

05 NOV 2002

Asean-Japan

ASEAN, JAPAN INK ECONOMIC PARTNERSHIP DEAL

By: Muin Abdul Majid

PHNOM PENH, Nov 5 (Bernama) -- One day after entering a pact with China to create possibly the world's largest Free Trade Area (FTA), Asean and another North Asian powerhouse, Japan, today signed a declaration on their comprehensive economic partnership (CEP) for a possible FTA within 10 years.

In the declaration issued in conjunction with their summit here, Asean and Japanese leaders said that both sides should seek a broad-based partnership covering not only liberalisation of trade and investment but also trade and investment promotion and facilitation measures.

They decided that a special committee be established to draft a framework towards realising the CEP which was to submit a report at the leaders' meeting next year.

However, there was no mention of the agriculture sector which is a sensitive area for Japan.

The leaders said that while working on the CEP between Japan and Asean as a whole, any Asean member country and Japan could initiate works to build up a bilateral economic partnership.

"We recognise that the goal of such block building should be to strengthen current economic partnership between Japan and Asean as a whole and, with this as a basis, to explore and broaden such economic partnerships for the whole of East Asia," the leaders said.

The document was signed by the leaders of all 10 Asean members and Japanese Prime Minister Junichiro Koizumi. Malaysia is represented by Prime Minister Datuk Seri Dr Mahathir Mohamad.

The CEP, they said, would expand trade and boost growth between the two regions and by 2020, the export value from Asean to Japan would increase by US\$20.63 billion (US\$1=RM3.80) or 44.2 per cent higher than the base year 1997.

The export value from Japan to Asean would increase by US\$20.02 billion which would be equivalent to 27.5 per cent of that in the base year.

The Asean and Japanese leaders also stressed that special and differential treatment could be provided to developing countries of Asean in accordance with World Trade Organisation agreements, with additional flexibility should be accorded to the newer members of Asean.

Today's Asean+Japan summit followed yesterday's 8th Asean Summit and the Asean+China Summit. Asean also held a meeting at the highest level with South Korea today.

And for the first time, the leaders of Asean and India held a summit to chart the strategic direction towards strengthening ties and fostering closer economic integration between Southeast Asia and South Asia.

The summit was originally mooted by Cambodian Prime Minister Hun Sen during his visit to New Delhi in February 2000 and was agreed upon at the Asean Summit in Brunei last year.

India, represented in Phnom Penh by Prime Minister Atal Bihari Vajpayee, has agreed to assist in the implementation of the Initiative for Asean Integration (IAI), adopting information and communications technology as a major thrust of the cooperative efforts.

The IAI was launched two years ago to narrow the development gap between the older and newer members of Asean by mobilizing resources within Asean as well as tapping those from outside the region and the private sector.

India is one of the emerging market economies in the world with a gross domestic product of more than US\$2 trillion and a market of 1.5 billion people.

Total trade between Asean and India in 1999 stood at US\$7.6 billion and rose to US\$9.9 billion in 2001.

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