

# TO TACKLE DEBT WOES

KUALA LUMPUR, Sun. — Financial experts from the G-15 will continue meeting to work out common approaches to tackle the debt problems of developing countries.

The experts will act as the personal representatives of the heads of government. The G-77 and the Non-Aligned Movement will be told of their work.

The joint communique called for "more innovative, comprehensive and flexible responses" to the debt problems, which "seriously endangered efforts of developing countries to achieve adequate growth and real income improvements."

It stressed the importance of joint responsibility in tackling the problem.

The leaders said there must be "full commitment" by debtor and creditor countries, multilateral financial institutions and commercial banks. And debt-servicing must be related to development needs.

They want developed countries to help reduce external and internal imbalances, improve the functioning of the international monetary system, stabilise exchange rates, lower real interest rates and ensure greater access to their markets.

The group described recent attempts to reduce the stock of debt as debt and right direction.

But they ask for these initiatives to be enhanced and broadened to embrace all categories of the debtor nations.

They said this should be done to "respond to the universal and multifaceted character of the debt problem."

"This includes a positive approach, and not punitive measures, to the problem of arrears with multilateral financial institutions," the leaders said.

The group also wants mechanisms to help de-

veloping countries that are net transferers of resources to these institutions.

"Substantial additional resources need to be provided to back debt reduction operations and support adjustment measures," the leaders said.

Since external debts were linked to trade, improvements in market access and in the terms of developing countries were essential, the communique said.

Indeed, said the leaders, these components were necessary for "an effective and lasting solution" to the problems.

Replying to questions from newsmen, Datuk Seri Dr Mahathir Mohamad said the capacity to repay varied from one debtor nation to another, and past approaches did not seem to have helped anyone.

"We need to have a greater understanding of debt problems of countries involved and, possibly, find ways to tackle this problem," he said.

The Prime Minister stressed that this did not mean that developing countries were trying to avoid paying their debts.

He said that one way to solve the debt problem was to have better understanding between the parties concerned, and to draw from knowledge and experience of experts.

"The idea is to come together to provide approaches that can be used," he said.

Asked whether the group had given attention to the debts of least developed countries, he said this was given general consideration, but no specific recommendations were made.

To another question, Dr Mahathir said it was true that the debts of some countries were small compared to the amounts that others owed, but "having to pay debts is in itself a problem."