

19/11/1998

## Taiwan's CBO proposal gets strong support of members

THE "Collateralised Bond Obligation" initiative proposed by Taiwan received strong support from Apec member economies, despite not being included in the Leaders Declaration.

Taiwan's Council for Economic Planning and Development chairman Dr Chiang Pin-Kung said Malaysia was among the countries that had given its strongest support for the initiative.

"Prime Minister (Datuk Seri) Dr Mahathir Mohamad also said during the Abac-Apec Summit today (yesterday) that this was an initiative worth delving into."

Chiang said one of the reasons why the CBO was not incorporated in the declaration was because many details of the programme were yet to be finalised.

He said Japan and Singapore had also given positive feedback.

The CBO is a mechanism to enhance the credit of government bonds denominated in hard currencies.

The plan would be pushed forward as an Apec solution to help attract international private capital.

It was earlier expected that the CBO would be endorsed by Apec leaders.

The Apec Business Advisory Council was also trying to get more economies to invest in it.

Speaking to reporters after returning to Kuala Lumpur from Cyberjaya for their retreat, Chiang said the CBO would not be in conflict with the United States and Japan's joint initiative to help Asian countries revive their banking systems and remove obstacles to restructuring.

The Asian Growth and Recovery Programme would mobilise US\$5 billion (RM19 billion) initially to help private financing for countries in the region which had put comprehensive restructuring programmes in place.

"Actually, the US-Japan initiative is more an export-import credit guarantee using Government funds.

"US Vice-President Al Gore mentioned that there will be other mechanisms which will complement the programme and by this, I believe, he meant CBO-type mechanisms," he said.

On the outcome of the meeting, Chiang said it had made "very significant accomplishments" for Chinese Taipei.

"Apec countries had reaffirmed their commitment to work together and to seek ways to monitor short-term capital flows."

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