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NO QUICK FIX FOR ASIAN FLU

By: Salmy Hashim

WASHINGTON, Feb 17 (Bernama) -- Asian countries looking for a quick fix to their financial troubles did not find a speedy solution at Tuesday's meeting of deputy finance ministers here where the focus was on prevention and finding long-term solutions to future crises.

The special finance and central bank deputies meeting from 22 economies called by the United States turned out to be an exchange of experiences among countries previously and currently affected by financial crises.

Discussions at the one-day closed-door meeting later centred on the six proposals forwarded by the US in the run up to the finance ministers' and central bank governors' meeting in April here.

Malaysia's finance ministry's secretary-general, Datuk Dr Aris Othman, told Malaysian journalists that three special technical groups have been formed to look at three of the six areas proposed by the US. They are:

- \* Steps to increase disclosure and transparency;
- \* Measures to strengthen the financial systems, both globally and in individual countries; and
- \* Burden-sharing by the private sector so that investors and creditors bear the full consequences of their decisions.

Aris said there were differences in viewpoints on the transparency issue because a few countries strongly felt that every country should commit to full disclosure of financial information once a global commitment was made.

But there was agreement among participants on the need for more information on the capital market, and to make capital flow more transparent, he said.

Prime Minister Datuk Seri Dr Mahathir Mohamad has repeatedly called for more transparency in currency trading, which he said had been chiefly responsible for the present financial turmoil.

The meeting, also for the first time, acknowledged that all parties should be held responsible for the crises, including debtors and creditors.

The technical groups would begin work immediately and their findings would be presented to the Finance Ministers who will in turn present their proposal to the interim meeting of the International Monetary Fund in mid April, Dr. Aris said.

Three other areas discussed were national policy management to avoid crisis and deal with crises that occur; promoting efficient functioning of global markets; and the role of the international community in financial crises.

The meeting is a follow-up to President Bill Clinton's pledge at the Apec leaders' summit in November that the US would organise a gathering of finance ministers and central bank governors to better deal with the challenges in the international financial system in the years and decades ahead.

Tuesday's meeting was participated by the G-7 countries made up of the US, France, Germany, United Kingdom, Japan, Italy and Canada.

Other economies included Malaysia, Thailand, Singapore, Indonesia, Argentina, Australia, Brazil, China, Hong Kong, South Korea, India, Mexico, Poland, Russia and South Africa. The World Bank, IMF and the Bank of International Settlement also sent their representatives.

Dr. Aris said representatives from Asian countries told other participants about the contagion effects of the crisis and expressed "fear

that the crisis could prolong if something was not done."

"We pressed G-7 countries to come up with a positive statement [on Asia] at their upcoming meeting in London to build confidence among investors," he added.

The United Kingdom had meanwhile launched an initiative at the meeting aimed at increasing the amount of European technical assistance available to the troubled economies of Asia.

The initiative will focus on financial sector restructuring and poverty impact assessment, and is being developed in the run up to ASEM 2 Summit on 3-4 April, when Asian and European leaders will meet in London.

Assistance in financial sector restructuring will cover banking, monitoring and supervision, corporate governance, company law (including bankruptcy), accounting standards and the development of economic intelligence.

Poverty impact assessment will involve analysis of the impact of the crisis on the poor, and the implications for public expenditure priorities, social action programmes (including safety net schemes), employment generation, labour market reform and enterprise development to generate employment opportunities, a statement issued by the British Embassy here said.

The initiative involves two parts: the establishment of an ASEM Trust Fund at the World Bank to help countries assess the impact of the crisis and to assist with financial sector restructuring. -- BERNAMA

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