

Asia Europe Meeting**Asia-Pacific leaders talk tough on fallout**

Michiyo Nakamoto in Tokyo and Mure Dickie in Beijing OCTOBER 13 2008

Asia-Pacific governments said on Monday they would act aggressively to tackle any fallout from the banking crisis, insisting they had ample foreign exchange reserves and other funds to stabilise markets.

President Nursultan Nazarbayev of Kazakhstan said he would release up to \$10bn (€7bn, £5.7bn) from the country's oil-fuelled wealth fund over two years to stabilise its economy, which has been dented by the global credit crunch.

"I am giving the government a carte blanche to carry out a programme of stabilising the economy and the financial system," he said. The national fund has assets of more than \$27bn.

Gloria Macapagal Arroyo, the Philippine president, called on the Association of South East Asian countries to meet other important Asian countries next week to mitigate the impact of the crisis. This echoes calls by the South Korean president.

"I propose for Asean plus three to convene on the sidelines of the ASEM (Asia-Europe Meeting) summit in Beijing next week to table the impact of the current credit crunch," Ms Arroyo said. (Asean plus three refers to the south-east Asian countries plus China, Japan and [South Korea](#).)

Shoichi Nakagawa, the Japanese finance minister, would not rule out a government guarantee for deposits if the need arose, although he said Japanese banks were healthy after years of rebuilding balance sheets. He indicated at the weekend that Japan could provide funds from its \$980bn foreign exchange reserves to support measures by the International Monetary Fund to help emerging market economies bolster their banking systems.

The Chinese Communist party said the country's economic situation was good, the economy was growing quickly and the financial sector was operating steadily. "The basic momentum of the country's economy remains unchanged," the central committee said in a communique.

China's recently recapitalised state banks have limited foreign exposure, and the sector is not seen to be in danger in the short term.

The government can call on \$1,800bn of foreign exchange reserves, the world's largest.

Most political leaders and central bankers stressed that region-wide measures to stave off systemic threats were unlikely to be needed because of the health of the region's banks.

Lee Myung Bak, the South Korea president, said the country was not facing a problem along the lines of the 1997 Asian financial crisis, citing the country's substantial foreign exchange reserves.

In Hong Kong, the central bank said there was no immediate need for intervention, but it would be ready to deploy the Hong Kong Exchange Fund.

The fund, controlled by the Hong Kong Monetary Authority, stands at about \$180bn and is used to stabilise the Hong Kong dollar.

The Australian government said it was considering a stimulus package to bolster the economy.

S Korea president in energy plea

Lee Myung-bak, South Korea's president, on Monday made a plea to his people to reduce energy consumption and overseas spending to protect the economy from the negative impact of the global financial crisis, **writes Song Jung-a in Seoul.**

"If we cut down on energy by 10 per cent, we will not post a current account deficit. And, please, cut overseas consumption and increase domestic spending," he said in a radio address on Monday.

The request came as Asia's fourth-largest economy faced mounting difficulties.

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