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Japan supports EAC, but wary over naming of grouping

THE Japanese Government prefers East Asian nations to strengthen their co-operation in various fields before the Asean+3 is formalised into an East Asian Economic Grouping (EAEG).

Senior adviser to Prime Minister Junichiro Koizumi Prof Haruhiko Kuroda said he was supportive of the proposal to institutionalise the East Asian Community (EAC).

"What I am more cautious is about the naming. If you say this is EAEG, that might be misunderstood as a kind of exclusive grouping.

"(But) it is not, it is based on natural economic integration, which already exists in this region," he told reporters on the sidelines of the on-going East Asia Congress in Kuala Lumpur yesterday.

Commenting on remarks by Prime Minister Datuk Seri Dr Mahathir Mohamad for all East Asian leaders to support the formalisation of the Asean+3 into the EAEG, Kuroda said Japan and Malaysia shared the same policy. The former Japanese vice-finance minister for international affairs said Dr Mahathir emphasised the openness of the EAC, which he fully agreed.

"So, there is no difference as far as the substance is concerned. But maybe not on the name," he said.

He said the existing EAC or Asean+3 was an open financial and trading co-operation that would not create any restrictive practices.

Dr Mahathir, when opening the Congress on Monday, had called on East Asian leaders to stop "hiding" behind the Asean+3 title and declare the 13-member grouping as EAEG.

The prime minister proposed the formation of EAEG some 12 years ago but was met with criticism, which claimed the EAEG would become a trading bloc and could divide the Pacific region into half.

Kuroda said when significant co-operation was made in many important areas, then maybe Asean+3 could be formalised into EAEG in the future. He said so far, East Asian co-operation was only significant in financial area such as the establishment of the Chiang-Mai Initiative.

Therefore, East Asian countries should aim at deepening co-operation in areas like trade, exchange rate, macro-economic co-ordination and capital market.

"We have to address these challenges in the coming years. Come those years, maybe we can change the name for instance, from Asean+3 to EAC, East Asian Economic Community, East Asian Economic Area or some other name," he said.

Earlier, during a question-and-answer session after delivering a special luncheon address on "Japan's Contribution to Building the East Asian Community", Kuroda said Japan was prepared to be co-leader with other important members of the East Asian region to institutionalise EAC in the future.

"Japan alone cannot lead the formation of East Asian Economic Community. At least, there must be four important members; Japan, (South) Korea, China and Asean."

In his speech, he said Japan had been contributing to building the EAC in various ways, particularly after the 1997-1998 financial crisis.

It has also worked with South Korea and Malaysia in promoting regional surveillance.

"Japan maintains that the Asean+3 may need a secretariat to perform the surveillance. This is a matter of future discussion," he told 400

conference participants comprising captains of industry, economists, scholars and policy-makers.