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US not ruling out direct aid to Asia

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THE US is not ruling out direct aid to help end the Asian financial turmoil, but this is unlikely to happen very soon.

US Defence Secretary William Cohen, at a press conference in Kuala Lumpur yesterday, talked about the possibility of introducing "new instruments" to assist countries affected by the turmoil.

For now, however, US assistance takes the form of its support for the IMF, Cohen said.

"Other instruments may be devised in the future but, at this moment, our contribution is through IMF. Beyond that, we have not made any decision," Cohen told the press conference, held jointly with Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim at the end of the first of the two-day Fourth Pacific Dialogue.

He was asked to comment on possible US assistance outside of the IMF.

Cohen described the IMF as "the stabilising force for countries facing economic problems in Asia and is currently the primary institution for an economic reform."

South Korea, Thailand and Indonesia have sought IMF assistance totalling over US\$100 billion (US\$1 = RM4.67) to overcome the financial crisis which surfaced in July last year.

Cohen said while he is aware of concerns that the IMF measures may be harsh and difficult and that such concerns could breed anti-US sentiments, it is the best chance for the affected countries to stabilise and reform their economic systems.

The US, he added, made no suggestions to Prime Minister Datuk Seri Dr Mahathir Mohamad or Anwar for Malaysia to seek IMF assistance.

"The decision to seek support from IMF is unique to individual nations and each will have to determine when support would be required. Malaysia has indicated that it is able to deal with its own problem without IMF support and funding.

"That is determined by a sovereign nation which Malaysia is," he said.

Anwar said Malaysia "does not see the necessity of having to resort to IMF funding" as it has always been in consultation with the IMF and will continue to consult the organisation on its economic reform measures.

Several such measures, announced on December 5 last year which include major cutbacks in expenditure and maintaining sustainable reserves and a surplus budget, were done in consultation with the IMF.

He added that Asean finance ministers have also agreed to work for effective surveillance and greater transparency and accountability.

Cohen also said that the US "wants a peaceful, stable and secure Asia. We will remain engaged in Asia in good times and bad.

"We are working with countries in the region, both bilaterally and through organisations to resolve the problems as quickly as possible," he said.

On security in the region, Cohen said his country's security commitments remain unchanged and the deployment of about 100,000 US troops in Asia "has provided the foundation for stability and peaceful development for the region."

Cohen was also asked if the economic problems in the region would affect US sales of defence equipment.

He said the US is prepared to stretch or defer the payment period for such purchases to accommodate the countries concerned. "We will have to

see how far and how deep the economic problems will persist while working on the security needs of the individual country," he said.

Cohen also dismissed suggestions that the economic problems in Indonesia would lead to social unrest.

"I do not think it will be helpful to speculate on what may or may not happen. It is important for Indonesia to act quickly and conform to a structure which is close to those recommended by the IMF," he said.

On China, he said the US is seeking a constructive relationship with Beijing and did not treat it as an enemy but as a regional power.

Anwar said Malaysia and Asean view China as a friendly neighbour and do not see it as a threat.

On US-Iran ties, Cohen said the US is similarly prepared for a constructive relationship provided Iran changes its behaviour and ceases supporting acts of terrorism.

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