

PM: JAPAN WILL NOT LEAD EAEC

Mahathir allays US fears over proposed caucus

By CHOI TUCK WO

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HONG KONG: Malaysia has assured the United States that Japan will not be the dominant power in the proposed East Asia Economic Caucus (EAEC).

Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday that China, South Korea and even Asean would not allow Japan to play the lead role.

Stressing that there would be no dominant power in the EAEC, he said: "Japan will be as strong as Japan is and will be, with or without the EAEC."

"But balancing Japan's clout will be China and Korea, two countries which are more concerned than the United States about Japan."

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

He said objections by Washington towards the EAEC could have stemmed from its fear of Tokyo dominating the grouping, with the economic might of the East Asian countries.

"Or maybe containment of potential foes is still the basic creed of the United States. If this is so, then it is very unfortunate," he said in his speech on *Future of Regional Groupings* at the Foreign Correspondents Club here.

Explaining the advantages of having rich trading partners, he said the EAEC would not just maintain free trade but would also promote the economic development of East Asia's lesser economies.

This, he said, would result in a crescent of prosperity stretching from North-East Asia to South-East Asia.

"It will create a market of 1.8 billion people for the rest of the world. This will certainly be a rich market for the United States although it may not be as developed as the North American Free Trade Agreement (Nafta)."

"But the buying power of 1.8 billion people, even if the per capita is only a quarter that of Europe or the Nafta nations, will be considerable," he said.

In his usual hard-hitting style, Dr Mahathir **criticised** the United States for **opposing** the EAEC, saying it was **practising double standards** as **shown** by the formation of Nafta.

"Nafta is clearly a protectionist group unlike the EAEC which leaves its members quite free to trade with anyone. Yet the United States is against it.

"It is clearly a case of the United States telling **East Asia** to do what it tells them, and not what it does."

Dr Mahathir said he also could not understand why the United States had insisted on being a member of the EAEC when it was not a member of several regional groups involving Latin American countries on the Pacific rim.

He noted that the US objections to the EAEC was **likely to** create bitterness even among its friends in East Asia.

Dr Mahathir said the EAEC, **in** one form or another, was inevitable, judging from the intra-regional trade figures of East Asia.

He said regional groupings would continue into the **21st** century, with the East Asia region emerging as one of the three main regional groups exerting its influence on world trade.

Dr Mahathir, however, believed that regional trading blocs were here to stay for several decades.

After all, the Russians took 70 years to find out that communism and its command in economy did not work, he added.