INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-1

Statement by Mr. Kukies
Germany

Statement by Mr Jörg Kukies

Finance Minister of the Federal Republic of Germany

to the International Monetary and Financial Committee

Washington, D.C., 25 April 2025

I. Global Economy and Financial Markets

Global Economy, Europe and Germany

Rising trade tensions are threatening to undermine prosperity. Although the global economy has demonstrated resilience over the past few years within a context characterised by high uncertainty and successive shocks, such as Russia's invasion of Ukraine, a steep increase in trade measures will put the global division of labour and value chains under significant strains and thus dampen growth perspectives. Uncertainty about the future outlook is exceptionally high. The global disinflationary process has so far been on track, with inflation targets within reach for many central banks around the world. Still, inflationary pressures persist in many economies, and threats to disinflation have increased in some countries. Moreover, long-term challenges such as ageing populations, the impacts of climate change, weak investment and low productivity growth are weighing on the medium-term outlook.

To lift global economic prospects, it is crucial to create a more stable and predictable policy environment. We need to avoid an escalation of trade restrictions. Instead, we need to strengthen economic ties through fair, rules-based cooperation within a framework of trusted multilateral institutions. Open markets and international trade are essential for innovation, growth, and global prosperity. Tariff measures drag on growth and come with unintended consequences for all sides. Reducing trade barriers is therefore in everyone's economic interest. It is essential to cooperate multilaterally to tackle global challenges, to address divergences between advanced, emerging and developing economies, and to decarbonise our economies. By doing so, we can reduce uncertainty and foster stronger, more sustainable growth. Structural policies that focus on lasting improvements in productivity growth are key in this regard. At the same time, supporting fiscal consolidation through prioritising future-oriented expenditures becomes even more critical in times of frequent shocks. Fiscal and monetary policies need to be well-calibrated to avoid a reacceleration of inflation, to preserve debt sustainability, and to rebuild fiscal buffers.

In Europe, a cyclical rebound has been well under way. Labour markets remain robust while declining inflation is aiding the recovery in households' disposable incomes and improving financing conditions that will support investment. Nevertheless, geopolitical risks and uncertainties are now significantly clouding the outlook.

In light of these risks, Europe remains dedicated to ensuring economic stability and promoting sustainable growth. In order to increase long-term growth and economic prospects, the European Union needs to improve the attractiveness and competitiveness of the single market.

Some legislative measures have already been taken at EU level to reduce the bureaucratic burden and associated costs for firms. Further steps are necessary: we are fully committed to pursuing deepened and more integrated capital markets, to increasing the skilled work force, and to promoting research and innovation, while continuing the green and digital transformations. Moreover, the European Commission and the EU High Representative for Foreign Affairs and Security Policy recently presented their "White Paper for European Defence – Readiness 2030". It provides a framework for supporting multilateral defence cooperation, reducing supply chain dependencies and improving the conditions for the necessary investment in the European defence sector, in order to make Europe more resilient. One important element is the activation of the national escape clause in the Stability and Growth Pact to facilitate the transition to higher defence expenditure by EU member states through temporary flexibility, while preserving fiscal sustainability.

The German economy has stagnated over the last couple of years. The repercussions of the recent severe economic shocks, in particular the pandemic and high energy prices caused by Russia's war of aggression against Ukraine, have weighed on growth. Although the labour market remains robust, structural issues – such as demographic trends, loss of competitiveness in key export markets, and weak investment – continue to promote stagnation.

Therefore, we have and will continue to take decisive action to support modernisation and growth, in order to bring our economy back on a sustainable growth track. With the recently agreed adjustments to the German constitution, our fiscal policy is being re-calibrated. A €500 billion special fund will enable additional investments in infrastructure and to achieve climate neutrality by 2045. Expenditures on defence and related areas which exceed a combined total of 1% of GDP will be exempt from the debt brake rule, thereby enabling us to reinforce NATO's European pillar. Together with the increased scope for structural new borrowing (up to 0.35% of GDP) by the federal states (*Länder*), these measures are an integral component of a comprehensive growth and investment package. To further improve growth potential and increase economic resilience, the package will be accompanied by extensive structural reforms, including labour supply incentives, and efforts to cut red tape. This holistic approach will also play a crucial role in ensuring the long-term sustainability of public finances.

Financial Sector

Vulnerabilities in the global financial system continue to be elevated, and recent geopolitical developments point to further downside risks. Heightened policy uncertainty and the proliferation of trade measures has increased market volatility against the backdrop of existing vulnerabilities in the real estate sector, an increasing number of cyber-attacks, and risks related to climate change. Regulators and supervisors around the world should remain vigilant to safeguard global financial stability. International cooperation will remain crucial in this regard.

The financial sector in Germany and the EU will remain a global anchor of resilience in the face of these challenges. Regulatory reforms in response to the global financial crisis have been an important element in creating a safe and stable financial system. In this context, a timely and more consistent implementation of international regulatory standards, such as Basel III, would ensure a level playing field across all jurisdictions.

II. International Financial Architecture and IMF Policies

The IMF has been a strong advocate and shining example of multilateral, rules-based cooperation. It continues to be indispensable and remains an important cornerstone for the stability of the international monetary system. By remaining flexible and taking swift and decisive action when necessary, the IMF has successfully helped its membership to weather recent crises and maintain macroeconomic and financial stability. Its mandate to promote global monetary cooperation as well as financial and economic stability benefits the entire membership. Germany remains fully committed to the unique role of the Fund in providing tailored policy advice, capacity development, and – if needed – temporary financial assistance to support countries' reform and adjustment efforts. We welcome the IMF's renewed focus on the core areas of its expertise, namely safeguarding macroeconomic stability and balance-of-payments sustainability, helping build resilience and address shared economic challenges, and advancing multilateral cooperation. We encourage the IMF to remain guided by the well-established concept of macro-criticality to identify important policy challenges in its member countries where its advice and support can be especially helpful.

The IMF's surveillance work remains at the heart of its mandate and should be further strengthened to prevent crises in member countries. We look forward to the upcoming Comprehensive Surveillance Review which should cement the IMF's role as a trusted and impartial advisor. The review should focus on strengthening the resilience of its member countries; improving financial surveillance, including of spillovers in the financial system; and analysing the consequences of digital money and AI. In addition, the IMF should continue to strive for closer integration of bilateral and multilateral surveillance. Furthermore, we look forward to the Financial Sector Assessment Program Review. Diligent and thorough risk-based assessments are essential, especially for members with systemically important financial sectors in times of high interconnectedness.

We call on all IMF members to finalise their domestic procedures and swiftly implement the quota increase under the 16th General Review of Quotas. Germany concluded the necessary steps last summer. Once the quota increase is implemented, we are ready to constructively discuss a limited realignment of quota shares to better reflect members' positions in the world economy as part of the 17th General Review of Quotas. The current quota formula delivers well on this objective. Any realignment should be based on fair and broad burden-sharing among all advanced economies.

In recent years, members have relied heavily on IMF financial support, and the Fund has demonstrated its agility by frequently adapting its lending toolkit. As a result, the complexity of the lending toolkit has increased considerably. To maintain a clear focus, we see merit in streamlining the toolkit and assessing the need for facilities that are barely used. The upcoming reviews of IMF conditionality and the exceptional access frameworks provide important opportunities to further enhance the effectiveness of IMF lending. We would welcome a strong focus on well-designed programmes that support ambitious structural and institutional reform agendas, good governance, transparency, and sound public financial management, including domestic resource mobilisation. Appropriate conditionality has an important role to play here.

Members should be enabled to regain macroeconomic stability and balance of payments sustainability over the course of their IMF programme. Ensuring timely repayment and avoiding protracted dependence on IMF financial assistance should be prioritised. Within the Fund, we strongly advocate for continued vigilance and sound risk management practices, including strengthening the Enterprise Risk Management policy framework. Elevated credit risks to the Fund necessitate a clear focus on its financial integrity. To this end, further bolstering the IMF's precautionary balances is needed to safeguard the adequacy of its financial position.

Addressing debt-related challenges through domestic resource mobilisation and, where appropriate, through timely debt restructurings remains key to invigorate growth and macroeconomic stability in many low- and middle-income countries. In its advisory role, the Fund should help mitigate the long-standing "too little, too late" problem in sovereign debt restructurings. Candid debt-sustainability analyses based on prudent macroeconomic assumptions are needed. The upcoming review of the Debt Sustainability Framework for low-income countries by the Fund and the World Bank should be guided by these principles.

We welcome the progress in implementing the G20 Common Framework for Debt Treatments, but think it could be further improved, to increase efficiency, effectiveness and timely delivery. We support the renewed momentum for domestic resource mobilisation under the IMF's and World Bank's three-pillar approach to liquidity pressures. However, we caution that liquidity challenges can be difficult to distinguish from solvency issues. We see a strong supportive role for the G20 Compact with Africa in attracting private sector financing based on strengthened institutional frameworks and stability-oriented reforms in member countries.

Based on the key principles of macro-criticality and efficient division of labour with other institutions, the Fund should continue to support its members to address the macroeconomic implications of climate change. In recent years, the Fund's engagement on climate-related risks has helped safeguard economic and financial stability, including by addressing risks to the balance sheets of banks and insurers, providing policy advice for climate mitigation and building resilience to climate shocks.

Finally, Germany welcomes the Fund's ongoing efforts to enhance diversity, gender equality and inclusion, and looks forward to continued progress in advancing these objectives. We fully support the medium-term voluntary objectives on gender diversity at the IMF Executive Board.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-2

Revised

Statement by Mr. Domański
EU Council of Economic and Finance Ministers

STATEMENT ON BEHALF OF THE PRESIDENCY OF THE EU COUNCIL OF ECONOMIC AND FINANCE MINISTERS, AT THE IMFC SPRING MEETING, WASHINGTON, DC, 25 APRIL 2025

1. Today's world is changing quickly, and economic fragmentation is accelerating. The rules-based multilateral system continues to be the most effective means to govern global relations in a way that benefits all. In this context, we continue to be firmly committed to a strong, quota-based and adequately resourced IMF at the centre of the Global Financial Safety Net (GFSN).

2. The global economy has adapted to multiple shocks in recent years and shown clearly the importance of sound policies and building up resilience. It continued to grow at a steady but still subdued pace in 2024. The continuation by Russia of its unjustified war of aggression against Ukraine weighs on the global economy. Announcements and introduction of new tariffs are already weighing on economic growth, and contribute to economic headwinds, increased uncertainty and new downside risks, notably for the most vulnerable economies. Tariffs also hurt the country that imposes them, weighing on jobs, inflation and economic growth. Tariffs will not resolve global imbalances, which are mainly the result of domestic, macroeconomic and structural factors. The European Union remains committed to an open, rules-based and predictable global trading system that benefits all partners. We will continue to seek to forge positive agendas, including on trade, with all our partners.

3. It is for Ukraine to negotiate and determine the terms of peace and there can be no negotiations on Ukraine without Ukraine, nor negotiations that affect European security without Europe's involvement. From the onset of Russia's unprovoked and unjustified war of aggression against Ukraine, the EU underlined the need to put an end to it through a comprehensive, just and lasting peace based on the principles of the UN Charter and international law. The EU has from the very beginning stood by Ukraine and remains committed, in coordination with like-minded partners and allies, to providing enhanced political, financial, economic, humanitarian, military and diplomatic support to Ukraine and its people until such a peace is reached. The EU will fully assume its responsibilities in this process. The EU deplores the breakdown of the ceasefire in Gaza and the civilian casualties. The EU calls for an immediate return to the full implementation of the ceasefire-hostage release agreement. It is critical that both sides uphold their commitments and proceed phase by phase. The situation in Lebanon remains challenging. The EU reiterates its call on the parties to implement the terms of the 27 November 2024 ceasefire agreement and for the implementation of UN Security Council Resolution 1701. As regards the situation in Syria, we support a Syrian-led, Syrian-owned peaceful and inclusive transition. The EU welcomes the outcome of the ninth Syria Conference "Standing with Syria: meeting the needs for a successful transition" of 17 March 2025.

