

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

INTERNATIONAL MONETARY FUND

Press Release No. 50

September 24–25, 2005

Statement by the Hon. **DAVID VEGARA FIGUERAS**,
Alternate Governor of the Bank for **SPAIN**,
at the Joint Annual Discussion

**Statement by the Hon. David Vegara Figueras,
Alternate Governor of the Bank for SPAIN,
at the Joint Annual Discussion**

(1.- Salutations)

Mr. President of the Meeting
Mr. President of the World Bank
Mr. Managing Director of the IMF
Governors
Ladies and Gentlemen:

(2.- World Economic Outlook)

(Global imbalances) The global economy is growing at an acceptable rate, and this is excellent news. However, this does not mean that we should become complacent. Over the past few months the principal global imbalances have grown, especially as relates to the current account balance and fiscal balances in certain areas. For those imbalances to be overcome, there must be an adjustment of real exchange rates, growth in savings to mitigate the impact of the current account and public deficits, and structural reforms to revive potential growth in the areas where it has been the least impressive.

(Importance of coordination) But beyond this analysis, which is broadly shared, it is essential for that adjustment to occur in an orderly and coordinated fashion in all the areas involved. Steps must be taken to avoid having the adjustment address only, or primarily, exchange imbalances. Indeed, all of our countries must responsibly assume our obligations as global actors.

(Spanish economy) Accordingly, neither can Spain ignore that need. Although the Spanish economy is currently enjoying a phase of sound growth, the priority of the government's economic policy is to secure that growth as much as possible in the future, by specially nurturing the decisive factor in long-term growth, productivity. In taking up this challenge, we will contribute gradually to the elimination of the current account deficit, and in this regard, I feel certain that the measures we have been taking to bolster the various markets, our budgetary emphasis on R&D in infrastructures, as well as the strengthening and modernization of the legislation on competition or future social pacts with respect to labor, **we will make great strides** in the most appropriate direction.

(3.- Strategic review)

(Congratulations for the review). Turning to the work of the Fund, I would like to congratulate the Managing Director and his team for designing the medium-term strategy.

Furthermore, heartened by the successes achieved in the implementation of proposals, we believe it is possible to continue working in that direction over the coming months.

(Surveillance) We found the emphasis placed on strengthening the IMF's surveillance activities particularly useful. We therefore agree that the review of the procedures for capital account liberalization, the study of the suitability of exchange regimes, and the soundness of financial systems, as well as analysis of the macroeconomic and social implications of globalization should constitute essential parts of the surveillance exercise. Also, we feel that the empowerment of the Fund as a forum for the coordination of economic policies should play a highly positive role in this context.

(Insurance) Regarding crisis prevention, we feel certain that the implementation of prudent economic policies is key to success. But at the same time, the existence of signs of contagion tell us that we must introduce new instruments that can lead to greater security or guarantees for the implementation of a country's economic policies. It seems to us that such instruments should make it possible, where appropriate, to provide exceptional access to Fund resources, even though their availability should be subject to the fulfillment of certain macroeconomic policy requirements. That said, for such a development to be possible, it would be necessary to formulate a new credible and foreseeable framework for exceptional access.