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G15-Asia

INDIA CALLS FOR GLOBAL AND REGIONAL COOPERATION ON CURRENCY CRISIS

KUALA LUMPUR, Nov 3 (Bernama) -- The currency turmoil which hit Southeast Asia had highlighted the need for developing countries to insulate themselves from the whips of market sentiments and exchange rate fluctuations in major currencies.

Vice President of India Krishan Kant said given the importance of private capital flows for development and the growing integration of developing countries in international financial markets, the recent currency volatility called for a new approach to regional and international cooperation for their management.

The recent disturbance in the international financial and capital markets had adversely affected many countries in Asia and other parts of the developing countries, he said when representing Asia at the opening of the seventh G15 summit by Prime Minister Datuk Seri Dr Mahathir Mohamad here today.

The G15 which admitted Kenya as its 16th member today, also groups Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Jamaica, Malaysia, Mexico, Nigeria, Peru, Senegal, Venezuela and Zimbabwe.

Kant said G15 could work to evolve suitable strategies and consult with each other on this matter.

He said future North-South contacts must reflect the credit developing countries had earned by "telescoping structural adjustments and liberalisation within a truly historic time frame and proportions."

"The developed countries must themselves set an example of genuine liberalisation particularly in sectors of export interest to developing countries such as in textiles, agriculture, steel, electronics and information services," he said.

Kant also touched on issues of resources and obstacles in accessing high technologies by developing countries.

Globalisation had brought about significant shifts in their relative value, ownership and distribution, he said.

Kant said developing countries must be able to optimise their assets of human resources and labour whilst getting their worth for their environmental and natural resources.

He said there must be fair play in resource allocations especially in forums like the World Trade Organisation (WTO), International Monetary Fund (IMF) and the World Bank.

"The IMF's financial and trading systems also need to be suitably adapted and democratised," he said.

On access to high technologies, Kant said, this was an area of concern among developing countries and they should object to any attempts to regulate them into a technology underclass.

"Pressures are put on firms in developing countries involved in frontier technologies and punitive measures taken against them," he said.

This pre-empts their capacity development in high technology areas as well as their global market entry, he said.

He said though Asia had become an epitome of successful globalisation and high economic growth, it is home to the largest number of the world's poor and to cope with the need of the millions.

Kant said the G15 dubbed as South-South cooperation without substance when it was conceived seven years ago, had turned into an enduring reality.

In India's experience, he said, the grouping had some impact in that

Malaysia had become its major investor and trading partner in many sectors like telecommunications, infrastructure, real estate, ports and container freight stations.

He also said Malaysia's Multimedia Super Corridor (MSC) project had attracted high-tech participants from India, demonstrating the true South-South synergy.

Kant also said developing countries must be given consideration and support in new areas where they have yet to acquire competitive robustness by extending the concept of Generalised System of Preferences (GSP).

The GSP must cover areas like financial and telecommunication services, intellectual property rights, investment measures and other areas where they would profit from some "offsets" and special entry rights, he said.

He said there should be no attempts to neutralise or downgrade the comparative advantages of developing countries which include preventing the pre-judicial use of anti-dumping instruments, technical barriers and anti-competitive practices on exports of developing countries or introduction of environmental, social or other conditionalities. -- BERNAMA

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