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TRADE-MALAYSIA

AUSSIE LEADER WARNS OF NEW TRADE THREAT

By: Neville D'Cruz

MELBOURNE, March 19 (Bernama) -- The Victorian State Premier Jeff Kennett yesterday warned that "small economies" like Malaysia and Australia may face a "great threat" from new trading alignments developing around the world, notably in Europe.

He said Australia, which accounted for only 1.5 percent of the world's gross domestic product, would struggle unless it managed to form closer trading relationships with Malaysia and other Asian neighbours.

Speaking at the Australia-Malaysia Business Council national business forum, Kennett said it was likely the G-7 comprising leading industrial countries would be reduced to G-3 with the United States, Japan and the European Union controlling the world's economy.

The G-7 comprises the US, UK, Japan, Canada, France, Germany and Italy.

Kennett said free trade would continue to open up in the Americas, with some Latin American countries already discussing the possibility of making the US dollar their base currency.

"These new alignments taking place around the world will affect us dramatically as we go into the 21st century," he said.

Kennett, who did his National Service in Melaka in the mid-1960s, said it was unlikely Australia would end up with an Asian currency.

Saying that there was much work to be done to promote free trade in the region, Kennett, who met prime minister Datuk Seri Dr Mahathir Mohamad during the Commonwealth Games in Kuala Lumpur last September, applauded Malaysia's role in promoting free trade and reducing barriers for Australian exports.

The popular premier said there was a need to build good political ties between Australia and Malaysia.

Despite "some burps" in the past between the two countries, the relationship always remained strong, he said.

Kennett said closer ties could be developed in such sectors as health, multimedia and information technology, finance and education.

"While we all have our domestic challenges, we have a much bigger challenge and that is positioning ourselves for relevance ... because unless we can produce goods and services that are in demand internationally then our own economies will be substantially reduced," he said. -- BERNAMA

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