

13 APR 2000

G77-IFA

CUBA ALL FOR REGULATING EXCHANGE MARKETS

By: E.Sivabalan

HAVANA, April 13 (Bernama) -- Malaysia's call to regulate exchange markets to curb the huge speculative activity that seriously threatens the economic stability of the developing nations, has received the backing of Cuba, the host of the inaugural South Summit of the Group of 77 (G-77) here.

In his welcoming speech at the opening of the two-day summit on Wednesday, Cuban President Fidel Castro suggested that a tax load of not less than one per cent must be imposed on financial transactions, and the money raised could be used to speed up development.

"Scientific and technical developments in telecommunications and information processing make it possible for the world to pursue this task," he said in a hard-hitting speech against the North and the Western-concept of globalisation as well as the International Monetary Fund (IMF).

While Prime Minister Datuk Seri Dr Mahathir Mohamad has been critical of the IMF in its handling of the recent Asian financial crisis, Castro on the other hand went to the extreme by suggesting that the financial body be replaced with another body for regulating international financing.

Castro said a real situation for the problems of the South was the "disappearance of the obsolete and dictatorial IMF."

He said it should be replaced with another body "which works on a democratic basis, with no all-embracing powers for the United States."

Until that happens, Castro suggested nine alternative measures, including setting up simple and clear mechanisms so that countries exposed to crisis have access to IMF funds in a simple and expeditious manner, without conditions.

"It is a proven fact that the time taken by the IMF to negotiate an assistance package in times of crisis, and the uncertainty of the conditions, render the assistance ineffective as a preventive factor," he said.

IMF must also stop imposing its recipes on the total liberalisation of the capital and financial accounts. "Every country must freely choose the degree of regulations that best suit its interest, without external pressure of any kind.

He said another solution was that none of the IMF's conditions can interfere, directly or indirectly with the handling of the domestic social policies that every government has the right to determine in a sovereign manner.

The IMF, he said, must involve creditors in the solution of crisis, through international agreements that provide for the suspension of payments by "illiquidity-risk countries," when these crises result from external circumstances.

Castro's speech was well received by the participants which include Dr Mahathir, Chinese vice premier Li Langing, Indonesian President Abdurrahman Wahid and many African leaders, said a diplomat who is attending the summit

"President Castro has set the tone for the summit and hopefully by the end of the day (summit), we will come out with results," he added. --

BERNAMA

ES FR