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Mahathir-summit

FRANCE INVITES M'SIA TO SUMMIT TO REVIEW FINANCIAL ARCHITECTURE

KUALA LUMPUR, March 3 (Bernama) -- France has invited Malaysia to a leaders' summit meeting planned for the end of the year to review the international financial architecture, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

Dr Mahathir said he received a letter today from French President Jacques Chirac saying he would suggest at the upcoming G-7 summit in Cologne that the views of the G-15 countries be included in the proposed global financial architecture.

The prime minister told reporters this at the airport in Subang near here on his return from the second summit meeting of the group of eight Islamic developing countries in Dhaka.

The G-7 groups the seven industrialised countries, including France, and the G-15 comprises 15 developing countries, including Malaysia.

Chirac also said that he wanted one of the G-15 member countries be represented at the Cologne G-7 summit in June, said Dr Mahathir.

The French president, however, did not specify the representative and would leave the matter to G-15 countries to decide, Dr Mahathir said.

Dr Mahathir said: "It seems that we have made some progress in ensuring a place among developed countries for the formation of a new international financial architecture."

He had expressed the wish that G-7 members would let developing countries join them in their efforts to create a new global financial architecture.

On United States President Bill Clinton's change of mind over the need for a financial reform, he said it was good that he has changed his stance.

"Without the US agreeing to it, a reform in the international financial architecture cannot take place," said Dr Mahathir.

Clinton said the need for financial reform was particularly acute whenever large amount of foreign capital flowed into emerging markets and then floated out again just as quickly, bankrupting entire economies and throwing back into poverty millions of people who had just become part of an emerging middle class.

The US president said this in a foreign policy speech delivered in San Francisco last weekend.

These words exactly echoed what Dr Mahathir had eloquently repeated time and again since the currency crisis engulfed East Asia in late 1997.

Clinton had also said that US prosperity was not immune to a global financial crisis and that the international financial system must be reformed.

German Chancellor Gerhard Schroder had said that recent developments underscored the need of the G-7 nations to reach an agreement at their Cologne summit over the establishment of a global financial architecture.

It was also hoped that the summit would produce an agreement on greater transparency in financial markets and enhancing coordination between governments to avert crises.

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