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APEC

By P. S. Suryanarayana

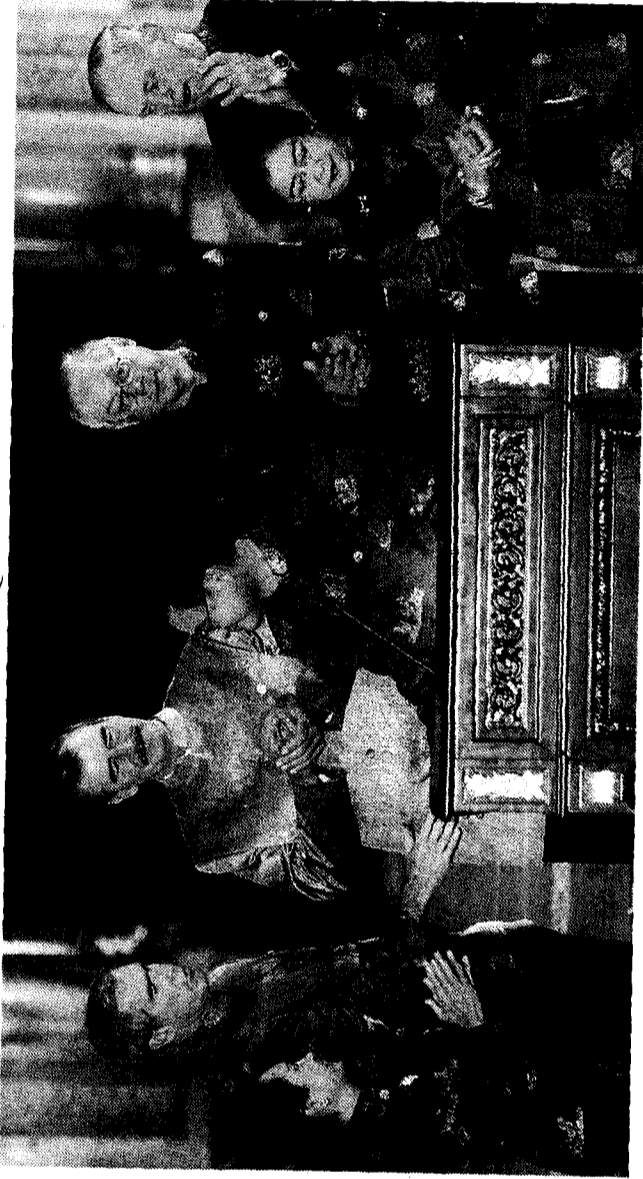
SINGAPORE, OCT. 21 The Asia Pacific Economic Cooperation (APEC) forum has added 'security' to its agenda. Setting the agenda at the two-day summit, which concluded in Bangkok today, leaders of the 21 member-economies pledged themselves to "dismantle, fully and without delay, trans-national terrorist groups that threaten the APEC economies".

The leaders, representing countries and non-sovereign entities on both sides of the Pacific Ocean, agreed to "eliminate the severe and growing danger posed by the proliferation of weapons of mass destruction and their means of delivery". It would be done through "strengthening international non-proliferation regimes, adopting and enforcing effective export controls, and taking other legitimate and appropriate measures against proliferation". The leaders, pledging to "confront other direct threats to the security of our region", said they would discuss the "progress towards these security commitments" at "each leaders' meeting".

They said they had now "agreed to dedicate APEC not only to advancing the prosperity of our economies but also to the complementary mission

leaders add security to economic agenda

Ana Pacific



WELL DONE, MR. THAKSIN: The Thai Prime Minister, Thaksin Shinawatra (centre), being congratulated by the U.S. President, George W. Bush, as leaders applaud after the conclusion of the APEC meet in Bangkok on Tuesday. — AP

of ensuring the security of our people". The U.S. President, George W. Bush, had led the campaign in the face of some opposition to the addition to the agenda which might transform the economic forum into a virtual political outfit. In a sense, issues such as the East Timor crisis in 1999 had figured prominently at the

summits. However, the latest exercise marks the first definitive move to invest the APEC forum with a political mandate as well.

On some micro-level issues with security overtones, the APEC leaders agreed to "strengthen our joint efforts to curb terrorist threats against mass transportation and confront the threat posed by terrorists' acquisition and use of Man-Portable Air Defence Systems (MANPADS) against international aviation".

Strict controls by each member-economy on various aspects of the MANPADS availability and use were spelt out as a firm commitment. The progress would be reviewed at next year's APEC summit in Chile, it was stated.

