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Joint effort on globalisation (HL)

Hardev Kaur in Jakarta

MALAYSIA and Indonesia have agreed to carry out a study on globalisation and its impact on developing countries.

Prime Minister Datuk Seri Dr Mahathir Mohamad and President Abdurrahman Wahid agreed upon this during their one-hour meeting at Istana Merdeka here today.

They also agreed to formulate a common stand in international trade negotiations.

Speaking at a joint media conference later, Dr Mahathir said they discussed, among other things, the effects of globalisation on developing countries like Malaysia and Indonesia.

"We agree that both countries hold talks towards adopting a common stand to be forwarded at international fora," said Dr Mahathir.

The Prime Minister arrived here this morning for an overnight visit.

In a departure from protocol, Abdurrahman personally received Dr Mahathir on arrival at the Halim Perdanakusuma Airport.

The two leaders then left immediately for the presidential palace for private talks followed by a full delegation meeting.

Dr Mahathir is accompanied by his wife Datuk Seri Dr Siti Hasmah Mohamed Ali and four ministers Tun Daim Zainuddin (Finance), Datuk Seri Syed Hamid Albar (Foreign Affairs), Datuk Seri Rafidah Aziz (International Trade and Industry) and Datuk Seri Dr Lim Keng Yaik (Primary Industries).

Also accompanying the Prime Minister is a 150-strong business delegation led by Malaysia Airlines (MAS) chairman Tan Sri Tajudin Ramli, who is also president of the Malaysian Chamber of Commerce and Industry.

Later, addressing participants of a business forum on "Rebuilding Business Opportunities in Indonesia" at the Istana, Dr Mahathir said Asean must undertake a detailed study of globalisation and its effects on member countries.

He said the regional grouping must take a collective and united stand, articulate its views and define the issue.

He warned that unless this was done, "globalisation will destroy us".

While globalisation was something that might have to be accepted as the world had become much smaller due to innovations in telecommunications and air travel, Dr Mahathir questioned whether there was only one interpretation of globalisation - as defined by the rich nations, and one that only benefits them.

"Isn't there another interpretation of globalisation, a world without borders and free markets, the benefits of which will be reaped equally by the poor and the rich?"

In the new era, globalisation and the revolution in Information Technology (IT) and communications will be very rapid. Capital flow, trade, services, ideas and information movements will be unhampered. While the rich nations will benefit from this process, developing countries must be ready and prepared to face the unexpected challenges that would affect them.

Globalisation, Dr Mahathir said, increased competition in the domestic market. It also opens avenues for free movement of large sums of capital in and out of nations, which can destroy the overall economy of a country.

"Just look at the destruction caused by the financial crisis in Asia, that destroyed the economies of the Asian Tigers," he said.

With globalisation too, all transactions can be conducted on the

Internet and foreign dotcom companies without involving domestic importers, distributors and retailers. Not only will their services not be required but Governments will be unable to collect taxes.

"We have seen how `supermarkets' have eradicated the retail shops, and now `hypermarkets' are replacing `supermarkets'. Similarly `E-commerce' in a world without borders will destroy almost all types of local businesses."

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