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G-15 committed to champion cause of developing nations

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ITS achievements may not be many but the few that it has reflects the effectiveness of the Group of 15 (G-15) non-aligned and developing countries in promoting South-South cooperation.

Last week in Kuala Lumpur at its seventh leaders' summit, the G-15 emerged stronger following some of the decisions it has taken during the summit, two of which are on currency trading and the frequency need for the summit.

It showed prowess in amassing support on regulating currency trading, which has created havoc in the economies of countries in the South. Although Malaysia and Indonesia are the only two countries in the G-15 whose currencies were attacked by currency speculators, the G-15 countries have backed a call for regulating currency trading.

The leaders issued a statement on the first day of their summit, calling on the International Monetary Fund (IMF) and the World Bank to study and appropriately regulate currency trading activities to make them more open and transparent.

They have also tasked their finance ministers, governors of central banks and other relevant authorities to study the matter and make necessary recommendations.

The meeting of the G-15 finance ministers and central bank governors on December 1 and 2, concurrent with the meeting of the Asean finance ministers, is significant - in the sense that this will be the first time the finance ministers of 24 countries will actually group together to draw up recommendations to regulate currency trading for submission to the IMF. This, by far, reflects the true spirit of South-South cooperation in action.

A foreign reporter who asked at the press conference at the end of the summit as to whether the summit had been "hijacked" by the issue, was not far from being wrong.

Issues pertaining to currency trading and the turmoil affecting the region had indeed dominated the discussions among the leaders of the G-15.

Prime Minister Datuk Seri Dr Mahathir Mohamad, who was the summit's chairman, said the G-15 leaders had expressed concern over the currency crisis as they felt that their countries too may be exposed to attacks by currency speculators.

In fact, Egyptian President Hosni Mubarak made the call for a meeting of the governors of central banks and chairmen of financial market authorities of the G-15 countries to discuss ways and means of tackling the problems that could result from rapid capital flows.

The financial markets and rapid capital flows could cause "economic crises whose negative complications are beyond our control," he said.

Indonesian President Suharto, whose country was among the worst hit by the currency crisis, also urged developing countries to cooperate to find an immediate and effective means to stabilise the money market.

"The sharp fluctuations in international financial flow and currency trading have crushed the economic and social achievements of developing countries," he said.

Peruvian President Alberto Fujimori said there is a need to create more international mechanisms in the wake of the recent financial and stock market crisis for developing countries to effectively deal with the problem of monetary instability.

Even currency speculator George Soros - whose Quantum hedge fund had lost US\$2 billion (US\$1 = RM3.31) or 10 per cent of its value on the markets two weeks ago - was said to have called for the markets "to be kept under some sort of control" to avert wild fluctuations - "ideally an international authority dealing with supervision."

Soros has now "sought for some form of control", after having lost US\$2 billion in the forex market the week before the summit, following falls in Hong Kong, New York and many other major stock exchanges around the world.

Earlier, he had scoffed Dr Mahathir's proposal for controls in currency speculation at a seminar in conjunction with the IMF/World Bank meetings in Hong Kong.

While discussions had undoubtedly been focused on the currency issue, leaders also touched on other pertinent matters such as the poor attendance of G-15 leaders at the summit. There had been grouses about the summit being a yearly affair and that leaders were facing "summit fatigue" having had to attend many meetings and conferences all year round.

This year's Kuala Lumpur summit would have in fact been the eighth if the grouping had indeed met in 1993 in New Delhi. The summit had to be cancelled then as there was no quorum of eight leaders.

Several reasons were cited for the poor attendance of the G-15 leaders. Dr Mahathir himself said the leaders may have some other important commitments.

This year, Jamaica was holding its elections while Latin American leaders were committed to the Ibero-American summit.

Peru President Alberto Fujimori, for example, attended the G-15 summit but had to leave early to go to Venezuela for the annual meeting of leaders from Spain, Portugal and their ex-colonies in the Americas.

One cannot assume, however, that their absence reflects a lack of commitment. As Foreign Minister Datuk Seri Abdullah Ahmad Badawi had said "... they, after all, have sent representatives."

And the leaders and the other countries' representatives agreed at the Kuala Lumpur summit that because of the urgency and rapid changes in world trade, developing countries need to meet more often especially when developed countries are drafting rules and conditions on trade which could pose to be detrimental to developing countries.

As such, the eighth summit of the G-15 will be in Cairo, Egypt in May next year, followed by Jamaica in February 1999.

The Cairo meeting will be an important one as it will be considering the recommendations made by its finance ministers on regulating the currency trading for submission to the IMF.

It will also discuss a paper on the setting up of a permanent secretariat in place of the existing "troika", the Geneva-based three-man Technical Support Facility (TSF).

These two decisions, among the many that have been agreed upon by the G-15 which are reflective of the success of the leaders' summit, should serve as an eye-opener to countries who had doubted the effectiveness of the G-15, including those in the G-15 who have yet to show their commitment to the grouping.

The journey is indeed long for the G-15, but each careful stride is as important as the next one for it to continue to further promote South-South cooperation and champion the cause of the other developing countries.

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