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Rafidah: Now it's trade-politics link (HL)

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MAJOR trading countries are now trying to link trade with politics after failing to link it with labour, human rights and environment issues.

International Trade and Industry Minister Datuk Seri Rafidah Aziz said the move by the US to impose sanctions on Myanmar is indicative of such attempts.

"And this is completely untenable. Asean must resist it," she said when opening a trade seminar in Kuala Lumpur yesterday.

"Asean as a group must resist any attempt to dilute its collective force... to erode the grouping's united position on issues of common concern in trade and investment," she said.

The trade-politics link is the latest in a series of attempts in the past decade by major trading countries to place conditionalities on their trade with developing countries.

Their move to link trade with labour issues was shot down at the inaugural meeting of the World Trade Organisation ministerial meeting in Singapore last year, thanks to the common stand adopted by South countries, as well as the support of some developed countries, particularly the UK.

Rafidah said apart from the current US lobby to halt Myanmar's entry into Asean, on-going issues include the imposition of anti-dumping and countervailing duties on the grouping's exports.

In addition, new rules pertaining to economic and trade practices are being introduced to curtail Asean exports.

In the face of such moves, Asean must leverage on its economic strength to ensure that its access to major markets is not constrained by unacceptable trade policies and measures, she said.

Later, Rafidah told reporters that Malaysia will not change its position on Myanmar joining Asean.

"If at all, it (the US move) has made us more concerted in our efforts to bring in the new members. We will assist these countries to form legislative policies, restructure their tariff regimes and adopt measures to enhance Asean's economic and market potential, including through the Asean Free Trade Area (Afta)."

Asean groups Malaysia, Singapore, Thailand, Brunei, Indonesia, the Philippines and Vietnam. Myanmar, Cambodia and Laos are expected to make it an Asean-10 this year, the 30th anniversary of the grouping.

The US imposed economic sanctions on Myanmar last week, and followed it up by reportedly lobbying Asean not to proceed with plans to admit Myanmar.

The European Union last October banned members of Myanmar's ruling junta and senior members of the military or security forces from travelling to Europe, in protest against what it saw as human rights abuses in the country. The EU is expected to extend this sanction for six months from this week but the possibility of US-like economic sanctions have been ruled out.

Prime Minister Datuk Seri Dr Mahathir Mohamad had said last week that Asean is not likely to change its stand on admitting Myanmar but that Malaysia, as the grouping's chairman, would discuss the issue with its partners.

Foreign Minister Datuk Abdullah Ahmad Badawi said on Sunday that Asean understands the situation in Myanmar better than the US and will take into

account the region's strategic interests and stability when deciding on Yangon's membership.

Indonesia, Thailand and Vietnam have also said they would stick to the decision to accept Myanmar into Asean this year.

In her address to the seminar on Globalisation and Free Trade: Implications for Asean yesterday, Rafidah said although Asean in itself is a large market, it will continue to have strong economic links with the rest of the world.

"The export-orientation of much of Asean's production makes it vital for Asean to maintain global market access within the multilateral trading system," she said.

In 1995, Asean exports to the rest of the world totalled US\$227.981 billion (US\$1 = RM2.50), up 20.1 per cent from 1994. Its imports were worth US\$265.342 billion, up 20 per cent from the year before.

Singapore, Malaysia, Thailand and Indonesia are among the top 25 global trading nations.

"What happens on the global trade scene is of importance to Asean, particularly in respect of the multilateral trading regime," she added.

Rafidah also said the grouping is working towards establishing the Asean Investment Area to spur regional investment crossflows as well as draw foreign direct investments from elsewhere.

"Discussions are on-going on the salient features of the proposed Asean Investment Area by taking into account differences in national policies and the different levels of economic development of the members.

She said Asean has also begun to network with other regional groupings like the Mercosur of South America, the European Union and the South African Development Cooperation to identify areas of cooperation and to boost trade and capital flows.

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