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Daim: New financial hub proposal merits consideration

Hardev Kaur in Jakarta

JAKARTA, Fri: The proposal for a new financial centre, possibly based in Bandar Seri Begawan, to facilitate financial transactions among Malaysia, Indonesia and Brunei, deserves serious consideration despite there being already such centres in East Asia and South-East Asia.

Indonesian President Abdurrahman Wahid, who had discussed the proposal with the Sultan of Brunei recently, raised the matter during bilateral talks with Prime Minister Datuk Seri Dr Mahathir Mohamad at the Merdeka Palace yesterday.

Finance Minister Tun Daim Zainuddin said details of the proposal as well as implications of the move must be studied.

He was asked whether there is room for another centre, considering there are already Labuan International Offshore Financial Centre (IOFC), the Bangkok Financial Centre, Singapore, Hong Kong and Tokyo.

"If there is business, why not?" Daim said.

In fact, members of the East Asia Growth Area (EAGA) - Malaysia, Brunei Indonesia and the Philippines - have agreed that the Labuan IOFC serve as the financial centre for the grouping.

Even so, the proposal should not be rejected outright, he said, adding that Indonesia and Brunei might have their reasons for suggesting it.

When Malaysia decided to set up Labuan IOFC, it undertook several detailed studies including looking at operations of existing financial centres such as the one in the Cayman Islands.

Daim is in the high-powered delegation accompanying Dr Mahathir on his two-day official visit here. The Finance Minister, who is also Special Functions Minister, held parallel discussions with his counterpart and the republic's other economic ministers.

Other Malaysian ministers in the entourage are Minister of Primary Industries Datuk Seri Dr Lim Keng Yaik, Minister of International Trade and Industry Datuk Seri Rafidah Aziz and Foreign Minister Datuk Seri Syed Hamid Albar.

The need for a EAGA road-link through Brunei, Indonesia and Malaysia to facilitate communications was also discussed. Daim said there was already a road and it might be improved and extended.

He noted that roads offer one of the cheapest forms of transportation and the proposal for the road-link and its extension could generated increased business activities, investments and tourism in the region.

The Prime Minister's entourage include a strong business delegation of more than 160 Malaysian entrepreneurs, led by Malaysia Airlines chairman Tan Sri Tajudin Ramli.

Malaysia and Indonesia agreed to work closely to strengthen bilateral relations in a number of areas, including organising joint cultural troupes in third countries.

This will show the world the similarities that the two countries share and "that we are from the same stock".

Dr Mahathir assured his hosts that the new Jakarta Administration does not affect Malaysia's foreign policy vis-a-vis Indonesia which is viewed as the cornerstone of Association of South-East Asian Nations stability.

The Prime Minister left for home this morning. He was seen off at the airport by Indonesian Vice President Megawati Soekarnoputri.

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