

23/03/1998

Dr M: Asem will provide forum to explain problems to Europeans

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PETALING JAYA, Sun. - Datuk Seri Dr Mahathir Mohamad said the Asia-Europe meeting in London next month would enable Asian countries affected by the economic problems to explain their situation to their European counterparts.

However, the Prime Minister said he was not optimistic that the meeting would come up with a concrete action plan.

Dr Mahathir, who will head the Malaysian delegation to the meeting, said this was mainly because as far as the current economic problems were concerned, the opinions of the Europeans differed from those of their partners in Asia.

"We will get a chance to explain the actual situation at Asem. But their opinions differ from ours because they give more priority to free trade and not its effects. The effects (of free trade) are not important to them although millions of people lose their jobs.

"That is the price that we have to pay in the name of free trade," Dr Mahathir told reporters at the Sultan Abdul Aziz Shah International Airport in Subang on arrival from Germany.

While in Germany, he visited the CeBIT 98 trade fair in Hannover and spoke at a conference on the Multimedia Super Corridor.

Dr Mahathir said although he had tried to explain the reasons for the current economic problems in countries that he had visited, they continued to blame the Governments.

"Wherever I explain the problems, their response is that we should build confidence and that we should have a Government which is disciplined and transparent.

"In short, they are blaming the Governments of Southeast Asian countries. Why is this happening?"

Asked whether this meant that they were of the opinion that Governments of Southeast Asian countries were not disciplined, Dr Mahathir said:

"I don't know. For 30 years, they had the confidence in us. They invested here and even gave us loans in large sums. All of a sudden, they have lost their confidence. We don't know what else to do."

On whether the economic problems faced by the region would sideline the issue of expanding Asem to include Laos and Myanmar which became members of Asean in July last year, Dr Mahathir said only the criteria of memberships would be discussed.

He said the meeting would determine what was defined as a European or an Asian country and whether their domestic systems should be considered before accepting them.

The first Asem, which kicked off a comprehensive partnership between Europe and Asia, was held in Bangkok in 1996. Asem is made up of all 15 European Union members, seven Asean countries and China, South Korea and Japan.

On foreign investment in the banking system, Dr Mahathir said for the moment, it would not be allowed to exceed 50 per cent.

He said if the 50 per cent limit in the banking sector was exceeded, local banks would turn into foreign banks.

"We allow for certain amount of foreign participation in local banks."

He was asked whether participation of foreign investors in local banks would be allowed to exceed 50 per cent following interest shown by Taiwanese investors in the country's banking sector.

Taiwan's largest investment company, China Development Corporation is considering investing in Malaysia's banking sector.

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