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Depreciation of currencies favourable for Asean exports

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ASEAN Economic Ministers have formed a concensus that the depreciation of the region's currencies over the last few months has created favourable conditions for further expansion of Asean exports both within and outside the region.

They have also agreed that the financial crisis has also made the implementation of Asean Free Trade Area more important and as such reaffirmed the commitment to realise Afta by the year 2003.

International Trade and Industry Minister Datuk Seri Rafidah Aziz said the implementation of Afta would facilitate long term adjustment of Asean economies to enhance Asean resilience towards external volatility.

She said market liberalisation through Afta would certainly result in greater intra-Asean investments and investment flows from outside the region.

"As Afta is also supported by other Asean co-operation programmes, this will enable Asean as a region to be one resilience entity to face future volatility.

"We will be more prepared and we have the strength to face those challenges," she said.

She added that the recent financial crisis has also created a window of opportunity for the region's industries to enter a period of consolidation and make necessary adjustments to increase their competitiveness in the long run.

The transient economic and exchange rate fluctuations experienced by some member countries would not affect the sound underlying economic fundamentals of the region's economies.

She said the Ministers have also expressed optimism at the long term economic prospects of the region as well as the region's attractiveness to foreign direct investments.

To a question, Rafidah, who is also the Afta council chairman, said the council did not come to any conclusion on ways to overcome the financial turmoil.

"We did not even attempt to work out a pan-Asean strategy because this is being done in other Asean forums. But as it affects trade, we will be monitoring and inputing into the Asean co-operation programmes as and when it evolves," she said.

She added that the paper submitted at the Senior Economic Officials meeting on Tuesday was just a background on the currencies crisis as it provided synopsis of what transpired regionally as well as quoting International Monetary Fund's findings.

"The paper also did not come up with any recommendations as we wanted the ministers to speak and update us on what happened and what have been done to handle the situation. We wanted a free flow of discussions," said Rafidah.

On whether the matter would be discussed at subsequent meetings to be held later this week, Rafidah said that she did not want to pre-empt anything.

"The meetings have not started and some ministers are not here yet. I am sure they will talk about it."

The two-day 29th AEM meeting, will be opened by Prime Minister Datuk Seri Dr Mahathir Mohamad.

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