

Formation of grouping means a market of 1.8

Dr M: No stopping

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From
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HONG KONG, Wed. — Datuk Seri Dr Mahathir Mohamad said that the formation of the proposed East Asia Economic Caucus (EAEC) in one form or another was inevitable.

He said East Asia as an economic region was already a fact.

One needs only to look at the intra-regional trade figures of East Asia to realise that the region's economic performance makes it a rich and attractive market.

The Prime Minister said if the proposed EAEC was allowed to be formed, it would result not only in maintaining free trade but the economic development of the lesser economies as well.

"It will result in a crescent of prosperity stretching from Northeast Asia to Southeast Asia. It will create a market of 1.8 billion people for the rest of the world," Dr Mahathir told members of the Foreign Correspondents Club over lunch here.

Addressing what he described as the most important community of journalists in Asia, Dr Mahathir's luncheon meeting is seen as a timely opportunity to help correct whatever misgivings the EAEC critics have regarding it.

Dr Mahathir began by explaining that Malaysia's proposal for the EAEC was neither original nor unusual.

In 1970, South Korea had proposed an Asian Common Market, and in 1988 Japan's Ministry of International Trade and Industry proposed an Asian Network.

The EAEC is essentially an extension of Asean on a less formal plane! It is also a reaction to the single European market and the North American Free Trade Area (Nafta).

Dr Mahathir said the

EAEC's main purpose was to provide a strong voice for East Asian countries in trade negotiations with the rest of the world, particularly the EC and Nafta.

"It has been obvious for a long time that no one respects the voices of developing countries like Malaysia, or even groups like Asean. But a regional forum with China, Japan together with the Asean Six as members will have a much greater clout if they speak with one voice on common problems affecting them.

"For this, a very formal organisation with secretariats and councils and civil servants is unnecessary. It is enough if they can agree on the mechanism for holding meetings at different levels whenever the need arises."

He maintained that if East Asian countries form the EAEC, the process of learning from each other could be facilitated and this would help reduce risks and wastage besides ensuring more rapid development.

What was preventing the EAEC from taking shape was the vehement objection of the United States, Dr Mahathir said, adding that the US was involved in the formation of its own trade bloc in the form of Nafta.

This is clearly a protectionist group, unlike the EAEC. By definition, Nafta will favour its members against those who are not.

"The EAEC will leave its members quite free to trade with anyone. Yet the US is against it. It is really a case of double standards, a case of telling East Asia to do what the US tells them and not what the US does."

In relation to this, Dr Mahathir wondered whether the US feared the dominance of Japan with the economic might of the East

EAEC

1.8 billion for rest of world

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'Region to be a major force in world trade

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Asian countries behind it. "May be, containment of potential foes is still the basic creed of the US."

Allaying the fears and apprehension of the US regarding **this**, he said that there would be no dominant power in the **EAEC** because China and Korea, and even **Asean**, would not allow Japan to play the lead role.

Japan will be as strong as Japan is, with or without the EAEC. But balancing Japan's clout will be China and Korea, two countries which are more concerned than the US is about Japan.

By allowing the EAEC to hasten the development of China and Korea, the threat of **Japan** will be reduced.

Dr **Mahathir** ended his address by **saying that the** countries of **East Asia** would form a geo-cultural economic entity, prosperous and resilient. East Asia, he added, would be one of the three main regional groups and would exert its **influence** on world trade, whatever might be the **objections** of the US.