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APEC-NEWS-ACTION PLAN

NON-BINDING INVESTMENT PRINCIPLES BEST WAY TO ENCOURAGE CAPITAL FLOW

KUALA LUMPUR, Nov 8 (Bernama) -- The Apec Business Advisory Council (Abac) is recommending that the 1994 Non-Binding Investment Principles is the best way to encourage and facilitate the flow of long-term capital back into the region.

"We recommend, as we did in 1997, that economic leaders again endorse the rapid implementation of the non-binding principles.

"For economies who feel ready, we would also urge them to move beyond these principles," said Abac chair Tan Sri Tajudin Ramli in a report to Apec Economic Leaders.

In addition, to the extent that economies are able, Abac is recommending that financial services should continue to be a priority sector for liberalisation.

This would greatly help in the establishment of sound domestic financial markets and provide the depth and sophistication needed for stable long-term economic growth.

The report themed "Apec Means Business: Restoring Confidence and Regenerating Growth," was presented to Prime Minister, Datuk Seri Dr Mahathir Mohamad on Friday.

Dr Mahathir, who himself holds the Apec chair, would in turn present the report to the economic leaders when they converge here for their informal summit on Nov 17 and 18.

In analysing individual action plans, Tajudin, who is also executive chairman of Malaysian Airline System, said improvement has been made in transparency though the plans remain difficult for business people to access.

However, he added that more specific detail is needed to enable business to benefit from the action plans.

"The plans have likewise shown a greater commitment to action and the adoption of the early voluntary sectoral liberalisation (EVSL) indicates a willingness to go beyond agreements made in other multilateral fora.

"With this in mind, Apec should consider an active outreach programme to the wider business community to ensure that plans are clearly and effectively disseminated," Tajudin pointed out.

In moving ahead, he said Abac is raising the compelling need for capacity building to sow the seeds for future growth and felt that the economic and technical cooperation (ECOTECH) agenda is crucial in preserving the sense of community.

"By working to reduce disparities among member economies, Abac's ECOTECH recommendations will help strengthen the conditions needed to safeguard Apec and its liberalisation agenda.

"It is thus imperative that we work on immediate confidence building measures and enabling capabilities to build a positive contagion to overcome the current crisis," Tajudin said, adding that the longer term goals of Apec should not be put aside.

Concluding that Apec can and should be a powerful forum, Abac advised leaders to reflect on the need to maintain flexibility in the liberalisation agenda to avoid losing support for it amidst this crisis.

Tajudin also drew attention to the need to squarely address the issue of governance in international financial markets to put in place the requisite order for free markets to operate effectively. -- BERNAMA

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