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Asean-China FTZ agreeable to KL

Ashraf Abdullah

PRIME Minister Datuk Seri Dr Mahathir Mohamad said yesterday Malaysia was supportive of the proposed Asean-China Free Trade Zone but said the finer points of the proposal had to be studied.

Speaking to reporters after the Asean+3 meeting in Bandar Seri Begawan, Dr Mahathir said before its implementation, Asean and China had to ensure that the FTA would be beneficial to both sides.

"We are supportive of the FTA with China but we need to go into details. Sometimes, although there is an agreement of FTA, the benefits go only to one side. We want to ensure that both sides will gain from the FTA."

While China is a big market, it is also a big producer of a variety of manufactured goods in direct competition with those produced in Southeast Asia.

"We have to ensure that the influx of Chinese goods to Asean countries will not result in our own industries shutting down."

Asean and China have already begun discussion on the Asean-China FTA, which if realised, will be the largest in the world, with a combined market of two billion people.

At the Asean-China summit in Singapore last year, Chinese Prime Minister Zhu Rongji raised the likelihood of a Asean-China FTA to strengthen trade and investment links.

Following the proposal, Asean and China set up an expert group to study the broader aspect of their economic relations into the 21st century.

The expert group recommended the setting up of the Asean-China FTA, covering a market of 1.7 billion people - comprising China's 1.2 billion people and 500 million people in Asean's 10 countries.

As of last year, Asean and China have a combined gross domestic product of almost US\$1.7 trillion (RM6.5 trillion) and total external trade value of nearly US\$1.3 trillion.

On the proposal to set up an Asean+3 secretariat which groups Asean, China, Japan and South Korea, Dr Mahathir said the secretariat would help foster closer relations among the 13 East Asian nations.

"We have come a long way. Having started this dialogue between Asean and the three Northeast Asian countries, we felt that the time has come for us to really consolidate, with the next step being the setting up of the Asean+3 secretariat."

Dr Mahathir said although the Asean Vision Group recommended the formation of an East Asian Community, the Asean+3 leaders felt that it was too early to do so.

"On the other hand there is an urgency. Simply because we need to increase the trade between the East Asian countries. We also need these East Asian countries to stand together whenever there are proposals that might be detrimental to Southeast Asia and Asia as a whole.

Dr Mahathir said the Secretariat would not result in an East Asian Community but would bring the 13 countries closer together.

"We can then identify areas where we need to make a common stand, where we need to debate and eventually of course to have a summit meeting of East Asian leaders."