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(PRIME MINISTER)

EVENT: OPENING OF THE 68TH WORLD CONGRESS OF THE INTERNATIONAL

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TIME:

I am delighted to be with you this morning at the 68th World Congress of the International Association of Seed Crushers (IASC). I would like to thank the President of IASC, Mr. Sheldon Hauck, and the Malaysian Oil Palm Growers' Council (MOPGC) for inviting me to declare open this Congress. This is an invitation which I accept with much pleasure, as Malaysia is a major producer of palm oil and palm kernel oil.

2. This assembly, which serves as a valuable forum for representatives from the major producers of edible oils from all over the world, is very relevant and significant to Malaysia. We shall, therefore, be following your deliberations with considerable interest as they will have a very important bearing on the future development of the edible oil industry - an industry which is still growing, especially the segment that comprises vegetable oils.

3. Currently the production of fats and oils worldwide is estimated at 91 million tonnes which is expected to increase to 100 million tonnes by the turn of the century. Of this amount, approximately 78 percent are derived from vegetables and the balance from animal and marine sources. By the year 2000, however, vegetable oils are expected to account for almost 80 percent of the world's total supply of oils and fats.

4. About 30 percent or 28 million tonnes of edible fats and oils enter the world market as exports, of which almost 85 percent are derived from vegetable oils, illustrating the predominant role that vegetable oils play in the world trade in fats. Over the years, the share of vegetable oils, both in terms of production as well as world trade, has been growing steadily. This trend is expected to accelerate further as people become increasingly health-conscious in view of the generally lower levels of cholesterol associated with vegetable oils when compared to animal fats. Additionally vegetable oil come from renewable and controllable sources and does not deplete nature's bounty.

5. The edible oil industry is facing a stimulating

challenge with the opening up of important new markets due to the spreading acceptance of the free market economy and the prosperity which often accompanies it. In this scenario it is important that the IASC should ensure that the growth in production in response to increased demand and new markets should be able to reach potential customers without having to overcome unethical barriers and political obstacles. I therefore urge the industry to be united, to pool its resources and invest in research as well as new technologies so as to remain competitive.

6. One of the developments that has considerably enhanced the prospects of international trade in general and that of edible oils in particular is the conclusion of the Final Act of the Uruguay Round and the agreement to establish the World Trade Organisation (WTO). It is our fervent hope that these institutions will advance the cause of trade liberalisation and expand as well as strengthen multilateral rules and disciplines governing international trade, thereby promising further non-inflationary growth in accordance with the objective of achieving sustainable development of the world economy.

7. In the long term, the world economy is expected to reap both static and dynamic gains from the conclusion of the Uruguay Round. It has been estimated that static gains from market access commitments would be a one percent annual increase in world income over the next ten years. More important, however, are the dynamic gains, although these are harder to quantify. These are benefits that accrue from externalities generated by increased competition, economies of scale, greater innovation, technological spillovers and the positive effects of higher productivity growth on investments and savings. Stronger trading rules and their enforcement by the WTO are also expected to bring about enhanced predictability and stability in trade policies and the resolution of trade related issues.

8. In the midst of these positive developments, we are deeply concerned by the attempts of some developed nations to link trade policies and labour as well as social standards. Linking international trade to social conditionalities would amount to a hidden barrier and an attempt to curb exports from developing nations to the developed countries. It would in fact further impoverish the already poor and prevent them from achieving the very social reforms which such conditionalities were supposed to bring about. We should free ourselves from the need to hide behind such spurious tactics in the attempt to counter fair competition. We should shake off these negativity and be prepared to open up our countries to international trade within the agreed rules designed for fair competition.

9. In a dynamic world order, nothing remains static.

This is particularly applicable to the economic development of nations and regions. While the 19th and 20th centuries were dominated largely by happenings in Europe and the USA, the 21st century is increasingly viewed as belonging to Asia in general and the nations of the Pacific Rim in particular. This is a natural development and should be welcomed by the world community, both developed and developing, and by the countries of the North as well as the South.

10. Economies of the West are essentially matured and self-sustaining with high rates of personal consumption and low rates of savings and capital formation. The emerging nations, starting from a low base and with their propensity for higher savings and investments, and with the zeal and determination to catch up, are able to grow at a more rapid pace than the more matured economies. This growth would, however, be stunted if the developed world not only does not lend a helping hand but actually put obstacles in the way. The world is a much smaller place now and we are all close neighbours. If neighbours are poor there will be a spillover into other countries. And one of the results will be massive migration of the poor with all the attendant problems.

11. The turmoil in the currency markets is another problem. Perhaps doing away with fixed exchange rates and the gold standard may have some merit but the loss of sovereignty over one's own currency and manipulation by unscrupulous currency traders and Governments is creating havoc, distortions and anarchy which hurt the poor particularly. Malaysia's Yen debts rose 300 percent because of the current anti-Japanese climate. And as usual producers of raw materials have to sell more and more in order to pay for less and less manufactured goods. If before cheap and quality Japanese products were available, now Japanese goods have become expensive while their competitors' goods have not become any cheaper.

12. We in Malaysia have turned away from depending on the production and export of raw materials to avoid the changes in the terms of trade. But now our manufactured goods too are affected by the Yen revaluation and the loss of our GSP privileges long before we reach the cut-off points.

13. The GATT negotiations are finally over. We have now decided to set up the World Trade Organisation (WTO). We are beginning to doubt that the WTO will be any more beneficial to the weak than the United Nations Organisation has been to them. Might is still right and it will remain so until there is a radical change in the attitudes of the powerful.

14. As we stand on the threshold of a new century, we should make a serious attempt to free ourselves from the

excess psychological baggage and restrictive mental blinkers associated with narrow parochial and national thinking. We should open up our minds to thinking global as members of an enlightened world community.

15. We should be more sympathetic to the human tragedies that have occurred in many parts of the world today. The pain, misery and suffering caused by the horrors of war, famine and natural disasters cannot be ignored.

16. The international community can and indeed must do much more to assist in a concrete and tangible manner to help out the poor and the unfortunate of the world. The developed countries, which proclaim themselves to be world leaders, and claim the high ground when it comes to question of human rights and justice should set themselves up as good and proper examples for the rest of the world.

17. We hope that through the good offices of respected international bodies such as the IASC, the message for the pressing need to foster a caring world community can be developed and a clear signal sent out to all countries. In this way, we shall be doing our bit as responsible world citizens and help in the development of a caring world community of nations.

18. I thank the International Association of Seed Crushers and the Malaysian Oil Palm Growers' Council once again for inviting me to officiate and giving me the opportunity to share my thoughts with you. I am confident that this august gathering will succeed in its objective of promoting the interests of seed crushers worldwide and spread the goodwill among the peoples of the world.

19. I now have much pleasure in declaring open the 68th World Congress of the International Association of Seed Crushers.