

# Tariff cut way to more competitive, true open market

21 AUG 1993

## From Balan Moses

BANGKOK, Fri. — Asean nations should undertake an accelerated programme of across-the-border tariff cuts to make the region more competitive and a truly free market, Datuk Seri Dr Mahathir Mohamad said today.

They should also develop their resource-based industries besides striving for growth on the back of the current buoyant economic environment, the Prime Minister added.

Calling this the recipe for economic success in Asean, he said it would provide the right impetus for the realisation of the Asean Free Trade Area within the projected 15-year period.

The recent implementation of the Common Effective Preferential Tariff by Asean nations should also provide Malaysian and Thai businessmen new opportunities in areas where they have the competitive edge.

Addressing prominent Thai businessmen at a cocktail reception hosted by the Joint Standing Committee

of Commerce, Industry and Banking at the Oriental Hotel here, Dr Mahathir said Asean nations should strive to adopt strategies that enhance regional trade as well as strengthen inter-regional cooperation.

Asean will be able to pursue consultations with East Asian economies on trade promotion and the creation of an open and free global trading system following its recent consensus on the East Asia Economic Caucus (EAEC).

In this respect, Asean and other East Asian economies could focus on their own contributions to the Uruguay Round of Multilateral Trade negotiations.

"We can also embark on an investment initiative in East Asia taking cognizance of liberalisation measures undertaken by regional economies.

"We could also benefit from foreign direct investment from the rest of the world given the favourable economic environment of the region."

The Prime Minister said the Asean Industrial Joint-

Venture (AIJV) programme should be enhanced to ensure greater participation by East Asian investors.

On economic development in countries in the Western Pacific Rim, including Malaysia and Thailand, he said they were on their way to unprecedented economic prosperity.

Dr Mahathir, however, warned of hindrances in their path placed by countries of the North with their demands for pre-conditions on trade, including linking trade to human and workers rights, and the environment.

It was therefore important for Asean nations, Vietnam, Cambodia, and Laos to be actively involved in deliberations at the multilateral level to strengthen the rules and discipline of free trade.

Countries within the region and the South should also open their markets and allow access for each other's goods.

On trade between Malaysia and Thailand, he said Malaysia imported US\$1 billion (RM2.55 billion) worth

of goods and exported goods worth US\$1.48 billion (RM3.77 billion) last year.

In this context, he said, there was wide scope for complementarity in trade between both countries, especially in industrial development projects.

Dr Mahathir said 40 of the 61 Thai investment projects in Malaysia since 1980 involving equity of US\$29.5 million (RM75.2 million) and capital investment of US\$82 million (RM209.1 million) were operational.

Describing this as low, he said the Indonesia-Malaysia-Thailand growth triangle programme afforded an ideal opportunity for Malaysia and Thailand to work with Indonesia in joint industrial projects.

Malaysian and Thai businessmen could also look at the possibility of cooperation in activities, including cross-border manufacturing, raw materials processing and light engineering and manufacturing.

Tourism was another area with potential for collaboration between the two countries, he added.