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**Statement by Ms. Lose
EU Council of Economic and Finance Ministers**

STATEMENT ON BEHALF OF THE PRESIDENCY OF
THE EU COUNCIL OF ECONOMIC AND FINANCE MINISTERS,
AT THE IMFC ANNUAL MEETINGS, WASHINGTON, DC, 17 OCTOBER 2025

1. The world is changing quickly mainly due to geoeconomic shocks and tensions, and the related fallout, including economic fragmentation which is continuing. The global economy is facing a number of challenges that are reshaping the international landscape. Global growth is expected to weaken amid still elevated trade policy uncertainty and rising levels of protectionism. Persistent uncertainty and protectionism is expected to weigh on investment, and consumption, while geopolitical tensions and fiscal vulnerabilities pose additional risks to the economic outlook.
2. The rules-based multilateral system continues to be the most effective means to govern global relations in a way that benefits all. In this context, we remain firmly committed to a strong, quota-based and adequately resourced IMF at the centre of the Global Financial Safety Net (GFSN). EU Member States are strongly committed to upholding the Fund's core role to promote global macroeconomic and financial stability, by fostering international cooperation and providing independent policy advice.
3. Russia's illegal war of aggression against Ukraine continues to fuel uncertainty, deepen geoeconomic fragmentation, and exert upward pressure on commodity prices. Geopolitical instability in the Middle East has further intensified. The EU deplores the catastrophic humanitarian situation in Gaza, the unacceptable number of civilian casualties and the levels of starvation and calls for the immediate ceasefire and the release of all hostages. In this regard, the EU welcomes the agreement reached on the initial phase of the peace proposal presented by the United States.

5. Announcements and the imposition of tariffs are weighing on global economic growth and contributing to greater inflationary pressures to different degrees across countries as well as economic headwinds, increased uncertainty and downside risks, notably for the most vulnerable economies. The recent EU-US deal has the potential to partially reduce this uncertainty and stabilise what remains the world's largest trade and investment relationship. However, uncertainty remains high due to the unpredictability of trade policy. We note that tariffs will not resolve global imbalances, which are mainly the result of domestic, macroeconomic and structural factors, as well as deliberate policy choices. Excessive imbalances should be impartially analysed by the IMF and addressed through country-specific economic policies and reforms, as well as multilateral coordination. A comprehensive reform of the World Trade Organisation being more important than ever, we will continue to engage in the reform process and to seek to forge positive agendas, including on trade, with all our partners.
6. There can be no negotiations on Ukraine without Ukraine, nor negotiations that affect European security without Europe's involvement. From the onset of Russia's unprovoked and unjustified war of aggression against Ukraine, the EU underlines the need to put an end to it through a comprehensive, just and lasting peace based on the principles of the UN Charter and international law. The EU has from the very beginning stood by Ukraine and remains committed, in coordination with like-minded partners and allies, to providing enhanced political, financial, economic, humanitarian, military and diplomatic support to Ukraine and its people until such a peace is reached. The EU will fully assume its responsibilities in this process.

7. The EU, together with its Member States, is Ukraine's largest international donor, with over EUR 170 billion provided in assistance to Ukraine and its people. The EU's budget support to Ukraine takes the form of grants and highly concessional loans with long grace periods and repayment maturities up to 45 years. Following the establishment of the EUR 50 billion EU Ukraine Facility in March 2024, EUR 22.7 billion has already been disbursed. Meanwhile, disbursements from the EU and G7 members continue under the Extraordinary Revenue Acceleration initiative, which aims to provide Ukraine with up to EUR 45 billion in loans, to be repaid using the windfall profits stemming from Russia's immobilised central bank assets. As part of this initiative, the EU is providing an exceptional macro-financial assistance (MFA) loan of EUR 18.1 billion, to be disbursed throughout 2025. So far, EUR 14 billion has been disbursed under the ERA MFA.
8. We commend the IMF's close engagement with Ukraine and its continued support. We welcome the successful completion of the 8th review of the Extended Fund Facility (EFF), and we commend the Ukrainian authorities for the solid programme performance despite challenging conditions. So far, USD 10.6 billion have been disbursed under the EFF, which aims to support the Ukrainian authorities in anchoring policies that sustain fiscal, external, price and financial stability, while promoting long-term growth in the context of post-war reconstruction and Ukraine's EU accession negotiations. We welcome the continuing work of the IMF on the next review and on the authorities' recent request for a new programme.
9. In addition to the support provided to Ukraine, the EU actively continues to provide macro-financial assistance (MFA) to partner countries experiencing balance of payment crises, complementing the resources provided by the IMF and other multilateral financial institutions. In light of the evolving geopolitical and economic challenges in the Middle East, the EU is currently supporting Egypt and Jordan with MFA programs. The EU approved new MFA loan operations for Egypt (of up to EUR 4 billion) and Jordan (of up to EUR 500 million in loans) in June and April 2025 respectively. In addition, on 5 August, the European Commission put forward a proposal for an additional MFA proposal for Jordan, amounting to up to EUR 500 million in loans. These operations will provide essential financial assistance to these countries, which are key partners for the EU, and will support their reform efforts and contribute to restore stability in the region.

