

Mahathir: Don't depend too much on external trade

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FORMER Prime Minister Tun Dr Mahathir Mohamad yesterday warned of potential risks if Malaysia depends too much on external trade to power its economy. In such a case, he said, Malaysia's economic well-being may be exposed to risks faced by its trading partners. To remain competitive, Malaysia must try to reduce the percentage that trade contributes to the country's gross domestic product while contributions from domestic sources must be increased.



Big investments from both private and public sectors would increase non-trade contributions, so if trade falters, the effect on the economy would not be so severe. Dr Mahathir said Malaysia registered substantial trade surplus for more than 80 months since the Asian crisis while it should not happen. Speaking at the Global Leadership Forum in Kuala Lumpur yesterday, Dr Mahathir also said Malaysia has to trade more with North-East Asia, South-East Asia and India as these are the growing areas in the future.

"Within a short space of time, China and India will become the world's economic powers, not just the industrial centres of the world but also the biggest markets in the world," he said.

He added that Malaysia needs to reduce its current 20 per cent trade with the US by growing its trade with countries which need Malaysian goods. Later, when met by reporters, Dr Mahathir said one should always try to balance its trade, otherwise its trading partners would be unhappy over it.

"We should balance our trade, because it's good for everyone concerned," he said.