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Asem tackles issues, launches useful initiatives

Hamisah Hamid in Seoul

SEOUL, Sun: The Third Asia-Europe Meeting (Asem) could have easily gone the way of international forums of its ilk and be reduced to another talk fest that produces precious little.

To its credit, the forum for countries from two continents that make up three-quarters of the world's population saw the urgency to address a number of key issues and consequently launched several potentially useful initiatives.

It had set up Asem Trust Fund to assist members that were badly hit by the regional economic and currency crisis of 1997-98, and now it is opening up new opportunities for developing countries in Asem to air their concerns about the globalisation process.

The World Trade Organisation (WTO) Trade Facilitation Conference and the Roundtable on Globalisation represent a positive step forward in fostering better understanding among the rich and poor Asem members.

They come under the Asia-Europe Cooperation Framework 2000 which was adopted by leaders from 10 Asian countries and 15 European Union (EU) members at the end of the two-day Asem summit yesterday.

Malaysia was given the responsibility to organise the WTO Trade Facilitation Conference together with the EU. The Roundtable, aimed at looking in-depth into the political, economic, social and cultural aspects of globalisation - jointly proposed by South Korea and Sweden - will be held on annual basis, first in Seoul next year and Stockholm in 2002.

Participants will include government representatives, academicians, businessmen and individuals from various fields.

Prime Minister Datuk Seri Dr Mahathir Mohamad welcomed the initiative, saying it would allow Malaysia to offer its views on the globalisation process.

He stressed that Malaysia is in favour of globalisation but "what form it will take, that is the question".

Malaysia was not spared the contagion effects of the Asian crisis and has time and again voiced concern about the negative aspects of globalisation and liberalisation such as unregulated currency trading and massive capital movements.

Likewise, the WTO Trade Facilitation Conference will be an avenue for developing countries to express their views on the need or otherwise for a new round of multilateral trade negotiations.

Foreign Minister Datuk Seri Syed Hamid Albar said the conference, to be held early next year, will allow Asem members to present their "considered views" ahead of the new round of WTO trade talks expected to be launched next year.

Due to its timing, it will be an important platform for developing countries to ensure that their views are heard and their interests taken seriously by developed nations.

They have tried to explain that it is not right to launch a new global round of trade talks which are likely to require additional commitments when those under the previous Uruguay Round have yet to be fulfilled.

Syed Hamid said that Malaysia has consistently sought to have the interests of developing countries taken into full consideration and that extraneous factors not be included in the multilateral trade negotiations.

The developed countries are attempting to link environment issues and labour standards to trade in the new round of talks. Economists feel that

it is crucial for developing countries to win the Europeans over lest the new trade round is bulldozed forward by the West.

The EU must be made to appreciate that Asia is not a homogeneous and contiguous region, and that there are complexities associated with differences in culturale, religious and societal values, an economist said.

In pursuing market liberalisation, one has to look at the comparative advantages of all sides such as to what extent developing countries can compete with the more sophisticated European producers, he said.

Dr Mahathir had warned developing countries against blind acceptance of trade liberalisation because the beneficiaries of the process are mostly the select and privileged groups.

He said the top 20 per cent of countries enjoy 82 per cent of foreign direct investment and the bottom 20 per cent barely 1 per cent.

Global trade expansion has also not benefited all countries. Between 1980 and 1996, only 33 countries managed to sustain a 3 per cent annual gross national product growth while 59 - mainly in the sub-Saharan Africa and Eastern Europe - experienced declining per capita.

Despite criticism from some quarters regarding the effectiveness of Asem, the non-institutionalised grouping has made big strides in fostering cooperation between the two continents.

According to the chairman's statement at the end of the summit, Asem leaders have also agreed to make every effort to put the principle of orderly financial liberalisation into practice. They also reaffirmed their commitment to address potential problems associated with volatile cross-border capital movement.

The next biennial summit in Copenhagen in 2002 is expected to be more structured with the leaders concentrating on key issues.

Asem held its first meeting in Bangkok in 1996 and second meeting in London in 1998. Together, its members boast a gross domestic product worth about US\$15.332 trillion (US\$1 = RM3.80), with EU accounting for US\$8.330 trillion and the Asian members US\$7 trillion.

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