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Will the powers-that-be allow Asean members to help themselves?

Baidura Ahmad

IN the forest, the fire is burning. In some small towns, street protests and riots over food shortages and the spiralling prices of basic goods are a daily occurrence.

Facing its worst economic and political problems in decades, Indonesia is a volatile place to be in now.

Yet, how appropriate that a group of policy-makers and think-tanks of Asean - the nine-member grouping that includes Malaysia and Indonesia - are meeting against this backdrop to discuss what (still) ails the economies of member countries and what can be done to pull everyone out of this seven-month economic problem.

This Friday, Asean Finance Ministers and their officials will converge in Jakarta - the city which reportedly laid off 2.4 million workers recently - to look at ways to overcome the financial and economic problem affecting the region, with some members suffering more than others.

The Jakarta meeting, not the first in the wake of the problem last July, is another show of solidarity by countries in the region which are working together to solve the situation facing them.

It is the first to be held, though, soon after the grouping of the world's strongest economies - G7 - ended over the weekend in London without offering any concrete plan to end the problem.

In the past months, Prime Minister Datuk Seri Dr Mahathir Mohamad and Deputy Prime Minister Datuk Seri Anwar Ibrahim have been criss-crossing Asean countries and neighbours to meet leaders.

They compared notes and exchanged views, trying to find answers to some of the problems - "What can we do individually, collectively or with outside help to come out of this situation?"

The two-day meeting in Jakarta is expected to come up with some concrete proposals and measures to further strengthen the economies of Asean nations, particularly those badly affected by the current economic problems.

Since the start of the problem last July, two Asean nations namely Indonesia and Thailand, have gone to the International Monetary Fund for financial assistance to help their countries' economies to recover.

Malaysia, though having escaped the worst, has not been left unscathed.

The ringgit depreciated by 35 per cent to the US dollar while prices of certain essentials - mainly imported goods - have risen.

That the effect of the financial and economic problem is contagion is a foregone conclusion.

That is why the not-so-battered members of Asean, with the help of neighbours, are trying their best to pull out of this economic mess together.

To expect a quick fix from this Jakarta meeting, where Malaysia will be represented by Anwar, who is also the Finance Minister, will be asking for a miracle.

On the agenda is a proposal to set up funds for ensuring greater investment in member nations, and strengthening regional currencies.

Fund number one is an Asean Investment Fund to spread out more investments in member countries, including investments in more infrastructure projects.

Malaysia has discussed the proposal with leaders of Singapore, Japan, Taiwan and Thailand.

The second fund is to strengthen regional currencies and rehabilitate regional economies.

The ministers would also discuss the latest developments in the currency situation and the stock markets in member countries.

They hope to work to establish additional measures and action plans to strengthen the economic fundamentals of member countries.

This will include getting a report on ways to further improve trade in the region from a special technical committee.

The committee includes officials of central banks in Asean and was set up in Bali two weeks ago.

Also on the agenda is more discussions on the proposal to use regional currencies for trade among Asean countries.

So far, Malaysia, Thailand and Indonesia had agreed to set up a central clearing house for intra-Asean trade using their respective currencies.

At the Jakarta meeting, details of the framework for the introduction of the facility is expected to be ironed out.

The proposal to use regional currencies was actually mooted during the Asean Ministerial Meeting in July last year, as the Thai baht began to crumble, marking the beginning of the financial situation in the region.

The move was reinforced during the Asean Summit in December where the grouping's heads of government had proposed that member countries use their own currencies when dealing with one another to reduce the impact of the depreciation of their currencies against the US dollar.

Eventually, Asean hopes to have a common currency for the purpose of intra-regional trade, almost similar to the one to be implemented by the European Union next year.

Last year, the US shot down Asean and Japan's proposal to set up an Asian standby facility - a fund where affected members could dip in for quick aid in case of future problems the size of the current one.

Now, we just want to set up a fund among ourselves to help ourselves. Will we be "allowed" to do so by the powers-that-be?

(END)