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PM: ASEAN ECONOMIC TIES NEED CLOSER LOOK

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KUALA LUMPUR, NOV 30 (BERNAMA ES) -- DATUK SERI DR MAHATHIR MOHAMAD SAID TODAY THAT THERE IS A NEED FOR ASEAN GOVERNMENTS TO HAVE A CLOSER LOOK AT THE STRATEGY AND PRIORITIES OF THEIR ECONOMIC COOPERATION.

THE PRIME MINISTER SAID THAT WITH PROLONGED RECESSION AND DISRUPTIONS OF THE INTERNATIONAL FINANCIAL AND TRADING SYSTEMS, IT WAS IMPERATIVE THAT ASEAN CLEARLY ESTABLISHED A FIRM COMMITMENT TO COOPERATE ECONOMICALLY.

HE SAID THAT SOME FORM OF COORDINATION IN PRODUCTION AND MARKETING OF PRIMARY COMMODITIES WAS NECESSARY AMONG THE MEMBER COUNTRIES, WARNING THAT +FAILURE TO COORDINATE WILL RESULT IN THE SWEAT OF OUR LABOUR BEING ENJOYED BY THE RICH COUNTRIES.+

+WITHOUT SOME FORM OF UNDERSTANDING AND COOPERATION AMONG THE PRODUCERS OF PRIMARY COMMODITIES, THE CHANCES ARE THAT WE WILL BE MANIPULATED TO OUR DISADVANTAGE...WE WILL BE FORCED TO SELL MORE AND MORE IN ORDER TO PURCHASE LESS AND LESS OF THE CAPITAL GOODS AND MANUFACTURES THAT WE NEED,+ HE SAID.

HE SAID THIS AT THE OPENING OF THE ASEAN CHAMBERS OF COMMERCE AND INDUSTRY CONFERENCE HERE.

HOWEVER, THE PRIME MINISTER SAID, THE AIM OF COOPERATION SHOULD NOT BE TO ESTABLISH A CARTEL BUT DIRECTED TOWARDS RATIONALISATION, RESEARCH AND PROMOTION.

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PM: ASEAN ECONOMIC 2 KUALA LUMPUR

NOTING THAT COMMODITIES PRODUCED BY ASEAN HAD GREAT INTRINSIC PROPERTIES, HE SAID FAR TOO OFTEN THESE PROPERTIES WERE IDENTIFIED AND DEVELOPED BY THE RICH INDUSTRIALISED COUNTRIES.

THEIR RESEARCH AND DEVELOPMENT BECAME SO ADVANCED THAT THEY COULD FIND SUBSTITUTES WHEN IT SUITED THEM TO DO SO AND THE PRODUCERS WOULD THEN BE ENTIRELY AT THEIR MERCY, NOT HAVING THE CAPACITY TO OFFER NEWER USES FOR THEIR OWN COMMODITIES, HE ADDED.

THE PRIME MINISTER BELIEVED THAT WITHIN THE PREVAILING CIRCUMSTANCES, OPPORTUNITIES EXISTED FOR ASEAN ECONOMIES TO HARMONISE AND DOVE-TAIL, IF NOT TO INTEGRATE.

+TOGETHER WITH COMPLEMENTARY INDUSTRIALISATION, THIS APPROACH SHOULD RESULT IN ASEAN BECOMING A STRONG ECONOMIC BLOC WITHOUT THE RIGIDITY OF THE EUROPEAN ECONOMIC COMMUNITY (EEC) AGREEMENTS,+ HE SAID.

REFERRING TO ONE OF THE THE EXPRESSED OBJECTIVES OF ASEAN, WHICH WAS TO PROMOTE ECONOMIC COOPERATION FOR BENEFIT OF ALL MEMBERS, DATUK SERI DR MAHATHIR SAID IT REMAINED LARGELY TO BE FULFILLED.

HE DESCRIBED THE ASEAN PREFERENTIAL TRADE ARRANGEMENT (PTA) AS A +FUTILE EXERCISE+ AND SAID THAT THE ASEAN INDUSTRIAL PROJECTS (AIP), THE ASEAN INDUSTRIAL COMPLEMENTATION SCHEME (AIC) AND THE ASEAN INDUSTRIAL JOINT VENTURES (AIJV) HAD MUCH ROOM FOR IMPROVEMENT.

HE POINTED OUT THAT POTENTIALLY PROFITABLE TRADE ITEMS HAD BEEN EFFECTIVELY EXCLUDED FROM THE PTA AND +NO HARD NOSE BUSINESSMEN WOULD TRADE IN GOODS THAT OFFER THEM ONLY MARGINAL PROFIT OR NONE AT ALL.+

ALTHOUGH STATISTICS SHOWED THERE WAS AN INCREASE IN INTRA-ASEAN TRADE OVER THE LAST TEN YEARS, DATUK SERI DR MAHATHIR SAID THAT THIS HAD BEEN MORE DUE TO DIVERSION EVOLVING OUT OF SUPPLY AND DEMAND PATTERNS RATHER THAN THE OUTCOME OF ANY DESIGNS SUCH AS THE PTA.

ON THE AIC AND AIJV SCHEMES, WHICH WERE RESULTS OF PRIVATE SECTOR INITIATIVES AIMED AT PROMOTING INDUSTRIAL COMPLEMENTATION AND JOINT INVESTMENT, HE SAID INDUSTRIAL LEADERS IN ASEAN COUNTRIES HAD FOUND THE GOING TOUGH AND THEIR ENTHUSIASM DULLED BY GOVERNMENT POLICIES AND PROCEDURES.

THE PRIME MINISTER SAID ALTHOUGH IT WAS QUITE OBVIOUS ASEAN COUNTRIES COULD NOT COMPLEMENT EACH OTHER IN RUBBER OR OIL PALM GROWING OR TIN MINING, THERE WAS GREAT SCOPE IN THE FIELD OF COMPLEMENTARY MANUFACTURING.

DATUK SERI DR MAHATHIR SAID THAT THE CAR INDUSTRY WAS EASILY +THE MOST ATTRACTIVE PROPOSITION+ OF SUCH COMPLEMENTATION UNDER WHICH THE COMPONENTS COULD BE MANUFACTURED IN SIX DIFFERENT COUNTRIES ON A SCALE TO SERVE THE WHOLE ASEAN MARKET.

ON THE PROTON SAGA PROJECT, HE SAID AS MALAYSIA CONTINUED TO NEED IMPORTED COMPONENTS DUE TO ECONOMIES OF SCALE WHICH WEIGHED HEAVILY AGAINST 100 PER CENT LOCAL CONTENT, IT WOULD RATHER OBTAIN THESE COMPONENTS FROM ASEAN COUNTRIES IF THERE WAS RECIPROCITY IN ONE FORM OR ANOTHER.

+THE FACT THAT WE HAVE GONE AHEAD TO PRODUCE OUR OWN CAR DOES NOT MEAN WE HAVE ABANDONED THE CONCEPT OF ASEAN COMPLEMENTARITY.+

+WE STILL BELIEVE IN IT AND WE STILL THINK THERE IS ROOM FOR SUCH AN APPROACH IN OUR MOTORCAR INDUSTRY EVEN NOW,+ HE SAID.

REPRESENTATIVES OF THE VARIOUS NATIONAL CHAMBERS OF COMMERCE FROM BRUNEI, INDONESIA, MALAYSIA, THE PHILIPPINES, SINGAPORE AND THAILAND ARE ATTENDING THE FIVE-DAY CONFERENCE WHICH ALSO HAD OBSERVERS FROM THE EEC.

--BERNAMA ES