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14-02-2006: Malaysia's trade to reach RM1 trillion this year

By Ashwin Raman

Malaysia's total trade reached RM967.8 billion in 2005, up 9.9% from a year ago, driven by strong export performance and the government forecasts total trade to breach the RM1 trillion mark this year.

Minister of International Trade and Industry Datuk Seri Rafidah Aziz said on Feb 14 that exports in 2005 remained robust, expanding by 11% to RM533.80 billion from RM480.70 billion in 2004. Imports rose 8.5% to RM434 billion.

"As a result, Malaysia's trade balance in 2005 widened to RM99.8 billion, an increase of 23.7%, from RM80.7 billion in 2004," she said at a press briefing on Malaysia's trade performance in 2005.

She said December showed the highest monthly trade for 2005 at RM89.5 billion. Exports totalled RM49.5 billion, up 13.9% from a month ago, while imports were RM40.1 billion, up 15.1% on-month.

The main drivers for export growth were world economic expansion, strong external demand, especially global recovery of the electrical and electronics (E&E) sector and growth in exports to major markets.

Higher average crude oil price, which rose from US\$41.40 per barrel in 2004 to US\$56.50 per barrel, also boosted the country's export earnings from petroleum, products and liquefied natural gas.

She said the government would launch two strategic plans to boost export growth this year - the Ninth Malaysia Plan (9MP) and the Third Industrial Master Plan (IMP3).

Last year, Rafidah said exports increased 11% to RM533.8 billion in 2005 from RM480.7 billion in 2004. She said the government's plans for this year would include programmes to benefit the business community, including exporters.

Rafidah said Malaysia External Trade Development Corporation (Matrade) would implement a wide range of promotional programmes in 2006 including trade and investment missions, 60 international trade fairs, 13 marketing missions and buying missions to Malaysia.

She said total trade with Asean countries in 2005 had increased 13.8% and represented the strongest growth in total trade last year, attributed to a rise in Malaysia's exports at

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15.4% and imports at 11.6%

According to the ministry, 26.1 % of Malaysia's total exports in 2005 was to Asean countries and since 2002, exports to Asean have been growing at an average annual rate of 13.6 %.

For this year, Rafidah said Asean would continue to be a predominant trade partner for Malaysia.

She said on-going free trade agreements (FTAs) initiatives with Pakistan, Australia and New Zealand were expected to be completed this year and would further enhance market access for Malaysia's products and services as well as facilitate and strengthen trade and investment.

Rafidah said FTA negotiations with the US and India would commence this year while Malaysia and Chile would commence a joint feasibility study for a possible FTA between the two countries.

On the regional level, she said Malaysia was actively involved in negotiations with other Asean members to establish FTA arrangements.

Under the EU Generalised System of Preferences (GSP) Scheme, she said the EU had reinstated the preferential tariff for four Malaysian product groups since January this year to further boost Malaysia's exports to the region.

"With the inclusion of the additional product groups, about 81% of Malaysia's exports to the EU would be eligible for preferential treatment, compared with 16% previously," Rafidah said.

She said the products reinstated would be consumer electronics, plastics, rubber and wood.

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