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Dr M: We will support ACD initiative

MALAYSIA will support a Thai initiative for an Asia Co-operation Dialogue (ACD) which is similar to the one organised by Malaysia with the African and Caribbean countries.

Prime Minister Datuk Seri Dr Mahathir Mohamad, who had at an earlier luncheon talk yesterday expressed reservations on the ACD and instead urged to make Asean work, said Malaysia would support the initiative.

Explaining the change in his decision, Dr Mahathir said:

"I first thought that the ACD is another regional grouping. But I came to know that it is only a dialogue.

"I am very supportive of this (ACD) initiative."

He was speaking to reporters at the end of his three-day visit to Thailand yesterday. He later left for Langkawi.

Dr Mahathir had conveyed Malaysia's support to Thai Prime Minister Thaksin Shinawatra at the bilateral meeting on Saturday.

At Saturday's talk, he said any co-operation was good but the nations involved would have to deal with what they can manage.

He said even the 10 members of Asean had difficulties and the ACD called for wider coverage including South and East Asian countries.

At the bilateral meeting, Dr Mahathir also explained to Thaksin why Malaysia was seeking Asean approval to delay by two years the opening of the automotive sector under the Asean Free Trade Area.

He said Asean partners should be more flexible about this because Malaysia had shown that it was fully committed to Afta by reducing tariffs on 96.6 per cent of products under the Common Effective Preferential Tariffs scheme before the scheduled time frame.

The automotive sector was supposed to open by next year but was delayed to 2005.

Dr Mahathir said Thailand should bear in mind that Malaysia produced its own car, from the beginning to the end, which was very costly, while other Asean countries, although had more than 40 per cent local content that enabled them to export their cars duty free, did not bear the initial cost of production.

"Furthermore, we have a small volume of cars produced, while other car makers, not from Asean, have (a big) volume which resulted in lower production cost.

"We cannot compete with them and I think even during the two-year grace period, we still cannot reduce the production cost to compete with these large car makers."