

13 NOV 1998

APEC-NEWS-MAHATHIR

UNRESTRAINED LIBERALISATION CAN WEAKEN APEC ECONOMIES FURTHER- MAHATHIR

KUALA LUMPUR, Nov 13 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has cautioned Apec against unrestrained liberalisation, saying it could further weaken economies already suffering from the regional currency crisis.

To prevent such a predicament, he said Apec members should be allowed to open up their markets for products based on their domestic capabilities and levels of economic development.

"The weakened economies cannot be expected to shoulder the same level of commitments to liberalise their markets as the stronger ones," he said when opening the Third Apec International Trade Fair 1998 here today.

The Prime Minister said that "in such a situation, nobody actually benefits" which was why "weakened economies could not be expected to shoulder the same level of commitments to liberalise their markets as the stronger ones."

Liberalisation should take into account the specific development features and constraints of countries of different levels of development, he said.

"In undertaking liberalisation initiatives, we must work towards a win-win situation where all benefit from the process," Dr Mahathir said.

Nevertheless, he said it was crucial for export markets of these affected economies to remain open for the products originating from these countries.

This was in view of the fact that "there was discernible trend towards protectionism as local industries which are no longer competitive, lobby or justify the imposition of non-tariff measures of various sorts."

He said countries might be forced to resort to anti-dumping action, countervailing measures and transitional safeguards against the exports from Asia, which in the process would scuttle Apec's free trade plan.

The diminished capacity to export and import goods and services was evident in the 32.4 percent plunge in imports by Indonesia in the first quarter, Malaysia by 12.6 percent and the Philippines by 4.3 percent.

He said the reduction in imports resulting from the economic slowdown had also directly affected the export performance of the economies of the United States, Australia and New Zealand.

"It is estimated that between January and August this year, U.S. exports to Asean declined by 18.3 percent compared to the corresponding period last year while exports of Australia and New Zealand to Asean similarly decreased."

To avoid protectionist tendencies, Dr Mahathir urged advanced member economies to support the export efforts of affected economies to facilitate the economic recovery process.

Dr Mahathir called for more collaborative efforts among Apec's private sectors to boost intra-regional trade and investment by considering long-term capacity building goals and action plans especially in improving the infrastructure, increasing skills among personnel and developing new technologies.

"Exchanging and the sharing of technology especially among the less-developed Apec economies should be enhanced," he said.

However, the Prime Minister expressed regret that recovery efforts by affected economies were undermined by the "negative and biased reports of several credit rating agencies and the media."

He said with their persistent and determined misreporting and assessment being more of a disservice to their clients whose decisions were based on these reports, investors should really travel to these countries to see for themselves what is really happening.

Advising investors to be on guard against these credit rating agencies, he said the business community should evaluate the economic environment of the country in an objective and balanced manner.

"It is worthwhile noting that none of the rating agencies or the media predicted the current economic turmoil," he said.

Dr Mahathir said the crisis which was previously regarded as an Asian problem was threatening to take on global proportions, affecting Latin America, Europe, Japan and the U.S.

"Malaysia believes that our economic crisis is only temporary and we are confident that with government and private sector commitments to revitalise the economy, we should be able to put Malaysia on the path to recovery," he said.

He also urged businessmen to make use of the various facilities provided by Apec which included tariff trade databases, databases on investment and service flows and guidebooks on the investment regime of the grouping's economies.

The Prime Minister said that Malaysia attached great importance to the strengthening of economic and technical cooperation efforts to address the diversity and the different levels of economic development of member economies.

Skills development and harnessing technologies of the future were two priority areas under economic and technical cooperation activities.

The Prime Minister hoped the fair in which more than 350 companies from 21 economies were participating would help promote among members the importance of innovative technologies and skills and upgrading in order to maintain competitiveness in the export market

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