



SPEECHES

Response Address

**Response Address by Dato' Dr. Zeti Akhtar Aziz,
Governor, Bank Negara Malaysia
at the 36TH SEACEN GOVERNORS CONFERENCE
Singapore, 1 - 2 June 2001**

The Honourable Mr. Lim Hng Kiang, Second Minister of Finance,
Mr. Tharman Shanmugaratnam,
Mr. Andrew Crockett,
Honourable Fellow Governors,
Distinguished Delegates,
Ladies and Gentlemen,

It is an honour and a privilege for me to deliver this Response Address on behalf of my fellow Governors and delegates to the Thirty-sixth SEACEN Governors' Conference.

Since we met in Kuala Lumpur more than a year ago, much of the optimism for sustained economic growth in our region has been tempered by the less favourable developments in the global economy that have been mentioned by the Honourable Minister Lim. Of particular concern to us are the emerging risks posed by the slowdown of the US economy, and volatile capital flows and exchange rates of the G-3 currencies. As has been mentioned by the Honourable Minister, these developments have significant repercussions on open economies such as ours, and have tested policy makers in the SEACEN economies, in particular the central banks, in dealing with these challenges.

Confronted by this climate of uncertainty in the global economy and financial markets, our resolve has most certainly been to maintain constant vigilance towards all sources of risks and vulnerabilities and to prevent our economies from being drawn into a downward spiral. The record shows, that following the turbulent period in 1997-1998, the region as a whole made a remarkable recovery within a short period of time. During this period, our task as central banks is to maintain stability and confidence. While our economies have implemented reforms in the financial and corporate sectors, these efforts have not been completed. The progress achieved so far, however, has strengthened our economies and financial systems. At the same time, measures have also been put in place by many of the regional economies to manage the risks from both external and internal sources. These efforts, complemented by pro-growth policies, will augment the foundations that our region possesses, namely, abundant natural and human resources, high savings rates, and the ingrained aptitude to persevere and to rise to challenges.

Ladies and Gentlemen,

SEACEN was inspired by the collective desire among South-East Asian central banks to strengthen co-operation among the economies in the region. Apart from providing a frank and candid forum to discuss regional economic developments, our predecessors envisioned that SEACEN would play an important role in formulating a common stand and adopting appropriate positions that would forward our mutual interests at international fora. In this way, it was felt that we, as developing economies, would have our circumstances and our views taken into account by international organisations in arriving at decisions that would affect our welfare. In 1971, it was the consolidated stance that was taken which eventually led to the establishment of the South-East Asia Group to ensure more direct representation of our countries on the Board of the International Monetary Fund and the World Bank.

The SEACEN forum represents one of the earliest fora on regional surveillance. As we continue the tradition of the South East Asian Central Banks in regional co-operation, the recent establishment of the SEACEN Experts group on Capital Flows is an important part of the process to contribute to enhancing co-operation among members in an area that has become important in recent years. As policy makers, our co-operative efforts have also fostered the creation of concrete mechanisms for mutual assistance. The bilateral and multilateral swap arrangements that are in place among the South-East Asian central banks will further enhance cohesion and deepen regional integration. As the structure of our economies evolve over time, regional co-operation and solidarity would serve as an anchor during turbulent periods of global economic and financial uncertainty.

Ladies and Gentlemen,

The SEACEN Research and Training Centre was founded three decades ago during an era of upheaval in the international monetary system. Today, although the structure and complexion of our economies have changed, we are again faced with familiar challenges. Amidst recurring instability in the international financial system, the SEACEN economies are also embarking on efforts to elevate themselves from being production-based to knowledge-based economies. To keep in step with the evolution of our economies, the SEACEN Centre must embrace the demands of transition. The Strategic Review of the SEACEN Centre by the consultant team is therefore most relevant and timely. Our deliberations at this conference will thus be important to chart the transformation of the SEACEN Centre into a premier organisation that will effectively meet the needs of its membership.

Ladies and Gentlemen,

In conclusion, allow me on behalf of all the Governors and delegates, to express our sincere appreciation to Mr. Tharman Shanmugaratnam, Managing Director of the Monetary Authority of Singapore, and to the staff of the Monetary Authority of Singapore responsible for the excellent arrangements and warm hospitality extended to us. We look forward to a fruitful and successful conference.

Thank you.

