

'Pacific Era must be built on a liberalising

PM: Bring down

economic system' barriers

By Manan Osman
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KUALA LUMPUR, Mon. — The Pacific community must not be inward-oriented and discriminatory towards the rest of the world, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said they must be open to the world, to exports and investments, technology and comprehensive economic penetration of the rest of the world.

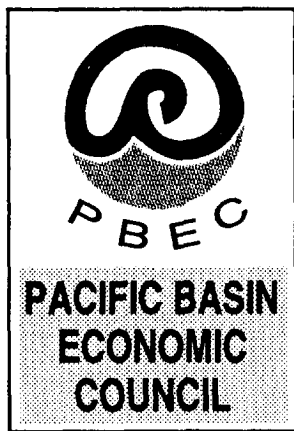
"We would be foolish if we of the Pacific get together in order to circle our wagons, to raise the barricades and to keep everyone else out," he said in his keynote address at the 27th International General Meeting of the Pacific Basin Economic Council (PBEC) at Shangri-la Hotel.

Vietnamese Prime Minister Vo Van Kiet and Colombian Minister of Foreign Trade Dr Juan Manuel Santos also addressed the meeting, which has as its theme "Profiting from Pacific Dynamism: Opportunities and Challenges for the Private Sector".

More than 700 participants, including Economic Ministers and top businessmen from the Asia-Pacific region, are taking part in the three-day meeting held here for the first time.

"Our Pacific Era must also be built upon the firm foundation of a liberalising Pacific economic system that is fast reducing the obstacles to the flow of goods and services," Dr Mahathir said.

"We owe it to the world and to ourselves to also proceed on the basis of lower-



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ing the obstacles to businesses located outside the Pacific rim.

"A mercantilist Pacific makes as much sense as a mercantilist Canada or a mercantilist Japan or a mercantilist United States."

Dr Mahathir said even as the Pacific community was committed to open regionalism at the global level and open super-regionalism at the Pacific level, it must be committed to open regionalism in all the various regional schemes which they embarked upon.

He said the North American Free Trade Agreement (Nafta) and the free trade area between Australia and New Zealand (Anzcerta) must all seek to reduce the barriers to external economies as well as the participating member states.

He said the same must hold for whatever was tried in East Asia.

"The East Asian scheme for economic co-operation, including the East Asia Eco-

nomic Caucus (EAEC) which has been the victim of so much deliberate misinformation, must be wedded to this idea of open regionalism."

Dr Mahathir said peace and stability were essential

prerequisites for the Pacific Age.

He said that without peace and stability, all the basic assumptions of progress had to go back to the drawing board.

"Fortunately for us in the

Pacific, not perhaps for 150 years has the strategic environment been so conducive for peace and stability.

"In so many parts of the Pacific, peace and stability have already broken out or are being strengthened."

He said he was aware of the conflict potential in the Korean peninsula that could change the entire strategic picture and future of the Pacific.

"I know of the possibility of the division of Canada. I

am aware of the issues in Mexico and some of the internal security concerns in North and Central America. "But I am confident that

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China will not break up, that the Japanese are not going to lose their senses and there will be no violent maritime conflict in the region.

"All these and other security issues will be thrown up in the course of time and cannot be dealt with the old mind-set of confrontation, power and deterrence, which can never create a warm and co-operative peace, which can only guarantee the rigidifying of a status quo and the vicious circle of enmity, armament, suspicion and hatred."

Dr Mahathir said there were now tremendous opportunities to go by a different path, to co-operate with those whom one disagreed or whom one had yet to come to an agreement.

He said there were so many opportunities to work with those whose perspectives and interests differed from one's own yet presented possibilities of harmonisation, or at worst, an agreement to agree to disagree without being disagreeable.

He urged Pacific countries to work together intimately and diligently to build a Pacific Peace "worthy of the name of the ocean which washes our shores".

He said it also seemed somewhat obvious that the Pacific countries should build not only a community of co-operative peace but also mutual prosperity.

Dr Mahathir said he believed that there were at least two pillars for such an endeavour which should be stressed at this point in time.

"The first is to ensure a Pacific market system which unleashes the ferocious force of enterprise and catalyses all the synergistic potential of the Pacific, and the second is to ensure the development of a Pacific economic system firmly wedded to open regional-

ism.

"We have seen the bankruptcy of the central command economy. On the other hand, we have seen what can be done when markets are opened and liberated and when goods and services are freed to respond to the commands of the marketplace rather than the specific targets and dictates of bureaucrats, planners and politicians.

"We have seen what China has been able to achieve, what Vietnam has been able to accomplish. We should seek the further opening of the transition economies and the wedding of all our economies to the market system.

"However macho we are on the Pacific, we must never forget the global community.

"I believe we must escape the trap that has been a source of weakness in Western Europe.

"It is very difficult to find Europeans who believe that they are incredibly Eurocentric. At the same time, I am confident most of you will agree with me when I say that it is difficult to find Europeans who are not in fact, whether they know it or not, incredibly Eurocentric."

Dr Mahathir also reminded Pacific countries that the Pacific Era would be still-born if they quarrelled and fought among themselves, or divided the Pacific or created discriminatory trading blocs, drew a line down the Pacific or unwilling to extend to each other the normal rules and regulations — like the Most Favoured Nation (MFN) status — that were the norms between trading economies.

He added that to try to build a Pacific community along the lines of the European Community would be extremely disruptive and damaging to the long-term building of a Pacific community.