

For countries well on the path to sustainable growth, the Bank has an important role to support the on-going adjustment of the economy and the efficient use of resources. The key importance of an appropriate policy environment and a long-term strategy for both the country and the Bank cannot be underestimated. We must not fall victim to short-term expediency.

Experience has shown time and time again that these practical policies are essential ingredients for sustained growth and competitiveness in a global economy. They are building blocks for a smoothly functioning and well-integrated world economy.

Increasing interdependence requires a healthy multilateral economic and trading system built on clear, predictable rules understood and respected by all. Asia has benefitted enormously from the gradual liberalization of the world trading system, and its future growth is predicated on its continuation. Greater protectionism and increased barriers would be a major setback, particularly for the developing member countries of the region.

* As Governors we must ensure our countries hold high the banner of trade liberalization and ensure the General Agreement on Tariffs and Trade (GATT) negotiations conclude successfully.

* As Governors we must ensure the policies of the Bank and those of its members support the development of economies based on a healthy and open trading system.

* As Governors we must ensure that regional institutions or trade agreements complement the broader multilateral system.

Secondly, we must recognize the importance of democratic development and governance in Asia as elsewhere in the world. Asia has seen recently a major strengthening of democratic institutions complementing the evolution towards healthy, market-based economies. We have seen a return to democratic rule in Bangladesh and an historic opening to democracy in Nepal. We have witnessed the first transfer of one civilian government to another in Pakistan. We recognize the immense achievement of President Aquino in restoring the hope of the Filipino people in the value of democratic institutions. We see exemplary progress throughout much of the continent, but we must not cease our efforts to see this replicated throughout the region.

Democratic development must encourage the participation of all members of society; it is a complex process which extends far beyond elections. It must be supported by viable institutions and public administration capable of providing good