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LOOK-OUT FOR EACH OTHER, SAYS IMF CHIEF

By: Tan Hock Guan

SINGAPORE, Nov 13 (Bernama) -- South East Asian countries have been told to look-out for each other instead to prevent another financial crisis rather than to establish a funding facility.

International Monetary Fund (IMF) managing director Michel Camdessus told a press conference here today that a regional surveillance method would be more effective in complementing other existing measures such as a bailout fund from the IMF.

"With regional surveillance, when you see something of concern developing in a neighbouring country, then you could point it out before it becomes a major problem," he added.

"What is missing in this region now is not the funding but a regional surveillance to strengthen the IMF surveillance."

He said by developing a kind of club spirit, neighbouring countries could encourage as well as exert peer pressure among each other.

He noted that countries could collectively become complacent and that countries in South East Asia had become complacent since the early 90s.

The IMF chief, who was in Singapore for his second stop in a visit to South East Asia, was against the setting up of a funding facility outside the ambit of the IMF as this could weaken the resolve to maintain discipline in implementing an economic reform programme.

Camdessus, who had arrived from Jakarta, his first stop in the region, will also visit Kuala Lumpur and Bangkok.

The current financial turmoil in the region had already seen the Philippines, Thailand and Indonesia going to the IMF for a bailout package.

He also said that the IMF would be sharing the preliminary findings on currency flows when he again visits Kuala Lumpur in December for a meeting with Asia-Pacific finance ministers.

He added that the IMF was currently proceeding with its study on currency trading.

"The IMF is making a study on what exactly took place and to see if it reveals there is something wrong," said Camdessus.

Malaysian Prime Minister Datuk Seri Dr Mahathir Mohamad had earlier called for currency trading to be regulated in the wake of the currency turmoil sweeping the region and later the world. -- BERNAMA

THG SHY