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Abac expected to present ideas on tackling crisis

THE Apec Business Summit, scheduled to run concurrent with the Apec Economic Leaders Summit this November in Kuala Lumpur, is expected to see corporate leaders of the world presenting concrete inputs to their government leaders on ways to tackle the economic crisis.

After rounds of closed-door sessions held prior to the Nov 14-17 meet, the private sector arm of Apec, the Apec Business Advisory Council (Abac), is expected to present ideas on the various financial instruments which may be used by affected Apec members to jump start their economies.

Apec Business Summit Malaysia 1998 organising committee co-chairman Datuk Abdullah Mat Zaid said the high-level meeting would highlight critical issues related to the liberalisation of the global financial systems and the extent of the role and contribution of Apec in addressing these problems.

Co-chairman Dr Shafiq Sit Abdullah said one of the suggestions was that of using Asian sovereign collateralise bond obligation to inject liquidity in affected Asian economies.

It was suggested that cash-rich member economies such as Taiwan, Singapore, Brunei and Japan provide the capital for the equity or a group of governments and government agencies from affected countries (Malaysia, Korea and the Philippines) raise the capital by issuing US\$ bonds.

"The CBO was applied in the aftermath of the collapse of the US high yield market in the late 80s and the Mexican crisis in 1995 to attract private capital back into emerging markets," Shafiq told a Press briefing in Kelana Jaya, Selangor, yesterday.

In 1989-92, more than US\$2 billion (RM8.4 billion) was raised through this CBO exercise, which was the first ever of its kind.

Shafiq said Abac felt that among the advantages that this CBO would bring to Asian governments was to create a new source of funds by accessing investors who would not or were unable to participate directly in Asian debt.

It also minimised execution risk related to public offerings through privately negotiated transactions.

"Hopefully, the private sector of Apec will be able to really do something concrete to tackle the crisis," he added.

Abdullah said around 1,500 participants were expected to attend the Apec Business Summit including chief executive officers of large multinationals such as insurance group Aetna Inc and investment bank Goldman Sachs of the US.

"However, we are not too concerned with numbers. We are interested in attracting quality people to this summit," he said.

This year's Leaders Summit will see the attendance of three new members namely Russia, Peru and Vietnam bringing the total number of Apec members to 21.

Prime Minister Datuk Seri Dr Mahathir Mohamad will deliver a keynote address and open the summit on Nov 15 as well as conduct an open dialogue with participants.

Other leaders who will be addressing the summit are US President Bill Clinton and New Zealand Prime Minister Jenny Shipley.

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