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Call for study group to promote Asian fund

Lokman Mansor

DEFENCE Minister Datuk Seri Mohd Najib Abdul Razak has proposed that the Association of South-East Asian Nations (Asean) commission a study group to move forward the idea of an Asian Monetary Fund (AMF), a dedicated regional financial institution for Asia.

He said the regional study group, which could also be based on national study groups comprising a mix of scholars and officials, could put together an AMF concept paper to be tabled in future Asean summits.

"Obviously, there may be some states that are uncomfortable with the emergence of an AMF. This uneasiness could stem from speculations as to what the AMF would turn out to be. This could be alleviated if such study groups be convened and concerns of states be heard and subsequently accommodated," Najib said.

The idea for an AMF was mooted by Prime Minister Datuk Seri Dr Mahathir Mohamad at the World Economic Forum's 8th East Asia Economic Summit in Singapore last October.

Speaking on "Regionalisation: A Response to Globalisation" at a one-day Malaysia-India Dialogue in Kuala Lumpur yesterday, Najib said the recent regional crisis exposed a lack of regional direction on key questions of finance.

"Such a lacking led all of us to either accept or hear the views and advice from the sole global financial institution. Many had no choice. Clearly, we all have benefited from hindsight," he added.

Najib said setting up regional institutions like the AMF is one way of strengthening regional cooperation as a response to the challenges of globalisation.

"I believe that the antithesis of globalisation should be regionalisation, with localisation as its rudimentary pillar. However... this should not be a zero sum game, as we have to live with globalisation.

"Shunning from this would bring no good to us, as we need foreign investments as well as foreign participation in our development. Nationalisation and the closing of one's economic borders would only have disastrous consequences," he added.

Najib said regionalisation should be built on strong bilateral ties, in the way that improved ties between China and Japan has facilitated regionalisation within East Asia and enabled the convening of the Asean+3 Summit.

"In effect, this summit resembles our Prime Minister's regional vision of an East Asian Economic Caucus. It is my hope that in the near future, this Summit will formally adopt and accept our PM's ideas. This could well provide the basis of a strong regional economic body that truly represents the aspirations of regional states. It should really feel the pulse of the peoples of Asia, and not those that control powerful institutions," he added.

Najib said because East Asia is only one sub-region of Asia, the views of India and other countries in Asia are of equal importance towards strengthening the region as a whole.

"Both Malaysia and India share some common ground that has provided a strong base to our bilateral relations. More recently, relations have tended to become much more concrete, with economics being a strong and pragmatic element in our relationship," he said.

Najib said as India liberalises its economy, there will be more business

opportunities for foreign companies, including those from Malaysia.

"A number of Malaysian corporations have been awarded infrastructure projects in India, and this is a testimony of not only the strengths of our local corporations, but also of India's willingness to give Asian companies a chance to prove themselves," he said.

Najib said bilateral defence ties, meanwhile, have seen cooperation through exchange of visits and training. Many senior Malaysian officers have been trained in prestigious Indian military training institutions, including the Indian National Defence College.

"No doubt, the potential of economic, trade, business, educational, cultural and defence ties between Malaysia and India are enormous. The fundamentals provide a compelling case for all of us to explore new areas and pursue them with enthusiasm," he said.

The one-day dialogue is jointly organised by the Malaysian Strategic Research Centre and the India International Centre, in association with the Indian High Commission.

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