

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

EVENT: THE OFFICIAL OPENING OF THE EIGHTH ASEAN-EC MINISTERIAL MEETING

VENUE: KUCHING, SARAWAK

DATE: 16 FEB 1990

TIME:

Excellencies;

Ladies and Gentlemen.

I would like to begin by welcoming you and members of your delegation to Malaysia. I am pleased that we could host this meeting in Kuching as it would give you an opportunity to see something of the rich cultural and ecological diversity of Malaysia. I know that the State Government of Sarawak has gone to great lengths to ensure that your stay here will be both productive and pleasant.

Excellencies,

Ladies and Gentlemen.

2. We meet here at a momentous time in the history of the world. In the Asia-Pacific region we are witnessing the dawn of the Pacific Age with high growth rates, expanding economies and greater regional economic cooperation. Japan has become an economic superpower in its own right and is set to chart a global political course of its own.

3. The United States, long the main engine of world growth, is facing serious economic challenges. Its free trade agreement with Canada however has created a major new trading bloc with all the implications that trading blocs have.

4. In Europe, the European Community is gearing up to realise Project 1992, the single European market. Close co-operation between the EC and EFTA is also in the offing.

5. In the Soviet Union, 'perestroika' and 'glasnost' continue to initiate changes that would have been unimaginable only months ago. Even more unthinkable are the radical changes occurring in Eastern Europe as a result of the Soviet decision not to prop up the Communist Governments.

6. Since we meet within the context of an ASEAN-EC forum I would like to confine my remarks principally to the impact of these changes on our mutual relationship. The momentous changes that are taking place are going to affect ASEAN-EC relations. If we value our relations, if we see it as making an important contribution to global stability and prosperity then we must seek to ensure that the changes confronting us work to strengthen our relations.

7. Undoubtedly the EC will enter the 90s with an enhanced economic and political role. It is going to emerge from Project 1992 as the most powerful economic and political grouping.

8. A reinvigorated and resurgent Europe has implications for ASEAN and the rest of the world. Will the establishment of an internal market and other integrative measures mean a more inward looking EC, content on trading within itself and the European Economic Space which would include the EFTA countries? In 1987, for example, 60% of total EC exports went to the EC countries and if EFTA is included, EC exports to European destinations was as high as 70%. The potential is there for an inward looking and less open trading group. If we add Eastern Europe as well, the EC might well do without the rest of the world.

9. While the EC may consider the ASEAN area as an important investment centre and the establishment of the EC joint investment committees in each ASEAN capital attests to that, the attitude of the investors is somewhat different. Despite the very attractive packages and incentives offered by ASEAN countries, European investors still have a preference for the industrialised nations in the EC, and North America. After 1992 they might even be more disinclined to venture outwards to ASEAN and seek instead the advantages of a homogeneous and enlarged market. This is an aspect which I hope you will take up at this meeting bearing in mind the high priority accorded to closer industrial cooperation at the Seventh ASEAN-EC Ministerial Meeting in Dusseldorf in May 1989.

10. ASEAN's concern about developments in the internal market are real because not only is the EC a significant source for development funding, it is also the third largest trading partner of ASEAN after Japan and the US. In 1987 the EC accounted for 13% of ASEAN's global exports and 14% of ASEAN's global imports.

11. How would this trade be affected come 1992? There may be a free flow of goods, people, services and capital within the community and a conducive atmosphere for healthy growth and competition. But for those outside the EC they will have to adjust to a whole new set of policies and regulations on banking, trading and public procurement. While efforts are being made by the EC to provide more transparency to what is taking place, it will be some time before our business and trading community will fully comprehend and familiarise itself with the new business environment.

12. Furthermore all decisions on the regulatory aspects of trade are being taken without any discussion with the EC's trading partners. Hence it is natural that there be apprehension as to whether we would still be facing national quotas and under what conditions and whether our products will continue to have market access to the EC. We hear that GSP

provisions will be done away with in favour of common tariffs for all imports.

13. There is obviously an 'information gap' here which both ASEAN and the EC have tried to fill by organising colloquiums, seminars and meetings. However, project 1992 is an immense and complex enterprise. More contacts between the two sides are necessary particularly in assisting our exporters who would be most affected by the changes.

14. There also appears to be a 'consistency gap' between the EC's position as a leading proponent of trade liberalisation and multilateralism, on the one hand, and what it does to further the cause of these principles on the other. It is necessary for the EC to demonstrate that the principles of free trade and competition do not stop short at its borders but will be applicable to all in a fair, just and equitable manner.

