

21/11/1998

Looking beyond the Apec Declaration for success of meetings

Baidura Ahmad

WAS it a success or a failure? Unfortunately the answer is not as straight forward as the question.

It depends on what the 1,000 delegates were looking for when they decided to attend the three-day Apec Business Summit, held in parallel with the Apec Leaders' Meeting early this week.

Just as the 21-member Apec groups the richest and the poorest economies, those who attended the business summit were also not equals.

From the US, we saw Goldman Sachs & Co - a 130-year-old investment bank with a blue-chip board and powerful Washington connections.

It has a presence in 20 countries and employs more than 11,000 people worldwide.

Then there are the SMEs (small and medium-sized companies) like a soft drinks company from Papua New Guinea which only sells in the domestic market.

Each had a different wish list but at the end of the day, all were looking for one answer - what our leaders were doing to get us out of this economic and financial crisis.

There are 40 million SMEs in Apec and no thanks to the crisis, some of them have lost everything they had worked hard to build during the prosperous years.

Even the rich companies were not spared. Most scaled down their operations and laid off workers.

As one business after another fell victim to the crisis, the business community clamoured for swift action from their leaders through their representatives on the Apec Business Advisory Council.

When the Kuala Lumpur declaration was read out by host Prime Minister Datuk Seri Dr Mahathir Mohamad at the end of Apec summit on Wednesday, the pessimists among the business community were frustrated by what they felt was a "non-happening" declaration.

"People are eating tree barks. Banks have no money to lend, businesses are not moving. Who cares about the fish and the trees?" said a participant.

He was referring to the postponement of last year's agreement to liberalise nine key trade sectors because of Japanese objections to two of them, namely fisheries and forestry products.

What are the Governments doing to help those suffering the aftermath of the crisis?

The house is already on fire, and they are still trying to find out how the fire started and who best to put it out," said another participant, a chief executive officer of a conglomerate whose group of companies saw quite a dip in its financial performance as foreign exchange rates fluctuated.

Then there are the optimists, and those who see the glass as half full rather than half empty.

Abac executive director Dr Shafiq Sit Abdullah concluded that Abac has achieved positive results with some "deliverables".

The main achievement would be the "launch" of the collateralised bond obligations, an idea mooted by the Taiwanese which involves better-off economies giving guarantees for credit lines needed by affected economies.

In theory, a number of better-off members such as Taiwan, Singapore, Hong Kong and Brunei would provide a certain amount each for the CBOs to

guarantee loans granted to the affected countries.

Shafiq said the first meeting is scheduled within the next three weeks in Tokyo and would be attended by treasury representatives from the United States and Japan, and representatives of Abac and the central banks of member economies.

The meeting is expected to discuss the mechanics of the CBOs.

Apart from this success, there are also the individual breakthroughs.

The US Chamber of Commerce (Asian division) representative Myron Brilliant said from his participation at the business summit, he found that there were a lot of opportunities for American SMEs in the food and agriculture sectors.

At summits like these, participants not only develop networking with other businessmen, but also meet Government officials.

Goldman Sachs which has 20 per cent of its business in East Asia, has announced the creation of a multi-million dollar recovery fund for Asian assets, and will place its best people in the region in its pursuit of mergers and acquisitions.

When he was in town for the business summit, Goldman Sachs co-chairman Jon Corzine met local big-wigs including Special Functions Minister Tun Daim Zainuddin, businessman T. Ananda Krishnan, and Bank Negara representatives.

Hopefully, some of the funds to be raised by Goldman Sachs will come our way.

It is hard to please everyone. Businessmen in particular are hardest to please for their goals are almost always never met as they keep setting new targets.

But as with any other group, from the biggest to the smallest, waiting for results requires much patience.

As the Prime Minister said at a Press conference at the end of the Apec summit:

"Urgent is one thing but getting things moving in the international community is another.

"The international community is ponderous and it does not move fast enough.

"I think the way we moved was considered very speedy in comparison to the normal speed of international decision-making."

(END)