

TOWARDS FREE TRADE

By Hoo Ban Kee

DENPASAR, Mon. — The proposed East Asia Economic Group (EAEG) is for free trade, and will benefit world trade rather than stifle it, Datuk Seri Dr Mahathir Mohamad said tonight.

The Prime Minister, explaining the proposal to an international audience for the first time, said the EAEG was not intended to be a trade bloc.

"Once it is understood that the EAEG is principally concerned with trade and the maintenance of free trade, the fears regarding its formation and its role will disappear," he added at a dinner held in conjunction with an Asean and world economy conference here.

Dr Mahathir said a grouping became a trade bloc when member states were no longer allowed to negotiate trading terms on their own with nations outside the group.

"The EC (European Community) claims that it is not a trade bloc but even now import quotas and preferential treatment are based not on the requirement of individual member countries but on the EC as a whole," he said.

In 1992, he said, the Europe single market would be formalised and there was justifiable fears that trade between EC countries would be classified as domestic and quotas would be fixed for imports from outside of Europe to protect the industries and agriculture of Europe as a whole.

In reference to the US-Canada single market which will later include Mexico, Dr Mahathir said it was the declared ob-

jective of the United States to make the whole of North, Central and South America a single economic grouping.

He said European nations and the United States had a reputation of using a host of issues like human rights, trade unionism, exchange rates, media treatment, environment protection and democratic practices to suppress the economic growth of potential competitors, he said.

The action taken against the so-called newly-industrialised countries were illustrative of this, he said.

"Alone and bereft of friendly support, these countries are not in a position to even protest. Indeed open protest might invite even more severe punitive pressures," he said.

Dr Mahathir said that to stop the slide towards controlled and regulated international commerce and to preserve free

trade, the countries of East Asia must at least speak with one voice.

"But it would be impossible to do this unless we can consult each other, unless we can have some form of grouping which is recognisable," he said and added that a formal grouping intended to facilitate consultation and consensus prior to negotiating with Europe or America, or in multilateral fora such as the GATT, might be ideal.

"It is also not against the GATT principle, nor will it run contrary to membership in such organisations as the Apec in which the United States and Canada are members while having an economic union with each other."

Dr Mahathir said because of its market size, the EAEG would be listened to. And it would also have the knowledge.

● TURN TO PAGE TWO

Asean
must
help
others:
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● FROM PAGE ONE

the technology and the skills which could become bargaining counters in any trade off with the trading blocs of Europe and America, he said.

He said membership of the EAEG by developing countries should also serve to remind other members of their responsibility to the developing world.

A concerted effort could then be made to boost the economic growth of the weaker members and indeed to help the developing world generally, he said.

Dr Mahathir said it was heartening to note the more positive pronouncements from Europe and America on the EAEG proposal after some negativism initially.

He said members of the Asean now also understood the EAEG concept and supported it.

Earlier, Dr Mahathir said that with the end of the Cold War, the international situation was more fluid than at any time since World War Two.

"With the 'East' in turmoil, the 'South' in continuing crisis, and the 'West' on an economic collision course, an active Asean can contribute positively," he said.