Dr M warns of foreign interests hijacking Afta

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The Prime Minister called for some understanding on the distribution of industries among Asean member countries

By **KAMARUL YUNUS**

MEMBERS of the Association of South-East Asian Nations (Asean) were warned yesterday against foreign interests hijacking the Asean Free Trade Area (Afta) to the detriment of local industries, under the guise of establishing national industries.

Seeing the potential of the much enlarged market, Prime Minister Datuk Seri Dr Mahathir Mohamad said that foreign corporations would bid to monopolise it by setting up so-called national industries which they will own, while locals will only work for these corporations with little ownership or technology transfer.

The products will be cheaper and the quality world-class, but the small local companies will be locked out and indigenous industrial capacities will not be enhanced.

"We would be no better off than when we were the raw material producing colony. The only difference is that we are now the low-cost assembler of foreign products," Dr Mahathir said at a luncheon talk in conjunction with the three-day Asean Council on Petroleum conference and exhibition which ended in Kuala Lumpur yesterday.

However, the Prime Minister did not dismiss the notion that Asean countries still need and want foreign direct investment (FDI).

But FDI must be aimed at increasing exports to other regions, and where possible foreign investors should give a fair share in the industry to the locals if they are after the lucrative Asean markets.

Dr Mahathir said the agreement to form Afta was among the steps taken to build up economic cooperation among Asean member states.

By combining the markets of South-East Asia, a good-sized market can be created and industrialisation of the region will be more feasible, he said.

However, Dr Mahathir said there should be some understanding on the distribution of the industries among member countries.

"If all the countries want the same type of industry, then there will only be small national markets for each, not regional markets. The economic community would then fail," he said.

On globalisation, he said there is a need to modify its intrepretation, whereby it should not only be for the purpose of free flows of capita.

The rate of globalisation could be staggered so that the developing countries need not give up the protection of their industries completely, and yet can access the markets of the rich so as to grow their own economies.

"When players are of unequal strength or capacity, handicaps should be allowed for the weak in order to compensate for their weakness," he said.

He posed a question whether in a globalised world, only giant banks, giant industries and giant businesses should exist.

"We should have our big, efficient businesses of course, but we must ensure that the small ones survive also. If we have to protect them (small businesses), then we should," he said.

He added that a globalised world should not be so uniform that no matter where we are in the world, everything, such as hotels, restaurants, TV programmes, newspapers and magazines, motor vehicles and banks, are the same.

"Variety is the spice of life. The spice is fast disappearing as we stay in Hilton Hotels, eat McDonald's hamburgers, drive in a Ford car, bank with Citibank and buy our household needs from Carrefour.

"Already, we cannot tell where we are once we enter the lobby of our hotel. They all look the same," he said.

Dr Mahathir also pointed out the importance of speeding up the proposed Asean electrical and gas grid and other infrastructure and transportation projects linking all Asean member countries.

It (Asean electrical and gas grid) should be made a reality as quickly as possible, he said.

The railway and road networks should also be linked. Apart from these, travel between Asean countries should be facilitated by using a common smart card for travelling or border crossing, he said.

He also said the various growth triangles should be seriously developed so as to take advantage of each other's particular strengths, such as manpower, natural resources, capital and technology.