

Speech by Martin Khor, Executive Director of South Centre at the Asian-African Summit 2015

The South Centre was invited as an observer organisation to the Asian-African Summit. The following is the speech by the Centre's Executive Director Martin Khor at the Summit's plenary on 23 April 2015.

The South Centre is very appreciative of the wonderful initiative and great efforts by the government and people of Indonesia for hosting this Asian-African Summit in commemoration of the 60th anniversary of the 1955 Asian-African Conference held in Bandung, and for inviting the South Centre to attend this extraordinary and important gathering of countries of the South.

I bring the warm greetings from our Chair, H.E. Benjamin Mkapa, former President of the United Republic of Tanzania, the members of the Board, and the Secretariat of the South Centre.

This year's Asian-African Summit is a fitting follow-up to the 1955 Bandung Asian-African Conference, which marked the first attempt at multilateral cooperation between developing countries "on the basis of mutual interest and respect for national sovereignty". The Bandung Conference brought together the generation of gifted and courageous Asian and African leaders who had won or were in the middle of winning their battles of independence. The final communiqué from Bandung in 1955 contained the 10 principles of the "Bandung Spirit", containing the basic principles for South-South cooperation in the South's efforts to promote peace and cooperation in the world. These principles remain as valid as ever in today's world which is in economic and political turmoil.

The solidarity that the Bandung conference leaders forged then was to later give rise to the Non Aligned Movement and the Group of 77, the two big umbrella bodies under which the developing countries have been putting forward joint positions and participate in many international fora in which they face their former colonial masters, now known as the North.

The rationale for developing countries grouping together is still as relevant today as 60 years ago. There are still some nations that are struggling to be born. It is thus fitting that this Summit has highlighted the plight of the Palestinians and supported their long-standing battle against occupation and suppression and for an independent state.

Though there has been some progress in the economies of developing countries, much of this progress was in the one and half decades since 2000. However the rather high growth rates in

these years may be seen to be quite exceptional due to high demand from the advanced economies plus the new increased demand from some emerging economies. This resulted in high demand and high prices of commodities, which is the main reason why many developing countries, which are still commodity dependent, were able to enjoy high economic growth.

This commodity dependence was covered up when there was a commodity boom since 2000 but the dangers and weaknesses of relying on commodities is once again haunting the developing world, now that the developed countries are suffering from an economic slowdown. It is thus imperative to address again the problem of commodities, the fluctuating demand and the need for stable and decent prices, and also the need to add value to raw materials and to climb the manufacturing ladder based first on natural resources.

Another major problem is the liberalisation of capital flows. In the Bretton Woods era, capital could move only if they were linked to trade and foreign direct investment flows. But with financial liberalisation starting in OECD countries and then more recently taking place in developing countries, there has been a tremendous upsurge in capital flows arising from funds searching higher yields. Thus many developing countries have endured massive inflows and now outflows of short term and speculative capital, with resulting volatile fluctuations in exchange rates, and in drawdown of their foreign reserves.

The current crisis situation reveals that the much touted "convergence" between developing economies and developed countries is not really taking place or at least not fast enough. Most developing countries are still dependent on the performance of developed countries and their institutions and funds.

Meanwhile, developed countries still control the levers of the financial, monetary and economic systems. The IMF and World Bank remain under their control, with the promises for governance reform (changes in quotas) being unfulfilled, and the leadership of these two institutions still remain in the ambit of the US and Europe. In other words, the global economic institutions and structures are still dominated by developed countries, whilst of course global military power resides in the same ex colonial masters.

There is still need for developing countries to coordinate among themselves and cooperate in the trade, investment and financial and technological areas, as they are still dependent on the major countries; they still have common interests which they have to defend and promote. The forms of dependence and subjugation may have changed in some ways but the reality remains: though the developing countries won political independence, the goal of decolonisation still remains to be fulfilled.

Thus it is opportune that Indonesia is organising a commemoration of Bandung 1955, as a reminder to Asia and Africa as well as Latin America that the battles they began 60 years ago for economic decolonisation remain relevant and as valid as ever. The financial and economic systems of the world have become more complex and sophisticated, including the new financial

instruments that are difficult to understand let alone regulate, and the developing world is at the receiving end of their workings. For the South, the struggles that started at Bandung 1955 and later at the establishment of NAM and the G77 still are being waged by their successors today.

The South Centre was established by the leaders of developing countries as an intergovernmental think tank of the South to undertake research and organise meetings to back up developing countries when they negotiate with developed countries in multilateral negotiations. The Centre also provides advice on national development policies. We are involved in the issues of trade agreements, investment agreements, intellectual property and technology transfer, climate change, biodiversity and sustainable development, access to medicines, food security, the global economy and the international financial system and the right to development, and social and economic rights.

We support the opening address of the Indonesian President which pointed out the on-going and even worsening inequalities in the international systems, and his call for establishing a new world order where the developing countries have an equal say and enjoy their fair share of the benefits.

In this new and more equitable world order, the developing countries will be able to contribute to the solutions to the multiple crises of global finance and economy, food security, unfulfilled social development, energy and climate change. The developed countries will change their unsustainable patterns of production and consumption, and assist the developing countries through financial resources and technology transfer to embark on new sustainable development pathways.

South-South cooperation, based on solidarity and mutual benefits, will play an increasingly important role. There is much to be done politically and concretely in this area. It is noteworthy that this Asian-African Summit's theme is strengthening South-South cooperation to promote world peace and prosperity.

The South Centre pledges its support to the Asian-African conference and its follow up process, as part of its support to the developing countries. We will be pleased to provide assistance and support for the plans, activities and mechanisms that will result from the outcomes of this Summit.

Bandung 1955 was a landmark event that launched many good developments for the newly independent countries. We believe that Jakarta and Bandung 2015 could also prove to be a landmark event that catalyses the further development and breakthroughs in South-South cooperation which together with our better performance in multilateral relations will implement the building of the new world order that our first generation of leaders were dreaming of.