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(PRIME MINISTER)

EVENT: THE 12TH MEETING OF ASEAN ECONOMIC MINISTERS

VENUE: KUALA LUMPUR HILTON

DATE: 14 JAN 1982

TIME:

Your Excellencies;
Distinguished Guests;
Ladies and Gentlemen.

It gives me great pleasure to welcome the Ministers and the Distinguished Delegates to the 12th. Meeting of ASEAN Economic Ministers of which Malaysia is honoured to be the host.

2. During the next two days, you will be deliberating on matters which are significant to the realisation of our hopes and aspirations in regional economic cooperation. This Meeting will hopefully mark another significant milestone in our efforts to consolidate and put into action the programmes that have been envisaged by the ASEAN Concord of the Bali Summit in 1976.

3. Your deliberations and the outcome at the conclusion of this Meeting should be in the light of the realities that the region is facing, namely inflation, recession and no less important the political situation in Southeast Asia. Whatever measures or programmes that will ensue from our deliberations should be geared towards the fulfilment of our designated goal, i.e. progress in the economic fields through regional cooperation, a cooperation that will enable the people of our countries to enjoy the benefits which, as citizens of one of the richest regions in the world, they are entitled to.

Ladies and Gentlemen.

4. I wish to emphasize that in so far as Malaysia is concerned, ASEAN remains in the forefront of our foreign policy priorities. The rationale behind this Government's thinking in this regard is the vital role of ASEAN as a stabilizing influence and as a catalyst in developing the economic resilience of the region. We cannot prosper alone in a region that is in turmoil and unstable. To prosper we have to have the kind of regional environment that is conducive to economic growth. Malaysia's adherence to the principles of ASEAN cooperation is therefore not altruistic. It is enlightened self-interest. And because it is so we will always place the interest of ASEAN as a top priority.

5. ASEAN has become an important platform for the development of closer relations with advanced countries as well as with international organisations. ASEAN, therefore, has an important role to play in national, regional and international affairs. Hence, there is the need to strengthen the machinery of our cooperation with third countries. Special attention should be given to narrowing the front of our relations into areas of immediate priority and urgency to our social and economic well-being. I note that the AEM has already identified energy, shipping and access to markets as crucial areas to ASEAN and I am confident that the relevant committees will pay particular attention to these sectors in formulating their project proposals. I feel that in project formulation we should have a clear overall picture of the objectives and direction of ASEAN's economic thrust and tailor our requirements accordingly. Unless this is done the various committees will be pursuing their own separate courses instead of working in tandem to meet ASEAN's priority needs.

Ladies and Gentlemen.

6. We also realise that we must constantly promote close and integrated economic and development cooperation among us. In this respect we are indeed encouraged that we have achieved considerable progress in various fields.

7. In the area of trade it is heartening to note that Intra-ASEAN trade now exceeds US \$10 billion measured at current prices whereas in 1970 Intra-ASEAN trade accounted for about US \$2.3 billion. In trying to promote, facilitate and expand Intra-ASEAN trade, the Preferential Trading Arrangement was implemented in 1978. As to date, 6,581 items have been given tariff preferences and I understand that another batch of 1,948 items will be adopted at this Meeting.

8. One area of ASEAN Economic Cooperation which has been under scrutiny is in the field of industry. As you are all aware there was a lot of skepticism regarding the future of ASEAN during its formative years. In particular, the proposal to set up five major ASEAN Industrial Projects in each of the member countries was seen as an impractical and grandiose plan with very little hope of success. That is why ASEAN has placed so much emphasis on the successful implementation of the ASEAN Industrial Projects. We see this as a cornerstone of our efforts towards consolidating and developing economic cooperation among the member countries. I am happy to note that substantive progress has been made towards the implementation of the ASEAN Industrial Projects in respect of the urea projects in Malaysia and Indonesia. I am confident that the other ASEAN Industrial Projects would also be launched soon.

9. I would like to stress here that ASEAN should inject

new ideas in Industrial Cooperation. The idea of joint marketing as a step to boost the respective industrialisation programmes should be seriously examined. This, for example, can be done by drawing up a formula whereby the country with the biggest market would enjoy the most benefits even if the product was manufactured by a smaller country. In industrial complementation programmes ASEAN should pursue this further, perhaps with the private sector playing a more vigorous role. It is encouraging to note that the ASEAN-Chambers of Commerce and Industry is now taking an active interest in the complementation programmes. The Governments of ASEAN have already set up the machinery for Industrial Complementation by way of signing the Basic Agreement on ASEAN Industrial Complementation on 17th June, 1981.

