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Eye opener for leaders on Asian currency woes

Syed Nadzri in Cairo

LEADERS attending the Group of 15 summit here, jittery over developments in the international monetary system, are paying greater attention to it following a paper tabled by Prime Minister Datuk Seri Dr Mahathir Mohamad on Monday.

The paper on "The East Asian Crisis: Causes, Policy Responses, Lessons and Issues" drew rapt attention as delegates from outside Asia acknowledged that the crisis could also hit their respective countries.

Foreign Minister Datuk Seri Abdullah Ahmad Badawi, who briefed Malaysian journalists after Monday's plenary session, said the paper was well-received.

"Leaders from Kenya, Algeria, Senegal and Zimbabwe gave their views on the crisis and acknowledged that the economic and financial crisis, caused by currency trading, can happen anywhere."

"They called for measures to be taken to prevent the crisis from recurring," he added.

The paper touched on the need for a comprehensive review of the present architecture of the international monetary system, in line with the decision of the recent G-22 finance ministers' meeting in Washington.

This includes strengthening of the surveillance of the financial markets and international capital flows to increase transparency and understanding of the dynamics of international capital flows and the need for an effective rule-based and adequately-funded international lenders of last resort.

Abdullah said the paper and Dr Mahathir's lengthy explanation on the crisis had enabled the leaders to have a deeper understanding on the matter.

The summit entered its "retreat-stage" yesterday as leaders spent the whole day at Sharm es-Sheikh, a resort at Sinai deliberating in more casual conditions.

Today, leaders will end their meeting with the release of a joint communique, which will detail the outcome of the eighth G-15 summit. There will also be a joint heads of state/government press conference at noon.

Dr Mahathir leaves for Khartoum immediately after that for a three-day state visit to Sudan.

Meanwhile, Dr Mahathir held discussions with Zimbabwean president Robert Mugabe on Monday night during which he raised concern over unfavourable foreign media reports and campaigns on Malaysian investments in African states.

Abdullah said: "Dr Mahathir told Mugabe that Malaysian investors are in Africa not to exploit the situation. Whatever projects undertaken by Malaysian companies in Africa are those that bring benefits to both the investors and the host country."

"... these unfavourable foreign news reports and the campaigns against Malaysia are unfair. Companies have pumped in a lot of money into Africa and these reports and campaigns will make them suffer losses instead."

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