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Dr M: Asean needs longer-term vision

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THE 30-year old Association of South-East Asian Nations (Asean) has to set its sights higher if its economic cooperation is to remain on a higher plane.

The nine-member grouping needs to have a longer-term vision of what it wants to be as an association to make it relevant in the next millennium, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

"I have no doubts that as we move into the first five years of the next millennium, Asean economic cooperation would be brought to the higher plane (that was envisaged by the Fourth Asean Summit in Singapore in 1992.)

"However, to remain on this higher plane, we need to set our sights higher. Twenty-five years from today, do we foresee Asean becoming a common market like the former European Economic Community?

Are we setting our sights to be a single market or an economic union ala the European Union?

"What is certain is that we need to make the bold move towards greater economic integration, as we will have to face an uncertain environment," he said when opening the 29th Asean Economic Ministers' meeting in Petaling Jaya yesterday.

Dr Mahathir said he had, 10 years ago at the first Asean Economic Congress in Kuala Lumpur, called for Asean to establish a closer, more constructive and complementary relation in the area of economic cooperation.

He described the Asean Free Trade Area (Afta) as the "first harvest of tangible results" following Asean's collective resolve.

Asean is now in the fifth year of the implementation of the Afta, an initiative that has achieved much greater success than the previous Preferential Trading Arrangement.

Afta is expected to be fully implemented by the year 2003. The idea of a free trade area was not acceptable 10 years ago as it was seen as a move that would slowly erode national sovereignty.

"When we embarked on Afta, we were not addressing it solely to increase intra-regional trade within the association.

"The larger markets for our goods lie outside Asean and that the prospects for expansion and realising regional growth lies with the international market.

"We need Afta to increase competition and upgrade the efficiency of our industries that they become more competitive in the world market," he said.

He added this would, in turn, make Asean an attractive area for long-term non-speculative foreign direct investments (FDIs) and attract more world class producers to locate their operations in the region.

"... the bigger the intra-Asean trade, the more attractive will we be to the serious FDI."

Dr Mahathir warned that the journey ahead for the region in the next millennium will be longer and more demanding but it can be less onerous if "we prepare ourselves well for it, remain focused in addressing issues that confront us and if we remain committed to achieve our regional goals."

The region's recent experience with currency manipulation should be "a big lesson," Dr Mahathir said, adding that the grouping "must be

perpetually alert to the possibilities of others exploiting its weaknesses to weaken the grouping further."

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

Asean, he said, may also need to look at the way it cooperates with a new perspective in moving towards greater economic integration.

Its targets must be that of gaining advantage from its strengths rather than protecting its weaknesses. "We have 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," he said.

He added that Asean, too, will have to resolve swiftly and effectively any disputes arising from the implementation of economic initiatives.

Asean must also not overlook the critical element of reduction transaction costs or the cost of doing business in the region in the implementation of initiatives towards greater economic integration.

"We need to review regulatory and administrative procedures at the national and Asean levels to make them more simple and transparent and ensure that new measures introduced have the effect of facilitating decisions and approvals. We have to combat corrupt practices squarely."

He also called for a review on the efficiency of the utilities industry.

The cost of electricity, gas, water and telecommunications will be less of a burden to business if "we liberalise the more restrictive regulation."

"In the same vein, we need to make our ports and airports more efficient and our haulage and freight forwarding services more responsive," he added.

Asean will also have to adopt processes that are sustainable, clean and environment-friendly to avoid costs associated with environmental degradation.

"We have to educate and encourage our rural population to do away with antiquated practices in their daily economic activities which can pollute the environment.

"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," he added.

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