A 'better' counter-terror coordination was also identified as an urgent task on hand. No specific issues such as the suspected role of Jemaah Islamiyah as an East Asian 'affiliate' of the Al-Qaeda and North Korea's nuclear-weapons 'programme', were dealt with in the APEC Declaration. However, they were raised during the "retreat sessions". Underscoring the importance of "health security", the leaders issued a statement, pledging themselves to act against bio-terrorist attacks and outbreak of diseases.

APEC focus on security threats, economic growth

By P. S. Suryanarayana

SINGAPORE, OCT. 20. The urgency of multilateral cooperation to "combat security threats and promote economic growth" across the international stage, especially in the Asia Pacific zone, dominated the discussions at the Asia Pacific Economic Cooperation (APEC) forum in Bagkok today. The two-day summit will end tomorrow.

International concern over North Korea's nuclear-weapons 'programme' and the global anti-terror 'war' were discussed as a matter of priority, even as the leaders of the 21 economies "agreed to re-energise the Doha negotiations" under the auspices of the World Trade Organisation, according to U.S. officials, who played the prime mover at the talks. Not all APEC 'economies' are sovereign states.

Under the U.S. 'encouragement', the

APEC leaders agreed, by and large, that it was still possible to push the global trade talks 'forward' from the stalemate at the recent Cancun meeting.

Flexibility and political will from all parties would be needed, it was underlined.

The most conspicuous development on the security-related front was that the U.S. President, George W. Bush, and his Chinese counterpart, Hu Jintao, agreed to achieve "a mutual goal".

This would consist of the transformation of the Korean peninsula into a nuclear-weapons-free zone as also the "addressing [of] the security concerns of North Korea within the context of the six-party talks".

The six-party talks on the nuclear issue involve the U.S., North Korea, China, Japan, South Korea and Russia.

While the inaugural round was held in Beijing last August, efforts are now on to

hold the next round as soon as possible.

Mr. Bush outlined this mutual goal at his talks with the Chinese leader, who said Beijing would "continue to work to promote the ... six-party talks process so as to strive for a peaceful resolution".

U.S. officials noted that Mr. Bush had floated the idea of "a multilateral security assurance" to North Korea in exchange for commitments by it to de-nuclearise in a 'verifiable' fashion.

The issue of a security guarantee figured in Mr. Bush's talks with the South Korean President, Roh Moo-hyun, as well, while the U.S. National Security Adviser, Condoleezza Rice, indicated that the theme would be discussed with the Russian leader, Vladimir Putin, too.

The APEC leaders turned the spotlight on anti-terror cooperation, too, in the specific context of the perceived threat to East Asian countries from both the Al-Qaeda and its suspected regional af-

iliate, the Jemaah Islamiyah.

The notion of a slow movement towards a security community, first envisioned by Karl Deutsch and others in the North Atlantic context, was now sought to be applied to the Asia Pacific region as well, with Mr. Bush turning the laser beam on his country's moves for non-NATO alliances in this region.

On Iraq, another major issue, Mr. Roh informed Mr. Bush of South Korea's decision, in principle, to send combat troops to Iraq in due course.

In the context of the U.N. Security Council Resolution 1511, Mr. Hu and Mr. Putin agreed that the top priorities now should be the restoration of stability and social order in Iraq as also the promotion of an early self-governance by the Iraqis, besides the maintenance of Iraq's independence, sovereignty and territorial integrity, according to the Chinese side.

Apec leaders to 're-energise' trade talks

Agence France-Presse

BANGKOK, Oct. 21. — Asia Pacific leaders agreed after a two-day summit today to "re-energise" multilateral trade talks which stalled in Mexico last month and said flexibility and political will were urgently needed.

"We agreed to re-energise the negotiation process...recognising that flexibility and political will are urgently needed to move the negotiations toward a successful conclusion," the Asia Pacific Economic Cooperation (Apec) leaders said in a joint declaration.

The 21-nation group also vowed to press for an "ambitious and balanced outcome" of the Doha round of negotiations which faltered in

Mexico last month amid disputes centred over agricultural subsidies by rich nations.

"We agreed to work towards the abolition of all forms of agricultural export subsidies, unjustifiable export prohibitions and restrictions," they said.

The leaders reaffirmed the "primacy" of the multilateral trading system and agreed that the Doha round of talks under the World Trade Organisation (WTO) was vital for member nations' prosperity.

