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PM: Higher trade surplus with reduced imports

MALAYSIA is confident that it will continue to achieve a higher trade surplus in future as a result of the increasing demand for local products.

Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday recent trends indicated a reduction in imports and a rising demand for local products.

"Our trade surplus will increase with the continued promotion of local goods and the reduction of imports," he told reporters after opening the "Buy Malaysian Products" exposition organised by the National Singers, Musicians and Songwriters Association at the Subang Jaya Municipal Council grounds in Selangor.

He said the Government's efforts in reducing imported goods had been successful and this was an initial victory in reviving the country's economy.

The Prime Minister pointed out that in the first six months of the year, Malaysia chalked up more than RM20 billion in trade surplus against a RM2.6 billion deficit in 1997.

Malaysia recorded a trade surplus of RM6.047 billion in June, a marked contrast to a deficit of RM2.799 billion in the same month last year.

The June surplus was the eighth consecutive month a surplus was recorded since November 1997.

It was due to the combined effects of an acceleration in exports by 43 per cent to RM23.661 billion and a drop in imports by 8.9 per cent to RM17.614 billion.

"This is a clear victory stemming from the people's positive response to the Government's call to reduce (demand for) imported goods and increase demand for local goods.

"The response for Malaysian goods is very good. More Malaysians seem to be buying local products," he said.

Citing an example, Dr Mahathir said when the "Love Malaysia, Buy Malaysian" promotion was held in July, about 100,000 people visited the fair each day and bought the goods on display.

Earlier in his speech, Dr Mahathir said demand for local goods could be further increased because they were of high quality and had foreign demand.

"Malaysian-made products can even be found in space," he said referring to the microchips used on spacecraft and modules.

He said if this was the case, there was no reason why Malaysians should not buy local products.

"If 100 per cent of our goods are imported, we would become poorer, but if 100 per cent of our goods need not be imported, the fall in the ringgit would not have had any adverse impact.

"Between these two extremes, a reduction in the dependence on foreign products and an increase in demand for local products could minimise the impact of the ringgit's depreciation. "

Dr Mahathir said by buying Malaysian products, the people could help the economy recover and ward off efforts by others to recolonise the country.

He said expositions such as the one organised by Papita would help generate demand for Malaysian-made products.

"I hope more expositions will be held elsewhere like in the States. We've already had one at the national-level."

However, Dr Mahathir said it was impossible for Malaysia to depend

entirely on locally-made products as items such as sugar, milk, flour and metal products, had to be imported.

Later at the Press conference, Dr Mahathir said although Malaysian exports did not increase tremendously, the value in terms of ringgit was increasing.

"If before palm oil was RM1,400 (per tonne), it is now RM2,400 (per tonne) because the value of the US dollar has strengthened against the ringgit."

Asked on the current state of economy, Dr Mahathir said it was not good as many big companies were in serious trouble and banks were facing problems.

"We see our ability to separate our economy from foreign pressure as still weak.

"They can always depress our ringgit, share prices and our ability to borrow money," he said.

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