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#### Raising capacity of Asean banks

ASEAN together with China, Japan and South Korea will study the possibility of forming a working arrangement to raise the financial capacity of national banks in the region following the World Trade Organisation's landmark agreement to open up the world's financial sector.

Prime Minister Datuk Seri Dr Mahathir Mohamad, who chaired the informal summit between heads of state of Asean and China, Japan and South Korea, said the opening up of the financial sector following the WTO's decision would pose problems for banks in the region.

He said banks in Southeast Asia were small national banks and the capacity for expansion was quite limited.

Therefore, he said even if the banks merged with other banks in the same country, they would not be able to compete in the same league with other big banks following the WTO's decision.

Asked whether the meeting also discussed the possibility of Asean having a single currency, Dr Mahathir said the meeting had discussed the primacy of the US dollar in international dealings.

He said there were views at the meeting that there should not be just one currency and that other currencies like the European single currency, Euro, and yen, be considered for international dealings.

However, Dr Mahathir said the matter was something that needed to be studied closely.

On the interpretation of some quarters that the Asean+3 meeting was a meeting of the proposed East Asian Economic Caucus, Dr Mahathir said: "People are free to interpret the meeting today."

He said it was a coincidence that the members of Asean+3 were the proposed members of EAEC.

Describing the Asean+3 meeting as important, Dr Mahathir said it enabled the dialogue partners to discuss common problems affecting Asean and countries in north east Asia.

It was decided that there should another Asean+3 meeting, either next year or two years from now.

Dr Mahathir also said there was a need for Asean+3 to discuss the introduction of Euro to ensure that it would not have adverse effects on the region.

On the composition of Asia's delegation to the second Asian-Europe Meeting (Asem) in London, he said the Asean+3 forum decided that there should be no new members. This will only be considered after the second Asem.

The meeting also saw Japan, China and South Korea pledging their support to co-operate in developing the Mekong river basin.

Dr Mahathir said Asean also urged the three countries to give their full support for the establishment of the Asean Foundation.

The meeting also discussed the achievements of the 20th century and the aspirations for the 21st century.

On the aspirations for the 21st century, Dr Mahathir said disparity should not be allowed to exist and there should be an equitable distribution of wealth.

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