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A vital role for Singapore in Asean trade relations

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THE ongoing discussions between the US and Singapore over a Free Trade Agreement between the two countries will, according to Prime Minister Datuk Seri Dr Mahathir Mohamad, have disastrous effects on Asean economies.

The proposed FTAs between Singapore and the US, Australia, Canada, Japan and New Zealand have been described as backdoor entries into Afta.

The US and the other FTA Partners have also been regarded as Trojan Horses moving stealthily into Asean.

FTAs are meant for countries in a regional entity like Southeast Asia where members share relatively similar states of economic development and have similar social and historical relations.

Thus although Singapore is a developed country, it has a shared history and geography making it a legitimate member of a free trade area like Afta.

It is, therefore, strange for the US or any other country to be included as an Afta associate member by having a separate FTA with Singapore.

It is akin to having the US with Singapore in Asean.

This will not be readily acceptable, at least, at this stage of Asean's development.

Singapore has to have only 40 per cent local content in its production and the US or any developed country need to provide 60 per cent content to qualify for free access to the huge Afta market of 500 million consumers and enjoy the commonly agreed upon concessions.

On this basis, Asean might as well open up its trade and investment on concessionary terms to the whole world.

Afta will then become an All for Free Trade Association or become completely globalised.

How then would Asean countries be able to compete with the advanced industrial countries, with their head start and huge resources in finance, science and technology?

With the US as a Trojan Horse Asean's quest for steady, sequential development by at least nine of its 10 member countries can be seriously delayed and damaged.

You cannot play American football without thick pads and expect to come out of the competition alive!

It takes time for football players to train how to play American football.

Then they must learn how to protect themselves with proper protective clothings, otherwise, one could be kicked around the field like the ball itself.

Let Afta take-off first in 2003, become more developed and then we can think of other arrangements like the FTAs.

Undoubtedly, there is some mistrust and suspicion that the US wants to use Singapore to pry open the Asean market which is jogging along well while Singapore wants to run.

Singapore may run too fast and out of sight but hopefully not out of mind, since the small island city state is after all an integral part of Southeast Asia.

The powerful industrial countries may want to place themselves strategically in the potentially rich Asean market before the Asean countries become developed.

This is because they may be unable to compete so easily once Asean countries become industrialised.

But now Minister of International Trade and Industry Datuk Seri Rafidah Aziz has said categorically that Asean members are not permitted to enter into any FTAs with non-Asean countries as such a move would affect the grouping's interests.

Bilateral agreements by an individual Asean country should not undermine, distort or violate Asean trade.

But Singapore's proposed FTAs will surely undermine Asean trade.

Hence, will Asean countries prevent Singapore from signing these FTAs or will Singapore go ahead in defiance of Asean, and thus alienating itself?

At the same time, the negotiations with the US for China's admission to the WTO has taken a long march - for 14 long years!

The US has been trying to exact every ounce in the trying trade negotiations which have been dominated by the powerful pressures of US farmers who want to reduce China's farm subsidies from 10 per cent to 5 per cent.

The lobby group insists upon treating China as a developed country.

US Trade Representative Robert Zoellick has said that the new Bush trade officials needed time to get acquainted with their Chinese counterparts.

But in the case of the US-Singapore FTA, there is a frantic race for time.

Thus, it's no wonder that Asean countries are wary and watchful of their impatient neighbour.

There are now moves to create a free trade area between Asean and its three East Asian neighbours of China, Japan and Korea.

Obviously, Korea like Japan is a developed country, but the negotiations have only recently begun and they will take much more time to materialise.

The US-Singapore FTA is imminent and is being formed without full consensus among Singapore's neighbours.

Singapore is forced by geography to live in harmony with Southeast Asia, unlike the domineering US, which is separated by the vast Pacific Ocean.

That is the reality that Singapore has had to face and accept with good grace for the peace and stability of Asean and East Asia.

No one should be allowed to undermine nor use other countries to erode this vital harmony and destabilise the region in order to dominate it.

Singapore's High Commissioner to Malaysia K. Kesavapany has rightly pointed out that the past one year has seen an improvement in the tone and atmosphere in the multifaceted relations between Malaysia and Singapore.

It is, therefore, important that Singapore ensures that these good relations between Singapore and Malaysia keep on improving and indeed with Asean as a whole. For if the Asean house is divided it will fall.

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