

# No guarantee of level

FOR someone who was said to have been arm-twisted into accepting the deadlines for the liberalisation of trade and investment in the Apec region, and in the process suffered isolation, Datuk Seri Dr Mahathir Mohamad, showed no signs of pain or unhappiness when he faced Malaysian and foreign journalists after the Bogor meeting.

Being arm-twisted and isolated were among terms used by the international Press corps covering the second Asia-Pacific Economic Co-operation "summit" to describe the Malaysian Prime Minister.

Instead of confining his briefing to the Malaysian Press, he also admitted foreign journalists who were waiting to "catch" him for a comment on the outcome of the meeting.

Still wearing his individually-designed, Apec-issued Indonesian batik, Dr Mahathir declared that Malaysia would not object to the deadlines but immediately qualified that the agreement was non-binding.

The Bogor meeting on Tuesday agreed that the developed member economies of Apec would fully liberalise their markets in 2010 while the developing ones would do so by 2020.

To make the point official, he told the journalists that Malaysia had submitted and was accepted by the Apec leaders an annexure explaining its stand on the issue.

Malaysia considers the two dates as indicative dates and, in the spirit of Apec, are non-binding on member countries.

In submitting the annexure, Dr Mahathir was clearly looking beyond the need to be nice, diplomatic and decorous.

While not denying the need to be nice, diplomatic and decorous in the Indonesian-hosted meeting, he was looking at the decision beyond its immediate political considerations.

Agreeing or disagreeing to the proposed deadlines will not matter much to him politically. It is less of a selling point to him than, say, to President Bill Clinton of the United States or the Apec host President Suharto.

Dr Mahathir does not need an Apec victory to keep his job or win an election for his party.

For Clinton, however, a consensus on the matter might offer some comfort to his sagging presidency, having lost control of the Senate and Congress just before he flew to Indonesia.

A "yes" response to the proposed deadlines would be seen as a victory of a sort for Clinton since he was not only the host of the first Apec "summit" in Seattle last year but also a proponent of the liberalisation timeframe.

In the rough and tumble of American politics, a foreign-affairs success carries some weight with the voters

**MALAYSIA joined 17 other Apec countries in endorsing the deadlines for the liberalisation of trade and investment, but maintained that the agreement is non-binding. A. KADIR JASIN, who was in Indonesia to cover the meeting, looks at the issue.**

even though Americans in general are not well versed with foreign policies. It is something that makes Americans feel good about themselves.

The reward of a "yes" answer can also be generous for President Suharto in his capacity as the host and meeting chairman. He will go down in history as the country that brokered consensus on what could lead to the formation of the largest free trade area in the world.

Dr Mahathir, too, is concerned with history. At an earlier briefing for Malaysian journalists at Jakarta's Shangri-La Hotel, where he stayed, Dr Mahathir said he did not want history to judge him as "the man who sold out the future of Malaysians."

"I am not being unco-operative, but I cannot commit the future generation to something that I am not sure of," he said.

The 25-year timeframe is one of the things, he said, he was not sure of. It is too far ahead. The annexure is Dr Mahathir's way of informing the future generation of Malaysians what he now feels.

"What guarantee do we

have that things will not go wrong that will require us to rethink our commitment?" asked Dr Mahathir.

He said, even as they pressed for the deadlines, many Apec members, including the US and Japan, are yet to ratify the Uruguay Round of GATT which is binding.

Only Malaysia, Indonesia, Singapore, Mexico and Hong Kong have so far ratified the agreement.

At the risk of being accused of doubting the deadlines on the basis of hypothesis, Dr Mahathir said there is nothing to guarantee that developed and developing Apec members would be sharing "a level playing field" 25 years down the road.

Dr Mahathir said it is fair that the developing countries are given until 2020 to liberalise their markets, assuming that by then they too will graduate to become developed nations and hence are able to compete with the present developed members.

But, he added, as the developing member nations surge forward in their economic development, the developed nations will not

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# playing field

slow down simply to allow them to catch up. They will continue to move ahead.

"I am looking ahead. That's why I am worried. Take Malaysia as an example. We reckon that by the year 2020 our per capita GNP should be around US\$16,000 (RM41,120) at the rate of growth of seven per cent a year.

"But that will be significantly lower than the current per capita of the US at US\$30,000.

"To get to US\$16,000 our economy has to grow eight times between 1990 and 2020. The US economy may not grow that fast. But if the US economy only doubles in that period, the US per capita will rise to US\$60,000.

"Though Malaysia's per capita would have risen to US\$16,000 in 2020, it would still be far behind the US' US\$60,000."

And Malaysia, said Dr Mahathir, is not even the worst case in Apec. In fact, among the Apec countries Malaysia enjoys the second highest growth rate after China.

Dr Mahathir said Apec leaders should not only be thinking of their own countries and the existing members of Apec. They should also think of other countries in the Pacific Rim which are eligible to join the grouping.

Any country in the Pacific Rim can join Apec as it is a geographical grouping instead of political or ideological. It is also not a club of liberal democrats.

It is understandable, said

Dr Mahathir, if the focus of the US in this region is free trade and investment, adding that in the developing Pacific Rim countries are today the fastest growing markets for US goods and services.

It is for this reason that countries like China and Indonesia, with their mega markets are being wooed by the US.

Having failed to subdue China through economic isolation for a good part of five post-Second World War decades, the US is now rushing to benefit from the country's booming economy.

The US is also untypically "soft" on Indonesia in many areas. It realises that offending Indonesia may deprive its companies of a huge consumer market.

But US, Japan, Australia and Canada are not the only early birds that will be catching the fat worms from the rich soil of China, Indonesia and other developing Apec countries.

Singapore, which appeared to have adopted an extremely low profile at the Bogor meeting, will also stand to benefit from the opening up of the markets of the developing members of Apec.

President Clinton was careful not to allow his hands to be too visible in the drafting of the Bogor Declaration. He was wise not to steal the limelight from the Apec host.

There is also the possibility that the less developed of

the developing Apec countries might have been coaxed into agreeing with the deadlines without truly realising the impact they could have on their economic well-being.

Unless they are careful, their liberalised markets could be inundated with goods and services from the developed member countries. This could happen if they fail to attract sufficient investment into their own countries. They may be condemned to remain producers of raw materials and primary products forever.

The risk of market liberalisation among "unequals" is even higher if trade in invisibles like freight, insurance and capital movements is taken into account.

Already, many developing countries are suffering major deficits in services account. The services industry is in the hands of the developed countries which enjoy the benefits of the economies of scale.

Indirectly, Malaysia's reservation of the deadlines could be seen as a warning to the developing members of Apec not to allow euphoria to lull them into believing that the road to economic success is as smooth as the Indonesian batik their leaders wore at the Bogor summit.

If liberalisation is as easy as it is made out to be by some people, the question should be posed: Why does Japan still disallow the import of rice into its market?

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