15. Nowhere is the application of these principles more relevant than in the current Uruguay Round of the Multilateral Trade Negotiations which seem to be stalled in the various groups on tariffs, tropical products and agriculture. Many of the issues which are being dealt with in these groups are of vital importance to ASEAN and other developing countries. We would like the EC to show the political will necessary to get the negotiations moving towards a successful outcome.

16. I hope this meeting here in Kuching will help reassure us that far from being 'Fortress Europe' the EC will not only maintain but strengthen its relations with ASEAN and will play an active role in support of the open multilateral trading system.

Excellencies,  
Ladies and Gentlemen.

17. In rapid succession the communist regimes of Eastern Europe have collapsed under the pressure of mass demonstrations and mass dissatisfaction. The people of Eastern Europe are now enthusiastically pursuing their goals of a more democratic and prosperous society.

18. As a democratic and free-enterprise nation Malaysia welcomes the recent changes in Eastern Europe. We welcome the changes because it will also enhance both European and global security and stability. In addition it will provide new opportunities for trade and economic cooperation for all.

19. Eastern Europe however still faces many challenges ahead. Eastern Europe is going to need a lot of help and support. Malaysia and ASEAN will not grudge Eastern Europe this support. Indeed, we too would like to assist Eastern Europe in whatever way we can.

20. Developments in the Soviet Union and in Eastern Europe

have already had a positive effect on the Asia-Pacific region. Both Soviet and US forces are being reduced. This improvement in the overall politico-strategic situation will in turn offer ASEAN new regional opportunities to pursue our long-cherished goal of a Zone of Peace, Freedom and Neutrality or ZOPFAN and allow for an even greater focus on economic development.

21. But like you, we also have our fears and concerns. Fears have been expressed that large scale Western assistance to Eastern Europe will be at the expense of other developing countries. In raising this issue here I want to emphasize that I am not making a plea for assistance to ASEAN per se. I plead rather for the many Third World countries who are facing serious economic and social difficulties. I think we all accept the fact that economic development is a vital factor in promoting peace and stability.

22. The question in our mind is whether Eastern Europe will now draw away the already sparse inflow of European investments into Southeast Asia. Despite assurances that more would be done to encourage greater investments in ASEAN, European investments continue to lag behind those from other regions.

23. In the area of trade the situation is equally less reassuring. It would be disastrous for us if a combination of the 1992 Single Market and special trading privileges for Eastern Europe lead to diminished market access for ASEAN exports.

24. Western Europe has therefore a unique and historic opportunity not just to mould the future of Eastern Europe but also the future of the world as well. You can create opportunities for ASEAN countries, and others, to join with you in the reconstruction and development of Eastern Europe and indeed of other regions as well. You can also help to bring together businessmen and business opportunities in a three-way link-up between Western Europe, Eastern Europe and ASEAN. You can also help by ensuring that your single market, will lead to greater international cooperation and to an upsurge of international trade that will benefit all nations. Peace and progress in Europe cannot be pursued separately from peace and progress elsewhere in the world.

Excellencies,  
Ladies and Gentlemen.

25. Let me now take up some issues nearer home. We in Malaysia view with great concern the campaign currently being waged against us on the issue of tropical rain-forests. We have seen how these campaigns have resulted in the boycott of tropical timber in some EC countries.

26. We recognise that there are many organisations, groups and individuals who are genuinely concerned about the environment. However, there are those who are bent on carrying

out their campaigns based on sentiments and irrationality. And when they have the ears of political parties either in power or in the opposition, biased policies emerge. Action is often taken against us not because it is deemed right but because it is popular. While this may be a vote-catching issue for some, for us in the developing countries, it is a matter of economic survival.

27. The timber industry plays an important role in the Malaysian economy. In 1988 it constituted 5.1% of Malaysia's total export earnings and gave direct employment to 162,000 people. There is every indication that the timber industry is poised to make a bigger contribution to the economy as we concentrate on value-added products, particularly furniture-making. Industrialised countries could assist us in these efforts by lowering their protective walls currently in place against such manufactured products. At the moment, the tariff barriers in some countries favour sawn timber and logs against finished higher value products. The irony is that this not only retards our industrialisation process but it also encourages more trees to be felled. If the environmentalists are truly concerned they should encourage relocation of timber-based industries into the timber producing countries. That way employment and foreign exchange earnings will be sustained with less timber felling. A boycott of tropical timber may result in the clearing of more forest land for agriculture and development.

