

EAEG not competing with Asean, says Dr Mahathir PM: Group will help trade

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From Lim
Kean Liang

DENPASAR (Bali), Mon. — World trade will benefit from the proposed formation of the East Asia Economic Group (EAEG) rather than be stifled by it, Prime Minister Datuk Seri Dr Mahathir Mohamad said today. "The EAEG is principally concerned with trade and maintenance of free trade," Dr Mahathir told the 1,000 participants attending the international conference on *The Asean Countries and The World Economy: Challenges of Change*.

Dr Mahathir, the prime mover of the grouping, emphasised that the EAEG does not compete with the Asean group. In fact, the proposed grouping is also compatible to the General Agreement on Tariffs and Trade (Gatt) and the Asia-Pacific Economic Co-operation (Apec).

He expressed confidence that once this is understood, the fears regarding the

fore not be too far-fetched but ideal.

Because of its market size alone, the EAEG could foster better trade and development within the group. And with mutual help, the group could survive without the constrictive structuring of a formal Economic Community.

He added that Asean member countries now understood and supported the EAEG concept and what remained to be done was to formally propose the concept to the East Asian nations outside Asean.

This, he said, would be a task for all Asean nations.

He told the audience that Asean must prepare for the making of a new South-East Asia. Asean must move forward with the creative and comprehensive engagement of the other States of the region.

Dr Mahathir said the mountain of distrust and misunderstanding in South-East Asia must be removed and Asean should work out

EAEG's formation and its role would disappear.

The Prime Minister, in his paper *From Confrontation to Co-operation: Asean's Agenda for a Productive Peace*, delved at length on the proposed EAEG.

Dr Mahathir said the countries of East Asia, which contain some of the most dynamic economies in the world today, must at least speak with one voice to stop the slide towards controlled and regulated international commerce and to preserve free trade.

He said: "It will be impossible to do this unless we can consult each other, unless we can have some form of group which is recognisable."

He added that a formal grouping intended to facilitate consultation and seek consensus prior to negotiation with Europe or America or in multilateral forums such as Gatt would there-

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the acceptable modalities and appropriate mechanism for a system composed of States which are economically prosperous, socially dynamic, strategically secure, domestically at peace and politically unpolarised.

"We must strengthen the Asean peace, the Asean concert (joining hands to deal with the outside world) and the web of economic and social relationship between us in the Asean community," he added.

On the fourth Asean summit to be held in Singapore, he said much would need to be accomplished in the run-up to the summit. The Prime Minister proposed that an Asean informal meeting of heads of State be held regularly between the formal summit meetings.