"(The round) offers the potential for real gains for all economies, particularly developing economies in the areas of agricultural reform, improved market access for goods and services, and clarification and improvement of trade disciplines," they said.

WTO: Hong Kong will host the next World Trade Organisation ministerial meeting, the global trade body said today, adds AP.

A month after the embarrassing collapse of the last meeting of ministers, in Cancun, Mexico, the WTO's ruling General Council decided formally to accept Hong Kong's offer to hold the next session of the 146-nation organisation, said WTO's spokesman, Mr Keith Rockwell. Hong Kong made the offer during the Cancun meeting.

Ms Rockwell said it was unclear when the Hong Kong ministerial meeting would take place. "The timing is obviously tied up with the rest of our work," he told reporters.

It previously was expected to take place at the end of next year.

Asia Pacific Economic Cooperation pledges to dismantle terror groups

Bangkok: Taking a serious note of international terrorism, Pacific Rim nations on Tuesday pledged to dismantle "without delay" transnational terrorist groups and called for tougher steps to prevent the spread of weapons of mass destruction. Twenty-one nation Asia Pacific Economic Cooperation (APEC) summit also suggested tough restrictions on shoulder

fired surface-to-air missile that can be used by terrorists to shoot down civilian aircraft.

In a resolution adopted at the end of their two-day summit, the leaders pledged to take all essential actions to "dismantle, fully and without delay, transnational terrorist groups that threaten the APEC economies." We agreed to dedicate APEC not only to advancing the

prosperity of our economies, but also to the complementary mission of ensuring the security of our people," the resolution said.

They vowed to "eliminate the severe and growing danger posed by the proliferation of weapons of mass destruction and their means of delivery" by strengthening international non-proliferation regimes and adopting and

enforcing effective export controls. "We agreed to dedicate APEC not only to advancing the prosperity of our economies, but also to the complementary mission of ensuring the security of our people. US President George W. Bush, Chinese President Hu Jintao, Malaysian Prime Minister Mahathir Mohammed and Thai Premier Thaksin Shi-

nawarta were among 21 leaders who attended the summit. Besides terrorism, the leaders reaffirmed the primacy of the WTO and said the Doha round of trade talks offered the "potential for real gains for all economies, particularly developing economies."

Leaders, including Mr Bush and Russian President Vladimir Putin met over the last two days

to discuss pressing issues but terrorism and North Korea upstaged the core theme of trade. Though the declaration did not directly refer to North Korea, host country Premier Thaksin Shinawatra of Thailand said in a statement "We seek a peaceful resolution through dialogue while addressing all the concerns of the parties." PTI

Leaders To Work Towards Abolition Of All Forms Of Agricultural Export Subsidies

Apec agrees to 're-energise' trade talks

Bangkok
21 OCTOBER

ASIA Pacific leaders agreed after a two-day summit on Tuesday to "re-energise" multilateral trade talks which stalled in Mexico last month and said flexibility and political will were urgently needed. "We agreed to re-energise the negotiation process... Recognising that flexibility and political will are urgently needed to move the negotiations toward a successful conclusion," the Asia Pacific Economic Cooperation (Apec) leaders said in a joint declaration.

The 21-nation group also vowed to press for an "ambitious and balanced outcome" of the Doha round of negotiations which faltered in Mexico last month amid disputes centred over agricultural subsidies by



SMOOTH FINISH: (From left) Australian PM John Howard, Malaysian PM Mahathir Mohamad, US President George Bush, Mexican President Vicente Fox and Thai PM Thaksin Shinawatra during a photo session in Bangkok on Tuesday. — AFP

rich nations. "We agreed to work for the abolition of all forms of agricultural export subsidies, unjustifiable export prohibitions and restrictions," they said. The leaders reaffirmed the "primacy" of the multilateral trading system. — AFP

Think about the poor but dress like the rich

Bangkok
21 OCTOBER

WHEN Asia-Pacific leaders smiled for the cameras on Tuesday in specially tailored Thai silk shirts, they were decked out well beyond the means of most people they represent. Weavers and tailors in Thailand hand-crafted the shirts, valued at about \$2,200 each. Most Thais couldn't buy one even if they worked for an entire year and saved every penny. The nation's average annual income is \$1,960. A typical Vietnamese, who earns the equivalent of \$430 per year, would have to work more than half a decade to get one of the shirts, which feature animal or floral patterns, mostly on burgundy-coloured fabric made from fine silk threads.

