

08/11/2001

East Asia comes together

FAITH in a good idea and perseverance have paid off for Asean. For the past 11 years since Prime Minister Datuk Seri Dr Mahathir Mohamad first mooted the East Asian Economic Group (EAEG), Asean leaders and officials have not only continued to work behind the scenes to advance the idea but also kept up discussions on it everytime they congregate for a meeting. This week, at the Seventh Asean Summit in Brunei, they took the biggest step forward yet as the barriers to the proposal suddenly fall away. South Korea, one of the three powerhouses in the region invited to join up, has even emerged as the prime-mover for the creation of the East Asian grouping. And Japan, strongly opposed to EAEG's formation previously, did not have any objections. China, supportive throughout, has entered into a separate agreement with Asean to set up a giant free trade area.

The EAEG proposal has certainly taken on a life of its own in the past decade. Dr Mahathir had originally envisaged the grouping as as a loose consultative forum for East Asian economies to discuss and develop common positions on economic and trade issues, and to provide more leverage for the region in international negotiations. The idea did not make much head way, thanks to aggressive opposition from the US, which in turn forestalled support by Japan, especially. Washington was wary that the grouping would eventually take the form of an economic bloc, like the European Union, despite repeated assurance by Dr Mahathir that this was not the intention. The EAEG was even retagged the East Asian Economic Caucus by Asean Economic Ministers at their meeting in 1991 to address concerns that an exclusive regional trading bloc was being proposed.

The US won a victory of sorts when it was later decided that the Caucus would be allowed to be pursued in the context of the Asia Pacific Economic Cooperation forum. But the idea did not just die, as some quarters might have hoped. Indeed, if anything, the latest developments have served to prove that the idea was at least a decade ahead of its time. Sadly, it has required an Asian financial crisis and a global economic slowdown for the benefits of closer integration, and the banding together to protect common interests, to be recognised. As South Korea rightly pointed out at the Brunei Summit, Europe has its European Union and America the North American Free Trade Agreement. There is every reason for Asian countries to start cooperating as well. Countries with mounting debts and plunging currencies have had few alternatives but to trade and borrow their way out of their difficulties. But here, they will come into direct competition with each other, which serves only to push prices of their products ever lower.

It therefore makes more sense for the Asian economies to unite and create a giant free trade zone to boost inter-regional trade. This way they can also avoid being played off against one another in the international market. China, Japan and South Korea are strong economies that can contribute to the growth of South-East Asia. In addition, the club will provide countries with a forum to hold regular consultations and to align policies on common issues. It will give members the leverage and a platform to act in concert and speak with one voice with regard to any trade-related issues that affect the region directly or indirectly. Apprehensions about it possibly restricting or constricting trade are unfounded. On the contrary, its imperatives would be the defence and maintenance of free trade and expansion of trade and economic relations

among all.

(END)