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ASEM-Bond

PROPOSED ASIA BOND MARKET RECEIVES BOOST FROM EUROPE

By: Openg Onn

NUSA DUA (Bali), July 6 (Bernama) -- The proposed Asia bond market received a big boost when the European countries expressed support for its set up, Second Finance Minister Datuk Jamaludin Jarjis said today.

The support was given during the two-day Fifth Asian-Europe Meeting's (ASEM) Finance Ministers Meeting (FMM) which ended here today.

"The support is significant as Europe has been silent on the proposal while (the other bond market provider), the United States is still lukewarm on its set up," he told reporters here.

He said the Asia bond market issue was discussed very extensively during the meeting which was attended by 177 delegates from 14 European and 10 Asian countries.

The proposal would be fine-tuned in the coming ASEAN+3 summit to be held in Manila next month, he said.

The Asia bond market was proposed by Prime Minister Datuk Seri Dr Mahathir Mohamad during the ASEAN+3 summit in Thailand last year, following the financial crisis that had affected many Asian countries in mid-1997.

To avoid the recurrence of the crisis, Dr Mahathir felt that it was necessary for Asia to have its own source to finance projects that required large funding, rather than going to the U.S. or European bond market as was done all this while.

China, Japan and South Korea, the ASEAN partner in ASEAN+3, had given its support with Japan taking a lead role in working towards its quick realisation by preparing the infrastructure such as governance, rating, transaction and settlement system.

Jamaludin said Malaysia was also playing quite an active role in the formation of the new bond market being head of one of the six working committees and co-chairing the other.

Malaysia is chairing the Foreign Exchange Transaction and Settlement System Working Committee and Co-chair with Philippine and Indonesia, the Technical Assistance Coordination Working Committee.

The Asian Development Bank (ADB) on the other hand is giving technical support to help accelerate its set up.

He said Malaysia's lead role in the two working committees to be handled by Bank Negara Malaysia and Securities Commission, was in view of its capacity and expertise in the fields.

Asked why Europe had thrown its support for the bond market since it could take away their dominance in the sector, Jamaludin said there might be some political agenda behind it.

"Europe might not want the U.S. to be too strong in the field, as it (U.S.) sucked the bulk of the bond fund from Asia," he said.

Besides, Europe could still enjoy certain roles in the proposed bond market as it had a strong presence in Asia compared to the Americans, he said.

-- BERNAMA

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