4. The EU is Ukraine's largest international donor, with to date EUR 144 billion provided in assistance to Ukraine and its people, together with the bilateral support provided by EU Member States, including through hosting those fleeing Russia's war of aggression.
The EU's budget support to Ukraine takes the form of grants and highly concessional loans with long grace periods and repayment maturities up to 35 years. This support will continue, ensuring Ukraine can meet its financing needs. Following the establishment of the EUR 50 billion Ukraine Facility in March 2024, EUR 16.1 billion has already been disbursed, with an additional EUR 12.5 billion expected in 2025, subject to the successful implementation of policy conditions under the Ukraine Plan. In response to the European Council conclusions of 27 June 2024 and the G7 summit communiqué of 15 June, the EU adopted a Regulation in October 2024 establishing the Ukraine Loan Cooperation Mechanism, enabling up to EUR 45 billion in loans to Ukraine under the G7 'Extraordinary Revenue Acceleration Loans for Ukraine' initiative, to be repaid using the windfall profits stemming from Russia's immobilised central bank assets. As part of this initiative, the EU is providing an exceptional macro-financial assistance loan of EUR 18.1 billion, to be disbursed throughout 2025. In total, the EU will provide Ukraine in 2025 with EUR 30.6 billion through both the Ukraine Facility and the G7 ERA initiative.

5. We commend the IMF's close engagement with Ukraine and its continued support. We welcome the successful completion of the seventh review of the Extended Fund Facility (EFF), and we commend the Ukrainian authorities for the continued strong programme performance despite challenging conditions. So far, over USD 10 billion has been disbursed under the EFF, which aims to support the Ukrainian authorities in anchoring policies that sustain fiscal, external, price and financial stability, while promoting long-term growth in the context of post-war reconstruction and Ukraine's EU accession negotiations.

6. In addition to the support provided to Ukraine, the EU actively continues to provide macro-financial assistance (MFA) to partner countries experiencing balance of payment crises, complementing the resources provided by the IMF and other multilateral financial institutions. The EU continues to support Moldova, with an MFA operation successfully completed in December 2024, bringing total support under this operation to EUR 295 million. In light of the evolving geopolitical and economic challenges in the Middle East, the EU is also supporting Egypt and Jordan with MFA programs. An MFA operation with Egypt was successfully completed with EUR 1 billion loan disbursed in December 2024. The proposals by the European Commission for new MFA loan operations for Egypt (of up to EUR 4 billion) and Jordan (of up to 500 million in loans) are currently under consideration by the EU Council and the European Parliament. The European Commission is also working on an additional MFA proposal for Jordan, amounting to up to 500 million in loans. In addition to these efforts, the EU continues to support developing countries through the Global Gateway Initiative and remains the largest global provider of Official Development Assistance (ODA).

7. The EU economy, with its sound economic fundamentals and strengths, continues to prove resilient and generate employment. This is thanks to a strong, joint, and timely policy response at the Union and Member State levels in the face of recent major economic shocks, notwithstanding the specific impacts of Russia's war on Ukraine and the weakening of global trade. EU GDP growth is set to gradually pick up in 2025. The robust labour market along with higher wages and a further reduction in inflation are set to keep supporting consumption growth, while loosening of financial conditions and coordinated policy actions under the "Next Generation EU" (NGEU) initiative will continue to support investment.

8. The implementation of the new EU economic governance framework started in autumn 2024 and is progressing well, with most Member States having submitted their plans for fiscal policy and structural reforms for the years ahead. In line with the risk-based approach of the new framework, the medium-term plans contain country-specific fiscal paths with differentiated adjustments. There is a need for gradual and sustained fiscal consolidation over the medium term, while supporting investment and reforms, and promoting sustainable economic growth, thus improving fiscal sustainability. At the same time, uncertainty remains high, and the changing environment constitutes an existential challenge for Europe. Therefore, the EU has resolved to accelerate its investment to become more sovereign, more responsible for its own defence and better equipped to act and deal autonomously with immediate and future challenges and threats with a 360° approach. The EU will accelerate the mobilisation of the necessary instruments and financing to bolster the security of the European Union. Fiscal sustainability and the security of the EU are both indispensable for our future and prosperity. EU public investment is also set to continue increasing, supported by a positive impact from the Recovery and Resilience Facility. Continuing to maintain or increase investments, and structural reforms, remains essential to promote sustainable and inclusive growth and resilience. Accelerated mobilisation of private capital will play a vital role in the EU's efforts.

9. The EU and its Member States continue to implement the Next Generation EU (NGEU) recovery instrument. The total amount of grants and loans disbursed so far under the Recovery and Resilience Facility (RRF), the instrument at the heart of NGEU that supports structural reforms and investments within the EU, crossed the threshold of EUR 300 billion. The European Commission estimates that NGEU has the potential to increase EU real GDP by up to 1.4% in 2026 (compared to a situation without NGEU). In addition, the reforms included in the recovery plans are expected to have a significant growth-enhancing impact, which will play out in the longer run. Further, the EU also aims to catalyse private investments towards EU policy priorities through the InvestEU Programme, which intends to mobilise over EUR 372 billion of investment through the backing of an EU budget guarantee (with a further 50 billion expected following the Commission's recent InvestEU enhancement proposal).

10. The EU and its Member States are taking action to enhance the competitiveness and resilience of the European economy in the face of ongoing global transformations. Our ability to invest, to innovate, to support a competitive economy, and to maintain sustainable public finances will not only shape our capacity to support European living standards, but also contribute to the resilience of the European economy. To this end, the European Commission has put forward through the "Competitiveness Compass", a strategic framework to guide the work on strengthening EU competitiveness over the next five years. It builds on the findings and recommendations of the reports by Enrico Letta on the future of the EU Single Market and Mario Draghi on the future of European Competitiveness and provides a list of initiatives to be developed or finalized over the coming months. The EU and its Member States will continue working collaboratively to deliver impactful structural reforms and investments.

11. The EU will continue to work closely with international partners to advance a just transition towards net-zero and stay the course, in line with the Paris Agreement, and in light of the increasing impacts of climate change. The EU looks forward to work with partners in presenting ambitious Nationally Determined Contributions ahead of COP30 in November. To advance its own transition towards a climate-neutral economy, the EU adopted key pieces of legislation of the European Commission's "Fit for 55" package. Europe is also determined to lead the clean tech revolution. The European Commission published the Clean Industrial Deal in February 2025, which outlines the measures to boost the business case for investments in support of a competitive and sustainable European industry. The EU continues to make progress on its sustainable finance framework, while encouraging the private funding of transition projects and technologies.

12. EU Member States reaffirm their commitment to the IMF which remains fit-for-purpose and will continue to address the challenges of the 21st century. The IMF plays an essential role in promoting global monetary cooperation and supporting countries in line with its mandate, thereby bolstering the stability of the international monetary and financial system. In this regard, EU Member States welcome the launch last year, by the IMF and the World Bank, of the Bretton Woods at 80 initiative to reflect on a long-term vision for the roles of these institutions. Over the years the IMF has developed highly relevant expertise, policies, tools and practices that make it a key pillar of the international financial architecture. EU Member States support the work on the Fund for the Future initiative as a medium-term reflection on the IMF's priorities on surveillance, lending and capacity building. The core of the Fund's mandate is to promote macroeconomic and financial stability, and it has continuously demonstrated its ability to help its members navigate through changing circumstances, as a trusted adviser. EU Member States are committed to working constructively on the upcoming reviews on the Comprehensive Surveillance Review, the review of Program Design and Conditionality, the FSAP review, the review of the Short-Term Liquidity Line and the review of the Exceptional Access Policy as well as to engage in discussions on enhancing the existing debt restructuring architecture and preserving the key role of capacity building in fragile and conflict-affected states and macro-critical aspects of cross-cutting issues such as climate and gender.

13. The EU welcomes the conclusion of the IMF's 16th General Review of Quotas which will maintain the Fund's current resource envelope and strengthen the quota-based nature of the Fund. The priority now is for IMF members to finalise domestic procedures and provide national consent to the respective quota increases and NAB rollback by the new extended deadline of 15 May 2025, as well as for BBA creditors to sign its temporary extension. We call on all IMF members to provide consent to the quota increase as soon as possible. We will continue to work constructively on possible approaches for guiding an IMF quota share realignment, as agreed in the IMFC Chair's Statement in October 2024, under the 17th General Review of Quotas. We reiterate that an ad hoc approach would also be useful to consider, noting that fair burden sharing among all major advanced economies and protecting the quota shares of the poorest members are essential. We recall that the relevant IMF bodies remain the primary forum for discussion and decision making on the 17th GRQ.

14. EU Member States have collectively pledged around USD 37 billion of voluntary channelling of Special Drawing Rights (SDRs) (or equivalent contributions) to the Resilience and Sustainability Trust (RST) and the Poverty Reduction and Growth Trust (PRGT) and lead the way in transferring the resources to the IMF trust funds with around USD 35 billion delivered. We encourage countries to consider new voluntary contributions to bolster both the PRGT and the RST, and to deliver on their pledges, so that resources are effectively available for vulnerable countries. We note the importance to contribute constructively to the discussions at the 4th International Conference on Financing for Development.

15. Managing global debt vulnerabilities remains a key priority. The EU welcomes the progress made and calls for further efforts to step up implementation of the G20/Paris Club Common Framework (CF) for Debt Treatments in a more predictable, timely, orderly and coordinated manner. The agreements on debt treatment for Chad, Zambia, Ghana and Ethiopia show that the Common Framework delivers, while we recognize future debt agreements could be faster. We agree on the need to build on lessons learnt from ongoing country cases under the CF, including by developing a compendium on the general CF process to help borrowing countries navigate the process. We encourage further effective multilateral coordination of debt treatments in middle-income countries and welcome the agreement with Sri Lanka. We welcome ongoing work in the Global Sovereign Debt Roundtable as an important platform to facilitate common understanding among all stakeholders on global debt challenges. For situations where countries face liquidity pressures, but whose debt is sustainable, we support the ongoing work by the IMF and the World Bank to support vulnerable countries based on three pillars: i) structural reforms and domestic resource mobilization, supported by technical assistance, capacity development and policy advice; ii) external financial support, including from the IFIs; and iii) where relevant, actions to reduce debt servicing burdens. We also encourage further efforts on debt transparency from all actors, including the private sector.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-3

Statement by Mr. Al Ghais
OPEC

Statement

by the

Organization of the Petroleum Exporting Countries
(OPEC)

to the

International Monetary and Financial Committee
(IMFC)

Plenary Session

April 2025

The **Organization of the Petroleum Exporting Countries** (OPEC) would like to provide the distinguished delegates to the **International Monetary and Finance Committee** (IMFC) with an update on current oil market conditions and developments.

The **global oil market** has maintained its positive momentum since the last meeting in October 2024, although some uncertainty has emerged around the outlook. **Global economic growth** maintained a sound dynamic toward the end of last year, with strong 4Q24 performances across key economies carrying momentum into early 2025. However, recent trade-related developments have introduced new uncertainties, adding headwinds to the current growth trajectory.

While the fundamentals of the global economy remain broadly supportive, disruptions in trade flows and heightened policy uncertainty are likely to dampen momentum to some extent. The services sector continues to underpin growth across major economies and is expected to expand through 2025 and into 2026. In contrast, the anticipated recovery in manufacturing may weaken amid rising trade uncertainties. Nonetheless, bilateral and regional trade agreements could help offset some of these pressures and stabilize expectations.

Despite these uncertainties, India, Brazil and Russia are expected to continue healthy growth rates this year, driven by solid domestic demand and government support. While the Eurozone and Japan may see growth softening in some sectors under pressure from tariffs, broader conditions remain supportive, including additional fiscal stimulus. Trade tensions between China and the US remain a key area of concern and will have the largest impact on softening growth dynamics this year and in 2026. With steady growth so far supported by monetary policies, and fiscal measures in major Asian economies, as well as in the Eurozone, global economic growth is expected to maintain growth at 3.0% in 2025. In 2026, it is projected to rise slightly to 3.1%.

