

09 NOV 2000  
ABAC-MALAYSIA  
ABAC ACCEPTS MSIA'S VIEWS ON FINANCIAL SYSTEM

KUALA LUMPUR, Nov 9 (Bernama) -- Malaysia's views on the need to enhance transparency in the world financial system has been accepted and incorporated in APEC Business Advisory Council (ABAC) report to the Asia-Pacific Economic Cooperation (APEC) Leaders meeting in Brunei on Nov 15.

In particular, ABAC encourages further international initiatives to enhance the transparency of highly leveraged institutions (HLIs), the Malaysian members of ABAC said in a statement pertaining to the contents of the Council's Report to the Brunei meeting.

ABAC therefore welcomes the Financial Stability Forum's Report on the Working Group on HLIs, recommending indirect regulation of hedge funds and other HLIs through enhanced supervision of bank's lending practices, they said.

ABAC had formulated recommendations aimed at building a stronger financial system and to provide a more stable environment for the region's development and it was in this regard that ABAC had accepted Malaysia's views.

The ABAC's report containing the outcomes of ABAC's deliberations during the year and its recommendations will be discussed at the APEC Leaders Dialogue with ABAC members at the Brunei meeting.

Malaysia's representatives in ABAC, the official voice of the private sector in APEC, are Malaysia Airlines executive chairman, Tan Sri Tajudin Ramli, YTL Corporation Bhd managing director, Tan Sri Francis Teoh and Arab-Malaysian Banking Group chairman, Tan Sri Azman Hashim.

ABAC also noted the recent efforts to secure greater private sector involvement in resolving financial crisis.

Private investors and creditors ought to be expected to bear the consequence of their decisions, ABAC said.

"Bail out" of the private sector by official sources ought not to be seen as normal recourse, since this would be contrary to market efficiency and risk taking.

In this regard, ABAC urges the APEC Leaders to caution multilateral financial agencies to give greater weight to reliance on market discipline in developing the operational issues associated with implementing the framework for securing private sector involvement in crisis resolution.

Other major recommendations aimed at building a stronger financial systems include the promotion of benchmarking exercise and the further development of bond and second board equity markets.

Recommendation on the financial system was among several recommendations to widen the access to prosperity through capacity building, apart from the trade and investment liberalisation and facilitation measures.

In order to facilitate business, ABAC has proposed the removal of impediments associated with standards and conformance-testing.

It recommends that member economies commit to aligning their own domestic standards with recognised international standards and within agreed deadlines.

On business mobility, ABAC urges APEC members to make it easier for business people to move around the region, and for this, recommends that APEC Leaders encourage greater participation in the APEC Business Travel Card (ABTC) and strongly supports the implementation of automated travel

clearance systems.

As for capacity building within the Economic & Technical Cooperation (ECOTECH) framework, substantive achievements had been made to attain sustainable growth and economic development and to reduce economic disparities among APEC economies.

Prime Minister Datuk Seri Dr Mahathir Mohamad is the founding patron of the Partnership for Equitable Growth (PEG), a business/private sector body formed in April 1999 to encourage greater participation in ECOTECH activities.

Three major ECOTECH initiatives that have been launched are Global IT Education initiatives, Infrastructure Support System & Clean Energy Agenda and Automotive Apprenticeship Program for SMEs.

For the first initiative, PEG had coordinated distribution of US\$7 million worth of software in smart schools in Malaysia, Thailand and Indonesia, while work is in progress on developing a blueprint to enable good students from less developed APEC economies to tap into the opportunities in the more developed economies using on-line clusters within the APEC intranet.

Central to the second initiative is the Asian Gas Grid (AGG) project which builds on the APEC Natural Gas Initiative from the APEC Energy Working Group and Business Network for removal of impediments through policy changes within APEC economies to foster a favorable cross-border investment environment.

The AGG is a pipeline gas transportation system for delivery of processed gas from the rich discovered gas resources in the Indo-Malaysian geologic basin across the South China Sea to Fuzhou and Shanghai, China, to support China's committed goals of reducing greenhouse gas emissions under the Kyoto protocol.

The Malaysian representatives said preliminary work including two successful International Roundtables indicate that the transportation system is technically sound and economically viable and dialogue has been initiated with the gas field owners/developers and China, the potential consumer.

The statement said that while ABAC realised that the overall regional economic growth in the past decade was attributed to participation in the global economy, it acknowledged that APEC members have not benefitted from globalisation in equitable manner.

The differences in economic performances across the region indicate that benefitting from globalisation requires effective responses from both government and business.

ABAC also emphasised on the importance of regional capacity building and the sharing of experiences and resources among members economies.

"This could be achieved by improving access to the opportunities from technological progress for all APEC economies, particularly for small and medium-scale enterprises." -- BERNAMA

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