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Be on the alert, PM tells Asean (HL)

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PETALING JAYA, Thurs. - Calling on Asean to make a bold move towards greater economic integration, Prime Minister Datuk Seri Dr Mahathir Mohamad today outlined seven challenges for the grouping and reminded it to be on the alert to moves to exploit its weaknesses.

Dr Mahathir said to ensure its relevance in the next millennium, Asean needed a longer-term vision of what it wanted to be as an association.

"Twenty-five years from today, do we foresee Asean becoming a common market like the former EEC (European Economic Community)? Are we setting our sights to be a single market or an economic union ala the EU (European Union)?" he asked when opening the 29th Asean Economic Ministers' meeting at the Sunway Lagoon Resort Hotel.

He described the seven challenges as enormous.

The first was to step up the pace of Asean's collective development efforts in order to stay ahead of change.

"We have to encourage the new members to face changes with greater determination if we are to benefit from such changes," he said, reminding Asean that the development gap between the old and new members required special attention.

Secondly, he said Asean ought to liberalise without ignoring the dangers posed by those who saw only the opportunities afforded to them by their strengths and weaknesses which their victims might have.

"While standing together to face problems may not amount to much, it is much safer than isolating ourselves in the hope that we may not be noticed and thus left alone," he said.

Dr Mahathir said the third challenge was to ensure that the multilateral trading system remains fair and open.

Liberalisation, he said, was not about doing away with rules and laws altogether, but is about everyone submitting to the same set of rules, regulations and laws on a world scale rather than a national scale.

The fourth challenge, he said, was to embrace the positive aspects of capital market development.

He called on Asean to make a distinction between speculative short-term hot money operations and serious investments in productive activities.

Fifthly, he said, Asean needs to harness the benefits of information technology before the enormity and speed of developments render it impossible to catch up.

Dr Mahathir also said there was a need to upgrade and expand the services sector to complement strengths in the manufacturing and industrial sectors.

And lastly, he said, Asean must continue efforts to upgrade the knowledge and skills of its people to keep pace and move ahead of change.

In moving towards greater economic integration, Dr Mahathir said Asean might need to look at the way it co-operates with a new perspective. Its target must be that of gaining advantage from its strengths rather than merely protecting the weaknesses.

"We had struggled hard to gain independence and we cannot afford to lose our sovereignty in the name of free, unrestricted breaching of our economic and other borders.

"At least we must ascertain that such breachings will be subjected to eventually beneficial rules."

Alluding to the recent currency manipulation in the region, Dr Mahathir

said the experience should be a big lesson for Asean.

While member countries should always avoid abusing the system, he said they should be alert to the possibility of others exploiting their weaknesses in order to weaken them further.

"We have a duty to bring order within and between our countries, and indeed contribute to a more orderly world environment."

Dr Mahathir also said the Asean Free Trade Area, or Afta, needed to increase competition and upgrade its industries' efficiency to become more competitive in the world market.

"This would in turn make Asean an attractive area for long-term non-speculative foreign direct investments and attract more world-class producers to locate their operations in the region," he said.

This requires Asean to go beyond tariff reductions. Asean's own involvement in industrial production needs to be nurtured along with foreign direct investments.

Touching briefly on other important considerations for Asean, he said there was a need to resolve disputes swiftly and effectively.

"We have also to acknowledge that as we move towards greater economic integration, we are more exposed to the occurrence of disputes among ourselves in the implementation of the economic initiatives that we may put into place," he said.

The Agreement on Dispute Settlement in Economic Initiatives concluded this April provided the much-needed reference.

Dr Mahathir also said regulatory and administrative procedures at the national and Asean levels needed to be reviewed to make them more simple and transparent, and that new measures should facilitate decisions.

"We have to combat corrupt practices squarely," he said.

The utilities' industry's efficiency must also be reviewed towards reducing business costs. Ports and airports must be more efficient, and haulage and freight forwarding services more responsive.

Sustainable, clean and environment-friendly processes, he said, have to be adopted to avoid costs associated with environmental degradation.

"The proximity of our borders requires that we address the problem of pollution from both the national and regional perspectives.

"Failure to do so will most certainly cost us a lot and will retard our progress," he said.

Dr Mahathir called on Asean to prepare itself well for the longer and more demanding journey ahead.

"Asean economic co-operation has come a long way from the time when we embarked on our first collective economic initiative 20 years ago. The journey ahead is longer and more demanding.

"We can make the journey less onerous if we prepare ourselves well for it, if we remain focused in addressing issues that confront us and if we remain committed to achieve our regional goals," he said.

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