

01 NOV 1997

G15-summit

TIME FOR G15 TO FLEX MUSCLE ON CURRENCY TURMOIL, GLOBALISATION

KUALA LUMPUR, Nov 1 (Bernama) -- Still in the teething stage seven years after its inception, the Group of 15 developing countries (G15) will be called upon to prove that it can flex some muscle when its leaders gather here for their seventh annual summit.

Looming over the three-day summit beginning on Monday are the two burning issues of currency fluctuation and to gather forces again to impact on multilateral trade and investment as well as financial services liberalisation at the World Trade Organisation (WTO).

The leaders who are all due tomorrow are expected to issue a special statement on the currency turmoil that had battered Southeast Asia including two G15 members, Malaysia and Indonesia, and triggered a meltdown of stockmarkets from Hong Kong to Wall Street earlier this week.

Malaysia's Prime Minister Datuk Seri Dr Mahathir Mohamad who will be chairing the summit has reiterated that efforts by the WTO towards globalisation and deregulation would fail if no new rules which apply to all countries were introduced.

Straight-talking Dr Mahathir, who labelled rogue speculators as immoral, had stood firm against the tide in calling for currency trading to be regulated to make it transparent.

With a membership that spans three continents, the G15 can play a pivotal role and be the cue for other developing countries and lesser-developed countries to stand up for themselves at multilateral fora on issues affecting their interest, said Malaysia's International Trade and Industry Minister Datuk Seri Rafidah Aziz in her opening remarks at yesterday's inaugural G15 economic ministers meeting.

The G15 now comprises Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Jamaica, Malaysia, Mexico, Nigeria, Peru, Senegal, Venezuela and Zimbabwe. Kenya will be admitted as the 16th member during the summit here.

Apart from Dr Mahathir, the other leaders at the summit are President Liamine Zeroual (Algeria), President Hosni Mubarak (Egypt), President Suharto (Indonesia), President Alberto Fujimori (Peru), President Robert Mugabe (Zimbabwe), Vice-President Krishan Kant (India), Vice-President Carlos Ruckauf (Argentina) and Deputy Prime Minister Seymour Mullings (Jamaica).

Senegal, Mexico and Brazil will be represented by their foreign ministers, Moustapha Niasse, Angel Gurria and Luiz Felipe Lampreia respectively.

Chile's Economics Minister Alvaro Garcia and Venezuela's Industry and Commerce Minister Dr Freddy Rojas Parra are standing in for their heads of government while newcomer, Kenya, has sent its Minister of State in the President's Office for Regional Cooperation, Nicholas K.Biwott.

Developments over the past week had indicated that Malaysia is winning over support for its stand on the currency turmoil.

Zimbabwean Permanent Representative to the UN, Tichaona Jokonya, who is here said, his country had proposed a separate statement on the currency turmoil to be issued due to the seriousness of the problem.

He pointed out that even countries of the North now realised that they were not immune to currency volatility.

Rafidah and her G15 colleagues took up the matter yesterday and agreed that a working group in the WTO carry out a study on currency exchange and on trade following the crisis.

"They realise that although among some of the countries, the impact is not yet there and that they are not part and parcel of the currency dynamics, they do believe that this is something we will be able to act on," she said after the meeting.

According to a diplomat, Malaysia had to face a hard task of convincing other countries that it was "not just a Malaysian problem" but one that could have adverse results for everyone.

"It was like speaking out against a religion. Many countries still say that it was market forces at work but if that is to be accepted, then it is abnormal market forces at work," he said.

A trade official said the fact that WTO director-general Renato Ruggiero made an overnight trip to Kuala Lumpur to dialogue with the G15 economic ministers was a recognition of the significance of the grouping which has a total population of 1.74 billion and last year, chalked up a combined trade of US\$796 billion accounting for seven percent of world trade.

At the inaugural WTO conference in Singapore last year, G15 countries and other developed nations took a common stand and resisted attempts to link social clauses with labour issues.

This time around, G15 member countries would be trying to forge a similar approach to the crucial question of financial services liberalisation currently being negotiated under the WTO and set to be concluded next month.

Developing countries favour progressive liberalisation according to the capability of the respective countries as they are wary of being marginalised with their economic strength eroded in the process.

Apart from this, the leaders would be re-examining the progress of the grouping to chart the future direction of the G15 into the new millennium.

This would cover the enhancement of South-South dialogue apart from development cooperation and to boost intra-G15 trade that stood at US\$72 billion last year. -- BERNAMA

TCL AAM