Citizens of Papua New Guinea would have to work more than four years and Indonesians would have to work more than three, according to World Bank figures. Filipinos, Chinese, Russians and Peruvians are other citizens of Asia-Pacific economies who earn less in a year than the cost of one of the shirts worn by some of the leaders including US President George Bush. — AP

Anti-terror war on Apec agenda

Nation/ANN & Agencies

BANGKOK, Oct. 21. — The 21-nation Apec grouping today agreed to widen its mandate to security issues, vowing to dismantle terrorist organisations and halt proliferation of weapons of mass destruction.

"We agreed that transnational terrorism and proliferation of WMDs pose direct and profound challenges to Apec's vision of free, open and prosperous economies," the Apec leaders said in a joint declaration at the end of the two-day summit. They committed to take "all essential actions to dismantle, fully and without delay, transnational terrorist groups that threaten the Apec economies." The leaders vowed to eliminate WMDs "by strengthening international non-proliferation regimes, adopting and enforcing effective export controls and taking other legitimate and appropriate measures".

Widening the focus of Apec, founded in 1989, the statement said: "We agreed to dedicate Ap-

ec not only to advancing the prosperity of our economies, but also to the complementary mission of ensuring security of our people."

The leaders also accepted a US proposal to curb trade in shoulder-launched surface-to-air missiles which Washington believes pose a grave risk to aviation.

The leaders reaffirmed the primacy of the WTO and said the Doha round of trade talks offered the "potential for real gains for all economies, particularly developing economies". Referring to a text by Mexican foreign minister Mr Luis Ernesto Derbez during the Cancun meet, they agreed to "re-energise the negotiation process, recognising that flexibility and political will are urgently needed to move the negotiations towards a successful conclusion".

Though the declaration did not refer to North Korea, Thai Prime Minister Mr Thaksin Shinawatra said: "We seek a peaceful resolution through dialogue while addressing all the concerns of the parties including security

Highlights

Advance the Doha talks which were stalled in Cancun, Mexico last month for a successful conclusion.

Dedicate Apec not only to advancing economic prosperity but also to ensuring the security of the people in the region.

Dismantle transnational terrorist groups.

Eliminate the "severe and growing" danger posed by the proliferation of weapons of mass destruction and their means of delivery by strengthening international non-proliferation regimes and adopting and enforcing effective export controls.

Implement the Apec Action Plan on SARS and Health Security Initiative.

concerns raised by North Korea.

The resolution also agreed to implement an Apec Action Plan on SARS.

Mahathir spews venom again

BANGKOK, Oct. 21. — Malaysian Prime Minister Ma Mahathir renewed his attack on "arrogant"

Jews today, saying in a newspaper interview that the world's reaction to his controversial recent comments confirms that "they do control the world".

He launched his latest salvo despite the US President pulling him aside at the Apec summit yesterday to bluntly denounce his "wrong and divisive" charges.

Mr Mahathir also criticised Western media who he said took his comments at last week's OIC meet in Malaysia out of context. "In my speech I condemned all violence, even the suicide bombings, and I told all Muslims it's about time we stopped all these things..." he said in an interview with the Bangkok Post.

"That was the whole tone of my speech, but they picked up one sentence where I said the Jews control the world. — AFP

Apec calls for early WTO ministerial meeting

Asia Pacific

Indo-Asian News Service

BANGKOK, Oct. 20. — The Apec called on economic leaders to send "a strong message for support" to complete the Doha Development Agenda negotiations and help arrange a World Trade Organization (WTO) ministerial meet soon.

Mr Viphandh Roengpithya, chairman of the business advisory council of the Asia-Pacific Economic Cooperation (Apec) forum, made the call in his welcome address at an interaction with Apec economic leaders here today.

The leaders had just concluded the first day's session of their annual meeting.

Mr Viphandh said future negotiations on the Doha Round should be based on a comprehensive basis in accordance with the previously agreed contexts.

"The Apec business advisory council considers that priority must be given to unfinished aspects of the Uruguay Round, including agriculture, non-agriculture market access, services and reform of WTO rules in areas such as anti-dumping, and preferential trade arrange-

ments," he said. He urged Apec leaders to help arrange a WTO ministerial meeting "as soon as possible" to settle "parameters" for completing the Doha Round negotiations and to instruct their ministers to work together to achieve this outcome.

As the private sector arm of the Apec forum, the business advisory council advises Apec officials on the role of the private sector in the broader pursuit of open trade and investment in the Asia Pacific rim. It also provides Apec groups with business perspectives on specific areas of cooperation.

