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Mahathir-Hijacking

DR MAHATHIR WARNS AGAINST FOREIGNERS HIJACKING AFTA

KUALA LUMPUR, Nov 7 (Bernama) -- The Prime Minister Datuk Seri Dr Mahathir Mohamad has warned Southeast Asian countries against foreign interests hijacking the Asean Free Trade Area (Afta) to the detriment of local industries under the guise of establishing national industries.

Describing the phenomenon as a problem in the formation of Afta, he said foreign investors trading and investing in the single enlarged regional market should also give a fair share of the market to local industries.

"Seeing the potential of the much-enlarged market, foreign corporations would bid to monopolise it by setting up so-called national industries which are owned by them, while locals will only work for them with little ownership and technology transfer," he said.

He said while the products would be cheaper and the quality world class, small local companies would be locked out and indigenous industrial capabilities would 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," he said in a special luncheon address at the seventh Asean Council on Petroleum (Ascope 2001) conference and exhibition here today.

Participants involved in the petroleum industry from over 30 countries are attending the four-day conference and exhibition since Monday.

Dr Mahathir said: "Of course we need and we want foreign direct investment, but they must be for increasing our exports to other regions and where possible, give a fair share in the industry to the locals if they are after the lucrative Asean regional market."

As for member countries, the prime minister said there should be some understanding on the distribution of the industries among them.

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

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

By combining the markets of Southeast Asia, a good-sized market could be created and industrialisation of the region would be more feasible, he said.

As for globalisation, he said there was a need to modify its interpretation and not to limit it only be for the purpose of free flows of capital.

The rate of globalisation could be staggered so that the developing countries need not give up the protection of their industries completely and yet be able to 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 said that Asean countries could survive in the new economy by being united defending their markets and extracting the best terms when dealing with developed countries.

"Alone, we will fall, but together we stand a chance. Each of us will be offered attractive propositions but we will lose out if we break rank," he said.

Using its combined market of half a billion people, Asean countries could leverage a trade off so that access would be on their terms that give substantial advantage, he said.

He said trade between Asean countries was big but it could be much bigger.

"We must build up our industries based on the larger Asean market rather than on national markets. We have to agree on a distribution of industries by citing certain industries in specific countries so that competition would be minimal though not to the extent of a monopoly," he said.

On the Asean electrical and gas grid, Dr Mahathir said it should be made a reality as quickly as possible.

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

He called for serious development of the various Asean growth triangles to take advantage of each other's particular strengths, such as manpower, natural resources, capital and technology.

Dr Mahathir also questioned 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 said a globalised world should not be so uniform that 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 added.

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MSL MR RYN