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S.E. ASIAN COUNTRIES SHOULD REDUCE DEPENDENCY ON U.S DOLLAR

KUALA LUMPUR, Nov 8 (Bernama) -- South East Asian countries should consider reducing their dependence on the US dollar and diversify into currencies which are more objective and less volatile in the long term, said Asean Business Forum's Secretary-General Datuk Mohamed Iqbal.

He said countries in the region should also welcome the introduction of the euro in 1999 as a viable alternative to the dollar as its inclusion in national foreign exchange reserves will reduce currency volatility.

Another avenue that can be pursued is a closer cooperation with Japan in terms of yen asset holdings, he said.

So far, mechanisms proposed in dealing with currency had included surveillance of member countries' economic policies and the pooling of financial resources in borrowing facility to stabilise currencies.

Iqbal said Asean needed stable currency regimes to liberalise trade and investment.

Speaking at a news conference announcing the Asean Financial Initiatives for the 21st Century conference and exhibition here next month, he said as economic interdependence increased, "so does the consequential spill-over of both positive and negative effects."

"The most rapidly transmitted and damaging of these are currency confidence crises," said Iqbal.

On the forthcoming conference, ABF's Executive Director Khoo Hock Aun said the conference and exhibition would held here on Dec 1 to 3 and is in conjunction with the 30th anniversary of Asean.

The conference is expected to have at least 400 participants. They include International Monetary Fund managing director Michael Camdessus, President of the European Monetary Institute W.Duisenbery, Chairman Board of Executive Governors, Foundation for Advanced Information and Research (FAIR), Japan Yuichiro Nagatomi and senior officials from the World Bank. Camdessus is to speak on the future of global markets.

"All nine Asean finance ministers are also attending and would be involved in a panel of discussion chaired by Deputy Prime Minister Datuk Seri Anwar Ibrahim on the second day of the conference," he said.

Khoo said ABF is also inviting finance ministers from the Group of 15 as well as finance ministers from China, Japan, South Korea, Australia and India to participate.

Prime Minister Datuk Seri Mahathir Mohamad is expected to officiate and deliver a keynote address at the conference. -- BERNAMA

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