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Statement by Mr. Warjiyo
Indonesia

On behalf of
Brunei Darussalam, Cambodia, Republic of Fiji, Indonesia,
Lao People's Democratic Republic, Malaysia, Nepal, Philippines, Singapore, Thailand,
Tonga, and Vietnam

IMFC Statement by Perry Warjiyo

Governor, Central Bank of Indonesia

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On behalf of Brunei Darussalam, Cambodia, Fiji, Indonesia, Lao P.D.R.,

Malaysia, Nepal, Philippines, Singapore, Thailand, Tonga, Vietnam

Global and Regional Outlook

1. **The global environment is masked by greater uncertainty as it continues to be shaped by trade policy shifts and geopolitical risks.** Heightened uncertainty in trade and financial markets, poses significant challenges for policymakers. The degree of vulnerability and resilience of different economies to global shocks are shaped by impacts on both trade and financial channels, which ultimately transmit to the exchange rate, inflation, and economic growth. Against this background, policymakers should prioritize a well-coordinated and integrated policy mix to safeguard stability while supporting sustainable growth. This is reinforced by robust, forward-looking analysis, and clear communication to anchor expectations and maintain credibility.

2. **Economic growth in our region remained robust in the first half of 2025, driven primarily by strong domestic demand and supported by frontloaded export orders.** Resilient consumption and moderating inflation contributed to this momentum, while early export activity further boosted regional trade performance. Inflation is expected to remain within the authorities' target range. However, financial market volatility has increased amid global policy shifts and geopolitical tensions, underscoring downside risks to the outlook. These include prolonged policy uncertainty, escalating trade tensions, rising fiscal vulnerabilities, and growing fragilities in financial markets—with potentially adverse spillovers. In response, regional policymakers have acted preemptively with integrated policy measures to cushion external shocks. Concurrently, efforts to strengthen regional cooperation and deepen intra-regional integration have intensified, aiming to build long-term resilience.

3. **The region's strong economic performance underscores the importance of a well-calibrated, well-planned, and well-communicated policy mix and the constructive interplay among policy instruments in mitigating risks and fostering stability.** In this context, authorities within our constituency remain resolute in their commitment to navigating an increasingly complex global landscape. They continue to implement and refine a comprehensive and balanced policy mix, including Foreign Exchange Intervention (FXI), Capital Flows Management (CFM), and Macroprudential Measures (MPM), to safeguard macro-financial stability, address structural challenges, and promote sustainable and inclusive growth. Importantly, the flexibility embedded in the application of the Integrated Policy Framework (IPF) complements existing policy approaches, enabling more agile and effective responses to evolving risks and enhancing long-term economic resilience.

Roles and Priorities of the Fund

4. **We urge the Fund to maintain its key role in supporting members facing global risks, especially by fostering multilateral cooperation and collective action among nations.** We encourage the Fund to uphold its position as a trusted and impartial partner by steadfast its credibility and legitimacy. Enhancing these attributes will serve to further solidify the Fund's role as a cornerstone of the international monetary system and the global financial safety net. We support ongoing efforts to enhance the effectiveness and inclusiveness of the Fund's core functions in surveillance, lending, and capacity development to ensure they remain responsive to the evolving needs of the membership and the global economy through timely economic analysis, tailored policy advice, and by serving as a platform for constructive dialogue and coordinated action.

5. **We emphasize the importance of the Fund's continued collaboration with member authorities in enhancing its capacity to provide tailored, timely and effective policy advice.** In this regard, we ask for IMF's continued trust and support as we implement the IPF to safeguard our economy. Amid increasingly unpredictable and often unilateral global policy shifts, we remain highly prudent across all fronts—monetary, fiscal, macroprudential, and reserve management. We seek the IMF's support in this effort, as we navigate these complex challenges with discipline and determination. In addition, while we commend the Fund's efforts to improve its surveillance policy and framework, particularly the IPF, we emphasize the need for flexibility and consideration of country-specific circumstances in its implementation.

