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YEARENDER-GROUPING

COMBATING TERRORISM, A NEW AGENDA FOR ECONOMIC GROUPINGS

By: Mohd Arshi Daud

KUALA LUMPUR, Dec 18 (Bernama) -- The focus of major economic groupings has somewhat changed drastically after Sept 11 as economies grapple with the fallout from the terrorist attacks on the United States.

The accent has narrowed down to combating terrorism from the previous usual business of attempting to open markets of developing countries against the latter fighting for more equitable terms as well as greater integration in the case of Asean.

The issue of combating terrorism was clearly evident at various major conferences held after the tragic attacks -- be it the Apec or Asean summits in October or the WTO ministerial conference in November.

For instance, at the fourth World Trade Organisation meeting in Doha, Qatar, the rich countries used the occasion to stress on anti-terrorist measures and were more willing to shed protectionist policies in sectors of interest to developing countries.

The developed countries promised better market access for textile and agricultural products from developing nations as the former has now acknowledged the importance of reducing the economic imbalance between the developed and developing worlds.

Such concessions by developed nations would serve as a confidence booster to the global economy which is facing an exacerbated slowdown from Sept 11.

At the Doha gathering, a more liberalised multilateral trading system seemed to be taking shape as trade and economic ministers agreed on a agenda for trade talks and a time frame.

But it is felt that a trade round could take a few years to be sealed. (A trade round refers to a set of negotiations involving many countries trying to agree on lowering Customs duties and other trade barriers to each other goods).

For Malaysia, the round could be initiated in only in two years' time as indicated by Prime Minister Datuk Seri Dr Mahathir Mohamad recently.

As for Asean, its leaders used the grouping's seventh summit to voice their concerns over the negative effects of Sept 11 on member countries, especially against a backdrop of declining foreign investment and eroding competitive edge.

The leaders, who congregated in Bandar Seri Begawan, Brunei, were also keen in forming a closer East Asian partnership with its dialogue partners -- China, Japan and South Korea.

Of greater significance is the keenness among Asean leaders in seeing China's proposed Asean-China Free Trade Area (FTA) taking shape.

Observers feel that Asean countries and China need such an FTA, especially now since they are suffering from decline exports to the US as domestic demand in that country tumbled soon after the Sept 11 incident.

International Trade and Industry Minister Datuk Seri Rafidah Aziz has said the proposed Asean-China FTA was more meaningful with China's entry into the WTO. China officially joined the world trade body during the WTO ministerial conference in Doha.

Asean leaders also felt that China's accession into the WTO would create more opportunities for the regional grouping which presently sees China as a competitor for foreign direct investment flows.

Set to be realised within 10 years, the FTA would have a combined

market of some two billion people and a collective gross domestic product of US\$2 trillion (RM7.6 trillion).

Some even see the formation of the Asean-China FTA as a shot in the arm to revitalise Asean's own free trade area (AFTA) which has been languishing since the 1997-1998 financial crisis.

Terrorism also stole the limelight of the ninth Asia Pacific Economic Cooperation (Apec) meeting in Shanghai, China -- the largest gathering of international leaders who convened right after Sept 11.

Unfortunately, despite being a forum to boost regional economic co-operation, economic issues took a backseat as Apec leaders were still in a state of shock due to the terror assaults. In their declaration known as the Shanghai Accord, Apec leaders, among others, agreed on the need to reverse the current economic downturn and maintain public confidence by fighting protectionism.

It is clear that the United States, the world's largest economy, has been vigorously pushing its agenda forth in as many forums as possible. However, observers feel that this should not be at the expense of the greater goal of bringing about equitable benefits to all, especially to hard-pressed developing economies. -- BERNAMA

MAD MR SHY