

08 NOV 1998

APEC-News-Action Plan

NON-BINDING PRINCIPLES BEST WAY TO ENCOURAGE CAPITAL FLOW

KUALA LUMPUR, Nov 8 (Bernama) -- The Apec Business Advisory Council (Abac) is recommending adoption of the 1994 Non-Binding Investment Principles as the best way to facilitate 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 chairman Tan Sri Tajudin Ramli in a report to Apec Economic Leaders.

Abac is also recommending that financial services continue to be a priority sector for liberalisation as this would contribute towards sound domestic financial markets and provide the sophistication needed for stable long-term economic growth.

The report with the theme "Apec Means Business: Restoring Confidence and Regenerating Growth," was presented to Prime Minister Datuk Seri Dr Mahathir Mohamad last 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 Malaysia Airlines, said despite improved transparency the plans remain difficult for business people to access and that more specific detail was needed to enable business to benefit from the 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 said.

Abac called for capacity building to sow the seeds for future growth and felt that the economic and technical cooperation (ECOTECH) agenda was 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 stressing that Apec longer term goals should not be put aside.

For Apec to be a powerful forum, Abac advised leaders to consider maintaining flexibility in the liberalisation agenda to avoid losing support for it amidst the crisis.

Tajudin added that Apec also need to address the issue of governance in international financial markets to put in place the requisite order for free markets to operate effectively.

-- BERNAMA

DVS FR rn