



GROUP OF FIFTEEN
Summit Level Group of Developing Countries

**FIRST MEETING OF THE SUMMIT LEVEL GROUP
FOR SOUTH-SOUTH CONSULTATION AND COOPERATION
(GROUP OF 15)**

1-3 June 1990, Kuala Lumpur

COMMUNIQUE

1. We, Heads of State or Government, and Special Representatives of Algeria, Argentina, Brazil, Egypt, Indonesia, India, Jamaica, Mexico, Nigeria, Peru, Senegal, Venezuela, Yugoslavia, Zimbabwe and Malaysia met in Kuala Lumpur, June 1-3, 1990 to commence a process of regular consultations and coordination to enhance cooperation and self-reliance in the context of an increasingly interdependent world. A Review of the world situation and the state of international economic relations affecting developing countries is a necessary ingredient to developing common perceptions on events which have significance to the South for all of us and would assist us to devise common strategies. We regard this as imperative in order to cope with the far-reaching changes taking place at an unprecedented pace around us and in our countries.
2. These are times of momentous global developments and promising prospects for all countries to work together for the well-being and peace of the world. The easing of East-West tension, the political evolution in Eastern Europe, the beginning of a movement towards disarmament, progress in the resolution of regional disputes and the growing convergence of views on development strategies as well as on the need for closer interaction with the mainstream of the world economy, have created opportunities for a renewed thrust to international cooperation for development.
3. Structural changes are taking place in the world economy and international economic relations. Rapid developments in science and technology have transformed the pattern of production, consumption and trade. The revolution technologies has led to an unprecedented globalization of capital and other markets. New centres of economic power have emerged. These developments have heightened the interdependence among nations and the inter-linkages of issues which require a global approach. A growing awareness of threats to the environment has further underlined the need for shared responsibility for the world's destiny.
4. The formation of economic groupings among developed countries could lead to a fragmentation of world trade. This is particularly so in the context of the present erosion of the multilateral trading system. The contribution of these economic groupings to world trade will critically depend upon their external economic policies. The successful economic integration should go beyond special and regional arrangements and lead to the strengthening of the multilateral system offering opportunities for all countries.
5. Although world trade and output have recorded sustained growth for a number of years, the vast majority of developing countries have witnessed stagnation or declines in real terms in their per capital incomes, an economic and social infrastructure.
6. We are fully aware of our responsibility for the development of our respective countries. We are undertaking far-reaching economic reforms and structural adjustment measures, some of which often t considerable and social and political costs in order to enhance the competitiveness, upgrade the technological level and improve efficiency. For national development to be sustained, a supportive and predictable international economic environment is essential.

7. We are at the same time committed to undertake necessary measures to mobilize domestic savings and attract foreign financial resources particularly direct investment and other non-debt creating flows.

8. A major challenge is to work out policies which would lead to enhanced growth and development conditions in the world economy. Accelerating growth and development in developing countries require a substantial increase in the transfer of resources to developing countries, enlarging market access to their exports and ensuring stability and transparency in the management of world monetary and financial policies and arrangements.

9. We are extremely concerned about the persistence of the external debt problem. There is an urgent need for more innovative, comprehensive and flexible responses to the external debt problem, in order to reverse the negative net transfer of resources that seriously endanger the efforts to developing countries to achieve adequate levels of growth and real income improvements. These are also vital for social stability and for the consolidation of democratic processes.

10. Any effective solution to the external debt problem is a joint responsibility and requires the full commitment of debtor and creditor countries, multilateral financial institutions and commercial banks, and the relating of debt servicing to development needs. Efforts by developed countries are needed to reduce external and internal imbalances, improve the functioning of the international monetary system, stabilise exchange rates, lower interest rates and ensure greater access to their markets.

