



INTERNATIONAL MONETARY FUND
International Monetary and Financial Committee of the Board of Governors

Chair's Statement
Forty-Eighth Meeting of the IMFC
Ms. Nadia Calviño, First Vice President of Spain and
Minister for Economy and Digitalization

We express our deepest condolences to the people of Afghanistan and Morocco for the tragic loss of life and widespread destruction caused by the recent devastating earthquakes. We also express our deepest condolences to the people of Libya, for the tragic loss of life and devastation caused by flooding in September 2023.

We thank the Moroccan authorities for hosting the 2023 Annual Meetings in Marrakech and for their outstanding hospitality.

We note with deep concern the immense human suffering and the adverse impact of wars and conflicts around the world.

During the IMFC Plenary session, most members recognized that Russia's invasion of Ukraine has continued to have massive humanitarian consequences, as well as a detrimental impact on the global economy, and they strongly condemned it. There were other views and different assessments of the situation.

Concerning the war in Ukraine, while recalling the discussion in Bali, we reiterated our national positions and resolutions adopted at the UN Security Council and the UN General Assembly (A/RES/ES-11/1 and A/RES/ES-11/6) and underscored that all states must act in a manner consistent with the Purposes and Principles of the UN Charter in its entirety. In line with the UN Charter, all states must refrain from the threat or use of force to seek territorial acquisition against the territorial integrity and sovereignty or political independence of any state. The use or threat of use of nuclear weapons is inadmissible.

Recognizing that while the IMFC is not a platform to resolve geopolitical and security issues, we acknowledge that these can have significant consequences for the global economy.

We highlighted the human suffering and negative added impacts of the war in Ukraine with regard to global food and energy security, supply chains, macro-financial stability, inflation and growth, which has complicated the policy environment for countries, especially developing and least developed countries which are still recovering from the COVID-19 pandemic and the economic disruption which has derailed progress towards the SDGs. There were different views and assessments of the situation.

We appreciate the efforts of Türkiye and UN-brokered Istanbul Agreements consisting of the Memorandum of Understanding between the Russian Federation and the Secretariat of the United Nations on Promoting Russian Food Products and Fertilizers to the World Markets and the Initiative on the Safe Transportation of Grain and Foodstuffs from Ukrainian Ports (Black Sea Initiative), and call for their full, timely and effective implementation to ensure the immediate

and unimpeded deliveries of grain, foodstuffs, and fertilizers/inputs from the Russian Federation and Ukraine. This is necessary to meet the demand in developing and least developed countries, particularly those in Africa.

In this context, emphasizing the importance of sustaining food and energy security, we called for the cessation of military destruction or other attacks on relevant infrastructure. We also expressed deep concern about the adverse impact that conflicts have on the security of civilians thereby exacerbating existing socio-economic fragilities and vulnerabilities and hindering an effective humanitarian response.

We call on all states to uphold the principles of international law including territorial integrity and sovereignty, international humanitarian law, and the multilateral system that safeguards peace and stability. The peaceful resolution of conflicts, and efforts to address crises as well as diplomacy and dialogue are critical. We will unite in our endeavour to address the adverse impact of the war on the global economy and welcome all relevant and constructive initiatives that support a comprehensive, just, and durable peace in Ukraine that will uphold all the Purposes and Principles of the UN Charter for the promotion of peaceful, friendly, and good neighbourly relations among nations.

Today's era must not be of war.

1. The global economy has been resilient, with the 2023 growth outlook slightly upgraded since the Spring. But the recovery has been uneven, as activity in many economies remains well below pre-pandemic trends and divergences across countries are rising. Medium-term global growth projections remain weak. Global headline inflation has declined, although in some countries remains well above target. Core inflation has proven more persistent than expected. Thanks to the decisive actions taken in early 2023 to contain financial turbulence, near-term risks are more balanced, but remain tilted to the downside. The war in Ukraine, elevated debt vulnerabilities, tightening of financial conditions, the intensifying climate shocks, rising inequality, refugees and displaced people, food insecurity, and risk of fragmentation remain concerns for the global economy, affecting vulnerable countries and people the most.

2. In this global context, our priorities are to durably reduce inflation, safeguard financial stability, ensure fiscal sustainability while protecting the most vulnerable, and boost inclusive and sustainable long-term growth. In line with their respective mandates, central banks remain strongly committed to achieving price stability and will continue to calibrate policies in a data-dependent manner, while communicating policy objectives clearly to help limit negative cross-country spillovers. They are working with supervisory and regulatory authorities to monitor risks for both banks and nonbanks. We will address data, supervisory, and regulatory gaps in the banking sector, and in particular the nonbanking financial sector, where relevant, and also stand ready to deploy macroprudential policies to mitigate systemic risks. We will rebuild fiscal buffers to guard against shocks, including by phasing out untargeted fiscal support, while continuing to protect the most vulnerable, creating budgetary room for needed investment, and providing clarity on medium-term fiscal plans. We will reinvigorate structural reforms to enhance labor market participation, boost productivity,

support potential growth, promote social cohesion and support the green and digital transitions, according to country-specific circumstances.

