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( PRIME MINISTER )

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It gives me great pleasure to be in Jakarta to join other leaders of the Group of Fifteen at our annual Summit. I am particularly honoured to be given the opportunity to speak on behalf of the Asian member countries. Let me first congratulate you, Mr. President, on your assumption of the Chairmanship of the Group of Fifteen. We would like to express our heartfelt thanks to you for the warm welcome and generous hospitality accorded to us since our arrival in Jakarta. We are also deeply appreciative of all the efforts made by Indonesia to ensure a successful outcome for this Summit.

2. On behalf of the leaders of the Asian member states, I would also like to welcome His Excellency, Deputy President Dr. Hassan Habibi of the Islamic Republic of Iran and His Excellency, Vice President Gustavo Bell Lemus of Colombia to this Summit Meeting. We sincerely believe that with the admission of the Islamic Republic of Iran and Colombia, the Group of Fifteen will be further strengthened. I am confident that the Islamic Republic of Iran and Colombia will have many useful ideas to share and initiatives to advance.

3. This Summit in Jakarta comes at a very crucial time for the developing countries in general and G-15 in particular. Clearly, every aspect of our lives and the manner countries are conducting their relations have been affected by the march of globalisation, which has been accelerated by the revolution in information and communication technology (ICT). While we do not deny that globalisation brings benefits, we have also to acknowledge the challenges and the risks that unfettered globalisation has brought. We have to manage the challenges and be wary of the risks if we do not wish to be marginalised.

4. There is no doubt that globalisation has exacerbated the vulnerabilities of developing countries and eroded their national policy-making capacity. In the area of trade, for instance, developing countries have been unable to overcome the inequitable and declining terms of trade

against that of the developed countries. Yet developed countries continue to push the developing countries to further liberalise their trade regardless of whether or not their economies are ready or able to cope with the process.

5. Aside from being already disadvantaged by the imbalances contained in the Uruguay Round agreements, developing countries are being pressured into agreeing to a new round of WTO negotiations, incorporating new issues demanded by developed countries. Indeed if these new issues were to be included, developing countries would ultimately lose whatever limited policy discretion they still possess in pursuing their development dimension and nation-building process.

6. In the financial sector, despite the painful lessons that should be drawn from the Asian financial crisis, we have been disappointed with the little progress made to reform the international financial architecture. Sad to say, the focus has tended to be more on ideological rather than the practical issues. The failure of the free market to self-regulate international finance as well as misallocated resources and volatile exchange rates have largely been ignored. Instead the highly questionable value of free and unregulated markets are still being touted as the ideal which must be adhered to at whatever cost. The ideology of market freedom it seems is more important than the well-being of human society.

7. It has become all too clear that the IMF is more a political instrument than one for financial rehabilitation. The sufferings of people seem to be of little concern as long as certain policies and directives are implemented. There is little hope that contrary views will be entertained.

8. The revolution in information and communication technologies has merely highlighted the failure of the market in addressing the growing divide between developing and developed countries as well as the rural and urban areas. In an interconnected world, the unconnected have become disenfranchised and denied the benefits of the new economy.

9. Developing countries have been presented with additional challenges. ICT heightens the importance of human capital in the development process. This human capital has become a main, if not, the main determinant of wealth creation and indispensable to accelerating sustained economic growth and development. We thus welcome as timely and relevant the theme of the Eleventh Summit of our Group, namely harnessing the potential of the digital era for development.

10. Mental power or knowledge in which ICT is premised is dynamic and constantly advancing. Access to and mastery over the latest knowledge are basic to the creation and development of a pool of rich or relevant human capital which could be further enriched and harnessed for development by exploiting the opportunities created by the digital technology. In order to benefit from ICT, we have to create an efficient system of knowledge management where knowledge could be shared, distributed and analysed to enable the creation of new knowledge.

11. As developing countries, we have to overcome major impediments in order to seize the opportunities offered by the digital era. First and most basic of all, we have to develop the necessary human capital. However, human capital alone would not be sufficient to address the requirements of the new economy. Developing good infrastructure as well as pragmatic legal and policy framework are also crucial.

12. To harness information and communication technology for development, the primary problem faced by developing countries is the low accessibility of the network. Service penetration especially to remote and rural areas where the majority of our people live is low. The developed economies, for instance, have a penetration rate for fixed lines and Internet at around 50 percent of the population whereas the developing economies are languishing at below 20 percent.

13. The biggest hurdle we have to overcome is the cost involved in financing comprehensive infrastructure development. Even if we deregulate the provision of such services, we still have to address the inclination of the private sector to concentrate on commercially viable areas or services that command premium charges. Leaving the financing of infrastructure entirely to the private sector is to aggravate the digital divide not only within the country but also the greater divide between countries. This creates the information poverty cycle and in the process, ensure that the developing remains developing.

14. In addition to creating the infrastructure, we have to create a knowledge society that is not only computer literate but has the capacity to create content and application solutions in order to leverage on ICT for development. Meeting this requirement represents one of the biggest challenges that developing countries face in the information age.

15. Increasingly also, we have to enhance the level of adaptability or up-take of the e-systems, especially e-transaction as this would promote the development of the ICT market. Unfortunately, for many of us we still do not have the legal and regulatory frameworks in place. At the same time, we have to create awareness and change

well-entrenched business and working practices and procedures.

16. The rapid advancement in ICT has its downside too, which we have to address. ICT has facilitated an explosive increase in short-term financial speculations in stock and currency markets and other financial markets and enabled highly leveraged institutions such as hedge funds to speculate. Technological developments in certain areas have also made it difficult for national Governments to determine cultural or communications policy or to control the spread of negative information and cultural products.

17. In light of our inherent weaknesses in the ICT sector, we have to foster closer co-operation and collaboration among members of our Group.

18. In Malaysia, we discover that we have to view the lack of infostructure not merely from the technical perspective but also from the policy approach. We have learnt that some intervention is required in order to rebalance a purely market-driven environment. Malaysia would thus be instituting the Universal Service Provision, whereby a fund financed through mandatory contributions from licensed operators would be established to provide service to areas formerly neglected. In addition, the Government would provide direct funding to connect schools and other public institutions. On the IT content, we could all, for instance, learn from India in developing content industries as well as in creative media.

19. We would do well to consider other areas of co-operation and collaboration. We should speak with one voice to urge developed countries to provide ICT at more affordable prices as well as support infostructure development and financing. We have to participate actively and together in global negotiations on ICT.

20. Finally, it would be pertinent for us to share information and resources to develop our human potential. Malaysia firmly believes that for G-15 to remain relevant, we must use the development potential of ICT to ensure a better quality of life for our people.

21. Acting individually, we have limited capacity in withstanding the mounting challenges confronting us. Acting collectively and in concert with each other, we can make a stand and even contribute to shaping a future in which the concerns and interests of developing countries are taken into account.

22. Accordingly, we must exert all efforts to manage the globalisation process so as to favour us and the other developing countries. Towards this end, we have to work as closely together as possible.

