



International Monetary and Financial Committee

Thirty-Sixth Meeting
October 13–14, 2017

Statement No. 36-15

**Statement by Mr. Morneau
Canada**

On behalf of
Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada,
Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines

Statement Prepared for the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund

The Honourable Bill Morneau, Minister of Finance for Canada, on behalf of Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines

Global Outlook and Policy Priorities

While the ongoing recovery from the Global Financial Crisis one decade ago is neither complete nor assured, the continued upswing of global economic activity is encouraging – overall, growth is recovering and employment is on the rise. These positive developments provide us with breathing room to focus on innovative solutions that help reduce poverty, promote economic stability, security and gender equality, and foster opportunities for growth and prosperity that benefit everyone. Achieving these goals requires that we work together to address ongoing global challenges.

Economic integration and multilateralism have driven vast improvements in living standards and poverty reductions for decades, yet the gains from globalization have not been shared broadly enough. We must therefore continue our efforts to ensure the benefits of economic integration and growth are more equitably shared. In this regard, the current positive growth conjuncture provides us with an opportunity to adapt in order to raise longer-term growth prospects and ensure adaptable workforces are equipped to reap the benefits of technological progress. We must also tackle the problem of persistent excessive global imbalances in order to promote resilience and guard against a shift towards self-defeating protectionism. Non-economic factors such as geopolitical tensions and extreme weather events brought on by climate change also pose risks to global economic and financial stability. We are currently witnessing the devastating impacts of one of the most severe Atlantic hurricane seasons on record, and this constituency represents a number of the countries most acutely affected. It is clear that we must do more to help small and fragile states build resilience and preparedness strategies against natural disasters and climate change.

In order to turn the challenges we face into opportunities for shared prosperity, it is crucial that we remain committed to working cooperatively through strong international institutions with clear and fair rules. In this regard, the International Monetary Fund should continue to play a leading role in promoting policies to achieve economic and financial stability, poverty reduction, women's economic empowerment, and innovative solutions to ensure that workforces are more adaptable and properly equipped for the future of work. By working together, these efforts will foster opportunities for growth and prosperity that benefit everyone.

The Fund's membership is best served by the provision of clear and candid surveillance and policy advice, sound lending programs, and tailored capacity development. Collectively, these core Fund functions, designed to support economic and financial stability, can help members focus on ensuring their middle class and vulnerable people better share in the benefits of economic growth and global integration. Additionally, we look to the Fund to provide analytical evidence and raise

awareness about the benefits of openness and rules-based global integration in order to build trust in the international financial and economic architecture and the multilateral institutions that underpin it.

IMF Surveillance and Advice

Frank and effective surveillance and policy advice that is both tailored to country needs and reflective of the integrated nature of the global economy play a crucial role in identifying and reducing vulnerabilities and promoting resilience. As the leading international institution for the provision of sound macroeconomic evaluation and guidance, we welcome the forthcoming Interim Comprehensive Surveillance Review, as well as ongoing efforts to expand the scope of Fund engagement on governance issues. In order to continue to support the global recovery, efforts in these areas would benefit from focus on the following priorities.

Given the window of opportunity provided by more positive growth, we welcome further Fund efforts to identify reforms that can raise longer-term growth prospects, including: harness technological change and economic integration and ensure that their benefits are more equitably shared; break down the barriers to the full economic empowerment of women and girls; and, boost productivity growth and labour force participation through well-sequenced structural reforms.

Further, we see room for continued Fund contributions towards identifying and addressing global vulnerabilities and excessive imbalances in order to mitigate the potential for disruptive corrections. We reaffirm our support for a more focused and forthright Fund that will bring greater transparency, objective analysis and sound advice to distortive policies, exchange rates, and capital flow measures through surveillance. Given heightened prospects for contagion associated with deeper global integration, we also support continued Fund efforts to integrate analyses of potential spillovers and spillbacks in its multi- and bilateral surveillance efforts.

Finally, we welcome continued Fund assistance for members in implementing the global financial regulatory reform agenda, and efforts to prevent a rollback of regulatory standards that could endanger continuation of the global economic recovery and financial stability. These efforts must take into account the need to identify the distributional impacts of financial integration, and ensure that financial inclusion is achieved. In this regard, we encourage the Fund to support practical, durable solutions to correspondent banking issues.

IMF Lending Toolkit and Capacity Development

An adequately resourced IMF that applies an effective, efficient and appropriate lending toolkit to facilitate macroeconomic adjustment and financial stability is critical to a strong and resilient international financial architecture.

We look forward to the completion of the ongoing lending toolkit review, with a view to ensuring the Fund is equipped with the necessary tools to meet members' needs and address the root causes of instability. For these tools to be effective they need to be properly designed and targeted. In this regard, we reiterate our hope that the review will produce needed fixes to existing precautionary tools to incentivize a clear path to exiting support in line with the revolving nature of Fund resources. Additionally, they should target members with strong fundamentals, maintain a strong set of qualification criteria, and include reasonable access limits.

We support the Fund's continued efforts to support the poorest and most vulnerable among its membership. The IMF's Poverty Reduction Growth Trust (PRGT) is a vital part of the financial safety net for the countries it benefits, and we remain appreciative of our fellow members who have finalized loan contributions to the Trust. The programs it funds help to unlock growth potential in lower-income countries and build resilience to both economic and non-economic shocks.

Fund provision of high quality technical assistance and training is another valuable tool in building the strength of members' public institutions, facilitating sustainable growth, and promoting global economic and financial stability. We support ongoing efforts, including the Capacity Development evaluation framework and the forthcoming review of the Fund's Capacity Development, to enhance the effectiveness of technical assistance and further integrate these efforts with surveillance and advice activities.

Additionally, we see space for the IMF to further leverage Capacity Development efforts to advance gender equality and the empowerment of women and girls with a view to fostering more equitable growth outcomes. The broader use of gender disaggregated data and promotion of gender budgeting would be useful elements in support of key policy areas to facilitate these goals.

IMF Governance and Strategic Partnerships

In order for the Fund to continue to evolve in step with the global economic and financial landscape, we urge all members to take a constructive and flexible approach to achieving consensus in ongoing governance reform deliberations. The 15th General Review of Quotas provides an opportunity to ensure that members' relative economic weight and integration in the global economy are reflected in their voice and representation at the Fund. It also presents an opportunity to ensure that the IMF remains an adequately resourced institution that plays an integral role in the Global Financial Safety Net (GFSN). We remain committed to working with fellow members to complete the 15th Review, including a new quota formula, according to the agreed timeline.

In addition, we would welcome consideration of means to further strengthen the IMF's corporate governance and accountability structures, many of which have remained largely unchanged since the inception of the Fund and may now be lagging generally accepted best practices. As part of this effort, and in line with our approach across international organizations, we encourage the Fund to continue efforts to foster the equal representation of women in all opportunities and leadership positions.

In closing, we lend our support to efforts to maximize the efficient use of Fund resources and capitalize on the expertise of other organizations by leveraging improvements in its network of strategic partnerships. This includes: clarifying collaboration with Regional Financing Arrangements (RFAs) for the coordination of safeguarding global economic and financial stability; strengthening coordination between the IMF and Multilateral Development Banks (MDBs) supporting countries facing macroeconomic vulnerabilities; and identifying opportunities for collaboration with other international organizations, especially the World Bank, in areas such as developing policy approaches for addressing governance issues and corruption risks.