



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-Second Meeting October 16–17, 2025

Statement No. 52-15

Statement by Mr. Koo Republic of Korea

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. YUN CHEOL KOO
DEPUTY PRIME MINISTER AND MINISTER OF ECONOMY AND FINANCE (REPUBLIC OF KOREA)
ON BEHALF OF ASIA AND THE PACIFIC CONSTITUENCY

GLOBAL OUTLOOK AND RISK

The global economy is navigating an unprecedented transformation, driven by major policy shifts—higher tariffs, stricter immigration regimes, and reduced development aid—are reconfiguring markets and recasting long-standing policy frameworks. Despite resilient headline indicators, uncertainty around the path ahead remains elevated. A further tilt toward protectionism could amplify headwinds to already-weak medium-term growth prospects. Financial-sector vulnerabilities are rising amid the rapid expansion of nonbank financial intermediaries and the growing footprint of digital assets. Persistent global imbalances also heighten risks to the International Monetary System, with potential macro-financial stability implications.

The ongoing effects of geopolitical instability across multiple regions—including Russia’s war in Ukraine and the situation in the Middle East—continue to pose downside risks to the outlook. We continue to condemn Russia’s illegal invasion of Ukraine, and we support all meaningful efforts towards a just and enduring peace for Ukraine, and for broader stability in Europe. Along with the broader international community, we support arrangements for a ceasefire and hostage deal in Gaza, as well as the rapid, safe, and unimpeded flow of life-saving humanitarian assistance to civilians, as required by international law. We emphasise the need for global cooperation to address our shared challenges and to safeguard global peace and security.

These pressures are particularly acute in economies where depleted buffers and entrenched structural headwinds—low productivity, underinvestment, demographic shifts, and skill shortages—are weighing on growth. High public debt and rising debt-service costs are crowding out priority spending and limiting policy options. In low-income countries, aid cuts and tighter access to concessional financing threaten to further erode growth prospects. Divergence in growth paths across countries risks reversing decades of hard-won convergence.

POLICY RESPONSE

The full and lasting effects of recent policy shifts remain uncertain. Traditional policy frameworks are under strain, with solutions proving hard to design—and even harder to implement. Balanced and country-tailored IMF advice is essential in this environment. Policies must be grounded in strong institutions and clear communication to ensure credibility, predictability, and sustainability, with a focus on managing medium-term risks and short-term resilience. Scenario analysis and contingency planning, including ready-to-deploy policy playbooks, are critical to maintaining confidence.

Fiscal policy should rebuild buffers and safeguard debt sustainability within credible medium-term frameworks. Consolidation paths must be realistic and balanced, coupling smarter spending with durable revenue mobilization, while protecting the vulnerable and preserving social cohesion. With limited fiscal space, prioritizing productivity-enhancing investments through better resource allocation is critical. Central banks will remain committed to maintaining price stability, in line with their mandates, and will continue to adjust their policies in a data-dependent manner and with clear communication. Preserving financial stability requires continued vigilance and

timely macroprudential measures. In parallel, efforts to harness financial innovation for inclusive growth should advance in tandem with strong prudential safeguards and integrity standards.

Greater protectionism underscores the imperative of entrenching rules-based multilateralism. Most economies depend on an open, predictable trade and orderly cross-border labor mobility—both vital pillars of prosperity, especially in the Asia-Pacific. Policymakers should establish clear, transparent trade-policy roadmaps and engage in regional and multilateral cooperation to ease tensions. Global rebalancing is a shared responsibility, with countries with excess surpluses economies boosting domestic demand and countries with excess deficits economies pursuing credible fiscal consolidation.

Structural reforms to improve allocative efficiency and unlock private-sector-led growth—anchored in stronger institutions and governance—can no longer be delayed. As aid declines, domestic resource mobilization is critical to meeting development needs. Equally important is leveraging transformative forces—digitalization, including artificial intelligence, energy transition, and demographic shifts. Policymakers must proactively manage these transitions and harness their growth potential, making full use of policy tools while protecting vulnerable and less-prepared groups. Small states in our constituency are already experiencing the intensifying impacts of climate change. Urgent, coordinated international support is needed to ensure access to reliable climate adaptation advice and financing. We also stress the importance of timely and adequate debt restructuring where needed, and welcome efforts to make the international debt resolution framework more predictable, timely, and efficient.

