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Little prospect now for a lofty free trade accord

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LEADERS of the Asia-Pacific Economic Cooperation (Apec) meet for the sixth annual summit today to begin talks with little prospect of any lofty pronouncement on free trade coming at the end the two-day meeting.

With fast-track market openings now off the menu after lower levels Apec meetings failed to reach a consensus on the EVSL (Early Voluntary Sectoral Liberalisation) package, Apec leaders will sit to a selection of less demanding issues on the table.

The prospect of any concrete commitment to tackle Asia's financial crisis also evaporated as it became apparent that leaders felt that matter would be better handled by the Group of 22 (G-22). The G-22 is so-called because it combines the economic muscle of the Group of 7 industrialised countries and the growing markets of Group of 15 developing economies.

Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday he expected the leaders to have an "uncomplicated" summit discussions when they get together at the Cyberview Lodge tomorrow. (Wednesday)

The leaders are expected to talk about economic cooperation, electronic commerce and multi-lateral negotiations - topics that are not expected to set headlines ablaze.

With no black-and-white issues to focus attention, Apec's proceedings on the eve of the summit wandered away a little from trade liberalisation when most leaders meet bilaterally on the sidelines of the Apec summit.

Australia Prime Minister John Howard said he would suggest that Apec investigates the weaknesses of the world's financial system and also announced that Australia would put forward a non-monetary package to help its Asian neighbours.

Other unexpected issues such as the Five Powers Defence Arrangement, the overlapping claims on the Spratlys have cropped up.

The bilateral meetings also produced welcome news when Chinese Taipei announced that it has set up a company to place US\$300 million (US\$1 = RM3.80) investment in Malaysian companies.

Outside the bilateral meetings, there was noticeable disappointment among the Western media that President Bill Clinton would not be coming.

It was widely reported that Clinton's absence has deflated Apec meetings - CNN said the meeting had been devalued in charisma - and has left the proceedings without leadership to push the Western agenda forward.

The way the EVSL issue unfolded, with no commitment at Apec, also rankled some, like the US for instance.

The goal of the US negotiators is to eliminate or at least drastically cut tariffs on US\$1.5 trillion worth of global trade through the early voluntary liberalisation.

Lower taxes in countries like Japan, China and Australia mean more sales for US companies.

These include the US car industry which sent a high-powered delegation to the Kuala Lumpur meet to demand for more market openings for US cars.

While the media pounced on EVSL and Clinton's no-show, Malaysia was more concerned that politics had entered into discussions.

The undercurrents of tensions between some Apec members and host Malaysia over the politics of Datuk Seri Anwar Ibrahim's trial and sacking, percolated to the surface with a public exchange between US Secretary of State Madeline Albright and International Trade and Industry Minister Datuk Seri Raridah Aziz on Sunday.

Howard brought up the matter with Dr Mahathir when they met yesterday and New Zealand premier Jenny Shipley has announced that she would.  
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