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INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
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Statement by the Hon. **HANS EICHEL**,
Alternate Governor of the Fund for **GERMANY**,
at the Joint Annual Discussion

2004 IMF/World Bank Annual Meetings

Speech at the IMF/World Bank Annual Meetings

Washington, D.C., October 3, 2004

Hans Eichel

Mr Chairman,
Governors,
Mr Wolfensohn,
Mr de Rato,
Ladies and gentlemen,

I.

First of all, let me congratulate Rodrigo de Rato for his election as Managing Director of the IMF. I know Rodrigo since quite some time and I am sure that he will do an excellent job in his new capacity. I wish him all the best. At the same time, I would like to thank Horst Köhler for his outstanding job as Managing Director.

II.

The outlook for the global economy remains positive. However, the volatility of oil markets represents a risk. Together, we must alleviate this risk by making markets more transparent and by implementing adequate measures on the supply and demand side.

At the same time, high growth must be supported by appropriate monetary policy, fiscal consolidation, and structural reforms. For Europe it is important to strengthen consumer confidence, to create more jobs, and to implement structural reforms. Higher domestic growth is needed so that Europe can contribute to global economic growth. Germany has initiated important structural reforms that will increase growth and employment permanently.

III.

60 years after their foundation, the mandates of World Bank and IMF are still valid. However, these institutions have to adapt to a changing global environment while being credible and transparent. Their work must lead to sustainable results. For Germany the key issues are: well-defined priorities, a clear division of labor and an effective measurement of results.

IV.

For the IMF, improved crisis prevention is key. This includes a strengthening of surveillance and advice in order to detect risks so that early corrective action can be taken.

Core objectives of surveillance must include: Stable domestic financial markets and effective financial market supervision, reasonable exchange rate regimes, prudence with regard to external debt, and stable fiscal policies.

If a crisis did occur, the IMF should continue to provide the necessary and, in cases of severe capital account crises, extensive credit packages. However, these loans must strictly comply with the agreed access criteria.

V.

The most important challenge in the years to come will be to overcome extreme poverty in low-income countries. IMF and World Bank have a key role to play in this regard.

The World Bank should focus even more systematically on institution building. The IMF should continue to promote macroeconomic stability and well-targeted technical assistance as well as to provide financial support as appropriate. Germany stands ready to contribute substantially to a continuation of the IMF's PRGF and to the World Bank's assistance to low-income countries.

One important step is the extension of the HIPC Initiative until 2006. New lend-and-forgive cycles must be avoided. Therefore, I welcome the work on a new debt sustainability framework. Furthermore, I am personally convinced that open

markets are the most effective support industrial countries can provide to developing countries. Thus, Germany remains committed to a successful completion of the Doha Round.

Let me also assure that Germany remains fully committed to the Millennium Development Goals and will provide its share to meet these goals.

Thank you