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Statement by the Hon. **JOAQUIM PINA MOURA**,
Governor of the Bank for **PORTUGAL**,
at the Joint Annual Discussion

**Statement by the Hon. Joaquim Pina Moura,
Governor of the Bank for Portugal,
At the Joint Annual Discussion**

Mr. Chairman

Mr. Koehler

Mr. Wolfensohn

Ladies and Gentlemen,

I would like to thank the Czech authorities for their warm welcome in this beautiful city of Prague.

I would also like to welcome our special guests today: the delegations of North Korea and East Timor.

I take this opportunity to reaffirm our full commitment to assist the birth of the new nation of East Timor. I believe I am not alone; the international community is united and committed to support the fulfillment of the aspirations of the East Timorese people, who has continuously fought for their rights. Welcome to the community of free and democratic nations. You can count on our support.

We are meeting here, at the center of Europe, where major transformations have taken place over the last decade. The process to join the European Union is well under way. In the near future we will have an enlarged European Union. We encourage the World Bank to continue assisting the candidate countries in their efforts towards achieving the accession requirements.

Europe is enjoying a strong economic recovery with low inflation and some gains in the employment front. Sustained growth with higher employment remains our major economic objective. Structural reforms would be accelerated to remove rigidities and consolidate public finances along the lines of the Lisbon Summit conclusions.

In Portugal, growth will remain slightly above 3%, in response to stronger exports and a weaker domestic demand. The budget deficit target for 2000 would be met at 1.5 percent of GDP and further reduction will be achieved in 2001.

The world economy has emerged from the financial crisis and is enjoying boom conditions. Vulnerabilities and risks exist; in particular high oil prices can put into question the present growth potential. Wide disparities between countries are growing. Industrial countries are

enjoying sustained strong growth. Emerging economies hit by the Asian financial crisis have recovered faster than expected and are resuming the fight against poverty. Many countries however have experienced little or no progress in meeting their poverty reduction goals.

To fight global poverty is the main challenge of our time. We have the responsibility to help those that are more vulnerable and to ensure the expansion of benefits of growth to all. Our shared objective of a safe, secure and stable world for all, in a global and inter-linked world requires greater support for bringing to all the benefits of growth and ensuring that globalization works for the poor as well.

This brings me to the commitment we have agreed upon to provide debt relief to the poorest countries. I welcome progress so far in implementing the HIPC Initiative and urge all efforts to further strengthen the process. We have to meet expectations for a deeper, broader and faster debt relief to eligible countries. Jointly we have to ensure the financing of the Initiative.

I congratulate Mr. Horst Köhler for his vision for the IMF as a universal institution playing a central role in promoting macroeconomic and financial stability. This is a precondition for sustainable economic growth, which in turn is key for poverty reduction. Crisis prevention should be at the core of the IMF's work. Strengthening the stability and soundness of the financial system requires enhanced surveillance of economic and financial conditions and policies. I support the proposals he has made including the reform of IMF facilities to better respond to member needs of our global institution.

I welcome the renewed emphasis the World Bank is giving to poverty reduction and sustained growth.

The Bank, working with others, has also an important role in the provision of global public goods. Promoting good governance, curbing the spread of infectious diseases, preserving the environment and sharing information and knowledge are means to reduce poverty. They complement well the Bank's mandate in assisting member countries to pursue their strategies to achieve equitable and sustainable growth. A multilateral international public-private partnership should be the way to implement and finance these challenges.

Thank you Mr. Chairman.