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Malaysia to call for speedy financial architecture reforms

Hardev Kaur in Havana

HAVANA, Tues: With a lot of talk but little progress being made, Malaysia will stress the need for the speeding up of reforms in the international financial architecture.

There is also a need for mechanisms and co-operation among developing countries to deal with the changes and challenges of globalisation, liberalisation, technology and the "new economy".

Prime Minister Datuk Seri Dr Mahathir Mohamad, who is in Havana for the Summit of the Group of 77 (G-77) developing countries, is expected to raise these and other issues of concern to developing countries in his address tomorrow.

Dr Mahathir had pointed out previously that the existing architecture was incapable of dealing with the changed world financial environment.

The flow of funds, unregulated hedge funds and highly leveraged institutions have caused untold damage to the economies of developing countries and there is a need to regulate them.

In addition there is a need to strengthen the early warning system to provide for improved response capacities to enable developing countries to deal with emergencies and future financial crises.

Foreign Minister Datuk Seri Syed Hamid Albar, who arrived here yesterday, disclosed that two documents - The Havana Plan of Action and The Declaration - would be issued at the end of the summit.

The Plan of Action will focus on economic issues of concern to developing countries and will be an "action-oriented programme" of clearly defined tasks, targets and time frames.

The Declaration will be a "political" statement expressing the determination of G-77 to chart a new path and according to the chairman of G-77, Chief Arthur C.I. Mbanefo of Nigeria, the Declaration will be "far reaching".

Syed Hamid told the Malaysian Press that the question of debt burden of the poor developing countries would be discussed but at the same time there was an urgent need to look at mechanisms to deal with financial crises.

There have been some commitments to write off the debts of the Highly Indebted Poor Countries (HIPC's) by some developed countries.

While the question of debts of the HIPC's needed to be dealt with, it should not, however, interfere with the need for a new financial architecture and the need for transparency in the multilateral institutions such as the World Trade Organisation, the International Monetary Fund and the World Bank.

There is a need to help build capacities and create environments in the poor developing countries so that they can pursue policies for sustained development and not to make them "dependent on assistance".

The senior officials of the 133-member organisation, first set up in June 1964, began their work on the agenda for the summit and preparations of the two documents today. The foreign ministers begin their meeting today ahead of the Heads of Government Meeting.

Some 50 heads of government are expected to attend the summit together with 80 international organisations, including UN Secretary-General Kofi Annan. The summit will be chaired by the President of Nigeria, Chief Olusegun Obasanjo.

Dr Mahathir, who arrived in Havana yesterday, got down to work

immediately and called on President Dr Fidel Castro of Cuba.

The Prime Minister will address the plenary session of the summit on the first day.

Many of the problems, challenges and concerns that united the South into a cohesive group almost four decades ago are still in existence.

These include the low level of economic development, poverty, income inequality within and between countries, wide technological gaps between the developed and developing countries and unequal power structure in the decision-making process of international institutions.

The summit provides an opportunity for members to among others to:

- * Strengthen solidarity and cooperation;
- * Redefine North-South relations with a view to ensuring that the South plays an active part in shaping the future world trading system by being fully integrated into that system;
- * Identify ways of meeting challenges associated with rapid advances in knowledge and new technologies, especially information and communications technologies, to ensure that developing countries participate fully and enjoy the beneficial fruits of the new global information infrastructure; and
- * Address issues of major concern to developing countries, such as the equitable sharing of the benefits of globalisation and minimising its risks, development, and poverty eradication.

The summit will also take up the main issue to be discussed at the Millennium Assembly in New York in September this year - that is the role of the United Nations in the 21st Century.

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