In his address on the occasion, the Thai Prime Minister, Mr Thaksin Shinawatra expressed his hope that the business advisory council would contribute to the Apec's objective of promoting sustainable growth.

"Apec's work and goals are aimed at benefiting businesses of all sizes," he said. "At the same time, we in the public sector expect the business community to contribute to Apec's objective of promoting sustainable growth."



CEO SUMMIT: The US Secretary of State, Mr Colin Powell, looks on as he scans a bag containing security system during a ceremony at the Apec CEO Summit in Bangkok on Wednesday. (AP Photo) Thai Foreign Minister, Mr Surakiart Sathirathai looks on. — AFP

Message to others in Bush Bangkok gift

AP photo
A.A. 2010

Bangkok, Oct. 19 (Reuters): President George W. Bush rewarded Thailand today for supporting the war on terror and told other nations gathering for a Pacific Rim summit they too had to bind together to end the threat.

Bush also said the US would not sign a non-aggression pact with North Korea to end its nuclear weapons programme but, for the first time, held out the possibility of giving Pyongyang some sort of security guarantee.

His comments set the tone for the two-day summit of the Asia-Pacific Economic Cooperation (Apec) forum beginning in the Thai capital tomorrow with US concerns on terror and nuclear proliferation likely to dominate the agenda.

Some Asian nations say they would prefer to concentrate on promoting trade, the original goal of Apec when the 21-member group was formed in 1989, especially after the collapse of world trade talks in Cancun, Mexico, last month.

Washington has agreed to discuss trade but says growth and prosperity are not possible without ensuring security, a line it has pursued since the September 11, 2001, attacks.

"This is still a dangerous world," Bush told reporters, using the broadcast of a new audio tape purportedly recorded by militant leader Osama bin Laden to bolster his case.

In the tapes aired by Qatar-based Arabic television station Al Jazeera yesterday, the speaker vowed more suicide attacks inside and outside the US and warned all countries backing Washington on Iraq that they too were targets.

"I think that the bin Laden tape should say to everybody the war on terror goes on, that there's still a danger for free nations and that free nations need to work together more than ever," Bush said.

China however ensured not everything would be dictated by a US script. President Hu Jintao, speaking at a meeting of businessmen ahead of the summit,

rebuffed Washington's call that Beijing revalue its currency, saying holding the yuan steady suited China and was a benefit to Asia and the world. But he was conciliatory after a meeting with Bush and said the two nations would discuss economic disputes.

"We stated our readiness to resolve whatever questions that might emerge in our economic exchanges and trade through dialogue," Hu said, although he did not refer to the US demands on the yuan.

Bush promised to launch negotiations with Thailand on a comprehensive free trade agreement, which would be of immense value to the southeast Asian nation as it seeks to secure markets for its agricultural products.

He made it clear it was a reward for helping the US in the war on terror, most visibly demonstrated by Thailand's capture of al Qaeda leader Hambali in August. "Thailand pledged to fight the war on terror, and that pledge is being honoured in full," Bush said.

"The United States of America has made its choice. The Kingdom of Thailand has made its choice. We will meet this danger," he told soldiers of the Royal Thai Army.

Apec members include Japan, Peru, Chile, Australia, New Zealand, tiny Papua New Guinea and a clutch of southeast Asian nations. Several in the group are struggling to contain militancy within their borders, including Indonesia, the world's most populous Muslim country, Russia and the Philippines.

The group also includes nations which clashed bitterly in Cancun, causing the collapse of negotiations deemed crucial to completing the so-called Doha round of World Trade Organisation talks by the end of 2004.

Apec foreign and trade ministers reached a broad consensus yesterday on the need for fresh efforts to put the derailed talks back on track, although few believed there was more on offer than rhetoric.



President George W. Bush and First Lady Laura Bush tour the Grand Palace and the Temple of the Emerald Buddha in Bangkok on Sunday. (AP)

Buddha leaves Bush speechless

Bangkok, Oct. 19 (Reuters): Thailand's ancient Buddhist splendour left President George W. Bush almost lost for words today during his state visit to the southeast Asian kingdom.

"Inspiring," Bush said after a whistle-stop trip around the stunning Temple of the Emerald Buddha — known as Wat Phra Kaew in Thai — in the teeming heart of the capital, Bangkok.