3. We recognize that international cooperation and multilateralism are essential for global growth and the stability of the International Monetary System. We reiterate our commitments on exchange rates, addressing excessive global imbalances, and governance, and our statement on the rules-based trading system, as made in April 2021, reaffirming our commitment to avoid protectionist measures. We will work together to strengthen the global financial safety net with the IMF at its center and address global debt vulnerabilities. We will act collectively, as appropriate, to support climate and digital transitions, taking into account country-specific circumstances. We will continue to support vulnerable countries as they address their financing needs and vulnerabilities.

4. We welcome the Managing Director's Global Policy Agenda and the recent Joint Statement of the World Bank President and the IMF Managing Director on Enhancing Bank-Fund collaboration along their respective mandates. We also take note of the Marrakech Principles for Global Cooperation.

5. We support the IMF surveillance focus on tailoring its advice to help members navigate macroeconomic and financial challenges, strengthen resilience, and boost inclusive and sustainable growth. We support the IMF's monitoring of interactions between conjunctural policies and vulnerabilities, including work on trade, spillovers, capital flows, and geoeconomic fragmentation. We reaffirm our support for the Fund mainstreaming its climate, digital, macro-financial, gender, and fragile and conflict-affected state strategies, focused on macro-critical elements in line with its mandate and leveraging collaborations with others. We support work on the specific challenges facing small developing states.

6. We reaffirm our commitment to a strong, quota-based, and adequately resourced IMF at the center of the global financial safety net. We welcome the fifth progress report to the Board of Governors, which covered issues relating to the adequacy and composition of Fund resources and the realignment of quota shares. Building on these constructive discussions, we reaffirm our commitment to concluding the 16th General Review of Quotas by December 15, 2023. To this end, we support a meaningful quota increase that at least maintains the Fund's current resource envelope, which is a critical step to strengthen the quota-based nature of the Fund, as bilateral borrowing agreements expire. We call on the Executive Board to work to swiftly bring a proposal to the Board of Governors and commit to prioritize a timely implementation by an expeditious approval of a quota increase through our domestic processes. In order to maintain the Fund's current resource envelope until a quota increase becomes effective, we call on the Executive Board to propose transitional arrangements, if needed. 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 develop, by June 2025, possible approaches as a guide for further quota realignment, including through a new quota formula, under the 17th General Review of Quotas.

7. We support the IMF's critical and catalytic role in providing financial assistance, including on a precautionary basis, to members to help address their balance of payments needs. We welcome the recent enhancement of the IMF's precautionary facilities which

reinforces their strong signaling function as well as their agility and capacity to deal with external risks. Following the completion of the 16th General Review of Quotas, we call on the Fund to review the General Resources Account access limits. We will consider a review of surcharge policies. We celebrate the closure of the Stage 1 fundraising gaps for the subsidy and loan resources of the Poverty Reduction and Growth Trust and we encourage further broad-based contributions. We look forward to the upcoming interim review of the Poverty Reduction and Growth Trust access limits. We look forward to the subsequent comprehensive review of Poverty Reduction and Growth Trust facilities and financing aiming to help meet Low Income Countries' balance of payments needs and put the Poverty Reduction and Growth Trust on a sustainable footing by exploring all options, including the use of internal resources and reform of lending policies. We look forward to the interim review of the Resilience and Sustainability Trust, considering the experiences with the Resilience and Sustainability Facility programs, and the operationalization of the pandemic preparedness aspect of the Trust, after which we will consider a scaling up in voluntary contributions in Special Drawing Rights or equivalents. We look forward to the Review of Conditionality to effectively support countries in sustainably addressing external imbalances.

8. We support the IMF's efforts to help countries durably address debt vulnerabilities. We support the IMF's work with the World Bank to help strengthen and accelerate the implementation of the G20 Common Framework for debt treatments. We welcome the agreement reached on Zambia. Building on the positive momentum toward shorter timelines and smoother processes, we call for completing the debt treatment for Ghana and encourage progress on a debt treatment for Ethiopia under an IMF-supported program. We call for the completion of the debt treatment for Malawi. We also support stronger creditor coordination for debt restructuring in low- and middle-income countries outside the Common Framework. We welcome progress made on the debt treatments for Sri Lanka and for Suriname and look forward to their completion. We welcome the work at the Global Sovereign Debt Roundtable which could support discussions in the G20 and Paris Club and encourage further progress with advancing common understandings of key concepts and principles for efficient debt restructuring. We support work on improving public debt transparency. We look forward to discussing debt policy reform options to promote the Fund's capacity to support countries undertaking debt restructurings; and the upcoming review of the IMF-World Bank Low-Income Country Debt Sustainability Framework.

9. We support the IMF's continued efforts to integrate its capacity development with surveillance and lending and secure appropriate capacity development financing. We ask the IMF, in collaboration with the World Bank and other relevant international institutions, to support efforts to enhance domestic resource mobilization in emerging market and developing economies. In this regard, we welcome ongoing work toward the launch of a new IMF capacity development fund under a global initiative for public finances. We look forward to completing the review of the IMF capacity development Strategy.

10. We call for the creation of a 25th chair on the IMF Executive Board for Sub-Saharan Africa to improve its voice and representation and the overall balance of regional representation at the Board. We stress the importance of members putting in place the means to effectively increase gender diversity in the Executive Board, including by developing

medium-term voluntary objectives. We urge the IMF to step up its efforts to attract talent to support existing and new priority areas, improving staff diversity and inclusion, responding to the specific challenges identified in the Diversity and Inclusion 2020-2021 Report, some of which are long-standing.

11. Our next meeting is expected to be held in April 2024.