The US economy is forecast to experience steady growth of 2.1% in 2025 and 2.2% in 2026. The Eurozone's economy is expected to continue growing at 0.8% in 2025 and 1.1% in 2026. Japan's economic growth forecast for 2025 stands at 1% and 0.9% in 2026. China's economic growth projection stands at 4.6% for 2025 and 4.5% in 2026. India's 2025 economic growth forecast stands at a robust level of 6.3% and is expected to accelerate to 6.5% in 2026. Brazil's economic growth is forecast to expand by 2.3% in 2025, before accelerating to 2.5% in 2026. Russia's growth is projected at 1.9% for 2025, before decelerating somewhat to 1.5% in 2026.

Additional stabilizing factors from major economies are expected to partially alleviate trade-related concerns. China's emphasis on boosting domestic consumption, India's continued focus on industrial expansion, and Germany's fiscal measures are all set to contribute to global economic growth.

Against this backdrop, **world oil demand** growth in 2025 is forecast to increase by around 1.3 mb/d to an average of 105.0 mb/d. Oil demand growth is expected to be mostly driven by Other Asia, China and other key sub-regions in the non-OECD.

Oil demand in the OECD is anticipated to rise by around 44 tb/d, y-o-y, in 2025. Most of the increase is expected to be driven by OECD Americas, with growth of about 50 tb/d, y-o-y, while OECD Europe is expected to marginally contract, and Asia-Pacific is expected to remain flat, y-o-y, compared to the previous year. In terms of products, jet/kerosene is projected to remain the driver of oil demand, with increasing gasoline requirements and demand for LPG also adding support.

In the non-OECD region, oil demand is expected to increase by 1.25 mb/d, supported mostly by Other Asia and China, with each forecast to see growth of nearly 0.3 mb/d, y-o-y, supported by continued healthy economic growth. In addition, oil demand is forecast to show growth of 0.2 mb/d, y-o-y, in India, around 170 tb/d, y-o-y, in the Middle East and 140 tb/d, y-o-y, in Latin America. In terms of products, the largest increases are forecast for jet fuel and gasoline requirements, followed by demand for LPG and diesel.

In 2026, oil demand is forecast to grow by around 1.3 mb/d, y-o-y, with the OECD projected to show growth of 0.1 mb/d and the non-OECD expected to increase by more than 1.2 mb/d.

Non-DoC liquids supply (i.e., liquids supply from countries not participating in the Declaration of Cooperation) is expected to grow by 0.9 mb/d in 2025. In 2025, the primary drivers for liquids supply growth are expected to be the US, Brazil, Canada, and Argentina. Non-DoC liquids supply growth in 2026 is expected to be 0.9 mb/d, mainly driven by the US, Brazil, Canada and Argentina.

DoC natural gas liquids (NGLs) and non-conventional liquids are expected to average 8.4 mb/d in 2025, representing a growth of 0.1 mb/d, y-o-y. Growth of about 120 tb/d is forecast for 2026, y-o-y, to average 8.5 mb/d.

Total **OECD commercial oil stocks** fell by 16.1 mb, m-o-m, in February, to stand at 2,746 mb. They were 30 mb lower than the same time one year ago, 71 mb lower than the latest five-year average and 173 mb below the 2015–2019 average. Within the components, crude stocks rose by 11.1 mb, while product stocks fell by 27.3 mb, m-o-m.

At 1,322 mb, OECD commercial crude stocks were 46 mb lower than the same time one year ago, 47 mb lower than the latest five-year average and 126 mb below the 2015–2019 average. OECD product stocks stood at 1,425 mb, 16 mb below the same time one year ago, 25 mb lower than the latest five-year average and 48 mb below the 2015–2019 average.

In terms of days of forward cover, OECD commercial stocks dropped in February by 0.3 days, m-o-m, to stand at 60.9 days. This is 0.3 days lower than the level registered in February 2024, 4.4 days lower than the latest five-year average and 1.7 days less than the 2015–2019 average. Within the OECD regions, OECD Americas was 5.0 days and OECD Europe was 5.0 days below the latest five-year average, standing at 59.3 days and 70.6 days, respectively. OECD Asia Pacific was 1.5 days below the latest five-year average, standing at 48.5 days.

In closing, OPEC reaffirms its long-standing commitment to supporting oil market stability for the benefit of both producing and consuming nations, as well as the global economy.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
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Statement No. 51-4

Statement by Mr. Cormann
OECD

Written Statement to the International Monetary Fund Committee: 2025 IMF and World Bank Spring Meetings

The global economic outlook

1. **The global economy remained resilient in 2024, with growth reaching 3.2%.** Strong real income gains, lower interest rates and robust global trade growth were key supporting factors. In the second half of 2024, growth was boosted by strong consumer spending in the United States, and gradual upturns in many other advanced economies, including Australia, Canada, the euro area and Japan. Among emerging market economies, fiscal and monetary policy support and rapid export growth supported output growth in China, and strong domestic demand sustained continued GDP growth in Brazil, India and Indonesia.

2. **The economic outlook has now become more challenging, with declines in business and consumer confidence, rising economic policy uncertainty, and substantial increases in barriers to trade.** As of 10 April 2025, the United States has raised the tariff rate on most merchandise imports from China to 145% (from around 20% at the start of 2025), with China raising its tariff rate on merchandise imports from the United States to over 100%. The United States has also imposed a default tariff increase of 10 percentage points on all countries, with the possibility that many countries could face substantially higher tariffs in three months' time. In addition, higher tariffs have been announced on US imports from Canada and Mexico not compliant with the United States-Mexico-Canada Agreement, with Canada taking targeted retaliatory action in response. A tariff of 25% on imports of steel and aluminium products, automobiles and automobile parts has also been introduced. Taking these measures together, the average effective tariff rate in the United States will be over 20% – the highest level in more than a century.

3. **The recently announced trade policy measures will, if sustained, negatively impact the economic outlook.** Higher bilateral tariff rates will raise revenues for the governments imposing them, but will be a drag on global activity, trade, incomes and other tax revenues. They also raise the price of both imported final goods for consumers and intermediate inputs for businesses. The impact will be amplified where inputs cross borders several times and duties are incurred at each stage, such as in integrated North American manufacturing value chains. Trade policy uncertainty was at a record high in early April, and measures of economic policy uncertainty based on print media have increased significantly, especially in Canada and Mexico. Greater policy uncertainty can be expected to hold back spending decisions by companies and households, particularly on longer-term items, such as fixed capital investment and durable goods.

4. **The March 2025 OECD Interim Economic Outlook, published before the significant further increases in US tariffs announced in early April, already projected global growth to slow from 3.2% in 2024 to 3.1% in 2025 and 3.0% in 2026.** In quarterly terms, the projections had growth softening from the first quarter of 2025 and remaining subdued thereafter. Higher bilateral tariff rates and the associated increase in policy and geopolitical uncertainty were expected to act as a drag, particularly on business investment and trade. The projections assumed that the announced tariff increases as of mid-March 2025 between China and the United States and the 25% tariff on US imports of steel and aluminium would be maintained. In addition, tariff rates on all merchandise imports from Canada

and Mexico to the United States were assumed to rise by an additional 25 percentage points (except for the lower tariffs on potash and energy products). The projections also made the assumption of equivalent retaliatory tariffs by Canada and Mexico on merchandise imports from the United States.

5. **The OECD Interim Economic Outlook projected weakening growth for the United States, Canada and Mexico, reflecting assumed tariff rates.** Real GDP growth in the United States was projected to slow from its relatively fast pace of 2.8% in 2024 to 2.2% in 2025 and 1.6% in 2026, with growth in Canada projected to slow from 1.5% in 2024 to 0.7% in both 2025 and 2026. Mexico's economy was projected to experience a recession, with output declining by 1.3% in 2025 and 0.6% in 2026. In a lighter tariff scenario, with tariffs only being imposed on a subset of imports in the United States, Canada and Mexico, GDP growth was projected at 1.3% in Canada in both 2025 and 2026, and 0.1% in 2025 and 0.8% in 2026 in Mexico. Growth in the United States under this assumption would be slightly stronger in 2026 at 1.7%.

6. **Other advanced economies were expected to experience fewer direct economic effects from the tariff measures incorporated in the baseline projections but heightened geopolitical and policy uncertainty would still restrain growth below the rates we projected in December.** Euro area growth was projected to edge up from 0.7% in 2024 to 1.0% in 2025 and 1.2% in 2026, with growth in the United Kingdom projected to be 1.4% in 2025 and 1.2% in 2026. In Japan, robust corporate profits and strong wage growth were expected to be a tailwind for economic activity this year, with growth projected at 1.1% in 2025 and 0.2% in 2026.

7. **G20 emerging market economies were projected to continue to be a key driver of global growth.** The Chinese economy was expected to grow by 4.8% in 2025, with the negative impact of announced tariff increases offset by stronger policy support, before slowing to 4.4% in 2026. Solid domestic demand was projected to help sustain growth in India and Indonesia. In India, GDP growth was projected to be 6.4% in the fiscal year 2024-25 and 6.6% in the fiscal year 2025-26, while Indonesia was projected to grow by 4.9% in 2025 and 5.0% in 2026. The expansion in Brazil was expected to slow from its recent rapid pace due to the impact of monetary policy tightening and higher assumed tariff rates on steel and aluminium exports to the United States, with growth slowing from 3.4% in 2024 to 2.1% in 2025 and 1.4% in 2026.

8. **Inflation was expected to decline more slowly than previously anticipated, with headline inflation in the G20 economies projected to be 0.3 percentage points higher this year and next year than in the December 2024 OECD Economic Outlook.** Headline inflation in the G20 economies was projected to decline from 5.3% in 2024 to 3.8% in 2025 and 3.2% in 2026, with inflation in 2026 above central bank targets in many countries, including the United States. Core inflation in the G20 advanced economies was projected at 2.7% in 2024, 2.6% in 2025 and 2.4% in 2026. While inflation in the G20 emerging market economies was projected to decline more sharply than in the G20 advanced economies, this largely reflects significant projected falls in inflation in Argentina and Türkiye from the very high rates in 2024. Headline inflation in several other emerging market economies, including China, Indonesia and South Africa, was projected to rise.

9. **There are significant downside risks to the economic outlook that we set out in March as a result of further trade barriers and fragmentation.** The announced increases in bilateral tariffs between the United States and its trading partners in early April are likely to result in weaker projected global growth and higher inflation. As shown in our March Interim Economic Outlook, an additional rise of 10 percentage points in US tariffs on non-commodity imports from all trading partners with corresponding increases of tariffs applied to non-commodity imports from the United States in all other countries would reduce global output by 0.3% after three years, and raise global inflation by 0.4 percentage points per year on average over the first three years. In this scenario, output in the United States would decline by 0.7% by the third year of the shock (relative to the baseline) and inflation rise by an average of 0.7 percentage points per year. The impact of these shocks would be

magnified, in case of further widespread repricing of risks in financial markets, as was seen in early April with sharp falls in equity prices and rising debt yields in many countries, or if confidence continues to decline. In the United States, the University of Michigan indicator of consumer sentiment declined by 23% between December 2024 and March 2025.

10. **Inflationary pressures persist, and there is a significant risk that higher import prices from tariff increases could push up prices further.** Even before recent trade policy announcements, headline inflation was turning up again in an increasing share of countries. Services price inflation has stayed elevated, with a median rate of 3.8% in February 2025 across OECD economies, and goods inflation has recently risen in several economies, albeit from very low levels. Household inflation expectations have also moved higher in recent months, including in Canada, the United Kingdom and the United States, and financial market expectations of inflation over the next one to two years have begun to rise.

