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Paris plans North-South summit on finance reforms: PM

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HEADS of government of developed and developing countries are expected to meet towards the end of this year to pursue the creation of a new world financial architecture.

French President Jacques Chirac is organising a summit to discuss the matter and will involve participation of the rich Group of Seven (G-7) and the developing Group of 15 (G-15), Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday.

Chirac had informed him about the proposed meeting in a letter, the Prime Minister said at the Sultan Abdul Aziz Shah airport in Subang, on his return from Dhaha where he attended the second summit of the group of eight Islamic developing countries (D-8).

The French President agrees that developing countries can contribute towards formulating a new world financial architecture, he said.

France has decided to host a summit of eight countries, and Chirac feels that Malaysia, or some other developing country, should participate, Dr Mahathir added.

In the letter, Chirac also expressed the opinion that G-7 can do more to help create a new financial order, saying he would present France's proposal for the summit to the G-7 at its upcoming meeting in Cologne.

Asked which G-15 member would be likely to attend the summit, Dr Mahathir said this is a matter for the grouping to discuss.

As for US President Bill Clinton's call for global financial reforms, he said: "It is good that Clinton has changed his stand... without the US, nothing can be achieved."

Clinton had stressed in a foreign policy speech in San Francisco last weekend the need for financial reforms, given that large amounts of foreign capital are able to flow into emerging markets and then flow out again just as quickly.

This, according to him, crumbled a lot of emerging economies and impoverished millions of people who had just become part of an emerging market middle class.

The US President's remarks echoed what Dr Mahathir has been saying since the currency crisis engulfed East Asia in July 1997. In fact, when the Prime Minister first called for reforms to rein in the foreign exchange speculators, he was sharply criticised by foreign analysts as well as leaders of governments and multilateral organisations.

At the airport, the Prime Minister and his wife, Datin Seri Dr Siti Hasmah Mohamed Ali, were greeted by Information Minister Datuk Mohamed Rahmat and National Unity and Social Development Minister Datin Paduka Zaleha Ismail, among others.

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