In deference to local custom, the President took off his shoes to tour the 200-year-old temple, which dates back to the founding of Bangkok in the days when Thailand was still called Siam.

Hand-in-hand with his wife Laura, Bush walked round the complex of more than 100 brightly coloured buildings, their golden spires glittering in the midday sun. The Emerald Buddha itself, a 75 cm high statue made of jasper not emerald, lives in the central temple inside a glass box perched high above heads of visitors and worshippers.

Mystery surrounds the statue's origins, although it is believed to have been the cause of several wars before ending up in Bangkok for good when the city was founded in 1782.

Baby Apec

Thai police arrested the mother of an abandoned baby boy named Apec who was clinging to life today, five days after he was found wrapped in plastic bags in a rubbish bin.

Named after the Asia-Pacific summit meeting by the policeman who found him, the child was unconscious. "The child's vital signs are weak, his brain functions look to be substantially impaired and he needs help breathing with a respirator," Surapee Ruangsawan, director of the Queen Sirikit National Institute of Child Health, said.

Terror, not trade, is Bush's choice

Dr. Parfi

PICK OF APEC

GEORGE BUSH rewarded Thailand on Sunday for supporting the war on terror and told other nations gathering for the Pacific Rim summit they too had to bind together to end the threat. His comments set the tone for the two-day Apec summit beginning in the Thai capital on Monday with US concerns on terror and nuclear proliferation likely to dominate the agenda.

But Asian nations say they would prefer to concentrate on trade, the original goal of Apec when the 21-member group was formed in 1989, especially after the collapse of world trade talks in Cancun last month.

Soaring to new heights

HEIGHTISM HAS found a profile at the Apec summit. In a break from tradition, leaders will not stand in alphabetical order for their annual group photograph but will be arranged to ensure the tall do not hide the short.

Thailand has used digital technology to produce a mock-up of where leaders will stand for their group photograph - with not-so-tall Arroyo and Megawati to the fore, flanking host Thai Prime Minister Thaksin Shinawatra. Imposing figures such as Canada's Jean Chretien and Singapore's Goh Chok Tong will stand in the back row.

And Chinese President Hu Jintao will be smiling, not only because he will be in the front but also because the change in the alphabetical systems means president of arch-rival Taiwan will no longer be able to stand next to the US President as would have been the case if the English alphabet was followed.



DOLLAR MAN: A caricature of George W Bush at an anti-Apec protest in Bangkok on Sunday.

Edible 'stink'

PHILIPPINE PRESIDENT Gloria Arroyo will take advantage of the Apec summit in Bangkok to satisfy her craving for Thailand's stinkiest fruit - the durian. "She was raised in a place in Mindanao where they grow durian," said an aide, referring to the spiky-shelled, pungent fruit that grows in much of southeast Asia.

"In Manila, she likes Philippine durians, but when in Thailand, she prefers the locals." Last year, Thailand used the fruit known

as the "skunk of the orchards" to cement ties with Arroyo. Thai Prime Minister threw a special "durian buffet" for her with three types of Thai durian.

Because of its aroma - some people say it smells like rotting fruit in a blocked drain - eating durian is banned from hotels and public places across SE Asia.

'Apec' fights for life

AN ABANDONED newborn who was nicknamed "Apec" after being found dumped in a garbage

bag near the meeting's venue is fighting for his life, his doctor said on Sunday. The five-day-old baby boy was discovered by Thai police who heard his cries on a patrol. The hospital director said she would prefer the baby was given another name because his life remained in danger - and if his health worsened, it would bode ill for the high-profile meeting of 21 leaders. The baby was found wrapped in three layers of heavy-duty garbage bags, and there was no sign of life.

Reuters, Bangkok

Russia sees APEC as the perfect forum for addressing common problems and bolstering trade

Churning the Pacific

BY VLADIMIR PUTIN

ON THE eve of the meeting of leaders of the Asia-Pacific Economic Cooperation (APEC) countries on October 20-21 in Bangkok, I would like to share some thoughts on Russia's participation in this forum. First, joining this authoritative international association was the right step for Russia. I am convinced that our partners in the forum are satisfied with the choice they made in the autumn of 1998.

Russia is a reliable political and economic partner. This will become more obvious and accepted. That not a single serious global or inter-regional problem can be solved without Russia's active and equitable participation is a geopolitical reality now. This is why Russia's course is secured in its foreign policy conception on the active development of interaction in all vectors of the Eastern and Asia-Pacific regions. Kipling's well-known postulate, which seemed to be unshakable in the past, of 'East is East and West is West' is now outdated.

