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APEC-DECLARATION

REFORM OF FINANCIAL ARCHITECTURE TO BE INCLUDED IN APEC DECLARATION

By: Mikhail Raj Abdullah

Auckland, Sept 12 (Bernama) -- The Auckland declaration by Asia-Pacific Economic Cooperation (Apec) leaders will address Malaysia's concerns to reform the international financial architecture, Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi, said today.

He said that leaders who met for the first time together here agreed to a draft of the declaration to be issued after the summit tomorrow pledging reforms of financial markets to ward off future crises in the region.

"The contents of the declaration include matters which we have always been concerned about," he said in a press conference for Malaysian journalists.

He said: "In general, we can assume that the Apec leaders' declaration did not sideline what has always been Malaysia's aspiration."

Abdullah and the Apec leaders met for the first time in the evening to scrutinise the Apec draft declaration and subsequently hold dialogue with the Apec Business Advisory Council (Abac.)

Expressing his satisfaction that the issue would be discussed among Apec leaders, Abdullah said "the supervision of the global financial system needed to be addressed so that it could be strengthened further and protect our economy from the threats of currency speculators."

Contrary to fears that the issue would be marginalised, he said the leaders' consensus was supportive of Malaysia's consistent call to curb speculative activity which undermines developing economies.

According to the draft, the leaders endorsed the work of the Apec finance ministers at Langkawi last May whereby they encouraged them to strengthen regional financial markets and secure the foundation for the return of capital to the region.

This could be done by enhanced supervision of financial markets, including through improved training of supervisors and regulators as well as developing domestic bond markets in the region.

To indicate the importance of coming out with measures to avoid currency crisis, he said that Abac had also expressed hope to consolidate the financial system and not to allow it to continue to remain in a volatile situation.

Abdullah also lauded US President Bill Clinton's remarks at the chief executive officers' summit held earlier in the day that it would be a mistake not to reform the financial architecture.

Clinton had also said that work should progress on mechanisms such as through the Financial Stabilisation Forum to bring about changes to stabilise the financial system.

Abdullah said there was a discernible change in Clinton's remarks on the matter, whereby before he had not taken such a stance.

The Deputy Prime Minister said he hoped that more leaders of developed countries would discuss the matter.

He also said that Malaysia was already involved in efforts towards reforming the global financial system through the Financial Stabilisation Forum, whereby Malaysia is represented in the working group on Capital Flows through Bank Negara Deputy Governor Datuk Dr Zeti Akhtar Aziz.

Two other working groups are on highly leveraged investment funds and offshore centres.

Abdullah, who also had a working luncheon with Asean leaders, said that Sultan Hassanal Bolkiah had informed the grouping of Brunei's preparations

for the 12th ministerial and eighth Apec summit next year.

The ministerial meetings would be held on Nov 12-13 and the summit on Nov 15-16.

Tomorrow, Abdullah, who is representing Prime Minister Datuk Seri Dr Mahathir Mohamad, and Indonesia's Minister of Trade, Finance and Industry, Ginandjar Kartasasmita, who is representing President B.J. Habibie, would join 19 Apec leaders at the retreat to be held at the Auckland Museum. --

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