

07/09/1999

NZ to focus on growth and investments in region at Apec meeting

Zulkifli Othman in Auckland

AUCKLAND, Mon: When the Asia Pacific Economic Cooperation (Apec) annual party descends on the fair city of Auckland this week, its members will be trying to inject new life into the grouping as a trade entity.

On the streets of Auckland, talks on revitalising efforts to free up trade in a post-crisis Apec takes a backseat to the prospect of Monica Lewinsky coming to town and what excuse US president Clinton would have for the US over a ban on New Zealand lamb imports.

Again politics threatens to intrude on trade talks with a proposal emerging to include the East Timor situation as part of the Apec agenda. New Zealand ministers said the Apec agenda has been set but East Timor will be discussed "informally".

Even as New Zealand prepares for the biggest party of its existence by grappling with issues as diverse as an unwieldy guest list and unclaimed garbage bins along the route that Clinton could take, it is hard for it to see how Apec will progress.

The host wants to focus on re-invigorating growth and investment in the region and generally provide a credible response to the crisis. New Zealand said it wants to pursue three main themes in Auckland - liberalise and facilitate trade and investment, strengthening its markets and getting more support for Apec.

This is a far cry from the heady days of Apec's beginnings when there was a feeling that the vast Pacific basin is marching towards free trade. Apec leaders declared in Bogor, Indonesia, in 1994 that there would be unfettered trade without barriers across the Pacific, with the conviction and momentum of an express train.

It had the clout of 21 member economies with a combined GDP of over US\$16 trillion (US\$1 = RM3.80) and holding almost half of world trade. The Apec trade train seemed unstoppable. In Auckland, however, that goal seems farther away now than it was in Bogor.

Half of the grouping's members is emerging, but still reeling, from the effects of the financial crisis that rocked this part of the world.

Apec, as a group, must now find the will to urge members to put in place improved economic policies in the future and convince them that continued trade liberalisation is important.

In New Zealand Apec economies will talk about a set of policy themes that will explain to the public what Apec is all about.

This would be very hard, considering that Apec moves at a pace that is less than glacial speed in doing things.

Five years on from Bogor, trade is not noticeably freer nor have barriers come tumbling down.

"After five years, it seems that every Apec discussion ends up haggling on reforming the economies of small countries, open markets, liberalisation and globalisation. It's a mantra that's getting tired," said an Apec veteran.

The grouping has also proved that it is too big to be nimble. It failed to react properly to the call by members to have currency traders, one of the more obvious sources of the Asian crisis, checked.

Malaysia's proposal to introduce measures to prevent currency speculators to manipulate the market was literally shot down in Kuala Lumpur last year, and passed the buck to the World Trade Organisation. With the lack of any fresh leads on liberalisation, there is every

possibility that trade talks will be sidelined, a normal occurrence. In Kuala Lumpur last year, US Vice-President Al Gore, representing an absent Bill Clinton, broke protocol and praised people opposing Prime Minister Datuk Seri Dr Mahathir Mohamad during the official opening leaders dinner.

Dr Mahathir has declined to attend this year's invitation to the Apec annual talk-fest on grounds that he is committed to duties in Malaysia. Malaysia has said that Dr Mahathir's absence was in no way signalling that Malaysia thought Apec was not important enough.

Malaysia will be represented by Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi at the Apec leaders' meeting next week.

Until now the world has paid little attention to New Zealand's progress in liberalising its market but that is about to change when some of the world's most powerful politicians and business leaders converge on its largest city of 1.1 million inhabitants.

One third of the country's police force will be on duty to protect the leaders, who will be fed by New Zealand's top five chefs.

Apec aficionados remembers Seattle for giving Dr Mahathir a new description "recalcitrant", Bogor for its lofty declaration.

We may remember Auckland for providing Apec the biggest party on this side of the world.

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