

**Second Meeting of the International Monetary and Financial Committee  
Statement by Mr. Carlos Saito**

**Acting Chairman of the G24**

**Prague, Czech Republic  
September 24, 2000**

1. It is an honor to address you as chairman of the Group of 24.
2. The G-24 ministers welcomed the ongoing global economic expansion and the favorable perspectives for 2001, with stronger and broader-based growth. However, we also note that the risk of a "hard landing" scenario still remains. Moreover, there are significant misalignments among the key currencies, especially the Euro and the U.S. dollar. Additionally, there are large payment imbalances among the United States, the European Union and Japan, characterized by a record deficit in the U.S. and surpluses in Japan and the Euro area. The instability of oil prices is an issue of great concern for developing countries.
3. Mr. Chairman, most developing countries are undertaking bold trade reforms. Many of these reforms are on a unilateral basis, while others are being implemented under Fund supported programs. Unfortunately, the protectionist tendencies of industrial countries vis-à-vis developing countries continue to be a major impediment to developing countries. Rapid trade liberalization by the developed countries, particularly in the agricultural sector, textiles as well as services will not only stimulate the world economy but also reduce global poverty by stimulating growth and employment.
4. Multilateral surveillance should play a key role as a prevention mechanism since the macroeconomic and structural policies of major industrial countries have important ramifications for the rest of the world. This is a great responsibility not only for the major countries but also for the Fund.
5. On the issue of safeguarding financial stability and strengthening the international financial system, the G-24 ministers believe that greater transparency and the implementation of standards and codes can help countries to tap the immense potential of international capital markets, including foreign direct investment.
6. However, our group believes that the observance of standards and codes should remain a voluntary choice to be determined by each member. Technical assistance will help members to work toward building the capacity to implement the standards and codes. Ministers are not yet prepared to support extending the scope of surveillance to cover the observance of those international codes and standards.
7. On involvement of the private sector in the prevention and resolution of financial crises, the ministers reiterate the importance of a market-friendly strategy and the principle that the Fund should play only an advisory role.

8. Any solutions should, of course, acknowledge the fact that creditors should bear the risks they take and that the expectation of official financing should not, to the extent possible, be large enough to create moral hazard that could destabilize the system. Moreover, solutions to the crisis of one country should seek to minimize adverse effects on the access and cost of other countries to international capital markets.
9. Concerning the review of Fund facilities, ministers welcome the increased incentives that the CCL could provide to eligible countries to maintain good policies, and they urge the international community to support the early eligibility of interested members. Ministers note that surcharges adopted in the latest IMF decision on credit outstanding above a threshold level would not be changed for at least four years. They, however, view that further increases in charges would not be desirable for the foreseeable future.
10. Finally Mr. Chairman, on behalf of the Group of 24, I would like to express my appreciation for having the opportunity to address the members of this committee. I would also wish to thank the Managing Director of the IMF and the President of the World Bank for their continued support.