

Giant leap in trade to break new ground

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KUALA LUMPUR: Malaysia took a giant leap as a trading nation when its trade registered a historically unprecedented volume: breaching RM1 trillion for 2006.

Prime Minister Datuk Seri Abdullah Ahmad Badawi, who also holds the finance portfolio, said Malaysia's trade totalled RM1.069 trillion — a 10.5 per cent growth over the previous year.

This, he said, surpassed by 50 per cent the estimated seven per cent global growth projected by the World Trade Organisation for last year.

Exports expanded by 10.3 per cent to RM588.95 billion while imports grew by 10.7 per cent to RM480.49 billion.

In a statement issued by his office, the prime minister was exultant, saying: "It is an inspiring achievement.

"Although our country has faced numerous challenges, in particular the financial crisis in 1997 and a global economic downturn in 2001 and 2002, we have successfully coped with these upheavals and continued to perform well."

The facts:

- The highest ever trade surplus registered — RM108.46 billion — making it the 110th consecutive month of trade surplus since November 1997;

- Exports grew by 10.3 per cent to RM588.95 billion in all the major sectors — manufacturing, agriculture, minerals and fuel; and

- Imports grew by 10.7 per cent to RM480.49 billion, reflecting the demand by a strong manufacturing sector.

Abdullah said a breakdown of the figures showed that the trade profile had undergone significant changes in the last two decades.

- In 1987, more than half — or 53.4 per cent — of total trade came from commodities such as crude oil, timber, palm oil and rubber and manufactured goods accounted for 14 per cent of total

RM1.06 trillion

will finance
construction
of 555



Petronas Twin Towers
(RM1.8 billion cost)

or buy
1,000



Airbus A380
(RM1.05 billion cost)

exports.

One decade later — in 1997 — the profile changed again.

Commodities contributed only 17 per cent while manufacturing became the mainstay, contributing to 78.5 per cent of total trade.

"This reflects Malaysia's industrial development and emphasises the strength of the manufacturing sector in enhancing the country's exports," Abdullah said.

The other significant profile change has been in Malaysia's trading partners, he said.

In 1987, Malaysia's trade was largely confined to advanced economies such as Japan, the United States and Europe.

Ten years ago, while still maintaining the important trade ties

with the advanced economies, Malaysia widened its portfolio to grow trade with Asean countries, West Asia and China.

It also expanded trade with developing economies in Latin America, South Asia and Eastern Europe.

The result — sustained trade growth — averaging 10.8 per cent on an annualised basis between 1997 and 2006.

The record trade growth comes on the back of increasingly positive economic data in recent months which, coupled with more business-friendly policies and development plans, has attracted foreign investors in droves to Malaysia.

The stock market has made a

significant leap since the 1998 regional economic crisis with the benchmark Kuala Lumpur Composite Index (KLCI) closing at 1,245.36 points yesterday against 262.7 points on Jan 9, 1998.

Gross Domestic Product is estimated at RM277.2 billion last year against RM182.2 billion in 1998 while foreign direct investments reached RM17.88 billion in 2005 from RM13.06 billion in 1998.

Yesterday, Deutsche Bank head of equities research Teoh Su Yin briefed newsmen in Kuala Lumpur, saying although the KLCI has risen by some 27 per cent since November last year, the market still has room for expansion.