

KEYNOTE ADDRESS BY H.E. MR. ALI ALATAS, MINISTER FOR FOREIGN AFFAIRS OF THE REPUBLIC OF INDONESIA, AT THE HIGH LEVEL ADVISORY MEETING, ON THE SOUTH SUMMIT OF THE GROUP OF 77

Jakarta, Indonesia, 10 August 1998

Mr. Chairman,
Excellencies,
Distinguished guests,
Ladies and gentlemen,

1. On behalf of the Government and people of Indonesia, I am pleased to extend a warm welcome to all of you. We deeply appreciate your coming to Jakarta to participate in this High-Level Advisory Meeting. Your presence here attests to your personal commitment to the principles and objectives of the Group of 77. I should also like to take this opportunity to express our gratitude to the UNDP for its valuable support that made this meeting possible.

Mr. Chairman.

2. The forces of globalization and liberalization have wrought dramatic changes on the global economic scene during this decade, giving rise to vast opportunities as well as grave challenges to the endeavours of developing countries to achieve social and economic progress. For the majority of developing countries that are not sufficiently competitive to integrate their economies with the global economy, globalization represents enormous risks and uncertainties as well. With their access to markets, financial resources and technology severely limited, their economic growth has been stifled. Moreover, in the processes of international economic decision-making where they should be able to obtain redress for their deprivations, they are increasingly marginalized.

3. If we the developing countries are to regain control of our future in this era of globalization, it is imperative that we strengthen our solidarity and enhance cooperation among ourselves. In that endeavour? the Group of 77 must play a vigorous coordinating role. Our Group should strive to formulate an effective negotiating platform and imbue our approaches and strategies with flexibility and realism. For it is now clear that we can neither fruitfully negotiate nor achieve our development goals unless we take the new global realities, particularly globalization, liberalization, regionalism and interdependence, fully into account.

4. It has always been the central purpose of the Group of 77 to engage the developed countries in meaningful and productive dialogue on the basis of a viable negotiating platform. We have always firmly believed that there can be no alternative to constructive dialogue based, not on confrontation, but on mutual interest and benefit, shared responsibilities and genuine interdependence.

5. Yet, the North-South dialogue and negotiations on the basis of partnership have not yet taken hold. In the era of globalization and liberalization, these cannot just be wished into existence. And since international relations are essentially power relations, we must realize that the North-South dialogue cannot prosper unless it is supplemented with strengthened South-South cooperation. With South-South cooperation being vigorously pursued, the developing countries would be in a position of greater leverage in the North-South dialogue. At the same time, it would solve many problems of development in the developing countries and thus enable them to integrate their economies with the global economy. This Meeting should therefore explore ways and means of further promoting South-South cooperation, including a reassessment of the Caracas Programme of Action (CPA) with a view to adjusting them to current circumstances. You should also explore modalities for the harmonization of the CPA with the Action Programme for Economic Cooperation

(APEC) of the NAM and study the possible integration of both programmes. In doing so, the Meeting should take into account the importance of an evolutionary approach to the promotion of South-South cooperation—where interested countries could initiate cooperation through viable projects even when not all developing countries were as yet prepared to participate in them.

6. At the 21st Annual Ministerial Meeting of the G-77 on 26 September 1997, our Group expressed full support for the convening of a South Summit at an appropriate date in the near future. On the basis of that mandate, we have convened this advisory meeting to help the Group of 77 articulate a new vision on the prospects and challenges of the coming millennium. In this regard, the chairmen/coordinators of the Group of 77 have recommended that the South Summit draw up a platform of action for the year 2000 and beyond, with emphasis on the new role of the South in the international economy within the context of globalization, liberalization and interdependence.

7. That proposed Summit, which would be the largest gathering of the South ever held, would serve as an excellent opportunity for our Group to articulate our common vision and development goals so that we would be in a better position to fully participate in and contribute to the Millennium Assembly which has been proposed by the Secretary-General of the UN to be held in the year 2000.

8. The importance of this High-level Meeting therefore cannot be overstated. For we cannot simply drift, allowing *laissez-faire* market forces to dictate the pace, nature and direction of economic growth and development. We must consolidate and take charge of our collective destinies by taking economic paths in accordance with our development needs and interests. This High-level Meeting has an important role in that process. Your agenda is a rich one and I have full confidence that your knowledge and expertise will help define a new vision that will inspire and guide the Group to tackle the strenuous challenges that lie ahead.

9. In this connection, I should like to draw your attention to the grave risks associated with globalization that have been exemplified earlier by the Mexican crisis and now by the financial turbulence afflicting Asia. The affected economies have been crippled by financial and economic shocks due to speculative trading in currencies and the movement of vast amounts of capital in and out of countries at staggering speed. The financial and economic maelstrom that is sweeping Asia poses serious and compelling questions to this Meeting. For instance, how could such dynamic economies with decades of spectacular growth rates and generally regarded sound macro-economic fundamentals, suddenly plunge into crisis, throwing vast numbers of their peoples into unemployment and destitution? Indeed, this crisis should serve as a warning to other developing countries that the risks inherent to globalization are just as real as the potential benefits. The social impact of the financial and economic crisis could lead to political instability in the affected countries. Moreover, by the sheer force of interdependence and the resulting contagion effect, this crisis could adversely affect economies in other regions and the world at large, thereby triggering a global recession.

10. Thus the crisis forces itself onto our agenda and we must find ways and means not only of forestalling its escalation and spread but also of preventing its recurrence and a repeat of the tragedy and torment that we are going through. There is now an obvious need for greater transparency and predictability in international financial markets. It may be productive therefore for this Meeting to take a hard look at existing arrangements for monitoring and regulating global capital and investment flows. Your findings would help all of us understand the crisis and assess whether or not current global arrangements are compatible or commensurate with the requirements for sustained growth and sustainable development. Should the movement of money and capital be left entirely to market forces or should governments individually and collectively assume their responsibility? Should a new framework of surveillance and supervision be established and, if so, can it be done without hindering the liberalization of our economies? In this context, it may be productive to further study the many thought provoking ideas and recommendations already on the table.

11. It is clear that the Group of 77 is called upon to articulate a global strategy that would effectively respond

to far-reaching changes taking place in the world and to translate that strategy into an effective negotiating capacity. For too long have we tried to manage without a firm political platform with clear goals and objectives. This is a need that the projected G-77 Summit must fulfill, an issue that the Group should begin addressing at this Meeting. I therefore wish you all the success in your crucial deliberations.

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