

CNS9352

R GE 04-03 00206 EA076

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Mahathir-EAEG

Embargo: For release after 8pm tonight

From Sukardi Abdul Ghany

DENPASAR, March 4<sup>91</sup> (Bernama) <sup>Dr. M. - oversea trips.</sup> -- The proposed East Asian Economic Grouping (EAEG), mooted by Prime Minister Datuk Seri Dr Mahathir Mohamad, has begun to receive positive response from Europe and the United States despite initial negativism questioning its set up.

The Association of Southeast Asian Nations (Asean) too has understood its concept and supported it.

+What remains is for us (Asean) to formally propose the concept to the East Asian nations outside of Asean. This is a task for all Asean nations,+ the Prime Minister told participants of an international conference here tonight.

In his 30-minute keynote address, Datuk Seri Dr Mahathir underlined the principles of the grouping to promote trade and maintain free trade and he dismissed fears that it would amount to a trade bloc.

He said: +Let me emphasise that it is not intended to be a trade bloc. Regional economic groupings are acknowledged as legitimate means for neighbours in a region to improve their economic wellbeing.

+Accordingly, preferential treatment and the removal of trade barriers within a group are legitimate and proper.+ -- more

♥04/03/18-51MST

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Opening the three-day conference on Asean and the World Economy here last night, President Suharto of Indonesia hinted that the EAEG would become a reality soon after receiving Asean consensus.

Citing the countries of Europe and America as having a reputation for economic arm twisting, Datuk Seri Dr Mahathir stressed that East Asian nations should not form a trading bloc though they could not stop the slide

towards controlled and regulated international commerce.

To stop the slide and to preserve free trade, he wanted the countries of East Asia, noted as one of the most dynamic economies in the world today, to at least speak with one voice.

He noted that it would be impossible to achieve this unless there was consultation or some form of grouping.

In his address entitled +From Confrontation to Cooperation: Asean's Agenda for a Productive Peace+ he said: +A free trade arrangement between us is impossible at this point. There is too much disparity in our development

+A formal grouping intended to facilitate consultation and consensus prior to negotiating with Europe or America or in multilateral fora such as the GATT is not too far-fetched an idea.

+It is also not against the GATT principle nor will it run contrary to membership in such organisations as the APEC in which the US and Canada are members.+ -- more

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Datuk Seri Dr Mahathir, who was explaining the proposal before an international audience for the first time, asked participants their stands and initiatives in rescuing the free trade system of the world.

+Do we refuse to acknowledge the gloomy facts? Do we hush up things? Do we accept them without a whimper? Or do we confront them - the reality of those trade blocs, that is, not the nations?+ he asked.

More than 1,000 participants packed the newly-opened convention hall at a prestigious new five-star hotel here to listen to the Prime Minister. They included Singapore Prime Minister Goh Chok Tong and world corporate leaders from 15 countries invited to the conference, organised by the New York-based Asia Society.

Datuk Seri Dr Mahathir felt that the grouping would be listened to because of factors in its favour such as market size, knowledge, technology and skills.

Another plus factor was its membership that would remind members of their responsibility to the developing world.

He said a concerted effort could then be made to boost the economic growth of the weaker members and, indeed, it would help the developing world generally.

He also believed the mere existence of the group, backed as it was by the massive combined economic strength of the members, would help to retard the slide towards trade blocs and protectionism. -- more

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At the same time, it could foster better trade and development within the group, he added, saying it could survive without the constrictive structuring of a formal economic community, given a dedication towards mutual help.

Datuk Seri Dr Mahathir was optimistic the fears regarding the formation and role of the EAEG would disappear once it was understood that the group was complementary rather than confrontational in nature.

+World trade would benefit from EAEG rather than be stifled by it,+ he said.

The Prime Minister also spoke on democracy and free enterprise, saying nations were finding it easier to declare the intention, or to overthrow authoritarian regimes even, than to obtain tangible benefits from democratic freedom and the market economy.

He said: +People power is fine. It can remove dictators and corrupt governments. But power corrupts and people power can be no less corrupting.+

He added that the potentially corrupt could also resort to political power through getting people on to the streets.

He cautioned that the overthrow of the corrupt often resulted in the installation of another leader who was or became equally corrupt. -- more

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It was easier to overthrow an allegedly corrupt government than to materialise a government that could rehabilitate the nation, he said.

He pointed out that democracy must not be an end in itself but remain a means to an end - the installation of good governments in the true sense of the word.

Earlier, Datuk Seri Dr Mahathir dealt on Asean's economic background, successes and prospects and warned too of negative aspects of the equation.

He proposed an informal meeting of Asean Heads of Government to be held regularly in a relaxed ambience between the formal summit meetings.

Such an informal gathering, away from the cameras and the pressure to produce some dramatic outcome, for the purpose of merely exchanging views and perspectives and keeping in close touch would contribute to the process of ensuring fullest consultation between them, he said.

+This should be over and above the bilateral meetings,+ he added.

Also present were Datuk Seri Datin Paduka Dr Siti Hasmah, Malaysia's Special Representative to the United Nations, Datuk Musa Hitam, and more than 100 senior Malaysian officials from the public and private sectors. —  
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