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Statement by the Hon. **ANDREI V. KOBYAKOV**,
Governor of the Bank for the **REPUBLIC OF BELARUS**,
at the Joint Annual Discussion

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Governor of the Bank for the Republic of Belarus,
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Dear Mr. Chairman,
Dear Ladies and Gentlemen,

I would like to join the previous speakers in thanking the Government of the United Arab Emirates, Dubai authorities as well as the management and staff of the World Bank and IMF for the cordial welcome and excellent organization of the meeting.

Long-term experience of the International Monetary Fund and the World Bank confirms that these organizations are not only international centers providing financial support to countries with transition economies, but also entities, which really strive for facilitating stability at an immense geopolitical space. It is not accidental that these meetings of the leading international financial institutions are being held in the region, stabilization of the situation of which in many respects underlies global well-being.

The current paradigm of the world development demonstrates that stable sustainable and progressive development of countries and sometimes the existence of the nations per say are impossible without mutual and comprehensive consideration of interests of all the participants of the international relations. This is the reason why ensuring full-fledged integration of Belarus into the world economy has been our major objective since the country gained its independence.

The Republic of Belarus, a new state that emerged in the very center of the political map of Europe more than 10 years ago, has taken an adequate place in the world community as a stable, peaceful and democratic state.

Economic situation in Belarus reveals that certain macroeconomic stability has been achieved over the recent years.

If we look at the levels and trends of the per capita GDP at purchasing power parity in the CIS countries, Belarus' indicators are the highest ones.

Only Russia enjoys the same indicators whereas in the other CIS countries they are considerably lower.

I believe, much is revealed by the fact that, according to the UN data, over the five years in terms of Human Development Index Belarus has moved from the 68th to 53th position out of 175 countries, thus leaving behind all the other CIS countries.

Longstanding positive GDP dynamics, absence of considerable foreign debt and export growth can also be considered as our achievements.

A positive estimation of economic transformations in the Republic of Belarus by the Executive Board of the IMF at the meeting on April 16, 2003 is a confirmation that we are on the right track. Particularly, among positive developments the Executive Board admitted accelerating of the de-nationalization and privatization, stable GDP growth, inflation reduction, tightening of budget, fiscal and monetary policy, exchange rate market and price liberalization.

Belarus is welcoming such an approach and hopes it will become a solid basis to start negotiations on preparing Stand-by Credit Program Agreement as well as expanding the range and amount of technical assistance provided by the IMF. We highly appreciate the IMF technical assistance. Belarus is making efficient use of the funds provided by the IMF for these purposes.

During the recent visit of the IMF mission to Belarus, our Government once again confirmed its determination to cooperate with the Fund. We are open and ready to discuss any forms and variants of the cooperation, which are acceptable for Belarus.

In the framework of our cooperation with the World Bank a Social Infrastructure Retrofitting Project is being implemented.

We are grateful to the World Bank for understanding the problems associated with the abatement of the Chernobyl catastrophe impact. Our cooperation in preparing the Post-Chernobyl Recovery Project will contribute to minimizing consequences of the catastrophe and solve a range of problems in the Chernobyl-affected areas.

We attach serious importance to consultative and analytical work in our cooperation with the World Bank. In this framework reports on health system, environmental and natural resource management, minimizing the impact of the Chernobyl catastrophe were prepared. Reports on private and social sector reform, public expenditures review and fiscal discipline, poverty assessment are being finalized. The preparation of a New Country Economic Memorandum has been launched.

Belarus is determined to further consistently develop its cooperation with the International Monetary Fund and the World Bank because it is a prerequisite for reforming the national economy and its faster integration to the system of world economic relations.

Given extensive practical experience of the IMF and the World Bank, Belarus relies on their recommendations in formulating its economic policy. We have considerably tightened our monetary and exchange rate policy. We consider the IMF recommendations while preparing forecasts and budget planning.

While relying primarily on its own efforts in creating environment for stable dynamic economic development (average annual GDP growth over the past seven years amounted to 5,8 %, industrial growth– about 8,5 %, budget deficit– not more than 2 % of GDP), the Government is

urging the International Monetary Fund and the World Bank to actively support the on-going economic and structural reforms in the country.

A distinguishing trait of present economic policy of the Government consists in a continued shift of focuses on the liberalization of the economy. In doing so, we proceed from the necessity to maintain and further strengthen macroeconomic stability on the basis of tightened monetary policy.

We assign great importance to small and medium business development and take measures to create business incentives and establish favorable environment for attracting foreign investment.

Brettonwood institutions should keep on playing the leading role in encouraging international cooperation so that globalization and associated processes further contributed to human development and its benefits were available to everybody. Regional characteristics and specificity of each country should underlie global and regional cooperation in development financing. Such cooperation is possible in coordination with the UN, EU, international financial institutions and donor-countries and this was proved by the commitments made at Monterrey and Johannesburg. Only by consolidating resources of Brettonwood institutions and their shareholders can the main outcome - stability in all regions and each country - be achieved.

In our view, the preparation by the world financial community of a joint action plan for designing a new architecture of the world financial market deserves special attention.

The new financial architecture requires considerable strengthening of the role of international institutions, primarily that of the International Monetary Fund, meaning not only its financial capacities, but also developing legal and administrative framework as well as new regulation and procedures to enable the IMF to take more responsibility for ensuring stability of the world financial system.

Ladies and Gentlemen,

New challenges of the millennium are putting forth more and more complicated problems for mankind to solve.

I hope it will be the International Monetary Fund and the World Bank that will realize their high mission to assist their client countries in their strive for effective market economy and sustainable development.

Thank you for attention.