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MULTILATERAL INVESTMENT GUARANTEE AGENCY

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Statement by the Hon. **GEORGE ALOGOSKOUFIS**,  
Governor of the Fund for **GREECE**,  
at the Joint Annual Discussion



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The global financial system is facing severe problems which require urgent and exceptional global action.

We must continue working together to restore confidence, ease the flow of credit, recapitalize the banking sector and support global economic growth.

The financial crisis is taking its toll on global growth. All regions of the world have been affected, including the euro area economy.

The recent communiqué by the G7 Finance Ministers and Central Bank Governors suggests a roadmap that will help stabilize financial conditions – if fully implemented. A similar roadmap has been decided for the EU by the latest ECOFIN Council and the recent Euro area summit.

Policy makers in the EU have agreed to closely coordinate the implementation of decisions to address the financial turmoil as well as the flexible application of the rules of the Stability and Growth Pact.

Greece is gradually experiencing the impact of the financial crisis although developments so far suggest that the Greek economy is showing greater resilience than many other European economies. This is indicated by Greece's relatively high growth rates and falling unemployment. In the first half of 2008, growth in Greece reached 3.5 per cent compared to 1.8 per cent for the Euro area economy. The Greek financial system also displays greater resilience. However, there is no room for complacency. Fiscal consolidation and the structural reforms agenda followed

since 2004 will continue. This is the best shield in the light of the worsening global economic climate. At the same time, Greece is taking measures to sustain the soundness and credibility of its financial system.

With its internal reform nearing completion, the Fund is appropriately focusing on helping members meet global economic challenges. The unprecedented nature of the global financial crisis has created new policy challenges for the Fund and underlined the need for deeper analysis of macro-financial links and spillovers. We welcome the new initiatives that are being undertaken.

Developing and transition countries (DTCs) make a positive contribution in the current international environment. According to the Fund, the expected growth in the global economy is almost solely due to the developing world as advanced economies are expected to remain virtually stagnant. However, the financial crisis and the high oil and food prices create additional problems for the developing world.

The role of the Bank becomes even more significant in these difficult times. Recognizing this, Greece has doubled its burden share in IDA-15.

In this difficult juncture, we should all coordinate to restore confidence in the international financial system, continue supporting the developing and transition economies and pursue coordinated policies to facilitate a global recovery. I am certain that we shall all rise to the task at hand.