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Statement by the Hon. **ANTHONY BOATSWAIN**,
Governor of the Fund and the Bank for **GRENADA**,
on behalf of the Joint Caribbean Group,
at the Joint Annual Discussion

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1. I have the honor to speak on behalf of the Member States of the Caribbean Community (CARICOM). I express appreciation to the management and staff of the Bank and Fund for the excellent arrangements, which have been made for these meetings. I also wish to convey our deep appreciation to our host, the United States of America, for the unprecedented effort to provide security for the meetings.

2. Our meetings take place against a particularly challenging global environment with heightened risks to the pace and sustainability of the weak world recovery now underway. Developing countries need to guard against the risks and vulnerabilities posed by tightened financing conditions, a sustained decline in non-oil commodity prices, the recent increases in oil prices, and the unequal application of the rules governing international trade and investment. Within this context, we support the call for the international community to move from words to action to implement the Doha, Monterrey and Johannesburg Agreements in order to improve our collective efforts to achieve the Millennium Development Goals (MDGs). We strongly urge the international community, especially the IMF and the World Bank, to provide more timely, stronger and comprehensive support to these efforts.

3. The economies of the Caribbean Community (CARICOM) are in a most difficult and precarious situation. Small and highly open, they are extremely vulnerable to

international economic developments such as WTO liberalization programmes and the loss of preferential markets; reduced net in-flows of foreign capital, especially official development assistance; and unanticipated increases in expenditures for international security. Seven of our eleven most important commodity exports in 1995 experienced price declines and lost market share in 2000. Tourism, vitally important for foreign exchange and employment, declined dramatically as a result of September 11, 2001.

4. Our economies are also vulnerable to natural phenomena such as hurricanes and tropical storms, which annually destroy production and economic and social infrastructure forcing capital replacement rather than capital accumulation. Even as I speak, Jamaica, St. Lucia, Grenada, Barbados and St. Vincent and the Grenadines are suffering from the effects of tropical storm Lili and hurricane Isidore.

5. In response to our current economic challenges, many of our countries have undertaken a wide range of reforms to stabilise our economies and stimulate growth. In addition, CARICOM Heads of Government convened a special Summit in St. Lucia last August and agreed on a regional framework geared towards stabilizing and transforming the Caribbean economies. Central to this framework, is the establishment of a Regional Stabilization Fund.

6. We recognize our responsibilities and are committed to developing solutions that would improve the quality of life of our people. We are convinced however, that our development partners, particularly the Bretton Woods Institutions, must play an

important complimentary role. In this regard, we register our appreciation for the timely response by the Bank in the aftermath of September 11, support in the fight against HIV/AIDS, including the special dispensation to Barbados, and the capacity building efforts through CARTAC. However, we are also mindful that there is need for significant expansion in their assistance. Towards this end, we see the need for the Bank and Fund to work with us to address the critical issues of resource mobilization, private sector development, and the treatment of small states, among other issues.

Resource Mobilization

7. Mr. Chairman, even as the needs of the Caribbean increase, net transfers are moving in the opposite direction for many economies in the region. These times call for moving to a higher trajectory for financing the Region's development. Therefore, the IFIs should resume the role as a major source of development finance to the region - assisting with the immediate stabilization needs, but more fundamentally with structural transformation and reengineering of the economies. They must become more innovative as they seek new mechanisms for the delivery of assistance both to the public and private sectors. Growth and development are predicated on peace, security and stability. Many countries in the region face significant security challenges including coping with the problems associated with the transshipment of drugs and the deportation of hardened criminals. These problems continue to stretch our limited budgetary resources.

Private Sector Development

9. During the past decades, many of our countries have undertaken significant reforms to improve the investment climate and encourage greater private sector development. However, the anticipated increases in FDI flows have not materialized. We welcome the World Bank Group's Private Sector Development Strategy, which seeks to generate enhanced private sector development in client countries. Within the Caribbean, we urge the IFC to aggressively pursue innovative mechanisms to respond to the special needs of the private sector particularly in small [island] states. We urge the Corporation to partner with indigenous financing institutions in support of the private sector.

Money Laundering

10. The region has developed competitive international financial centers as part of its economic diversification strategy. We have strengthened our regulatory and supervisory systems consistent with international requirements and standards. In this regard, we note the work of the Bank and the Fund over the past year in supporting global efforts against money laundering and the financing of terrorism. As the institutions forge partnerships with others in the global fight against money laundering, it is imperative that their work does not indirectly or directly support policies that seek to restrict international competition in financial services.

Small States

11. The international community has often been unsympathetic to the special needs and circumstances of small states, citing the impressive per capita data. You may recall however that in 2000 the Bank endorsed the task force study on small states that confirmed that small states face special development challenges, and called for focused attention by international institutions. In this regard, the Bank and the Fund must move resolutely to implement the recommendations within their mandate. We expect that this issue will be advanced at the small states forum tomorrow.

12. We recognize the challenges ahead, and are prepared to continue to make the necessary adjustments. But we cannot do it without our development partners. We urge you to support our efforts to achieve rapid progress to realize the aspirations of the citizens of the region.

I thank you.