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Summit-Asean

CHINA, JAPAN CONFIDENCE BOOST FOR ASEAN

KUALA LUMPUR, Dec 16 (Bernama) -- China and Japan today delivered a vote of confidence in the economic fundamentals of Asean in the wake of the financial crisis gripping the region, with Tokyo announcing cuts in yen loan interest to boost structural reforms in the region.

Chinese President Jiang Zemin and Japanese Prime Minister Ryutaro Hashimoto also endorsed the rapid implementation of the Manila Framework agreed upon in the Philippine capital last month to restore financial stability in the region with the International Monetary Fund (IMF) playing a central role.

Jiang, Hashimoto and South Korean Prime Minister Koh Kun met Asean leaders separately here today and underlined their confidence that Southeast Asia would remain a dynamic region despite the ongoing currency turbulence.

Speaking at a news conference to wrap up three days of summits of Asean and East Asian leaders, summit chairman Datuk Seri Dr Mahathir Mohamad said that during the meeting, Japan was asked to make a special effort to address its trade imbalance with Asean countries.

Asean's trade deficit with Japan totalled US\$30.2 billion dollars last year.

"The cost of yen loans was also discussed. Asean requested that Japan make a special effort to urge the IMF to expedite the study on the currency trade to bring a quick halt to the slide in currencies in these countries," the Malaysian Prime Minister.

The bilateral summits followed the inaugural East Asia summit, dubbed the Asean Plus 3 summit, yesterday between Asean and the three countries.

Asean groups Brunei, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

Hashimoto also announced the establishment an US\$18 billion trade insurance credit line for developing infrastructure as part of support for Asean's economic structural reforms.

Japan will decrease standard interest rates of Official Development Assistance (ODA) loans by 0.5 per cent and grant "very concessional rates" for human resource development projects, small- and medium-size enterprises and cross-border infrastructure projects.

Japan also offered to train 20,000 Asean citizens over five years to boost human resource development in the reforms package contained in a statement titled "Japan-Asean Cooperation toward the 21st Century - Prime Minister Hashimoto's Three Initiatives".

Jiang assured Asean leaders that China would not devalue its currency, the yuan, as a means to overcome the currency turbulence.

Chinese Foreign Ministry spokesman Shen Guofang said although China was very concerned over the currency turmoil, it would not resort to currency devaluation but "will take other measures in the interest of the stability of the other currencies in the region".

"President Jiang has told the Asean leaders that China will also adopt other measures to improve the competitiveness of China's exports to the region and also to attract foreign investment to China.

"These measures will be a positive effort for the stability of the financial markets in East Asia," Shen said.

Both China and Japan, in separate meetings with Asean here today, also agreed to strengthen trade and investment ties with Asean by addressing

market access issues and transfer of technology.

Jiang and Hashimoto also indicated that they wanted closer and enhanced dialogues with Asean leaders.

The Asean-inspired Southeast Asian Nuclear Weapons-Free Zone (SEANWFZ) was also supported by the three countries which welcomed the consultations to get the nuclear powers to accede to the protocol of the SEANWFZ Treaty.

China and Asean also agreed to resolve disputes in the South China Sea through peaceful means and not allow existing differences to hamper relations and cooperation. -- BERNAMA

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