

Asia needs strong voice for global action on food, energy and finance

15 June 2008

Asia needs to provide leadership to spur more effective concerted global action to address the challenges posed by rising food and energy prices and uncertainties in the financial system, business and government leaders said in the opening session of the 17th World Economic Forum on East Asia.

Faced with the slowdown in the global economy, “ in the short run, Asia will take up the slack, ” said Azman Mokhtar, Managing Director of Khazanah Nasional, the investment holding arm of the Malaysian government, noting that the region recovered strongly from the financial crisis more than 10 years ago. Corporate and macroeconomic governance have improved, Azman remarked.

“ The questions is: Does Asia have the institutions, the leadership and the inclusiveness to lead in the long run? ” But “ where is the leadership going to come from? ” Azman asked, making particular reference to the lack of movement on reforming the international financial architecture. “ We don ’ t see it. There is a lack of leadership in the national and regional level, much less at the global level. ”

More than 300 business, government and civil society leaders from 25 countries are participating in the two-day World Economic Forum on East Asia.

Asia needs to have a voice on the international stage commensurate to its new economic clout, said Marcus Agius, Chairman of British global bank Barclays. “ World institutions are well out of date, ” he observed. Yashwant Sinha, a former Indian Minister of External Affairs and Minister of Finance agreed: “ The international institutions we have at the moment are woefully inadequate to meet the global challenges. If we are providing the bulk of the incremental growth globally, we Asian nations have a vested and immediate interest in making sure that the global institutions respond to the global crisis as they should. ”

But these are testing times for Asia too, as demonstrated by spreading public discontent over high food and energy prices. The region cannot be complacent. “ The question is whether Asia can maintain its growth momentum against strong headwinds, ” said Børge Brende, Managing Director of the World Economic Forum. For China to maintain its growth momentum, “ the key is to diversify from an export-driven economy to a domestic-driven one, ” said Takao Kusakari, Chairman of Japan ’ s Nippon Yusen Kabushiki Kaisha (NYK Line). India has to develop its infrastructure, particularly its port facilities and connections to inland industrial centres to improve logistics and supply chain management.

Above all, to bolster their global influence, Asian countries need to enhance regional cooperation and not resort to protectionism, the leaders agreed. “ Given the deep integration of the global economy, the slowdown is having a great impact on our economies, ” Vu Van Ninh, Minister of Finance of Vietnam, explained. “ Vietnam is being impacted especially by high inflation. We in Asia should work together to find solutions. ”

Concluded Yoshimi Watanabe, Minister of Financial Services and Administrative Reform of Japan: “ We are in the same boat; we share the same destiny. We should not fall into the trap of protectionism, but should help each other. ”

The World Economic Forum is an international institution committed to improving the state of the world through

public-private cooperation in the spirit of global citizenship. It engages with business, political, academic and other leaders of society to shape global, regional and industry agendas.

Incorporated as a not-for-profit foundation in 1971 and headquartered in Geneva, Switzerland, the Forum is independent, impartial and not tied to any interests. It cooperates closely with all leading international organizations (www.weforum.org).



World Economic Forum, 91-93 route de la Capite, CH-1223 Cologny/Geneva
Tel. +41 (0)22 869 1212, Fax +41 (0)22 786 2744, <http://www.weforum.org>