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Tung: East Asia will recover and move ahead

Anita Gabriel in Vancouver

VANCOUVER, Sun: Hong Kong chief executive Tung Chee Hwa told Asia-Pacific business leaders that he is confident the East Asian economies will "recover and move ahead" after the recent financial and economic turmoil in the region.

In his keynote address at an Apec CEO summit luncheon, Tung said the recent financial turbulence in the region has preoccupied the minds of many people.

"As an open and free economy, Hong Kong has not escaped the impact".

Nevertheless, he asserted that the Hong Kong dollar's peg to the US dollar "is here to stay. The policy will not, and let me repeat, will not change".

He said for a good 14 years, the link has provided it with economic stability and contributed to increasing confidence of Hong Kong's role as an international trading and financial centre.

"Given the open nature of the Hong Kong economy, any fundamental change in policy such as delinking would cause grave uncertainty and disturbance, which will weaken investors sentiment," he continued.

Despite the current market volatility, he said, Hong Kong's ample foreign reserves - the third largest in the world - prudent fiscal planning and a strong and highly capitalised banking system have managed to help it withstand the effects.

"As for the rest of East Asia, despite the recent financial turmoil, I believe we will continue to march forward strongly into the 21st century," he continued.

"Yes, there are flaws that need to be addressed in many countries in East Asia.

"However, with strong savings and investments, wide open markets and flexible and educated workforces and a willingness to adopt new technology in manufacturing, East Asia will recover and move ahead," he said.

Meanwhile, Canadian Prime Minister Jean Chretien said the recent movements in some economies and world financial markets that has caused real concern for governments and investors worldwide, has provided a "compelling illustration of the reality of globalisation".

He referred to the recent meeting in Manila where senior officials had agreed on a series of measures to respond to the current problems some Asia Pacific Economic Cooperation (Apec) members are facing.

The agreements mean to achieve two things - to launch a regional consensus on how best to respond to the current problems and to set in place arrangements which will help avoid a recurrence of such adversities.

Globalisation, he said, is a fact of life. It is a real and powerful force and one cannot move against this current, even if they wanted to.

"I know that there is always the temptation to try and turn the clock back - to revert to protectionism and isolationism as solutions.

"This simply will not work. It is a recipe for stagnation, economic recession, fewer jobs and a lower standard of living," he said at the Apec CEO Summit.

He also stressed on the need for the maintenance of a stable macroeconomic environment and a transparent and robust investment environment.

The Apec CEO Summit is a private sector, invitation-only event and is being held at the Westin Bayshore Hotel here.

It will see the participation of 250 CEOs from the Asia Pacific region and the speakers include vice-president of the European Economic Union Sir Leon Brittan, Malaysia's Prime Minister Datuk Seri Dr Mahathir Mohamad, Australian Premier John Howard and Chinese Premier Jiang Zemin.

Two prominent Malaysian businessmen are also expected to deliver their speeches at the summit.

They are Konsortium Perkapalan Bhd Malaysia group executive chairman Mirzan Mahathir and Sime Darby group chief executive Tan Sri Nik Mohamed Yaacob.

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