Policy requirements

11. **Central banks should remain vigilant given heightened uncertainty and the potential for higher trade costs to push up wage and price pressures.** A one-off rise in the relative price of tradeable goods due to tariffs should be accommodated, but a sequence of such changes would require a monetary policy response. Signs that inflation expectations are rising further amid still tight labour markets would likely require higher policy rates than would otherwise be the case, however parallel declines in output growth could place downward pressure on inflation. These factors, and the potential for currency turbulence as policy rates diverge across countries, likely mean that policy decisions will need to remain finely balanced for some time to come.

12. **Fiscal discipline is needed to ensure debt sustainability, maintain the ability of countries to react to future shocks and accommodate current and future spending pressures.** Plans to boost defence spending in Europe, particularly Germany, add to impending spending pressures from population ageing and climate change mitigation and adaptation. Stronger medium-term efforts are required to control growth in expenditures, reallocate spending to areas that better support opportunities and growth, and optimise revenues. Fiscal adjustments need to be designed carefully to ensure targeted support towards those in need. If growth is robust enough to withstand additional fiscal headwinds, consolidation efforts should be stepped up as the monetary policy stance becomes less restrictive. To cushion the near-term impact of higher trade costs, targeted policy measures can help support the incomes of affected companies and lower-income persons, though structural solutions are required where the impact from shocks to external competitiveness is likely to be prolonged.

13. **Solutions that avoid the application of high tariffs would help maintain growth and the progress made in tackling inflation.** Bilateral and multilateral dialogue needs to focus on finding ways to make international trade fairer, improve the global level playing field, tackle unfair trade practices, improve supply chain resilience and strengthen economic security, while keeping markets open and avoiding the need to resort to punitive tariffs. In an illustrative scenario in which all countries act to lower their average effective tariff rates by 1½ percentage points (relative to those assumed in the March 2025 Interim Economic Outlook projections), global output would be raised by close to 0.3% by the third year and global inflation would be reduced by close to ¼ percentage point on average in the first three years. Harmonising regulations and standards and improving trade facilitation would reduce trade costs, strengthen resilience of supply chains and diversify the range of suppliers and buyers.

14. **Countries should revive the pace of pro-competition reforms to reinvigorate productivity growth and boost living standards.** These include regulatory reforms that eliminate excessive administrative burdens and regulatory restrictions on firm entry. We estimate that reducing regulations and entry barriers in services, energy, transport and e-communications sectors to the levels in the five top-

performing OECD countries would increase GDP per capita by 0.8% over five years in the G20 advanced economies, and 1.8% in the G20 emerging market economies. In parallel, countries should adapt policies to support the use of AI, while also addressing related risks. We estimate that the successful adoption and diffusion of AI can boost labour productivity by 0.4% to 0.9% per year over the next 10 years, rising to 1.5% if we optimise synergies between AI and robotics. Effective training programmes promoting AI-relevant skills, robust digital infrastructure, affordable and reliable energy supply, and clear regulations regarding data usage and safety will all be important to maximise the productivity gains of AI.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-5

Statement by Mr. Choi
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. SANGMOK CHOI
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 economic outlook has become increasingly precarious amid escalating trade tensions and policy uncertainty. The recent tariff measures have triggered sharp reactions in financial markets and will likely see a sharp decline and reorientation in global trade. While the immediate growth impact is being captured through the revised forecasts, broader second-round effects—ranging from inefficient resource allocation at both the domestic and global levels, further disruption to supply chains, and the fragmentation of global markets, to rising volatility in financial markets and exchange rates—are likely to unfold over time.

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 acknowledge current negotiations and encourage parties to agree to a comprehensive, just, and lasting peace in Ukraine, in line with the UN Charter. We urge all parties to fully adhere to international humanitarian law and support ongoing international efforts towards a resumption of the ceasefire in Gaza. We emphasize the need for global cooperation to address our shared challenges and to safeguard global peace and security.

Meanwhile, persistent inflation pressures in some economies and elevated public debt burdens are narrowing policy space. The compounded impact of these developments poses a significant risk to global macroeconomic stability, particularly for low-income and highly trade-dependent economies. Increasing debt distress, weak productivity growth, continued vulnerability to the effects of climate change and risks of natural disasters, and demographic headwinds continue to weigh on long-term potential, while divergence in growth paths across countries risks reversing decades of gradual convergence.

POLICY RESPONSE

Policymakers are navigating an exceptionally complex environment shaped by elevated global uncertainty, narrowing policy space with growing debt burdens, and deep-rooted and emerging structural issues. These challenges are interacting in ways that complicate efforts to preserve macroeconomic stability, rebuild buffers, and promote inclusive growth.

The IMF's balanced policy advice—grounded in country-specific contexts—remains essential in this environment. Fiscal policy should be anchored in credible medium-term consolidation plans, while pursuing inclusive and growth-friendly adjustment paths that protect the vulnerable and enable priority investments—including in infrastructure, human capital, and climate resilience. Central banks will remain strongly committed to maintaining price stability, in line with their respective mandates, and will continue to adjust their policies in a data-dependent manner and with clear communication. Continued vigilance over the financial system is needed to preserve financial stability, consistent with many central bank's mandates, and essential to mitigate market volatility and spillovers from tightening global financial conditions.

Recent tariff actions and rising economic fragmentation underscore the importance of the IMF's role in fostering open global dialogue and supporting a rules-based multilateral framework. Most economies remain heavily reliant on expanding and predictable global trade flows, which continue to underpin economic prosperity—particularly countries in the Asia and the Pacific constituency.

Structural reforms remain crucial to boosting productivity, expanding labor force participation, and improving resource allocation efficiency. Equally important will be leveraging transformative forces—such as digitalization, including artificial intelligence, energy transition, and demographic shifts—to revitalize growth prospects. As the Fund's analytical work highlights, population aging can present opportunities, which policymakers can harness through targeted labor market and health policies. At the same time, we recognize that maintaining financial integrity alongside the leveraging of digitalization for inclusive growth requires a managed and balanced approach to safeguard financial systems. For the smaller members of our constituency, the impacts of climate change are already clearly present, and are building. Coordinated global efforts are urgently needed to provide small developing countries with access to reliable climate change adaptation advice and financing. We also stress the importance of ensuring debt sustainability, particularly for vulnerable economies, and welcome efforts to enhance the international debt resolution framework.

ROLE OF THE IMF IN SUPPORTING MEMBERS

The IMF continues to play a critical role in helping members navigate a volatile global environment shaped by policy uncertainty, geo-economic fragmentation, and far-reaching structural transformation. We welcome the Fund's ongoing efforts to deliver high-quality and responsive support across its core mandates. Capacity development (CD) remains particularly important for low-income and small developing members, where limited institutional capacity continues to constrain effective policy implementation. The Fund's progress in scaling up CD delivery—particularly through better integration with surveillance and program work—is commendable. Ongoing 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 important opportunity to strengthen the Fund's engagement by ensuring its advice is practical, well-prioritized, and tailored to diverse country contexts, while supporting durable reform strategies that are socially sustainable. In particular, we urge that they fully reflect the needs of small developing states (SDS), including many in our constituency, which face unique capacity constraints, limited access to global markets, disproportionate exposure to a fragmented trade landscape, and heightened vulnerability to climate shocks.

Deepening the Fund's analysis of trade fragmentation and its long-term spillovers—including through future flagship reports and planned analytical work—remains a key institutional priority, informing both multilateral dialogue and domestic policymaking. We welcome ongoing efforts to enhance the debt sustainability framework for low-income countries, which is essential for sound program design and restoring market access. Continued collaboration with the World Bank and other stakeholders will be key to strengthening the framework's operational relevance and transparency. In parallel, the review of the Financial Sector Assessment Program (FSAP) provides an opportunity to ensure that the FSAP remains fit for purpose amid ongoing structural transformation and heightened uncertainty that are reshaping financial market dynamics, thereby strengthening the Fund's ability to detect and respond to evolving financial stability risks. The smaller members of our constituency will also be looking to the Fund for advice on how to manage financial sector risks that arise from their ongoing vulnerability to climate events and natural disasters.

We also emphasize 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 sized GFSN. In particular, SDS face challenges in accessing IMF resources 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 its members is essential.

We remain strongly committed to ensuring a strong and robust Fund governance. Implementation of the agreed outcomes of the 16th General Review of Quotas (GRQ) should be pursued in a timely manner. This will help ensure a strong, quota-based, and adequately resourced IMF at the center of the GFSN. We support members' quota shares better reflecting their position in the world economy and encourage the membership to support work to identify options for a quota formula that can guide a realignment to successfully conclude the 17th GRQ. An important supporting principle will be protecting the quota shares of PRGT-eligible and small developing members.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-6

Statement by Mr. Lombard
France

Fifty-First International Monetary and Financial Committee – Washington DC, 24-25 April 2025

Statement by Eric LOMBARD, Minister of Economy, Finance, Industrial and Digital Sovereignty, FRANCE

Today's world is changing quickly, and economic fragmentation is accelerating, amid a high level of uncertainty. A rules-based multilateral system continues to be the most effective means to govern global relations in a way that benefits all and promotes global prosperity.

The global economy has faced multiple shocks in recent years, recalling the importance of sound policies to build up resilience. It continued to grow at a steady but still subdued and uneven pace in 2024, with many developing countries having difficulty to catch up.

Introduction and announcements of new tariffs are already weighing on economic growth, they increase uncertainty to an unprecedented level and add new downside risks, particularly affecting the most vulnerable economies. Tariffs primarily hurt the country that imposes them, weighing on jobs, inflation and economic growth. Tariffs will not resolve global imbalances, which are mainly the result of domestic, macroeconomic and structural factors. France, together with its European partners, remains committed to an open, rules-based and predictable global trading system that benefits all partners and call for actions to reduce overcapacities and unfair competition fuelled by non-market practices. We will continue to seek to forge positive agendas, including on trade, with all our partners.

New trends and challenges are affecting our economies and we need to implement strong and growth-enhancing policies in order to boost productivity, while rebuilding fiscal buffers. Public investment is needed to drive innovation and harvest the benefit from new technologies such as artificial intelligence. Those much-needed public investments need to be undertaken in a manner that safeguards debt sustainability, hence the critical need to create fiscal space through growth-friendly fiscal consolidation. Consolidation efforts should be targeted, gradual and realistic, while countries that do have fiscal space use it to address pressing spending needs.

Climate change remains a pressing issue, for advanced, emerging and developing economies alike. Extreme weather events have multiplied, affecting vulnerable population foremost, slowing infrastructure development and reducing total factor productivity. There is no doubt about the macro-critical nature of climate change: we have no choice than to pursue our mitigation and adaptation efforts. A coordinated green transition is an opportunity to strengthen growth on medium and long term, besides safeguarding our environment and ensuring global resilience.

In this context, international coordination and multilateralism need to be strengthened. The IMF has a key role to play, as an objective and neutral advisor, anchored by its near-universal membership and extensive knowledge acquired through bilateral and multilateral surveillance.

While the global economy is evolving rapidly and the world order is reshaping, the IMF must remain a strong international institution, fit for purpose and responding to its membership needs. In this context, we look forward to strategic discussion on long term IMF's priorities on surveillance, lending and capacity, including through the Bretton Woods at 80 initiative launched by IMF and WBG.

The Fund's ability and readiness to continue working on all issues decisive for macroeconomic and financial stability will be essential to help its members navigate through changing circumstances, as a trusted adviser. France reaffirms its support to the Fund's work and recommendations on trade and industrial policies, excessive external macro-imbalances, and financial risks, with the aim of ensuring global stability. The IMF also brings value-added by adapting its surveillance and economic recommendations to each country's situation. In this regard, the IMF must continue the mainstreaming of all macro-critical topics in its work, which encompasses climate change, demographics and AI. The comprehensive surveillance review will be a key opportunity to advance this ongoing work, while continuing prioritization efforts.

