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Need to study impact of globalisation on Asean: Dr M

Hardev Kaur in Jakarta

JAKARTA: Asean must undertake a detailed study on globalisation and its effects on member countries so that it can take a collective and united stand, and articulate its views on the issue.

Unless this is done "globalisation will destroy us", Prime Minister Datuk Seri Dr Mahathir Mohamad warned, when addressing participants of a business forum on "Rebuilding Business Opportunities in Indonesia" at the Istana yesterday.

Earlier, during the Prime Minister's bilateral discussions with President Abdurrahman Wahid, which lasted about an hour, the two leaders agreed that Malaysia and Indonesia would jointly study globalisation and its impact on developing countries.

The two countries will also formulate a common stand with regard to international trade negotiations.

While globalisation may have to be accepted as the world has become much smaller due to innovations in telecommunications and air travel, the process cannot be left to be defined only by the rich and for their benefit, Dr Mahathir told the forum.

"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?"

The forum was jointly organised by Asian Strategic and Leadership Institute (Asli), Kamar Dagangan dan Industri (Kadin) and the Indonesian Centre for Strategic and International Studies (CSIS).

Globalisation and the revolution in Information Technology (IT) and communications will gain ever increasing momentum to allow capital, merchandise trade, services, ideas and information to flow unhampered.

While the rich nations will benefit from this process, developing countries must be prepared to face the unexpected, Dr Mahathir said.

Globalisation increases competition in the domestic market and also opens avenues for free movements of large sums of capital in and out of nations which pose a big threat to the economy.

"Just look at the impact of the financial crisis in Asia (in 1997) which destroyed the economies of the Asian Tigers," he said.

And with globalisation all transactions can be conducted via the Internet and foreign dotcom companies, without involving domestic importers, distributors and retailers. Not only will the local companies lose out but governments will also be unable to collect taxes.

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

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