

SPEECH BY: DATO' SERI DR. MAHATHIR BIN MOHAMAD
(PRIME MINISTER)

EVENT: STATEMENT BY THE HONOURABLE THE PRIME MINISTER OF MALAYSIA

VENUE: MANILA

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TIME:

Madam Chairperson;
Your Excellency Mr. Noboru Takeshita;
Your Majesty and Your Excellencies;
Ladies and Gentlemen,

We consider it an honour that His Excellency Mr. Noboru Takeshita finds it appropriate to meet with us from the ASEAN region in his first overseas trip as the new Prime Minister of Japan. This I believe is an indication of the importance the Government of Japan places on its relations with ASEAN. It further reflects the strength of Japan's commitment and belief in the future prospects of ASEAN. We in ASEAN welcome the gesture as it will contribute to our efforts to maintain, enhance and further consolidate the bond of friendship and cooperation between ASEAN and Japan.

Your Excellency,

2. ASEAN-Japan partnership, if I may say so, could definitely solve some if not most of our regional economic problems. More than that, it could pave the way to resolving many international economic issues related to debt burden, financial market instability and protectionism. ASEAN-Japan cooperation covers all economic and political elements which could also be found in other cooperative relationship between developed and developing countries. To our mind, ASEAN-Japan cooperation could serve as a model for cooperative relationship between the developed countries of the North and the developing countries or group of countries in the South. We hope that these relations would move away from the donor-recipient stereotype to a truly cooperative spirit that would be mutually beneficial and in conditions that both could be proud of.

3. On behalf of my ASEAN colleagues, I would like to express our appreciation to Japan and to your excellency personally, for the initiative taken by Japan to allocate a sum of not less than US\$2 billion to ASEAN for the development of our private sector. This gesture on Japan's part is a demonstration of Japan's desire to assist in ASEAN's economic development. We are pleased that Japan will take into account ASEAN's wishes in formulating the framework of this new ASEAN-Japan Development Fund. ASEAN's stand is that as a new initiative, the fund has to be over and above the existing development assistance programmes

extended by Japan to ASEAN, on terms and conditions that are meaningful and concessional. In addition, the fund must be equitably accessible to all ASEAN countries and its loans should be untied. We also hope that the fund will include a mechanism to insure ASEAN countries against the risks of further appreciation of the Yen and that there will be significant efforts to promote market access in Japan for ASEAN products.

4. The next step is for ASEAN and Japanese officials to work out the implementation details of the Fund. ASEAN will readily submit viable projects for funding. I hope that with the close working relationships which have developed between our officials, the ASEAN-Japan Development Fund will soon become a reality for the ASEAN countries.

5. It cannot be denied that Japan has played a major role in contributing towards industrial development of most ASEAN member countries. However, much as we appreciate Japan's contribution, we are concerned that more and more Japanese investments are shifting away from this region to the USA, EEC and China. On behalf of my ASEAN friends here, we would like to urge the Government of Japan to actively encourage its private sector to invest their surplus capital in ASEAN. ASEAN has just reached another milestone in its economic cooperation with the just concluded Meeting of the ASEAN Heads of Government. New measures have been announced in the area of industrial cooperation in pursuing ASEAN's long-term economic objectives.

6. The ASEAN Industrial Joint Venture Scheme in which Japanese private investors have shown very keen interest has been greatly improved, and we hope Japanese businessmen will take advantage of this improved scheme to invest in ASEAN. ASEAN with its various and varied resources, its liberal investment policies and attractive investment incentives offers great opportunities for Japanese businessmen. We hope that the Japanese Government would further encourage its small and medium-sized firms to invest in ASEAN by relocating their industries and encouraging effective transfer of their technology. At the same time, we in ASEAN would like to see the Government of Japan introduce measures that would allow for buy-back arrangements of products manufactured by Japanese concerns in ASEAN. Mr. Prime Minister, this arrangement would be the single-most important contribution Japan could make, aimed at realising the objectives of the ASEAN-Japan Development Fund.

Your Excellency

7. We are all concerned with the political stability and security of our region. With these in mind we have proposed the Zone of Peace, Freedom and Neutrality or ZOPFAN and more recently, the Nuclear Weapons Free Zone. Our emphasis has always been on the need to build up regional resilience through national resilience. In this regard we have repeatedly urged outside powers to refrain from using

countries in this region for political experiments to test their ideological theories. Let us proceed with our preoccupations in bringing economic development and social progress to our people. If at all outside powers have a role, it is in this sphere. The financial and human cost in assisting us in this area is certainly less. It is more acceptable to their domestic constituency if compared to the high expenses in any military venture. Theirs as well as our interest in maintaining political and economic stability in the region can be secured without bloodshed and expensive weaponry.

Your Excellency

8. ASEAN-Japan type of cooperation on Kampuchea in the interest of a durable peace and stability in the region should be extended to the fields of trade, finance and investment. It would be a pity if the understanding achieved in the political field is not utilised for the equally important economic field.

9. Looking at the current political economic situation in the Pacific region, you will agree with me that ASEAN is the brightest spot with the greatest potential for rapid growth. If the 21st century is to be the century of the Pacific, as some have predicted, then cooperation among Pacific countries, particularly Japan and the ASEAN countries is imperative. Japan's technology and management skills can combine profitably with ASEAN's vast resources in men and material to contribute fully to the strength of the Pacific. ASEAN can then develop into a strong economic entity which can contribute to the growth of world trade. It can become one of the affluent markets of the world. Japan and other Pacific Rim countries and indeed the world cannot but benefit from ASEAN prosperity. It is in the interest of Japan and other developed countries to help ASEAN succeed in its industrialisation programme. Even the short spell of prosperity ASEAN enjoyed in the 60's and 70's has proven beneficial to Japan and other developed countries.

10. Japan is physically very close to the ASEAN countries. Such closeness must result in mutual interchanges not only in trade but also in culture. There could also be more exchange of visits not only by officials, but also by the people as a whole. The recent rise in the value of the Yen may inhibit ASEAN travellers going to Japan, but the very same rise should facilitate Japanese travel to ASEAN countries. The contacts that will result from such travel will help increase our knowledge of each other and our cooperation.

Your Excellency,

11. As we approach the year 2000, it is our hope that Japan will initiate changes in its policies that will effectively bring about an enhanced political, socio-economic, and cultural role in not only the South-East Asian region but

also in the global context. Such an enhanced role should be achieved before the turn of this century. ASEAN is confident that Japan would be able to maintain and sustain this role given the tremendous economic and monetary resources that have been building up in Japan since the 70s. Japan needs to play a positive role commensurate with the trade surplus position that she has achieved. Our expectation is that Japan will conduct itself with the kind of sensitivity that it has shown since the end of the war.

12. I have been rather frank and forthright in stating ASEAN's expectations. I trust that ASEAN-Japan relations is such that frankness is acceptable. The necessity for urgent corrective action and extraordinary efforts cannot be overstated. The world is going through one of the most critical period in its history and it needs courage and understanding on the part of everyone if we are going to regain equilibrium and restore prosperity.
Thank you.