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'Asem fund will provide technical assistance for reforms'

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THE proposed Asem (Asia-Europe) trust fund will be used to provide technical assistance for financial restructuring and examining the social impact of the economic problems in the region.

Mr Derek Fatchett, the personal emissary of British Prime Minister Tony Blair, told reporters in Kuala Lumpur yesterday that Britain will put forward the idea at the April 2-4 Asem Summit meeting in London.

The trust fund, he said, "will enable Malaysia and other countries to draw on the financial expertise and experience available in Europe".

"We can play a constructive part. In Thailand, for example, there is a substantial need to restructure the financial services sector and we believe we can help," he said.

Fatchett, who is the Minister of State for Foreign and Commonwealth Affairs, stressed that the fund, to be established with the cooperation of the World Bank, will be confined to providing technical and not financial assistance, which the International Monetary Fund (IMF) is already offering.

"We feel it is best not to duplicate the activities of the IMF," he said.

Fatchett, on a fact-finding tour of the region, later called on Prime Minister Datuk Seri Dr Mahathir Mohamad, Deputy Prime Minister Anwar Ibrahim and Foreign Minister Datuk Seri Abdullah Ahmad Badawi.

Accompanied by Mr Jim Cloos, European Commission president Jacques Santer's cabinet chief, he arrived from Bangkok for a one-day visit and left for Indonesia in the evening. Fatchett and Cloos will also visit Singapore.

"It is very much in Europe's interest to help resolve these difficulties because they are our problems too," Fatchett said, stressing that the European Union (EU) is keen to see stability and confidence return to Asian markets soonest possible.

He will report his findings as well as ideas proposed by the region's leaders to the EU foreign ministers at a meeting in Edinburgh on March 13.

Cloos meanwhile gave an assurance that the European markets will remain open to Asian goods.

"Europe is conscious of the fact that with the currency depreciation, there will be more exports to the EU. This is natural and any fears of the EU closing its markets are unfounded," he said.

In stressing the importance of Asia to Europe, Cloos said between 1992 and 1996, the EU contributed US\$6 billion (US\$1 = RM3.78) in official development aid to the region, compared to US\$700-US\$800 million by the US.

He also noted that Asia accounts for about US\$160 million, or 23 per cent, of Europe's total annual exports.

Briefing the media on Fatchett's hour-long meeting with Anwar, Finance Ministry Secretary-General Datuk Dr Aris Othman said Britain has pledged to contribute STG5 million (STG1 = RM6.24) to the trust fund.

Anwar welcomed the setting up of the fund and said Malaysia would consider tapping the expertise offered should it decide to undertake reforms, Aris said.

The Deputy Prime Minister also said it is important for the Group of Seven countries to recognise the social pressures exerted by the economic problems, for example, from the rise in unemployment and the increased

number of poor people.

Fatchett in turn outlined Britain's proposals to help Malaysian students affected by the ringgit's depreciation. He said a scheme for this purpose is being worked out, details of which should be firmed up by the time the Asem leaders meet next month.

Aris said the British envoy also suggested that Malaysia publicise the great amount of opportunities for trade and investment in the country.

"He also indicated that British Telecom has plans to invest in Malaysia... but said he did not know the scale or nature of the investment."

Before leaving for the airport, Fatchett said he was "delighted that the Malaysian economy has shown positive signs of recovery... we have every confidence that the country will continue to recover".

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