

Dr Mahathir: Not our aim to set up trading bloc

# EAEG an Asean

FROM LIM KEAN LIANG

**JAKARTA, Sat. — The Malaysian-proposed East Asian Economic Group will now be an Asean effort, Prime Minister Datuk Seri Dr Mahathir Mohamad said.**

Dr Mahathir discussed the formation and objectives of the proposed EAEG at length with President Suharto yesterday and drew the Indonesian President's support for the arrangement and that it be developed as an Asean project.

Speaking to a Press conference before leaving for Bali today, Dr Mahathir said: "All Asean countries support this proposal.

"They have accepted it as a worthwhile project and have expressed their willingness to promote it from now on."

He stressed that the EAEG which he proposed would not be an Economic Community of East Asia.

Asean senior officials meeting in Bandung this month followed by another meeting in Kuala Lumpur the same month will discuss the EAEG and how Asean can play the role of promoting the grouping with other East Asian countries.

Dr Mahathir pointed out that the grouping would not be restrictive and not be modelled after the European Economic Community. He added that the arrangement would not restrict bilateral ties between EAEG members and other countries.

He said: "It is not our aim to set up an Economic Community of East Asia nor a trade bloc that will hamper free trade."

With Europe soon to become a single market, the establishment of the American-Canadian Union and the union's free trade pact with Mexico, East Asian countries need a platform to promote their common interest and speak with one voice, the Prime Minister said.

He added that with the break-

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down of GATT (General Agreement on Tariffs and Trade) negotiations, it was apparent that interest was now more centred on the United States and Europe while other countries had been relegated to observer status.

The US and Europe would only pay attention to, and respect the views of, these other countries if they speak as an economic grouping and more so if these countries could offer a strong market collectively, he said.

Asked if Japan would become a member of the proposed EAEG, Dr Mahathir said the Japanese Government had indicated that it did not want to play a leading role in any East Asian grouping.

He said: "I believe that if all Asian countries come together, it will be very difficult for Japan to exclude itself."

Dr Mahathir said Japan had, to a certain extent, voiced the opinion of South-East Asian countries during the summit of heads of Government of the industrialised countries in the Group of Seven.

Therefore it will not be strange for Japan to participate in the proposed EAEG, Dr Mahathir said, adding that the grouping would provide Japan with an extended forum for its role vis-a-vis South-East Asian countries and the Group of Seven.

He added that Malaysia had presented the proposal to leaders of China and Vietnam when they visited Kuala Lumpur in the last few months. Chinese Premier Li Peng and Vietnamese First Vice-Chairman of the Council of Ministers, Mr Vo Van Kiet, were among the leaders briefed, he added.

The chances of them accepting the proposal was good, he said.

Asked on his discussion with President Suharto yesterday, Dr Mahathir said both Governments agreed to review the tax system on trade and the use of natural resources.

They also exchanged views on a wide range of bilateral and international issues.

of East Asian nations

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