10. As one of the most open economies the EU is feeling the strain of the increased global trade restrictions and tensions. The uncertainty generated by the ongoing wars in the EU's neighbourhood and very high global policy uncertainty add to the challenges. Still, the EU economy continues to prove resilient and generate employment, thanks to its solid economic fundamentals and institutional strengths. EU real GDP remains relatively firm this year considering the headwinds, and economic activity is expected to remain steady in 2026. The robust labour market, along with higher real wages are set to keep supporting consumption growth, while investment is set to rebound this year and accelerate next year, supported by the Recovery and Resilience Facility (RRF) and the recovery of residential construction, amid less restrictive financing conditions.
11. The EU and its Member States are taking action to enhance the competitiveness, productivity and resilience of the European economy through our ability to invest, reform, innovate, support a competitive economy, and promote sustainable public finances. For the next five years, the European Commission has put forward the "Competitiveness Compass" as strategic framework to guide this work. It builds on the findings and recommendations of the reports by Enrico Letta on the future of the EU Single Market and Mario Draghi on the future of European Competitiveness and includes a concrete list of flagship initiatives for 2025 and 2026. A key priority is the Single Market Strategy to remove the most harmful barriers to the Single Market. In addition, the Commission has presented several key initiatives in areas such as clean industry to support competitive decarbonisation, regulatory simplification on a wide range of areas, and the EU Savings and Investment Union to better channel savings to productive investments by providing better access to capital markets. The recommendations to Member States in the context of the European Semester also focus on policies and reforms to boost productivity and competitiveness. To promote an open, resilient, and stable financial system, adhering to international standards, will continue to be key.

12. The implementation of the new EU economic governance framework is progressing well, with all Member States having submitted their medium-term plans for fiscal policy and structural reforms for the years ahead. In line with the risk-based approach of the new framework, the medium-term plans contain country-specific fiscal paths with differentiated adjustments approved by the Council. There is a need for gradual and sustained fiscal consolidation over the medium term to improve fiscal sustainability while supporting investment and productivity enhancing reforms and promoting sustainable economic growth.
13. At the same time, uncertainty remains high, so the EU will accelerate its efforts to further enhance its sovereignty, to increase its own defence capabilities and to become better equipped to deal autonomously with immediate and future challenges and threats. To date, 16 Member States have made a request for the activation of the national escape clause (NEC) of the Stability and Growth Pact for the period 2025-2028, which will allow a deviation from the country-specific fiscal path due to an increase in defence spending up to 1.5% of GDP compared to 2021. The activation of the NEC should facilitate the transitioning to higher levels of defence spending in the medium term within the fiscal framework and implies an expansionary effect on the euro area fiscal stance compared to the path outlined in the medium-term plans. EU public investment is also set to continue increasing. Increasing investments and implementing the needed structural reforms remains essential to promote sustainable and inclusive growth and resilience. Accelerated mobilisation of private capital will play a vital role in the EU's efforts.
14. The EU and its Member States continue to implement the Next Generation EU (NGEU) recovery instrument. The total amount of grants and loans disbursed by end August 2025 under the Recovery and Resilience Facility (RRF), the instrument at the heart of NGEU that supports structural reforms and investments within the EU, crossed the threshold of EUR 360 billion, with 61% of grant support. The European Commission estimates that NGEU has the potential to increase EU real GDP by up to 1.4% in 2026 (compared to a situation without NGEU). In addition, the reforms included in the recovery plans are, according to the European Commission, expected to have a significant growth-enhancing impact, which in such case will play out in the longer run. Further, the EU also aims to catalyse private investments towards EU policy priorities through the InvestEU Programme.

