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Asean ideas to ride out economic woes

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"WE hope this summit will restore confidence in the region," Secretary-General of the Ministry of Foreign Affairs Datuk Abdul Kadir Mohamad said before the Asean Informal Summit and Asean+3 meetings.

For those expecting the leaders to come up with a miraculous solution to the economic problems facing not only the members of Asean but their Northeast Asian neighbours, they were bound to be disappointed.

"It is not going to disappear easily," Prime Minister Datuk Seri Dr Mahathir Mohamad said at the last Press conference on the Asean+1 meetings. He did say that he was more optimistic because more people understood the problem facing the region.

Though not earth shattering, the call by Asean leaders to speed up the implementation of the Asean Free Trade Agreement and increase intra-region trade, not only in commodities but also in other areas, shows that member states are working together to solve their problems.

"Indonesia has suggested that Asean countries not only trade commodities but also co-operate in other important sectors such as infrastructural development.

"We have been largely dependent on the West but I am sure we now have the expertise to develop these areas ourselves," said Ali Alatas, Indonesia's Foreign Minister.

Another important outcome of the meetings was the call for the use of Southeast Asian currencies for intra-Asean trade, in order to save on hard currencies.

An official at the meeting said the move makes sense. Why should intra-Asean trade be carried out in US dollars when most countries in Asean need to maintain their reserves at this crucial time.

However, the mechanism for the use of the currencies is not in place. A study is expected to be carried out, and due to the urgency of the matter, it will not be the usual Asean scrutiny that takes a long time.

Asean maintains that this is not and should not be seen as an attempt to create a regional bloc, but a response to the gravity of the problem.

The members of Asean cannot afford to remain stagnant due to the lack of funds. Their economies must be kept going, their people must still have jobs.

"If we cannot trade at all, what will happen to our economies? It is better that we maintain what we have and help each other along," said an Asean official.

It is heartening that Asean's northeastern neighbours are supportive of this idea. South Korea, given the economic problems facing it, is very interested in trading in each other's currencies.

According to Philippine President Fidel Ramos, some leaders had also suggested a Free Trade Area comprising both Southeast Asia and Northeast Asia, as both regions are afflicted with currency problems.

It is important that Asean's call for greater commitment and support by the international community, specifically the super-powers, was heard and acted upon by both China and Japan.

While many people believe that Asean is calling for a financial bailout, an official said that they are mistaken.

What Asean wants is recognition of the seriousness of the problem that has beleaguered its economies, and support that can alleviate the problem.

South Korea, despite facing similar problems is supportive of the

actions that Asean intends to take and is interested in being a part of the solutions.

Japan has shown its support by reducing the interest rates on its Official Development Assistance which will ease the pressure on the use of hard currency which Asean is trying to conserve.

Japan has also agreed to provide human resource development and skills training for the people of Asean.

China agreed not to devalue the yuan so as not to be more competitive against Asean goods, and will make its trade rules and regulations more transparent in an effort to help increase trade with Asean.

"What Asean is saying or asking is for the super-powers, China, Europe, Japan and the United States to realise that their macro-economic policies will have an impact on ours.

"Thus, when making these decisions, they should consider not only the impact on their economies but also on the rest of the world," said Abhisit Vejjajiva, a Minister in Thailand's Prime Minister's Office.

As Ramos said, Asean is not looking for short-term bailouts but for long-term solutions.

This meeting marks the first time that Asean and China have sat down and not discussed security issues. Instead, China has extended its hand in friendship and good neighbourliness.

China has also shown that it has matured into a super-power not only in the economic potential that it holds, but also in the political and global arena.

After thirty years, Asean continues to make and implement decisions that may be mistaken for inaction, but it realises that it alone can lift itself from the current troubles.

Asean stands united that it will overcome the economic problems together using Asian ingenuity. More than ever the meetings have shown that Southeast Asia and Northeast Asia have many issues in common, and will work together into the next century.

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