28. The ASEAN countries collectively have over 170 million hectares of tropical forests. This represents more than half of the total land area of ASEAN. In Malaysia, our tropical rainforests cover about 20 million hectares, out of a total land area of 33 million hectares, or about 61%. If you take into account tree crops such as rubber, oil palm and cocoa, the area under forest and tree crops comes up to nearly 74% of the total area. Considering that nearly a hundred years have passed since we first started clearing our jungles to make way for plantation agriculture, you will appreciate that far from indiscriminately clearing our forests as alleged, much care and planning have gone into managing our forests. Long before it became fashionable for those in the West to espouse the cause of the rainforests, we in Malaysia were already actively engaged in managing our forest resources and in preserving our wildlife and biological diversity.

29. What we would now like to see is the discussion being carried to a more constructive level so that the focus is on joint efforts by both the developed and the developing countries to protect the environment while pursuing the twin objectives of economic growth and sustainable development. The Langkawi Declaration adopted by the Commonwealth Heads of Government Meeting in Kuala Lumpur recently, could form a useful basis for such action by both ASEAN and the EC.

30. And now let me touch briefly on the so-called issue of

the Penan about which two resolutions have already been adopted by the European Parliament. You could not have met at a more appropriate place to know more about this matter.

31. For now, let me emphasise one point clearly: we do not intend to turn the Penan into "human zoological specimens" to be gawked at by tourists and studied by anthropologists while the rest of the world passes them by. The Penan in question number about 900 out of a total Penan population of about 9,000 in Sarawak. Whilst the majority of them have successfully settled, the remainder are still leading nomadic lives in the jungle. It is our policy to eventually bring all jungle dwellers into the mainstream of the nation's life. There is nothing romantic about these helpless, half-starved and disease-ridden people and we will make no apologies for endeavouring to uplift their living conditions. I hope during your stay in Sarawak you will be able to appreciate the situation better.

32. You also have the question of drugs on your agenda and rightly so. ASEAN-EC cooperation is an essential part of the international effort to combat drug abuse and illicit trafficking. Malaysia, on its part, has adopted a mixture of harsh measures against traffickers and mandatory rehabilitation for drug users to meet this challenge head on. As a result the spread of drug abuse here is much less than in the more tolerant countries, where the spread of drug abuse is much more and with greater speed. There must be no let up in our war on drug abuse.

33. It is heartening to note that countries have pledged their political support for more intensified cooperation on all fronts. The 1987 International Conference on Drug Abuse and Illicit Trafficking in Vienna laid that foundation. Hopefully, the UN General Assembly's Special Session On Drugs which is to be held in a few days time will carry the fight forward for a concerted programme of action involving both the producer and consumer countries. ASEAN-EC cooperation on this issue must also move forward. Drug traffickers must know that we are determined to leave them no place to thrive or to enjoy their ill-gotten gains.

Excellencies,  
Ladies and Gentlemen.

34. Recent initiatives on the Cambodian issue have given us fresh hope for progress in finding a peaceful political settlement. The central point in these initiatives is an enhanced United Nations role in Cambodia. The decision of the five permanent members of the UN Security Council to be collectively and directly seized of the matter is certainly significant. The Australian proposal can also form the basis in our search for a political settlement. I welcome the convening of the Informal Meeting on Cambodia in Jakarta at the end of this month. Malaysia will contribute positively to this peace process.

35. While our attention is focussed on the developments

concerning Cambodia we must not marginalise the problem of the Vietnamese boat people. For 14 years Malaysia and other South East Asian countries have for humanitarian considerations accorded temporary refuge to the Vietnamese boat people. Increasingly, this asylum facility is being abused by Vietnamese seeking a better life in Western countries. Their continuing influx has exerted unacceptable pressures on our social and political fabric. Malaysia believes that a durable solution to this problem is obtainable in the Comprehensive Plan of Action (CPA) provided all its aspects are implemented in totality and simultaneously. We cannot accept being singled out to shoulder the burden. In the first instance we were not, even indirectly, the cause of the problem. It is therefore incumbent on the international community and particularly those adopting high moral positions to ensure the full and immediate implementation of the CPA.

Excellencies,  
Ladies and Gentlemen.

36. You have a full agenda ahead of you. All of us in ASEAN look forward to exchanging views with you on the important issues before both our regional groupings. Now, it gives me great pleasure to officially declare this meeting open. May you have a good meeting and a memorable stay in Malaysia.  
Thank you.