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Statement by the Hon. **AMBROSE GEORGE**,
Governor of the Fund for **DOMINICA**, on behalf of the
Commonwealth Caribbean States
who are members of CARICOM,
at the Joint Annual Discussion

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1. I have the honour to speak on behalf of the Commonwealth Caribbean states who are members of the Caribbean Community (CARICOM), namely: Antigua and Barbuda, the Bahamas, Barbados, Belize, Grenada, Guyana, Jamaica, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Trinidad and Tobago, and my own country, the Commonwealth of Dominica.
2. I join my colleagues in expressing our appreciation to the Government and people of the Czech Republic for their generous hospitality and excellent arrangements made in facilitating this meeting. We also commend the efforts of our institutions in that regard.
3. On behalf of CARICOM, I wish to join my other colleagues in welcoming on Board our new Managing Director of the IMF, Mr. Kohler.
4. We in CARICOM recognise your approach towards addressing the issues relating to the global economy and in that context we wish to extend a special invitation to you to our region so that you can have a real appreciation of the challenges that confront us. We look forward to your visit, Sir.
5. We are happy Mr. Chairman, that the effects of the financial crisis (1997-99) are now largely behind us, and that growth has resumed in nearly every country which had been adversely affected by the contraction in emerging financial markets.
6. While this has yielded some results, a number of significant and substantial issues remain and new ones have emerged, which affect both the broader international community as well as our small, regional grouping in the Caribbean.
7. We in the CARICOM region acknowledge that the adjustment effort is clearly our own responsibility, and recognise the support given by our bilateral friends, particularly the traditional ones from regional and international institutions.
8. We note the continued declining pattern of bilateral official assistance flows and apparent uncertainty over the size and disbursement of the funding package for Highly Indebted Poor Countries (HIPC). Part of this decline is related to a substantially lower level of adjustment lending consequent upon the fading of the crisis. Another influential factor is the high cost of doing business with the Bank. Here I speak of costs not only in

direct financial or interest rate terms, but also from the point of view of the time and institutional effort involved in complying with the Bank's processes and procedures.

9. For most of our countries, the recent increase in oil prices combined with weak prices for our major export commodities and a declining euro has further complicated this situation.

10. Mr. Chairman, I do need to emphasize the very grave difficulties faced by our traditional agricultural export sector, which is such an important source of employment and income for us. These of course arise mainly from trading rules which we had little involvement or influence in shaping.

11. Mr. Chairman, this issue affects our banana industries, particularly in the Windward Islands. Despite on-going efforts aimed at achieving structural transformation of our economies, the banana industry continues to exert a major macro-economic influence in terms of employment, incomes, foreign exchange earnings and aggregate demand.

12. The big problem of obtaining a marketing arrangement which is 'WTO compatible' remains outstanding. We hope that the current impasse in the negotiations can be speedily addressed in a manner which is supportive of efforts to transform our economies.

13. Moreover, the fraudulent use of import licences have further complicated the problem resulting in a significant drop in prices. We appreciate the efforts of the European Union in bringing about a favourable resolution on the matter and look forward to its effective implementation.

14. Mr. Chairman, the diversification strategy for our economies includes a focus on agriculture, tourism, manufacturing and services. This entails adoption of new systems for adding value and improving productivity. We are also adopting programmes aimed at modernizing production technology as well as developing physical infrastructure. Steps are being taken to boost on-farm productivity via irrigation, greenhouses, access to credit and appropriate equipment. In addition, upgrading institutional capacity within all sectors of the economy is a major priority. Further, in the CARICOM region, we are seeking to strengthen the linkages between all major sectors e.g. tourism and agriculture.

We therefore invite the World Bank Group to support our efforts on these initiatives and to lend its voice to the ACP request for improved market access and a longer transition period under the EU-Banana Trade Regime.

15. Mr. Chairman I now turn to the Financial Services Sector. The threat posed to emerging international financial centers by initiatives to name and shame countries is of grave concern to us in the Caribbean. We are well aware of the adverse effects which the

publication of such lists can have, not only on the growth of our international financial sector(s) in the Caribbean, but also on our efforts at economic diversification.

16. It must be recognised that the time frame stipulated for Caribbean countries to take the kind of action that is required of them, without assistance, is inadequate. The existing situation could well result in the impoverishment and destabilization of our region. We appreciate the technical assistance initiatives which are currently being undertaken by some of our friends to complement our on-going efforts.

17. Mr. Chairman, the OECD and the G7 are the best known supporters of free trade, and yet our efforts at developing an international financial services sector in our jurisdictions are being unduly hindered by them. **It is important to note that this Sector does not rely on trade preferences or subsidies. Instead, its development embraces the principles of globalisation and the law of comparative advantage. The Sector is being built on concepts of free trade and private investment.**

18. We in CARICOM believe that the OECD lacks international legitimacy to pronounce jurisdictions as tax havens, and call for a transparent, multilateral approach to resolve this issue.

19. I wish here to reaffirm the decision made by the Heads of Government of the Caribbean Community at its recently held meeting in July this year. The Heads of Government underscored their commitment to fight money laundering and combat all other forms of commercial crime.

20. Mr. Chairman, another key issue of importance to us in CARICOM is that of Small States. We welcome the work that has been done to date on the Small States Initiative and look forward to the process that has been agreed upon at the first annual Small States Forum.

21. In relation to the IMF, I am pleased to say that the Fund has listened to our plea for some attention to our needs. In addition to some re-organisation of the Division dealing with our countries in order to improve the focus on small states - a re-organisation that we understand is still ongoing - the Fund held earlier this year, jointly with the Caribbean Development Bank, a very successful conference on development issues facing the Caribbean, and is currently engaged in preparatory work for the establishment of a regional technical assistance agency. We look forward to the early completion of that work and to the establishment of the agency. The Fund continues to provide assistance to our countries in developing the capacity for macroeconomic management and we wish to express our thanks.

22. Mr. Chairman, the critical issue of HIV/AIDS in our region should not go unnoticed. We wish to note that the Bank was a key participant in a just concluded Caribbean regional conference on HIV/AIDS in Barbados and has been instrumental in

assisting the region in raising resources to deal with this very serious problem. We wish to commend the Bank for the initiative taken so far.

23. Mr. Chairman, my purpose has been to emphasise that small size is not a reason for us to be accorded a level of treatment that may be lower than that accorded to large states. It is important that the inclusiveness, participation and ownership that underlie the Bank's comprehensive development framework continues. We understand that this approach is endorsed by developed countries, as reflected in the practice of international development cooperation that is the basis for these meetings. We urge that in their development work, our bilateral friends and multilateral institutions place as much emphasis on the practice of democracy among nations, as they put on promoting democracy within nations. In that way, the welfare of all member states within the international community are more likely to benefit.

Thank you Mr. Chairman.