

Single market and privileges for Eastern Europe will be disastrous, says Asean

EC told: Support open trade system

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By Lim Kean Liang

KUCHING, Fri. — Asean told the European Community today to support the open, multi-lateral trading system because a combination of an European single market and special trading privileges for Eastern Europe will be disastrous.

Prime Minister Datuk Seri Dr Mahathir Mohamad said there appeared to be a "consistency gap" between the EC's position as a leading proponent of trade liberalisation and multilateralism and what it does for the cause.

"It is necessary for the EC to demonstrate that the principles of free trade and competition do not stop short at its borders but will be applicable to all in a fair and equitable manner," he said at the

opening of the 8th Asean-EC ministerial meeting here.

"Nowhere is the application of these principles more relevant than in the current Uruguay Round of multilateral trade negotiations which seem to be stalled in the various groups on tariffs, tropical products and agriculture."

Dr Mahathir said Asean would like the EC to show the political will necessary to get negotiations moving towards a successful outcome.

He added that the EC had the potential to be

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an inward looking and less open trading group.

Indicative of this is that 60 per cent of the EC's total exports in 1987 went to EC countries. And if European Free Trade Area (EFTA) countries were included, EC exports to European destinations were as high as 70 per cent.

Dr Mahathir said with Eastern Europe added, the EC might well do without the rest of the world.

He added that even though the EC considered Asean an important investment centre and despite assurances that more would be

done to encourage greater investments in Asean, European investments continued to lag behind those from other regions.

European investors still have a preference for the industrialised nations in the EC and North America. And with the advantages of a homogenous and enlarged market after 1992, the investors might even be more disinclined to venture outwards to Asean, he said.

On fears that large-scale Western assistance to Eastern Europe would be at the expense of developing countries, Dr Mahathir said: "In raising this issue here, I'm not making a plea for assistance to Asean per se.

"I plead rather for the many Third World countries who are facing serious economic and social difficulties."

He added that the question on Asean's mind was whether Eastern Europe would draw away the already sparse inflow of European investments into Southeast Asia.

He said the EC could help by bringing together businessmen and business opportunities in a three-way link-up between Western Europe, Eastern Europe and Asean.

"You can also help by ensuring that your single market will lead to greater international co-operation and to an upsurge of international trade that will benefit all nations."