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Statement by the Hon. **PHILIPP M. HILDEBRAND**,
Governor of the Fund for **SWITZERLAND**

**Statement by the Hon. Philipp M. Hildebrand,
Governor of the Fund for Switzerland**

Mr Chairman, governors, honoured guests

The global recovery is ongoing but remains fragile. It is not yet self-sustained. The immediate policy priority is to strengthen sustainable growth. What is needed is a double rebalancing: an internal rebalancing from public to private demand, and an external rebalancing between current account deficit and surplus countries.

The scope, nature and timing of policy responses will vary across countries. A delicate balance must be struck between sustaining aggregate demand in the short run and laying the foundations for prosperity and stability in the long run. Many countries emerge from this crisis with high debt burdens, and many central banks have yet to exit from non-conventional policy measures. Firm commitments to long-term fiscal consolidation and price stability are essential.

Ongoing financial sector reform is a second policy priority. Unprecedented international cooperation has led to ambitious global minimum capital and liquidity standards, which must be implemented across all major jurisdictions. But more regulatory reform is required. In particular, the too-big-to-fail problem remains unaddressed. Switzerland has made a set of concrete proposals in this regard. I hope they can serve as a constructive input for the upcoming G-20 meetings.

I welcome the IMF's efforts in strengthening its financial sector surveillance. Switzerland was one of the first countries to participate in Financial Stability Assessments. We have supported a full integration of such assessments into the IMF's surveillance for some time. The IMF—in close cooperation with the FSB—is well placed to monitor progress on regulatory reforms in the financial sector with a view to creating a level playing field in regulation.

The reform of Fund governance is clearly an important topic of these meetings. Switzerland is ready to play its part. But the reforms must lead to real change, the process must be transparent, and the outcome must reflect the Fund's mandate as a financial institution.

The World Bank Group

On the World Bank side, the Post-Crisis Directions approved in Spring provide the framework for strategic guidance. Going forward, effective implementation will be key, and the Bank must be more selective and focussed on its comparative advantage.

The International Development Agency has a special role in the development architecture. It provides a robust facility to mobilize concessional resources and to address global and regional challenges. Delivering results will be essential. A successful replenishment—with a mutual commitment and joint efforts from traditional donors, emerging donors, and the World Bank Group—is crucial.

The internal reform agenda of the World Bank has made much progress. Looking ahead, what is important is (i) a realistic timeline for the implementation of the agenda, (ii) its consistency with the post-crisis framework, and (iii) appropriate administrative budget allocations.

Finally, on governance reforms, much has been accomplished in the past two years, for example the formal establishment of the 25th Chair at the Board of the World Bank. The standing and legitimacy of the World Bank requires a robust corporate governance. I look forward to continuous progress in this important area.