

05 DEC 1996

Mahathir-Trade

COMPLETELY FREE TRADE NOT POSSIBLE, SAYS MAHATHIR

By: Wan A. Hulaimi

THE HAGUE, Dec 5 (Bernama) -- Malaysia cannot open up its automobile market to unrestricted foreign competition as this will mean saying goodbye to Perusahaan Otomobil Nasional Bhd (Proton), Datuk Seri Dr Mahathir Mohamad said.

In illustrating his point, the Prime Minister cited the example of a Japanese 2,000 cc car which was selling in the United States for about RM23,000, a price that was lower than that of the Malaysian Kancil.

"So how can we open our market? It's like saying that we shouldn't produce cars," he told Malaysian journalists at a news conference before he attended an official dinner given by Dutch Prime Minister Wim Kok last night.

Dr Mahathir ended his three-day visit to the Netherlands today and is now in Saudi Arabia for an official visit.

He was accompanied by his wife Datin Seri Dr Siti Hasmah Mohd Ali.

"Different countries should be allowed to take their own time (to) make adjustments. They must be given certain protection. If they are not, they will be incapable of competing," said Dr Mahathir.

He said Malaysia was able to compete in the United Kingdom car market because its cars attracted no duty while other foreign cars, for example Japanese, faced a 10 per cent duty.

"Because of that we can compete. But how can we compete with the Japanese if the tax is the same? When we get the technology from Japan we have to pay royalty for their technology. At the same time we have to buy components from Japan which are very expensive and because of that the cost of our car is higher than the selling price of Japanese cars," he said.

Dr Mahathir also said if countries with greater advantages in trade and technology imposed standards to be followed by less advanced nations in an attempt to promote trade globalisation, then smaller industries in less advantaged countries would have to close down.

Relating this to Malaysia, he said that while Western nations had the advantages of technical knowhow, capital and a very big domestic market, Malaysia had only one simple advantage of lower labour cost.

"If they take that one advantage from us, we will have nothing. All the small industries will never grow and will have to shut down. We will all just become customers," he said.

Dr Mahathir said it was still possible to have trade globalisation without implying that every market must be open and totally tariff-free.

"It's still a global market. What we don't like is discrimination. They will impose a condition that you must achieve a certain standard which is their standard but because you don't achieve that standard you cannot export.

"Or they can say it is globalisation but you are not paying your workers enough, and because of that you cannot export. We should accept that some countries have some advantages, and others have different advantages," he said.

At an earlier joint news conference with Dr Mahathir, Dutch premier Kok said the two leaders had discussed the possibility of improving cooperation in the cultural field, education and science.

Kok said the two countries also touched on two-way trade which is currently in Malaysia's favour.

Dutch exports to Malaysia amounted to more than 600 million guilders

(RM876 million) while imports from Malaysia totalled two billion guilders  
(RM2.9 billion). -- BERNAMA  
WAH CTL