

E  
ECONEWS

MAHATHIR: ASEAN MUST CO-OPERATE WITH EAST ASIA FOR MORE SAY

'91 (P)  
KUALA LUMPUR, Oct 7 (Bernama) -- Asean must work together with the East Asian countries if the regional grouping is to have a bigger say in trade negotiations internationally, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

The proposed East Asia Economic Group would be sufficiently strong to gain the respect of both the European Community (EC) and the North American Free Trade Area (NAFTA), he said when opening the two-day Asean Economic Ministers Meeting here.

+Even presently, the countries of South East and East Asia together form a formidable market,+ he said. +But the potential for growth of the EAEG is far greater than that of the EC or NAFTA. This fact will also increase the clout of the EAEG.+

Dr Mahathir said Asean countries had always been free marketeers and their rapid economic growth since their independence was testimony to the effectiveness of a free economic and trading environment.

+However, it is important to remember that the mere espousal of free trade and democracy will not generate economic growth or equitable wealth distribution,+ he said.

Free trade would not succeed if the trading partners practised protectionism, he added.

The prime minister said that while Asean had adopted the liberal economic policies based on free and open markets recommended by the West, it was ironical that the West was forming trade blocs which would effectively restrict entry of Asean products into their markets.

Asean countries were dependent on exports to the developed countries for their growth, said Datuk Seri Dr Mahathir, adding that if the developed countries closed their markets, then Asean's economic growth would be retarded.

+It is imperative that Asean countries co-operate closely in order to ensure that free trade continues,+ the prime minister stressed.

But Asean by itself is not strong enough to protect free trade because its combined market is only one-tenth of the market of the NAFTA countries or the single European market, he said.

Datuk Seri Dr Mahathir said it was important that the EAEG should not be a trade bloc and all its members should be free to trade with anyone under the rules of the General Agreement on Tariffs and Trade (GATT).

However, he felt that the group should meet to discuss issues and take a common stand when it came to negotiations to maintain a free trading system for the world.

+It would be very difficult for the trading blocs of Europe and America to ignore the common stand of the EAEG,+ he said +Since the EAEG stands for free trade, its strong influence in the GATT rounds is likely to yield positive results.+

Datuk Seri Dr Mahathir said the Asean experience had shown that although the regional association was not basically economic, its members had been able to learn from each other the best way towards developing their countries,.

He said it was not an accident that of all the developing countries of the world, Asean countries +are the most consistently successful in development+.

The prime minister said there would be members of the EAEG which would be economically weak.

He said: +If the experience of Asean is anything to go by, these weak countries will learn from the mistakes and methods of the successful countries of the groups and will soon develop and prosper.

+And when they prosper, they will become better markets for Asean goods and so contribute towards Asean prosperity.+

He said the EAEG would thus evolve into a +very strong grouping able to influence trade negotiations in favour of free trade for the whole world.+

Datuk Seri Dr Mahathir stressed that +unless we have this group, Asean and everyone will be at the mercy of the trade blocs of Europe and America. There would be so many conditionalities and linkages with non-trade issues that the growth of Asean countries would be retarded. We will all remain developing countries forever.+

Datuk Seri Dr Mahathir said he had been extolling the virtues of the EAEG as an instrument to keep world trade free, and Malaysia expected the AEM meeting to fully endorse the positive recommendations of the officials +tasked with examining the concept+.

+However, we will understand if consensual endorsement is not possible,+ he said. +Malaysia values its association with its South East Asian neighbours above everything else. It does not wish to be a cause of embarrassment to anyone.+ -- Bernama