



GROUP OF FIFTEEN
The Summit Level of Developing Countries

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VII SUMMIT
OF THE HEADS OF STATE AND GOVERNMENT
OF THE GROUP OF FIFTEEN
Kuala Lumpur, 3 and 5 November 1997

REPORT BY THE CHAIRMAN OF THE FIFTEENTH MEETING OF THE
MINISTERS OF FOREIGN AFFAIRS OF THE GROUP OF FIFTEEN

1. The 15th meeting of the FMs was chaired by Dutuk Seri Abdullah Hj. Ahmad Badawi, Minister of Foreign Affairs of Malaysia.

Item 2 - Report of the Chairman of the Meeting of the Ministers of Trade and Economics

2. The FMs noted the recommendations and conclusions emanating from the meeting of G-15 Ministers of Trade and Economics.

Item 3 - Conclusions and recommendations of the 39th meeting of Personal Representatives - Report by the Chairman of the Personal Representatives

3. The FMs received the report of the Chairman of the PRs on the conclusions and recommendations of the 39th meeting of the PRs. The report was presented to the FMs by the Chairman of the 39th meeting of the PRs, Dato' N. Parameswaran, Deputy-Secretary General II, Ministry of Foreign Affairs of Malaysia.

4. In particular, the Chairman of the PRs informed the FMs that the fourth draft of the Joint Communique with minor amendments is an agreed text and that they are transmitting this text to the FMs for their approval. The Chairman also conveyed India's request that its deep reservation be duly reflected in the records of the 39th meeting of the PRs. In that connection India clarified that its reservation concerned only paragraph 15 of the text.

* Reissued for technical reasons.

5. The Chairman of the FMs informed delegations that further discussion on the Draft Joint Communiqué would be taken up under item 5.

Item 4 (a) – International economic and political developments: “Group of Fifteen’s past experiences and possible future directions in the 21st century – Conclusions and recommendations”

and

Item 4 (b) – International economic and political developments: Developing countries in a global economic world

6. At their 14th meeting, the FMs noted that agreement had yet to be reached on a number of areas in the paper Group of Fifteen’s Past Experiences and Possible Future Directions in the 21st Century – Conclusions and Recommendations (G-15/97/L.4/Rev.1).

7. The outstanding areas were: frequency of Summits; format of the Summit Retreats and procedure for adoption of decisions taken at the Retreats; and G-15 approach to North-South dialogue, in particular the promotion of interaction between the G-15 and the G-7 at the senior officials level (i.e. Personal Representatives).

8. The 15th Meeting of the FMs revisited these outstanding areas with the view to reaching consensus on the conclusions and recommendations that should be made in each of these areas. A number of views were expressed on the most effective means to enhance North-South dialogue. It was generally felt that for the G-15 to be recognized as a dialogue partner of developed country groupings, it needed to first demonstrate its relevance through the achievement of concrete results. In this regard, it was highlighted that the G-15 was not established to be a counterpart of the G-7 and that North-South dialogue should be promoted within a broader context. A view was also expressed that it would be useful for the G-15 to use its profile as a group of emerging markets in its dialogue with the North.

9. On the recommendation that the G-15 initiate interaction with the G-7 at the senior officials level, it was generally felt that this would be a positive step forward. However, it was stressed that it would be extremely important to carefully prepare the agendas for such meetings and to clearly define the subjects to be discussed.

10. Other issues discussed were the expansion of membership and South-South cooperation. These mainly elaborated upon the conclusions and recommendations contained in the paper.

11. No agreement was reached on the issue of frequency of Summits. Some delegations were of the view that the increasing number of Summits by other groupings held every year is making it more difficult to have significant attendance by Heads of State and Government at the G-15 Summits. In this regard, it was proposed that G-15 Summit be held every other year and that in the interim year, the G-15 Foreign Ministers, Ministers of Trade/Economics and any other Ministers can meet to carry out the work programme of the G-15 Heads of State and Government.

12. On the other hand, those in favour of holding the Summit annually have argued that, for the G-15 to be credible and respond appropriately to rapidly-evolving international issues, it is necessary for Summits to be held every year. Also, it was pointed out that holding the G-15 Summit every two years would not guarantee better attendance.

13. No agreement was reached on the issue of the Summit Retreat. Concerns were raised over existing restrictions on the size of delegations allowed to accompany Heads of State and Government and the status of decisions taken at the Retreats. Several delegations stressed that it is necessary for the Personal Representatives and Foreign Ministers to be present at Summit Retreats to advise their respective Heads of State and Government. On the other hand, some delegations highlighted that the purpose of Summit Retreats is to provide Heads of State and Government with an opportunity to discuss issues in a more relaxed setting. In this respect, it was felt that the enlargement of the size of delegations at Summit Retreats would not be conducive to such an environment.

14. On the matter of decisions taken at Summit Retreats, a number of delegations stressed the need for such decisions to be formally adopted at the plenary. In this respect, it was felt that formal adoption would make the process of decision making at Summit Retreats more transparent. It was however highlighted that all matters discussed by Heads of State and Government at Summits whether in plenary session or at the Retreat, are first prepared by the Personal Representatives and Foreign Ministers. Given this, the Heads of State and Government would be taking decisions on matters previously considered by the Foreign Ministers. It was considered that this process in the G-15 ensured transparency at Summit Retreat.

