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Apec-News-Summit

APEC LEADERS TO FOCUS ON ECONOMIC CRISIS AT BUSINESS SUMMIT

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KUALA LUMPUR, Nov 4 (Bernama) -- The financial crisis crippling Asia and measures to restore investor confidence in the region will dominate the three-day Asia-Pacific Economic Co-operation (Apec) Business Summit here beginning Nov 14.

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.

APEC Business Advisory Council (ABAC) executive director Dr Shafiq Sit Abdullah told Bernama today that the restoration of financial stability in the region is Apec's priority.

He disclosed that ABAC's Financial Crisis Task Force 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, said most of the economies were below investment grade rating and investors were 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 are proposing to establish a mechanism to enhance the credit of government bonds, denominated in hard currencies issued by affected economies," he said.

Among the alternatives discussed todate are 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.

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 Investments, Dr Shafiq said the current economic contagion had 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 said.

He also said there will be 10 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 to be covered include E-commerce, telecommunications, financial services, infrastructure development, transportation and logistics, small-and medium-scale entrepreneurs, reform of the international monetary system, human capital in the 21st century, agro-based industries and energy.

Dr Shafiq also said a Chief Executive Officers roundtable session to examine the social obligations of the business communities will also be held.

"Should profits be the singular devotion of the corporate sector?," he asked, adding that profits 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 panellists will lead the discussions on the formation of a more pragmatic and socio-sensitive business framework where the private sector can be involved in actively.

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

Dr Shafiq also said Malaysia, being this year's host of the Business Summit, will inaugurate the Apec MSC-Video Teleconferencing Multimedia (VTM) Global Interview, a multimedia forum which will allow 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 said.

In doing so, it is hoped 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, he added.

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