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MAHATHIR-SUMMIT

FRANCE TO HOST SUMMIT TO REVIEW GLOBAL FINANCIAL ARCHITECTURE

SUBANG, March 3 (Bernama) -- France has proposed to convene a leaders' summit at the end of this year to review the international financial architecture, Datuk Seri Dr Mahathir Mohamad said today.

Malaysia has been invited to participate in the meeting, the prime minister told reporters at the Sultan Abdul Aziz Shah Airport here on his return from Dhaka where he attended the second summit of the group of eight Islamic developing countries.

Dr Mahathir said he has received a letter from President Jacques Chirac of France today, who said he would suggest at the upcoming group of seven (G-7) industrialised countries' summit in Cologne, Germany that the views of the group of 15 developing countries (G-15) be included in the proposed global financial architecture.

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

Chirac, however, did not specify the representative and will 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."

The prime minister had expressed his wish that G-7 members would let developing countries participate 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," he added.

In a foreign policy speech delivered in San Francisco over the weekend, Clinton said the need for financial reform was particularly acute whenever large amount of foreign capital flowed into emerging markets and then float 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.

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.

The summit is also hoped to produce an agreement on greater transparency in financial markets and enhancing coordination between governments to avert crises. -- BERNAMA

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