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Summit-Currency

RISING CONCERN OVER IMF BAILOUTS ON EVE OF ASEAN GATHERING

KUALA LUMPUR, Dec 14 (Bernama) -- As Southeast Asian leaders braced themselves for their toughest informal summit here tomorrow in the gloom of the currency turmoil in Asia, concern arose that the bailouts by the International Monetary fund (IMF) may not be enough to stabilise the financial situation.

Summit chairman Datuk Seri Dr Mahathir Mohamad and his Thai counterpart Chuan Leekpai, who met today, were of the view that the economic situation in countries where the IMF had intervened had not improved.

The two leaders believed that the situation had worsened, Foreign Minister Datuk Seri Abdullah Ahmad Badawi said at a briefing for reporters after the bilateral meeting.

The two prime ministers concurred that some steps had to be taken on the basis of cooperation among the countries concerned so that they would be able to deal with the problem more effectively.

Indonesian Foreign Minister Ali Alatas said his country, which had sought IMF emergency aid along with Thailand and South Korea, supported a call made by Dr Mahathir yesterday for greater intra-Asean trade to ease the crisis.

Philippine Foreign Secretary Domingo Siazon said the international community must come in to support the IMF packages because "in the longer term, the deterioration in the economies of Asia will have adverse impact on the whole world's economy."

"What you need is for the other non-geographic and non-Asian members like the European Union, United States, North America and Australia to come in because in the end this region's trade with US is bigger than the US trade with EU," he said.

The assistance of non-regional members was required to beef up the IMF's capacity to provide the initial bailout packages and enough resources for a supplementary facility in case the first package was not sufficient.

The IMF is the major contributor in the bailout packages estimated at over US\$50 billion for South Korea, US\$17 billion for Thailand and US\$40 billion for Indonesia.

Thai officials said that the economic superpowers must follow up on their commitment made at the recent Asia Pacific Economic Cooperation conference in Vancouver to resolve the financial problem.

Thai Deputy Prime Minister Supachai Panitchpakdi, who is also Commerce Minister, said China could play a key role and could be part of the "locomotive process in pulling the Asian economies out of this situation"

"China should be able to help by maintaining an open access to their market. The Chinese economy is probably the only one at the moment to maintain a surplus on the trade account and should not see any drastic reduction in a short period of time," he said.

Supachai said China generally could still keep its economy open and move ahead with schemes to strengthen its financial systems.

"I think they have been forewarned and it shouldn't present them with excessive problems," he said.

Thai government spokesman Akapol Sorasuchart said the world's economic powers must help restore confidence by sending "clear signals" of their belief in the region in the medium and longer terms.

"If that sort of signal has been sent, then maybe, the short term debts

can be rolled over and the situation can improve," he said. -- BERNAMA  
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