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APEC-NEWS-SUMMIT

APEC LEADERS TO FOCUS ON CURRENT ECONOMIC CRISIS AT BUSINESS SUMMIT

By: S.Durga Varma

KUALA LUMPUR, Nov 4 (Bernama) -- The financial crisis crippling Asia and steps to restore investors' confidence in the region would dominate the three-day Asia-Pacific Economic Cooperation (APEC) Business Summit beginning Nov 14, 1998 in Kuala Lumpur.

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.

Executive director of APEC Business Advisory Council (ABAC) Dr Shafiq Sit Abdullah told Bernama today that the restoration of financial stability in the region is a top priority for APEC.

He disclosed that ABAC's financial crisis taskforce will propose a mechanism that will require regional cooperation to ameliorate the current crisis and establish a framework for future policy development.

"The scale of the crisis makes it necessary to infuse massive foreign capital in the form of long term debt or equity into the private sectors of affected economies in order to improve the financial structures of affected firms," he said.

Dr Shafiq however, added that most of the economies are below investment grade rating and investors are balking at the risks of foreign exchange, interest rates and potential defaults.

"Development of a framework that gives some access to market through investment grade financial instruments could be helpful in instilling confidence and encouraging renewed capital flows into the region.

"We propose establishing a mechanism to enhance the credit of government bonds, denominated in hard currencies, issued by affected economies," he said,

Among the alternatives discussed to date is to consider some form of guarantees, issuance of a new type of "convertible government bonds," and measures based on the concept of collateralised bond obligations (CBOs).

CBOs were used to attract new capital to emerging debt markets in the aftermath of the Mexican crisis of 1994, Dr Shafiq said.

ABAC is hosting the Summit themed "A New APEC for A New Millennium," which would provide a golden opportunity for world leaders and corporate giants to meet.

About 1,500 chief executives, corporate leaders and economists from APEC member countries are expected to attend the Summit, which is also aimed at promoting business and strategic alliances between entrepreneurs.

Ninety speakers and role players, primarily made up of economic and corporate leaders, including the APEC chair for 1998, prime minister Datuk Seri Dr Mahathir Mohamad, have confirmed their participation at the Summit.

The other highlights of the Summit will include a session on electronic commerce (E-Commerce) where participants will discuss the likely problems and pitfalls expected and the probable solutions to the problems arising from the implementation of E-Commerce in the globally wired business landscape.

On foreign direct investment, Dr Shafiq said the current economic contagion has severely affected foreign direct investments in many APEC member economies.

"A special session is dedicated to the role that APEC has to play to facilitate the return of foreign direct investments in this new business environment including the positive gains from such investments and the

pitfalls that should be avoided," he added.

He also said that there will be ten parallel sessions that will discuss key issue areas affecting cooperation between developed and developing economies with regards to the APEC private business sectors.

The areas that will be covered include E-commerce, telecommunications, financial services, infrastructure development, transportation and logistics, small and medium entrepreneurs, reform of the international monetary system, human capital in the 21st century, agro-based industries and energy.

Dr Shafiq also disclosed that a CEO roundtable session to examine the social obligations of the business communities will also be held.

"Should profit be the singular devotion of the corporate sector?," he asked, adding that profit should, without doubt, be pursued aggressively by corporations, but "there must be some efforts made as well in promoting social programmes in the business sector".

The panelists will lead the discussion in the formation of a more pragmatic and socio-sensitive business framework where the private sector can be involved with actively.

"This will reflect an important part of the APEC spirit of capacity and community building," he added.

Dr Shafiq also disclosed that Malaysia, as host to the Business Summit this year, will inaugurate the APEC MSC-Video Teleconferencing Multimedia (VTM) Global Interview, a multimedia forum which will allow school students from Malaysia, the United States and other APEC economies to interview APEC economic and business leaders.

These interviews will be telecast live in member economies and can be accessed through the Internet.

For this year, Dr Shafiq said the APEC Global Interview will also demonstrate that Malaysia is committed to the development of global community projects.

"It is intended to be an enduring platform upon which future APEC Summits will be able to look back on the KL Summit as one which inaugurated a genuine effort to build a community founded upon shared values across the Pacific.

"The Global Interview will also familiarise the younger generation with the current issues which will directly affect them in the future," he added.

In doing so, it is hoped that the new APEC generation will be one of enlightened individuals, sensitive to the different values, rule of law and traditional considerations of different societies in the new singular global village. -- BERNAMA

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