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## Apec leaders to call for global financial market reforms

Zulkifli Othman in Auckland

AUCKLAND, Sun: Asia Pacific Economic Cooperation leaders are expected to pledge further reforms of the global financial market to stop destructive capital flows, mirroring Malaysia's crusade for the restructuring of the international financial architecture.

The leaders have endorsed a draft of the joint declaration they will issue at the end of the Apec leaders meeting tomorrow that, among others, calls for measures to plug loopholes in the global financial market that allow highly-leveraged funds from moving too quickly.

Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi, who is representing Malaysia in the absence of Prime Minister Datuk Seri Dr Mahathir Mohamad, said Malaysia is satisfied with the consensus among Apec leaders that financial markets need urgent reforms to stave off future crises.

The leaders met briefly before the official welcoming ceremony in Auckland's Carlton Hotel that included the traditional Maori welcome - the "haka" - made famous worldwide by New Zealand's All Blacks national rugby team. Leaders of 21 Pacific economies are attending the 11th Apec summit that culminates in a leaders' declaration to promote free trade in the region.

Apec's trade liberalisation agenda spluttered in the past two years because of constraints put up by the financial crisis.

"The leaders have approved the draft of our declaration that will be announced tomorrow that addresses our concerns on strengthening the world's international financial architecture," Abdullah told Malaysian journalists today.

"We welcome this new development to recognise the urgency of such reforms."

The reference to financial reforms that include curbing rapid capital flows is sweet victory indeed for Malaysia that has fought a hard and sometimes lonely battle to stop currency speculation.

The victory is all the sweeter because support for Malaysia's point of view came from an unexpected corner today.

In a speech to assembled Apec chief executives this morning, US President Bill Clinton came out supporting more financial reforms that would stop destructive capital flows.

"The Asian financial crisis came after a high tide of capital washed into the region, often highly leveraged, flowing quickly into countries without adequate risk assessment.

"When the tide receded just as rapidly, if not more rapidly, it left behind a legacy of mounting debt, devaluation and severe dislocation." Clinton made the remarks while addressing the Apec CEO Summit breakfast meeting at the Auckland Maritime Museum this morning.

Clinton said it would be a mistake to slacken efforts to reform global financial markets just because Asia is emerging from the crisis.

"We've been seeking new ways to help the international system moderate the cycle of boom and bust in much the same way that individual economies have learnt to do.

"We are working more closely to make sure that all, including developing economies have a seat at the table through new mechanisms like the financial stability forum."

Malaysia sits on the forum's committee on capital flows, one of three

that also include offshore financial centres and highly leveraged investment funds.

Abdullah welcomed Clinton's endorsement and regarded it as a welcome change to previous US indifference towards curbing destructive capital flows.

He said the fact that Clinton adopted a stance that is very similar to Malaysia's is a positive development.

"I am glad that the US President now has the same opinion," he said.

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