

ADDRESS BY THE PRIME MINISTER,  
MR LEE KUAN YEW, AT THE OPENING OF  
THE NINTH MEETING OF THE ASEAN ECONOMIC MINISTERS  
ON MONDAY, 21 APRIL 1980

The world economic and political outlook is sombre as ASEAN Economic Ministers gather for their ninth meeting. Kampuchea and Afghanistan have not improved the prospects for world peace or for economic progress. Yet, despite these unfavourable circumstances, all ASEAN countries have achieved creditable economic growth in 1979, ranging between 6% and 9% in real terms. One important factor responsible for this growth was the spirit of solidarity and cooperation amongst ASEAN countries. It was a plus factor for the region and for each ASEAN member.

## National Archives of Singapore

Trade between ASEAN Countries

Since ASEAN Economic Ministers first met in Jakarta four years ago, ASEAN economies have come closer together. The decline in intra-ASEAN trade as a percentage of their total trade has been arrested. From 15.5% in 1970, it declined to 12.6% in 1975. From 12.6% in 1975, it has crept up to

13.5% in 1978. The desire and will to increase intra-ASEAN trade have brought about a favourable turn around in trends.

This improvement cannot yet be attributed to the ASEAN Preferential Trading Arrangements. The number of products exchanged under the ASEAN Preferential Trading Arrangements in 1977 was only 71. It has increased to 2,827 in 1980. Each year now, another 3,000 terms will be added. ASEAN can be bolder in bringing into the Preferential Trading Arrangements all items which are not produced domestically.

### Industrial Cooperation

In industrial cooperation, ASEAN has made progress. Three industrial projects have been approved by the Economic Ministers and are at various stages of implementation.

National Archives of Singapore

### Other Areas of Intra-ASEAN Cooperation

In banking, ASEAN monetary authorities have instituted a swap agreement. In food supply, the ASEAN Food Security Reserve, when the agreement is ratified, will safeguard ASEAN members against rice shortage in national emergencies. The ASEAN Council on Petroleum and Energy (ASCOPE) has established an Emergency Petroleum Sharing Scheme for times of serious shortage. Adequate oil supply is the single imponderable which can upset the economic order of the world in the Eighties.

### Economic Cooperation with non-ASEAN Countries

ASEAN has learned to protect their longer-term common interests in their relations with third countries. This was put to the test last year when Australia changed the rules of air travel unilaterally by its ICAP (International Civil Aviation Policy). ASEAN solidarity survived despite strenuous Australian efforts to divide ASEAN by selective concessions to individual members to break their common front. In the end, each ASEAN member strengthened its long-term position, and several derived immediate gains.

Last month, ASEAN and the European Community signed an Economic Cooperation Agreement in Kuala Lumpur. ASEAN's bilateral dialogues with US, Japan, Australia, New Zealand and Canada have brought greater convergence of ASEAN perspectives of our regional interests in the world economy.

We have emphasised to these industrial countries the crucial need to improve access to world markets for ASEAN products if our political ties are to grow closer. We have spoken in one voice against protectionist policies. For our admonitions to be effective, however, we must practise what we preach. In our policies to promote intra-ASEAN trade, we must not put barriers to trade between ASEAN and the industrial countries. We cannot expect others to keep their markets open to ASEAN products if we close our markets to theirs.

#### ASEAN in the Eighties

## National Archives of Singapore

Since the Bali Summit in 1976, we have a better appreciation of one another's domestic constraints. This understanding grew out of tackling the specifics in general propositions. We have learnt to be patient and flexible in drawing up rules to embody principles which have to accommodate different national practices.

One cardinal principle ASEAN has practised is to agree by consensus. Consensus ensures that the national interest of any member will not be compromised. I suggest the time has come for greater latitude in defining 'consensus' so as to widen the areas of cooperation. When four agree and one does not object, this can still be considered as consensus; and the four should proceed with a new regional scheme. An ASEAN five-minus-one scheme can benefit the participating four without damaging the abstaining one. Indeed, the abstaining one may well be encouraged to join in later by the success of the scheme. The success of the EMS (European Monetary System) scheme in the EEC has demonstrated the value of this approach. So long as members who are not yet ready to participate are not damaged by non-participation, nor excluded from future participation, the power of veto need not be exercised.

Another way for faster progress is to do away with the need for approval or consensus for each step forward. By devising, for particular industries, schemes similar to those of the European Coal and Steel Community, ASEAN entrepreneurs will be free to locate industries where they believe they can find the greatest comparative advantage in labour, land, natural resources, and capital. There are few formulae in regional economic cooperation which have not been tried out in other parts of the world in the last thirty years. If

ASEAN Economic Ministers were to adopt this eclectic approach, they will avail themselves of greater leeway in formulating and testing out new regional scheme.

As I have pointed out, all ASEAN countries have made substantial economic progress. This progress has been achieved by allowing free market forces to operate. I am confident further progress will be achieved if we continue to allow free market forces to spur our economic development.

I now formally declare open the Ninth Meeting of the ASEAN Economic Ministers.

\*\*\*

PMO/21.4.80

National Archives of Singapore