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PM: China's economic boom will help us

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KUALA LUMPUR, Thurs. - Malaysia stands to benefit handsomely from China's fortune despite economic threats it poses to the Southeast Asian region, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said the China miracle had helped fuel economic growth in the Asia-Pacific region and its rapid development would certainly contribute to Asian prosperity.

"What will the development of China bring to Asia itself? To me, the China boom is a good thing for Malaysia," he said in his keynote address at the Malaysia-China Partnership Summit in Seri Kembangan.

His speech was read by Defence Minister Datuk Seri Mohd Najib Razak.

Dr Mahathir said China was already a threat in terms of attracting Foreign Direct Investment and it would be a threat to Southeast Asia's world trade.

He said it could be anticipated that China's products would push aside not only the Japanese and the Korean goods but also the products of Southeast Asia.

He added that China's goods would achieve world standard and there were already signs of China's innovation resulting from its own research and development.

"Southeast Asia has the most to fear from China's expansionism. Unless China is provoked that fear is misplaced.

"We are fully aware that China with its cheap and highly skilled labour and the potential of its huge domestic market is capable of large-scale low-cost production of anything and everything," he said.

Dr Mahathir said Malaysia did not think that China would indulge in military adventures and therefore there was no reason for Southeast Asia to fear China's military might.

"But establishing a mechanism for defusing potentially dangerous disputes is necessary," he said, adding the East Asia Economic Grouping (EAEG), which he first mooted during the State visit of China's then Prime Minister Li Peng to Kuala Lumpur in December 1990, could provide this mechanism.

He said the emergence of China as an economic powerhouse should not worry Southeast Asian countries.

"The chances are that at worse a balance will be attained but with astuteness Southeast Asia will benefit more from the opening up of the ever-richer China market.

"As an economic power it will exert much influence in the affairs of the world. China must therefore be accorded its rightful place in the constellation of powerful nations," he said.

Dr Mahathir said the only thing that Southeast Asia had to worry was the attitude they took vis-a-vis China.

"If Southeast Asia participates in trying to contain China then an atmosphere of confrontation will develop and much will be wasted on preparation for conflict. Southeast Asia will certainly stand to lose in the ensuing tension," he said.

Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi officially launched the Malaysia-China Business Council two days ago in Beijing.