

'Malaysia's debt level healthy'
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HIGH SAVINGS: Debt ratio to GDP is at 53pc and investments yield high profit, says Dr Mahathir

PUTRAJAYA: THE ratio of debt to gross domestic product (GDP), which stands at 53 per cent currently, is still considered "healthy" for the country as trade and revenue continue to rise, says former prime minister Tun Dr Mahathir Mohamad.

"We can still pay our debts. We still can pay as we see investments yielding high profit. During my administration, a RM300 million profit made by Maybank was considered large.

"Now, Maybank has gained RM6 billion," he said in an interview.

Dr Mahathir said Malaysians should remember that one of the European countries, Greece, could not pay its debts as the ratio had exceeded 100 per cent.

Dr Mahathir said Bank Negara Malaysia's savings was about US\$140 billion (RM431 billion) as compared with only about US\$30 billion at the time of his administration.

As at Jan 31, Bank Negara's international reserves totalled US\$140.2 billion, which, he said, was sufficient to finance 9.5 months of retained imports and was 4.2 times the short-term external debt.

The central bank's total assets, including international reserves, stood at US\$158 billion.

Malaysia also had large deposits in institutions such as the Tabung Haji, Permodalan Nasional Bhd and Felda, he said.

"We've adequate savings, high enough," said Dr Mahathir, who was also Malaysia's former finance minister.

Asked whether Malaysia's trade was still dependent on Western countries despite their sluggish economy, he said: "We're no longer dependent on the West. Our exports to the West have not increased and the West also cannot afford to invest now."

He said foreign investments were now coming from the East and Malaysia's trade with these countries were increasing.

"Our trade with China, for example, is good and it's very high. Our trade with Asean member countries has also increased. So, we don't have to assess our economic progress based on our trade with the West," he said.

Instead, the assessment should take into account the economic progress Malaysia made around the world, he said.

"Our exports throughout the world are still on the uptrend, our surplus is still growing."

Malaysia's total trade posted a three per cent growth last year despite global economic and financial turmoil and tepid demand.

"Even though growth was below expected projection, Malaysia registered its highest total trade of RM1.31 trillion last year vis-a-vis RM1.27 trillion in in 2011.

Last year, exports grew by 0.6 per cent to RM702.19 billion, while imports expanded by 5.9 per cent to RM607.36 billion.

The trade surplus last year was RM94.82 billion, the 15th consecutive year of trade surplus for Malaysia.

Among the top five trading partners, trade expansion was recorded with Asean (8.2 per cent) and China (eight per cent), while trade with the United States dwindled by 2.8 per cent.

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