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Asean made stronger by turmoil: Dollah

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THE Association of South-East Asian nations (Asean) has emerged stronger following economic problems in the region, as it consolidates efforts to find a solution to member nations' battered economies.

The nine Asean nations - Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam, Laos and Myanmar - have a consensus on financial policy responses to problems.

Foreign Minister Datuk Seri Abdullah Ahmad Badawi, when asked if he thinks that Asean is now more solid than before the currency turmoil which hit the region following the July 2 attack of the baht, said: "I think so."

"We are seeing new developments in cooperation. No one country has any reservations on anything," he said on the sidelines of the Asean Plus One meetings with China, Japan and South Korea.

Abdullah said the grouping comprises different governments with different systems but "we have friends in the region and as we go on with the business of governing our respective countries, we are re-establishing the economies of the countries under (currency) attack".

He said he is encouraged by the fact that Asean is working even more closely and stronger than before. The situation is motivating countries to work together.

"The Second Asean Informal Summit is informal in nature but not in terms of what it has achieved," he added.

Prime Minister Datuk Seri Dr Mahathir Mohamad's call on Saturday at the "Private Sector Salute to Asean" conference for the region to increase intra-Asean trade is one solution to overcome the currency problem.

"Japan raised the issue of protectionism but we have assured them that this is not so. Intra-Asean trade has been going on for a long time.

"This should not be translated as we are anti-anybody. We want to grow and to do this, we need to trade. But how are we going to do this? Asean countries can source cheaper materials within countries in the region and we are looking at it this way," he added.

Abdullah said as the currencies continue to slide against the US dollar, the association recognised that any international effort to halt the continued depreciation will see the International Monetary Fund (IMF) playing a role. The US and Europe will also have to lend support.

"If there is any national effort, the financial markets in the region will have to ensure that short-term capital flows will not have an effect on exchange rates."

There is a need, he said, to look at the currency problem as it has an affect on the economy.

The prime concern, he added, is the probability of inflation. "We do not want to see that happening," he added.

Asked how long the currencies in the region will continue to slide, Abdullah said no one can give an answer to the question.

As far as Malaysia is concerned, it has come up with a number of measures such as the formation of the National Economic Action Council and addressing the food import bill by increasing local food production.

Tourism, which is a "100 per cent local product", is being given a boost.

On Myanmar, Abdullah said he is encouraged by the authorities' endeavours to develop the country. "To me, this is interesting ... the

Government is doing more to help the people of Myanmar."  
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