

THE OPENING OF THE THIRD APEC INTERNATIONAL TRADE FAIR 1998
MINES EXHIBITION CENTRE, SERI KEMBANGAN, SELANGOR, 13
NOVEMBER 1998

I would like to welcome foreign exhibitors and visitors to Malaysia and to the Third APEC International Trade Fair '98 which is an event organised to promote and facilitate trade and investment among APEC economies. The Fair provides participants with information on trade and investment opportunities currently available in the APEC region.

2. It is encouraging to note that despite the on-going regional economic crisis, all APEC member economies are participating in this Fair. Indeed the participation of a large number of exhibitors as well as the presence of business personalities representing various sectors of the economy demonstrate the commitment and confidence of the business community in the economies of the region.

3. The financial and economic crisis, which started since middle of 1997, has adversely affected the APEC economies. It has caused devaluation of the currencies and stock markets in East Asia, in particular Thailand, Indonesia, the Republic of Korea, Malaysia, the Philippines and Singapore. In the case of Malaysia, the economy is projected to contract by 4.8 percent in 1998. Likewise, Thailand's economy is forecast to shrink by eight percent, while Indonesia 15 percent and the Republic of Korea 6.8 percent this year. The economic crisis is no longer confined to these economies. It has created contagion effect on other economies in the region as well as the global economy e.g. Latin America, Europe, Japan and USA. Generally, the economic crisis has negatively impacted on the export and import performance of these economies.

4. The economic crisis has reduced the capacity of the affected economies to export and import goods and services. The exports of ASEAN economies namely Malaysia, Thailand, Philippines and Indonesia have registered declines in their value in terms of U.S dollars. Similarly, imports into ASEAN countries have also declined. For the first quarter of this year, Indonesia's imports plunged by 32.4 percent, Malaysia's by 12.6 percent and the Philippines by 4.3 percent. The reduction in imports resulting from the economic slowdown had also directly affected the export performance of the economies of the U.S, Australia and New Zealand. It is estimated that during the period of January to August 1998, U.S exports to ASEAN declined by 18.3 percent compared to the corresponding period in 1997. Similarly, the exports of Australia and New Zealand to the ASEAN region are also reported to have declined.

5. Under the current economic circumstances, economies in Asia have intensified their efforts to increase exports to hasten their economic recovery. It is crucial, therefore, for the export markets of these affected economies to remain open for the products originating from these countries. There appears to be a discernible trend towards protectionism as local industries which are no longer competitive lobby or justify the imposition of non-tariff measures of various sorts. These include the increasing resort to anti-dumping action, countervailing measures and transitional safeguards against the exports from Asia. I would like

to urge the advanced member economies to support the export efforts of the affected economies to facilitate the economic recovery process.

6. The current economic situation calls for APEC to continue with its trade liberalisation programmes in a manner that would benefit all member economies. The different capacities of economies to embrace liberalisation must be recognised. The weakened economies cannot be expected to shoulder the same level of commitments to liberalise their market as the stronger ones. Unrestrained liberalisation may eventually weaken the economy further and yield results which are the opposite of what is expected. In such a situation, nobody actually benefits. Therefore, it is important to ensure that market liberalisation measures take into account the specific development features and constraints of countries at different levels of development. In undertaking liberalisation initiatives we must work towards a win-win situation where all will benefit from the process.

7. More collaborative efforts between the private sectors within the APEC economies need to be undertaken to facilitate intra-regional trade and investment in the region. The private sector should consider long-term goals and action plans towards capacity building especially in such areas as improving the infrastructure, increasing skills among personnel and developing new technologies. Exchanging and the sharing of technology especially among the less-developed APEC economies should be enhanced.

8. Several of the affected economies including Malaysia have already implemented various short and long term measures and policies to attract foreign direct investments as well as restore confidence among the international business community.

9. I regret to note that these efforts are being undermined by the negative and biased report of several credit rating agencies and the media. Their persistent and determined misreporting and assessment have done a disservice to their clients whose decisions are based on these reports. Investors should really travel to these countries to see for themselves what is really happening.

10. As members of the business community you have an important role to work together with the government of these economies in their economic recovery efforts. In this context, I would like to urge the business community to evaluate the economic environment of the country in an objective and balanced manner. In particular, when making investment decisions you should avoid being overly dependent on reports and value judgements of credit rating agencies and the media. It is worthwhile noting that none of the rating agencies or the media predicted the current economic turmoil.

11. I would like to encourage the business community to make your evaluation taking into account factors such as size of the market, consumer purchasing power, political stability and other socio-economic indicators. It is also imperative for the private sector to be well informed of local laws and regulations and how business is conducted in the respective economies. Businessmen should make

use of various facilities provided by APEC which include tariff and trade databases, databases on investment and services flows and guidebooks on the investment regime of APEC economies.

12. Malaysia attaches great importance to the strengthening of economic and technical cooperation to address the diversity and the different levels of economic development of member economies. Skills development and harnessing technologies of the future are two priority areas under economic and technical cooperation activities. This is reflected in the theme of the Third APEC International Trade Fair ' 98, "Enhancing Global Competitiveness Through Technology and Human Resource Development". It is my hope that through this theme, the Fair will help to promote among members the importance of innovative technologies and skills upgrading in order to maintain competitiveness in the export market.

13. In addition, the Fair also adopted "Emergency Preparedness in APEC" as its sub-theme. As a result of natural disasters in the Asia-Pacific region, over 200,000 deaths and over US\$5 billion in material damages occurred since 1990. Speaking from Malaysia' s experience, the haze which originated from forest fires adversely affected our tourism industry and the health of our people last year. We have also heard this year about floods in Peru, Papua New Guinea, and China and typhoons in the Philippines, Chinese Taipei and the United States with tremendous effects on their economies. Using this theme, the Fair promotes capacity building in the area of emergency preparedness among member economies.

14. APEC should strengthen its capability to respond, act and implement the various initiatives and mechanisms that it has developed in the light of emergencies faced by the affected economies. Cooperation especially from the more advanced economies is crucial.

15. Malaysia believes that our economic crisis is only temporary, and we are confident that with the Government' s and private sector' s commitments to revitalise the economy, we should be able to put Malaysia on the path of recovery. Malaysia has taken several measures to revive the economy through stabilising policies and regulatory infrastructures to insulate Malaysia from speculative activities in the Malaysian currency and stock market. We have internalised the Malaysian Ringgit in order to stabilise the exchange rate and create greater certainty for people to do international business. As a result of these measures, the economy of Malaysia is expected to turn around with a projected growth of one percent in 1999.

16. Finally, I wish to thank all participants for taking part in this Fair and I hope that this event will provide greater opportunities in expanding your business.

17. I now have the pleasure of declaring open the Third APEC International Trade Fair ' 98 in Kuala Lumpur.