PRESS STATEMENT

FMM CALLS FOR IMMEDIATE ENFORCEMENT OF THE GOVERNMENT PROCUREMENT ACT 2025

Kuala Lumpur, May 21, 2026 — The Federation of Malaysian Manufacturing (FMM) calls on the Government to gazette the commencement date of the Government Procurement Act (GPA) 2025 without further delay. The Act was passed by the Dewan Rakyat on August 28, 2025 and subsequently by the Dewan Negara in September 2025. It is the first dedicated legislation governing public procurement in Malaysia's history. Under Section 1(2), commencement is contingent on a date to be appointed by the Minister of Finance by notification in the Federal Gazette. No commencement date has been gazetted to date.

FMM has long advocated for a single, dedicated procurement statute to consolidate the various treasury instructions, circulars and financial regulations that previously governed public procurement without full statutory force or consistent enforcement mechanisms. The GPA 2025 establishes, for the first time, a legally binding framework for transparency, fair competition and accountability across all procuring entities at the federal and state level. Government procurement is one of the largest areas of public expenditure, channelling public funds into infrastructure, services and programmes that directly affect the competitiveness of Malaysian industry and domestic supply chains. A statutory framework that mandates open and competitive tendering as the primary procurement method, with documented justification for every award decision, raises the baseline for governance across every ministry, agency and government-linked company (GLC). For investors, both foreign and domestic, a transparent and credible procurement system signals that Malaysia awards contracts on merit, reduces risks of rent-seeking and reinforces Malaysia's standing as a reliable investment destination. For the Malaysian public, greater transparency and fair competition strengthen value for money in public spending and free up resources for effective delivery of infrastructure and public services.

FMM requests that the Government confirm the specific commencement date and timeline for the publication of subsidiary regulations, including the First Schedule on approval thresholds, the transition plan for agencies currently operating under existing treasury instructions, and the operational readiness of the Government Procurement Appeal Tribunal (GPAT) to receive cases upon commencement.

The current global environment gives these reforms added urgency. The ongoing West Asia conflict has disrupted shipping routes and driven up freight and insurance costs, creating direct cost pressures for Malaysian manufacturers that depend on imported inputs. Global trade shifts have also intensified trade diversion pressures across the region, raising the risk that government procurement channels are used to supply goods that do not meet local content requirements. Robust verification mechanisms within the GPA 2025 framework are accordingly essential to protect the integrity of the Buy Malaysian policy. Against this backdrop, building domestic manufacturing capacity and channelling public procurement towards Malaysian-made goods and services is both an economic and a strategic priority.

Clause 29 of the Act provides for the implementation of specific policies and measures in government procurement to advance social, economic and environmental development. FMM proposes that the rollout of Clause 29 incorporate a mandatory Buy Made-in-Malaysia requirement across all ministries, agencies and state governments, with annual public reporting on the proportion of contracts awarded to Malaysian manufacturers. Tender specifications must remain neutral and cannot be written around a particular brand, model or technical parameter that excludes qualified local suppliers. FMM proposes a mandatory specification review process, administered by the Procurement Board, requiring procurement officers to justify any specification that cannot be met by multiple qualified local suppliers.

To address the risk of trade diversion through local-entity trading, FMM recommends cross-agency coordination between the Registrar of Government Procurement, the Royal Malaysian Customs Department (RMCD) and the Ministry of Investment, Trade and Industry (MITI) to validate supplier declarations against manufacturing licences and import records. A centralised, verified Malaysian manufacturer directory integrated with the e-Perolehan platform and MITI's manufacturing licence database would give procurement officers a standard reference to confirm local availability before proceeding with any import-based specification.

For small and medium-sized enterprises (SMEs), full digitalisation of the supplier registration system through a single-window platform and the breakdown of large tenders into smaller contract lots where operationally feasible would materially improve market access. FMM also recommends mandatory payment timelines of 30 days for contracts below RM1 million and 45 days for larger contracts, with automatic interest provisions for non-compliance.

Section 2(2) of the Act allows the Finance Minister to exempt one-off allocations from its application for statutory bodies, local authorities, GLCs and government entities. FMM calls for GLCs receiving public funding to be held to the same standards as government agencies, with annual public disclosure of supplier nationality and contract values. Without consistent application across GLCs, the level playing field the Act promises will not be fully achieved.

FMM stands ready to engage with the Government and MOF on the implementation framework and calls on all relevant agencies to work collectively to bring the Act into force at the earliest opportunity.

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FMM Advocates Transparency, Integrity, Accountability and No Corruption

About FMM

The Federation of Malaysian Manufacturing (FMM) (formerly known as Federation of Malaysian Manufacturers) has been the voice of the Malaysian manufacturing sector since 1968, advocating policies and initiatives that drive industrial growth, competitiveness and workforce development. Representing over 13,300 member companies (4,200 direct and 9,100 indirect) from the manufacturing supply chain, FMM is actively engaged with government and its key agencies at Federal, State and local levels. FMM is also well-linked with international organisations, Malaysian businesses and civil society. Apart from benefitting from FMM's advocacy, FMM members enjoy value-added services including training, business networking and trade opportunities as well as regular information updates.

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