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A stronger Asean seen emerging from ashes of 'economic firestorm'

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GIVEN the economic scenario, it was inevitable that the currency issue should be thrust onto the 29th Meeting of the Asean Economic Ministers even though this wasn't really the right forum to deal with the matter.

International Trade and Industry Minister Datuk Seri Rafidah Aziz, who was the host chairman, made numerous valiant attempts to remind Pressmen that although the issue was raised, the AEM had not taken any position or decisions on it.

In one somewhat comical incident at a Press conference, reporters had badgered Rafidah as to whether Malaysia had lobbied for support for its views on trading controls. The Minister subsequently had to turn to her Asean colleagues for assistance.

The other eight Ministers took turns to confirm that Malaysia had not asked nor pushed for any action or position to be taken.

But the "economic firestorm", as Australian Deputy Prime Minister Tim Fischer described it, was discussed at the meeting which was opened by Prime Minister Datuk Seri Dr Mahathir Mohamad last Thursday.

Rafidah said Malaysia had raised the matter because of its impact on trade and intra-Asean investments. Malaysia had also circulated a background paper.

The AEM as well as its dialogue partners of Australia, New Zealand, Japan and the Southern African countries had expressed confidence that the problem was merely transient and would not have a long-term impact.

They believed that Asean could emerge stronger, citing the experience of the 1985 recession where resilient Asean economies had rebounded and went on to a decade of high growth, making the region the fifth largest global trading entity.

"The current economic situation will provide Asean with the opportunity to eliminate inherent weaknesses, readjust and strengthen the foundation of their economies," the Ministers said in a joint Press statement issued after the first day of their meeting.

Rafidah said the positive stand should be taken as a signal to the rest of the world that Asean was confident about its position.

"It should be translated into a continuing high level of confidence of foreign investment into the region," she said.

But while the currency issue dominated, it did not overshadow the other substantive topics on the agenda.

Describing the meeting as "very good, very, very satisfactory", Rafidah said it had achieved its targets and more, with the introduction of topics not previously on the agenda, like electronic commerce.

She said important concrete decisions were reached such as market access packages, ironing out glitches in the Asean Investment Co-operation scheme and a further development of the Asean Investment Area.

Asean, she said, had turned into a very important component of regional and international initiatives.

The Asean Free Trade Area had also accelerated its implementation, when the Ministers attending the Afta council meeting decided to speed up certain tariff cuts.

Details of the notification procedure, which requires member countries to inform one another of modifications to Afta commitments and which sets out the situations when countries can raise tariffs, have been worked out.

The protocol is expected to be ready for signing next year.

The nine Ministers with Cambodia as an observer, also held consultations with Japan and two other regional groupings - the Closer Economic Relations countries of Australia and New Zealand, and the 14-member Southern African Development Community.

In the Miti-Japan meeting, the problem of trade imbalance was discussed, with both sides forwarding their own packages.

The two parties also agreed to pay closer attention to electronic commerce and new sectors with potential such as small and medium industries, rural development, human resource development and infrastructure, and enhancing competitiveness.

Rafidah said the Ministers were happy to note that co-operation programmes in place had not only progressed, but that new initiatives had been recommended.

On the meeting with SADC, she was upbeat about the potential opportunities offered by this resource-rich area.

"I feel that Asean private sector should be motivated to look at the African states positively. There is a lot of potential to be jointly developed like in providing the infrastructure, which Asean is capable of doing."

On the CER talks, she said besides identifying new programmes, the discussions had also ironed out customs and trade procedures and work programmes to facilitate trade.

This AEM was also significant as it welcomed its two newest members for the first time. Laos and Myanmar which joined in July, signed their second Protocol of Accession to complete the admission process into Asean.

Rafidah said Asean had resolved to continue to give attention to their development, including that of Cambodia which has observer status.

The one hitch to this otherwise smooth and successful meeting was the non-attendance of the Ministers from South Korea and China who along with Japan, were scheduled to join in the AEM+3 consultations. As a result it had to be called off.

Despite this last-minute cancellation, which Rafidah insisted was not a setback, this AEM meeting had succeeded in nudging the Asean process of economic co-operation along a little way, despite the distraction of the currency issue.

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