

ASEAN DEPLORES PROTECTIONISM, URGES DEBT SOLUTION.By **Chaitanya Kalbag**

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MANILA, Dec 14 - The Association of South East Asian Nations (ASEAN) criticised rising protectionism, called for new commodity agreements and urged creditors to ease the burden of foreign debt in a draft communique to be signed by leaders of the regional bloc.

ASEAN officials said they expect few changes in the declaration, a copy of which was obtained by Reuters. The statement is to be issued on Tuesday at the end of the group's first summit meeting in a decade.

ASEAN, which groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, is celebrating its 20th anniversary this year with little progress toward the group's main goal of economic cooperation, political analysts said.

Striking a pessimistic note, the statement noted that the slowdown in the world economy was characterised by rising protectionism, massive trade imbalances, a constriction of international trade, instability in exchange rates and the diversion of foreign investment and financial flows to developed countries.

The statement said ASEAN countries had become increasingly dependent on exports to power their economies.

It urged developed countries "to refrain from adopting measures that would hinder the access to markets of primary commodities, raw materials, and processed and semi-processed products from ASEAN."

The leaders of the resource-rich region said commodity pacts must be renegotiated at a time of sharp declines in world commodity prices.

The draft statement also said ASEAN would work to attract direct foreign investments.

"The heads of government urged the creditor nations and multilateral and regional financial institutions to help alleviate the adverse effects of the debt problem on debtor nations by actively looking for effective, realistic, sustainable and just solutions to these problems," the draft statement said.

Indonesia, Asia's largest debtor with a total foreign debt of 37 billion dollars at the end of 1986, and the Philippines, with a foreign debt of 28.48 billion dollars, rank at the bottom of the group's gross national product and per capita income tables, official figures show.

The crash in the price of oil cut the value of Indonesia's oil and gas exports by half, forcing an austerity budget and a 31 pct devaluation of the rupiah in September 1986.

The Philippines is just emerging from a painful period of adjustment after a 1983/85 balance of payments crisis during which its per capita income shrank to 1975 levels. Manila is racing to conclude an accord rescheduling 13.2 billion dollars of debt by a December 22 deadline, political analysts said.

The fall in commodity prices has hit Malaysia and Thailand, and even Singapore suffered a mild recession in 1985/86.

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