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Take stock of times and move on

A MONTH'S trade statistics does not make a year's, but there is something to be said about the trade surplus in August. For one, it came after two months of huge deficits in the country's balance of trade, which had prompted many critics to start saying their prayers aloud for the future of this country. The surplus, which was registered on the back of the largest single-month export ever recorded by the Department of Statistics, also came in a month that the ringgit was on a seemingly unstoppable slide, a development that had many traders and businessmen cowering in fear and the critics calling for resignations of leaders and prime ministers.

For the record, the August surplus is not the first or the largest surplus this year. In March, the country's balance of trade was in the black by RM1.7 billion, and there were surpluses in January, February, and May as well. There was still a deficit of RM2.5 billion for the period January-August, but the prospects for the whole year are surely looking better now. For this the August surplus is significant. It can be taken to suggest that the ringgit's depreciation - the currency has lost some 30 per cent of its value since July - can still bring some macro-economic benefits. The country needs only to aggressively reduce unnecessary imports for the remaining months of the year to ensure that 1997 will end better than expected.

But there lies the more tricky part of the bargain. To reduce imports will require some strict discipline from consumers and businesses. We have heard repeated calls for Malaysians to reduce imports of unnecessary and luxury items, especially when local substitutes are readily available. Although it makes sense to do just that, purchasing power combined with affluence have not ensured that there is always someone with an appetite for imports. Even under such "tough" times as we now find ourselves in, not by choice but by circumstances, Malaysians continue to import. The August import bill, at RM18.3 billion, was still on the high side. Perhaps Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim's budget this month will help change some people's minds. It would have been better, nevertheless, if they had taken their own initiative to reduce imports.

Great initiatives will be needed to ensure that Malaysia and its industries continue to remain competitive in these "tough" times. To register record volume of exports because of the depreciated ringgit is really nothing to shout about. Malaysian companies should aim at increasing the value of its exports by creating greater demand in overseas markets. This can be done only if our goods and products are competitive; that means, they are priced right for the high quality they provide. Ultimately, this is what will pull the country through. The reasoning is simple: the ringgit is not the only currency that has lost its value in this region. The baht, the peso, the rupiah and, to some extent, the won have also seen depreciations in the last couple of months. In terms of price, therefore, any advantage Malaysia gains from the depreciation of the ringgit will be matched, if not surpassed, by exporters from these countries.

This points to the call made by Prime Minister Datuk Seri Dr Mahathir Mohamad for Malaysians to remain disciplined and to keep the faith under this trying period. Say what they want, the arm-chair critics and the

economists are not people who would like to see Malaysians and their nation defy the odds and weather the storm that is wrecking their years of efforts. But prevail we must, for Malaysia's success, whether we like it or not, will determine the success of many other developing countries facing the same predicament, now or in the future. Malaysia should look at the August surplus for inspiration, not as a sign that things will right themselves automatically. There will be no miracles if anyone expects one to happen. What Malaysian businesses need to do immediately is to take stock and find means to utilise the advantage they have now over the same goods and products they compete with internationally. Other than that, we will have to boost productivity and ensure that we do not undermine our own chances. Self-confidence has long gone from many players in the stock market and those whose welfare depend on the ringgit not depreciating further. We cannot afford to lose anymore of that.

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