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PM: Let affected countries join study on financial flows

ANY grouping to study financial flows should include representatives of countries that have been adversely affected.

Prime Minister Datuk Seri Dr Mahathir Mohamad says "usually we do not have a chance to participate".

Speaking to reporters after opening the Malaysian embassy complex in the Thai capital yesterday, he said even the G-20, which was set up recently, initially did not have any representative from Asean.

It was only later that Indonesia, an Asean member and one of the worst affected by the recent financial crisis, was included as a member.

The members include the Group of Seven (G-7) industrialised countries, plus another 11 emerging and other economies - Argentina, Australia, Brazil, India, China, Mexico, Russia, Saudi Arabia, South Korea, South Africa and Turkey.

The European Union together with the EU Central Bank president and the managing director of the International Monetary Fund are also members.

"They seem to want to get people who can agree with them. At that rate they will never achieve anything," Dr Mahathir said.

The G-20 was conceived in September 1998 as an informal forum to discuss ways of reforming the global financial system.

The old Bretton Woods institutions (the IMF and World Bank), set up almost 50 years ago, have not been able to handle the massive financial flows that caused untold havoc to developing countries and the poor.

Dr Mahathir, who is in Bangkok to attend the United Nations Conference on Trade and Development (Unctad X), will be the first leader to address the conference after the opening this evening.

Asked about the suggestion by Unctad secretary-general Rubens Ricupero that short-term capital controls be instituted in the country of origin, Dr Mahathir said this needed to be examined carefully.

It is important to study whether any action can help reduce the risk to developing countries which are exposed to such destabilising activities, he added.

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