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A modified caucus for region?

SOME East Asian countries are either incredibly finicky or they exist only to appease others outside the region. Take the Asian Group of Seven idea as an example. According to a Japanese daily, several Asian countries had begun talks on setting up their own version of the G-7 meetings. But why an Asian G-7? The Mainichi Shimbun said the idea was prompted by several factors, including increased trading among Asian countries and the lack of a forum for Asian monetary officials to discuss regional economies. So why have not these countries taken a fresh look at the East Asia Economic Caucus (EAEC), which was precisely conceived to be a loose forum to discuss issues of common interest?

According to the daily, the talks to set up the Asian G-7 involve finance ministers and central bankers of Japan, South Korea, China, Australia, New Zealand and the nine members of the Association of South-East Asian Nations; namely Malaysia, Indonesia, Thailand, Singapore, the Philippines, Brunei, Vietnam, Laos, and Myanmar. This is interesting because with the exception of Australia and New Zealand, the proposed memberships of the Asian G-7 and the EAEC are the same. When he mooted the idea of the EAEC, which was strongly opposed by the US, Prime Minister Datuk Seri Dr Mahathir Mohamad had seen how vulnerable the region was in the absence of a forum that could be used by countries in the region to discuss issues directly affecting them. One must wonder now if the EAEC had been formalised, would not the countries affected by the financial crisis since July been able to act in a more cohesive and effective manner?

The Japanese newspaper said the Asian finance leaders would hold their first formal meeting next year and planned three to four meetings annually, but it did not say when the idea was first raised or where initial talks had been held. The Japanese had consistently demurred on supporting the formation of the EAEC for fear of irking the chief opponent of the idea, the US, which in turn was adamant that there was no need for such a forum, especially when Australia was not included in the scheme of things. Then came the Asia-Pacific Economic Cooperation (Apec) and its subsequent institutionalisation; and the issue was left to pass, notwithstanding suggestions, promises even, that the EAEC could co-exist with or within Apec as a sort of a caucus within a caucus.

Is the "new initiative" then a move to form a regional forum that is more in line with the wishes of the US, one that does not pose too much of a threat to its influence on Asia, which of late has become a major concern in Washington? Tokyo has never denied that the region's countries need a forum to discuss and sort out issues of common concern, and hopefully head them off before they could cause any damage. But it is also no secret that Tokyo's stand has always been that the idea is fine and would even be willing to take a leading role, so long as the US does not object. Against the backdrop of its contentious trade surpluses with the US, the perennial car talks, shipping disputes and a host of other "more important" issues, Tokyo had not unexpectedly found it wiser to relegate the "lesser" concern of disappointing its neighbours, or to be seen as baulking on its responsibility to the region, to the backburner.

In the face of the current economic turbulence in the region, is Japan perhaps finally recognising that it can no longer put off its responsibility to take the lead? After all, the extensive Japanese

business empire throughout the region will surely also come under threat should the malaise persist and result in longer-term ill-effects. Is it awakening to the fact that a 30 per cent decline in the value of the countries' currencies immediately translate into a 30 per cent smaller market? With its own domestic economy failing to shake off a stubborn recession, despite rescue package after package, the stakes have suddenly become uncomfortably high. It would appear the answer - at least to Japan, where political hedging is a way of life - is the Asian G-7.

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