

# PM: Co-operation key to Asean's industrial success

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**KUALA LUMPUR, Sat. —** Datuk Seri Dr Mahathir Mohamad urged Asean members today to combine their purchasing power to support major industries in each other's country.

The Prime Minister said the purchasing power of each Asean member was not big enough to support major industries on a viable scale.

"But the combined purchasing power of Asean can," he said when opening the Asean Chamber of Commerce and Industry Conference at the Shangri-la Hotel here today.

He said if Asean members accepted the principle of division of labour, they could get the advantage of scale without losing the pace of national progress.

He noted that the Asean states were competing with each other. This had caused all the members to be economically backward and dependent on more advanced countries.

Dr Mahathir said a shift in strategy was needed.

In this regard, he called on Asean members to complement each other in manufacturing.

He said not only could certain industries be allocated to certain Asean countries, but various components of an industry could be divided up to complement each other.

He cited the car industry where he said the components could be manufactured in the six different countries on a scale to serve the whole Asean market.

The Prime Minister said the assembly could be done in the country where the car was to be marketed.

"When the market grows big enough... then each country can manufacture almost all the components themselves."

But, he said, for countries that were too small to have a fully integrated

car industry, certain components could continue to be manufactured.

"It is common knowledge that the biggest car companies in the world do only a small amount of manufacturing," he said.

In Malaysia's case, he said, the economies of scale weighed heavily against 100 per cent local content.

Thus, he said Malaysia

would continue to need imported components.

"We would rather obtain these components from Asean countries if there is reciprocity in one form or other."

Dr Mahathir also stressed that Malaysia had not abandoned the concept of Asean complementarity after going ahead to produce its own car.

He said Malaysia still believed in this concept and added that there was still room for such an approach in its car industry.

He also emphasised that the aim of Asean trade co-operation should not be to establish a cartel.

Instead, it should be directed towards rationalisation, research and promotion.