



INTERNATIONAL MONETARY FUND

International Monetary and Financial Committee of the Board of Governors

Chair's Statement

Forty-Ninth Meeting of the IMFC

Mr. Mohammed Aljadaan, Minister for Finance of Saudi Arabia

IMFC members discussed the global macroeconomic and financial impact of current wars and conflicts including the war in Ukraine, the humanitarian crisis in Gaza, as well as the shipping disruptions in the Red Sea. While recognizing the IMFC is not the forum to resolve geopolitical and security issues and these issues will be discussed in other fora, IMFC members acknowledged that these situations have significant impacts on the global economy. Today's era must not be of war and conflict.

The IMFC expresses its deep appreciation to Nadia Calviño for her leadership as IMFC Chair and welcomes Minister of Finance Mohammed Aljadaan as the new Chair.

1. A soft landing for the global economy appears to be drawing closer. Economic activity has proved more resilient than expected in many parts of the world, though it continues to diverge across countries. However, medium-term global growth prospects remain weak. Ongoing wars and conflicts continue to impose a heavy burden on the global economy. Even though inflation has fallen in most regions, owing to the unwinding of supply shocks and the effects of tight monetary policy, its persistence warrants caution. While risks to the outlook are now broadly balanced, downside risks remain, hinging on the near-term paths for inflation and interest rates, asset prices and financial stability, fiscal policy actions, as well as geopolitical developments. The global economy is also facing pressing structural challenges, including from climate change, elevated debt vulnerabilities, rising inequality, as well as the risk of geoeconomic fragmentation.

2. Against this background, our policy priorities are to achieve price stability, strengthen fiscal sustainability, and safeguard financial stability, while promoting inclusive and sustainable growth. We will proceed with rebuilding fiscal buffers, carefully tailoring actions to country-specific circumstances, while protecting the most vulnerable and growth-enhancing investment. In line with their respective mandates, central banks remain strongly committed to achieving price stability and will continue to calibrate their policies in a data-dependent manner, while communicating policy objectives clearly to help limit negative spillovers. They are working with supervisory and regulatory authorities to monitor risks for both banks and nonbanks, including from property markets. We continue working to address data, supervisory, and regulatory gaps in the financial sector, especially nonbank financial institutions, where relevant, and stand ready to deploy macroprudential policy tools to mitigate systemic risks. We will accelerate targeted and well-sequenced supply-enhancing structural reforms to ease

binding constraints to economic activity, boost productivity, increase labor market participation, promote social cohesion, and support the green and digital transitions.

3. We emphasize the importance of international cooperation to improve the resilience of the global economy and the international monetary system. We will act collectively, as appropriate, to support climate and digital transitions, including artificial intelligence, while accounting for country-specific circumstances. We reiterate our commitments on exchange rates, addressing excessive global imbalances, and governance, and our statement on the rules-based multilateral trading system, as made in April 2021, reaffirming our commitment to avoid protectionist measures. We will also continue working together to strengthen the global financial safety net and address global debt vulnerabilities. We will continue supporting vulnerable countries as they undertake reforms to tackle their vulnerabilities and address their financing needs.

4. We welcome the policy priorities set out in the Managing Director's Global Policy Agenda (GPA) and look forward to the IMF carrying out this work in line with its mandate and leveraging collaboration with others.

5. We support the IMF's surveillance focus on country-tailored advice to help members assess risks, bolster their policy and institutional frameworks, and calibrate macrofinancial and macrostructural policies to rebuild buffers and boost inclusive and sustainable growth, to strengthen their economic resilience. We underscore the importance of assessing the risks and vulnerabilities associated with transformative trends currently reshaping the global economy, in line with the Fund's mandate.

6. We reaffirm our commitment to a strong, quota-based, and adequately resourced IMF at the center of the global financial safety net. The completion of the 16th General Review of Quotas (GRQ), increasing the Fund's quota resources by 50 percent, reinforces the quota-based nature of the Fund and strengthens its capacity to safeguard global financial stability in a shock-prone world. We are expeditiously working to secure domestic approvals for our consent to the quota increases by mid-November this year, and New Arrangement to Borrow (NAB) participants among us are working to secure domestic approvals by the same deadline for a reduction in the size of their NABs. As a safeguard to preserve the Fund's lending capacity in case of a delay in securing timely consent to the quota increase, creditors for Bilateral Borrowing Agreements are working to secure domestic approvals for transitional arrangements for maintaining access to bilateral borrowing. We acknowledge the urgency and importance of realignment in quota shares to better reflect members' relative positions in the world economy, while protecting the quota shares of the poorest members. We therefore call on the Executive Board to work to deliver, by June 2025, possible approaches as a guide for further quota realignment, including through a new quota formula, under the 17th GRQ.

7. We recognize the IMF's critical and catalytic role in providing financial assistance to help members address their balance of payments problems and achieve economic stability and

inclusive growth. The Fund should remain a strong partner for low-income countries (LICs) and, to that end, we look forward to the review of the Poverty Reduction and Growth Trust (PRGT) facilities and financing aiming to help meet LICs' balance of payments needs and to put the PRGT on a sustainable footing by exploring all options, including the use of internal resources and reform of lending policies. We also look forward to the interim review of the Resilience and Sustainability Trust (RST) to further help strengthen members' macroeconomic resilience to climate change and future pandemics. We thank our economically stronger members for their voluntary contributions and encourage further broad-based contributions to the IMF's concessional facilities and to the RST. Furthermore, we look forward to the review of Surcharges Policy; the comprehensive review of General Resources Account Access Limits; and the initiation of the Review of Program Design and Conditionality.

8. We support the IMF helping countries durably address debt vulnerabilities. We welcome the progress made on debt restructurings under the G20 Common Framework (CF) and beyond. We remain committed to addressing global debt vulnerabilities in an effective, comprehensive, and systematic manner, including stepping up the CF's implementation in a predictable, timely, orderly, and coordinated manner, and enhancing debt transparency. We welcome the ongoing work at the Global Sovereign Debt Roundtable in advancing common understanding on ways to facilitate debt restructurings and look forward to the review of the IMF-World Bank Debt Sustainability Framework for Low-Income Countries.

9. We support the IMF's continued efforts to strengthen its capacity development (CD) and to secure appropriate financing. We welcome the launch of the Global Public Finance Partnership to respond to growing demand for CD on public finances and support the development of a Domestic Resource Mobilization Initiative, in collaboration with the World Bank.

10. We look forward to welcoming in November this year a new 25th chair on the IMF Executive Board for Sub-Saharan Africa to improve their voice and representation and the overall balance of regional representation at the Board. We support the IMF's strengthened efforts to attract and develop talent to support existing and new priority areas, and to further improve staff diversity and inclusion, responding to the specific challenges identified in the *FY2022-FY2023 Diversity & Inclusion Report*. We reiterate our commitment to strengthen gender diversity in the Executive Board, welcome the newly established voluntary objectives to increase the number of women in leadership positions at the Board, and agree to take action to achieve these objectives.

11. We express our appreciation to Ms. Kristalina Georgieva for her dedicated service as IMF Managing Director during her tenure and welcome her selection to serve for a second five-year term.

12. Our next meeting is expected to be held in October 2024.