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Tackling issues linking Asian fund to IMF

Rashid Yusof in Manila

ASEAN's Finance and Central Bank deputies attending the region's first major meeting to discuss its currency problems beginning today, will tackle issues linking the proposed Asian Fund Facility to the International Monetary Fund.

Officials said the four items on the agenda would touch on concerns like how the fund could undermine conditions attached by IMF for its economic assistance programme, and how to strengthen IMF and the capability of the international community to response to crisis of the same nature in the future.

Apart from the framework of the proposed fund, the deputies would also discuss the "moral hazards" of such a fund.

These are feared abuses such as having countries using the money to prop up currencies and the provision of funds beyond prudent levels.

The IMF had, reportedly, voiced reservations to the fund, fearing that it would undermine conditions attached under its economic assistance programmes.

But, there have been some reservations as to linking the fund, proposed by Southeast Asian nations and Japan, to the IMF.

Prime Minister Datuk Seri Dr Mahathir Mohamad had said he favoured the fund to be independent of the IMF.

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