



**The Sustainable Development of Small Island Developing States –
International Meeting for the Ten-Year Review of The Barbados Program of Action**

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**Statement by Mr. Jurgen T. Reitmaier
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I am grateful for the opportunity to address you at this event. Small island developing states (SIDS) are an important constituency of the IMF's membership, and I will be touching on some key issues of the IMF's work with these economies. Additionally, the Asian tsunami disaster has created new challenges for SIDS. I will address briefly what the IMF is doing to assist affected countries.

The IMF's role in SIDS is similar to that in its other members. The most prominent aspect of IMF operations is probably the provision of financial assistance when required. Quite apart from that, the IMF also engages in regular dialogue with its members, during which it offers policy and technical advice to assist countries in policymaking. This advisory function of the IMF is especially useful for small island states. The reason is that although SIDS often face the same issues which confront other countries, they sometimes lack the skilled human resources to address them.

In offering its advice, the IMF always takes into account the unique circumstances of the relevant countries. Nevertheless, while each country is different, our experience does show that SIDS economies in general face some common challenges and opportunities, not least because of their relatively small size. The IMF's comparative perspective, obtained through experiences with small developing states in different parts of the world, helps us tailor policy advice to the specific needs of individual small island economies.

In the case of SIDS, some areas of special focus for IMF assistance and advice include:

1. The role of sound domestic policies in the process of integration of SIDS into the global environment. We see the integration of small island states into the world trading system as being beneficial to all in the long run. At the same time, we acknowledge that imminent changes to the global trade in key commodities – for example, sugar and textiles – will likely cause significant disruptions to the economies of several SIDS. The Fund stands

ready to assist countries adjust to these shocks, such as by providing financing under our newly-established Trade Integration Mechanism;

2. Regional economic surveillance and policy coordination, in reaction to the increasing importance of regional institutional frameworks for SIDS, such as the Eastern Caribbean Currency Union;
3. Other regional efforts among SIDS and cooperation with the multilateral institutions;
4. The special vulnerabilities of SIDS to exogenous shocks, and the importance of financial sector and stability issues; and
5. Achievement of the Millennium Development Goals (MDGs), an exercise which is especially relevant to not only SIDS, but many other developing countries.

I turn now to the Asian tsunami disaster. Quite a few small island economies have been badly affected by this tragedy, and I would like to offer my deepest sympathy and condolences to the countries and people suffering from this event. The IMF is committed to responding to the emerging needs of all countries as they arise, including by assisting with post-disaster recovery.

First, we have offered advice and technical assistance to assess the macroeconomic impact and the budgetary and balance of payments needs of affected countries. The IMF will send teams to help in this regard as soon as countries would find this useful.

Second, the IMF can provide financial assistance, primarily through our emergency assistance facility. This could make available quickly sizeable funds without a formal economic program. Financial relief can also be given through extensions of repayment schedules for existing IMF loans. We will be discussing these possibilities with all eligible countries in the period ahead.

As a member of the international community, all of us at the IMF have been deeply affected by this recent tragedy. In that regard, I would like to conclude by repeating what my Managing Director said last week in Jakarta at the special meeting on humanitarian relief for Tsunami-affected countries: “[We are] greatly encouraged by the spirit of unity shown by the international community and the generosity of the response to this unprecedented disaster.”

Thank you.