

BOARDS OF GOVERNORS • 2006 ANNUAL MEETINGS • SINGAPORE

INTERNATIONAL MONETARY FUND

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

J

Press Release No. 37

September 19–20, 2006

Statement by the Hon. **PEHIN DATO ABDUL RAHMAN IBRAHIM**,
Alternate Governor of the Fund and the Bank for **BRUNEI DARUSSALAM**,
at the Joint Annual Discussion

**Statement by the Hon. Pehin Dato Abdul Rahman Ibrahim,
Alternate Governor of the Fund and the Bank for Brunei Darussalam,
at the Joint Annual Discussion**

Mr. Chairman, Managing Director De Rato, President Wolfowitz,

Distinguished Delegates, Ladies and Gentlemen.

Assalamu 'alaikum Warah Matullahi Wabarakatuh and Good Afternoon.

1. I am deeply honoured to speak at this prestigious and historic gathering of the Annual Meetings of the Board of Governors of the Fund and the Bank. Our most sincere appreciations are extended to the Government and People of the Republic of Singapore for their cordial reception and excellent arrangements for the meetings.

2. The meeting in Singapore takes place almost a decade after the Asian Financial Crisis. Following the crisis, many countries in the region, made efforts to strengthen themselves by implementing macroeconomic as well as structural reforms. We believe continuous implementation of high quality reforms, will help ensure the sustainability of the region's dynamism.

3. Today, this region can boast itself as among the world's fastest growing regions. Nonetheless, downside risks associated with global structural imbalances, volatile oil prices, rising interest rates, and geo-political tensions, still remain. In this rapidly changing environment, we welcome the Fund's comprehensive Medium-Term Strategy to enable the IMF to respond effectively to the needs of its diverse members. The Fund and its members should further enhance their common understanding on the implications of key policy prescriptions under consideration to facilitate collective actions necessary to address the challenges.

4. On the issue of global structural imbalances, the Fund's Multilateral Consultation initiative, which involves major relevant countries, is an important step towards bringing

about, an orderly resolution to the imbalances. In the area of trade, we recognize the importance of the multilateral trading system in strengthening, globalized economic and financial system that promotes growth and reduces poverty. It is therefore in the best interest of all parties, particularly developing countries, like Brunei Darussalam, to resume negotiations in Geneva and to exercise the necessary political will to bring the Doha Round to a speedy and successful conclusion.

Mr. Chairman, Ladies and Gentlemen

5. We welcome the milestone progress achieved in Singapore to address the long-standing issue of representation in the Fund's membership, in the context of quota and voice reforms. Our daunting task now, is to move forward in realizing the second round of reforms. We are optimistic, these reforms when completed, will make the Fund more responsive to global economic changes, and enhances the participation and voice of low income members.

6. On the Fund's engagement in low-income countries, we note the Fund's active involvement through its poverty reduction strategies. Concerted efforts from the Fund, the World Bank, other key development partners and the developing countries themselves are needed in order to help realize higher growth in the coming years to meet the Millennium Development Goals. Further, we laud ongoing discussions on the establishment of a new precautionary facility that can assist countries that are active in international capital markets.

Mr. Chairman, Ladies and Gentlemen,

7. As a member of the Fund and the World Bank, Brunei Darussalam has benefited immensely especially, from the surveillance exercises, policy discussions and technical assistance extended by these institutions. Prudent economic management and favourable external environment, have led to Brunei Darussalam's continued strong macroeconomic conditions and solid prospects for sustained long-term growth.

8. The Government of His Majesty The Sultan, continues to place high emphasis on the need to sustain economic growth of Brunei Darussalam, by diversifying its economic activities, away from the oil and gas sector. One key non-oil sector that is being given greater attention is the Financial Services Industry. In particular, through the establishment of the Brunei International Financial Centre (BIFC), Brunei Darussalam aspires to be a key player in attracting international financial institutions into the country. Brunei Darussalam has enacted comprehensive, cutting edge and up-to-date legislation aimed at offering a secure domicile from which regional and global activities can be conducted. More importantly, the legislation will also allow various Islamic banking and finance undertakings to take place including structured financing, fund management, private equities, and financial advisory services. We aim to continue leveraging on our membership of the Fund and the World Bank, to help achieve this important goal.

9. Islamic financing was formally introduced in Brunei Darussalam in 1991 with the official opening of the first Islamic financial institution, Brunei Islamic Trust Fund (TAIB). This was followed by the establishment of two Islamic Banks in the following year as well as their Takaful subsidiaries. In order to strengthen the commercial presence of the Islamic banks, the two Islamic Banks were recently merged to become The Islamic Bank of Brunei Darussalam. The establishment of Brunei Darussalam's Syariah Financial Supervisory Board, which came into effect in January 2006, serves to facilitate regulators and players alike, in ascertaining that all transactions, products and services offered are truly in accordance to Syariah principle. In summary, Islamic banking has seen consistent growth of 19 per cent per annum since 1993 and a market share of 32 per cent. Looking ahead, we are confident in the potential growth of this industry in the coming years.

Mr. Chairman,

Distinguished Delegates, Ladies and Gentlemen.

10. On the issue of good governance, we reiterate our support for the proposed strategy, but would like to stress the importance of country ownership on the

implementation plans. It is therefore essential for both institutions to remain engaged with all members whilst giving special attention to capacity building.

11. Finally, International Financial Institutions (IFIs), such as the Fund and the World Bank, have an important role to assist developing countries in their continuous efforts to improve economic policy framework, as well as to strengthen both their technical and institutional capacity. With increased dialogue and consultation among all parties in an atmosphere of mutual respect and trust, further progress could be achieved to ensure that international economic policies are beneficial to all member countries. All these are essential in our common desire to improve prospects for a sustained strong global economy in the period ahead.

Wabilahit Taufik Wal Hidayah

Wassalamu Aalaikum Warahmatullahi Wabarakatuh

Thank you, Mr. Chairman.