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Boost intra-Asean trade, says PM

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PETALING JAYA, Sat. - The Prime Minister today called on Asean nations to bolster each other's strengths with linked arms, saying that increased trade among members would allow them to bounce back from economic problems.

"Of course, we would prefer to sell outside of Asean in hard currency and earn more foreign exchange. But where we can be competitive in each other's market, we should 'Buy Asean'," Datuk Seri Dr Mahathir Mohamad said in his keynote address at the Private Sector Salute to Asean Conference.

Dr Mahathir's speech, ahead of the Asean Informal Summit which begins on Monday, carried special significance as it was heard by top corporate leaders from Asean and other parts of the world.

The three-day conference brings together business leaders to interface with heads of Government and other Ministers to discuss key issues and concerns of the region.

Dr Mahathir said as exchange rates among Asean countries had not changed much as they were all devalued by almost the same extent, they could continue trade with each other and could even expand it if the regional sources retained competitiveness.

He said as, relative to each other's currency, the devaluation had not been so high, goods from Asean countries would be cheaper to member countries.

"I am not advocating Asean economic regionalism. But the fact is we have less money now and we should buy from the cheaper source. There should be no restriction to others entering our markets with their products but if their prices are higher, we should not buy them."

"By taking advantage of the simultaneous devaluation of our currencies, the Asean countries can actually increase their trade with each other without keeping out other countries.

"That way we will help each other's economy to recover and hopefully to grow," he said.

He said governments of Asean countries and the private sector should examine the idea.

He added that when Asean was rich again and able to import goods and luxuries from outside Asean, it should do so.

Dr Mahathir said the Asean Free Trade Area could be re-examined to expedite and expand it.

"If Afta is considered good during times of prosperity, cannot it be good or even better during times of stress?," he asked.

Afta, expected to be implemented in 2007, is to remove obstacles for freer trade among Asean member States. These include abolition of tariffs or taxes on goods from and to member countries.

Dr Mahathir said although all Asean countries were facing economic problems which had undermined their growth, they had reasonable hope to catch up with the developed West.

"The skills and willingness are still there. The system and the game rules of a globalised world may not favour us now, but we will learn to handle them in time and will bounce back stronger than before."

However, the Prime Minister said it would be wrong to say that Asean governments and people, in particular their businessmen, were completely blameless for the economic problems.

"There had been many abuses and malpractices, including of course large foreign borrowings and deficits in the balance of payment. These abuses on their own would have resulted in slowing down growth or even reversing it."

However, he said, the devaluation of currencies had precipitated matters, magnified the scale of their economic reversals and caused financial problems.

"It had exposed and bankrupted not only the bad companies but had rendered good companies non-viable. It had put banks and other financial institutions in danger and forced their closure.

"Indeed, it had forced countries to borrow heavily from international agencies and obviously increase their debt burden," he said.

Also present at the conference were Foreign Minister Datuk Abdullah Ahmad Badawi, Asian Strategy and Leadership Institute chairman Mirzan Mahathir and Asean secretary-general Ajit Singh.

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