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Mahathir-cooperation

Ⓢ Dr. M-oversee trips.

from Abdul Rahman Sulaiman...

SANTIAGO, June 21 (Bernama) -- Datuk Seri Dr Mahathir Mohamad has said that any form of economic cooperation among countries in the Pacific region should genuinely serve the needs of smaller Pacific countries such as the South Pacific island nations and groupings like Asean.

Other-wise, they will become a vehicle to perpetuate existing asymmetries and policies that place the countries concerned at a disadvantage, he warned.

The Prime Minister pointed out, however, that despite these concerns, Malaysia was prepared to keep an open mind on the issue.

Datuk Seri Dr Mahathir emphasised this position in a keynote address entitled "Cooperation and Competition in the Pacific" before members of the Chilean Council for International Relations here Thursday night.

He said he was happy to note that more and more countries in this part of the world were accepting the free-market system.

"The countries in South America are increasingly adopting free-market policies, economic liberalism and deregulation," he said. -- more

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"I believe these are necessary prerequisites for sustained economic growth," he added.

The Prime Minister said that with this policy shift in favour of a market economy, South America would begin experiencing high growth rates.

South America would also be more integrated with the global trading system and benefit from trade flows and investments.

"These are exciting developments which augur well not only for South America but also for East Asia as a whole," he explained.

Datuk Seri Dr Mahathir said East Asia, which was reputedly the world's most dynamic region, now registered an average growth rate of more than five per cent.

Most East Asian economies were expected to register even higher growth rates of between seven and 10 per cent this year. -- more

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+On the whole, the East Asian nations already account for more than 38 per cent of global trade.

+By the end of this century, the region will outrank all others in trade and investment flows, productivity and growth,+ he said.

Attributing this astounding economic success of the East Asian region to its free-market policies and free trade, the Prime Minister stressed that it was not a coincidence that every country that had registered high economic growth rates practised a free-market economy.

He said that though the system was not a perfect one, no better alternative existed.

The Prime Minister said that as a result of these developments, the East Asian region was now at a cross-road.

+There are many impulses pulling and pushing us in different directions. There is, for example, the impetus to Pacific-wide cooperation that has found expression in the Pacific Economic Cooperation Conference (PECC) and the Pacific Basin Economic Council (PBEC).

+There is also the Asia-Pacific Economic Cooperation or APEC,+ he added. -- more

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He said Malaysia supported such forms of cooperation but it was important to ensure that it would genuinely serve the needs of smaller Pacific countries such as the South Pacific island states and groupings such as Asean.

Specifically on APEC, he said it had the potential to be a Pan-Pacific organisation encompassing a number of sub-groupings.

If APEC was to move forward, however, he stressed, its goals must be an organisation of equal states committed to free trade and economic cooperation, both in principle and practice.

+In the meantime, it would be more convincing, and certainly it would inspire confidence in us if those who loudly espouse its benefits demonstrate their commitment to free trade in tangible ways,+ he added without specifically naming any country.

+Chile and others in this part of the world, as much as China and Vietnam, should join the APEC process and work with us to achieve these objectives,+ he said.

During the 20-minute address, the Prime Minister also touched on the growing trend towards economic regionalism. -- more

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He said the emergence of large and powerful regional economic groupings would, however, have an impact upon the Asia-Pacific and other developing countries in many ways.

The North American free trade area would have a market of 360 million people with an annual output of US\$6 trillion, while the EC would have a market of 340 million people with an output of nearly US\$5 trillion.

+If these groups remain committed to free trade internally and externally, it would greatly stimulate global economic growth.

+But let us not forget that these groupings also have the potential to do enormous harm if the fundamental principles of free trade were sacrificed for potential expediency.

+Even before these 'groupings took full shape, we have experienced their intemperance.

+What is there to guarantee that things will not get worse when their influence and weightage increases?+ asked Datuk Seri Dr Mahathir. -- more

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The Prime Minister then substantiated his points by giving tangible examples.

He said that meeting in the New York Plaza Hotel in September 1985, the G-7 nations decided that a weaker US dollar was needed to stimulate US exports.

+They subsequently intervened in the foreign exchange markets to give effect to this decision. As a direct result of this policy, now known as the Plaza Accord, the dollar weakened and the yen and other major currencies appreciated.

+This was of course good for US exports but for Malaysia it meant that we had to take a very big revaluation loss on our yen-denominated external loans,+ he added.

Datuk Seri Dr Mahathir said although Malaysia and other smaller nations were so adversely affected by the Plaza Accord, they were not consulted.

They were simply expected to adjust to these changes meant to benefit the rich.

Another example was the campaign against Malaysian palm oil by powerful lobby groups in the United States. -- more

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Envious of Malaysia's success in producing a wholesome oil at competitive prices, they launched a smear campaign, branding the oil as poison.

Datuk Seri Dr Mahathir said discriminatory legislation against palm oil was introduced at both federal and state levels.

+When we sought to defend ourselves, we were hauled up before the international trade commission, a US federal agency which accused us of making unsubstantiated claims,+ he explained.

On the East Asia Economic Group (EAEG), he said Malaysia proposed its format ion against the backdrop of an uncertain international economic situation, as a forum for East Asian nations to consult on ways to uphold the free-trade system.

+We have explained that as East Asia is so heavily dependent upon the free flow of trade both internally and externally, we feel the need to come together to ensure an open trading system within our group and between any member and the rest of the world,+ he said.

+Like NAFTA (North America Free-Trade Area), we hope that we can also discuss ways to reduce trade barriers and promote investments and cooperation,+ he added. -- more

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The Prime Minister gave the reassurance that the grouping would never become inward looking or protectionist simply because Malaysia itself would have to lose if it were to do so.

He said that as a first step, the proposal was now being discussed within Asean although much outside pressure was being exerted against Asean to abandon it .

+It would seem that East Asians are not to be allowed to even set up a consultative mechanism while trade blocs take shape elsewhere.

+We are not even allowed to call ourselves East Asians. We prayed for an end to the wasteful East-West confrontation, but the unipolar world which has emerged does not seem any less threatening,+ he regretted.

On Malaysia-Chile bilateral relations, the Prime Minister said its strengthening would be an intrinsic part of the process of South-South cooperation .

He said that although he realised that South-South cooperation was not the solution to all problems, it could certainly be an important part of the answer.

He hoped that Chile would continue to give priority to ties with East Asia, apart from enhancing trade with developing countries in general.

Earlier in the day, the Prime Minister called on Chilean President Patricio Aylwin at the Monedo Palace. -- Bernama

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