

# New phase in Asean-Europe trade

Est 31 MAY 2000

THE impact of globalisation and Internet is changing the way business is conducted between South-East Asia and Europe, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

"The South-East Asia and Europe business relations have seen several changes since the middle of the last century. We are clearly seeing a new phase in the relationship between European and South-East Asian businessmen.

"But we are going to see even more reshaping of that relationship with the advent of information technology (IT), the increasing sophistication in communication technology and new ideas about the interde-

pendence of nations in a borderless world," he said at the opening of a two-day Europe-Asia Business Summit 2000 in Kuala Lumpur yesterday.

In the advent of IT and globalisation, Dr Mahathir said it seems that strategic location is now quite meaningless in so far as doing business internationally or even nationally is concerned.

"We talk glibly of this world without borders of a globalised world resulting from the ease of communications. One can be in the middle of a desert or a thick tropical forest and one can conduct business as easily as being in the office or factory," he said.

However, he said strate-

gic location is still relevant because as human beings, "we have our cultures, loyalties and human feelings".

"When doing business, we cannot ignore these factors. If we do, business between the peoples of the two regions will not last very long.

"Indeed, there will be breakdowns in relations, bitterness even and in the end business ventures, however sound, may fail."

Dr Mahathir said IT and multimedia and the Internet have opened up many new opportunities for Europeans to do business in South-East Asia and vice-versa.

"Perhaps, we will be more efficient and goods and services will be cheaper using the Internet... perhaps poor people will now

be able to buy what they could not afford before," he said.

He, however, cautioned that despite all these, there is still a need to really examine globalisation and the Internet.

In his speech, Dr Mahathir also identified several possible adverse effects of Internet businesses over traditional businesses but did not discount the fact that it can bring about faster economic development to developing countries.

"Europeans must be prepared to work with South-East Asians to ensure that benefits are fairly shared and a win-win result possible," he said, adding one of the ways is for European companies which

are advanced in technology to become strategic partners.

With a population of 500 million, Dr Mahathir said the region has a great need for everything and that should suggest a good potential market.

"We believe in what we call smart partnerships. Poor people make poor customers but when you enrich them they can turn into good customers," he said.

He said technologies should not cost too much and European partners should be prepared to transfer technology at nominal cost, especially when they are joint-venture partners.