As of late, Russia's trade, economic and investment ties with foreign partners have markedly become active. In particular, I would like to take note of the intensification of cooperation with the United States, China, India, Japan, and Southeast Asian and Latin American States. Investors from western and eastern countries are enjoying market opportunities in our vast territory with equal vigour. This is notable in eastern Russia, in Siberia and the Far East, which have various natural resources and requisite technological and scientific potential.

It is only natural that we are striving to use APEC membership to integrate the potentials of the Russian East into the mechanism of economic integration in the Asia-Pacific region, which is already operating within the framework of the forum. Guided by sound pragmatism, we are striving, on the one hand, to take a more active part in the solution of the tasks facing the APR community and, on the other hand, use the resources of regional multilateral cooperation in the interests of the development of Siberia and the Far East.

Russia sees the APEC forum as a locomotive of integration in the area of the Pacific Rim. These country-members differ from one another in size, number and composition of populations, history, culture, languages and traditions. Moreover, it is important that different peoples have been united by a common desire to solve social-economic problems by pooling efforts through consensus. Russia takes an active and interested role in this.



THE WRITING'S ON THE WALL: At the Senior Officials APEC meeting in Bangkok

Counteracting international terrorism is among the priority directions of the forum's activity. Russia firmly supports APEC's active efforts to strengthen counter-terrorist cooperation. These are both cutting short financial injections to terrorism and ensuring the safety of trade, transport arteries and information systems. Anticipatory measures need to be sought to create insurance-stabilisation mechanisms in the political, financial-economic, intelligence and military areas.

We believe it is necessary to perfect schemes of compensation for material damage caused by terrorist acts. Russia has already drawn the attention of the international community at the current 58th session of the UN General Assembly. At the regional level, APEC's natural partners in combating terrorism in the region are ASEAN, the ASEAN Regional Forum on Security and the Shanghai Cooperation Organisation.

Russia is striving to block the financial channels of this evil. It's not only perfecting legislative mechanisms, but also really combating money-laundering. Important international legal acts have been ratified or have been submitted for ratification. The Russian Committee on Financial Monitoring has started operating. Obvious proof of our effective work is seen as Russia's permanent membership in Financial Action Task Force (FATF).

Terrorism has also become a serious economic problem. According to some estimates, the 9/11 attacks have led to a 1 per cent reduction in the world GNP. As a result of terrorist acts in Indonesia and other Southeast Asian countries, the number of tourists coming to this region has markedly decreased, while the development of other industries has slowed down. The terrorist threat and political instability in some of the world's regions that are the key suppliers of energy resources put in question the sus-

tainable delivery of energy resources in the Asia-Pacific region and throughout the world.

Russia is prepared to contribute greatly to repelling this threat to the economic prosperity of the Asia-Pacific region. This contribution will be practical, effective and mutually beneficial. I mean the development of a new energy structure in the Asia-Pacific region, and above all in East Asia, through the creation of a system of oil and natural gas pipelines and tanker delivery of liquefied natural gas from the eastern areas of Russia which have considerable hydrocarbon resources.

We're working on these issues on a bilateral basis with adjacent countries and will step up efforts. I think the time has come for the APEC community to seriously address the issue of the new energy structure. The solution of this problem would be an effective reply to the threats and challenges to energy stability in the region. In our opinion, APEC mechanisms can greatly contribute to the fulfilment of this task.

By joining the forum, Russia has assumed the responsibility of facilitating, jointly with other partners, the creation of a system of free and open trade and investment activity in the Asia-Pacific region. I do not believe it is important that one country can shift to fifth gear while another cannot do more than second or third gear. What is important is that we all move in the same direction and nobody hits the brakes unnecessarily when seeing unexpected obstacles. I mean protectionism in the form of unilateral limiting measures in trade, excessive use of anti-dumping procedures and the like.

As we see it, the 'new' and 'old' protectionism provoke a predictable chain-reaction and limit competition. It has an especially pernicious effect on developing and transition-economy countries. We should more resolutely study the requirements of real economy and facilitate the strengthening of trade and econom-

ic contacts in the region. For our part, we suggest launching an APEC dialogue on the creation of favourable conditions for the non-ferrous metals market.

