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Clinton: S-E Asia economy has the capacity to recover

Anita Gabriel in Vancouver

VANCOUVER, Tues: US President Bill Clinton hosted a breakfast meeting for Asean leaders yesterday with reassurance that the region's basic economy is strong and has the capacity to recover from the financial turmoil in a fairly short period.

Issues discussed ranged from human rights to global warming, but it was obvious that the 45-minute session was dominated, by the topic on the irrational exuberance of the financial markets in the region.

Malaysian Prime Minister Datuk Seri Dr Mahathir Mohamad was present at the meeting together with Singaporean counterpart Mr Goh Chok Thong, Thai Prime Minister Chuan Leekpai, Philippine President Fidel Ramos and the Sultan of Brunei.

When asked after the meeting, Dr Mahathir merely mentioned that the topic of currency crisis was discussed but declined to elaborate.

Indonesian President Suharto had met with Clinton after the breakfast meeting as he had not arrived on time where he expressed his gratitude for US technical assistance to combat the forest fire problem and its participation in providing a financial arrangement to help prop up situation.

A White House spokesman said it is obvious that leaders have taken the situation seriously and remarked that it is a challenge that needs to be met forthrightly.

He said certain leaders had also pointed out that the crisis has obvious implications for the rest of the world which was noted as US directs nearly a third of its exports to Asia. "So, obviously we have a direct interest in the continued growth and well-being of the Asian economies."

Furthermore, Clinton and his Asean guests were keen to push forward the Manila arrangement.

"There is not an overall pot or package ... or specific sum. There is only the stated willingness of countries, in appropriate cases, to back up an International Monetary Fund (IMF) programme that has already been approved," said a White House spokesman when asked to elaborate on the Manila arrangement.

It is an indication of willingness to move forward expeditiously in a way unlike what happened in Indonesia, he said.

"The difference will be that there is a network now already established and so the lines of communication and presumably the rapidity of response are both enhanced," he continued.

Clinton had indicated that the Manila framework will envelop three levels of approach. Firstly, that the countries take responsibility for their own economic policies and pursue appropriate macroeconomic and structural policies.

Secondly, that the IMF should be at the centre of any international response to assist countries undertaking the necessary adjustment policies given the serious financial challenge.

Lastly, the accord calls for other countries participating in the Manila framework to stand ready in appropriate cases to provide back-up financing for the IMF-support programme.

Later, Clinton had also met up with Japanese Prime Minister Ryutaro Hashimoto where both leaders agreed that they will, through their leaders, monetary authorities, Finance Ministry and Treasury Department continue to work closely together to move the Manila framework forward.

Clinton reiterated the importance of strengthening Japan's financial system as it is vital to the Asian as well as global economy.

The spokesman also clarified Clinton's reference to the Asian turmoil as a "few glitches on the road", saying that the latter did not mean to underestimate the seriousness of the situation.

"In describing a situation like this, he wants to be cautious in not either overstating it or causing the situation to get more complicated ... I think he meant to say that the situation is not insurmountable," he added.

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