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Bone of contention

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FOR AN economic grouping as diverse as the Asia-Pacific Economic Cooperation (Apec), it is small wonder that an equally diverse number of views are aired.

However, that did not stop the economic leaders of the 18 countries to agree on at least one contentious issue - that there must be some form of curbs on currency manipulators and the havoc they wreck on Asian economies. The much publicised financial troubles in Japan and South Korea on the eve of the Apec meeting must, to a certain extent, have influenced them. Nevertheless, the leaders agreed that they would first wait for the International Monetary Fund (IMF) to come up with its study on the currency issue before any concrete steps are taken.

That a decision was made calling for investigations into currency speculation is in itself a victory for Malaysia and other similarly affected countries. But it was not all that straightforward. The United States was less than enthusiastic about regulating currency trading. It took a concerted effort by the Asian members of Apec, led by Prime Minister Datuk Seri Dr Mahathir Mohamad, to push through their stand. What surprised many observers perhaps was that nearly every Asian leader spoke up in favour of an IMF role to curb destructive currency trading.

The currency trading issue somewhat eclipsed the other trade related issues that were supposed to have been the highlight of the Vancouver meeting. Apec was to have pushed for free trade by the year 2010 or 2020, depending on how developed an economy is. But with many of the Asian economies facing a crunch, trade liberalisation took backstage.

Apec meetings are always closely watched by the rest of the world - and with good reason too. The 18 member countries had a combined gross domestic product of over US\$ 13 trillion in 1995 and accounted for 55 per cent of world income and 46 per cent of global trade. With the entry of Russia, Vietnam and Peru next year, the new 21-member club will be a formidable economic entity to be reckoned with. It would have been even more formidable had India, which has had an application pending since 1991, been admitted.

The trade agenda did cause some friction between the US, Canada and Japan. Canada tried to push through a proposal to slash tariffs for fish and forest, much to the chagrin of Japan. Says an industry source, 'The US was also irked that Canada and Chile had negotiated a bilateral trade agreement outside of the North American Free Trade Agreement (Nafta).' (The US, Canada and Mexico are members of Nafta).

Not everyone is unhappy though. Hong Kong, a major toy manufacturer, says it was quite satisfied with the progress made with the early voluntary sector liberalisation. Toys were included in the agreement by leaders to liberalise trade in 15 sectors with a fast track approach for nine.

In any case, US president Bill Clinton would not have been able to do much at the Apec summit as far as trade liberalisation was concerned. Reason: the Republican controlled Congress refused to give the Democratic Clinton fast track negotiating powers. So it was rather comical that the leader of the world's most powerful nation was reduced to a 'lame duck' in Vancouver. Says an economist, 'For all the US hype about trade liberalisation, Congress' slap to Clinton came as a surprise. Perhaps deep down in their hearts, US politicians actually want to close up their

borders and restrict cheaper imports.'

Even as her boss had been belittled by Congress, US Secretary of State Madeleine Albright managed to put up a brave front when addressing the Apec CEO Summit and skipped the issue of fast-track negotiation. She opted to urge Asian countries to reform their banking systems in trying to overcome their economic problems. She also acknowledged that Pacific Rim countries had been successful thus far in their economic growth policies and advised them 'not to retreat from the concepts that have been the foundation of past economic growth'.

Canada too had its embarrassing moments. Its push for trade liberalisation suffered a setback in a small but significant incident in Quebec during the Apec meeting. This further tarnished the image of free trade so widely propagated by the West. In that incident, local authorities swiftly removed several cartons of margarine from a supermarket shelf. Reason: the margarine colour was too similar to that of butter and could therefore confuse consumers into thinking the margarine was butter. Apparently, there are still trade protectionist laws in Canada to protect the butter manufacturers from imports. The incident somewhat dented the host nation's image at a time when it was pushing for freer trade within Apec.

The CEO summit proved to be a good forum where top businessmen from the Apec economies brainstormed on how to address the economic problems in Asian economies. Among the Malaysian businessmen who participated were Malaysia Airlines chairman Tan Sri Tajudin Ramli, Asian Strategy and Leadership Institute president Mirzan Mahathir, Sime Darby chief executive officer Tan Sri Nik Mohamed Yaacob and Berjaya Group executive director Datuk Wan Adli Wan Ibrahim.

The more than 200 chief executive officers discussed not only the currency crisis in Asia but also other issues such as trade liberalisation, sustainable development, technology transfer, intellectual property rights and infrastructure requirements. Although the CEO summit's objective is not to give advice to governments, it nevertheless gives an indication as to what some of the issues will be at the leaders summit. Being mainly top influential businessmen, their views are taken seriously. Said Mirzan, 'It is important for us in the private sector to express our views and state our case on various issues. We should not depend on the government to intercede on our behalf all the time.'

As in previous years, the People's Summit - a loosely connected but vocal alternative Apec gathering - urged Apec nations to make the welfare of people their priority. The summit discussed the currency crisis in Asia, forestry trade and human rights abuses. China and Indonesia were especially singled out but strangely, human rights abuses in the US, Australia and Canada were not highlighted.

Although Asian delegates at the summit were vocal in calling for an outright ban on currency trading, the final statement merely called for 'regulation' in the currency markets. Said one delegate from Malaysia, 'We are disappointed with that. If something is destructive, it should be banned. There are no two ways about it. Trying to regulate an evil thing will only provide loopholes to opportunists.'

To make their views known, the People's Summit managed to mobilise more than 10,000 protestors through the streets of Vancouver on the eve of the Apec leaders summit. Incidentally, the Canadian government contributed C\$350,000 (RM900,000) to the People's Summit. Elsewhere, overzealous students clashed with police when they tried to break a security barrier. Such events certainly gives food for thought for Malaysia which will be hosting the sixth Apec leaders meeting in November 1998.

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