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Statement by the Hon. **AHMAD HUSNI MOHAMAD HANADZLAH,**
Governor of the Bank for **MALAYSIA**

**Statement by the Hon. Ahmad Husni Mohamad Hanadzlah,
Governor of the Bank for Malaysia**

Mr. Chairman, my distinguished fellow Governors, President of the World Bank Group, Managing Director of the International Monetary Fund, ladies and gentlemen.

1. It is my privilege and pleasure to address the 2011 Annual Fall Meetings of the World Bank and the International Monetary Fund. We are now at a critical junction. Our present actions may very well define the course of global economic growth for many years to come.

2. Since its founding, the scope of the International Monetary Fund's responsibilities has evolved to accommodate the changing world. The Fund's role in ensuring the stability and proper functioning of the world's financial system is now more critical than ever. We are looking to the Fund to provide a guiding hand and resolute advice to ease the prevailing situations.

3. In the context of the current situation, multilateral institutions can play a supportive role. With its cross-country experience, multilateral institutions can offer independent analysis and external perspective which may be necessary in approaching situations which would have global impact.

4. While resolute action is required to overcome a crisis, it is infinitely preferable that financial and economic risks be pre-empted or mitigated in a timely manner. One of the most important tasks of the Fund is to monitor, forecast and provide policy advice to its member nations. It is especially important that the Fund engages with systemically-important economies in the carrying out of this task.

5. There are also other multilateral mechanisms which can play complementary yet equally instrumental roles in ensuring regional, hence global, financial stability. In 2008, the Group of Eight (G8) and the Group of Twenty (G20) demonstrated its decisiveness in meeting the challenges of the then financial crisis.

6. Multilateral groupings and associations worldwide would be wise to adopt a more diversified role in addition to the traditional developmental mandate of diplomatic and cultural exchanges. Additional responsibilities would include the establishment of mechanisms that would be able to provide localised policy solutions which can take into account of a region's particular socio-economic and cultural context. The concept of regional empowerment is not new. However, it requires a strong injection of revitalization; in order to meet the inevitable challenges of this new century.

7. The Member States of ASEAN, The People's Republic of China, Japan and The Republic of Korea (ASEAN+3), have established the Chiang Mai Initiative

Multilateralisation (CMIM), a multilateral currency swap arrangement worth USD120 billion, in the event that the Member States would require external liquidity assistance. This and other formal and informal intra-ASEAN financial and economic linkages are part of a concerted effort to strengthen a multi-pronged strategy of regionalism.

8. The concept of regionalism is only valid when there are appropriate structures to support it. In this regard, ASEAN+3 has also established other support institutions such as the ASEAN+3 Macroeconomic Research Office (AMRO). The establishment of AMRO as the surveillance unit of CMIM, plays an important role to monitor and analyse regional economies, and to contribute to early detection of risks, swift implementation of remedial actions, and effective decision-making of CMIM. We are indeed proud to demonstrate that with collective political will and a determined sense of joint-responsibility, regional institutions can indeed serve as effective mechanisms to deter and resolve complex and multi-layered challenges.

Mr. Chairman and fellow Governors

9. Due to the structural nature of the underlying causes for the prevailing situation in the United States and Europe, we are not expecting full recovery to pre-crisis levels soon. Nevertheless, in the immediate term, we would like to see confident demonstrations of effort being made towards the provision of effective solutions in regard to the situation in the developed West. We also have to recognise that, in these fragile times, the strictest of austerity measures may not be the most applicable of solutions. The IMF is ideally positioned to play the role of an institutional statesman – an independent mediator. Any momentum to tip the developed economies into the realm of negative growth must be discouraged.

10. I take this opportunity to extend my country's best wishes as well as my own personal welcome to Madame Christine Lagarde on her recent appointment as the Managing Director of the Fund. Her leadership of this most important multilateral institution at this critical of times receives all of our support and encouragement.

Thank you.

AHMAD HUSNI MOHAMAD HANADZLAH

22 September 2011

Putrajaya, Malaysia