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Statement by the Hon. **MADIS UURIKE**,
Governor of the Bank for the **REPUBLIC OF ESTONIA**, on behalf
of the Bank Baltic Group, at the Joint Annual Discussion

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I am pleased to address the 2002 Annual Meetings on behalf of Estonia, Latvia and Lithuania.

In my speech, I would like to concentrate upon an issue that is particularly relevant for us. What I have in mind is the new dimension of co-operation between the Baltic countries and the World Bank.

As a result of September 11th, we have seen a continuing slowdown of global economic growth and reduced investor confidence over the current year. However, the annual growth in the three Baltic States has remained around 5 percent. That gives us confidence in the stability of our economies. The adoption of the European Union legislation and the introduction of best practices in general have provided us with a strong foothold for sustained growth, and our liberal economic policies have been delivered from that base. We believe that this stability of growth indicates, as also the European Commission has indicated in its regular reports, that the Baltic States have fully functioning market economies and the transition period is over. This assumption is also supported by a World Bank study on Transition.

Our position regarding the international financial institutions is changing respectively with our economic development. The recent graduation from IMF approved policy programs and the expected graduation from World Bank lending eligibility indicate that our role as contributors in these institutions is increasing in accordance with the diminishing of our role as recipients.

We highly appreciate the Framework for World Bank Group Support to European Union Accession Candidate Countries of Central and Eastern Europe, which the Bank has worked out to design specific assistance strategies for the EU candidate countries. The Framework establishes the practice of drawing on the European Union candidate countries' empirical lessons of transition and development for the benefit of the transition economies, hence supporting the new dimension of European Union accession countries as equal partners of the Bank. We support the Bank's point of view that the future configuration of lending and advisory services in these countries should be determined by reference to the World Bank's graduation policy. At the same time, the Bank's activities in these countries should be based on close co-operation with the European Commission, remaining highly selective and focusing on each country's individual political realities and economic needs.

An issue on the Bank agenda that we would like to emphasize briefly is the Bank's strategy towards the middle-income countries. We find addressing the specific attributes of Middle Income Countries especially necessary, considering the fact that the majority

of the poor is living in Middle Income Countries, and due to the particular vulnerability of emerging economies as demonstrated by recent developments in Latin America. To avoid the recurrence of similar crises, we believe it is particularly important to focus on the preventive measures in the implementation of the strategy.

Finally, I would like to express our appreciation for the present fruitful cooperation with the World Bank and the International Monetary Fund and hope for the continuation of mutually rewarding efforts in the future.