

China can play vital role, says Mahathir PM calls for Asia Pacific trade bloc

INST 1 DEC 1990

By Robert Goh

KUALA LUMPUR, Mon. — Asia-Pacific countries should further strengthen their economic and market ties to counter the growing economic blocs in the West, the Prime Minister said tonight.

In this context, China ought to play an important role in the formation of such a bloc for the protection of fair trade in the world, Datuk Seri Dr Mahathir Mohamad said.

Speaking at the official welcoming dinner for visiting Chinese Prime Minister Li Peng at Sri Perdana, Dr Mahathir said Malaysia disagreed with the formation of economic blocs but the fact was that many developed countries had formed such blocs, and were using their

economic strength to obstruct free and fair trade.

Dr Mahathir said: "In such a situation Malaysia has re-examined her stand and is of the view that for the world to achieve balanced economic development, the Asia-Pacific countries should strengthen further their economic ties to form a bloc to countervail the others."

Recently there had been very encouraging developments in the field of international relations, Dr Mahathir said, adding that the end of the Cold War appeared to have caused every country to concentrate on economic development so that its people could live in peace and happiness, he said.

Unfortunately there was an unhealthy trend to establish economic blocs.

He said: "Besides the unification of the European market, the US has formed a joint market with Canada and now with Mexico as well.

"The US is now making efforts to attract the Central and Latin American states so that there will evolve a stronger economic link for North and South America.

"And in Europe, apart from the reunification of Germany, there is a possibility that the East Euro-

pean countries may join the European Community soon.

"On the other hand, as soon as countries in the East are seen by the West to achieve the status of developed nations, various measures are taken to frustrate them."

Earlier, Dr Mahathir said Malaysia would take the lead in initiating the formation of a market pact among Asia-Pacific countries if no other country is willing to do so.

Speaking to reporters after opening the 23rd International Convention of Chinese Newspapers at the Shangri-La Hotel here, Dr Mahathir said:

"They have to be united as they cannot act on their own against mounting trade restrictions being imposed by Western countries."

Dr Mahathir also spoke of the possibility of China becoming a dialogue partner of Asean.

Asean now has a dialogue-relationship with six countries.

Although China is not one of these, being a potentially powerful economy and integral to the Asia Pacific region, that possibility should not be dismissed, he said.

On Sino-Malaysian relations, Dr Mahathir said that in the last five years a framework to foster more trade had been laid, and agree-

ments signed on trade, investment guarantees, avoidance of double taxation, and on air and maritime services.

"Five months ago we removed travel restrictions on Malaysians wishing to visit China.

"This step to further improve our relationship may seem insignificant — but only to those who do not understand our historic relationship in the perspective of opposing ideologies and the vulnerability felt by small states.

"But when China accepted the principle of non-interference in the internal affairs of others, she gained the trust of her friends and she also won the right to manage her own internal affairs.

"Thus, despite the political events in China in June last year, Malaysia's relations with China remained on course, and economic relations continued to improve.

"Thirteen joint investment projects between Malaysian entrepreneurs and China's state corporations have thus been set up to date, totalling US\$500 million (about \$1.3 billion) in value."

Mr Li had arrived this afternoon, leading a 49-member delegation on a four-day official goodwill visit at the invitation of Dr Mahathir.