

Politics and Penang's development

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PENANG, Tues. — Penang's political problems must be solved so that the State can continue with its development efforts, Deputy Prime Minister Dato Seri Dr. Mahathir Mohamad said today.

"There are some political problems here and if they are not solved, they may become a stumbling block to development and progress," he said at a Press conference at the end of a two-day visit here.

Dato Seri Dr. Mahathir said there were no development problems in Penang and political problems should be looked into so that development would not be affected.

Compared with other States, he said, Penang had made great progress in development.

"There is a tremendous spurt forward with all sorts of projects and new ideas. The planning and implementation can be described as good," he said.

Dato Seri Dr. Mahathir said Penang had taken "a tremendous leap forward" and had become one of the fastest growing industrial centres in the country.

Free port

This was because of the good contacts the State Government had with overseas investment centres. He was also impressed with the State Government's housing efforts although the squatter problem was some sort of a hindrance.

Asked about "compensatory" measures for the so-called erosion of the island's free port status, Dato Seri Dr. Mahathir said Penang could not "have the cake and eat it."

If the island wanted to be a manufacturing centre, it could not continue

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Tariff preference offer to Malaysia, Indonesia

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gement with any individual or bloc.

Nevertheless, Japan "has expressed interest in the Stabex scheme. It could be the beginning of a global scheme using the Asean proposal as the nucleus".

On Australia's protectionist trade policy, Mr. Quizon said the Economic Ministers "will certainly" discuss the issue.

"The complaint is that instead of relaxing, the Australian authorities have increased trade barriers and the excuse is always to protect domestic industries."

The Philippine Secretary of Economic Planning and Director-General of the National Economic Planning Authority, Mr. Geraldo Sicat, who arrived later, said his country would go ahead with the phosphate project allocated to it.

Singapore Finance Minister Mr. Hon Sui Sen said on arrival here his country, the Philippines and Thailand would like to make the tariff preferences on 1,750 items available to Malaysia and Indonesia.

"We hope in the process of accepting these preferences they would expand the present range of 71 products," he added.

However, there was no need for them to reciprocate in tariff cuts.

At the last meeting of the Asean Economic Ministers in Singapore, the five Asean member nations had identified 71 items for preferential trading.

Since then, the Philippines, Thailand and Singapore have agreed among themselves to have the 10 per cent across-the-board tariff reduction for a further 1,679 items.

Mr. Hon said the Preferential Tariff Arrangement might be brought up for discussion among the Economic Ministers of Asean "but it is not a matter of vital interests."

The important issue was the advancement of the proposed five Asean industrial projects.

Mr. Hon stressed that

Singapore was not dropping the diesel engine project allocated to her.

"We are continuing to have a look into this project. The pre-feasibility study has been completed and the question now is to decide on the range of engines to be manufactured and their marketability," he said.

On reports that Indonesia had suggested that Singapore confine to the production of engines over 500 horsepower, Mr. Hon said his country was willing to take note of such suggestion.

"The problem with this proposal is that engines of this size are usually custom-made."

"They will pose problems with marketing and it is in the interests of all Asean countries that the engines are marketable because all countries will have to take up equity in the project," he added.

Indonesian Trade Minister, Drs. Radius Prawiro, said on arrival tonight that exports of Asean products to Japan could be doubled if these goods have easier access to the Japanese market.

He said Japan could help provide easier access to its market by giving preferential tariff to Asean countries.

Japan can also help Asean countries if it can go far in implementing agreements reached by industrial countries at the London summit and at the Organisation for Economic Cooperation and Development (OECD) meeting in Paris.

He said there was also plenty of scope for trade co-operation between the private sectors of Japan and Asean.

Dr. Prawiro was a day late for the Asean

economic Ministers' conference because he was engaged at a Cabinet meeting.

He said although Asean member countries had different priorities in rural and industrial development, they had been able to harmonise their ideas.

Commenting on the Asean mission he led recently to Japan, Drs. Prawiro said the mission had frank talks with Prime Minister Takeo Fukuda, Japanese Ministers and senior officials.

He would submit a report of the talks to his Asean counterparts tomorrow.

The talks also covered the stabilisation of export earnings of developing countries, especially in Asean, and the proposed loan of US \$1 billion from Japan to finance the five Asean projects. He said the meeting between Mr. Fukuda and the Asean heads of Government later this week would finalise this matter.

He also said that Indonesia was willing to provide Malaysia with technical aid to establish a urea plant. Both countries have been allotted the same project — the manufacture of urea for marketing in Asean countries — but Indonesia already has several fertiliser plants.

Malaysian Economic Ministers have agreed on a common stand for the Asean Economic Ministers' meeting tomorrow. This was resolved after they met for about two hours today.

The meeting was chaired by Trade and Industry Minister Datuk Hamzah Abu Samah.