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Chirac to take up G15's case (HL)

P. Selvarani in Paris

FRENCH President Jacques Chirac has pledged to raise the issue of G15 countries wanting to be directly involved in the formulation of the new international financial architecture with fellow G7 members.

He said this at a meeting with Datuk Seri Dr Mahathir Mohamad at the Elysee Palace here on Saturday.

The Prime Minister made a one-day stopover here for the meeting held at Chirac's invitation after attending the recently-concluded G15 meeting in Jamaica.

Dr Mahathir had told Chirac that G15 countries wanted a role in the new international financial architecture to ensure that they did not lose out in the globalisation process.

The Prime Minister told a Press conference at the Sir Elton John Suite of the Ritz Hotel on Saturday night that Chirac was very supportive of the views of G15 members.

"I explained to him that the G15 members want to participate in the formulation of the new international financial architecture. One of the things they want is to have direct communication with the G7 so that they will have the opportunity to discuss matters with them," he said.

Describing France as the "most sympathetic of all the European countries" (on the plight of developing countries), the Prime Minister was confident that France would be able to promote the views of the G15 in view of its influence in the G7.

An AFP report on the meeting between Dr Mahathir and Chirac said that the latter had taken to consulting the Prime Minister before each G7 meeting.

The next meeting of the G7 - comprising France, the United States, the United Kingdom, Germany, Italy, Canada and Japan - will be held in Cologne in June.

Dr Mahathir said the need for more control over the international financial system, as stressed by Malaysia, was now being accepted not just by France but by Germany, Canada and Japan as well.

"They will now have to convince the other members, especially the US. The UK will generally follow the US," he said, adding that more parties now agreed with Malaysia's views on the need for more controls on currency flows.

During the meeting, Dr Mahathir also raised the problem of globalisation and stressed the need to study the process carefully so that it does not make developing countries to lose out.

He said the G15 members agreed that the present financial regime was dangerous for them.

"They might suddenly find that in the morning they are rich, by evening they are poor. They don't want this to happen to them. For some of the G15 countries, this has already happened. For the others, they are very worried that they too might have to pay for this lack of control."

He said France had been working closely with Malaysia for several years and understood Malaysia's position better than any other European country. He said he explained Malaysia's currency exchange rate controls to Chirac and the French President had no objections or criticism of these initiatives.

Dr Mahathir said Chirac was personally sympathetic to the cause of the developing nations, especially in Southeast Asia, and had often held talks

with Malaysia for clarification on developments in the region.

This is the second time the Prime Minister has been invited to Chirac's Presidential Palace for talks.

A similar discussion was held between the two leaders here in 1997.

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