The overwhelming majority of APEC economies are members of the WTO. It is logical that the forum's *modus vivendi* is largely determined by WTO rules and depends on the situation in that organisation. Russia is closely watching the globalisation of the planet's economy. It is clearly an objective phenomenon that influences economic growth mostly positively. However, globalisation is also facing humankind with such serious problems as the growing differentiation of countries by standards of living, with the poorest countries being pushed to the outskirts of global civilisation and unequal access to information and telecommunication technologies.

The reduction of the gap in the development standards of our economies is a highly important task. For the developing economies, this means not only economic progress. I repeat again that higher standards of living among the people and, hence, social stability lead to the eradication of the roots of such a dangerous phenomenon as international terrorism.

We highly value APEC's assistance to small and medium-sized business, which means new jobs and the basis for the development of the middle-class and, hence, sustainable social and economic development. Moreover, small businesses are a relatively quick and effective method of solving economic and social problems. We are especially interested in drawing on the experience of forum participants in the creation of new non-traditional methods and structures for the provision of funds to small and micro-businesses. International cooperation, including the use of APEC mechanisms, is a vital instrument in solving issues. It is clear that businessmen, people who ensure the business activity of the State, should be free to move around and it is our task to simplify their ability for interaction.

The world has changed in the 14 years since the creation of APEC. There's no more confrontation of political-economic blocs and even the map of the world has changed. In these new conditions, we should work even harder to strengthen collaboration in the movement towards common APEC goals.

The writer is the President of Russia.
This article is exclusive to the
Hindustan Times

India's GDP to take a hit following war, SARS

ENS ECONOMIC BUREAU
NEW DELHI, APRIL 17

THE Economic & Social Commission for Asia & the Pacific (ESCAP) of the United Nations has said that growth in the Asia-Pacific region will be conditioned by the aftermath of Iraq war, impact of severely acute respiratory syndrome (SARS) and growth in the US, Japan and the EU.

ESCAP 2003 was presented by Nagesh Kumar, director-general of the Research & Information System for the non-aligned & other developing countries. It has pegged growth in developing

countries in the Asia-Pacific at 5 per cent for calenderyear 2003.

It has pegged India's growth at 5.1 per cent, down from the earlier 6 per cent projection, mainly because of the Iraq war and low growth in the US and EU. China's growth is forecast as highest, 7.5 per cent. Global growth rate has been revised from 2.8 per cent to 2.3 per cent. Growth in 2003 will be based on stimulative fiscal and monetary policies and on strong intra-regional trade, says the survey. Monetary policy is facing difficult choices in several economies, according to the ESCAP survey. "The survey underlines the failure of monetarism," Kumar said.

Facilitated by lower interest rates in developed countries and lower inflation locally, most economies in the Asia-Pacific region, except one or two, were able to keep interest rates low in 2002, says the survey, adding that lower interest rates did not lead to higher credit growth. "Thus monetary easing is as circumscribed in the real world as is fiscal policy, and its stimulating effects could be greatly nullified by a deflationary psychology."

ESCAP has recommended the maintenance of momentum of structural reforms and commitment to trade liberalisation, enhancing of productivity and competitiveness, ensure macro-

economic stability, and improvement in public and private sector governance. Commenting on India's performance, the ESCAP Survey says, "Despite severe weather disturbances and unfavourable external factors, the growth momentum in India remained relatively strong. GDP expanded by 4.4 per cent in 2002 compared to 5.6 per cent in 2001."

Higher level of economic activity came from industrial and services sector, which in turn were underpinned by government spendings, measures to boost industry and infrastructure as well as liberalisation of capital and money markets, it says.

NCAER forecasts 5-5.6% growth

NEW DELHI: NATIONAL Council of Applied Economic Research (NCAER) expects the GDP to grow by 5 to 5.6 per cent in the current fiscal. The growth rate will be influenced by the fall-out of the Iraq war on the global economy.

The quarterly review of the economy released by the NCAER on Thursday states, lower world GDP growth could pull down the economic

growth rate in India to 5 per cent. The Gulf war will have adverse impact on exports, business sentiments and flow of invisibles.

Pointing out that industrial revival currently underway is sustainable, the report said, "to what extent it accelerates in the coming months will depend on the revival of investment activity in the economy."

The report welcomed the impetus provided by the Budget

to sectors like construction, railways, health and tourism. However, it added, "the worrying factor is non-revival of investment spending, which is the key to a sustained industrial turnaround." The downturn in investment in plant and machinery, which began since mid-1990s, continues. Moreover, the report added, for the first time since 1997-78, the investment rate fell below savings rate in 2001-02. ENS

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