World Bank Group President Jim Yong Kim's Comments at Press Conference in Chile

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World Bank Group President Jim Yong Kim
Press Conference with Chilean President Piñera and Finance Minister Larraín
Santiago, Chile

Transcript

QUESTION: [in Spanish]

DR. KIM: Thank you very much for that question. You know, one of the most remarkable aspects of the last five years has been the speed with which Latin Americans responded in the face of the global financial crisis. And so our prediction this coming year is for over 3.3 percent. And while it's not as fast as some other areas - for example Africa this year will grow over 5 percent - it's still very healthy compared to our expectation in Europe, where growth will be a negative 0.9 percent.

We think that overall the prospects are very good. In the short-term, with the announcement in the United States that over time and gradually Chairman Bernanke said that they're going to slow down a little bit of the quantitative easing. We think there's going to be some volatility in interest rates but we also feel that fundamentally the message is a good one for Latin America. In other words, the American economy is healthy - healthier - and it's on this path to growth and in the end we think that's going to be very good for growth in Latin America.

Now, there will be some problems, there will be some bumpiness in the road. Interest rates will go up but we at the World Bank Group and also with other international financial institutions want to do everything we can to ensure that Latin America has the resources that it needs and the access to capital that it needs to continue growth.
Overall, the story of Latin American growth is a very good one. There will be ups and downs in various parts of Latin America but our prospects for Chile and this region are really quite strong.

**QUESTION:** [in Spanish]

**DR. KIM:** We think that there are many countries that have natural resources that can learn a lot from Chile. There are mechanisms now where Chile has evened out and it has a stability mechanism so that ups and downs in the prices of copper are not felt so negatively by the economy. This is the right way to manage an economy that is based to a great extent on the exportation of natural resources.

We actually think that Chile is a model for how other countries can really manage the ups and downs in that resource crisis by putting these stability mechanisms in place. So again, we think that Chile's in a very good position to weather the various ups and downs in the natural resource prices.

**QUESTION:** Sebastian Boyd from Bloomberg News. I wanted to ask how the World Bank is going to react to the coup in Egypt, whether you will continue to recognize and do business with that regime.

**DR. KIM:** Well, we're, as you might guess, we're in the middle of trying to figure out exactly what's going on in Egypt. As of today, we have $4.7 billion of loans in other programs happening and going on in Egypt. Many of them are focused on social protection, so whatever the political situation, what we know is that there are still many people living in poverty, many people who need the kind of support that the World Bank is providing. We're in the middle right now of trying to understand just what did happen and what the legal status is of the government that's in place. Our hope is that we'll be able to continue with our programs that provide essential services and essential support for some of the poorest people in Egypt. The only thing that I would say right now is that we really urge everyone to stay calm and to have a dialogue and to move as quickly as possible to having re-elections.

**QUESTION:** [in Spanish]
DR. KIM: Well, we know that the growth prospects in China are lower but we have to remember that it's still around 7 or 8 percent so extremely high compared to the rest of the world.

I have to say, you know, we have tremendous confidence in the new government of China. The new government of China is made up of people, especially at the top, who have worked with us, for example, for years on trying to figure out what the next stages of growth will be for China. Premier Li Keqiang worked with us directly on a report called China 2030, where we really looked at what China will have to do to lay the foundations for medium and long-term growth.

For example, in that report we talked about focusing more on growth and having the growth be based on internal consumption. Something that the Chinese had not been talking so much about before. Also, they recognize that some of the state-owned enterprises need to face more competition.

So my own sense is that there are going to be ups and downs in the growth numbers and while markets may respond very aggressively to those ups and downs, our own sense is that the Chinese leadership is very much aware that they need to make some changes in order to ensure growth in the medium and the long-term. We have faith that they'll do so.

Again, you know, the lower demand for copper will be a concern for Chile but, as I said earlier, Chile is one of the country's that has the most, well developed stabilization mechanisms to be able to weather those kinds of ups and downs and crises.

QUESTION: [in Spanish]

DR. KIM: Well for example, here in Chile one of the things that we've been working with the government on, especially through our private sector group, is how to improve the quality of higher education. And so we come to countries when they ask us to come to work on different kinds of problems. There was a time in the history of the World Bank Group, 20 years ago, when there were approaches that looked like prescriptions.

I just want to say that back in the early-1990s when I had just graduated from college, one of the first trips that I made to Washington DC was to be part of a group called 50 Years Is Enough. I was part of a demonstration to try to close the World Bank. So at that time we
were trying to close the World Bank because we thought that the prescriptions were too prescriptive: once size fits all, just do these things and everything else will fall into place.

I think the understanding of countries all over the world, in Chile and in others, is that you've got to make investments in health, education, social protection, as President Piñera and the Finance Minister have talked about today. There is not a dichotomy between getting the macroeconomic fundamentals right and ensuring of their growth, versus investing in the social sector. You have to do both at the same time.

And so when we go into a country what we try to do is to bring the best evidence from all the other countries in the world, because we're a global institution. So there are things that Chile is doing extremely well. For example, the stability mechanism that I talked about. We want to bring the Chilean experience to other countries. At the same time, in terms of programs in education, we try to bring the experience of other countries that might be helpful to Chile here.

So that's what we do. Chile is a high-income country now. This is a great achievement. But we're still going to be working with Chile because there are experiences in other parts of the world that still might be helpful here and as long as the government is interested we will keep coming and we'll keep providing that advice.