As we enter a more shock-prone world, the Fund needs to place greater emphasis on how to better prevent crises and respond faster to balance of payments issues when they materialize. One key aspect of this agenda should be to make the global financial safety net (GFSN) more efficient, with proper coordination of the different layers, while filling the gaps to maximize coverage and proper allocation of financing. We believe the IMF has a central role to play in this regard, including in supporting the development of regional financing arrangements (RFA) in regions currently uncovered while continuing to deepen cooperation with existing RFA. Developing the precautionary layers of the GFSN should also be a priority, to help prevent crisis and speed up the response when they materialize. IMF precautionary facilities should be better promoted, including in low-income countries, with a twin objective of, on the one hand, reducing the need for self-insurance and allowing for the immediate provision of liquidity as appropriate when a crisis materializes, and, on the other hand, strengthening the traction of Fund's advice by creative incentives for continued reforms implementation beyond the end of a successful program. To that end, the review of the Short-term Liquidity Line can be a first step, but a broader discussion on the GFSN would be needed, including more ambitious reforms to the framework for the Fund's precautionary instruments.

The Fund also needs to reflect on ways to further enhance its support to the implementation of critical reforms for macro-financial stability, as more long-lasting reforms will be essential to reduce the frequency of crises. There is room to enhance the sustainability of program's reforms over time and France looks forward to the review of Program Design and Conditionality to further delve into this issue. In particular, we see merit in exploring how to generate long-lasting results in domestic revenue mobilization and better safeguard social spending over the course of fiscal adjustments. Better anticipating obstacles to reform will also be needed by refining the Fund's analysis of political economy challenges, including by leveraging more surveillance ahead of program requests and through more presence in borrowing countries. The work to refine the strategy for fragile and conflict-afflicted states should continue, for example by focusing more on regional disparities and security spending. France welcomes the Fund's work on capacity development.

Managing global debt vulnerabilities remains a key priority and we welcome the IMF current work on debt challenges. Although the risk of debt distress has declined since 2021, ongoing trade tensions and uncertainties may introduce new vulnerabilities that require careful monitoring and management. The current debt architecture, with the IMF and the World Bank at its centre, is well-equipped to address current and future challenges. The G20-Paris Club Common Framework for debt treatment has delivered successes, as illustrated by the cases of Tchad, Zambia and Ghana, and the recent agreement on the main parameters for Ethiopia. Treatments are moving quicker but clarity and speed of delivery have to be improved further by implementing the 2024 G20 Note on the Common Framework, Lessons learnt and Ways forward. We continue to support the 3-pillar approach of the IMF and the WB for countries whose debt is sustainable but who face liquidity pressures, and we hope to have concrete operational achievements soon. We acknowledge that the Global Sovereign Debt Roundtable is a relevant platform to facilitate common understanding among various stakeholders on global debt challenges, while noting it could be more inclusive and it is not a decision-making body nor a platform to conduct debt treatment negotiations. Considering the global debt architecture, we recall that many initiatives, tools and platforms exist to help developing countries manage their debt and could be further used, such as the World Bank Debt Management Facility (DMF), the UNCTAD Debt Management and Financial Analysis System (DMFAS), African Debt Management Program (ADMP), and the IMF Global Public Finance Partnership (GPFP). In parallel, the ongoing review of the IMF/WB Low-income Country-Debt Sustainability Framework should be the opportunity to better cater for the heterogeneity of countries in the methodology and better distinguish between liquidity and solvency risks, and between short-term and long-term risks, while also ensuring the targets for debt restructuring are set so as to give significant space to countries to absorb shocks. Work on incorporating climate risks in the LIC-DSF should also continue. On this regard, the independent Expert

Review on Debt, Nature and Climate is a welcome contribution whose recommendations should be reflected on.

France continues to support the channelling of SDRs to support vulnerable countries. Commitments to channel Special Drawing Rights (SDR) have reached USD 111.1 bn so far, beyond the 2021 political ambition, and delivery of these pledges is progressing to support the Poverty Reduction and Growth Trust and the Resilience and Sustainability Trust. To go even further, the Executive Board took earlier, in May 2024, the decision to authorize the use of SDR by IMF members for the acquisition of hybrid capital instruments issued by prescribed holders such as MDBs. France invites all countries that are willing and legally able to do so to explore channelling Special Drawing Rights (SDRs) through MDBs, in order to strengthen MDB´s financial capacity and provide additional support to vulnerable countries. France is ready to contribute, in line with its legal framework, notably through participating in the liquidity guarantee proposed by African Development Bank and Inter-American Development Bank.

We continue to be firmly committed to a strong, quota-based and adequately resourced IMF at the centre of the Global Financial Safety Net (GFSN). France welcomes the conclusion of the IMF's 16th General Review of Quotas which will maintain the Fund's current resource envelope and strengthen the quota-based nature of the Fund. France has finalised its domestic procedures and provided national consent to the respective quota increases and New Arrangements to Borrow (NAB) rollback, as well as signed the temporary extension of its Bilateral Borrowing Agreement (BBA). France will continue to work constructively on possible approaches for guiding an IMF quota share realignment, as agreed in the IMFC Chair's Statement in October 2024, under the 17th General Review of Quotas. A realignment in quotas must be conditional to a fair burden sharing among all major advanced economies and the protection of the quota shares of the poorest members. Moreover, a higher level of representation must, as matter of principle, lead to more responsibility in the multilateral system.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-7

Statement by Mr. Houngbo
International Labour Organization

Statement by Mr Gilbert F. Houngbo, Director-General, International Labour Organization, to the IMF International Monetary and Financial Committee and to the joint World Bank-IMF Development Committee

Decent Work: An Integrated Approach on the Path to Prosperity

Washington D.C., April 25, 2025

Executive Summary

- The ILO welcomes the Spring Meeting's focus on "Jobs - The Path to Prosperity," The focus is especially urgent given current decent work deficits and the need to create opportunities for 1.2 billion young people entering the workforce in coming decades.
- The focus is deeply aligned with the ILO's core mission. For the ILO, a focus on jobs is a focus on decent work. Our approach is an integrated one, in which jobs, rights, and growth are understood to be mutually reinforcing, rather than competing, priorities. Quality employment that respects labour rights and provides social protection is essential to achieve the Sustainable Development Goals, including the IMFC's focus on poverty reduction.
- An integrated approach includes monetary policies that consider employment outcomes alongside inflation, fiscal policies targeting sectors with high decent work potential, and strong labour standards and social protection systems as economic stabilizers.
- Persistent decent work deficits include high informality (three of five workers globally), slowing productivity growth, wages below productivity levels, and high youth unemployment (12.6%) - nearly triple the adult rate. The global jobs gap affects 402.4 million people with significant gender disparities, as women face a gap rate 4.5 percentage points higher than men. These structural challenges contribute to falling labour income share, increased inequality and reduced contributory revenues for social protection.
- The integrated approach to jobs, rights, and growth is especially crucial in today's turbulent economic environment, where monetary policy, fiscal policy, and sectoral policy must navigate significant uncertainties. International coordination and inclusive multilateralism are essential. In it, the ILO has a distinctive voice, rooted in its constitutional values: that social justice is the foundation of universal peace, that labour is not a commodity, and that social dialogue enables sustainable solutions to emerge.
- This approach is exemplified by the Global Coalition for Social Justice, established by the ILO in 2023. The Global Coalition brings together over 300 partners—including more than 80 governments and 40 international organizations—to create a collaborative space for action that balances economic, social, and environmental dimensions while addressing inequalities and poverty. It encompasses ILO collaborations with financial institutions, including ILO-IMF partnerships on social protection financing, and ILO-IFC cooperation to integrate labour standards into investment decisions. Future collaborations stand to enhance debt sustainability, trade relationships, and financing for climate adaptation to expand prospects for decent work.
- The global economy is at a critical juncture. This moment requires decisive action to make an integrated approach to job creation an explicit target. By re-centering social justice as the raison d'être of economic policy - through strengthened international cooperation, integrated policy frameworks promoting the growth, rights and jobs nexus, and inclusive governance - we can secure decent work as the path to prosperity.

Decent work: Reclaiming a path to prosperity

I am encouraged to witness the international financial community placing jobs at the centre of the development agenda with the theme of this year's Spring Meetings—"Jobs - The Path to Prosperity". Since the ILO was founded in 1919, we have championed our constitutional principle that there can be no lasting peace without social justice. Social justice must be built on quality employment opportunities – that is, decent work for all. Yet today, our world is filled with persistent decent work deficits. Among them is the virtual absence of social protection for workers in the informal economy. Compounding these deficits are deep structural vulnerabilities—such as stalled structural transformation, growing spatial inequalities, and weak productivity growth—that continue to prevent broad-based access to quality employment, particularly in low- and middle-income countries. We also face an enormous challenge to create opportunities for the 1.2 billion young people expected to enter the workforce in the coming decades. Briefly put, the connection between quality employment and prosperity can hardly be more evident or more urgent.

For the ILO, employment is not merely an outcome of economic growth. Employment is itself a fundamental driver of growth. Decent work – work in dignity, with voice and with rights - is also a fundamental purpose of economic growth. In other words, there is a mutually reinforcing relationship between quality jobs, rights and economic growth. There is also a tremendous opportunity to build economies that work for people. Through global cooperation, we can collectively build a future of work that reclaims a path toward shared prosperity.

Growing policy uncertainty clouds our economic and social outlook

Focusing our shared missions on creating decent work is critical during these uncertain times. While the IMF had projected economic growth to remain stable at 3.3 percent in 2025 and 2026 (IMF, 2025), the global outlook is increasingly put in doubt by mounting threats to economic stability. Economic policy uncertainty has surged to new heights, particularly regarding trade, monetary and fiscal policies.[1]

While the global unemployment rate was predicted to remain stable at 5 percent in 2025, the uncertain economic environment directly, and negatively, affects labour market by constraining business investment. Historical evidence suggests that during periods of high uncertainty, businesses typically delay expansion plans and hiring, which can slow employment and wage growth even in otherwise favourable macroeconomic conditions. Beyond quantity measures, uncertainty also undermines job quality, as employers become reluctant to invest in workplace improvements, skills development, and other benefits that enhance working conditions. What results is a compounding effect that disproportionately harms already vulnerable workers.

The international dimensions of policy uncertainty further intensify labour market challenges. Trade has historically served as a powerful engine for economic growth. When combined with dedicated social and industrial policies, it has supported job creation. Increasingly, multilateral and bilateral trade agreements have also incorporated robust labour provisions and innovative monitoring, cooperation and dispute settlement mechanisms, alongside, social dialogue frameworks that ensure workers' and employers' voices shape trade governance. These initiatives complement domestic policies that strengthen social protection and inclusive labour market institutions.[2] The ILO Declaration on Social Justice for a Fair Globalization recognizes the importance of well-designed trade and financial market policies to support employment creation. Shifts in trade policies can lead to complex and uneven impacts across economic sectors, skill levels, and regions. ILO research shows that when trade patterns change, resource reallocation reverberates across global supply chains, with both job creation and displacement effects that vary across industries. Workers with limited geographic or occupational mobility face particular challenges during these

[1] IMF 2025. World Economic Outlook Update, January 2025.

[2] ILO 2023. Integrating Trade and Decent Work: Volume II, November 2023

transitions.[3] Moreover, this international transmission of economic uncertainty, which can affect inflation, interest rates and exchange rates, can limit fiscal space in developing economies, which in turn constrains their ability to invest in quality job creation and social protection. These challenges are particularly acute for the 70 countries already at risk of debt distress, and of which 43 of them are at high risk of or already in debt distress.

This troublesome outlook does not bode well for the persistent decent work deficits that continue to exist. Three out of five workers across the globe are informal, productivity growth continues to decelerate in most regions, and since 2020, real wages remain below labour productivity levels. Youth are disproportionately affected, with unemployment at 12.6 percent—nearly triple the adult rate—while 20.4 percent of young people are not in employment, education, or training, with a stark gender disparity (28.2 percent of young women compared with 13.1 percent for young men). The global jobs gap extends to 402.4 million people and also exhibits clear gender bias, with women facing a jobs gap rate nearly 4.5 percentage points higher than men. Against this backdrop of structural challenges, aggregate productivity figures show low-income countries experiencing pronounced losses, upper-middle-income countries facing a slowdown from historically higher rates, and high-income regions struggling to translate technological advances into productivity gains. The widening gap between productivity and wages—reaching 14.2 percentage points between 1999 and 2024 in advanced economies—has contributed to a persistent fall in the labour share of income and increased inequality, while reducing contributory revenues for social protection.[4]

The jobs, rights and growth framework and policy actions

The mutually reinforcing nature of jobs, rights and growth

Too often, policymakers have viewed employment generation, rights protection, and economic growth as separate or even competing priorities, requiring difficult trade-offs. This fragmented perspective has led to policy approaches that ultimately undermine progress across all three dimensions.

