industry stakeholders to ensure that



implementation remains pragmatic, flexible, and aligned with Malaysia's long-term economic aspirations.

“This is a win-win approach, where businesses gain access to the expertise they need, while Malaysians benefit from accelerated skills development, better job opportunities, and long-term economic growth,” Datuk Dr Syed Hussain concluded.

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