11. The recent initiatives aimed at the reduction of the stock of debt and debt services are steps in the right direction. However, these initiatives, in order to respond to the universal and multifaceted character of the debt problem, need to be enhanced, broadened to embrace all categories of debtor nations and implemented more effectively. This includes a positive approach, and not punitive measures, to the problem of arrears with multilateral financial institutions. In addition, there is a need to create appropriate mechanisms to assist developing countries that are net transferers of resources to these institutions. Substantial additional resources need to be provided to back debt reduction operations and support adjustment measures.

12. We have agreed that financial experts from our countries acting as Personal Representatives of the Heads of State or Government meet and discuss the external debt problem with the view to formulating common approaches.

13. There is a close link between trade and external debt. An improvement in market access and in the terms of trade of developing countries is an essential component of an effective and lasting solution to the external debt problem.

14. The maintenance of an open multilateral trading system is crucial for the expansion of world trade and development of all countries. Recent trends toward unilateralism and selective bilateralism that threaten the multilateral system need to be reversed. We urge the developed countries to fulfil their earlier commitments on Standstill and Rollback, and on importing greater transparency and predictability to GATT rules. We reaffirm our commitment to a balanced and successful conclusion of the Uruguay Round of Multilateral Trade Negotiations which takes into account the concerns and needs of the developing countries. We shall closely consult each other and coordinate our efforts toward this end.

15. We agree to cooperate among ourselves and with developed countries to strengthen commodity markets to achieve stable and remunerative prices for commodities. We urge that efforts be made to improve market access whereby developing countries would be able to fully exploit opportunities for increased processing, marketing and distribution. In this context, it is important to ensure the effective operation of the recently established Common Fund for Commodities.

16. We are concerned that some industrialised countries continue to heavily subsidise farm production and agricultural exports which deprive developing countries of fair and competitive market opportunities. We therefore support steps to reduce, if not, to eliminate such agricultural trade-distorting subsidies which would help to improve the international economic situation, taking into account the interests of net food-importing developing countries.

17. We welcome the positive changes in East-West relations which have led to relaxation of international tension and improved prospects for significant disarmament measures. For this, it is essential that ways and means be found for making available for development purposes a significant part of the resources released through disarmament measures.

18. The present process of technological change poses challenges to developing countries. They have an impact on their comparative advantage in raw materials production and labour-intensive economic activities. The increasing monopolization of technological progress by the developed countries and the relatively small technology base and capability of developing countries to bridge the technology gap is aggravated by barriers placed on access to high technology. It is necessary to improve the access, the diffusion and the utilisation of new technologies by developing countries. In this context, it is critical that regimes on intellectual property effectively promote technological development in developing countries and their access to high technologies. We are determined to initiate a significant programme of cooperation in science and technology to enhance the development of the South.

19. Conscious of the responsibility which we bear, together with all other countries, for the future of mankind, we reaffirm the need for effective actions for the protection of the environment. Urgent and renewed efforts are therefore needed on a wide front to safeguard the environment. Any global initiative in overcoming environmental problems requires concerted international cooperation based on an equitable sharing of responsibilities and which takes into account existing asymmetries between developed and developing countries. Developing countries require substantial additional resources for pursuing their goals of sustainable development, including access to environmentally sound technology at affordable costs and the establishment of funding mechanisms. We recognise the importance of coordinating our positions on issues of major concern to us on the agenda of the forthcoming U N Conference on Environment and Development to be held in Brazil in 1992.

20. We consider the problem of production and trafficking of illicit drugs as one of increasing concern. A comprehensive approach is required whereby current action undertaken in the producing countries is accompanied by decisive action of the international community to curtail the demand for drugs as well as to support crop substitution programmes and income producing activities, instead of insisting on those eradication programmes that are environmentally dangerous.

21. We look forward to a constructive and continuing dialogue with the industrialised countries. This is imperative for the management of the global interdependence in the most effective manner. There is an urgent need for a global consensus centred on sustained economic growth and development. We reaffirm our resolve to strengthen multilateral cooperation and to work together in a cooperative, constructive and mutually supportive manner.

