

Economists hope int'l trade policies will be improved in Budget 2025

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Bernama

An economist hopes the government will announce initiatives to improve Malaysia's international trade policies, especially within the Asean region, when tabling Budget 2025 as part of the efforts to spur further economic growth.

Universiti Sains dan Teknologi Malaysia economist Professor Emeritus Dr Barjoyai Bardai said these policy improvements can be achieved by loosening tariffs and taxes.

He highlighted that Malaysia already has a law for this, but the implementation has not been satisfactory.

Barjoyai said the government should restructure policies, such as human capital movement between Asean member countries.

"Although Malaysia officially has only two million foreign workers, the reality is that the country is hosting over six million foreign workers from Asean countries.

“This needs to be formalised to provide more benefits to Malaysia.

“I hope these initiatives will be announced in Budget 2025 and implemented gradually,” he told Bernama.

Barjoyai also called on the government to restructure its bilateral trade strategies with Singapore.

“Malaysia still conducts many traditional trade activities with Singapore. We consider Singapore to be an intra-port, where goods produced in Malaysia are exported globally through the republic.

“This needs to be reevaluated and improved so that our trade with Singapore is seen as a final trade and not as intermediary or transshipment,” he said.

Barjoyai said Malaysia has good bilateral trade relationships with international and neighbouring countries, where over 40 percent of the country’s trade is with China and another 25 percent with Singapore.

“We have very close trade relationships with Asian countries. The relationships should be maintained, as in the next two or three decades, Asia will become a more important trade centre than New York.

“We want to focus more on high value-added trade. We should concentrate on economic aspects that create high value-add for the country, where we process raw materials and export final products,” he said.

Consider converging trade, investment landscape

Meanwhile, AmBank Group’s chief economist, Firdaos Rosli, said to sustain the country’s position as one of the world’s largest trading nations, the government should consider converging Malaysia’s trade and investment landscape with the needs of advanced economies.

“I think Malaysia’s trade policy is adequate to aid growth for now. (However), Malaysia could consider aligning itself closer with the two world’s largest buyers - the United States and the European Union (in the future),” he said.

Firdaos opined that Malaysia is a firm believer in multilateralism and has been actively participating in various multilateral platforms that will lead to a more liberal trade regime.

“Considering that multilateral trade liberalisation is slower, Malaysia chose to pursue this goal through the regional and, subsequently, bilateral routes.

“We have 16 free trade agreements (FTAs) and are negotiating two FTAs with the

European Free Trade Association (bilaterally) and Canada (through Asean).

“Over the decades, I think much attention has been paid to improving Malaysia’s external trade landscape, which primarily gravitates towards traditional trade issues such as tariff liberalisation, trade facilitation, services, and investment,” he said.

However, Firdaos added that while these issues are the necessary ingredients for enhancing the country’s trade and investment landscape in the short to mid-term, they may not adequately address the complexities required to bolster Malaysia’s comparative advantage in the long term.

- Bernama

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