

East Asia must have enough clout, says Dr M

From *Overse*
Lim Thow Boon

TOKYO, Fri — East Asia must have enough clout to influence the attitude of trade blocs in Europe and the North Atlantic nations in the face of the stalled Uruguay Round of the GATT (General Agreement on Tariffs and Trade) talks on multilateral trade, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

Otherwise, the US would always be managing trade, he said in reply to questions at a Press conference for Malaysian journalists.

"That is why we have proposed the EAEC (East Asia Economic Caucus) or EAEG (East Asia Economic Group)."

East Asia Economic Group was the original name given to the proposed body, whose purpose is to provide a consultative forum for the economies of the region.

On the impending resignation of the Director-General of GATT, Arthur Dunkel, and the American threat to unwind all agreements reached previously in

the Uruguay Round, Dr Mahathir said this would only make matters worse.

On the economic slowdown in Japan and its effects on Malaysia, he said the effects were minimal and Malaysia was able to sustain its growth.

He was happy to note that the slowdown in Japan had bottomed out and the country was on the way to recovery and this augured well for Malaysia.

After his speech at the Asia Society conference here yesterday, Dr Mahathir met with the Japanese Prime Minister Kiichi Miyazawa.

During the meeting, one of the issues raised was the cancellation of Malaysia's entitlement to soft loans and how this could be overcome.

Miyazawa suggested that Malaysia concentrated on projects which would qualify for Japanese soft loans.

Dr Mahathir said he explained that many infrastructure projects in Malaysia were undertaken to support foreign investment in the country.

"I pointed out that for every Ringgit invested in the country, the Government has to provide 10 sen for infrastructure," he said.

"There are Japanese investment in the country. They (infrastructure) will also support Japanese investment. Of course, others will also benefit."

To another question, Dr

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Mahathir said members of the Group of Seven industrialised nations were only concerned with themselves and not with the rest of the world.

They were not interested in the effects of their decisions, strategies and policies on other countries.

As he did during the Asia Society Conference yesterday, Dr Mahathir cited the example of the use of currency revaluation — in this case, the yen — as a tool in trying to curb Japan's trade.

He said Japan countered this move by increasing efficiency. In doing so, they suffered very little cost increase and still remained competitive.

"I understand Japan is already working on the basis of 100 yen to US\$1. This would mean they will adjust so that they will not lose their competitiveness," he said.

"As a result, Japan's balance of payments will remain the same, but the debts of developing countries, like Malaysia, will simply increase."

The two leaders also discussed the situation in Cambodia and Bosnia.

On Cambodia, Dr Mahathir said Miyazawa assured him that Japan would not withdraw its personnel and that it would stand firm on its peacekeeping commitments.

He thanked Japan for meeting the operational cost of the despatch of Malaysian helicopters to Cambodia.

However, as a world leader, it was not enough for Japan to merely pay for the cost of peacekeeping. It must play a bigger role.

On the reported threat by Kampuchean People's National Liberation Front leader Son Sann to pull out from the elections in Cambodia, Dr Mahathir said this would be very unfortunate.

He said this move was not going to solve anything and it would not make the Khmer Rouge more co-operative.

Dr Mahathir appealed to Japan to show greater interest in the situation in Bosnia.

He noted that Western nations talked about human rights, but when there were blatant violations in Bosnia, they took no action.