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APEC-CAPITAL

INTERNATIONAL FLOW OF CAPITAL MUST BE REGULATED, SAYS LAGOS

BANDAR SERI BEGAWAN, Nov 16 (Bernama) -- The President of Chile, Ricardo Lagos today called on the Apec business community to press for some measures to regulate and monitor the flow of capital.

He said the Apec forum was continuing to ignore the dangers of volatile short-term capital flows and has not recognised the need to check such flows by way of reforms.

Lagos' view is very much in line with Malaysia's concern over the reform of the international financial architecture.

Prime Minister Datuk Seri Dr Mahathir had been advocating in the past that it would be a mistake not to reform the financial architecture as developing countries would continue to suffer at the hands of unscrupulous currency speculators.

Agreeing that globalisation was good, the Chilean president said there were many economies that were threatened by it especially with the free flow of capital which had disrupted unsuspecting economies as evident in the recent Asian financial crisis.

He said: "International regulation is necessary in this respect as the free flow of capital was posing tremendous challenges to small countries.

"Discussions on globalisation should not just centre on the removal of tariffs but also on social legislation and the environment."

He also cautioned that globalisation of the world economy could create the proliferation of international crime, money laundering, tax manipulation, drug smuggling and arm terrorism.

Lagos was speaking at a dialogue session with ABAC members on the final day of the ABAC CEO Summit yesterday on the topic of "Apec's Goals And An Emerging World Without Walls" with the session chaired by the Director, Institute for International Economics, Fred Bergsten.

He explained that there was no point in having a regime of low tariffs if problems of anti-dumping, a great worry among many small economies, were not addressed at all.

This is an issue of great concern for small developing economies like Chile, whose economy is performing very well and exports increasing to developed countries.

"I urge Apec and the business community to tackle this problem (in setting the agenda for the World Trade Organisation) or else we would continue to face the same problems that we faced in Seattle.

"That is the reason why Chile is in favour of a new round of talks to address these issues and it is very important that each economy, especially the smaller ones, present their views."

Meanwhile, President Vladimir Putin of Russia told the ABAC CEO Summit that Russia was doing its best to attract more foreign investments into the country.

He said the country was now moving towards reducing bureaucracy and was planning to reduce customs tariffs and to make legislation more transparent.

Putin also said that Russia was putting in place a host of measures to improve the business climate for foreign investment.

Noting that Russia and the rest of the Apec economies could complement each other, Putin said there were vast land space in Siberia and the Far East which had yet to be tapped in terms of investment potential.

"Russia too had large resource of energy which our neighbours are

interested in," he added.

Saying that a new tax code has been out in place for foreign investments in Russia, he explained further that the country was now bent on reducing state involvement in business and that it was now making sure that business polices were implemented.

"We are also improving our banking system so as to create a favourable business climate for both domestic and foreign investors," he added. --

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