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Year ended on eventful note, eyes turn to Asia

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LAST year was an eventful year. In many ways the world of business and politics has changed dramatically. The role of multi-lateral organisations and especially that of the United Nations had been undermined and the major developed countries ignored the will and views of the many and took their own unilateral decisions.

It saw the US-led coalition invading Iraq. But the main reason for the invasion, weapons of mass destruction, have not been found. The lies by coalition leaders brought millions to protest against their actions. The Western media reports were challenged by those from the Middle East, which offered an alternative.

The capture of Saddam Hussein five months after US President George W. Bush declared, "mission accomplished" has not stopped the sporadic attacks on coalition forces in occupied Iraq.

The "domino theory" that removal of Saddam and American-imposed rule in Baghdad would spread Western style democracy in the region is debatable.

But what is certain is that Saddam's removal has created more chaos and instability.

The war on terror is spreading and the world is less safe today than it was at start of 2003. This has prompted Governments around the world to implement strict security measures. Those from Islamic countries and with Muslim names and looks are subjected to thorough checks, including body checks, on entry into the US.

Even those who have lived in the US for many years find their lives have been turned topsy-turvy by the authorities.

Civil liberties and human rights of individuals are violated in the name of war against terrorism. But poor developing countries are condemned for taking preventive measures to protect their societies and citizens.

During 2003, developing countries stood up for themselves and made their collective voices heard on the trade front in Cancun, Mexico. For the first time they said "no" to the demands of developed countries that would have adversely affected their trade and livelihood.

It was a victory for developing countries and the talks were not a "failure" as the developed countries would have us believe. It was the first time that developing countries from Asia, Africa and Latin America combined their forces to ensure that the voice of the majority was heard. Developing countries make up the majority of the WTO membership.

The outcome in Cancun has prompted the US and other countries to increasingly seek bilateral trade agreements. The Japanese have also signed a bilateral free-trade agreement, its first ever, with Singapore and is seeking similar agreements with other Asean members.

On the business front, the world of big business has come under scrutiny. The frauds, corporate scandals, lifestyles of rich and infamous have been exposed. The lack of transparency, good corporate governance and dodgy accounting seems rife, judging by the numerous headlines.

Chief executives were some of the worst offenders, especially in the US. It appeared to be a case of "harapkan pagar, pagar makan padi" (taking advantage of the situation). The minority shareholders and employees were left holding the short end of the stick.

The euro has gained against the US dollar, and the expansion of the EU east-wards is moving along but there are bumps along the way. The European Constitution has not been approved and the smaller members, Spain and

Poland, have made their stand clear and stood up for their rights.

Asia is where the action is. The region, having recovered from the financial crisis of 1997-1998, is set to post the highest growth rates in the world this year. It is better equipped to deal with external shocks because of its high foreign reserves. The region is also more confident and won't be dictated to by other powers.

The world's second largest economy, Japan, is showing signs of recovery. Tokyo's real GDP grew at an annualised rate of 2.2 per cent in the third quarter - the seventh consecutive growth quarter.

China, which registered 11 per cent growth in the third quarter, is among the fastest growing economies in the world. India has also registered a six per cent growth.

There are increased trade links regionally with China becoming a major trading partner with a number of South-east Asian nations. It has stolen a march on Japan, which has been left to play "catch up" with Beijing in its relations with Asean.

China is attracting attention. Its manufacturing machinery and success with exports has sent shivers in the US which wants Beijing to revalue its currency, which the White House claims poses unfair competition to American exporters. Protectionism is alive and kicking in the US.

Globalisation is on the march. Its effects are being felt by the developed as well as developing countries.

Companies seeking maximum benefits and returns for their investments are outsourcing many jobs. Among others, India with its highly educated and qualified labour force is a major destination for American companies.

Corporations find that they could get many jobs done for less money overseas. This is particularly true of service jobs, where one of the requirements is mastery of English.

With an eye on the November election, the Bush White House is pandering to lobby group demands and raising trade barriers for the textiles, steel and agriculture.

There have also been numerous disasters. The devastating earthquake in Iran has brought worldwide help. For the first time, Washington, which labelled Iran as among the "axis of evil" has come forward with assistance. This prompted some to label the move as "disaster diplomacy" and whether real diplomacy will prevail after the dust has settled is yet to be seen.

On the home front, the biggest development last year was the smooth change in leadership. Tun Dr Mahathir Mohamad handed over the reins of Government to Datuk Seri Abdullah Ahmad Badawi. Malaysia's fifth Prime Minister has wasted no time in getting down to business.