

07/02/2000

## Asean representation in G20 overlooked

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ON Jan 22, Japan hosted the G7 meeting of the Finance Ministers and Governors of State Bank of the member countries. The meeting was an important aspect of G7 set-up. It paved the way for the G7 summit to be held in Japan in July.

It appeared from the meeting that the Finance Ministers were concerned with the issues relating to their countries and their economies.

Reference to world finance, the communique only stated that members would monitor developments in exchange markets and co-operate as appropriate.

As the only Asian country in the G7, Japan felt that it had the responsibility to obtain the views of other Asian countries, in particular Asean, in order to bring to the attention to the other G7 members.

In the middle of January, the Prime Minister of Japan Keizo Obuchi visited three Asean countries, namely Thailand, Cambodia and Laos.

Thailand was particularly happy with the visit. Thailand believed that Japan's policy makers have become more sensitive to the needs and aspirations of Asean countries.

The economic crisis in Asia had given Japan an opportunity to demonstrate its ability to help as Japan has massive investment in every Asean country. Obuchi's visit to the region can be taken as an attempt by Japan to play a broader regional role.

The area in which Asean had hoped for Japan's support is in question of financial reform.

Thailand had urged Japan to push for structural reform in International Monetary Fund and the World Bank.

Thailand had argued that the World Bank and IMF should be more responsive in emerging markets.

The G7 meeting has become an important meeting, with decisions, which would affect the economies of many countries, the world over.

In order to bring together the industrialised and the developing countries, a group of G20 was formed in September 1999.

The new group comprises the G7 group plus another 11 emerging and other economies: Argentina, Australia, Brazil, China, India, Mexico, Russia, Saudi Arabia, South Korea, South Africa and Turkey.

The European Union is also a member and was represented at the inaugural session by Finland in its role as EU President.

The European Central Bank president and the IMF managing director were also included. The G20 was conceived as an informal forum to discuss ways of reforming the global financial system.

The meeting of the Finance Ministers and Governors of Central Banks of G20 group took place in Berlin, Germany on Dec 17, 1999.

The meeting gave support to globalisation. In a statement issued after the meeting, the G20 Ministers "reaffirmed the importance of continued progress by the WTO toward multilateral liberalisation of trade in goods and services".

Further, looking at the world financial system, the G20 "recognised that unsustainable exchange rate regime are a critical source of vulnerability and that a consistent exchange rate and monetary policy is essential".

The formation of G20 was an important step in bridging the gap between the industrialised and the developing countries.

As one of the considerations in the formation of G20 was to discuss ways

of reforming the global financial system and to prevent crises, such as the Asian financial crises, it is quite amazing that not a single Asean country was represented in G20.

Asean representation could contribute immeasurably to the discussion. This oversight has been noted with the inclusion of Indonesia. Perhaps the representation of Asean could be considered in due course, in the same way that the EU is represented.

The G20 should develop into an important body as it could meet the needs of both the industrialised and the developing countries.

However, it would appear that G7 countries would not want to see as yet, its position and status replaced by the G20.

In the near future, it can be expected that the G20 would play an increasingly important role in the deliberation of the world economy, which the G7 could not ignore.

Their findings might overlap, which would lead to further adjustment in the two groups. Whatever the results, the G20 could become an important body in the globalised world economy.

Malaysia has been active in the Group of G15 (now 17), comprising a geographical spread of leading developing countries such as Egypt, Algeria, Argentina, Venezuela, Peru, Jamaica, Senegal, Malaysia, Indonesia and India.

The G15 has been quite successful in bringing about greater economic and trade relations among themselves.

At the same time the G15 had also looked into the world economic situation, in particular on trade and financial arrangements.

Before the emergence of G20, it was in G7 that the views of the developing world were channelled to G7. This view was taken by President Jacques Chirac of France as indicated by Prime Minister Datuk Seri Dr Mahathir Mohamad. It would appear that President Chirac is still inclined to this view, and this is helpful to the G15.

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