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YEARENDER-APEC

APEC TO CONTINUE PLAYING A MAJOR ROLE IN SOLVING FINANCIAL CRISIS

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KUALA LUMPUR, Dec 26 (Bernama) -- No matter what the sceptics might say, the Asia Pacific Economic Cooperation (Apec) has and will continue to contribute significantly towards the region's economic well-being in 1999.

Despite the U.S. "megaphone diplomacy" on certain issues and its meddling in Malaysia's domestic affairs during the 1998 Apec summit held here from Nov 14 to Nov 18, the forum was indeed successful in providing a clearer path for member economies, particularly those hit by the financial crisis, to move a step further in their journey towards economic recovery.

It was during this year's summit that Japan has provided a more detailed explanation of its US\$30 billion (US\$1 = RM3.8) financial stimulus package under the Miyazawa Plan which was designed to help troubled Asian economies.

The Miyazawa Plan, which was announced in September and named after Japanese Finance Minister Kiichi Miyazawa, is aimed at, among other things, disbursing funds to help debt restructuring programmes of private companies.

Japan is considering five countries for initial inclusion under the Miyazawa's initiatives, namely South Korea, Thailand, Indonesia, the Philippines and Malaysia.

This year's Apec leaders summit also saw the US\$10 billion joint financial package between the U.S. and Japan for crisis-hit Asian economies being announced, albeit to a lukewarm reaction from other members which regarded the U.S. contribution as "too little".

Under the joint initiative, a total of US\$5 billion will come from Japan, the Asian Development Bank and the World Bank as a catalyst for private financing, while the US will provide the other half through the Export-Import Bank trade financing programmes.

Another significant development achieved at this year's Apec summit was the forwarding of the tariff reducing Early Voluntary Sectoral Liberalisation (EVSL) to the World Trade Organisation (WTO) meeting in 1999.

This is significant as the WTO's move would broaden participation in the nine sectors identified for accelerated liberalisation, said Minister of International Trade and Industry Datuk Seri Rafidah Aziz during the summit's ministerial meeting on Nov 15.

The EVSL, first mooted in the Vancouver meeting in Canada last year, has 15 sectors earmarked for tariff reductions to facilitate trade, nine of which were identified for a fast track programme to be implemented next year.

However, Japan has refused to open up two of the nine sectors identified, namely fisheries and forest products. The seven other sectors are toys; telecommunications mutual recognition agreement (MRA); gems and jewellery; medical equipment and instrument; environmental goods and services; energy; and chemicals.

In fact, the country's refusal to liberalise these two sectors has received a lot of media attention throughout the summit, amidst Japan's defiant stance which regarded the subject as being "blown out of proportion" compared to the more important issue of solving the regional financial crisis.

As the U.S. declined a proposed package of going ahead with seven sectors and leaving out the two, the ministers finally decided that all 16

participating economies would go ahead in implementing the EVSL at their own pace, as well as taking the nine sectors altogether into the WTO process.

This year's Apec meeting was also considered significant as it marked the participation of three new member economies, namely Russia, Peru and Vietnam into the forum.

"I do not think they are going to be a problem. I think their experience will be very useful for Apec," Prime Minister Datuk Seri Dr Mahathir Mohamad told a press conference at the end of the Apec summit here on Nov 18.

The business community from the Apec region had also enjoyed the chance to voice their concerns and proposals this year through the parallel Apec Business Summit organised by Apec Business Advisory Council (Abac), which was attended by about 1,500 business executives from member economies.

At the business summit, Abac has proposed for the establishment of collateralised bond obligations (CBO) to promote inward capital inflows for Apec members.

The proposed CBO, to be issued by economies affected by the crisis, would incorporate credit enhancement features through some form of guarantees provided by better-off member economies.

Abac also stressed the need for Apec economies to reaffirm their commitment for continued trade and investment liberalisation, including the EVSL as it was viewed as vital to the region's long-term economic health.

As for the 1998 Apec Leaders' Declaration, the leaders reiterated their beliefs that emphasis on prudent, growth-oriented macroeconomic policies, strengthened financial institutions and markets, trade and investment liberalisation and capacity building are cornerstones for renewed and sustainable growth.

The Apec leaders also commended the initiative of their ministers in establishing the Apec framework for Capacity Building Initiatives on Emergency Preparedness, which seeks to foster cooperation in longer-term capacity building in preventive and responsive measures for unexpected natural emergency disasters.

The ministers were also commended for producing the Integrated Plan of Action for SME Development (SPAN) that sets out the blueprint of strategic directions for both enterprise and entrepreneur development through individual and collective actions.

On the current economic crisis, the leaders voiced their support for, among others, employment and social safety nets, financial and corporate restructuring, catalysing private capital flow and strengthening the international financial architecture to mitigate the adverse impact of the financial crisis.

Besides these, the leaders also praised the officials for formulating the Apec Blueprint for Action on Electronic Commerce (e-commerce) containing broad themes and cooperative activities for the promotion and development of e-commerce in the region.

Next year's summit would be held in New Zealand and it is hoped that the meeting there would bring forward more concrete outcomes in contributing to a better economic situation to the member economies. --

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