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ASEM -- HISTORIC MEETING OF EUROPEAN, ASIAN LEADERS

By: Michael Raj

KUALA LUMPUR, Feb 27 (Bernama) -- Datuk Seri Dr Mahathir Mohamad joins other East Asian and European heads of government in Bangkok this week for an historic meeting which Asia hopes will be a platform to touch base with one another rather than one another's sensitivities.

Asian foreign and trade ministers, in preparatory meetings held in Thailand recently, have agreed that the informal March 1-2 summit should not become a platform for "finger pointing" but should work towards creating the ideal environment for better trade and investment linkages between two of the most important economic regions of the world.

The Asia-Europe Meeting (ASEM) formally establishes the third leg of inter-regional exchange in today's tri-polar global economic structure. East Asia and North America are already engaged in the Asia-Pacific Economic Cooperation (APEC) forum and North America and Europe have well established economic and security forums.

The summit will be attended by leaders from the 15-nation European Union and the seven members of ASEAN plus China, Japan and South Korea.

ASEAN, the driving force in organising ASEM, has insisted that it should be a leaders-only affair -- or at least for the most part -- as it would be able to achieve much more as proven by its experience at Asean summits.

Minister of International Trade and Industry Datuk Seri Rafidah Aziz, saying it's time Europe looked to networking with Asia on an equal basis and without conditionalities, suggested that Europe should use its energy to make its programme called "Asia Invest" work so as to enhance trade and investment linkages and facilitate transfer of technology through ASEM.

The EU itself admits that Asia, with its share of global output having risen from four percent in 1960 to 25 percent in 1991, could account for 33 percent of global production by the start of the 21st century. Even without Japan, East Asia would account for one-half of world economic growth and one-half of world trade by the end of the decade, which means it would be folly for the EU to ignore this region.

In a special publication entitled "Europe -- Partner of Asia," the European Commission concedes that Europe suffers from a lack of visibility in Asia and stresses the "deficit in relations" between the two regions has to be remedied.

All this points to the importance of ASEM. Nevertheless, feelers have been coming from Europe for a partnership based on the EU's demands and standards, which if manifested at Bangkok threatens to jeopardise the immense potential waiting to be exploited between the regions.

Rafidah's view is shared by many others, including Asian leaders, that the summit should be one of equals and without conditionalities.

She revealed that certain European countries such as France were pushing for a linkage of trade with issues such as human and labour rights, social clauses and the environment, through any platform, including ASEM.

Foreign Ministry Secretary-General Tan Sri Ahmad Kamil Jaafar cautioned that if the European side did that, Asia too had numerous sensitive issues it could bring up if it wished, such as French nuclear testing and Europe's near paralysis in dealing with Bosnia-Herzegovina and Chechnya, just to name a few.

This sentiment was echoed during the foreign ministers preparatory meeting at Phuket by Thai Foreign Ministry Deputy Permanent Secretary Saroj

Chavanaviraj who cautioned the meeting could backfire if such matters were brought up.

"That does not mean we do not want to face controversial issues. We are willing and ready (to do so) but both sides should understand that there is a certain limit to this," he added.

Rafidah said the summit would be time well spent if Europe used it to find ways to avail themselves of the numerous economic opportunities awaiting them in Asia rather than to continue to try to "penalise Asia for what it claims is Asia's fault that European goods are not getting a fair share of the international market".

Rather than blaming others and using extraneous issues as an excuse to protect its domestic industries, Europe must rectify its weaknesses such as its industries being less efficient than those in developing countries, she added.

"People should not assume that products coming out of Asia are cheaper because we pay low wages, or is due to child labour ... you cannot have a blanket statement like that," she said.

"Europe's weaknesses include its high costs and inefficiency. Their products are expensive because labour is overpaid for too little working time while Asia's productivity is higher. Also, their attitude towards work doesn't make for high productivity and efficiency and Europe must come to terms with its internal problems. It's no use looking for excuses outside."

Rafidah said if the business environment in Europe was no longer competitive, "they had better do something about it, instead of penalising developing countries that are striving to be more efficient, which understand cost competitiveness, and where the labour force is more diligent and productive".

Malaysia is also concerned over possible moves at ASEM to fix a time frame for market opening measures similar to one adopted by APEC.

Malaysia feels that this is not practical as the 25 Asian and European nations have different levels of economies and it will be difficult to have a structured timetable to liberalise trade and investment flows.

Furthermore, there is already a proliferation of structures in place globally with countries now having to contend with the World Trade Organization (WTO), ASEAN Free Trade Area (AFTA) and APEC.

Malaysia says ASEM need not have a timetable to match APEC's, but it may have tariff liberalisation measures in line with those of the WTO.

The top priority should be to make sure all the commitments and obligations made under the Uruguay Round leading to the WTO would be put into effect by everybody, whether they are in APEC, EU or Asia, says Rafidah.

"If people can just commit and implement what they have obligated to under the WTO that is already more than enough. The problem is some countries are not even doing it yet. Accelerating beyond the WTO would be heaven sent," Rafidah told journalists recently in Chiangrai during the Asian economic ministers preparatory meeting.

It is understood that London has offered to play host in 1998 if there is an agreement for a continuity of the dialogue while South Korea has offered itself as host for the event in the year 2000.

Whether ASEM has a future beyond its first meeting this week will become clear at the summit in Bangkok. Singapore's Foreign Minister, Prof. S. Jeyakumar, has said ASEM should not be seen as a one-off affair, but as an evolutionary process towards creating a new beginning based on equal partnership.

For Malaysia, one thing is clear. It does not want ASEM institutionalised and it feels there is no necessity for its leaders to meet yearly or often as there are too many such summits already as

evidenced by APEC.

Instead, what is important is for increased follow-up actions by the private sector as governments can only open doors and provide an ideal platform for greater interaction and the onus is on the private sector to make it work.

Therefore, Dr Mahathir's message to his Asian and European colleagues will be: "Let's talk business, find common ground to improve economic cooperation ... do not waste time finding fault with each other." --
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