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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. **DATO HAJI SELAMAT HAJI MUNAP**,
Alternate Governor of the Fund and the Bank for **BRUNEI DARUSSALAM**,
at the Joint Annual Discussion

**Statement by the Hon. Dato Haji Selamat Haji Munap,
Alternate Governor of the Fund and the Bank for Brunei Darussalam,
at the Joint Annual Discussion**

Mr. Chairman, Managing Director of the Fund, Mr Horst Kohler President of the World Bank, Mr James Wolfensohn, Distinguished Delegates, Ladies and Gentlemen.

Assalamu'alaikum Warahmatullahi Wabarakatuh and Good Morning.

The health of the world economy in general is improving. In Europe the economy is doing so well that it is now challenging the US as the world's economic power.

The World Economic Outlook (IMF, April 2000) estimates on global output growth in 1999 was 3.3 percent, somewhat above 3.1 percent of average growth since 1990. Prospects for 2000 are better still with global output growth expected to accelerate to 4.2 %, a significant upward revision to the estimates made by the IMF in October 1999. It is now projected that global growth in 2000 could reach 4.7 %.

Ladies and Gentlemen, recovery in ASEAN continues to strengthen. The pace and pattern of the recovery will continue to be critically affected not just by domestic events but by growth in the global economy. If the Consensus view proves correct, external conditions over the next twelve months will help consolidate, broaden and deepen the recovery that is now underway in the region.

Most of the crises-affected ASEAN economies started to bottom out some time in the second half of 1998, and then began to stage a recovery in early 1999. In 1999, recovery proved to be faster than expected but recovery was only partial. In 2000, recovery has consolidated further.

Brunei Darussalam has not been spared from the effects of the recent economic crisis. We have, however, taken a proactive stance towards recovery. We have formed the Brunei Darussalam Economic Council to re-examine our economic situation and make the necessary adjustment.

Since its formation in 1998, the Council has identified several short-term measures as part of our Action Plan for Recovery. This includes measures to review and improve the government payment system as well as increases in public spending on selected strategic areas, including housing, tourism, and information technology infrastructure.

Ladies and Gentlemen, the recovery of our economy is foremost in our National Agenda, even as we are coping with the consequences of globalisation, and recovery programs have begun to be initiated. At the same time, to give greater emphasis on development by the private sector, a number of measures are being undertaken in the

financial fields. We are forging ahead with our fiscal consolidation, including gradually restructuring the budget, increasing revenues through increased oil production as well as through increased and new charges and fees. Fiscal consolidation is also gradually effected through commercialisation of certain government services as well as corporatisation of certain government agencies as a prelude to their privatisation.

In the meantime, we have turned Brunei Darussalam into an International Financial Services Centre. And we are also pushing Brunei Darussalam to be the Service Hub for Trade and Tourism for the BIMP-EAGA Region. The setting up of the International Financial Centre was announced by His Majesty The Sultan during the His Majesty's 54th birthday on July 15, 2000.

Brunei International Financial Centre (BIFC) is a major initiative of His Majesty's Government to diversify the economy. With this, the nation hopes to position itself as an equal partner in the on-going globalisation of financial and commercial activities.

BIFC will primarily be complimentary to existing financial markets and their needs. The jurisdiction has set out to meet international market requirements. This will inevitably lead to some healthy regional and global competition. But it will also lead to significant strategic alliances with other nations as well as the global private sector.

Ladies and Gentlemen, Brunei Darussalam's Ministry of Finance is now cooperating with central banks and other supervisory authorities from Bahrain, Malaysia, Indonesia and other Islamic countries towards setting up an International Islamic Money Market (IIMM). We believe the establishment of IIMM is the right step forward in making Islamic banking as innovative and reliable as any good conventional banks. The establishment of IIMM will also enhance the level of cooperation between Islamic banks and Islamic Monetary Authorities and will speed up the development of various Islamic money market and capital market instruments that are liquid and fully acceptable to all Islamic banks.

Ladies and Gentlemen, we support the broad strategies of the Fund and the Bank. We hope that the lessons that have been learnt in dealing with the Asian financial crisis would enable us to come up with more effective measures to prevent its recurrence in the future. Or, at the very least, we will be better prepared to deal with future crisis. We need to address not only the macro-economic issues but its impact on the poor and vulnerable in our society. There is a need to have a mix of policies aimed not only at growth but designed to take care of the less fortunate as well.

We are happy to note that the IMF and the Bank have given special attention to the poverty-reduction aspect when drawing up their assistance program. We can move forward in our endeavour to alleviate the struggle of the poor by speeding up the implementation of the programmes under the HIPC Initiative.

With regard to the quota subscription, the Fund should endeavour to reformulate its allocation so that it reflects the changing circumstances of the global economy.

Thank you.