



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fiftieth Meeting October 24–25, 2024

Statement No. 50-17

Statement by Mr. Chalmers Australia

On behalf of
Australia, Kiribati, Republic of Korea, Republic of the Marshall Islands,
Federated States of Micronesia, Mongolia, Republic of Nauru,
New Zealand, Republic of Palau, Papua New Guinea, Samoa,
Seychelles, Solomon Islands, Tuvalu, and Vanuatu

**STATEMENT BY THE HON. JIM CHALMERS
TREASURER (AUSTRALIA)**

ON BEHALF OF ASIA AND THE PACIFIC CONSTITUENCY

We condemn Russia's invasion of Ukraine. Russia's aggression has led not only to a direct humanitarian toll but has also contributed to food and energy insecurity and to economic instability in poor and vulnerable countries. We express our sympathy for the loss of life from this unprovoked and unjustified war and full solidarity with the people of Ukraine. We continue to underscore the need to reach a comprehensive, just, and lasting peace in Ukraine consistent with the UN Charter, and for greater international cooperation and strengthened multilateralism to prevent fragmentation and safeguard global peace and prosperity.

We remain gravely concerned about the dire humanitarian crisis in Gaza and the number of civilian deaths. We have consistently called for a comprehensive ceasefire, a permanent end to hostilities and the start of reconstruction in Gaza in line with the UN Security Council resolution 2735. We condemn Hamas' attacks on 7 October 2023 and call for the release of all hostages. We call on all parties to uphold and adhere to international humanitarian law, including the protection of humanitarian workers and other civilians. We are also deeply concerned at the risk of escalation and a wider conflict in the Middle East, including on the Israel-Lebanon border, which would further contribute to regional and global economic instability. We support all efforts to deescalate and prevent wider regional conflict.

GLOBAL OUTLOOK AND RISK

Global economic resilience has reduced the likelihood of widespread recession. However, the growth outlook remains challenging, reflecting cyclical forces in the near term, and structural headwinds such as weak productivity growth and population ageing in the medium term. The effects of Russia's invasion of Ukraine and of the conflicts in Gaza and the Red Sea, ongoing property sector concerns and related challenges for a smooth and progressive economic transition in China, the threat to established global trade patterns and relationships due to increasing geo-economic fragmentation, and the risk of further sovereign debt distress are working together to shape the outlook.

POLICY RESPONSE

The challenging external environment could amplify the costs of policy missteps. The Fund's policy advice provides appropriately broad guidance while allowing tailored recommendations according to region or country-specific considerations. Decision-makers continue to face difficult near-term trade-offs in seeking to achieve price stability, debt sustainability, and employment and productivity growth. This comes against the backdrop of needing to address longer term challenges associated with the climate transition and ageing demographic trends, without disrupting social cohesion. The recent financial market volatility in August underlines a broader need for close monitoring of vulnerabilities in financial markets, including non-bank financial institutions and linkages to commercial real estate, to facilitate rapid and decisive policy responses if necessary.

With elevated and growing sovereign debt levels and sustained pressure from debt servicing costs, efforts to achieve timely debt restructuring for countries in need remain a priority. We strongly support the G20 Common Framework for Debt Treatments and note that it is delivering results. Ongoing cooperation is needed to ensure that it continues to do so with adequate speed, consistency and comparability of treatment.

Our constituency's economic prosperity is heavily reliant on free trade flows supported by an effective rules-based World Trade Organization. The smaller members of our constituency are amongst the most vulnerable to the impacts of climate change. Accelerating progress towards net zero carbon emission-targets will require urgent and globally coordinated efforts. Advanced economies should lead these efforts, while helping small developing countries with reliable advice and access to financing in support of their adaptation needs.

ROLE OF THE IMF IN SUPPORTING MEMBERS

We congratulate the Managing Director on the recent commencement of her second term in office. As reflected in the Global Policy Agenda, the Fund's work should largely reflect its comparative advantage in understanding macroeconomic stability to promote prosperity. It's core lending, surveillance and capacity development priorities will continue to support Fund members in a targeted and timely manner. Lifting productivity growth will also be critical to increasing living standards and helping countries to meet the challenges of fiscal repair, supporting ageing populations, and managing the carbon abatement transition. With growing demand for Fund input across a range of topics, effective collaboration with other multilateral institutions will be a key factor in the Fund achieving the greatest impact from its work. The recently announced agreement between the Fund, the World Bank and the World Health Organization will help to maximize the program effectiveness of the Fund's Resilience and Sustainability Trust in improving country-level preparedness for future pandemics. It also builds on the Fund's strong collaborations to advance members' climate, trade and food security related work.

Implementation of the agreed outcomes of the 16th General Review by mid-November this year is a priority for the membership. This will help to ensure a strong, quota based and adequately resourced Fund at the centre of the global financial safety net. We strongly support members' quota shares better reflecting their position in the global economy and urge the membership to support work to identify options for a quota formula that can guide a realignment to successfully conclude the 17th General Review of Quota. An important supporting principle will be protecting the quota shares of PRGT-eligible and small developing states.

We note the completion of the Fund's reviews of General Resource Account (GRA) charges and surcharges, and the settings that determine access to and financing arrangements for the Poverty Reduction and Growth Trust. The planned reviews of GRA normal access limits and arrangements supporting the Resilience and Sustainability Trust are the next priorities. These reviews should be conducted with close consideration for the interactions between Fund lending instruments, and surveillance and capacity development responsibilities. It is important for the smaller members of our constituency that these reviews take appropriate account of the disproportionate and multi-dimensional vulnerabilities faced by small developing states, especially in respect of their remoteness, their exposure to the effects of climate change and risks of natural disasters, and their limited capacity to respond to another pandemic or similarly widespread events.

Of particular relevance to our constituency are the workstreams on: the comprehensive surveillance review; the review of the debt sustainability framework for low-income countries (to be progressed jointly with the World Bank); the Fund's climate related surveillance, technical assistance and financial support for small island developing states; enhancing the Fund's capacity development strategy, particularly in the way it can support small and fragile members by strengthening in-field presence and deepening the effectiveness of the Fund's Regional Capacity Development Centers; and the Fund's work to facilitate analysis and multilateral cooperation

on the global debt restructuring architecture, global trade liberalisation, and the benefits arising from increasing finance digitalisation.

Finally, we remain strongly committed to ensuring a strong and robust Fund governance. We welcome the continued implementation of the enterprise risk management framework and look forward to the completion of the Transparency Policy review later this year. We urge further progress in fostering diversity, equity and inclusion at the Fund, including gender diversity on the Executive Board.