

WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
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Statement by the Hon. **SAISNARINE KOWLESSAR**,
Governor of the Bank for **GUYANA**,
on behalf of the Joint Caribbean Group,
at the Joint Annual Discussion

**STATEMENT BY THE HONOURABLE SAISNARINE KOWLESSAR
GOVERNOR OF GUYANA OF THE BANK
ON BEHALF OF THE JOINT CARIBBEAN GROUP**

I am honored to speak on behalf of the member states of the Caribbean Community. I would also like to join my colleagues in expressing appreciation to our host, the United Arab Emirates, for the gracious hospitality which they have extended, and to the Management and Staff of the Bank and Fund for the excellent arrangements put in place for these meetings.

Members of the Commonwealth Caribbean attach special significance to these meetings which are being held in the Middle East for the first time. That we should meet in Dubai, demonstrates the important role which small states can play in guiding the process of global integration and forging real partnerships in pursuit of our common goals.

Global Environment

The uncertainty facing the world economy and the likely implications for developing countries' economic performance continue to be of concern to the Caribbean. The recovery underway remains fragile, and while we acknowledge the improved growth prospects for 2004, our optimism is constrained by a number of downside risks from geopolitical shocks and structural weaknesses in some developed economies which could further dampen global growth.

Small economies like those in the Caribbean, whose economic performance is closely linked to developments in the global economy, are further challenged by the uncertainties, which come at a time when we are intensively undertaking structural reforms with limited financial resources.

Trade

If we are to meet the Millennium Development Goals (MDGs) and promote sustained improvement in the economic welfare of our citizens, we must achieve real progress on the Doha Development Agenda. Therefore, we must redouble efforts within the multilateral framework, to ensure that the Agenda is put back on track following the adjournment of the 5th Ministerial of the WTO in Cancun without agreement.

We welcome the increased focus on trade by the Bank and the Fund and their advocacy role in highlighting the importance of making meaningful progress on market access, particularly in textiles and agriculture, the elimination of subsidies, and reducing barriers to developing country exports. At the same time, our institutions must recognize the varying impact of the liberalization process on members, and tailor responses to country circumstances appropriately. Among the issues for attention are: the impact on tariff revenues; the losses due to the erosion of preferences, in particular, the effect of the removal of quota restrictions in agriculture through multilateral liberalization; the impact of reforms on the poor; and the effect of migration.

We also urge that reforms to remove obstacles to growth and strengthen the resilience of our economies be well sequenced, with appropriate transitional safeguards in place to protect the most vulnerable from an overly rapid transition to a system of liberalized trade. Adequate technical assistance should be made available to develop the institutional capacity to implement WTO agreements and to deal with technical barriers to trade.

Finally, as was reflected in the work done by the World Bank and the Commonwealth Secretariat on small states, and is currently being demonstrated in ongoing FTAA and WTO negotiations, very small countries face special operational and other constraints, and equitable treatment of these countries in the world economy is not always obtained by treating all countries equally. In this regard, the institutions need to work closely to support arguments for special and differential treatment in trade negotiations, given the constraints identified in the Small States report, as well as support the right to fiscal sovereignty.

Debt Relief

Debt relief for Heavily Indebted Poor Countries (HIPC) should remain a priority if the cause of poverty reduction is to be truly served. In particular, prompt interim assistance should continue to be delivered to countries in the Initiative. Most importantly, eligibility criteria must be applied and measured consistently and objectively so that countries can reach completion point in a timely manner. Finally, appropriate assistance should be in place to ensure that countries exiting the program maintain sustainable debt levels into the medium and long term.

Resource Mobilization

We welcome reports from the OECD Development Assistance Committee (DAC) that Official Development Assistance (ODA) increased by 4.9% in real terms in 2002. We acknowledge, especially, the efforts of those countries which have managed to achieve ODA levels above the UN target of 0.7% of GNI. That said however, significant, timely and more predictable financing is still needed over and above the current levels if progress is to be made towards the MDGs.

Middle income countries in the Caribbean still face significant financing needs, particularly in light of declining and uneven private flows. Regional economies are being challenged to maintain sustainable fiscal balances because contributions from services exports like tourism, are still not generating sufficient growth to improve government revenues. Expanding productive capacity and the structural transformation of some economies, particularly in some agriculturally based economies of the Eastern Caribbean, call for relatively large investments.

The medium term solution will require more involvement by the multilateral organizations, in particular, the World Bank, to support countries' efforts to boost productive capacity for export of goods and services. We urge the Bank, in particular, to design more innovative instruments to meet the long term financing needs for tourism, infrastructure, transportation and agriculture.

Anti-money Laundering and Combating the Financing of Terrorism

Mr. Chairman, our region is fully committed to its partnership with the international community in the effort to counter the use of our financial systems by criminals and to combat the financing of terrorism. The development and implementation of appropriate programs remain high on the regional agenda, but can place severe demands on our small economies and limited resources. In this context, we acknowledge and welcome the collaborative work of the Bank and Fund with member countries in the Caribbean. While our countries embrace the challenge of bringing the regional financial services sector into full compliance with international standards, we believe these standards should be developed in consultation with, and applied fairly and equitably to all countries.

Caribbean Regional Technical Assistance Center (CARTAC)

We welcome the significant and positive role that CARTAC has played in helping the region meet its technical assistance needs in the area of economic and financial management. We are grateful to the IMF for providing the technical and human resource support that makes CARTAC possible, and to the World Bank which is the second largest cash contributor to the Centre. Nevertheless, we stress that capacity building is a long-term and ongoing process that will not be finished when the current phase of donor support comes to an end at the close of 2004. We call on the Fund and the Bank to maintain its support for CARTAC and on all the donors currently engaged in funding the Center to continue to do so beyond the end of the current phase.

Voice and Participation

We welcome the progress made by the Boards of both institutions in strengthening the technical capacity in Executive Directors' offices at the Bank and the Fund which will help to enhance the representation of developing countries in the decision making processes of the institutions. Nevertheless we remain disappointed at the lack of progress on the structural issues, some of which have been under discussion for many years. We urge the Bank and the Fund to accelerate work towards enhancing the effective participation of developing countries in their decision making processes.