

'NO NEED TO CONSULT WASHINGTON'

EAEG formation to proceed: PM

By AZAM ARIS

MALAYSIA, having received the full backing of all Asean members, will proceed with its plan to form an East Asian Economic Group (EAEG) despite attempts by the US to lobby countries in the region to withhold their support.

Prime Minister Datuk Seri Dr Mahathir said the US need not be consulted over this matter and that countries in the region need to cooperate to enhance intra-regional trade and protect their interest in the international scene.

"We knew of the US action to influence a particular country not to join the EAEG." The Prime Minister, however, declined to name the country.

He added: "Malaysia feels it need not have to discuss the

proposed EAEG with the US. We were not consulted, nor neither did we intervene, when the US proceeded with its plan to form a free trade pact with Canada.

"Now, all countries must protect their own interests. We realised that if the US wanted to safeguard its interest, then obviously it would not like to see any form of cooperation among East Asian countries.

"Such cooperation will indirectly affect US control over the world economy," Datuk Seri Dr Mahathir told reporters after opening a conference on Labuan as an international offshore financial centre in Kuala Lumpur yesterday.

The Prime Minister said

even without the participation of Japan — a world economic power which is crucial to the effectiveness of the EAEG — Malaysia will still promote the idea.

Datuk Seri Dr Mahathir said it is too early to say whether Japan will take part or not but Malaysia will continue to get as many countries in the region to join the grouping.

So far all Asean countries have shown full support for the plan. China is receptive to the idea, as Chinese Premier Li Peng indicated during his visit to Malaysia late last year. Visiting North Korean Premier Yon Hyong Muk has also voiced his country's sup-

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port for the EAEG.

Other countries proposed for inclusion in the economic forum are Hong Kong, Taiwan, the Indo-Chinese nations and South Korea.

The Prime Minister said the US's action can affect the realisation of the proposal but added that "there is no easy way in anything that we do. Malaysia is ready to face any obstacles".

"There is no time frame for the setting-up of the EAEG. We are prepared to be patient in this respect," Datuk Seri Dr Mahathir said.

The US has started to lobby Asean members, saying that their interest will be better served by working with Washington to restart the stalled General Agreement on Tariffs and Trade (Gatt) negotiation.

Opening the conference, Datuk Seri Dr Mahathir said latest indicators suggest that the longest running post-war economic expansion is grinding to a halt.

"The US and the UK are already in recession. These developments coupled with breakdown in Gatt and the war in the Gulf have cast dark clouds of uncertainty over global growth in the 1990s," he said.

Amid this gloomy scenario the silver lining is the Asia-Pacific economies that are expected to expand in the 1990s. The sheer size of the region, which currently accounts for 40 per cent of world output, 45 per cent of world trade and 37 per cent of the world's population, indicates enormous potential for further expansion.

Malaysia is an integral part of this growth. In fact, much of the upsurge in its foreign investment inflows in recent years come from Taiwan, Japan, South Korea and Hong Kong.

"It is with this sense of wanting to forge closer relations between nations in the region that Malaysia proposed the EAEG. Many countries have expressed support for this idea, which we believe, once implemented, will inject even greater dynamism into the region and ensure balanced and free trade," he said.