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MAHATHIR-AFTA

RELOOK AT AFTA, SAYS DR MAHATHIR

By: Emillia Rosnizar A. Hanipiah [For release after 9pm tonight]

KUALA LUMPUR, Oct 2 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohammad says the Asean Free Trade Area (Afta) should be relooked as some member countries may not be able to afford letting in competitive products from neighbouring countries.

He said member countries should look at it with an open mind whereby the implementation date for the opening up markets for certain sectors should be put off.

"Some countries may not be able to afford letting in competitive products from neighbouring Asean countries," he said in an interview with four Asean journalists on the "In Conversation" programme aired over TV3 tonight.

During the programme, Dr Mahathir fielded a range of questions about Asean, including those touching on economic, political, security and international spheres.

The prime minister suggested that Asean countries should not bind themselves to an agreement "until we become totally helpless having to obey the words on the piece of paper knowing very well it is going to harm us."

"So let us be open minded about this," he added.

In some cases, he said Malaysia has suggested that Afta's single regional market, which was expected to come onstream in 2003, be put off for certain sectors, such as the automotive industry.

He said ASEAN had decided that if a car has only 40 percent local content it qualified as a non-national product and therefore, could enter any other ASEAN market.

But in Malaysia's case, Dr Mahathir said the national car has 90 percent local content and therefore "we would like to have some protection for ourselves."

Malaysia's automotive industry is relatively small, producing 300,000 units per year, which makes it difficult for the country to compete with large motor companies easily producing 10 million cars a year.

This situation is made even more acute with motor giants from America, Europe and Japan amalgamating their operations to create even bigger giants which are able to reap economies of scale to the detriment of the domestic automotive industry.

Dr Mahathir also said that globalisation should be re-defined so that poor countries were protected.

During the 1997 financial crisis, he said portfolio investors pulled their capital out from regional economies which amounted to "pulling the carpet from under their feet and you just go down (with a) bang."

"We were economic tigers before (but) now, we are not even cats," he said.

Asked on the opening of markets and how globalisation would benefit Asean, Dr Mahathir said "we will have to have some regulations but they (developed countries) are proposing total deregulation" by claiming that markets would govern themselves and discipline governments.

He also said developed countries contended that "markets are about making profits."

"They are not interested in social work, so we cannot have that, we have to regulate the market," he said in reference to the need on having regulations.

He said developing countries welcomed foreign investments, including

capital investments, but developed countries should not be allowed to pull out.

As such, he said this was why there was a need for some sort of procedures against a sudden pull out of investment funds, a move which could prevent stock markets from collapsing as was the case in 1997.

"If there is such a procedure, Malaysia would not lose out if they suddenly pull out. We should have regulations commensurating with the stage of development of developed countries," Dr Mahathir said.

On whether Malaysia had instituted any "safety net" measures to protect its markets, he said:

"We are trying to hang on to our ability to control our market. We are currently not totally open, but yet we are one of the most open economies in the world because our trade is 200 percent of our Gross Domestic Product."

He said Malaysia's total trade amounted to US\$200 billion a year.

"We want the trade from these (developed) countries but at the same time, we need certain protection in certain areas," he added.

Asked on the biggest obstacle for Malaysia, Dr Mahathir pin-pointed the unfair trading practices by developed countries where "they do not stick to a sense of fair play in opening up markets."

Saying that developed countries "don't speak the truth," the prime minister cited how some European countries had subsidised their inefficient farmers who produced at higher costs in an effort to prevent cheaper exports from penetrating their markets.

He alleged that Argentina was made poor despite having cheap meat to sell to Europe because meat farmers in the European continent producing very expensively were subsidised.

As such, he said their rhetoric of allowing "those efficient to survive and those inefficient to disappear" did not hold water.

Developing countries, he said, should stand and speak up for their rights by doing what was right for their own economies.

Dr Mahathir said such double standards prevented developing countries like Malaysia from gaining access to markets in developed countries.

In elaborating other cases of double standards practised by developed countries, he said Malaysia was accused of bailing out companies when the government came to the rescue of financially-troubled strategic entities such as Malaysia Airlines, which was affected by the global recession after the unprecedented currency attacks in 1997.

But now, Dr Mahathir said these very same developed countries, which had accused Malaysia before, were spending billions of dollars to bail out their own airline companies. -- BERNAMA

ER MR SHY