



APPF7/RES/2

RESOLUTION ON
COOPERATION FOR RECOVERY AND GROWTH IN ASIA-PACIFIC
ECONOMIES

Submitted by the Japanese Delegation

We, the parliamentarians of the APPF, gathered at the Seventh Annual Meeting in Lima in January 1999,

Welcoming the following international developments contributing to the stability of the financial situation and the exchange rates and supporting the recovery of the economies in the Asia – Pacific area; namely

- Indonesia, Korea, and Thailand having made significant progress in implementing reform programs supported by the international Monetary Fund, the World Bank and the Asian Development Bank;
- China's maintenance of the renminbi exchange rate having provided an important anchor to help secure regional financial stability;
- The implementation of the IMF Quota increase and the establishments of the New Arrangement to Borrow and the proposal to establish the IMF contingent finance facility;
- The New Initiative to Overcome the Asian Currency Crisis (New Miyazawa initiative) proposed by Japan, and the Asian Growth and Recovery Initiative launched by Japan and the U.S.;
- The strengthened regional co-operation through regional surveillance by APEC, Manila Framework Group, and other international fora;
- The APEC's efforts, with the World Bank, the ADB, the Inter-American Development Bank and, when appropriate, public and private institutions in formulating strategies of concrete actions aimed at strengthening social safety nets.

Resolve to:

1. **Restore** market confidence and economic growth in the whole Asia-Pacific area, and call on,
 - The Asian economies to make further progress toward establishing fundamentals for recovery;

- The major industrialized economies to create or sustain conditions for strong domestic demand-led growth, to further stabilize their currencies and to encourage more direct investment to the countries affected by the crisis;
 - All countries to prevent the resurgence of protectionism in international trade.
1. **Call on** the Asian – Pacific economies, as measures to encourage stable and sustainable movements of capital, to further strengthen APEC, Manila Framework Group and other regional cooperation, and to consider, on an expedited basis, possible establishment of a regional consultative body to promote dialogue, prevent crisis through an early warning mechanism and implement cooperative initiatives, with the participation of institutions such as European Union and the World Trade Organization, in order to:
- strengthen the monitoring and supervisory regime regarding international capital flows; particularly those dependent on capital inflows, to recognize risk that accompany foreign capital inflows, such as foreign exchange risk and the risk associated with maturity mismatch;
 - enhance greater transparency and openness in their financial operations of institutional investors including hedge funds and to monitor speculative activities in currency trading;
 - ask the IMF, World Bank, ADB, BIS, and other international regulatory and supervisory organizations to work closely together to strengthen the mechanism to monitor the short-term capital flows and the activities of institutional investors;
 - review the practices and the transparency of international rating agencies, and to explore the possibility of establishing a neutral rating agency.