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Financial crisis brings G15 together

Zainul Arifin in Montego Bay, Jamaica

THE financial crisis that hit Asia, and the threat of its contagion effect on the rest of the world, has unwittingly become the rallying point bringing the Group of 15 developing countries closer.

Commitments of some members to the grouping, previously suspect, are now firmer. The G15 is now a more united and cohesive group than seen previously, said Prime Minister Datuk Seri Dr Mahathir Mohamad.

Members were now speaking with one voice, especially with regards to the need to reform the international financial system.

"Financial crises have struck us, and may strike some others. Therefore members are much more united because of the need to work together to protect themselves," he told reporters here on Thursday.

A Malaysian official summing up the Jamaican meeting thus far, said there was now "a greater degree of convergence" of views among members.

Indeed, Dr Mahathir described the Ninth Annual Summit of the G15, which entered its second day on Thursday, to be a turning point in the grouping's 10-year history.

When it was formed 10 years ago, the G15 had a broad agenda of promoting greater co-operation among developing countries in the Southern hemisphere.

G15 groups Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Jamaica, Kenya, Malaysia, Mexico, Nigeria, Peru, Senegal, Sri Lanka, Venezuela and Zimbabwe.

But since its inception, it had been dogged by suggestions that some members were less enthusiastic of the grouping and its programmes.

Latin American countries, for example, because of their interests and history, were said to be less keen on G15 and were focusing most of their attention on the United States and Europe.

The financial crisis in Asia, which saw several economies reduced to shadows of their former selves, changed all that and provided members with a common cause - how best to protect themselves from the harm created by the actions of financial market players.

Malaysia, Indonesia and Mexico had their share of the problem, while other members, like Brazil, were now in a similarly precarious position.

Because of this, G15 members taking a united stand say that the move to reform the world's financial system - more commonly referred to as the formation of a new international financial architecture - to prevent a recurrence of the Asian crisis, must take into account the views of the developing world.

The thrust of the new financial architecture is that market players would have to be more transparent, and somewhat regulated.

"All members agreed that there need to be controls. If controls are present in trade and other matters, then controls must also be available (in the financial markets)," Dr Mahathir said.

G15 leaders at their meetings that would end on Friday were of the opinion that the new financial architecture should not be dictated by the International Monetary Fund or the World Bank or powerful nations, he added.

Dr Mahathir said most of the discussions at this year's meeting thus far were on the financial crisis and Malaysia was given the opportunity to share its experiences and explain the steps it took to overcome the problem.

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