6. **In light of the accelerating adoption of Artificial Intelligence (AI), digital finance and emerging forms of digital money, we acknowledge the Fund's continued efforts to deepen its analysis of macro-financial implications across national, regional, and global levels.** We look forward to the Fund's expanded guidance on managing risks such as fraud, scams, and digital crimes, which pose significant threats to financial stability. We encourage the Fund to further integrate digital transformation into its surveillance and capacity development activities, with a view to promoting safe, inclusive, and resilient financial systems while supporting productivity-enhancing growth.

7. **Integrating relevant climate-related risks into the IMF's core functions can support member countries in addressing economic challenges more effectively.** We stress the need to integrate appropriate climate considerations in the Fund's policy advice, surveillance, support programs, and capacity development, especially given the exposure of many members and the value of the Fund's guidance for emerging market and developing economies (EMDEs), low-income countries (LICs), and small developing states (SDS). We welcome the ongoing review and urge the Fund to define clear outcomes, including potential effects on investment, employment, and long-term resilience. In particular, we encourage continued attention to climate vulnerabilities in SDS, where tailored support can make a meaningful impact.

8. **We fully support IMF's central role in a multilayered GFSN.** While the GFSN multilayered structure, encompassing reserves, bilateral and regional arrangements and the IMF's financing facilities, provides a larger pool, it implies the need for greater cooperation and cohesion among the various layers. In this regard, we encourage the Fund to further strengthen its financial and institutional

capacities, as well as deepen cooperation with regional arrangements to ensure accessibility, reliability, and predictability across the GFSN layers with the IMF at its center.

9. **We welcome the progress made in the review of the Low-Income Country Debt Sustainability Framework (LIC-DSF).** As the reforms advance, we encourage the inclusion of a well-planned and inclusive implementation strategy. Given the technical complexity of the framework and its wide-ranging implications for policy and market perceptions, a carefully designed rollout, supported by clear and proactive communication, will be essential. Such an approach will help ensure that the reforms are well-understood by all stakeholders and consistently applied across country contexts.

10. **We welcome the Fund's ongoing policy and surveillance reviews, which are timely and necessary amid an increasingly complex and evolving global landscape.** These reviews present an opportunity to strengthen the Fund's relevance and responsiveness to the needs of its diverse membership. As methodological changes may emerge from these processes, which could influence market perceptions of member economies, it is essential that adjustments be anchored in analytically robust justifications that remain relevant across the membership. To support this transition, a clear, tailored, and proactive communication strategy will be critical in maintaining market confidence and public understanding. Moreover, we emphasize the need to better align policy and surveillance activities to make them more coherent, effective, and efficient in the use of resources. Above all, the Fund must remain consistent and impartial in its approach, regardless of shifting geopolitical dynamics, to preserve its credibility and legitimacy.

11. **Finally, we support the timely implementation of the 16th General Review of Quotas (GRQ) to strengthen the Fund's permanent resource base and restore its quota-based structure.** We urge the Fund to proactively mitigate risks associated with further postponement and ensuring transitional arrangements for borrowing access. In parallel, we emphasize the need to promptly advance preparatory work for the 17th GRQ supported by staff's analytical groundwork. We note the ongoing dialogue to define guiding principles for quota and governance reform. These principles should build on the solid foundation that underpins the successful past quota and voice reforms. It is important to clarify what additional elements, if any, should be incorporated into the new guiding principles, bearing in mind that the IMF already has an established framework through the quota formula. In this vein, we urge that the process of establishing new principles should not hinder or delay the progress of the 17th GRQ and should be concluded as soon as possible. We need to demonstrate our firm commitment to progress through a comprehensive roadmap, with clearly defined milestones and objectives. Timely delivery will be key to sustaining momentum and reinforcing trust in the IMF's reform agenda.