

CNS4264

U GE 27-04 00201 EG294

aae tbe

Mahathir-Kaifu

KUALA LUMPUR, April 27 (Bernama) -- With some 50 per cent of its trade taken up by the developed American and European countries, it would be suicidal for Malaysia to want to trade only with East Asian countries under its proposed East Asian Economic Grouping (EAEG), Datuk Seri Dr Mahathir Mohamad said tonight.

+The EAEG that is being proposed cannot, therefore, be intended to close the markets of East Asia to Europe or America, + the Prime Minister said when hosting a dinner in honour of Japanese premier Toshiki Kaifu, here.

Encik Kaifu and his wife, arrived here today for a three-day visit, the first leg of a 10-day tour of five Asean countries. The other countries are Brunei Darussalam, the Philippines, Singapore and Thailand.

The Malaysian leader stressed that all that was intended (under the EAEG) was for the East Asian countries to voice collectively in favour of free trade at all fora involved with the future of the world trading system.

+An East Asian economic community or an East Asian exclusive free trading zone is very far from our minds, + he added. -- more

♥27/04/22-10MST

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Mahathir-Kaifu 2 Kuala Lumpur

Datuk Seri Dr Mahathir said he was therefore shocked to be told that countries in the East Asian region should not have a forum among themselves or identify themselves as East Asians.

+It has been put across to us that since East Asia is in the Pacific Rim we are therefore required at all times to act as members of the Pacific Rim.

+While countries on the eastern shores of the Pacific may form exclusive groups, those on the western shores may not even form a forum.

+Arguments like this simply do not make sense, + he added.

He said he was told that some quarters did not understand the objectives of the EAEG, and had to explain the concept even though others had not offered any explanation on theirs.

+But surely it is very clear that it is impossible for the EAEG to be anything like the European Community or even the United States-Canada Free Trade Area.

+We were not consulted when others erect barriers against us, but can we not be allowed at least to form a group that is nothing more than a forum to enable us to discuss how to preserve free trade and to help each other become economically more developed.? Is it wrong for us to wish to develop?

+If Asean's development has made the group a rich market for the developed countries, will not a rich East Asian Group constitute an even richer market for Europe and America?+ he asked. -- more

♥27/04/22-42MST

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Mahathir-meeting 3 Kuala Lumpur

He said other member countries too could do likewise in taking the initiative to form their own grouping.

Datuk Majid said Encik Kaifu appreciated the explanation and understood the basis of Datuk Seri Dr Mahathir's proposal.

Encik Kaifu said Japan was committed towards the prevention of the rise of protectionism and had expressed its position to the United States, European Community, Canada and Mexico.

The Japanese prime minister said as a member of G-7, Japan would continue with efforts to present the views of the Asian nations at the group's summit. The next summit is scheduled to be held in London in July.

Asked by reporters whether it would be right to say that Datuk Seri Dr Mahathir did not get any endorsement from Encik Kaifu for the proposal, Datuk Majid said:

+No...Datuk Seri Dr Mahathir did not ask for endorsement but to explain his proposal and clear any misunderstanding especially with a lot of statements arising from all over the place that do not give the right picture+. -- more

♥27/04/22-46MST

R GE 27-04 00224 EG302

aae tbe

Mahathir-Kaifu 4 Kuala Lumpur

Datuk Seri Dr Mahathir also said restrictive trade and policies, which, whether intentionally or not stifle, the growth of poor nations, were still very much favoured by many rich nations.

Malaysia, being a developing country, knew only too well the painful edge of protectionist policies, which not only caused economic hardship but also resulted in social and political instability.

Referring to Asean which he stressed was not a trade bloc, he said the Asean countries did not promote exclusive trade among themselves.

+Clearly Asean does no one any harm. If at all, the obvious prosperity of Asean has contributed to the prosperity of the already prosperous by Asean becoming a rich market.+

The prime minister also said that with the Asean experience and the acute awareness of free trade as an engine of growth, it was unthinkable for any Asean member, least of all Malaysia, to advocate exclusive regionalism and the abandonment of free trade (with the proposed EAEG).

Referring to the steadfast policy of Encik Kaifu's predecessors to strengthen the amicable relations between the region and Japan, he said he was pleased to note from their talks earlier today that Encik Kaifu remained committed more strongly than ever to the +Fukuda Doctrine.+ -- mo

♥27/04/23-16MST

R GE 27-04 00198 EG304

aae tbe

Mahathir-Kaifu 5 Kuala Lumpur

The Fukuda doctrine, adopted by Prime Minister Takeo Fukuda after the end of an Asean tour in 1977, called for the consolidation of a relationship between Japan and Asean based on mutual confidence, trust and +heart-to-heart+ understanding; disavowal of Japan's role as a military power, and pledged to cooperate positively with Asean in its efforts to strengthen its own solidarity and resilience, together with like-minded nations outside the region.

Encik Kaifu, in his return address, said the friendship between Malaysia and Japan was now entering a new phase.

+It has widened beyond economic matters to embrace people-to-people and cultural contact in both directions,+ he said, referring to their growing bilateral trade and the +Look East Policy+ (of Malaysia) that ushered in a new era of Malaysia-Japan relations, among others.

He said that he felt, from their talks today, that this had been an auspicious beginning for his visit to the Asean countries.

+I am particularly grateful to have had an opportunity to hear your explanation directly about the idea of the East Asian Economic Grouping,+ he added. -- more

♥27/04/23-27MST

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R GE 27-04 00152 EG305

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Mahathir-Kaifu 6 Kuala Lumpur

Encik Kaifu also recalled that he had visited Malaysia some 20 years ago to encourage the first pioneers of the then newly-established Japan Overseas Cooperation Volunteers (JOCV).

+What astonishing progress has been made over the past 20 years,+ he said, adding that he was filled with deep emotion when he saw Kuala Lumpur today.

The Japanese leader also paid warm tribute to his host, saying that for half of those 20 years, Datuk Seri Dr Mahathir had greatly contributed to nation-building and the development of Malaysia.

+Your leadership also has been evidenced in a wide range of endeavours to establish peace and prosperity in this world,+ he said, referring to the hosting of the Commonwealth summit and the launching of the G-15 by Malaysia, apart from Malaysia's role in the UN Security Council. -- Bernama