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MAHATHIR: M'SIA CAN COMPETE IN WORLD MARKET

Mahathir-Nafta

From Syed Jamil Jaafar

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② Dr. M - Oversea trips.

MEXICO CITY, Sept 18 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad believes Malaysia can compete in the world market by upgrading efficiency, maintaining national peace and stability and giving good service to investors.

In an increasingly competitive environment, Malaysia should not be easily disheartened, he added.

+We should find ways to produce our goods more efficiently and cheaply,+ he told Malaysian journalists when commenting on the possible effects on Malaysia with the creation of the North America Free Trade Area by 1993.

The Prime Minister, who arrived here Tuesday for a six-day official visit, held talks with President Carlos Salinas at the presidential residence, +Los Pinas+, in the afternoon.

The four-eyed meeting focused on efforts to enhance bilateral economic co-operation, South-South co-operation and matters concerning Nafta.

The proposed Nafta, comprising the United States, Canada and Mexico, with a combined market of 330 million people, has caused concern among developing countries that it might affect their exports. -- more

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Mahathir-Nafta 2 Mexico City

Datuk Seri Dr Mahathir said although the actual form of Nafta was not yet known, it was clear that goods made in Mexico could enter the US and Canadian markets tariff-free or on special tariffs.

He, however, believed if other countries wished to manufacture goods in Mexico to penetrate the rich US and Canadian markets, they would have to meet certain conditions like local content.

The percentage of local content has not been decided yet.

The formation of Nafta would, to a certain extent, affect Malaysia's exports to the US and Canada because it would have to compete with Mexico, especially for common goods.

Datuk Seri Dr Mahathir cited as an example radio sets produced in Malaysia with Japanese investment but for export to the US and Canada.

+Perhaps, the Japanese investors may come to Mexico to manufacture the same product for export to the US and this will create competition,+ he added.

However, the Prime Minister said there was the risk of competition from not only Mexico but also other countries like the East European nations which had become a converging point for investors.

On the other hand, Datuk Seri Dr Mahathir said Malaysia could stand to benefit from the formation of Nafta by setting up manufacturing industries in Mexico. -- more

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Mahathir-Nafta 3 (last) Mexico City

He said, for example, Malaysia could set up plants for processing palm oil for use in the production of cooking oil, soap or other goods for export to the US and Canada.

What needed to be done was to comply with the local content requirement and take Mexican investors as partners, he added.

Meanwhile, Foreign Minister Datuk Abdullah Ahmad Badawi and his Mexican counterpart, Fernando Salana, led their respective delegations in talks at the same venue.

Datuk Abdullah later told Malaysian journalists that Mexico had given the assurance that it would not support Nafta taking a protectionist policy.

Mexico said that, like Malaysia, it adhered to the principle of free trade and open market.

The two sides agreed to take steps to enhance economic co-operation and trade ties.

Datuk Abdullah said Malaysia also asked Mexico to send Spanish language teachers to the newly-established Institute of Diplomacy in Kuala Lumpur.

-- Bernama

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