

Dr M: Push for fair trade

STAR 15 JUN 2004

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PETALING JAYA: Malaysia and other developing nations should work together to reinterpret globalisation to enable them to compete fairly with richer countries, Tun Dr Mahathir Mohamad said.

The former Prime Minister said developing countries must be given time to remove their barriers in order for their industries to grow and be competitive.

"We need to push for fair competition, that is, competition between those of the same strength," he said in his speech, "Mastering the Realities of Globalisation – The Way Forward to 2020," at a tribute dinner for the former premier by the Harvard Alumni Clubs of Malaysia here last night.

"There must be handicaps for the weak, in terms of market access and openings, stages of development and perks for foreign investment."

Dr Mahathir said poor countries would develop if those who benefited from the opening up of countries, free trade and investments paid taxes to a central authority, which would then build the infrastructure as well as provide health care and education for countries that were not benefiting from globalisation.

"If the Government can be forced to accept the removal of one source of revenue – import taxes – surely the international traders and investors can be forced to accept the payment of taxes on the profit they obtain from globalisation, the opening

up of countries and the removal or reduction of tax barriers," he said.

Dr Mahathir said if the World Trade Organisation (WTO) accepted the conditions and if a world tax on corporations or countries that benefit from

globalisation was imposed, Malaysia could grow and achieve the targets of Vision 2020.

"The whole world, including the very poor, will grow," he said.

He said countries today were

forced by the WTO to remove or reduce import duties.

However, he said, the removal or reduction of duty on motorcars did not lower car prices in Malaysia and instead, the prices went up because of heavier excise duties.

"This is because the Government cannot afford to forgo taxes if it is going to run the government machinery and build needed infrastructure. Thus, the import duties are replaced with excise duties," he said.

Dr Mahathir added that the equalisation of taxes insisted upon by the free trade agreement and later the WTO would cause local industries, such as the national car industry, to lose the protection they had enjoyed and consequently, also their competitiveness while giant foreign manufacturers would gain.

He said globalisation could only be welcomed if it served everyone's interest.

However, he added, "when we talk about globalisation, we not only ignore the poor but we want to extract the most for the already rich."

He said it was time that the countries represented in the WTO took leave of their preoccupation with free trade and looked at the welfare of the poor countries and the poor.