15. The following amendments were introduced:

- Item IV.B - delete second half of the sentence starting with “and whether...” and add the words “and frequency” after the word “duration”.
- Item V.C - reflect the point that issues considered by the HOS/G, whether in the Summit plenary or Retreats, are always prepared by the PRs and the FMs.
- Item VII.B - delete the second recommendation requiring the G-15 not to approach countries for potential membership.
- Item X.B - add a new recommendation encouraging G-15 member countries to conclude bilateral agreements on the avoidance of double taxation and on the promotion and protection of foreign investments. Members are also invited to consider the feasibility of widening the network of such agreements among G-15 countries.

16. The FMs approved the document **G-15/97/L.4/Rev.1** as amended, for transmittal to the Heads of State and Government for adoption.

Item 5 – Draft Joint Communiqué of the VII Summit of the Group of Fifteen – consideration of the final draft for presentation to the Heads of State/Government

17. Before opening the floor for the consideration of this agenda item, the Chairman circulated a draft statement on recent developments in the international financial and capital markets as a proposal of Malaysia for adoption by the VII Summit. In introducing the draft

statement, the Chairman proposed some adjustments to the text. Detailed discussion ensued covering the following points:

- some members felt that the present crisis was not caused solely by currency speculation;
- a proposal was made that the text should send a positive message to global markets as to the commitment of G-15 countries to maintaining sound monetary and fiscal policies; and
- it was also suggested that the statement should be consistent with similar statements issued by the G-24 and the Edinburgh Commonwealth Heads of Government Meeting.

18. The meeting agreed on a revised text that would be transmitted to the HOS/G of the G-15 with a recommendation for its adoption at the Summit. The agreed draft text highlights that:

- the crisis has affected several countries including G-15 members independent of their strong economic fundamentals and solid growth;
- the contagion effect has spread to equity markets in different regions of the world; and
- the importance of strengthening regional and international cooperation in managing such crises in the future, notwithstanding the importance of maintaining sound monetary and fiscal policies.

19. The Chairman proceeded to introduce the fifth draft of the Joint Communique of the VII Summit as contained in document **G-15/97/JC/L.1/Rev.4**. The draft had been recommended by the PRs as the agreed text of the Joint Communique. The FMs agreed to include into the fifth draft a text that had emanated from the meeting of the Ministers of Trade and Economics containing their conclusions and recommendations. In addition, they agreed to delete paragraph 15 and to amend paragraph 16 further to a proposal by Egypt. The proposal encourages G-15 countries to conclude relevant bilateral agreements to promote economic cooperation and foreign direct investment among G-15 countries.

20. Argentina proposed a text regarding the negotiations envisaged in the built-in agenda within the Uruguay Round Agreements. In particular, the proposal emphasised the need for the envisaged negotiations to be conducted under a single undertaking. Although Argentina agreed not to press its proposal, it nevertheless stressed that the question of a “single undertaking” in this connection is an issue of great importance for developing countries in order to give them better leverage in their negotiations in the WTO.

21. The FMs also had before them a proposed alternative text by Argentina, Chile, Egypt, India and Indonesia. Given that the FMs already had an agreed text before them, they decided not to consider the alternative text. Two main reasons were given for that: on the one hand the text had resulted from consultations that had not involved all delegations and on the other there was not enough time to discuss it.

22. The FMs approved the draft contain in document **G-15/97/JC/L.1/Rev.4** as amended for transmittal to the Heads of State and Government for adoption.

Item 6 (a) - Final substantive arrangements for the VII Summit: Provisional agenda for the plenary session of the VII Summit of the Heads of State and Government

23. The FMs considered the provisional agenda and annotations for the plenary session of the VII Summit of the Group of Fifteen as contained in the document **G-15/97/VII/1**. There was some discussion regarding where to include an additional item regarding the adoption by the HOS/G of the Summit Statement on volatility of financial and capital markets. While some believed that it should be placed at the beginning of the agenda for maximum publicity purposes, others felt that it should be placed either in connection with the item on the Joint Communique or the item on international economic and political developments. Since there was no agreement the FMs decide that the Chairman of the VII Summit would make a proposal to that end in the plenary session.

Item 6 (b) - Final substantive arrangements for the VII Summit: Possible issues to be discussed by the Heads of State and Government at their Retreat

24. The FMs made no further proposals in addition to those listed below for discussion by the Heads of State and Government at their Retreat:

- Volatility of capital markets and the risk of capital flight.
- Difficulties faced by developing countries in accessing technologies especially high-technology and related constraints.
- Market access difficulties in major developed country markets with particular reference to the so-called commercial defence mechanisms such as anti-dumping, countervailing and safeguard actions, and protectionism in textiles and agriculture.
- Poverty alleviation.

Item 7 (a) - Administrative, financial and management issues: Financial and Administrative Rules of the Group of Fifteen

25. The FMs adopted the Financial and Administrative Rules of the Group of Fifteen (**G-15/97/L.1/Rev.6**) as recommended by the PRs.

Item 7 (b) - Administrative, financial and management issues: Proposed 1998 Budget for the Group of Fifteen

26. The FMs approved the proposed 1998 Budget for the Group of Fifteen (**G-15/97/L.3/Rev.2**), as recommended by the Personal Representatives for approval. The approved budget represents a zero growth as compared to the 1997 budget. In the context of adopting the budget, the FMs requested an update on the status of contributions by members to the G-15. The TSF informed the meeting that in the last few days the following contributions have been received: Brazil - US\$ 116,000; Nigeria - US\$ 36,000 which together with its credited balance of US\$ 80,000 brings it up to date with its contributions; and Peru - US\$ 97,794.11. Another contribution by Peru of US\$ 395,314.79 is expected to clear in the next few days.