10. Industrial Cooperation in ASEAN envisages that ASEAN Governments and the private sector should cooperate closely in order to strengthen the economic position of ASEAN. In this regard one should not only look out for what one stands to lose but, one should look for what the group has to gain in the process.

11. In the field of transport and communication ASEAN has achieved some measure of success. However, due attention has to be given to shipping. With ASEAN's ever increasing trade volume there is a corresponding increase in the outflow of funds for invisibles, such as freight and insurance, from the region. We are heavily dependent on external services in this regard and the rising freight charges are an additional burden to the balance of payments of the ASEAN countries. It is apparent that this is an area where ASEAN can profitably cooperate to achieve self-reliance in shipping in order to overcome the problems connected with the carriage of ASEAN trade not only to overseas markets but within the ASEAN region as well.

12. I wish to draw your attention to the importance of the energy sector. As you are all well aware, ASEAN as a whole constitutes a major producer of conventional energy such as gas and petroleum. Yet we lack the infrastructure and expertise and technology to fully exploit our natural resources. Enormous investment is required if we wish to establish an all encompassing gas and petroleum industry but this is not beyond our capabilities and the problems are not insurmountable. I would like to urge you to take an urgent look at the potential for ASEAN collaboration in this sector.

13. In other areas of Intra-ASEAN cooperation, member countries of ASEAN have initiated the ASEAN Swap Agreement in finance while in food supply the ASEAN Food Security Reserve has been ratified.

14. While we have achieved considerable progress within ASEAN, we have also been cooperating closely with third

countries and international organisations. I wish to stress here that it is important that ASEAN adopt an imaginative and innovative approach in third country co-operation. While there is a need to consolidate our relations with third countries, this should not preclude ASEAN from having some form of economic relations with other countries which could turn out to be no less important dialogue partners either on a sectoral basis or in specific areas or on the basis of regional groupings. I say this particularly in view of the developmental stage of most ASEAN economies where middle-level technology especially from countries such as South Korea and India are of relevance to our present economic programmes. We need to move in this direction so as to enlarge the effective base of ASEAN cooperation.

Ladies and Gentlemen,

15. I feel that the time has also come where more attention should be given to the substance of our dialogue. Some progress has been made in this regard, but no profound results have so far emerged from our dialogue with the various countries. I therefore welcome the present efforts in ASEAN to review all aspects of our relations with third countries. I have stressed earlier that our priority should be focussed on areas which are vital to ASEAN's interests.

16. As regards commodity problems I would like to point out here that ASEAN countries still rely heavily on the export of primary commodities. ASEAN has made strenuous efforts to have continuous collaboration and cooperation between the consumers and producers. I am sure our ASEAN colleagues would join Malaysia in expressing our displeasure at the failure of the US to ratify the Sixth International Tin Agreement and the unprecedented US decision to dispose GSA tin outside the US.

17. Despite our disappointment in solving commodity problems ASEAN, however, should continue to adopt a collective approach and joint efforts in pursuing other international economic issues in the North-South Dialogue, the Multilateral Trade Negotiations and the Multifibre Arrangement. As you are aware, the hopes and aspirations of the Third World which were pinned on the outcome of the Cancun Summit on North-South relations failed to materialise. With the lukewarm support given by the industrialized West, in particular the United States, to the reviving of the stalled global negotiations and with the hopes of the developing countries in seeing a more equitable sharing of the world's wealth between the North and the South fast diminishing, it becomes all the more necessary for the developing countries to strengthen economic cooperation among themselves. ASEAN's activities and efforts in the economic field so far provide ample testimony of the grouping's resilience and success and serves as a model and shining example to the other developing countries on meaningful economic cooperation albeit on a sub-regional

basis.

18. ASEAN has made great strides in implementing the various regional economic cooperative programmes and in its relations with third countries and international organisations. However, in the pursuit of progress through development and in the desire to step up economic activities it is important to ensure that the machinery for ASEAN regional economic cooperation is sufficiently geared and adequately equipped to service the grouping's varied and increasing activities. It is imperative that a review of ASEAN's organisational structure be undertaken with a view to improving its effectiveness in the light of changing circumstances.

19. In my considered view the restructuring of the ASEAN machinery should be carried out in stages because it embraces a wide range of subjects. For the moment, it is felt that there is no real need to change the basic structure of ASEAN. The immediate need is to look into the strengthening of the ASEAN Secretariat and the functions of the various committees. I understand ASEAN Economic Ministers will in fact look into these issues. I believe that whatever decisions are arrived at in the Meeting in this regard should make ASEAN a more viable entity.

Ladies and Gentlemen,

20. Let me wish this Meeting every success. With these words I hereby declare this Meeting officially open.
Thank you.