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PEBC prefers early trade liberalisation: Sohmen

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THE Pacific Basin Economic Council (PBEC) would like to see trade liberalisation happen sooner than later, its chairman Mr Helmut Sohmen said.

He said that although PBEC is committed to free trade by 2020, trade liberalisation by 2020 is mainly an Apec (Asia Pacific Economic Cooperation) vision.

As businessmen, we at PBEC would like trade liberalisation to happen sooner. Each country should decide when they can liberalise. The Apec timetable is a suggestion.

Many countries are willing to liberalise unilaterally. However, once countries are in a grouping, they may decide to get into a negotiating position.

"Then, they may not want to open up because they would want to wait and decide how to play their cards. Therefore, logically, the negotiating process might slow down the liberalisation which governments may decide to do earlier."

"On the other hand, with a grouping like Apec, for instance, some countries may feel pressurised to liberalised earlier due to the grouping. That would be a trade-off," Sohmen told Business Times in Kuala Lumpur.

PBEC is an association of senior business leaders representing more than 1,200 businesses in 20 economies, including Malaysia. PBEC members account for more than US\$4.25 trillion (US\$1 = RM3.80) in global sales and employ more than 10.9 million people.

Asked about the contradictions on liberalisation that arise between the US and Japan, Sohmen said that Americans often play dual roles.

"They are very strong in pushing for liberalisation in certain sectors and are also good in forcing other countries in other issues. Equally in certain institutions, the US is very protectionist.

"You can see that in the Uruguay Round... certain sectors where the US absolutely refuse for trade liberalisation. My own industry, maritime shipping, is still excluded in the World Trade Organisation.

"The US is not 100 per cent consistent in all their policies. I guess they also have their national interest to protect since they are such a large economy," Sohmen said.

He explained that the situation is different in Japan since it is a traditional country where things are done on a concensus basis.

Decisions are not made quickly in Japan. Any changes of any sort must come through concensus. Backed to a wall, the Japanese will move even slower.

"Therefore, the more aggressive the Americans become, the slower the Japanese will move. However, we have to acknowledge that the Japanese has come a long way in opening up its businesses," he said.

When asked what PBEC's views were on the new capital control measures introduced by Prime Minister Datuk Seri Dr Mahathir Mohamad recently, Sohmen said that while not everybody agrees with Dr Mahathir's policy, it is a firm policy.

"On the one hand, it shows leadership, strength and commitment to lead which is important. Whether you want to criticise policy on thereotical or philosophical grounds is one thing.

"There is a lot of talk and defensiveness and pre-occupation with other things. It is very important for the leaders to do something - like Dr

Mahathir did," he said.

Sohmen added that although thereotically, PBEC cannot recommend the measures introduced by Malaysia because as general it clasheswith PBEC's basic beliefs (liberalisation and less controls).

However, he said that PBEC recognises the special situation and the new policies would help re-establish the economy.

"Hopefully, the new Malaysian measures would see some result, and hope that it would provide leadership to other countries so that there can be more stability in the region."

"Unfortunately, the facts are such that we should not expect quick solutions to the problems."

On PBEC, Sohmen said that the membership of the organisation is similar to the membership of the Asia Pacific Economic Cooperation (Apec).

We are tracking the Apec process to a certain extent but PBEC is much older than Apec. Therefore, Apec being younger gets a greater share of publicity and funding.

PBEC gets a budget which relies on contribution, membership fees and we do not quite get the financial clout Apec gets being Governments and decision makers. The organisation is based on national committees in each country that supports the local membership," he said.

The PBEC organisation was formed in 1967, and laid the foundation of the Apec forum.

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