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Asem gives thumbs-up for Dr Mahathir's proposal

Ashraf Abdullah; Joseph Binkasan in London

TWENTY-FIVE European and East Asian leaders yesterday endorsed the Malaysian proposal for improved transparency in financial and capital market dealings and for better monitoring of capital flows.

The thumbs-up by the Second Asia Europe Meeting is the first international support for Prime Minister Datuk Seri Dr Mahathir Mohamad's proposal that currency trading be regulated to ensure transparency.

In a separate statement on the financial and economic situation issued at the end of the first day, the leaders made the following call:

- * strengthen co-operation, regulation and supervision in financial sectors;

- * an examination by the International Monetary Fund and international regulatory bodies of ways to improve transparency in financial and capital markets, including the possibility of monitoring short-term capital flows.

Dr Mahathir had repeatedly said a market similar to the stock exchange should be set up for currency trading and that traders must be registered.

The Prime Minister further said currency traders, who had the power to impoverish nations, carried out their activities in secrecy.

In welcoming reforms being undertaken as a result, Asem 2 called for:

- * continued reforms, both within Asia and the international financial system, while securing private sector financial aid as and when needed;

- * recognition of the social impact of the Asian crisis and protect social expenditure as far as possible; and,

- * strengthening of consumer and business confidence to overcome the crisis.

The Asem 2 summit, opened and chaired by British Prime Minister Tony Blair, was attended by leaders of six Asean members (Malaysia, Indonesia, Brunei, Singapore, Thailand and Vietnam), China, Japan and Korea. Europe was represented by Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Spain, Sweden, the UK and the European Commission.

During the two-day summit, they discussed the financial and economic situation in Asia, especially its impact on the global economy and the human cost.

It was agreed to reinforce the IMF's role in responding to the crisis and support reform programmes of the IMF, World Bank and Asian Development Bank.

They also welcomed the creation of an Asem Trust Fund at the World Bank to help finance technical assistance, restructure the financial sector and find ways to redress poverty.

The leaders also agreed not to take restrictive measures while legitimately exercising their World Trade Organisation rights.

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