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Koizumi committed to boosting ties with the Asean neighbours

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ARMED with a partnership programme to bring the economies of East Asia together, Prime Minister Junichiro Koizumi is blazing through five Asean capitals in the same breath - tackling bilateral and regional issues.

The fiery reformer, who flew to Bangkok yesterday morning, got into action almost instantaneously on arrival in Kuala Lumpur on Thursday by holding an hour-long closed-door exchange with his counterpart Datuk Seri Dr Mahathir Mohamad.

Fresh from a meeting with Philippine President Gloria Macapagal Arroyo a day earlier, the charismatic leader who turned 60 last Tuesday, emphasised the need for East Asian countries to be more cohesive and unified to enable the region to play a role in the mainstream global economy.

Koizumi, whose trademark wavy 'Lion King' hairstyle stood out among those who had a first glimpse of him, was adamant to forge ahead with his government's reforms for prosperity and strengthening of future co-operation with its eastern neighbours.

His trip, scheduled for last September but delayed by the horrific Sept 11 events, is being seen as a direct response to fears among Japanese businessmen, and the government, that the nation may lose to China in trade deals with Asean nations.

Obviously, the move follows China's increasing interest to forge more permanent trade ties with Asean nations by initiating talks last November at the Asean plus three (Japan, China and South Korea) meeting in Brunei.

Based on the spirit of acting and advancing together as sincere and open partners, the economic partnership initiative advocated by Koizumi covers an enormous sphere - trade and investment, science and technology, human resource development and education - among others.

Towards this end, Malaysia even offered itself as the venue for an Asean-Japan University, which will capitalise on unemployed Japanese manpower to provide technical and human resource training to people from the Asian region and other parts of the world.

A success symbol of Malaysia's Look East Policy implemented by Dr Mahathir in 1981, the university is expected to further strengthen co-operation in the areas of technical co-operation and information technology between Malaysia and Japan.

As clouds of uncertainties still hover over the future of the sluggish Japanese economy, Dr Mahathir has expressed hope the country's second most important trading partner would be able to overcome its decade-long economic decline in due course.

Perhaps, Koizumi should be forgiven for lying low on the offering of financial aid, although the Liberal Democratic Party leader has assured Dr Mahathir that Malaysia could continue to access the yen loan 'for specific project as and when necessary'.

"Unlike his predecessors, he should not be taken as a cheque book Prime Minister," said a Japanese official on the delegation.

"Nonetheless, there is no shadow of a doubt that since he came to power in April, he has been very keen on Asean. He is committed to boost ties with the Asean neighbours and he knows he has to start working fast for Japanese PM's have a very short lifespan," the official added.

The Japanese economy is languishing in a slump that began with the collapse of stock and property markets more than a decade ago. It limped into 2002 with unemployment at an all-time high of 5.5 per cent and the

stock market at an 18-year-low.

A 10 per cent ODA (official development assistance) cut in the 2002 budget has meant Koizumi also has less to offer Philippines and Indonesia which have traditionally relied heavily on Japan for development assistance.

Worse still, Japan's former financial diplomat Eisuke Sakakibara had recently predicted the yen may further weaken to 150-160 per US dollar towards the end of 2002 and that its depreciation reflected the country's poor economic fundamentals.

In the short-term, the professor at Keio University in Tokyo expected the yen to depreciate to the 135-140 level towards end of March. The dollar shot up to a three-year high of 133.37 yen on Wednesday.

Overall, the yen has fallen 10 per cent against the dollar over the past two months.

"The bilateral ties between Malaysia and Japan have to enter a new phase to survive future challenges.

"Japanese investors can no longer associate Malaysia with cheap labour or Malaysia be over-reliant on Japan as a financial source. The co-operation must take on to a new plane," added the official.

With a strong relationship based on trade and investment, the two countries need to look closer at the business opportunities and devise ways of co-operation so that they can be assured of symbiotic benefits.

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