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MAHATHIR CALLS FOR INCREASED TRADE AMONG ASEAN COUNTRIES

PETALING JAYA, Dec 13 (Bernama) -- Datuk Seri Dr Mahathir Mohamad today proposed that Asean countries increase trade among them to help cushion the effects of the currency devaluation and shorten the region's economic recovery period.

"I feel quite sure that the devaluation of our currencies can facilitate trade between us," the prime minister said when opening the "Private Sector Salute to Asean" conference, here.

He said this in his keynote address entitled "The Future of Asean" at the four-day conference to commemorate the 30th anniversary of Asean and in conjunction with the second Asean Informal Summit in Kuala Lumpur on Dec 14-16.

It is jointly organised by the Asian Strategy and Leadership Institute (Asli) and the Brooker Group Limited.

Mahathir said there were many things which the Asean countries could not buy from each other before which should be competitive now "if we keep our new exchange rate and the price of goods according to the domestic market."

The prime minister said that by taking advantage of the simultaneous devaluation of the region's currencies, Asean countries could 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," Dr Mahathir said.

"When we are rich again and able to afford the imported goods and luxuries from outside Asean, we should do so. Indeed, we will be helping to restore world trade by working hard to recover quickly," he said.

Dr Mahathir said that since all Asean currencies have been devalued to almost the same extent, the exchange rates between them have not changed much.

"We can therefore continue our trade with each other almost as we did before. Indeed we can extend our trade greatly if our regional sources retain this competitiveness. It is up to us to do so," he said.

In this regard, the Asean Free Trade Area (Afta) could be re-examined to expedite and expand it, he said.

"If Afta is considered good during times of prosperity cannot it be good or even better during times of stress? Much will depend on our ingenuity and our Asean spirit of unity and belief in mutual help," he said.

Citing an example, Dr Mahathir said that in Malaysia it was discovered that palm oil was priced in US dollars even for the local market and yet its cost was in the devalued ringgit.

"While we do not grudge the windfall profit our exporters get due to the devaluation of the ringgit, we think that the domestic market should not be burdened by the extra profits which palm oil producers would get by selling in the domestic market at export prices," Dr Mahathir said.

"If we want to make Afta worthwhile, we have to guard against the inflationary effect of devaluation. It is not impossible to do this. It requires a great deal of discipline among our people," he said.

Stressing that he was not advocating Asean economic regionalism, Dr Mahathir said the fact was that "We have less money now and we should buy from the cheapest source."

He said there should be no restriction on others entering the Asean

markets with their products "but if their prices are higher we should not buy from them".

The prime minister said that as a last resort, Asean countries could barter to increase their trade "since we don't know when the pressure on our currencies will be lifted."

Saying that his suggestion did not negate market forces, Dr Mahathir said market forces demanded that "we buy the cheapest and the best."

The prime minister suggested that the private sector of Asean seriously examine the idea.

"Perhaps governments too should examine it. We may reject it as a hare-brained idea in the end but there is no harm in examining every possibility of restoring the health of our economy," he said.

Dr Mahathir also said the private sector must always be prudent and correct but in business and in finance there were always new ways of making money.

He said the countries in this region lost their wealth largely because they had not understood what was going on in the big wide world outside.

"For 30 years we have developed our countries the old-fashioned way. We believe in hard work, in sweat, toil and tears. We believe that one good turn deserves another. We believe in cooperation between countries within regions and between regions," he said.

The prime minister said that with liberalisation, globalisation and market forces came the herd instinct.

"We are caught unawares and so we have to pay a price, a heavy price. But for the price that we paid we should at least get a few tips on how to manage, if not a full lesson," Dr Mahathir said.

"As a doctor who once practised surgery, I appreciate the need to amputate gangrenous legs to save the rest of the body. What we have to do is surgical. And we will do it," he said.

Dr Mahathir said Asean must reassure the world that "we will carry out what we have undertaken to do at whatever cost".

"We hope that in the end we will restore confidence and the wealth will flow back," he said.

The prime minister said although all of the Asean countries were facing economic turmoil, which had undermined their growth, their potential was still there.

"It is reasonable to expect us to recover and to forge ahead. We still have a not unreasonable hope to catch up with the developed West," he said.

He said the system and the game rule of a globalised world might not favour Asean now "but we will learn to handle them in time and we will bounce back, possibly stronger than before."

"What we need to do now is to build up our internal strength, our organisation and our unity and then we will overcome," Dr Mahathir added.

-- BERNAMA

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