22. We regard South-South cooperation as an integral part of our strategy for breathing new life into international development cooperation. We need to pursue opportunities for a greater interrelationship among South countries as to provide a stronger basis for collective self-reliance. We consider that an evolutionary approach to the promotion of such cooperation is appropriate and that interested countries should initiate cooperation through viable projects open to participation by all developing countries.

23. In order to accelerate South-South cooperation, we agreed to the principle that if a core group of countries are ready to initiate and implement joint action for mutual benefit, they should go ahead while making sure that their actions do not prejudice the basic interests of developing countries which are not yet ready to participate.

24. We encourage pairs of developing countries to actively exploit the potential for trade among them by adopting payments and "trade information" related arrangements in a flexible manner to suit their circumstances. In addition, we direct a task force of central banks to formulate the working details of an inter-regional payments arrangement and mechanism, with a view to early implementation of the project on a pilot basis.

25. We agree in principle to establish a South Investment, Trade and Technology Data Exchange Centre to promote and disseminate information on investment and trade opportunities in the South and on technology and the transfer of technology among developing countries; and to set up an Expert Group to work out and finalise the details of the implementation of this project, taking into account existing arrangements among developing countries.

26. To stimulate South-South cooperation among the business community and Government, we agree that a Business and Investment Forum should be organised to bring together businessmen and investors as well as Government officials, to exchange ideas and information on the promotion of and cooperation in South-South trade and investment, including the organisation of trade fairs and the promotion of trade and investment opportunities in the South.

27. In the light of the need of the developing countries to further improve their capacity in science and technology, to enhance the capability in food production in food-deficit countries and to cope with the population problem, we have noted the specific project proposals in these areas. We have directed that details of these projects be further elaborated for implementation by expert groups.

28. We attach particular importance to the Global System of Trade Preferences Among developing Countries as a vehicle for promoting trade and closer economic cooperation among them. In this context it is envisaged that the Second Round of Negotiation be launched under the GSTP as soon as possible.

29. We believe that it would be useful for regional economic groupings of developing countries to cooperate on an inter-regional basis for mutual benefit and recommend member countries to adopt concrete steps to implement this initiative.

30. We have agreed to consult the group of 24 regarding the modalities of setting up an advisory group to assist developing countries, upon request, in their dealing with multilateral financial institutions and to give advice on the possible impact of conditionalities put forward by these institutions.

31. We are all members of the wider fraternity of developing countries, particularly the Movement on Non-Aligned countries of the Group of 77. We are fully committed to the objective of promoting cooperation among developing countries. To this end, we agree to convey the results of our meeting to all members of G-77 and NAM.

32. We have agreed to set-up a Steering Committee comprising three member countries, namely Malaysia, Venezuela and Senegal at Foreign Ministers level to coordinate the work of G-15 until the next Summit and to decide on the size and location of a small group of permanent staff to assist the Steering Committee.

33. In relation to the implementation of projects, we have also decided that support mechanisms be established in countries whose projects have been endorsed.

34. We have decided to hold our Summit Meetings on an annual basis. We gratefully accept the invitation extended to us by His Excellency Carlos Andres Perez, the President of Venezuela, to hold our meeting in Caracas in June 1991.

35. We took note, with satisfaction, of the progress report which the Chairman of the South Commission, Mwalimu Julius Nyerere, made on the conclusion of the Independent Commission. We look forward to the presentation of the Final Report which is to take place in Caracas next August and gladly accept the invitation of President Perez to be present at Ministerial level on that occasion.

36. We express our warm appreciation to Prime Minister Dato' Seri Dr. Mahathir Mohamed, and the Government and people of Malaysia for carrying forward the initiative for South-South Consultation and Cooperation launched in Belgrade in September 1989. We express deep gratitude for the excellent arrangements made for our Meeting in the generous hospitality extended to us by the Government and people of Malaysia.

Kuala Lumpur, 3 June 1990