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Apec-Victory

VICTORY FOR MALAYSIA & DEVELOPING COUNTRIES IN ITA

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MANILA, Nov 24 (Bernama) -- The United States' decision to drop the time frame of the year 2000 in the proposed Information Technology Agreement (ITA) is seen as a victory of sorts for Malaysia and other developing countries which are opposed to the idea of opening up of their markets to zero tariff on all IT products within a short time span.

The opposition from developing countries stemmed from their concerns that such a move would allow their markets and relatively weaker IT industries to be overwhelmed by products and services from the developed countries.

Economic ministers attending the Asia Pacific Economic Cooperation (Apec) ministerial meeting supported the US initiative to liberalise the IT market minus the time frame clause. To that extent, consensus among the Apec ministers was reached.

However, some Americans are still stubbornly pushing for the 2000 target despite a lack of consensus at Apec on the time frame.

Under Malaysia's commitment to the General Agreement on Trade and Services for telecommunications, it will only open up certain value-added services to foreign entry.

International Trade and Industry Minister Datuk Seri Rafidah Aziz said the Malaysian opposition to the US plan did not mean that Malaysia was reluctant to open up its IT market.

In fact, she stressed that about 60 per cent of the IT products in Malaysia were duty-free.

Prime Minister Datuk Seri Dr Mahathir Mohamad had said that Malaysia could not support the ITA all the way.

"We can support it to the extent it doesn't hurt us. We are told that it is good for us. But we would like to examine it," he told Apec business leaders.

As for Malaysia's commitment under its Individual Action Plan (IAP) through the Manila Action Plan for Apec (Mapa), the extent of its commitment in terms of greater market access through tariff and non-tariff measures will include its latest tax cuts contained in the 1997 Budget.

The Malaysian position is that it will continue with its unilateral tariff reductions under the annual Budget exercise.

In terms of market-opening measures in the services sector, Malaysia has committed to allow foreigners to acquire up to 49 per cent of stockbroking firms. Foreigners are also allowed to own up to 70 per cent of local fund management companies.

In Malaysia's financial services sector, about 40 per cent of trade financing is being handled by foreign financial institutions. In the insurance sector, foreign companies account for 65 per cent of the market.

In the commercial banking sector, foreigners account for about 40 per cent of total assets.

Rafidah told her counterparts at their ministerial meeting that Malaysia would continue to improve its IAP and enhance market access offers and to undertake tariff cuts where feasible.

She also stressed that Apec should not dwell merely on the IAPs from the standpoint of market offers.

"We should also evaluate the openness of any particular member economy from what is actually the situation in the market place, that is, the real measure of openness is the extent of foreign presence in the market and in

the economy," she added.

The Malaysian position is that the Apec process should continue to be guided by the realities of the market place and by what could be done and delivered rather than what is politically expedient.

There is also a need to take into account matching multilateral interests into the national interest parameters.

In this context, Malaysia will be firm in its commitment to support Apec initiatives that are based on "best endeavour commitment" and those that recognise the economic diversities among Apec member countries.

There is also a need to acknowledge that given that Apec is based on consensus and if no consensus could be reached, then there should not be coercion to force a consensus.

Mapa, which comes in four volumes, contains various processes and commitments by the 18-member economies to move the region towards greater market liberalisation and a sense of community.

To all these programmes, Malaysia is firm in its commitment, especially with regard to the more than 320 projects being or to be initiated. --

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