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Finance ministers of Asean, G-15 to meet (HL)

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ASEAN and the Group of 15 (G-15) finance ministers will meet in Kuala Lumpur next month in an unprecedented move to achieve a wider, common stand among developing countries on the need to regulate currency trading.

Scheduled for December 1 and 2, it will be the first meeting of G-15 and Asean finance ministers.

The 30-year-old Asean, comprising some of the most dynamic South-East Asian economies, has seen several of its members fall victim to currency attacks since July.

The G-15, which this week backed Malaysia's call for the regulation of global currency trading, is a grouping of developing Asian, Latin American, and African nations, that was set up in 1989 within the Non-Aligned Movement (NAM) to promote South-South cooperation.

Malaysia and Indonesia are members of both Asean and the G-15.

Prime Minister Datuk Seri Dr Mahathir Mohamad, speaking at the end of the Seventh G-15 Summit in Kuala Lumpur yesterday, said the heads of state and government, during their retreat in Malacca on Tuesday, agreed that the G-15 finance ministers should meet concurrently with their Asean counterparts.

The G-15 finance ministers have been tasked with making the necessary recommendations to the International Monetary Fund and the World Bank on the issue.

Similarly, Asean finance ministers will draw up recommendations which will they will submit to their leaders for consideration at an informal summit in Kuala Lumpur on December 14-16.

The G-15 finance ministers' proposals meanwhile will be discussed at the Eighth G-15 Summit in Cairo next May.

Both sets of recommendations will then be submitted to the IMF and the World Bank, Dr Mahathir said. "Whether or not they are implemented by the IMF and World is a separate issue," he added.

The G-15 leaders feel strongly that recent developments in the currency market need to be discussed and studied by the IMF as apart from South-East Asia, East Asian and Latin American countries are now also affected.

Asked about Malaysia's own recommendations to the IMF, Dr Mahathir said: "I wouldn't want to anticipate (what will be discussed by the finance ministers).

"It is quite obvious that if you want to trade, you would need to have a proper marketplace.

"You would need to know the source of the money ... we are talking about billions. If someone comes here with a lot of money, we would want to know where the currency came from."

Asked if the proposed regulations would mean the end of currency speculation, Dr Mahathir said: "People can still speculate when there are rules and regulations."

Pointed out by a foreign journalist that the North has continued to resist such rules and regulations, Dr Mahathir said the North should "keep its mouth shut".

"The North demands that the rule of law be respected by all governments, yet in currency trading, (they say) there should be no rules. This is something we cannot understand ... don't come and tell us that you want to see the rule of law in our country when you are quite lawless.

"If you uphold morality, you must have laws. If you (the North) do not

want to have rules and regulations, don't preach to us ... keep your mouth shut," he said.

He said it is normal to expect rules for all types of trading and if there are rules for the trading of securities and commodities, why not for currencies too.

On the North-South dialogue, Dr Mahathir said "like the tango, it takes two".

"(French President Jacques) Chirac wrote to me in my capacity as the chairman of the current summit, saying there should be closer cooperation (between G-15 and European Union). There is some progress ... eventually we may be able to tango."

Earlier, in his concluding remarks at the end of the summit, Dr Mahathir said North-South Dialogue would be meaningless "if we ourselves are unable to identify common positions on certain issues that we want to raise with the North."

While a common position on all issues may not be possible, it should not deter the group from striving for better coordination of the separate positions to ensure a more meaningful dialogue with the developed countries, he said.