

## HISTORIC

# RM170b MoUs with China mark beginning of Anwar's dedollarisation plan

**THE** RM170 billion worth of memorandum of understanding (MoU) that Malaysia signed with China during Datuk Seri Anwar Ibrahim's official visit recently is historic not just because of the potential investment involved but also for marking the start of the prime minister's dedollarisation policy for Malaysia.

Anwar made his pursuit for dedollarisation clear when he told Parliament on April 4, a few days after his return from Beijing, that there is no need to continue depending on the US dollar for investment.

The problem with many Malaysians, even the smarter ones, is that we are so obsessed with disputing our own prime minister's claim that, just four months into his premiership, the country could actually attract that much investment potential.

"Ah, those are just MoUs" was the detractors' favourite comeback line.

The bigger story, as one analyst who resides in the United States told me, is that China is pushing its own currency as Asia's "re-



**DATUK  
AHIRUDIN  
ATTAN**

serves".

And that with the RM170 billion trade deal with China, Anwar has started to steer Malaysia away from the US dollar.

Anwar's dedollarisation plan has not escaped notice because elsewhere in the world, dedollarisation is taking shape.

In its report, countries worldwide are dropping the US dollar: Dedollarisation in China, Russia, Brazil and Asean. The independent geopolitialeconomy.com noted how Malaysia is publicly advocating dedollarisation.

Anwar met with Chinese President Xi Jinping in Beijing on March 31, where the two leaders discussed plans to weaken US

dollar hegemony and even create an "Asian Monetary Fund".

This is a frontal challenge to the US-dominated International Monetary Fund (IMF), which emerged from the 1944 Bretton Woods Conference that established the dollar as the global reserve currency.

Anwar proposed the Asian Monetary Fund at the Boao Forum in China's Hainan province.

"There is no reason for Malaysia to continue depending on the dollar," Anwar said in comments reported by Bloomberg.

The media outlet added that Malaysia's central bank is developing a payment mechanism so that the Southeast Asian country can trade with China using the ringgit.

Asean has also been talking about its predicament in relation to the US dollar. While Anwar was in China, the grouping's finance ministers met in Bali and they talked about dumping the greenback.

"We must remember the sanctions imposed by the US on Russia," President Joko Widodo of

Indonesia was quoted as saying.

However, an Asean consensus is not quite guaranteed. As in the past (for example, when Tun Dr Mahathir Mohamad advocated the East Asia Economic Group and later, Caucus, idea), Singapore could be the dissenting voice.

Understandably so, as Singapore is the only economy in the region that could be adversely affected by this policy, the analyst added.

"Singapore's status as the financial centre of Southeast Asia has historically been closely tied to its connections with the West and their capital, technology and values.

"However, as China's influence in the region grows and its currency gains prominence, Singapore could face significant challenges in maintaining its position," he said.

But how is that good for Malaysia?

How dedollarisation will benefit us is a national conversation that the Anwar administration needs to initiate in haste.

Right now, information is at best

trickling out of the government's communication apparatus.

Wisma Putra is quiet on the matter. In the past, it would be its responsibility to take the lead.

The International Trade and Industry Ministry has been rather shy, too, except for its minister, Tengku Datuk Seri Zafrul Tengku Abdul Aziz's commitment to ensure that the RM170 billion MoU will be converted into contracts and jobs.

So far, Anwar is walking the talk. What is the rest of his cabinet doing?

The media needs to have a solid grasp on the matter to argue the idea of dedollarisation and the setting up of the Asian Monetary Fund. Financial and economic experts must help break down the mechanics of this policy so that enterprises are aware of the opportunities that they may seize.

The ordinary folk also want to know how this will improve their purchasing power and quality of life.

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