

Speech by

His Excellency Dr. Sorajak Kasemsuvan,

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at the Forum for the Promotion of Economic Partnership Arrangements in East Asia

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Mr. Ryoki Sugita, President and CEO of the Nihon Keizai
Shimbun,
Excellencies,
Distinguished Guests,
Ladies and Gentlemen,

I would like to begin by thanking the co-organizers – Nihon Keizai Shimbun and Japan's National Council for Promotion of Economic Partnerships – for inviting me to speak at this important and timely Forum for the Promotion of Economic Partnership Arrangements in East Asia. Having seen the list of names of all panellists, I know that today's discussion will be not only intellectually stimulating, but also useful in terms of our policy implications.

Today, there are already well over 250 Free Trade Agreement (FTA) and Economic Partnership Agreement (EPA) in various parts of the world. With difficulty to achieve liberalization multilaterally, more countries have turned to bilateral as well as regional EPAs for fear of missing the train. Besides, given the greater intra-regional economic linkages and interdependence, it is no wonder why countries in East Asia have been spending time and resources into FTA/EPA

negotiations. They also believe such efforts will serve as building blocks towards their declared goal of achieving an East Asian Community. I believe today's Forum gives us an excellent opportunity to discuss the necessary steps that we need to take for the realisation of an East Asian Community.

On the part of Thailand, my Government believes that, while we must continue to actively participate in the current Doha round of trade talks, Thailand can indeed play a contributing role in strengthening ASEAN and building up towards the East Asian Community. Prime Minister Thaksin believes that FTA/EPAs with key trading countries can enhance productivity of the domestic grassroots economy, accelerate domestic reforms, sharpen Thailand's competitiveness and support networks and building blocks towards the final goal of multilateral trading arrangement. This is why over the past 3 years, Thailand has been actively engaging in FTA/EPA negotiations. We have concluded an FTA with Bahrain, signed an early harvest agreement on vegetable and fruits with China, as well as a comprehensive FTA with Australia and are now negotiating FTA/CEP with the United States, Japan, India, New Zealand and Peru.

Distinguished Guests,
Ladies and Gentlemen,

Of course, our bilateral EPAs are only the first pieces of our overall jigsaw. For countries in East Asia to succeed in building an East Asian Community, at least two important tasks need to be undertaken.

Firstly, partnership on the economic front should be high quality and fortified. This must begin with how we should approach our bilateral EPA negotiations and what we see as the end goals of our EPAs.

For EPAs to be high quality, we need to try our best to find ways to build upon each other's strength and, as Thailand has learned from our EPA negotiations, particularly with Japan, we believe that it is important to make sure that our EPAs will not only be as comprehensive and high quality as possible but also people-centred. For our EPAs to be truly people-centred, bureaucrats of both sides must take the outside-in approach, be open-minded and rise above their vested interests. They must also do their utmost to reach out to all stakeholders, taking into account, particularly, our common people in the streets, because those people are the majority who will benefit from or are affected by our EPAs.

For EPAs to be meaningful building blocks towards greater regional prosperity, we also need to take the approach that aims at enlarging the overall size of our new 'pie,' rather than trying to obtain the largest possible share of a fixed old 'pie.' As challenging as it may be for enlarging the overall size of the pie for mutual benefits of both sides, there must be give and take. Each party involved in each bilateral EPA negotiation should try their utmost to develop integrative solutions for the mutual benefit of their countries and peoples.

By fixing our eyes on a bigger prize of achieving mutual benefit for all and bringing about greater regional prosperity, we must be prepared to accept changes and to approach changes with positive thinking. East Asian countries which are

engaging in FTA/EPA negotiations should be willing to consider every proposal, especially those which are thought to be domestically too sensitive. This is because positive response may accelerate domestic reform efforts which would, in turn, help boost efficiency and competitiveness. The Thai Government is ready to take the necessary pain and hopes that all EPA partners will share this view.

What is more, for EPAs to be high quality, all parties involved should not look at each stage of the negotiations as a winning or losing step. The ultimate success of the EPA negotiations is to bring about mutual benefit for our people and deeper economic integration. A good example of this is in the case of rice. Like Japan, rice is also a highly sensitive item in the Thai domestic politics. Yet, when our Prime Minister recently decided to take rice out of Thailand's request in our bilateral EPA negotiations with Japan, he did not see that as if we were losing. Rather, it demonstrates his timely leadership and political courage to move our EPA negotiations with Japan forward. Equally, Prime Minister Koizumi has also demonstrated that leadership and courage. Such political leadership and courage are indispensable for a successful conclusion of every high-quality EPA.

The second important task, which must be undertaken in order for us to achieve greater prosperity for our region and to translate our vision of having an East Asian Community into a reality, is to do with how we could use our regional economic development to rectify the disparities within the region. In this connection, my Prime Minister has translated words into action. His initiative of Economic Cooperation Strategy with our neighbouring countries, called ACMECS, seeks to implement

concrete plans to reduce economic disparity between Thailand and our adjacent neighbours, namely, Laos, Myanmar, Cambodia and Vietnam, and to accelerate the realisation of the ASEAN Economic Community. Such self help initiative participated by all the five countries have already attracted interests of various countries, including France, Germany, Japan and New Zealand who are keen to work in partnership for development in this new framework.

Distinguished Guests,
Ladies and Gentlemen,

Over the past 3 decades, Japan rightly deserves high praise for having done a lot in economic cooperation with ASEAN. However, being ASEAN's second largest trade partner, sharing over US\$110 billion in trade annually and having invested more than US\$100 billion of accumulated direct investment in ASEAN, Japan can certainly rise to the occasion and overcome multi-dimensional challenges as the whole region is undergoing a paradigm shift.

This paradigm shift has already seen China fast becoming a significant engine of growth for Asia and beyond. Trade between Japan and China is almost rival that of Japan and the US. South Korea is expanding its investment in China at a faster rate than that of Japan.

As these three countries in Northeast Asia are also deepening their economic cooperation with ASEAN and, as these 13 countries are striving towards an East Asian Community, I cannot but emphasize enough the important leadership role that Japan has to play in this process of East

Asian economic integration. As my Foreign Minister, Dr. Surakiart Sathirathai, said in the Nikkei-organised Forum on the Future of Asia in June this year, “the process must go beyond economics and lead towards the goal of fostering a sense of community among Asian nations to realise the full potential of integration”. Japan’s approach in her EPA negotiations with other East Asian countries will reflect her readiness to show that leadership on her part. How far Japan is willing to go in taking up her rightful leading role in this rapidly changing world order is, of course, a question that can only be answered by the Japanese.

Our goal of building a stronger and more harmonious East Asian Community requires both leadership and partnership of all like-minded countries in our region. And I wish to thank Nikkei today for contributing to these important efforts. With our common goal and strong determination, I believe we can achieve greater prosperity and stability not only of East Asia but also of Asia as a whole.

Thank you for your kind attention.
