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G-15: Don't link labour issues to trade again (HL)

Mustapha Kamil in Montego Bay (Jamaica)

MONTEGO BAY (Jamaica), Sun: The Group of 15 (G-15) trade and economic ministers have sounded an early warning against a fresh attempt to link labour issues to trade at the World Trade Organisation (WTO).

Meeting ahead of the G-15 leaders' summit which opens on Wednesday, the ministers were informed that the US may want to continue pushing for the merging of labour standards with trade terms at the next WTO ministerial meeting in Seattle in November this year, against developing countries' wishes that this be left to the International Labour Organisation (ILO).

"We may have a tough time on this subject again," Malaysia's permanent representative to the United Nations in Geneva, Encik Hamidon Ali, told journalists after the G-15 ministers' meeting yesterday.

The last time developed countries introduced the subject in a big way was at the inaugural WTO Ministerial Meeting in Singapore. The European Union was then acting as the chief advocator of the labour-trade linkage and faced a staunch opposition from the G-15 and the Association of South-East Asian Nations (Asean).

The ministers' discussions ranged from Malaysia's successful experience with selected capital controls to the latest attempt by industrialised countries to re-introduce labour issues as conditions of trade.

Ministry of International Trade and Industry's deputy secretary general, Mr M. Suppramaniam, said many countries felt the WTO should concentrate on existing issues related to the Uruguay Round without taking on any new matters.

"There are also many elements within the Uruguay round that require reviews and would take much time and work," he said at another briefing for reporters.

Hamidon said the G-15 trade and economic ministers agreed on the need for a united voice in facing the global economic uncertainty but had different ideas when it came to the need for capital controls.

Some of the ministers agreed on the need to protect their domestic economies by imposing controls on foreign capital flows. There were some, however, who said they would prefer to leave their capital doors open.

Malaysia's increasingly successful experience in imposing limited controls on foreign capital was discussed at length and supported by some of the ministers at the meeting, though some countries said they have enjoyed relatively stable capital inflows and outflows without such measures.

Prime Minister Datuk Seri Dr Mahathir Mohamad, who has never missed a G-15 summit since its inauguration in 1989, is scheduled to be here after a stopover in London.

Malaysia is expected to continue highlighting the need for a re-examination of the global financial framework, more so after the world's economic top guns at the recent World Economic Forum in Davos, Switzerland were largely seen supportive of such view.

The G-15 will pursue the subject of regulating the international financial framework with the Group of Seven industrialised nations in the informal G-22 negotiations and will also work with the Bretton Woods institutions to ensure progress on the matter.

"The world views are converging towards that. That there has to be some sort of regulation although we cannot be certain as to what sort of regulation should be imposed as yet," Hamidon said.

The ministers also discussed special and differential treatments in trade for developing countries, and reached a consensus that this must be an important element in future negotiations at the WTO level.

Suppramaniam said at present, this issue is not given emphasis, especially by developed countries.

Latin American members of the G-15 felt it will be in the interest of developing countries to go for a comprehensive round of negotiations to safeguard their interests.

Foreign ministers of the G-15 start their meeting tomorrow. Malaysia will be represented by Foreign Minister Datuk Seri Syed Hamid Albar. Bernama reports: United Nations Conference on Trade and Development Secretary-General Reubens Ricupero is watching closely the Malaysian way to overcome the financial crisis buffeting the East Asian region.

Hamidon said Ricupero was interested in the Malaysian solution without any financial bailout from the International Monetary Fund, to see if it could be applied to Brazil.

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