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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**

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Chairman, Governors and distinguished guests, I report from the IMFC, meeting on the eve of the 60th anniversary of the IMF

- Now more than ever vigilant in our enduring responsibility for ensuring global economic stability
- Now more than ever mindful of the increased importance of our role in surveillance and agreed that it must be enhanced for the next step in the IMF's history
- And conscious of our duties not just to the beneficiaries of global economic growth but to the poorest and most vulnerable who are at risk of being its victims.

With our starting priority this year the task of sustaining the global recovery which is strengthening, but whose impact remains uneven.

And with oil prices doubling in little more than a year, and global imbalances worsening, we agreed that action must be taken to address risks to recovery. We accepted the advice of the new Managing Director, whom we welcome to the job, that in the coming months, the Fund's surveillance should focus on; the impact of high oil prices and worsening terms of trade; the sustainability of medium-term fiscal positions and debt in many member countries; the management of policy responses to inflationary pressures; and economic reform and flexibility.

Second, we wished to emphasise the importance to growth of stability in oil markets around reasonable prices consistent with sustained global growth. We welcomed the decisions made by oil-producing countries to continue to expand production and we urge on them further measures to increase capacity. We also called on oil consuming countries to take measures to promote more sustainable use of energy. And for the first time we agreed on the importance of new efforts to improve information about the oil market and to increase transparency and called for continued dialogue between consumers and producers.

Third, we agreed that all countries should take advantage of the recovery to address medium-term vulnerabilities and challenges. We agreed that bold reforms on a wide front are needed to strengthen fiscal positions, remove structural impediments to growth, reduce financial and corporate vulnerabilities, support the correction of global current account imbalances, and accelerate the reduction of poverty.

And, we agreed that it is our shared responsibility here to bring forward policies to achieve an orderly resolution of global imbalances, to achieve progress on medium term fiscal consolidation in the United States, continued structural reforms to boost growth in Europe and Japan, and in emerging Asia – to take steps towards greater exchange rate flexibility, supported by continued financial sector reform.

Finally, as well as addressing these risks to the global recovery, we discussed our concern at the slowness of progress – especially in sub-Saharan Africa.

Four years at the turn of the millennium, in an historic declaration, this body and every world leader, every international body, almost every single country signed up to a historic shared commitment to right the greatest wrongs of our time.

Our promise that in return for action on corruption, and to improve the environment for trade and investment in the poorest countries, the richest countries would help ensure that:

By 2015 every child would be at school.

By 2015 avoidable infant deaths would be prevented.

By 2015 poverty would be halved.

But already, so close to the start of our journey, we can see that our destination risks becoming out of reach, receding into the distance. So unless we take concerted action now, already we can see that the promise is at risk of going forever unfulfilled, and we will be remembered not for promises made but for promises broken.

For at best on present progress in sub-Saharan Africa:

Primary education for all will be delivered not in 2015 but 2130
- that is 115 years too late

The halving of poverty not by 2015 but 2150
- that is 135 years too late

And elimination of avoidable infant deaths not by 2015 but by 2165
- that is 150 years too late

And the world will say that 150 years is too long to wait for justice.

Next year, 2005, five years on from the Millennium Declaration, will be a crucial, defining year: a year of challenge and a year of opportunity when the richest countries must redeem their promises to the poorest countries making the reforms, and work to build a virtuous circle of debt relief, poverty reduction, trade and economic development.

So we agreed on the need to strengthen the joint work of the IMF and the World Bank in low income countries, for which we congratulate Rodrigo de Rato and Jim Wolfensohn.

We welcomed the joint report of the IMF and World Bank to improve aid effectiveness and on financing modalities, and we encourage further analysis by the Bank and the Fund on the mechanisms for increasing aid flows, including the International Finance Facility, and other innovative mechanisms – and we look forward to a further report at our next meeting

And in the vexed and critical area of debt relief, we have made progress, with more to come, in: first, agreeing the extension of the HIPC Initiative; second, in the continuing work to develop a framework for debt sustainability; and third, in considering how we can achieve 100 per cent relief to multilateral debt.

The 60th anniversary of the IMF is a timely opportunity to reflect on the forces that will help shape the institution's priorities going forward. The committee welcomes the work on the IMF's strategic direction initiated by the Managing Director and looks forward to a discussion at its next meeting.

But it is also the moment when aware of urgent needs, conscious of our founding ambition that prosperity to be sustained must be shared, more aware than ever that both peace and prosperity are indivisible, we must reaffirm our vision and we must make our 60th anniversary the year when we moved further and faster to create a world economy that instead of working for some of the people some of the time works for all of the people all of the time.