

WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
MULTILATERAL INVESTMENT GUARANTEE AGENCY

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Statement by the Hon. **TAHMASEB MAZAHERI-KHORZANI**,
Governor of the Bank for the **ISLAMIC REPUBLIC OF IRAN**,
at the Joint Annual Discussion

**Text of Speech of H.E. Mr. Tahmaseb Mazaheri,
Minister of Economic Affairs and
Finance of the Islamic Republic of Iran
at the Joint Annual Meetings of the World Bank and IMF**

Your Excellency, Mr. Villiger, Chairman of the Board of Governors,

Your Excellencies, Members of the Board of Governors,

Mr. Wolfensohn, President of the World Bank,

Mr. Kohler, Managing Director of the IMF,

Distinguished Participants,

At the outset, I would like to express my profound pleasure of being present at this year Joint World Bank/ IMF Annual Meetings held in the United Arab Emirates. I also appreciate the relentless efforts of the organizers of this very important gathering especially His Highness Sheikh Zayed bin Sultan Al Nahyan, President of the United Arab Emirates.

This marks the first time that the World Bank/ IMF Annual Meetings are being held in the Middle East. It is heartening to see in this sensitive region, all countries of the world, developed as well as developing, with all their diversities, are again joining hands to achieve a sustainable global economy. Needless to say, the more the nations would reap the fruits of economic cooperation and interaction, the lesser the grounds for extremism of any sort would be.

We have gathered today under special circumstances while the world economy is facing great challenges, and the world economic outlook seems to be more promising, yet full confidence has not returned to the international markets and the prospects of world economic growth loom shaky. The continued instability in Iraq has added to the uncertainty, affecting not only Iraq, but also its immediate neighbors, the region and the whole world. The evident and immediate consequences of the recent developments have led to the reduction of international flow of capital as well as tourism revenues. The world economic slowdown has no doubt led to reduction of world demand, slower growth in international trade, increase in unemployment, as well as investors' distrust in international capital markets.

The sustainable solution to this problem would be to muster our efforts and commit ourselves to achieve the Millennium Development Goals and even further. The fewer the people in material and education poverty and under prejudice, the less the conflicts and extreme acts around the world.

In fact, a global partnership should prevail where no one feels marginalized. The market economy today has, by nature, helped the voice of the rich to be heard louder, while the poor also deserve to be given an enhanced voice. In this respect, we welcome the continuation of discussions of this very important issue in the Board of Executive Directors of the World Bank and IMF in order to increase the relative voting power of the developing countries as a whole. In this relation, we believe that the suggestion to increase basic votes of all member countries in the World Bank to restore it to around 10% of the total votes as it was at the time of founding of the World Bank will be an appropriate step. Furthermore, we are in support of the position of the Ministerial Group of 24 in this regard.

Mr. Chairman,

Distinguished Participants,

I would also like to seize this opportunity to briefly explain about some of the recent economic developments in my own country.

Despite the low world economic growth rate, my country managed to achieve 6.5% growth rate in the last Iranian calendar year ending by March 21, 2003. The unemployment rate has dropped from 16% two years ago to 11.2%. At the same time, the foreign exchange reserves in the country have increased substantially.

My country, Iran, has also taken giant strides in paving the way for the attraction of foreign investment. To this end, the new Law for the Attraction and Promotion of Foreign Investment has been adopted which is now under implementation recognizing the new forms of foreign investment and granting the necessary guarantees required. The corporate tax law has been revised replacing the older exponential system by a 25% flat rate tax. Apart from the transparencies it brings about, this encourages the emergence of bigger enterprises.

The process of privatization has also sped substantially up in Iran providing unprecedented opportunities for the interested entrepreneurs. A number of private banks and insurance companies have also been recently licensed to work.

I would also like to refer to some of the highlights of our upcoming Fourth Five Year Development Plan as follows:

- Expansion of investment and production through removal of all monopolies, price liberalization, establishment of specialized courts for investment claims, etc.

- Institutionalization of knowledge economy as the major pillar for development,

- Designing of a transparent financial and regulatory system in harmony with the international standards,

- Enhancing the voice and participation of the civil society in decision-making,

At the closing, I would like to thank Mr. Wolfensohn and the staff of the World Bank, as well as the IMF management and staff, for their sincere cooperation with Iran.

I would like to once again express my gratitude to our host country and all the organizers of this event for their ceaseless efforts and wish success for all the dear participants and hope that the guests of the region would leave this event with pleasant memories.

Thank you.