The ILO's data demonstrates that fostering decent work –jobs that respect labour rights, give access to social protection and pay a living wage—is central to development. In other words, decent work serves as the crucial nexus connecting economic performance with social progress. Countries with strong labour market institutions and comprehensive social protection systems[5] have consistently demonstrated resilience to economic shocks, including those related to trade and policy uncertainty. And looking beyond immediate challenges, this integration becomes particularly critical in navigating transformative changes in technology, demographics, and climate that will profoundly reshape our economies.

Recognizing the critical synergies between job creation, rights and growth has significant practical implications for policy design. When they are understood as complementary rather than competing objectives, policy formulation shifts from narrow single-domain interventions to integrated approaches that advance all three elements simultaneously. This complementarity provides a foundation for addressing the complex challenges of policy uncertainty, trade tensions, and fiscal constraints that we face today.

Integrated policy framework: Harnessing the Quality Jobs-Growth nexus

Quality Jobs and economic growth form a mutually reinforcing nexus, not competing priorities. Economic growth is essential for ensuring more and better jobs, while quality employment generates positive externalities for the economy through increased consumer demand, expanded tax revenues, and enhanced human capabilities. When workers receive wages proportionate to their productivity contributions and sufficient to meet their basic needs, they spur a virtuous circle between quality jobs and sustained economic development. Conversely, labor market segmentation, stark inequalities, and

[3] ILO 2023. Integrating Trade and Decent Work: Volume I, November 2023

[4] ILO 2025. World Employment and Social Outlook, January 2025

[5] Cardoso et al. 2023. The multiplier effects of government expenditure: A multi-country study, August 2023

concentration of economic power undermine both social cohesion and economic vitality, as they lead to underinvestment in human capital, reduced aggregate demand, and slower productivity growth. This integrated perspective on jobs and growth provides a foundation for the policy approaches outlined below, which aim to strengthen these crucial linkages while enhancing both immediate resilience and long-term prosperity.

Monetary and fiscal policies must evolve to recognize employment outcomes as key objectives alongside macroeconomic stability. Central banks can better calibrate policy adjustments by weighing labour market impacts alongside price stability, minimizing employment disruptions while maintaining credibility in inflation management.[6]This is particularly critical during periods of policy uncertainty and trade disruptions. Similarly, fiscal policies should adopt counter-cyclical approaches focused on quality employment generation, even amid consolidation pressures. Despite diminishing fiscal space in many economies, preserving expenditures for employment-oriented investments and social protection represents a prudent strategy supporting both immediate resilience and long-term growth.

Strategic sectoral investments become increasingly critical in environments of policy uncertainty and economic volatility. While some sectors may contract due to global economic shifts, others offer high resilience and strong employment potential. Investments in the green economy, care services, education, and foundational digital infrastructure not only respond to long-term societal needs but also provide insulation from external economic shocks, as these sectors tend to be less affected by global market fluctuations or supply chain disruptions. Targeted approaches maximize the jobs and growth returns on limited public resources while catalysing complementary private investments that spur decent job creation. The evidence increasingly demonstrates that well-designed public investments in renewable energy, digital infrastructure, and care services generate significant employment multipliers. They also address critical development challenges, making them necessary even in countries facing fiscal constraints. [7]

Social protection and labour rights as economic stabilizers

Labour rights are part of the integrated framework and part of the ILO's core mandate. ILO research establishes that the effective implementation of labour standards and rights such as fundamental principles and rights at work – namely, the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; the elimination of discrimination in respect of employment and occupation and a safe and healthy working environment - alongside universal social protection systems represent not merely a social imperative but a macroeconomic necessity. In particular, freedom of association and collective bargaining rights would reduce wage inequality by up to 3.6 percentage points while creating positive spillovers for non-union members and broader labour market stability. ILO research also shows that strong labour rights do not adversely affect exports of labour-intensive industries, and indeed, are associated with higher exports in other industries. [8] These rights enable more effective worker voice, which helps to ease labour market disruptions resulting from trade adjustments and technical change. As such, a rights-based framework functions as an economic stabilizer that supports aggregate demand, facilitates necessary restructuring and adjustments, and enhances overall economic resilience.

Social protection systems similarly generate substantial economic returns through their automatic stabilization effects. Economic multipliers are estimated at 1.5 after 2.5 years.[9] These systems maintain consumption during downturns, prevent poverty, reduce inequality, and provide crucial income security for workers navigating increasingly volatile labour markets. For the approximately 70 countries facing debt

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[6] Epstein, G. 2009, Rethinking Monetary and Financial Policy: Practical suggestions or monitoring financial stability while generating employment and policy reduction, ILO Employment Working Paper No. 37

[7] ILO 2019, Skills for a Greener Future: A Global View

[8] Kucera and Sari 2022, Chapter 2: Globalization and freedom of association and collective bargaining rights, Handbook on globalization and labour standards

[9] Cardoso et al. 2023. The multiplier effects of government expenditure: A multi-country study, August 2023

distress as referenced earlier, investments in rights-based social protection can help break the cycle of economic vulnerability by establishing minimum floors of economic security that support both individual resilience and macroeconomic stability. By recognizing these economic functions of rights-based social protection, policymakers can strengthen the crucial connections between social justice and economic growth that underpin this integrated approach.

Global Coalition for Social Justice and inclusive multilateralism

The challenges of policy uncertainty, economic volatility, and fiscal constraints transcend national boundaries and require coordinated multilateral responses. The Global Coalition for Social Justice, established by the ILO in 2023, creates a collaborative space for action, dialogue, and advocacy in which partners shape opportunities for concrete actions and tangible outcomes. With more than 300 partners—including over 80 governments and more than 40 international and regional organizations—the Coalition aims to achieve a greater balance between economic, social, and environmental dimensions of sustainable development, while significantly reducing inequalities and poverty worldwide. It offers a framework for inclusive multilateralism, enabling an integrated approach to jobs, rights, and growth to flourish, and ensuring that all countries can implement policies that advance decent work and social justice.

Successful collaboration between the ILO and international financial institutions demonstrates how coordinated approaches can advance coherent policy frameworks that support quality employment creation while addressing macroeconomic stability. Since 2019, the ILO and IMF have deepened their partnership on sustainable financing for social protection, with joint work conducted in nine countries, including Comoros, Morocco, and Thailand. This collaboration is cross-fertilizing dialogue between ILO and IMF member countries and authorities, resulting in more coherent policy advice to governments on how to expand fiscal space for critical social investments. Similarly, cooperation between the ILO and World Bank through the Multistakeholder Engagement to implement the Global Accelerator on Jobs and Social Protection (M-GA) is reinforcing social protection systems while enhancing employment policies, including for informal workers and micro-enterprises. The current ILO-IFC collaboration on social safeguards exemplifies how rights can effectively be integrated into financial operations and investment decisions. A dedicated working group established in 2024is aligning IFC Performance Standards with ILO fundamental Conventions, to operationalize them for investment operations. This collaboration goes further, to cover country-level implementation through capacity building and technical support. The rights-based approach to investment directly supports the integrated vision.   In other words, it embeds labour standards within growth-oriented financing, which creates decent job opportunities.

International collaboration will be central to addressing other challenges, too. From debt sustainability that preserves fiscal space to investing in quality jobs and social protection, to trade and investment frameworks that incorporate decent work principles, and integrated financing strategies to support climate adaptation or digital transformation, coordination can significantly enhance countries' ability to navigate current uncertainties, while building more resilient labour markets. We have a responsibility in the community of international organizations to foster policy coherence, to transform regulatory challenges into opportunities to sustainable development.

Conclusion: advancing shared prosperity through decent jobs

The global economy stands at a critical juncture, and the moment for decisive action is now. As World Bank President Ajay Banga has recently emphasized, "key to our approach is making job creation an explicit target"[10] because quality employment strengthens global stability by addressing fundamental socioeconomic challenges. This convergence of focus on jobs between international financial institutions

[10] Banga 2025, Development is how we compete, grow and stay secure, April 2025

and the ILO's longstanding commitment to decent work creates unprecedented opportunities for coordinated action.

Beyond current challenges and policy uncertainties, we also confront multiple transformative changes—technological, demographic, and environmental—that will profoundly reshape our economies and labour markets. These transformations carry both promise and peril. For example, the digital revolution and green transition offer opportunities for productivity growth and quality job creation, yet without proper governance frameworks, they risk exacerbating inequalities and decent work deficits. By directing our policies towards the creation of decent jobs, we can better support the creation of sound labour markets that are a source of inclusiveness rather than polarization.

The ILO's integrated approach—linking jobs, rights, and growth—provides a framework for addressing these challenges into the future. Through the Global Coalition for Social Justice, strategic partnerships with international financial institutions, and technical assistance at the country level, the ILO is actively supporting constituents to design and implement policies that place decent work at the centre of economic and social development. By leveraging our tripartite structure, normative framework, and technical expertise, we can help countries navigate uncertainty while advancing toward inclusive and sustainable prosperity. Together, we can build truly integrated approaches that deliver on the promise of jobs as the path to prosperity. By recommitting to social justice as the cornerstone of economic policy, we can establish decent work as the path to prosperity for all.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-8

Statement by Mr. Kganyago
South Africa

On behalf of
Angola, Botswana, Union of the Comoros, Kingdom of Eswatini, Kingdom of Lesotho, Republic of Madagascar, Malawi, Mauritius, Republic of Mozambique, Namibia, South Africa, United Republic of Tanzania, Zambia, and Zimbabwe

International Monetary Fund Africa Group 1 Constituency (AfG1)
International Monetary and Financial Committee
Fifty-first Meeting
April 25, 2025

Statement by Honorable Lesetja Kganyago, Governor of the South African Reserve Bank
On behalf of Angola, Botswana, Comoros, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Tanzania, Zambia, and Zimbabwe

The global economy has entered a fundamentally new conjuncture, with risks firmly tilted to the downside, threatening stability and resilience previously demonstrated, and the economic recovery from the aftermath of the 2020 crisis. Growth momentum is slowing across advanced and emerging markets alike, as heightened uncertainty and policy unpredictability reshape trade and capital flows, weakening the outlook. This conjuncture poses a risk to the current disinflation trajectory, with varying impact across economies. As many economies face significant challenges emanating from heighted uncertainty and volatility, targeted policy measures to build resilience, effectively implementing progressive and adaptive structural reforms to rejuvenate growth and promoting stronger regional trade cooperation have become urgent.

We are deeply concerned about the developments in trade policies, including the newly imposed trade tariffs, which further threaten the stability of the global economy and outlook. These actions risk undoing years of progress in poverty reduction, as well as sustainable, balanced and inclusive growth. For Sub-Saharan Africa (SSA), the consequences thereof, such as tighter financial conditions and volatile currencies, would have a disproportional impact, further exacerbating existing vulnerabilities. We are also concerned by the extent to which the current developments and spillover effects, threaten the existing regional trading block arrangement, such as the African Growth and Opportunity Act (AGOA). Furthermore, as economies are seeking new trading markets, we are concerned about the unintended consequences of flooding smaller markets and thereby affecting local industries. We urge the Fund to leverage its convening power and near-universal membership, to advocate for a rules-based, fair, open, inclusive, equitable, sustainable, and transparent multilateral trading system with the World Trade Organization (WTO) at its core. We call for guidance from the Early Warning Trade Tools and the New Industrial Policy Observatory by the Fund, in collaboration with Global Trade Alert.

