



# INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

## **Forty-Fourth Meeting October 14, 2021**

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**Statement by Mr. Aljadaan  
Saudi Arabia**



**Statement to The International Monetary and Financial Committee**

**By**

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*The Global Context: Together towards a strong and inclusive recovery*

**Over the past six months, economic activity has continued to improve despite the headwinds posed by the persistent pandemic, albeit at a heterogeneous pace across countries.** Nevertheless, the disproportionate impact of the pandemic, the unequal access to vaccines, and the diminishing firepower, especially for many emerging markets and developing economies (EMDEs), continue to hinder a broad-based, inclusive, and sustainable recovery. Also, the threat of new variants of COVID-19 and uneven vaccination progress could undermine the global economic recovery and socioeconomic gains achieved thus far. Therefore, the top priorities at this critical juncture should be to:

**End the pandemic everywhere in the world, while supporting strong and inclusive recovery and safeguarding macroeconomic stability.** Until the pandemic is brought under control, our fight is far from over. To this end, the coordinated efforts of the international community across different initiatives and fora, including to ensure equal and swift access to vaccines, should be accelerated. In this context, I would like to reaffirm Saudi Arabia's firm commitment to continue its support to the global efforts to fight the health crisis and pave the way for strong and inclusive recovery. Furthermore, we should avoid a premature withdrawal of support measures, where feasible, while ensuring well-targeted policy actions.

**Continue our support to the most affected member countries.** Many low-income and fragile and conflict-affected countries entered the crisis with deep structural challenges, long-seated vulnerabilities, including high debt levels and significant development needs. Amid the daunting challenges, they have undertaken decisive and bold measures to mitigate the socioeconomic fallout of the pandemic, benefiting from development partners' support. However, as financial constraints intensify due to the protracted pandemic, the capacity for these countries to achieve their sustainable development goals, including ending poverty and hunger, fostering growth and creating jobs, especially for the disadvantaged groups, has significantly declined. Here, we should continue our collective efforts towards mobilizing additional financing, including through domestic resource mobilization and private sector solutions, and continue exploring ways to alleviate liquidity pressures. In this context, the historic general SDR allocation will play an important role in alleviating liquidity pressures at a time of crisis like no other. With the support of the

IMF and WBG, the G20 Debt Service Suspension Initiative (DSSI) continues to provide breathing space for low-income countries and the G20 Common Framework is playing a critical role in addressing longer-term debt vulnerabilities. I welcome the progress achieved thus far in the implementation of the Common Framework and look forward to further progress, building on the momentum achieved for the Creditors' Committee for Chad, which was co-chaired by Saudi Arabia and France. Here, I see an important role for the IMF and WBG in the implementation phase, including by providing timely information to creditors and enhancing their communication with eligible countries as well as the broader public. As a creditor and G20 member, Saudi Arabia remains committed to actively engage with all stakeholders to successfully advance the ongoing implementation of the Common Framework.

**The Fund's strong support has been invaluable to the membership during these challenging times.** The Fund's tailored policy advice along with capacity development and financial support must continue with emphasis on promoting members' policy efforts to exit the crisis safely, while keeping in view country-specific circumstances. Furthermore, as we move beyond the crisis, countries are encouraged to work closely with the Fund to develop medium-term macroeconomic frameworks, including through utilizing Fund arrangements where needed, aimed at reinvigorating structural reforms to anchor macroeconomic stability on a sound footing, address deep-seated challenges and vulnerabilities, and foster inclusive and sustainable growth.

### *Energy and Climate Policies*

**The world needs all sources of energy to meet the rising energy demand stemming from the growing economies and population and to support global development goals.** The importance of energy access and security, which is increasingly becoming more relevant today, especially with the recent developments in the energy market and the severe impact of COVID-19 pandemic on poverty and development, cannot be overemphasized. In this context, climate policies must keep their focus on tackling emissions rather than targeting the source of energy, taken into consideration nationally determined contributions. We are faced with the global challenge of climate change that cannot be addressed without effective global collaboration based on multilateral consensus. Indeed, a holistic and inclusive approach is particularly warranted to bring all stakeholders on board to address this challenge. Against this backdrop, we underscore the importance of advancing the ongoing global efforts that have culminated in the adoption of Paris Agreement. Efforts should also be accelerated to capitalize on new technologies that can repurpose GHG emissions and turn them into high-value products. In this context, fostering large-scale investments in Carbon Capture, Use and Storage (CCUS) systems within the Circular Carbon Economy (CCE) framework would be a key enabler to mitigate emissions while reliably meeting energy needs. In addition, we emphasize that effective implementation by developed countries of their commitments related to climate finance and transfer of climate technology particularly to developing countries will be critical for adaptation and mitigation efforts. Efforts should also be stepped up in the area of climate adaptation to help vulnerable countries build resilience against future shocks.

**We envisage the role of the Fund as complementing global efforts while keeping its focus on achieving durable and synchronous post-pandemic recovery.** The Fund's climate strategy must take into account the increasing risk of energy poverty, and must be all-inclusive, comprehensive, and sustainable, based on multilateral consensus. Here, we caution against contentious and standalone policy tools such as International Carbon Price Floor (ICPF) and Border Carbon Adjustment (BCA), which are not in line with the basic principles of Paris agreement. On the same note, the Fund's close coordination with other international entities, including the WB and UNFCCC, is essential to ensure complementarity and avoid duplication.

### *Saudi Arabia: Developments and Priorities*

**Saudi Arabia's economy has continued to demonstrate resilience against the extraordinary challenges posed by the pandemic, thanks to the carefully calibrated policy actions and continued reform progress under the Kingdom's Vision 2030.** While we welcome the recent upward revision in Saudi Arabia's growth projections in line with robust private sector performance, we will continue fighting the negative fallout of the pandemic and advancing our reform agenda while striking the right balance between supporting the recovery and ensuring macroeconomic stability. In particular, the Kingdom is progressing vigorously with its plan to vaccinate at least 70 percent of its population before the end of this year. To date, more than 54% of the Kingdom's population has been fully vaccinated with over 43 million doses administered free of cost, and the number of daily new COVID-19 cases have dropped sharply. At the same time, we remain vigilant in carefully assessing the pandemic evolution to continue protecting lives and livelihoods.

**We will continue to build on the previous achievements and further advance reforms.** In particular, we are continuing our efforts to diversify the economy, enhance the role of the private sector, support SMEs, improve the business climate, and open new horizons for domestic and foreign investment. The financial sector is growing and continues to be well-regulated and supervised. Also, Saudi banks are well-capitalized and liquid and have played a critical role during the pandemic by extending credit to the real economy. The strong and comprehensive government support to digital transformation and infrastructure have created competitive advantages, which will help in harnessing the potential of fintech, robotics, artificial intelligence, and wireless production models, as the Kingdom pushes for smarter cities and infrastructure.

**The Kingdom remains firm on its commitment to address climate change challenges at the national, regional, and international levels.** The National Environmental Strategy aims at producing 50% of the Kingdom's energy needs by 2030 using renewable sources, while attracting domestic and foreign private investors to achieve these goals. At the regional level, Saudi Arabia is convening the Saudi Green Initiative (SGI) and the Middle East Green Initiative (MGI) Summit on October 23-25, 2021 to combat climate change and strengthen its regional role in overcoming the pressing environmental challenges. These initiatives aim to collectively plant 50 billion trees as well as to propel the region towards achieving more than 10% of global emission reduction targets by increasing reliance on clean energy and protecting the environment. At the global level,

the Kingdom remains committed to the Paris Agreement and to coordinate global efforts to advance the Circular Carbon Economy framework and its technologies.