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Year-ender: Foreign

FOREIGN POLICIES IN THE GRIP OF ASIAN FINANCIAL CRISIS

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KUALA LUMPUR, (Bernama): It would have been a fine year for Malaysia's foreign affairs if not for the financial turbulence strangulating most of East Asian countries.

There was a hive of key regional and international conferences in the first half of the year when ASEAN almost realised the dream of its founding fathers for an "Asean 10". It admitted two of the three remaining Southeast Asian nations -- Myanmar and Laos -- as members except for Cambodia.

But the delay in Phnom Penh's entry into ASEAN was of its own doing, a result of the power struggle between its two co-premiers, Prince Norodom Ranariddh and Hun Sen, which is yet to be resolved.

However, the other conferences that followed the ASEAN Ministerial Meeting last July, mainly centred on the financial turmoil gripping East Asia. Following the depreciation of the Thai Baht, other countries began to feel the heat of what Prime Minister Datuk Seri Dr Mahathir Mohamad called the "tomyam" effects.

From being the fastest growing region and the engine of growth for the world economy, East Asia today is a picture of gloom that pre-occupies these regional and international fora.

Among them were the just-concluded 2nd Asean Informal Summit and the inaugural summit between Asean and China, Japan and South Korea; the G15 summit of developing countries in October; the ASEAN/ASIAN Finance Ministers meeting.

The second half of the year was especially marked with damaging financial and economic problems due to depreciating regional currencies, with leaders trying hard to come to terms with what had befallen their countries as well as finding ways to redress the situation.

Malaysia was not spared either, while countries like Indonesia, Thailand and South Korea succumbed to the crisis by seeking help from the International Monetary Fund. ASEAN leaders called for an urgent global effort to check the slide of Asian currencies which continue to depreciate despite various remedial measures.

Leaders of ASEAN, China, Japan and South Korea also called on the IMF to speed up its study on currency trading in order to check currency speculations.

Dr Mahathir also put across the need to regulate money trading at the Asia-Pacific Economic Cooperation forum in Vancouver, resulting in Pacific Rim leaders endorsing the Malaysian-initiated move for the IMF to study the role of currency traders in the financial troubles rocking a number of Asian economies.

Meanwhile, G15 leaders who met in Kuala Lumpur in early November announced that their finance ministers and central bank governors would meet to propose rules and regulations on currency trading. The meeting is scheduled for next year.

The year also saw ASEAN marking its 30th anniversary, and proving its critics wrong. The organisation is not only resilient but pragmatic enough to work for peace, stability and mutual progress as evidenced by their plans for the development of the Mekong Basin and joint development of the Spratly group of islands in the South China Sea.

Their individual and overlapping claims of the islands with China, too, appear to be no "flash points" of conflict as touted by others when they agreed to jointly develop these islands, believed to be rich in gas and oil

resources.

The July ASEAN Ministerial meeting also saw Philippine Foreign Under-Secretary Rodolfo Severino being elected to replace Malaysian veteran diplomat Datuk Ajit Singh as the new Asean Secretary-General from Jan 1, 1998.

The subsequent Post-Ministerial Conference, which was attended by United States State Secretary Madeleine Albright, provided another interesting highlight when Asia and the West clashed over a proposal by Malaysia to review the UN Universal Declaration on Human Rights.

Relations between the US and Malaysia nearly soured when it was thought that national petroleum company Petronas would be investigated under the American Iran-Libya Sanctions Act 1996 for its involvement in a gas deal in Iran.

But a full-blown political row was averted when the US Deputy Assistant Secretary of State for Energy, Sanctions and Commodities, William Ramsay, said that he was in town for the sole purpose of briefing Malaysian authorities on the Act and not to investigate Petronas.

Also, the action of 34 American Congressmen, who introduced a draft resolution before the US House of Representatives demanding that Dr Mahathir either apologise or resign over alleged anti-Semitic remarks, also drew a lot of flak from Malaysians.

Closer to home, Malaysia's relations with Singapore took a turn for the worse earlier this year when it was revealed that the island republic's Senior Minister Lee Kuan Yew described Johor Baharu as "notorious for shootings, muggings and car-jackings" in a court affidavit.

However, he had apologised unreservedly for the offence he had caused with diplomats from both sides of the Causeway pledging to treat Malaysia-Singapore ties more sensitively although they are old neighbours.

Also, Malaysia and neighbouring Indonesia signed a special agreement in May to refer their claims over the islands of Sipadan and Ligitan off Sabah to the International Court of Justice.

Despite a heavy schedule at home, globe-trotting Dr Mahathir visited more than 20 countries this year including Argentina, Cuba, South Africa, Mongolia, Kyrgyzstan, Kuwait and Japan. His last trip was to the summit of the Organisation of Islamic Conference (OIC) in the second week of December.

The country also played host to many visiting heads of state and government in 1997 such as from Austria, Thailand, Croatia, South Africa, France, China, Germany, Mozambique, Sri Lanka and Egypt.

Last but not least, United Nations Secretary-General Kofi Annan also visited Malaysia in December to keep Wisma Putra working overtime. --
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