Growth in Sub-Saharan Africa has been revised down significantly, reflecting the cumulative impact of past shocks and rising trade fragmentation. The persistent low-growth, high-debt conundrum experienced by some countries also presents severe challenges and undermines the long-term economic resilience in a region that continues to grapple with eroded fiscal buffers, structural weaknesses, underdeveloped infrastructure, and vulnerabilities to climate shocks – all of which hinder its capacity to recover strongly and converge towards global income levels. Furthermore, the renewed capital flow volatility and tightening of financial conditions are set to exacerbate the heavy debt burden, while limited market access remains a challenge. As inflation remains elevated in many economies, with downside risks emanating from currency pressures and volatile capital flows, we support the call for central banks to remain vigilant, adjusting policies based on evolving evidence while managing spillovers, to ensure price stability and that the inflation expectations remain anchored. We value the IMF's tailored guidance under the Integrated Policy Framework (IPF) to navigate exchange rate volatility and welcome the emphasis on credible medium-term fiscal frameworks to rebuild buffers, support consolidation, and safeguard debt sustainability.

Debt vulnerabilities in SSA remain a challenge safeguarding macroeconomic and financial stability. Strengthening debt restructuring mechanisms, including through the Common Framework (CF) and the Global Sovereign Debt Roundtable (GSDR), as well as the adoption of a comprehensive three-pillar approach, are particularly relevant in SSA, where financing constraints are rising. We welcome progress made under these frameworks. We continue to call for an efficient debt restructuring processes, broader private-creditor participation, transparent, timely, and orderly crisis resolution mechanisms to support countries undergoing debt treatment. The LIC Debt Sustainability Framework (LIC-DSF) is still essential for managing debt in low-income countries, and we encourage the continuity of this initiative. We welcome the emphasis on enhancing credible medium-term fiscal frameworks to rebuild buffers, support consolidation, and ensuring debt sustainability.

The resilience of the global financial system has also been disrupted by emerging risks, which disproportionately impact the SSA region. To this end, we call for enhanced vigilance in supervision to mitigate macro-financial stability risks. We believe that timely adoption of macroprudential measures is essential to address interconnected risks within the financial system, specifically those stemming from the growing role of Non-Bank Financial Institutions (NBFIs) and increased adoption of Artificial Intelligence (AI). We look forward to the upcoming Comprehensive Surveillance Review (CSR) as a crucial step in enhancing the IMF's capacity to deliver timely, even-handed, targeted, and impactful policy advice through deeper analysis of macro-financial risks, structural challenges, and global spillovers. We concur that continued efforts to address remaining Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) deficiencies remain vital for financial integrity.

Steadfast implementation of targeted structural reforms is essential to boost productivity and strengthen the foundations for durable and inclusive growth. We attach a high premium on ambitious and well-designed structural reforms to lift productivity and ensure inclusive and durable growth in SSA. To this end, specific attention should be directed towards harnessing the benefits of digitization, improving the business climate, reducing poverty and inequality, and building climate resilient economies. Labor market reforms, including policies promoting healthy aging, education, and job creation, are crucial for extending working lives and achieving Sustainable Development Goals (SDGs). That said, domestic efforts alone are insufficient, and we call for multilateral cooperation to ensure timely conclusion of debt treatments where needed, concessional financing, and adequate investment to advance the SDGs and successfully navigate demographic changes. We gladly note that the Fund has been emphasizing the importance of private sector-led growth as a driver of sustainable economic development and commend the establishment of an Advisory Council on Entrepreneurship and Growth to explore ways to enhance private sector contributions to economic progress.

We endorse the Global Policy Agenda as a vital roadmap that strengthens the IMF's mandate and commitment to anchor stability amid a precarious global environment. We **commend** the GPA for its **timely and focused approach** in refocusing efforts to address the complex challenges facing the global economy**.** The GPA's emphasis on leveraging technological advancements, energy transitions, and demographic shifts to drive growth and stability are crucial. We welcome the Fund's commitment to sharpening surveillance through the CSR and the Review of Financial Sector Assessment Programs (FSAP). We applaud the IMF's prioritization of low-income countries (LICs), fragile and conflict-affected states (FCS), and small states in the GPA, indicating a meaningful step toward more inclusive, targeted and context-specific support. Furthermore, we support the focus on tailored capacity development, particularly on domestic resource mobilization, spending efficiencies and structural reforms.

We welcome the Fund's ongoing efforts to enhance its lending toolkit, ensuring effective support for its members while safeguarding the resources. We applaud the 2024 enhancement of General Resources Account (GRA) access limits, offsetting erosion since the last review in 2016. While commending the Fund's recent review of GRA charges and surcharges, we see potential for further reducing GRA borrowing costs to ease financial strain on countries accessing non-concessional resources, given the targeted precautionary balances and expected income stream. We look forward to the upcoming reviews of Program Design and Conditionality of the Resilience and Sustainability Trust (RST), which play a key role in ensuring that Fund-supported programs are better tailored to address macroeconomic imbalances and systemic shocks. We applaud the full implementation of the Poverty Reduction and Growth Trust (PRGT) reforms to provide stronger support for LICs. To enhance the Fund's capacity to respond to natural disasters, we reiterate our call for the replenishment of the Catastrophe Containment and Relief Trust (CCRT).

We also call for intensified and agile support to countries affected by climate change. We welcome efforts to expand the use of the RST and look forward to heightened support under the IMF and World Bank Enhanced Climate Initiatives. Furthermore, we support the partnership with the World Bank to develop efficient carbon markets to unlock climate financing from the private sector. We urge multilateral cooperation to mobilize additional, affordable climate finance, promote best practices, and enhance climate governance, while ensuring ongoing support through finance, technology transfer, and capacity building.

We reiterate our commitment to a strong, quota-based, and adequately resourced IMF at the center of the global financial safety net (GFSN). We call on member countries to expedite their domestic processes to implement the quota increases under the 16th GRQ. We however acknowledge the urgency and importance of realigning quota shares to better reflect members' relative positions in the world economy, while protecting the quota shares of the poorest members. In this regard, we take note of the Diriyah Declaration, which calls on the IMF Executive Board to develop by the 2026 Spring Meetings, a set of principles to guide future discussions on IMF governance. We urge that this does not compromise or delay the IMF Executive Board's ongoing work on developing by June 2025, possible approaches for further quota realignment under the 17th General Review of Quota (GRQ). We support the commitment by the IMF to strengthen the coordination across GFSN layers, working closely with Regional Financing Arrangements (RFAs).

Finally, we acknowledge the progress made in Diversity and Inclusion (D&I) but urge for continued efforts to enhance gender and geographical diversity among Fund staff. We commend the improvement in gender diversity in the IMF Executive Board and urge members to progress in this area to reach gender parity in subsequent elections. That said, we reiterate our call for enhanced recruitment and representation of the SSA economies across the career ladder. We welcome the modernization of the Fund's operations through artificial intelligence and technological advancements, while ensuring that the benefits thereof are timely and equitably distributed.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-9

Statement by Mr. Siluanov
Russian Federation

On behalf of
Russian Federation and Syrian Arab Republic

STATEMENT
by the Minister of Finance of the Russian Federation,
IMF Governor for the Russian Federation
Anton Siluanov
at the IMFC Meeting
Washington DC, April 24-25, 2025

Global Economic Outlook

The global economy stands at a critical juncture. Growth projections have been significantly downgraded. We are witnessing heightened risks to financial stability, mounting inflationary pressures, and a weakening of fiscal discipline. The outlook remains uncertain and will depend on the international community's ability to reach agreements, restore cooperation, and promote technological innovation. It is essential to safeguard the gains achieved thus far and seize new opportunities, especially in the technological sector, which have the potential to significantly boost productivity and support sustainable economic growth.

The policy space in most economies is limited and continues to face a significant pressure. Unbalanced fiscal policies, compounded by successive shocks, have led to a substantial increase in the public debt and the depletion of fiscal buffers. Tightening liquidity conditions and weakening fiscal positions could trigger new waves of instability. Urgent fiscal consolidation is needed, including through the adoption of effective fiscal rules, to enhance market confidence and strengthen resilience of the financial system. This should be accompanied by reinforced fiscal discipline. However, there is still a lack of decisive action in this direction. Such inconsistency exacerbates risks to financial markets.

Refinancing conditions for countries with high public debt levels will worsen. In many of these economies, the risk of a debt crisis is already elevated, and significant volatility in global trade and financial markets could lead to the materialization of this risk – potentially culminating in a systemic debt crisis. How did countries reach this point? The unchecked accumulation of the public debt, including with the support of international organizations, has merely postponed the resolution of underlying debt vulnerabilities. Efforts should now focus on addressing the root causes of debt crises by establishing sound fiscal discipline and implementing structural reforms.

Countries should seize the opportunities arising from technological advancement. The widespread adoption of artificial intelligence (AI) is expected to become a key driver of economic growth in the medium term. AI holds significant potential to boost productivity and income across multiple sectors, improve fiscal discipline, and help mitigate challenges related to population aging. Another important technological opportunity lies in the development of decentralized finance (DeFi), which can reduce global transaction costs and enhance the security of international financial flows. DeFi is redefining the infrastructure of traditional finance and has the potential to improve transparency, accessibility, efficiency, convenience for users, and interoperability in the delivery of financial services. The extent to which such innovations drive structural changes in employment and stimulate economic growth ultimately depends on institutional arrangements, regulatory and legal frameworks, and the ability to improve them in a timely manner. Domestic financial resources should become a key source of investment for economic transformation and achievement of technological independence.

The role of the IMF

Amid profound changes in the global economy, the need for a reliable, resilient, effective, and inclusive international monetary and financial system is becoming increasingly urgent. The core mission of the IMF is to oversee the international monetary and financial system, promote stability, and prevent crises, in accordance with its mandate set out in the Articles of Agreement. The IMF should enhance the effectiveness of both bilateral and multilateral surveillance, support member countries in strengthening institutional capacity, and continue to improve its lending toolkit.

To maintain its central role in the evolving global landscape, the IMF needs a long-term strategic vision. For the first time, the Managing Director's Global Policy Agenda has articulated medium-term priorities. However, it also reflects a number of important omissions. Key priorities for the Fund should include, among other things, supporting the development of the international financial infrastructure, expanding the use of Special Drawing Rights (SDRs), and adapting its surveillance activities to emerging sources of shocks. We call on the IMF to undertake a thorough and objective assessment of the impact of trade restrictions and sanctions on the international monetary and financial system and to develop measures to mitigate these effects.

Special attention should be given to the development of a more coherent, predictable, and accessible Global Financial Safety Net (GFSN). The fragmentation and politicization of central bank swap lines, especially in light of recent developments, undermine access to global liquidity. We support efforts to strengthen the IMF's precautionary instruments and to deepen macroeconomic research collaboration with Regional Financing Arrangements, including the BRICS Contingent Reserve Arrangement. The IMF should also safeguard Regional Financial Arrangements that form a part of the GFSN from the application of unilateral restrictive measures.

In the area of surveillance and policy advice, the IMF should focus on safeguarding financial stability and restoring fiscal sustainability. The Fund's fiscal policy recommendations should be more specific and subject to more rigorous monitoring. We call on the IMF to actively develop guidance for countries on domestic resource mobilization.

The IMF's lending toolkit needs to be strengthened. Currently, 73 percent of the Fund's financing from the General Resources Account is concentrated in just five borrowing countries, while many other vulnerable members receive insufficient support. In the volatile environment, the IMF should be prepared to provide timely assistance to all vulnerable member countries and ensure equal access to its lending instruments. A privileged or politicized approach is unacceptable; lending decisions must be made objectively and based on sound macroeconomic and financial criteria. Demand for the Fund's lending resources could increase significantly in the near term. The IMF-supported programs should combine strong commitment to economic adjustment with realistic, country-tailored measures aimed at protecting critical social spending. In some cases, the IMF can play a catalytic role in restoring market confidence during times of crisis. Demand for the Fund's precautionary financing may also increase, particularly if other channels for stabilizing the international financial system weaken.

