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Leaders want urgent global efforts to arrest region's currency slide (HL)

KUALA LUMPUR, Mon. - Emerging from three hours of talks today, Asean leaders have called for urgent global efforts to arrest the region's currency slide and restore stability in currency markets.

In a separate joint statement on the financial situation, Prime Minister Datuk Seri Dr Mahathir Mohamad and other leaders attending the summit pushed for greater national, regional and international efforts.

"They include efforts by major economies such as the European Union, Japan, and the United States, and international financial institutions to overcome the situation as soon as possible and address the systemic issues underlying it," Dr Mahathir told a packed Press conference at the Mines Palace of Golden Horses after the summit.

The Asean's Informal Summit was attended by all Asean's heads of states and governments with the exception of Indonesian President Suharto who was represented by his Foreign Minister Ali Alatas.

Today, there was another important meeting. This was between Asean and their dialogue partners, China, Japan and South Korea, called the Asean+3 Informal Summit.

This was held after the Asean Informal Summit, with China represented by its president, Jiang Zemin, Japan by Prime Minister Ryutaro Hashimoto and South Korea, Prime Minister Koh Kun.

The first-ever informal Asean+3 talks, among others, decided to have more meetings, beginning with one before the second Asia-Europe Meeting in London in April to discuss the impact of the introduction of the European single currency, euro.

Dr Mahathir described the mood at the two meetings as "very positive", especially on the need to maintain contact and resolve problems together.

To a question, he said the call for efforts from major economies did not mean that countries in the region were seeking additional funding. "That was about seeking solutions."

At their separate meeting earlier, the Asean leaders also produced joint statements on the informal meeting and on the Asean Vision 2020.

Further demonstration of the Asean co-operative spirit was evident. This was in the signing of a memorandum of understanding on the establishment of the Asean Foundation, and protocol to implement the initial package of commitments under the Asean framework agreement on services.

The informal summit also agreed to a Malaysian proposal that member states should promote more intra-Asean trade following the depreciation of their currencies as their products would be cheaper.

In calling for urgent efforts to restore stability, the leaders singled out the central role of the International Monetary Fund.

They alluded to the fall in regional currencies since Asean finance ministers met here two weeks ago - the previous major meeting discussing the prevalent issue - saying that this had caused further deterioration of the regional economies.

Dr Mahathir drew reference to a paragraph in the separate statement which he said was important, incorporating changes made by some leaders.

It read: "They (leaders) noted that despite the economic fundamentals of the regional economies being corrected and improved through the support and advice of the IMF, the depreciation of the currencies has continued unabated.

"This has resulted in a serious regression in the economic well-being of

the countries, their business and their peoples."

Other decisions made by the Asean leaders today included endorsing key elements of the Asean Finance Ministers' Agreement, like the early implementation of the Manila Framework which among others, seeks to enhance regional surveillance.

The leaders also urged IMF to expedite an indepth study of global financial markets and short-term capital flows called by the finance ministers, and the ongoing study on hedge funds.

The leaders, who stressed the importance of the finance ministers' call, said the IMF should also propose solutions to immediately stabilise the currencies.

The statement read by Dr Mahathir stressed the importance of higher transparency of capital flows to ensure greater efficiency in the functioning of economies and financial markets.

Tomorrow, there will be separate Asean+1 meetings with China, Japan and South Korea.

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