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Report to the Board of Governors of the
International Monetary Fund by the Chairman
of the International Monetary and Financial Committee
of the Board of Governors, the Hon. **GORDON BROWN**

**Report to the Board of Governors of the
International Monetary Fund by the Chairman
of the International Monetary and Financial Committee
of the Board of Governors, the Hon. Gordon Brown**

On behalf of the Chairman, Gordon Brown, I am pleased to report to you on the successful outcome of the meeting of the International Monetary and Financial Committee this weekend. Representatives of all the world's economies met, vigilant to current economic risks, conscious of continuing uncertainties, but positive about the opportunities ahead for a strengthening global economy, and determined that each continent do everything in its power to remove the barriers to growth. And we resolved that a world that appeared to be divided over trade at Cancún should once again show itself united over global economic development at Dubai.

We welcomed the increasing signs that economic activity is strengthening in many economies and the improved prospects for a steady and strengthening global recovery. It is our shared view that each continent should meet its responsibilities to ensure higher growth and we call on countries that have not so far made economic reforms that are necessary to strengthen economic growth to do so.

We agreed that the vigorous pursuit of structural reforms and enhanced corporate governance and transparency are key to stronger, globally balanced growth. We agreed that each continent has responsibilities to ensure higher growth:

- In Europe progress in structural reforms should be accelerated and deepened to strengthen work incentives, investment, and competition, and to address the fiscal pressures of population aging;
- In Japan continued efforts will be necessary to strengthen the banking and financial sector; and
- In the United States, where the fiscal stance has substantially supported activity, fiscal policy will need to focus on strengthening sustainability over the medium term.

We also discussed our disappointment at the outcome of the trade talks at Cancún, and emphasised that the international community must urgently make progress on trade and development. Ministers reaffirmed their full political commitment to a multilateral, rules-based approach to trade liberalization, and to making substantial and concrete progress.

We urged a speedy resumption of the Doha Round, which is vital for stronger global growth and for our development objectives, focussing on the issues of importance to all countries of open markets and fair access, and the reduction of trade-distorting subsidies in all areas, notably in agriculture. And we reiterated the crucial importance of removing the obstacles and moving forward without delay, called on all countries to play their part, and stressed the importance of the IMF's initiative to provide assistance to countries to help them address the transitional impact of trade reforms that will contribute to the Doha Round.

As a measure of the importance that we attach to these issues we also agreed that the Managing Director of the IMF and the President of the World Bank would prepare a report on the critical importance to the development agenda of an early resumption of trade talks and the completion of the Doha Round. We further agreed that the Managing Director and the President should send a letter with a copy of the report to all Heads of State and all trade ministers, as well as to all finance ministers.

We emphasised the importance of strengthened and effective IMF surveillance to promote stability and sustainable growth. We welcomed ongoing reforms and underlined the importance of implementing surveillance consistently and even-handedly across the membership.

The Committee stressed the need for the IMF to continue to improve the quality, effectiveness, and persuasiveness of its surveillance. We identified a number of key issues for the coming year, including: progress on structural reform and on medium-term sustainable fiscal frameworks; reducing balance sheet vulnerabilities, including currency mismatches, and improving debt sustainability; and encouraging policy measures to reduce global imbalances. We

further underscored the importance of increased transparency and candor of the IMF's advice to members.

It is our shared view that globalisation can be to the benefit of all and, in our discussion of debt relief and financing of the Millennium Development Goals, we were determined to show that economic change round the world need not impoverish millions of people, but can enrich even the poorest communities.

So we also agreed that a review should take place into the topping up of debt relief for the poorest countries; that post-conflict countries should be invited to make themselves eligible for debt relief. And we discussed the needs of developing countries for health, education, and anti-poverty resources.

We also asked those countries that had not already done so, but had made promises to give debt relief to the poorest countries, to make good their promises of debt relief, and we have asked the Managing Director to report on where there are gaps in the provision of promised debt relief for our next meeting.

We emphasised the need to enhance market access and increase the level and effectiveness for donor resources for low-income countries. In order to achieve the Millennium Development Goals, we called upon the IMF to cooperate with the World Bank in work on aid effectiveness, absorptive capacity and results-based measurement mechanisms, and in examining the merits of various policy options and financing mechanisms to pay for the meeting of the Millennium Development Goals such as an international financing facility that we could mobilize the substantial additional resources that are needed over the medium term for our development objectives. We further agreed that developing and emerging market countries should also closely be involved. We look forward to a report on this by the next Annual meetings.

On terrorist finance, we welcomed the fact that laws were being passed to attempt to root out the sources of terrorist finance. But we were agreed that countries that were finding it difficult to implement these laws should use the technical assistance that is available from the IMF, and that we should consider extending the pilot assistance

programs for surveillance and support to other countries. We will have a report on this at the next meeting emphasizing our determination that there is no hiding place, no safe haven for those who finance terrorism.

On Iraq the Committee reaffirmed its support for a multilateral effort to reconstruct and redevelop Iraq. We welcome the constructive role being played by the IMF and we look forward to the Donors' Conference in Madrid next month based on a comprehensive needs assessment involving the World Bank and the IMF. The committee supports the IMF providing, subject to its policies, financial and other assistance to Iraq.

Finally, we expressed our thanks not only to the staff of the IMF and the Managing Director for his work, but also to the authorities in Dubai and the United Arab Emirates for making possible these meetings, and for the tremendous hospitality that they've offered to all countries.