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Time to make EAEC a reality, says PM

PRIME Minister Datuk Seri Dr Mahathir Mohamad yesterday said Malaysia feels that it is now time to realise the East Asia Economic Caucus (EAEC) concept.

"In a situation of regional and financial uncertainty, a grouping such as this will solve and discuss matters for the benefit of all countries, especially that of East Asia.

"In the new millennium, it will strengthen the cooperation between countries in the region," Dr Mahathir said at the banquet in honour of visiting Chinese premier Zhu Rongji in Putrajaya yesterday.

Zhu is on a four-nation tour centred around the Asean leadership summit in Manila. He arrived in Kuala Lumpur yesterday for a five-day official visit.

During the 12-day trip to Malaysia, the Philippines, Singapore and Vietnam, Zhu will meet his counterparts and discuss Asian's ongoing financial recovery and other issues of common concern.

"To further increase regional and economic cooperation, it is timely for China, Malaysia and other East Asian countries to consider thoroughly the setting up of an East Asian Financial Fund, the benefits of which will surely be appreciated by its member countries.

"The countries in South-East Asia are now too dependent on Europe and America for trade. Without reducing trade, it is also important for trade among East Asia to be increased to the levels of that with Europe and America.

"This trade balance will strengthen our economies and will contribute to the stability and growth of world economy," Dr Mahathir said.

He added that the recent economic crisis indicated a weak global financial system which currently exists.

"Therefore it is important that these weaknesses be addressed through the formation of a new financial framework with the participation of developed and developing countries. Malaysia hopes that China will play a positive role in this matter.

"The financial and economic crisis which hit us, clearly shows how weak our country was towards powers which abuse globalisation and free trade. From this, there is a birth of new forms of colonialisation.

"On the regional level, I am happy that relations between China and Asean nations are increasing. We truly appreciate China's support as a full dialogue partner of Asean and a member of the Asia Regional Forum, and to various Asean suggestions and initiatives to strengthen the region.

"We thank China for its acceptance of the Asean Protocol on the South-East Asia Nuclear Free Zone Agreement. Malaysia believes that China's readiness to sign the protocol indicates China's commitment in maintaining stability and peace in the region and its efforts to reduce the growth of nuclear weapons in the world," he said.

Dr Mahathir also suggested that a Malaysian Consulate-General office be opened in Shanghai and Kunming.

He said that to enable more Chinese students and tourists into the country, Malaysia has terminated and made several changes to complicated entrance requirements.

"I am confident these steps will not only bring economic benefits but will further strengthen the friendship between Malaysia and China.

"Since the establishment of diplomatic ties 25 years ago, there has been tremendous success in bilateral relations," Dr Mahathir said, adding that it was crucial for united efforts to be made to further enhance the development in this area.

He added that Zhu's visit to Malaysia will contribute significantly towards this objective.

Dr Mahathir said that he was extremely happy that Zhu's visit will witness some new signings - an agreement on culture; an MOU between Bank Negara Malaysia and the People's Bank of China; and an arrangement between the two countries on exchange of animals.

Malaysia has to date signed 10 agreements and memorandum of understanding (MOUs) with China.

"Bilateral trade in the past four years increased to RM15.1 billion in 1998, in line with development and expansion of two-way cooperation in economic relations.

"Now, Malaysia is the second most important trading partner for China among Asean nations whereas China is Malaysia's eleventh largest trading partner," he said.

Dr Mahathir also said that bilateral investments are also improving. Malaysia is currently the second largest investor among Asean nations in China. China's investments in Malaysia, although small, has seen improvements.

"We appreciate China's involvement in the paper and pulp project in Sabah. I understand that this project is worth RM4.3 billion, the biggest Chinese investment in this region.

"We hope more Chinese companies will explore investment opportunities in Malaysia. The chance to develop economic activities between Malaysia and China is still extensive.

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