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Statement by the Hon. **SEYYED SHAMS AL-DIN HOSSEINI**,  
Governor of the Bank for the **ISLAMIC REPUBLIC OF IRAN**



**In the Name of God, the Compassionate, the Merciful**  
**Speech Delivered by H.E. Dr. Seyed Shamseddin Hosseini,**  
**Minister of Economic Affairs and Finance of I. R. Iran**  
**at the Annual Meetings of the World Bank Group, 2012**

I am very glad to deliver my speech at the 67<sup>th</sup> WBG & IMF Joint Annual Meetings held in the beautiful city of Tokyo and I would like to express my sincere thankfulness towards the Japanese people and Government to host these meetings.

**Esteemed colleagues,**

The continuation of the financial crises and its extension to economic, social, and political dimensions throughout the world, as well as its deep influence on some regions, such as the Euro Zone has exposed the inefficiency of the current monetary and financial structures of the world. The said inefficiency has various dimensions, which were dealt with by me and other speakers in previous meetings. The foundations, architecture, and management of the international financial and monetary institutions are vulnerable and lack the sufficient strength to prevent and control financial crises.

Due to the lack of relationship between the financial and real sectors, as well as excessive de-regulations, an interest-based financial system (*Reba*) is capable of creating and continuing crises. In addition, the dominance and focus in the monetary and financial architecture, such as the hegemony of a few currencies over all the economies of the world is problematic. When financial and commercial relationships and transactions are established based on a few currencies and there is formed a war between these dominant currencies, or a crisis in the Euro Zone, or a slow growth in the US economy, should not we expect instability in other markets, such as the gold market?

**Esteemed Ministers,**

**Dear Central Banks Governors,**

In addition to these two problems, the management of financial and monetary institutions is a serious concern. For many years, we have been endeavoring to increase the voting powers of the developing countries in the WBG and IMF. But what have we actually achieved?

The above issues have been challenged in different forums, such as “State of the World Economy and Finance Meeting” held at the UN General Assembly in the New York during 17-18 May 2012.

One month ago, in September 2012, Non-Aligned Movement (NAM) Summit Meeting was held in Tehran, hosting the heads and delegations of more than 120 countries, including the UN Secretary General. In the Final Document of this meeting, the above summits have expressed their deep concern over their insufficient influence of developing countries in the Bretton Woods institutions, such as the management of WBG and IMF. Therefore, the Summit Meeting requested the governance structure of these institutions to be reformed.

**Dear Colleagues,**

The structural problem of governance and election of president at the WBG and managing director in IMF is serious. Unwritten monopoly of the Bank management by the US and IMF by Europe can jeopardize the opportunity to utilize higher and more various management capacities from all over the world, as well as the independency of these two institutions. Politics overshadows economy on a daily basis and political confrontation has affected economic arena, which will have no result other than instability.

Imposing threats and pressure by way of financial and monetary instruments, as well as unfair financial and monetary sanctions are shining examples of political and outrageous confrontation in the economic sector. However, we are witnessing the fact that the governing bodies of these institutions, such as WBG are nondependent and followers. For instance, during the last decade, the WBG has denied the rights of the Iranian people, who are among the founders and shareholders of this institution, just because of its lack of independency. Why has the WBG management refrained from the approval of the CAS of Iran, contrary to the opinion of its General Counselor? The answer is clear: because Corporate Governance has been dominated by Political Governance.

When management of the global economy is overshadowed by the politics and despite being aware of the significant impact of economic sanctions on instability of energy and oil markets, which could result in the continuation and deepening of recession in the global economy, unfortunately Bretton Woods institutions only follow the policy of silence. I have mentioned these issues in previous meetings because, as a founding member and shareholder, I am interested in flourishing the role of WBG in line with its Articles of Agreement.

Thus, while welcoming the new President of the Bank, H.E. Dr. Jim Yong Kim, I hope that he will be successful in realizing the objectives of the Articles of Agreement of the Bank and assisting a fair development.

**Esteemed Colleagues,**

We have to endeavor to deal with our joint concerns, such as reforming governance structure of the WBG and IMF, preventing environmental degrading and undesirable climate changes. However, I believe that we have to endeavor to improve doing business environment and global economy, including the removal of the ambiguous shadows of the hegemony of politics from the global economy, echoing the NAM Summits.