

# 28% of China trade to be in ringgit

## The billion-dollar move aims to reduce dependency on the USD, says Anwar

**KUALA LUMPUR:** Some 28% of trade transactions with China, amounting to billions, will be done in ringgit in a move to reduce dependency on the US dollar, said Datuk Seri Anwar Ibrahim.

While acknowledging that most of global trade was done in the greenback, the Prime Minister said that Malaysia has begun “actively and aggressively” using ringgit when trading with several countries, with the move towards de-dollarisation to increase demand for the local currency.

He said that he had raised the matter during his recent visit to China and at the Asean Summit in Jakarta last month.

“This was well received by China and some 28% of transactions amounting to billions will not use the USD, but done through the ringgit,” he said when replying a question raised by Datuk

Awang Solahuddin Hashim (PN-Pendang) in Parliament.

Apart from China, he said that the country has also successfully negotiated the use of ringgit for trade with Indonesia and Thailand for selected commodities.

To a supplementary question by Datuk Seri Dr Wee Ka Siong, Anwar said most government-linked investment companies (GLICs) and several large local private companies have taken steps to conduct transactions in ringgit as a means to increase demand for the local currency.

“It will very challenging for the ringgit if all transactions are done in USD. That is why some companies are using up to 70% of local currency for their transactions,” he said.

Dr Wee asked if there would be a policy for GLICs to rely on the ringgit for their transactions as a

means to build up their reserves in the local currency.

On the strength of the ringgit against USD, Anwar said that it has nothing to do with fundamentals, but more on the US Federal Reserve’s move to increase its interest rates recently.

“The value of the ringgit is not dependent on fundamentals. Our growth is good, investment good, inflation and unemployment are down, yet the ringgit is also down.

“This means that the ringgit is not in line with economic fundamentals, policies, position or argument. It is dependent solely on the action by the US Federal Reserve to raise the rates. This poses a problem with regard to volatility,” he said.

As such, he said that Bank Negara has taken several measures, including stipulating that exports be done in ringgit, par-

ticularly with regard to international commodity trade.

Anwar stressed that it was also crucial to strengthen the local economy as a means to boost the ringgit. He told the House that he had met Bank Negara governor Datuk Shaik Abdul Rasheed Abdul Ghaffour on Monday night, with the latter expressing positive forecast for the ringgit by the end of the year.

“His assumption is that there will be a direction towards convincing growth by the end of this year based on the data and figures we have received,” he added.

Earlier, Anwar acknowledged that the ringgit had slid (-6.5%) compared to the USD as of Oct 6.

However, he said other regional currencies were also affected, such as the Japanese yen (-10.8%), Thai baht (-6.5%), South Korean won (-6.4%), and China’s renmin-

bi (-4.7%).

Meanwhile, Anwar, who is also Finance Minister, said he will announce several measures under Budget 2024 to help ease the rising cost of living, including for the M40. He informed the House that more than RM81bil will be spent by the government to provide subsidies this year.

Although rationalisation is needed to address the ballooning subsidy cost through targeted subsidies, he assured that it will not be at the expense of the lower income groups.

On the rising cost of living, Anwar said that he will bring the matter up for discussion with his Thai counterpart Srettha Thavisin during his coming visit to Malaysia to see how both nations can tackle the issue, given that cost of living is a global issue which is also affecting Thailand.