

03 OCT 2002

WEF-CHINA

CHINA EXPECTED TO LEAD IN GLOBAL ECONOMIC RECOVERY

KUALA LUMPUR, Oct 3 (Bernama) -- In the absence of the United States, Europe or Japan, China is increasingly being looked upon to power the global economic recovery given its rapid expansion coupled with the unprecedented influx of foreign direct investments.

Frank-Jurgen Richter, the director for Asia for the Geneva-based World Economic Forum, said that besides China as the growth engine, Malaysia and South Korea too could push growth in view of their phenomenal recovery from the regional financial crisis of 1997.

He said that amid an uncertain world economy and confidence-hit corporate America, attention had turned to the once crisis-ravaged Asia to take over the lead role in global recovery.

"I believe the US will recover but it will not play the similar role they played in the 90s. So we have to look into a new growth engine. One growth engine could be Europe but in Europe, I don't see much of a growth signal. I think the hope is Asia and I think we could look at China."

Asia can build on the success of China, given that foreign investors are increasingly exporting more out of the country as well as the proliferation of Chinese firms," he told reporters after a press conference to announce details of the World Economic Forum (WEF) and the East Asia Economic Summit here today. said.

"China may change gears from the domestic economic to FDI's" to spearhead its growth," said Richter, who has written several books on Asian business and economics.

"This will have a direct impact on its own growth which has been averaging 7.0 percent and the world economic growth," he said.

As for Malaysia, he said that it was certainly a "star" in South East Asia with strong fundamentals.

"We should look at the fundamentals first and we can see them in South Korea and Malaysia which are well off (after the crisis)," he said.

He said that the economic outcome so far "signals that Asia is on its way back to recovery. I think Asians are pragmatic and Asia will find solutions, lots of solutions."

"We are looking positively into the future and we will overcome all the difficulties and we will see in a more united Asia," he said.

Malaysia is playing host for the first time to the 11th East Asia Summit organised by the influential WEF from Oct 6 to 8.

Some 800 participants from 23 countries are expected to attend the WEF and the East Asia Economic Forum with Prime Minister Datuk Seri Dr Mahathir Mohamad, and his counterparts from Thailand and Singapore, Thaksin Shinawatra and Goh Chok Tong, expected to deliberate at the three-day forum.

Dr Mahathir would deliver his keynote address at the "outcome-oriented" forum on Sunday which would be opened in the afternoon by Thaksin, with the leaders expected to touch on among other things regional integration.

Richter said that although it was a business forum, the interactive nature of the discussions would enable health-related topics such as AIDs to be highlighted besides such issues as corporate responsibility.

This is aimed at strengthening the social responsibility system among the international business community whereby the trend should be to "protect the losers and not just the winners" which means discussions on unemployment, he said.

He said the Asean plus three concept espoused by Malaysia more than 10 years and now gaining momentum within Asean was crucial in efforts towards regional integration and reinforce the region's economic cohesiveness in warding off financial problems.

Richter also said that Deputy Prime Minister Datuk Abdullah Ahmad Badawi was expected to provide a vision for the future to the young as it was important to engage them in the important positions in civil society.

Abdullah was also expected to launch the Asian Young Leaders Group at the WEF comprising some 40 young captains of industry of chief executive officers.

Tan Sri Hassan Marican, the president and chief executive officer of Petronas -- the main sponsor of the conference, said the summit would be a good opportunity for Malaysia to showcase itself.

"I think it is a good opportunity for us to demonstrate the liberal and moderate policies that we have as a country and the ability to accommodate the various beliefs and culture amongst us," he said. -- BERNAMA

MR/TCL/MAS KTC