

PM: Grouping will aid East Asia's growth

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KUALA LUMPUR, Mon. — The development of an East Asian Economic Grouping will eventually create a self-generating engine of growth for countries in East Asia, the Prime Minister said today.

Datuk Seri Dr Mahathir Mohamad said the grouping, which Malaysia is promoting, was important to countries in the region even if it failed to prevent protectionism by the European and American blocs.

"The development of a dynamic economic powerhouse in this region will also be beneficial to the Third World countries as it will help to minimise the adverse impacts arising from developments in industrialised countries by creating additional revenue for trade and development," he said.

Dr Mahathir said this while opening the two-day development strategy symposium organised by the World Bank here.

The purpose of the symposium is to exchange development experiences among East Asian countries to facilitate and assist Vietnam which is in the process of re-building and developing its economy.

Also attending the symposium is the Vietnamese First Vice-Chairman of the Council of Ministers, Mr Vo Van Kiet.

Malaysia, which is committed to the principle of free trade, noted with concern the possibility of failure in the present round of trade negotiations related to the Eastern and American blocs, he said.

"We also note other present trends towards the for-

mation of trading blocs and the creation of bilateral trading arrangements involving developed countries and their close neighbours.

"These trends are likely to result in protectionist policies, resulting in the restriction of world trade, diversion of trade away from countries outside the blocs and the disruption of the free flow of capital.

"Such a trend can have detrimental effects on the economies of developing countries which have trading and other economic ties with the developed countries concerned," he said.

Dr Mahathir said the detrimental effect of such a trend on the economies of countries in this region could be minimised if countries such as those in East Asia could speak with one

voice on issues of common concern.

"If we are to prevent a trend towards protectionism by the European and American blocs we must prove that that trend is damaging to their own economies.

"The possibility of losing a large market consisting of a group of countries would militate against protectionist tendencies and the formation of blocs," he said.

Dr Mahathir said Malaysia would be very keen to participate in developing Vietnam's petroleum, mining, plantation and forestry sectors as well as in investments in manufacturing, financial and other services.

He said Malaysia would be providing direct technical assistance for the rub-

ber industry in Vietnam.

"Before the Vietnam war, we had made some allocations to assist Vietnam in developing its rubber industry.

"We stalled the allocations because of the war but now that it is over, we will assist Vietnam in further developing its rubber industry," he said.

Dr Mahathir hoped Vietnam would allow the private sector to participate in its development programmes because such a policy had proven to be successful in several countries in the region.

"The results of the privatisation exercise in Malaysia have been very encouraging and some of the privatised entities which were previously recording losses have begun to show profits, some of considerable magnitude," he said.