

'Doing business in ringgit doable but depends on trading partners'

By **FATIMAH ZAINAL**
fatimah@thestar.com.my

PETALING JAYA: Malaysia's push for de-dollarisation in favour of more trading with the ringgit is doable, but it will depend on the trading partners' willingness, say economists and experts.

They are supportive of the idea, which was made known by Prime Minister Datuk Seri Anwar Ibrahim who, at the Dewan Rakyat yesterday, said that the plan was to reduce reliance on the US dollar.

Malaysia should make concerted efforts to encourage the use of the ringgit and renminbi (RMB) in bilateral trade, thus reducing the dependency on the US dollar while also improving its economic connections with China, said

MCA president Datuk Seri Dr Wee Ka Siong.

He highlighted the significant role that RMB had played in Malaysia-China trade relations.

"Malaysia and China's bilateral trade amounted to US\$203.6bil (RM956bil) in 2022, of which 28% was settled in renminbi, which means a total of trade transactions amounting to US\$57bil (RM268bil).

"This is a good indicator. Our trade can be further strengthened by increasing RMB usage and ensuring a more resilient economic relationship with China," he said when contacted.

Dr Wee emphasised the importance of increasing the percentage of RMB settlements in bilateral trade.

"We had RMB settlements through the Bank of China 10 years ago, so we encourage this to be stepped up again.

"Now, we should push for a higher percentage because there is still room for growth," he said.

"Our total trade with China reached US\$203.6bil last year, so the current 28% is a positive sign."

Dr Wee also advocated for de-dollarisation, which would reduce Malaysia's dependency on the US dollar in international trade transactions.

"Pushing for de-dollarisation would make our trade more robust and less vulnerable to currency fluctuations," he said.

"But then again, it can't be fully decoupled from the US dollar; there is a fallout from being fully

decoupled from the US dollar which, after all, is still the most liquid foreign currency in the world."

Prof Dr Geoffrey Williams of the Malaysia University of Science Technology said it is possible to have more investment and trade settled in ringgit, provided trading partners are agreeable.

Asean and BRICS (Brazil, Russia, India, China and South Africa) would be more amenable to this, he said.

"The pros are that the demand for ringgit will rise and liquidity flows in ringgit will increase, making it more viable as an international currency and more stable too.

"But the cons are that if trade partners are not amenable to it,

then there could be less trade overall. So a voluntary approach would be better," he said when contacted.

Prof Dr Chung Tin Fah of HELP University said encouraging more trade in ringgit is doable but will largely depend on which country Malaysia is trading with.

"Countries that are willing to accept payment in ringgit and pay in their currencies have ways to conduct bilateral trade in each other's currencies," he said.

He added that China is a big trading partner of Malaysia.

"We buy a lot of intermediate and finished manufactured goods and export raw materials to China."