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NAM-VAJPAYEE

VAJPAYEE WANTS NAM MEMBERS TO PRESS HARDER FOR FINANCIAL REFORM

PETALING JAYA, Feb 23 (Bernama) -- Calls for reform of the international financial architecture has found another supporter in Indian Prime Minister Atal Bihari Vajpayee who has asked members of the Non-Aligned Movement (NAM) to press harder for it.

Prior to this, especially in the aftermath of the Asian financial crisis in 1997-1998, Malaysian prime minister Datuk Seri Dr Mahathir Mohamad has repeatedly voiced the need for the international financial structure to be overhauled.

"International institutional conditional ties that have frequently slowed economic recovery, rather than speeding it up, should be reviewed," Vajpayee said at the special NAM leaders' session of the NAM Business Forum today.

He said volatility of capital flows must also be checked and resources flow to poor countries should be accelerated through affirmative action in certain cases, as in Africa.

The NAM business forum on South-South Co-operation is being held here for the first time alongside the 13th NAM Leaders Summit. During the special session, a business portal for the NAM members was also launched by Confederation of Indian Industry.

Vajpayee said it was well known that unstable capital flows could severely disrupt developing economies.

However, there was less ready acceptance of the idea that such flows should be regulated by an international levy, he said.

"I believe this is a reform whose time has come. It combines in one effective measure an instrument to protect weak economies from the volatility of capital, to enhance investors confidence through stability of capital markets, and to generate valuable development resources," said Vajpayee.

He said conservative estimates of capital flows in recent years indicated that even a token tax of a quarter percent could generate annual revenues of the order of US\$300 billion (RM1,140 billion).

"If this were to form the corpus of a Global Poverty Alleviation Fund, we can make a dramatic progress towards the objectives, which we outlined at the Millennium Development Summit and World Food Summit," he said.

The Indian leader said it had been argued that it would be difficult to accurately monitor financial flows and operate this tax regime.

"The counter to this argument is that United Nations Security Resolution 1373 and 1456 ask countries to take most stringent measures to monitor terrorist financing channels across the globe."

He said such measures, to which all countries were committed by Chapter VII of the UN Charter, were in far greater magnitude than those required for monitoring and taxing capital flow.

Vajpayee also stressed the need for strengthening regional co-operation, which offered a time-tested framework for rapid and mutually beneficial growth.

"ASEAN has shown this with striking results," he said, adding that this could and needed to be replicated in other regions.

However, Vajpayee said this required one condition to be adhered to: economic cooperation has to be depoliticised and made immune to bilateral issues.

"In our scramble for the increasingly saturated markets of the advanced

countries, we ignore the growth possibilities from South-South trade and investment links," he said.

Vajpayee said there were countries that were leaders in certain sectors, and at the same time there were NAM countries where those very sectors were underdeveloped.

"Today, Malaysian firms are building highways in India and Indian companies are building railway projects in Malaysia."

Such linkages can be multiplied literally a hundred fold in areas like energy security, food security, infrastructure development, enrichment of human and institutional resources, tourism, entertainment and media, said Vajpayee.

To achieve such co-operation, effective channels of business and developmental interaction needed to be devised, he added. -- BERNAMA

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