

Malaysia stumps for Asian bloc

by Lydia Cherry

In early December, Malaysian Prime Minister Mahathir bin Mohamad, Asia's most trenchant critic of Anglo-American policy of keeping the underdeveloped nations in perpetual backwardness, proposed a new Asian economic bloc. The "East Asian Economic Grouping" (EAEG), Dr. Mahathir proposed, would involve all ASEAN member states—Thailand, the Philippines, Singapore, Malaysia, Indonesia, and Brunei—plus Japan, Korea, China, Taiwan, and Hong Kong. The British Commonwealth countries of Australia and New Zealand, he made clear, were to be excluded—at least for the time being. He said that he hoped Japan would play a leading role, but added Malaysia expected that developed nations would pressure Japan not to join. The United States, a member of the Asia Pacific Economic Cooperation bloc (APEC) established in 1990, was not mentioned.

The proposal, announced on Dec. 10—the same week that the General Agreement on Tariffs and Trade (GATT) talks in Brussels collapsed—immediately drew fire. Early press reports emphasized that the diplomatic community was caught by surprise, since Dr. Mahathir had consulted no one before making his proposal public.

Mahathir had said in announcing the plan that he expected the GATT talks to fail, and that trade blocs already in existence would become stronger. If Asian countries tried to defend themselves individually, they would not have the strength to counter these trading blocs, Kuala Lumpur International Service quoted the prime minister as saying. "If no other country wants to take the lead, we will do it," he said. He added that the Malaysian government "is convinced that developed countries will not help the developing countries."

Malaysian Primary Industries Minister Lim Keng Yaik told the *Bangkok Post* explicitly: "It is about time countries in the East Asian and Southeast Asian regions started to think of having a fallback position to trade among themselves."

U.S. and British press reported the idea as unworkable because, among other things, it would compete with the U.S.-Japan-Australian-dominated APEC. U.S. Assistant Secretary of State Richard Solomon was quoted by the Jan. 3 *Bangkok Post* saying the plan was "very unwise." The newspaper, however, noted that, despite the U.S. opposition, Mahathir would continue to send emissaries to Asian nations to bolster support for the new bloc. Solomon, who delivered the U.S. criticism speaking in Washington, stressed Washington's determination to revive GATT. "If

you have regional trading blocs developing, it will even have a more unfortunate effect because many of the countries mentioned [in the Malaysia plan] are not natural trading partners but competitors."

Australian leaders responded indirectly to that nation's exclusion by saying Jan. 2 that they opposed trade blocs, yet were comfortable playing a key role in APEC. Days before, a leader of the Australian opposition, Alexander Downer, had noted on his return from a visit to Thailand, Hong Kong, and China, that there was the risk of a collapse in Australian exports because of a growing view among Asian trading partners that Australia was "economically unstable, racist, and financially irresponsible," the daily, the *Australian*, reported Dec. 24. Downer noted the contrast between Australia's "recession" when much of the rest of Asia is "booming."

Gulf war threatens 'hard times'

Singapore's new Prime Minister Goh Chok Tong was the first Asian leader to endorse Mahathir's plan. While visiting Malaysia in early January, he called the proposal far-sighted and imaginative and called for ASEAN consultation on the matter. Goh clearly had been looking for a new initiative. In his first speech upon becoming prime minister on Nov. 30, Goh expressed concern for his country and the region in light of the Gulf crisis. "Our dreams of becoming a developed country will have to be postponed for years," he said. If neither the U.S. nor Iraq backs down, he warned, war will break out, which will mean a new surge in oil prices, a greater U.S. recession, and a drop in international trade and investment upon which Singapore depends. "We must brace ourselves for hard times."

Other Asian leaders have not been as forthcoming. In Thailand, a senior commerce official said that his country will "likely go along with the Malaysian plan for the solidarity of ASEAN, but will not commit itself at the moment," Bangkok's *Nation* reported Jan. 16. Malaysia and Japan have yet to discuss the idea in detail; they were planning to do so in mid-January, but Prime Minister Toshiki Kaifu canceled his trip because of the Gulf crisis. Malaysian Vice Foreign Minister Ahmad Kamil Jaafar, in an interview with Japanese news service Kyodo on Jan. 10, commented on how Malaysia was approaching the idea of a regional bloc and what it hoped from Japan. Kamil acknowledged that Malaysia had been critical of Kaifu's aborted plan of sending Japanese military forces to the Gulf. He noted that Malaysia was not against establishing a new security order in Asia, but that such a move must be taken without relying on outsiders. "What we want to avoid is to have an idea or concept which is not indigenous, which comes from Europe or somewhere else, to be imposed on us," he said.

The first group discussion of Dr. Mahathir's plan will take place in February when officials of the six ASEAN countries will meet in Indonesia. It has been confirmed that the Malaysian initiative will top the agenda.