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APEC CAN DO A LOT TO HELP MEMBERS HIT BY ECONOMIC CRISIS

By: Mohd Arshi Daud

KUALA LUMPUR, Nov 5 (Bernama) -- The Asia Pacific Economic Cooperation (Apec) could do a lot to resolve Asia's financial crisis, said United States coordinator for Apec, Ambassador John S Wolf today.

He said currently the forum had not done enough to settle Asia's economic and financial malaise.

"It has not yet been solved," Wolf said at the Worldnet Dialogue hosted by the US Information Service here.

However, Wolf said it was not up to Apec alone to solve the crisis when the grouping involves voluntary process, adding that it also did not have the expertise available to agencies like the International Monetary Fund (IMF), the World Bank and the Asian Development Bank (ADB).

During the hour-long dialogue, Wolf answered questions -- via satellite transmission from Washington, -- from a group of panelist comprising editors and journalists from Kuala Lumpur, Jakarta, Seoul and Canberra.

He noted that when leaders of Apec meet, some also come as leaders responsible for these multilateral agencies, like the IMF and the World Bank.

Apec leaders will have to gather the proposals put forward during meetings of the IMF, World Bank, Group of Seven and Group of 22 and "put Apec colours" to them, Wolf said.

"We hope Apec in Kuala Lumpur will be taking other steps as well," he added.

Wolf said to solve the financial crisis, decisions would have to take place in the troubled economies to regain macroeconomic stability.

"Decision is necessary to revamp financial institutions, achieve economic governance, greater transparency and ability to handle bankruptcies," he said.

Wolf was also asked whether it would be wise for Apec to adopt a common interest rate to control capital flows and to solve the financial turmoil more quickly rather than undertaking macroeconomic restructuring.

He said solutions to the crisis varies from one affected country to another, according to the circumstances of the country's economy.

"I do not think Apec can design a single solution. A common interest rate is not a viable alternative because of the large variation in interest rates of Apec members," Wolf added.

On Prime Minister Datuk Seri Dr Mahathir Mohamad's plan to bring up the issue on controlling speculative activities of currency traders during the upcoming Apec meeting, Wolf said speculative play in the international financial system has to be discussed.

But he said businesses would have to hedge themselves, adding that there was a need to avoid constraints on movement of capital because this will lead to higher costs of borrowings for emerging countries.

He also said that although there has been numerous talks on the issue of volatility of capital, there has not been any serious debate on the matter.

Wolf also noted that market decisions were made by thousands of individuals and businesses.

On Japan's refusal to agree to Apec's voluntary tariff cuts in fish and forest trade industries, he said Apec's Early Voluntary Sectoral Liberalisation (EVSL) initiatives would not be successful unless it had the

full cooperation of all Apec countries.

Aimed at liberalising trade by reducing or abolishing tariffs, the EVSL has over the past 12 months become Apec's most important mechanism towards the realistic creation of a free regional market.

The sectors placed under fast track tariff reduction are toys, telecommunications and mutual recognition agreement (MRA), forest products, fish products, gems and jewellery, medical equipment and instruments, environmental goods and services, energy and chemicals.

"While participation is voluntary, critical mass must include the world's second largest economy. It is not enough to provide financial assistance, Japan has to open up its market," Wolf said.

Asked whether the crisis has made it timely for Apec to be reformed from trade and investment liberalisation to broad economic development, he said at the forum, there should not be a sterile debate on economic and technical co-operation.

"When Malaysia wants to move into Independent Power Producers (IPPs) it has to amend laws to allow private sectors to invest...in Apec that is called liberalisation. Then financing and technology is needed for the IPPs...in Apec we call that economic and technical co-operation," said Wolf.

Responding to questions about whether issues of human rights and the corruption trial of former deputy prime minister Datuk Seri Anwar Ibrahim would be raised during the Apec summit on Nov 17 and 18, he said, "so many people are raising the Anwar issue but Apec is facing a number of other issues."

He also reiterated that US president Bill Clinton will be in Kuala Lumpur for the summit to attend multilateral meetings and talk about economic co-operation.

"Leaders talk about what they like to talk about. The president's real reason to KL is to talk about economic co-operation. We will continue to talk about other issues when we think (it is) appropriate to talk about," he added.

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