

07/07/2001

Push for best practices regime at summit

MALAYSIA will push for standardisation of best practices in information technology at an Asia-wide IT summit that Japan has proposed.

Japanese Economic Minister Heizo Takenaka said Prime Minister Datuk Seri Dr Mahathir Mohamad conveyed this to him at their meeting on Thursday.

Takenaka said he had sought Malaysia's backing for the summit. Dr Mahathir not only supported it but also suggesting best practices be a focus at the summit.

Tokyo plans to stage the IT summit to help identify ways that IT can boost growth in East Asia.

It has also been suggested that the summit could be a launch pad for an Asian IT belt.

Takenaka, whose portfolio also includes IT policy and fiscal policy, was in Malaysia and Singapore for three days from Wednesday to drum up support for the IT summit and discuss regional economic issues and explain Japan's new measures to revive its economy.

After meeting Dr Mahathir on Thursday, Takenaka told the Press in Kuala Lumpur: "We agreed that in the development of the Asian economies, the performance of the US economy is very important.

"Dr Mahathir said the adjustment of the US economy could take a short period with recovery probably expected some time next year.

"We also agreed that owing to its size in the region, the role of the Chinese economy will be important in the transformation of both the Japanese and Malaysian economies."

Later, explaining the measures being taken to revive the Japanese economy, Takenaka said these would not hamper Japanese foreign direct investment in Asean.

The Japanese Government would not interfere with the private sector's decisions on the matter.

This stance would be maintained although domestic investment was declining in Japan, he added.

On the yen, Takenaka dismissed fears that the measures being undertaken could affect it to the extent of sparking another regional currency crisis.

The reforms were expected to exert only slight downward pressure on the yen, he stressed.

On the measures, Takenaka said: "The most important first step is to settle the non-performing loans quickly, within two to three years, while implementing pro-active structural reforms in a package.

"As a result of the final disposal of bad loans held by major city banks, unemployment is expected to rise to between 100,000 and 200,000. As this will affect household income and consumption, we plan to create employment opportunities in the service sector including new industries for an estimated 5.3 million people, within five years.

"We will encourage mobility in the labour force by supporting self-education community colleges as well as through an occupational ability assessment system, by deregulating temporary personnel markets, and by improving social safety nets and easing educational burdens for those without jobs."

He added: "The next two to three years will be an intensive adjustment period for Japan's economy. It should be accepted that economic growth may on average be as low as zero to one per cent. Prospects for financial year

2001 will be somewhere within that range."

The Japanese economy would achieve at least two per cent growth once the structural reforms took effect. "Potential growth rate will rise somewhere between 2.5 per cent and 3 per cent even taking into account a decline in the labour force."

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