



# INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

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

Statement No. 44-2

**Statement by Mr. Le Maire  
France**



Statement by Bruno LE MAIRE, Minister of the Economy, Finance and the Recovery, FRANCE

**The health situation remains uncertain, with uneven access to vaccination and the threat of new variants.** Against this backdrop, **our top collective priority is to ensure affordable and equitable access to vaccines for all globally:** to this end, France is doubling its COVID-19 vaccine sharing pledge, providing an additional 60 million doses to COVAX, the World Health Organization's vaccine initiative, for a total of 120 million doses by mid-2022. We also need to decisively boost local vaccine production, particularly on the African continent, while enhancing transparency regarding procurement of orders, delivery, and pricing.

**The global economic activity gained traction in 2021. But the ongoing recovery is desynchronized within and across countries, widening the divergence between advanced and developing economies.** The recovery has also triggered transitory, supply-driven increases of commodity and energy prices worldwide. These inflationary pressures should neither delay the greening of our economies nor increase inequalities, and the impact of the rise of energy prices on the poorest should be mitigated. Restrictions on the supply-side supply must also be removed. Lastly, while **monitoring potential second-round effects of price gains**, we should avoid any **tightening of global financial conditions** stemming from premature or uncoordinated action.

To strengthen the recovery, **support policies must be well-coordinated, flexible and tailored.** **In France, the economy bounced back in 2021, and activity is expected to return to its pre-crisis level by the end of this year.** This rebound is accompanied by the beginning of the phasing-out of emergency measures, to better target support on the most impacted sectors and population, while unfolding at a steady pace the recovery plans to tackle structural challenges. **The two-year €100 billion "France Relance"** plan launched in 2020 is being deployed at a rapid pace to support a greener, more digital, and sustainable economy, enhance the competitiveness of our companies, and ensure solidarity between generations, sectors and territories. The **France 2030 Investment Plan** will further foster the emergence of leading companies in innovative sectors that will shape our future.

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**This uncertain and uneven state of the recovery globally calls for determined IMF action to accompany countries on the path towards a strong and sustainable recovery, in a context where the threat of a great divergence remains acute.** To this end, the smooth transition from emergency support to longer and larger full-fledged programs will be essential. The situation is particularly dire in **Africa**, where many countries are at risk of a loss of a decade long of development if we collectively fail to be at the height of the needs. The Summit on the Financing of African Economies, which was held in Paris on May 18<sup>th</sup>, delivered a strong call to launch a "New Deal for Africa" and the IMF has a key role to play to support that objective.

**In this regard, the new general allocation of Special Drawing Rights of about USD 650 billion, which became effective on 23 August 2021, is historic.** It has unlocked USD 34 billion to the direct benefit of African economies, and USD 21 billion for low-income economies. This is a first step. **We now have the duty to collectively magnify the impact of the general allocation** for vulnerable countries. All countries in position to do so could lend a share of their newly allocated SDRs to help reach **a total benefit of the allocation, amounting to at least USD 100 billion for vulnerable economies and for Africa.** **France is determined to play an active part to reach this ambition**, building on the actionable options considered by the IMF Board.

To do so, the scale-up of the PRGT, adopted by the IMF in July, will help close the financing gap faced by many developing countries over the next years. To accompany this effort, **France will provide a new loan of SDR 1 billion on top of the SDR 4 billion it is already lending**

**to the IMF's Poverty Reduction and Growth Trust (PRGT).** In addition, France is reviewing its options to help the replenishment of the subsidy account of the PRGT, but continues to strongly support exploring the mobilization of IMF's internal resources to support the subsidy needs of the PRGT, and also to support the implementation of other channelling options.

Second, **France strongly advocates for the creation of a "Resilience and Sustainability Trust" (RST), within the IMF,** to meet longer-term balance of payment needs and support inclusive, resilient, and sustainable economic recoveries for vulnerable countries, primarily focusing on climate change, as well as on pandemic prevention and preparedness. A close partnership between the IMF, the World Bank and other relevant Multilateral Development Banks (MDBs) will be instrumental to ensure that the RST best fulfills its purposes. This cooperation can also help **explore other options to channel SDRs through MDBs,** in line with the catalytic role of the IMF. France is therefore looking forward to the technical support of the IMF in designing innovative options to help leverage on the MDBs expertise, and MDBs could partner with public development banks to increase local ownership.

In parallel to this work, the necessity of a smooth transition from emergency support to sustainable, long-term answers to the crisis, is also relevant to the **debt agenda.** It is of peculiar importance that all official bilateral creditors continue to fully apply the G20-Paris Club Debt Service Suspension Initiative (DSSI) until the end of the year. Also, **the current implementation of the Common Framework for Debt Treatments beyond the DSSI by G20 and Paris Club creditors in a timely manner and with the technical support of IMF and WB must help countries to address structural pressures arising from debt vulnerabilities.** The participation of private creditors, in line with the comparability of treatment principle, will be key to provide appropriate debt treatments to countries which have made a request under the Common Framework

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**The crisis is not yet behind us. However, we can suffer no further delay in addressing other vital challenges of our time.** In particular, the macro-criticality of **climate change** is not questionable, and we welcome the IMF Managing Director's effort to further embed the assessment of climate change impact in all IMF's activities. In particular, we welcome the progress made on the **integration of domestic mitigation strategies,** which entail major spillovers for the global financial stability, into traditional surveillance activities. **France also welcomes the integration of greenhouse gas emission reduction strategies and related assessment of green policies into its Article IV, and calls for all relevant economies to do so.** Additionally, the contemplated new RST within the IMF is an opportunity to embed climate-related issues into the IMF's core activities, in line with its mandate, as there is no sound policy advice that does not take into account the Sustainable Development Goals (SDGs).

**Also, in a context where the crisis is widening inequalities within countries,** the IMF needs to scale up its work towards mitigating the rise of inequalities, as high level of inequalities and poverty are the seeds of future, repeated cycles of crisis and instability. An enhancement of the IMF's engagement in Fragile and Conflict affected States (FCS) is also key: this is a good example of a field where the Fund's expertise is highly needed.

Finally, this crisis has stressed the opportunities, but also the challenges related to the ever increasing weight of **new technologies** in our lives. **In this regard, we warmly welcome the progress made on the path of adapting our international tax architecture to the challenges of our time:** gathering the support of more than 130 countries on such a significant overhaul of the international tax system is a historic achievement. It is the proof that **multilateralism works** and is the best way to respond to the **demand of tax justice expressed by our citizens.**

In line with its mandate, we highly value the unmatched expertise of the IMF on policy advice related to arising macro-financial challenges. To help the Fund best fulfill its missions in such a context, France is open to consider a moderate, prioritized and documented budget increase.