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Asean plus 6 endorse Manila framework

THE Manila framework, the cooperative financing arrangement to supplement the resources of International Monetary Fund (IMF) for assisting Asian economies, was yesterday endorsed by the Asean finance ministers and their counterparts from Australia, China, Hong Kong, South Korea, Japan and the US.

They agreed that the expeditious implementation of the framework, modelled after the rescue package for Indonesia put together by the IMF and participating countries like Malaysia, Singapore, Japan and the US, is "a constructive step towards promoting financial stability in the region."

Japan's Vice Finance Minister Dr Eisuke Sakakibara, speaking at a joint press conference after the Asean Finance Ministers Plus Six meeting in Kuala Lumpur, said the framework was ratified at the Asia Pacific Economic Cooperation (Apec) summit by the leaders of the arrangement's participating countries.

The framework, drawn up two weeks ago by Asian vice finance ministers and central bank deputy governors in Manila two weeks ago, requires countries in crisis to turn to IMF for assistance before tapping the resources of the arrangement.

Participants can provide - in consultation with the IMF and on a case-by-case basis - supplemental financial resources for IMF-supported programmes.

Philippine Finance Secretary Roberto de Ocampo said as no pool of money or institution is involved, one should not refer to the arrangement as a "fund".

He explained that it is a standby facility which will be made available to countries in the region on an "as need" basis.

Japan will convene a meeting of the finance and central bank officials early next year to push ahead with the initiatives. It will work closely with the IMF, World Bank, ADB and international regulatory bodies.

Deputy Prime Minister Datuk Seri Anwar Ibrahim said the ministers noted that the Manila framework will also put in place a process of surveillance.

"It provides a mechanism for economies to identify areas that require technical assistance to enhance the capacity of their domestic financial systems to meet the challenges of globalisation," he added.

IMF managing director Michel Camdessus, at a separate press conference, described regional surveillance as a better idea than setting up a fund.

"It was decided in Manila that the facility will not proposition big funds. If you have a big fund, countries will forget regional surveillance.

"They will see the money, draw the money, spend it and will not address the underlying problems. So not propositioning funds, but by pledging support when IMF calls for it, is better," he added.

The Manila framework is already being implemented in Indonesia and "we will be implementing it in South Korea and every time it is necessary."

Camdessus said putting money together to fight a crisis is an excellent thing but there is something even better as in "... putting the brains, minds and energies together to avoid a crisis, via regional surveillance."

He described the Manila framework as a "very constructive contribution".

"And if we find that something has to be added later, then we have the ideas of people like Prime Minister Datuk Seri Dr Mahathir Mohamad and the

heads of states of the region," he added.

The ministers at their meeting yesterday also stressed the urgency for the IMF to ratify the New Arrangements to Borrow and the agreement to increase IMF quotas. In addition, they urged the IMF to step up work on the establishment of a new quick-disbursing short-term facility.

Chinese First Vice Finance Minister Liu Jibin, when asked if China would object to Taiwan's participation in any rescue package, said: "Taiwan is allowed to do anything on a people-to-people or non-government basis. If it is on a government basis, we would object."

Anwar interjected that "everything that concerns Asean and Taiwan is done on a non-governmental basis..."

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