

Renewed interest in EAEG vindicates

Nst 26 MAY 2002

THE realisation that over-dependence on the United States, which is slowly recovering from an economic downturn which had a domino effect on other parts of the world, has prompted East Asian leaders to salvage the idea of forming the East Asian Economic Grouping (EAEG).

As the US can no longer be depended upon as the engine of growth, East Asian countries now feel that they need to depend on themselves. Relying too heavily on the US could be economically disastrous. Realism has set in.

Asean leaders and those of China, Japan and South Korea have reconsidered a 1990 proposal by Prime Minister Datuk Seri Dr Mahathir Mohamad to set up the EAEG, dismissed as irrelevant a decade ago.

They have now agreed to form Asean+3, which is a de facto EAEG by another name.

When Dr Mahathir proposed the establishment of the grouping, many countries including the US, Japan and South Korea rejected it outright. Singapore chose not to support it.

The US feared that the grouping would eventually become an economic bloc which would adopt protectionist measures and

would run contrary to free trade, of which it is the greatest proponent. Japan, South Korea and Singapore, being allies of the US, and its important trading partners, toed the line.

The US said the Asia Pacific Economic Co-operation (Apec) that groups all nations of the Pacific rim was sufficient. An EAEG, it claimed, would only overlap with Apec's functions.

Then under the Clinton administration, the US wanted to be part of any forum which involved a combination of Southeast Asian and Northeast Asian nations, the world's economic giants.

But Dr Mahathir had then repeatedly said that the grouping would be an informal gathering to discuss ideas, rather than an economic bloc.

It was also aimed at giving East Asian nations a stronger voice in international forums.

He saw no logic in the US objection to an East Asian grouping when the North American Free Trade Agreement and the European Union, both of which are economic blocs, were established without consultation with the international community.

COMMENT

By Ashraf Abdullah

To appease the US, he renamed the EAEG "East Asia Economic Caucus" so that it would not be seen as an economic bloc.

But the Clinton administration's hardline approach prevented the formation of the grouping.

Surprisingly, Japan and South Korea have now changed their stand. South Korean President Kim Dae-jung, who at the Asean Summit in Bandar Seri Begawan last year presented to the leaders the East Asian Vision Group report which calls for the establishment of an East Asian community, now supports the idea.

The East Asian Vision Group, commissioned by the Asean+3 leaders three years ago, presented its report at the summit and proposed the formation of an East Asian Grouping. The group comprised two members from each of the 13 countries, and headed by South Korea.

Dr Mahathir's proposal

The 13 leaders agreed to the formation of the Asean+3 secretariat which will pave the way for an East Asian grouping. The US, now under President George W. Bush, does not seem to have any objection to the proposal of formalising the Asean+3.

Japan's Prime Minister Junichiro Koizumi, during Dr Mahathir's recent visit, gave his commitment towards realising the idea of close economic co-operation among the Asean+3 nations.

Having decided to institutionalise Asean+3, the members will now deliberate on a simpler task of deciding where its secretariat should be.

Kuala Lumpur has offered itself to host the secretariat. It seems only right, because the Asean+3 was Dr Mahathir's brainchild.

The three northeast Asian nations don't seem to have any objection to Malaysia hosting the secretariat. It has to be seen whether Asean members would have any.

As Asean subscribes to consensus-building for its decision-making, every member has the power of veto. As such, all Asean members must agree to the proposal that Malaysia hosts the secretariat.

Diplomats, however, are quite confident that Malaysia would be given the honour,

especially because Singapore is hosting the Apec Secretariat while the Asean Secretariat is located in Jakarta. With the exception of Thailand, which hosts numerous international organisations, the other countries are not ready to host a secretariat as big as this.

Over the past few years, Dr Mahathir's ideas have been vindicated several times.

When he first accused currency speculators of causing the 1997/98 financial crisis, the so-called internal economic pundits denounced him as an economic illiterate. In the aftermath of the crisis, both the International Monetary Fund and the World Bank have agreed that currency speculators played a major role in it.

When the Malaysian Government used the Internal Security Act to arrest Taliban-trained terrorists and to curb their activities, Dr Mahathir was accused of violating human rights.

But after the Sept 11 terrorist attacks on the World Trade Center and Pentagon, the US — the greatest proponent of liberal democracy — and other countries are considering introducing similar laws.

□ ashraf@nstp.com.my