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Apec leaders resolve to end currency crisis

Anita Gabriel in Vancouver

VANCOUVER, Wed: Asia-Pacific Economic Cooperation (Apec) leaders agreed to work together to resolve the global financial furore in recent months, agreeing that it is "critically important that we move quickly to enhance the capacity of the international system to prevent or if necessary respond to financial crisis of this kind".

The leaders' declaration, which clearly indicated the emphasis given to the currency crisis in the region at the Apec leaders' summit here, further called for the central role of International Monetary Fund (IMF) in helping to resolve the crisis, thus endorsing the Manila framework concluded recently by central bank and finance ministry deputies.

The framework had called for enhanced regional surveillance, intensified economic and technical cooperation to improve domestic financial systems and regulatory capacities and a cooperative financing arrangement to supplement when necessary, IMF resources.

The leaders, in fact, further pushed for the rapid implementation of the Manila framework and look forward to the conclusion of the IMF study which is already under way on the role of market participants in the recent crises.

Canadian Prime Minister Jean Chretien said one has to wait and see the IMF study and it is proper that the handling of the crises be left to IMF as it has proven time and again, in the case of Mexico and most recently Indonesia and Thailand, that it is well-suited to do so.

In addition, the whole issue is rather complex given the rapid movement of currencies and the number of new instruments entering the market in a rapidly changing environment.

The leaders, he said, had also decided that there is no need for a separate standby facility to provide monetary assistance to countries afflicted by currency crisis as the present arrangement is "suitable for all situations."

"So, we do not need to create a new instrument," he said at a press conference here after the leaders' retreat.

The four-page declaration also saw leaders reaffirming their commitment to work together to meet the challenges of sustaining regional prosperity and stability, agreeing that the prospects for economic growth in the region are strong.

With regard to addressing these challenges, the leaders had a thorough discussion of recent financial developments in the region expressing a strong interest in seeing a "quick and enduring restoration of financial stability and healthy and sustainable growth."

And they also agreed that the crisis should be met with global responses given its global dimension.

With emphasis on this, the leaders called for prudent and transparent policies, particularly sound macroeconomic and structural policies, human resource development strategies and effective financial sector regulation as key to restoring financial stability.

The leaders, in the declaration, also welcomed the concrete results Apec has achieved in implementing trade and investment liberalisation commitment that were agreed on at Subic Bay. Other major results arising from this year's Apec summit included liberalising trade in 15 sectors, with initial work done on nine sectors and leaders agreeing to work towards a successful conclusion of World Trade Organisation negotiations

on financial services by the agreed deadline of December 12 1997.

Aspects such as human resource development and harnessing technologies of the future, assessing the full impact of trade liberalisation including its positive effects on growth and employment were also mentioned in the leaders' declaration.

Prime Minister Datuk Seri Dr Mahathir Mohamad said Malaysia as Apec host for 1998, considers it a new year as it will be 10 years old.

Malaysia intends to review the on-going activities with regard to trade and investment facilitation with focus on capacity-building, particularly with emphasis that developing countries benefit from the Apec process, in the aspects of human resource development, technology sharing, economic and social development, eco-technology and development of small- and medium-sized enterprises.

Malaysia, as a host, will also be looking forward to finalising the Early Voluntary Sectoral Liberalisation of the nine sectors.

The leaders' meeting is scheduled for November 17-18 next year with a ministerial meeting preceding it and the rest of the programme will be similar to what was done in the Phillipines and Canada.

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