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G-15

WORLD FINANCIAL CRISIS FOCUS OF G-15 SUMMIT IN JAMAICA

KUALA LUMPUR, Jan 30 (Bernama) -- Short-term capital flow and the havoc that it can create for the world economy will be the focus of the G-15 summit in Jamaica early next month, Foreign Minister Datuk Seri Syed Hamid Albar said today.

Short-term capital and hedge funds was not just an issue of the developing countries but also of the developed nations, he said in a briefing for the media on the summit of the group of 16 countries that are considered the more advanced in the Third World.

Sri Lanka is to be admitted as a the 17th member in the Jamaica meeting from Feb 4 to 12. The other members of the grouping founded in Kuala Lumpur in 1990 are Algeria, Egypt, Kenya, Nigeria, Senegal, Zimbabwe, India, Indonesia, Malaysia, Argentina, Brazil, Chile, Jamaica, Mexico, Peru and Venezuela.

Syed Hamid hinted that the summit might come out with a common stand on the need to review the world financial system and regulate hedge funds and short-term capital flow, which Malaysia has consistently maintained to be the cause of the Asian financial crisis.

The summit will be attended by Prime Minister Datuk Seri Dr Mahathir Mohamad as head of the delegation that includes International Trade and Industry Minister Datuk Seri Rafidah Aziz and Syed Hamid.

Syed Hamid, will see the Jamaica meeting as his first overseas assignment since taking over the helm of Wisma Putra last week, said the summit would also focus on the multilateral trading system, and trade and economic cooperation among the member states.

"The group will take the occasion to consult and coordinate, wherever possible, on positions that they would adopt at the forthcoming Third Ministerial Meeting of the World Trade Organisation scheduled to take place from Nov 30 to Dec 3 1999 in Seattle, the United States."

He said the Malaysian stand on the WTO was that the multilateral trading system needed to be fine-tuned, taking into consideration the inputs of the developing countries.

The summit, he said, would also review the 17 ongoing G-15 projects as well as consider any project proposals. Of the 17 projects, Malaysia is coordinating three -- bilateral payment arrangement, centres of educational excellence and South Investment, Trade and Technology Data Exchange Centre (SITTDEC).

Syed Hamid said there was no question of a lack of quorum for the Jamaica summit as 12 heads of government would be present when the grouping's constitution stipulates eight for a quorum. The last time the summit was so well attended was the special meeting held in Cairo last May.

He said the grouping had also made headway in realising one of its main aims of spearheading trade and economic cooperation among countries of the South. Foreign direct investment among the G-15 members increased by 24 per cent to RM61.7 billion in 1997 while Malaysian trade with these member countries increased by 17.9 per cent in 1998, he added.

Syed Hamid said the Malaysian delegation would explain the economic and fiscal measures taken to overcome the economic crisis, in particular the selective exchange control, the loosening of the credit squeeze and the lowering of interest.

"We are not saying that the Malaysian method is the only one to resolve the economic crisis but we are fortunate, God willing, to have positive

results so far," he said.

The Jamaica meeting will kick off on Feb 4 with the Business Investment Forum, the 7th meeting of the governing council of the committee on investment, trade and technology, followed by the meeting of the trade and economics ministers on Feb 6 and the meeting of the foreign ministers.

The heads of government will start their meeting on Feb 10, followed by their traditional retreat the following day.

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