

East Asian markets will remain open to Europe, US

Dr M: EAEG won't hinder free trade

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KUALA LUMPUR, Sat. — The proposed East Asia Economic Group (EAEG) will not close the markets of East Asia to Europe or America, Datuk Seri Dr Mahathir Mohamad said tonight, emphasising that it would not be turned into an exclusive East Asian free trading zone.

The Prime Minister, in a concrete rationale for the proposed grouping, said the EAEG was only intended for East Asian nations to voice collectively support for free trade at all forums involved with the world trading system.

"An East Asian economic community or an East Asian exclusive free trading zone is very far from our minds," Dr Mahathir said.

The Prime Minister stressed these points at a dinner to mark the visit of Japanese Prime Minister Toshiki Kaifu at Seri Perdana.

Mr Kaifu is in Malaysia on a three-day visit accompanied by his wife Sachiyo and a 60-member delegation as part of a nine-day tour of five Asean countries.

Dr Mahathir said: "We are told that some quarters do not understand the objectives of the EAEG. We accept that while no explanation is due to us when others take action which affects us, we are, however, required to explain what we want to do.

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 does not make sense.

Dr Mahathir drew the audience's attention to the fact that a world of rich countries would hurt no one. But he found it strange that there was still a "beggar thy neighbour" attitude among some rich and powerful nations.

He 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 knows only too well the painful edge of protectionist policies. Not only do they cause economic hardship but they also result in social and political instability.

It is for this reason that Malaysia in its small way tries to help neighbours and other developing countries, particularly its neighbours to prosper because their prosperity would be beneficial to Malaysia and to regional security

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"Surely it is very clear that it is impossible for the EAEG to be anything like the European Community or even the US-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 become 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?"

"We are bewildered by the vehemence of the condemnation of the EAEG. The way we see it, only those not in favour of free trade would object to a grouping that is dedicated to ensuring free trade."

He said Malaysia was shocked when told that countries in East Asia 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 required at all times to act as members of the Pacific Rim."

and stability.

He also said Asean was not a trade bloc but that it merely strengthened mutual help. "We do not promote exclusive trade among ourselves."

Every member is free to trade with non-Asean countries. Yet by being grouped together through Asean, not only have the members prospered but trade between each of them and the rest of the world had multiplied.

Clearly Asean did no one any harm. If at all, the obvious prosperity of Asean had contributed to the prosperity of rich nations as Asean was a good market for their exports.

When the East Asia Economic Group or EAEG was proposed, the lessons of Asean were well learnt. The first was the advantages of free trade. And the second was that the prosperity and stability of neighbours contributed to a nation's prosperity.

With the Asean experience and the acute awareness of free trade as an engine of growth, it is unthinkable for any Asean member, least of all Malaysia, to advocate exclusive regionalism and the abandonment of free trade.