

05/05/1998

## Cairo Summit to focus on the Asian financial crisis

Fauziah Ismail

EGYPT, the seat of one of the world's oldest continuous civilisations with archaeological records dating back to 5,000 BC, will host the eighth Group of 15 (G-15) summit beginning this week.

This is the first time the summit is being held in the second quarter of the year, instead of the past practice of holding the meeting in the last quarter of the calendar.

Jamaica was earlier scheduled to hold the eighth summit but due to the urgency and rapidity of the changes in world trade especially in the light of the World Trade Organisation Ministerial Meeting in Geneva later this month, G-15 leaders decided on Cairo as the host of the summit this year.

Leaders of the 16 member countries - Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Jamaica, Kenya, Malaysia, Mexico, Nigeria, Peru, Senegal, Venezuela and Zimbabwe - are expected to discuss two main issues which had been brought forward from the seventh summit in Kuala Lumpur last November.

These issues involve the G-15 finance ministers' recommendations to the International Monetary Fund (IMF) and the World Bank on regulating currency trading and the setting up of a permanent secretariat for the grouping.

Malaysia, which will be led by Prime Minister Datuk Seri Dr Mahathir Mohamad, will table a paper on the developments in international financial markets and on the establishment of the permanent secretariat at the Cairo summit.

These are two out of three papers which will be presented by Malaysia. The third is on the development of the collation and dissemination of all technical programmes offered by member countries.

Foreign Minister Datuk Abdullah Ahmad Badawi, in an interview with Business Times, said this is in accordance with the decision made at the Kuala Lumpur summit last year.

"As agreed by the heads of state/government in last year's meeting, the main emphasis that would be discussed in the Cairo meeting will be to address the issue of the financial crisis that is sweeping the region.

"Malaysia hopes to see results of the deliberation by the G-15 countries in trying to overcome the current economic woes," he told Business Times in Kuala Lumpur.

Egypt Ambassador to Malaysia Mr Ali El Naggary confirms that the Cairo Summit will continue to discuss the financial crisis facing South-East Asia, apart from other issues such as the globalisation of the world trade and economy and the increasing gap between developed and developing countries.

"Cairo can put forward a message to the world on some important issues such as the re-formulation of the international financial system to avoid what happened in South-East Asia.

"If the World is not going to help South-East Asia to get out of its crisis, there is a possibility that the crisis will affect other economies," he said.

He added that it is also necessary to consider social issues besides the economic issues in helping South-East Asia to get out of the financial crisis," he added.

Abdullah, who will be attending the G-15 foreign ministers' meeting on Saturday, said the G-15 is aware that a prolonged economic crisis in any

region will sooner or later have a global effect. In this regard, it is important that the grouping takes the initiative to address the matter with the guidance and advice of the IMF and World Bank.

"They (G-15 leaders) recognised the problems raised by the short-term capital flows and currency speculation as the important factors causing the economic crisis in the region," Abdullah said.

It is understood that leaders attending the Cairo meeting are also expected to deliberate on the outcome of the G-22 finance ministers' meeting in Washington recently.

The finance ministers had discussed the creation of a "new international financial architecture" following the financial crisis that hit Asia last year.

The new scheme, which is an American initiative that is gaining support from most of the 182 members of the IMF, is aimed at rectifying weaknesses within the global financial system and to make sure that last year's events and the punishing effects of the crisis will not recur.

They agreed that developing a new architecture is an urgent and compelling challenge, with the ultimate objective being a strong, resilient global financial system.

On the permanent secretariat, Abdullah said the proposed mechanism of the secretariat will depend on the discussions and consultations between the G-15 members.

The proposed secretariat is expected to be built along similar lines to the present three-man Technical Support Facility (TSF) currently based in Geneva.

"At present, the TSF is tasked to serve as a secretariat of the G-15 and, in that capacity, to provide substantive support for all activities of the G-15 and to monitor, promote and publicise those activities," he said.

Abdullah said Malaysia is confident that the G-15 countries will continue to work closely in the fields of trade, financial and technical assistance especially in these trying times.

The G-15, he added, is a grouping that champions the betterment of all developing countries and as such, will heed the changes in world trade especially at a time when the developed nations are drafting rules and conditions of trade which could be detrimental to developing countries and economies.

"The G-15 is a grouping that pays heed to these changes. We will take stock of rules and conditions and see whether it is detrimental to us (developing countries) ... make the necessary suggestions to international bodies such as the World Trade Organisation (WTO) and the IMF.

"... as a voice of the South, we will take action against any policies that will be detrimental to our interests," he said.

El Naggary said Cairo hopes to strengthen economic and trade relations between developing countries, especially after the globalisation of the world economy.

"We hope to learn from the expertise of other developing countries' in coping with the new global economy and to help South-East Asian countries that are acing the financial crisis.

"We too, want to attract foreign investments and find new markets for Egypt's exports," El Naggary said.

At the Cairo summit, Abdullah said Malaysia also wants to see a more concerted effort to realise one of the G-15's objectives, that is, to have a positive linkage between the North and South.

This, Abdullah said, may be achieved in the form of a dialogue. "The need for stronger ties between the grouping is essential as we are growing more interdependent every day.

"President Hosny Mubarak, as current chairman of the G-15, has written to British Prime Minister Tony Blair, as chairman of G-8 (a grouping the world's major economies), on our interest in opening a dialogue between the two groupings.

"The chairman, as a practice, will also incorporate the views concerning member countries for consideration by the G-8, when there is a need," he said.

Malaysia, he added, has always been supportive in trying to initiate a North-South dialogue. "We feel that it is important to have a link between these two groupings as we can consult and advise one another on issues and recommend courses of action which are beneficial to both sides.

"It is crucial in this ever growing interdependency and globalisation era for developed and developing countries to be working together," he said.

El Naggary said Cairo believes that the North and South will eventually be able to hold a dialogue together. "History taught us that the rich cannot live peacefully while his neighbours lived in poverty.

"Most of the rich countries' built their developed economies while depending on developing countries' raw materials, labour and markets. Unless they help to develop these economies, they cannot continue to thrive in the future," he said.

Cairo outlined trade and environment, trade and labour and trade and standards as the main issues in which the North and South can pursue in a dialogue.

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