15. The EU will continue to work closely with international partners to advance a just transition towards a net-zero economy and stay the course, in line with the Paris Agreement, and its goal of limiting the global temperature increase to 1.5C above pre-industrial levels, and in light of the increasing frequency and severity of natural hazards, which are further exacerbated by climate change. The EU looks forward to work with partners in presenting ambitious Nationally Determined Contributions ahead of COP30 in November. To advance its own transition towards a climate-neutral economy, the EU is working to implement the adopted key pieces of legislation of the European Commission's "Fit for 55" package. Europe is also determined to lead the clean tech revolution. The European Commission published the Clean Industrial Deal in February 2025, which outlines the measures to boost the business case for investments in support of a competitive and sustainable European industry. The EU continues to make progress on its sustainable finance framework, while encouraging the private funding of transition projects and technologies.

IMF POLICY ISSUES

16. EU Member States reaffirm their commitment to a strong, quota-based and adequately resourced IMF at the centre of the GFSN. The IMF plays an essential role in promoting global monetary and financial cooperation and supporting countries in line with its mandate, thereby bolstering the stability of the international monetary and financial system. Over the years, the IMF has developed highly relevant expertise, policies, tools and practices that make it a key pillar of the international financial architecture. EU Member States support the work of the Fund and welcome the forthcoming policy reviews to further strengthen the Fund's key functions through the Comprehensive Surveillance Review (CSR), the Financial Sector Assessment Program (FSAP) Review and the Review of Program Design and Conditionality (RoC). We welcome the Fund's role in addressing cross-cutting issues such as climate change, gender and governance, to the extent they are deemed macro-critical. We note the importance of vigilance and close international coordination with respect to financial stability risks such as those emanating from the growing adoption of crypto assets.

17. The EU welcomes the conclusion of the IMF's 16th General Review of Quotas (GRQ) which will maintain the Fund's current resource envelope and strengthen the quota-based nature of the Fund. The priority is now for IMF members to finalise domestic procedures and to provide national consent to the respective quota increases and New Arrangements to Borrow (NAB) rollback by the extended deadline of 15 November 2025, as well as for Bilateral Borrowing Agreement (BBA) creditors to sign its temporary extension. We call on all IMF members to provide consent to the quota increase as soon as possible. We welcome the creation of a 25th chair at the IMF Executive Board to enhance the voice and representation of Sub-Saharan Africa. The EU looks forward to continuing its constructive engagement with partners on a set of principles to guide future discussions on IMF quotas and governance under the 17th GRQ by the 2026 Spring Meetings, as agreed in the IMFC Chair's Statement in April 2025. We reiterate that an ad hoc approach based on the principles of fair and broad burden sharing and protecting the quota shares of the poorest members could be a useful way forward. Higher quota shares should, as a matter of principle, come hand in hand with corresponding responsibilities. We recall that the relevant IMF bodies remain the primary forum for discussion and decision making on the 17th GRQ.
18. EU Member States have collectively pledged around USD 39 billion of voluntary channelling of Special Drawing Rights (SDRs) (or equivalent contributions) to the Resilience and Sustainability Trust (RST) and the Poverty Reduction and Growth Trust (PRGT) and have transferred around 85 per cent of their pledges. We encourage IMF members to deliver on their pledges and consider new voluntary contributions to bolster both the PRGT and the RST, so that resources are made effectively available for vulnerable countries.

19. Managing global debt vulnerabilities remains a key priority. The EU welcomes progress made on the implementation of the G20/Paris Club Common Framework (CF). The agreements on debt treatment for Chad, Zambia, Ghana and Ethiopia show that the Common Framework delivers. At the same time, we believe that future debt agreements could be faster and more predictable. Important progress has been made with the endorsement by G20 Finance Ministers in July of two G20 notes (following up to the lessons learned on the G20 CF and on the steps for a CF debt treatment) to provide more clarity and predictability on the process and the publication of factsheets on CF cases on the G20 websites to enhance information-sharing. We call for further efforts to step up implementation of the CF in a more predictable, timely, orderly and coordinated manner, informed by the recommendations from the G20 Notes. We should consider further actions such as expanding the Common Framework to encourage further effective multilateral coordination of debt treatments in middle-income countries or incorporating temporary suspensions of debt service by borrower countries during negotiations, on a case-by-case basis and welcome the agreement with Sri Lanka. For countries facing liquidity pressures, but whose debt is sustainable, we support the ongoing work by the IMF and the World Bank (WB) based on three pillars: structural reforms and domestic resource mobilization, supported by technical assistance, capacity development and policy advice; external financial support, including from the IFIs; and where relevant, actions to reduce debt servicing burdens. We encourage the implementation of this work, as well as further efforts on debt transparency from all actors, including the private sector.
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