ROLE OF THE IMF IN SUPPORTING MEMBERS

To navigate this challenging period, the IMF should continue to support members through country-tailored advice on policy frameworks, contingency planning, and financial assistance. The Fund’s medium-term strategy should focus on meeting members’ evolving needs and enabling them to harness transformative forces as engines of growth. Capacity development (CD) remains especially critical for low-income and small developing members, where limited institutional capacity often constrains effective policy implementation. Progress in scaling up CD delivery—particularly through better integration with surveillance and lending—is commendable. Continued efforts to diversify and sustain CD funding will help ensure the IMF remains responsive to growing demand while maintaining flexibility.

Looking ahead, we underscore the importance of completing the Comprehensive Surveillance Review and the Review of Program Design and Conditionality in a timely and rigorous manner. These reviews provide an opportunity to enhance the Fund’s engagement by ensuring that advice is practical, well-prioritized, and tailored to diverse country contexts, while supporting durable and socially sustainable reform strategies. In particular, they should fully reflect the needs of low-income and small developing members—many within our constituency—who face unique capacity constraints, limited market access, heightened vulnerability to climate shocks, and disproportionate exposure to an increasingly fragmented global landscape.

The IMF continues to serve as a platform for coordinated action on shared challenges, grounded in its mandate and expertise. The Fund’s analysis of the long-term spillovers from major policy shifts should be strengthened in upcoming flagship reports and planned analytical work, informing both multilateral dialogue and domestic policymaking. We welcome ongoing efforts to enhance the debt sustainability framework for low-income countries and encourage close collaboration with the World Bank and other partners. The IMF should continue to

monitor emerging macro-financial risks closely, deliver country-specific advice through bilateral surveillance, and coordinate with other institutions where appropriate. The ongoing review of the Financial Sector Assessment Program presents an important opportunity to ensure that the program remains fit for purpose and responsive to evolving financial stability risks. Amid constrained policy space, the Integrated Policy Framework offers valuable guidance for maintaining coherence in the policy mix. We therefore support the development of practical, country-specific policy playbooks that reflects diverse national circumstances and available toolkits. We also welcome the Fund's work on the International Monetary System (IMS). Building on ongoing initiatives, developing a conceptual framework for integrating digitalization into the IMS—and assessing its implications for monetary policy, financial stability, and cross-border spillovers—will be valuable. While stablecoins could offer efficiency gains, their potential impacts on monetary frameworks and capital flows warrant careful evaluation.

We also underscore the need to further strengthen the global financial safety net (GFSN). Despite notable progress, access to resources across the GFSN layers remains uneven, especially for emerging and developing economies and smaller members. We support greater coordination with Regional Financing Arrangements and steps toward a more coherent and adequately resourced GFSN. Small states, in particular, continue to face challenges in accessing IMF resources—including through the PRGT—due to limited capacity and quota shares that remain disproportionately low relative to their needs and vulnerabilities. Ensuring that the IMF is adequately resourced and accessible to all members is essential.

We remain firmly committed to ensuring a strong and robust IMF governance. The timely implementation of the agreed outcomes of the 16th General Review of Quotas is essential to maintaining a strong, quota-based, and adequately resourced IMF at the center of the GFSN. In addition, we recognize the importance of advancing the 17th review so that the IMF continues to evolve with inclusiveness and fair representation. We support quota shares better reflecting members' positions in the world economy, while underscoring protection of the quota shares of PRGT-eligible and small developing states as a guiding principle. We strongly believe the 17th review should adopt a more inclusive approach to determining eligibility for quota share protection, taking into account the acute vulnerabilities faced by small island members that are not fully captured by income-based criteria.