The legitimacy and effectiveness of the IMF depend on tangible progress in ensuring fair representation of countries within its governance framework. The governance reform at the IMF entails a broad set of measures, with quota realignment being a central component. The lack of progress in this area undermines the Fund's ability to develop effective and credible policy responses. After nearly two decades of discussions with limited results, trust in the reform process is at risk. Russia was among the first countries to complete the necessary domestic procedures for the implementation of the 16th General Review of Quotas. We urge the immediate commencement of work on the 17th General Review of Quotas, which should finally deliver an increase in the voice and representation of emerging and developing economies in the IMF's governance structure.

We call on the IMF to focus its efforts on the following key areas:

- Overseeing the international monetary and financial system to ensure its stability, effective operation, and compliance by all members with their obligations under the Articles of Agreement;
- Developing policy advice for countries aimed at strengthening fiscal discipline, improving public finances, mobilizing domestic resources, and enhancing the efficiency of tax administration;
- Assisting in the establishment of a multilateral system of payments for current transactions between member countries, as well as in the elimination of foreign exchange restrictions which hamper the growth of world trade;
- Advancing the development of alternative, more efficient, and technology-driven payment platforms, and promoting the expansion of trade in national currencies;
- Analyzing the impact of trade and unilateral restrictive measures on global economic growth and the negative spillover effects on third countries, and formulating measures to mitigate these effects;
- Expanding the toolkit for precautionary financing while improving eligibility and access criteria;
- Diversifying the Fund's borrower portfolio and depoliticizing its financing decisions;
- Enhancing the use of SDRs as international reserve assets, including through pricing and settlement in international trade, the development of new SDR instruments, and the expansion of the list of prescribed SDR holders.

Developments in Russia

Against the backdrop of challenging external conditions, the Russian economy has demonstrated resilience. Following a shallow and short-lived downturn, the economy has undergone a rapid transformation, with high GDP growth rates of 4.1 percent and 4.3 percent in

2023 and 2024, respectively. In 2025, a moderate deceleration in growth is expected amid declining inflation.

The expansion of economic activity has been accompanied by job creation and rising household incomes. Over the past two years, employment has increased by more than 2 million workers, while the unemployment rate has declined to a historic low of 2.4 percent (as of January–February 2025). Due to the increase in labor incomes, growth of real disposable incomes is estimated at 7.3 percent in 2024 (6.1 percent in 2023). At the same time, investment activity remains at an elevated level (7.4 percent growth in 2024), which will contribute to the increase of productive capacity in the coming years.

The resilience of the economy and the preservation of financial stability are largely **the result of our long-term commitment to responsible economic policy**: in particular, the federal budget remains broadly balanced (the deficit does not exceed 1-2 percent of GDP), and public debt level remains stable and under control (within 15 percent of GDP).

Going forward, macroeconomic policy will continue to focus on strengthening resilience, including through sound public finances. The federal budget for 2025–2027 has been developed on the basis of maintaining a zero primary structural deficit, fully in line with the fiscal rule. This approach will help shield the economy and public finances from external shocks, reinforce the country's financial sovereignty and credibility of economic policy, and support long-term economic growth.

The Russian economy has a substantial policy space, and the effectiveness of the country's institutions of responsible fiscal and monetary policy has been proven over time.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-10

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

International Monetary and Financial Committee, April 25, 2025

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 growth outlook remains subdued, largely constrained by ongoing uncertain and substantial trade policy adjustments.** These unfavorable developments could disrupt the downward trajectory of inflation and significantly impede global income convergence. Over the medium-term, growth prospects are dampened due to weak productivity and elevated levels of public debt in many countries. Five global risk factors warrant close attention, given their potential to worsen the global outlook: high geopolitical risks and rising trade fragmentation; shifting patterns of economic growth; high interest rates and debt vulnerability; evolving trends in global financial investment; and the rapid pace of digitalization across countries.

2. **The recent adverse developments are expected to negatively affect economic outlook for members of our constituency, with declining export activity amid intensifying trade tensions and increased tariffs.** Foreign direct investment is also at risk, as multinational corporations reassess their supply chains strategies. Inflationary pressure could be mounting, driven in part by rising global price. Moreover, heightened financial market volatility, as reflected in capital flows and exchange rate fluctuations, underscores the growing uncertainty in the global economy.

3. **Implementing an optimal policy mix and pursuing synergies among policies are key in mitigating risks.** The authorities within our constituency remain vigilant in navigating this uncertain environment and are committed to developing and implementing comprehensive policies, including Foreign Exchange Intervention (FXI), Capital Flows Management (CFM), and Macroprudential Measures (MPM), aimed at safeguarding macro-financial stability while addressing long-term challenges to foster sustainable growth and enhance economic resilience.

Roles and Priorities of the Fund

4. **The Fund plays a crucial role in addressing global risks and challenges faced by its members.** The Fund should enhance its role as a trusted advisor in delivering objective and insightful policy guidance, while also serving as a platform for fostering constructive engagement and facilitating cohesive and coordinated solutions. The Fund must maintain its central position in the international monetary system and the global financial safety net (GFSN). To this end, it should continue to strengthen and refine its approach to surveillance, lending, and capacity development.

5. **The Fund, in consultation with member authorities, should improve their ability to advise the most effective policy mix to address evolving macroeconomic conditions, financial sector risks, and medium-term challenges.** While we commend the Fund's efforts to improve its surveillance policy and framework, particularly the Integrated Policy Framework (IPF), we emphasize the need for flexibility and consideration of country-specific circumstances in its implementation.

6. **With the increasing adoption of digital finance and digital forms of money, we urge the Fund to deepen its analysis of their macro-financial implications at the national, regional, and global levels.** Risks such as frauds, scams, and digital crimes are global concerns that can erode trust in the financial system. Reliance on a few third-party providers poses a single point of failure risk, threatening global financial stability. Additionally, fair infrastructure and market environments are essential for equitable access to digital finance. Policy advice should ensure that risks to financial stability from digital transformation are thoroughly assessed and mitigated, while ensuring safe and inclusive financial access. The Fund should expand its context-specific guidance to help members prudently leverage digitalization for productivity-enhancing growth and financial inclusion, while safeguarding financial stability. Efforts to raise awareness of the macro-financial implications from digital transformation should continue to support this work.

7. **Climate-related shocks pose growing macroeconomic and financial risks, especially for small developing states (SDS) and emerging market and developing economies (EMDEs).** We encourage the Fund to continue provide tailored and country-specific guidance on integrating climate risks into macro-fiscal planning and improving access to climate-related financing tools. Climate risk assessments and advisory provided by the Fund remain highly invaluable to EMDEs and low-income countries (LICs). Therefore, the Fund's continued advocacy and efforts in climate adaptation should be integrated in its policy agenda, surveillance process, support programs, and capacity development (CD). Given the IMF's central role in global economic stability, it is crucial to clarify the Fund's approach, available toolkits, and collaboration with other institutions in global climate adaptation efforts.

8. **We welcome the Fund's effort to strengthen credibility, effectiveness, and policy traction.** The completion of the 2024 review of the Transparency Policy and Open Archive Policy will facilitate timely communication of the IMF's views and publication of documents while preserving the independence and candor of staff analysis. We underscore the importance of improving access to the authorities' statements to ensure accurate and balanced representation of both staff and the authorities.

9. **We support the review of the General Resources Account (GRA) access limits, which helped maintain stability and predictability in accessing IMF resources, while safeguarding resources.** For the next GRA review, we look forward to a more thorough analysis of how these limits respond to the diverse needs of members, including whether the access limits adequately meet the specific financing requirements of SDS.

10. **We broadly support the proposed enhancements to the Debt Sustainability Framework for Low-Income Countries (LIC-DSF**), emphasizing the need for a simple, transparent, and user-friendly tool. Strengthening the framework is critical to ensuring sustainable borrowing while minimizing unnecessary risk signals and avoiding unintended impacts on borrowing costs.

11. **We emphasize the importance of providing capacity development (CD) to developing countries that are well integrated with surveillance and lending initiatives to maximize its impact.** Focusing on key areas such as public finances, monetary policy, financial systems, statistics, and macroeconomic frameworks remains crucial to help members formulate and implement sound macroeconomic and financial policies that will enhance economic resilience. Effective CD programs need a robust risk management approach, enhanced planning, and improved coordination with area departments and regional hubs. Looking ahead, demands for CD toward emerging areas such as climate, Central Bank Digital currencies, and digitalization will increase, necessitating a greater role for regional hubs in tailoring programs to specific country needs and sourcing the right expertise for targeted support.

12. **Against the backdrop of an evolving macroeconomic and financial landscape, we look forward to the upcoming policy reviews that will help shape the Fund's approach to surveillance, lending, and CD.** It is essential that these reviews integrate cross-cutting issues, such as climate considerations, and establish high-level principles emerging from the Comprehensive Surveillance Review (CSR) to enhance the Fund's engagement and ensuring its policy advice remains effective and relevant. We also welcome the 2026 Financial Sector Assessment Program (FSAP) Review, which is expected to increase the program's traction and identify future priorities as the financial system landscape evolves. Additionally, we support the Review of Program Design and Conditionality, the Review of the Short-Term Liquidity Line (SLL), and PRGT-related reviews, which will strengthen the Fund's capacity to meet members' diverse financing needs. We also support ongoing efforts to align CD priorities with the Fund's strategic goals and look forward to the proposed CD Stabilization Mechanism to support sustainable and flexible funding.

13. **Finally, we call for the swift implementation of the 16th General Review of Quotas (GRQ) to secure a stronger permanent resource base and reinforce the Fund's quota-based structure.** Given the current geopolitical divergence, we are concerned that repeated delays in governance reform and the lack of timely progress in the quota realignment pose heightened risks to the Fund's credibility and effectiveness. We urge the Fund to adopt a more proactive strategy to mitigate risks associated with the possible postponement. In parallel, the Fund should promptly initiate preparatory work for the 17th GRQ, including developing possible approaches for quota realignment, to ensure timely progress by June 2025, as agreed with the Board of Governors. This realignment is crucial to ensure a fair distribution of quota shares, considering the relative position of member countries.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-11

Statement by Mr. Al Hussaini
United Arab Emirates

On behalf of
Kingdom of Bahrain, Arab Republic of Egypt, Iraq, Jordan, Kuwait, Lebanon, Maldives, Oman, Qatar, Somalia, United Arab Emirates, and Republic of Yemen

Statement by His Excellency Mohammed bin Hadi Al Hussaini,
Minister of State for Financial Affairs for the United Arab Emirates
On Behalf of Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Maldives, Oman, Qatar, Somalia, United Arab Emirates, and Yemen
International Monetary and Financial Committee
April 2025

I. THE GLOBAL ECONOMY, THE MIDDLE EAST AND NORTH AFRICA (MENA) REGION, AND OUR CONSTITUENCY MEMBERS

1. At the outset, we remain deeply concerned about the profound humanitarian crisis and interrupted access to basic services in Gaza, as well as the worsening economic and social situation. The war in Gaza has had significant implications for the lives and future of Palestinians as well as for the peace and security of the entire region. In addition to the severe humanitarian and economic crisis in Gaza, the war is having negative economic impact particularly on neighboring countries such as Egypt, Jordan, Lebanon, and Syria. The war is also having an adverse impact on the wider MENA region and internationally due to higher insurance costs and increased maritime risks for vessels going through the Red Sea. We call on the international community to use all its influence to end this crisis. Countries in our constituency continue to exert every effort to de-escalate and create conditions for the return of stability and the achievement of lasting and sustainable peace, which will positively contribute to global stability and prosperity. We also urge the immediate mobilization of donor support and coordination mechanisms to address urgent humanitarian needs and lay the groundwork for reconstruction and economic recovery.

The Global Economy

2. **The sharp rise in protectionism and intensifying trade policy uncertainty pose significant challenges to the global economy.** [1] They compound previously projected underwhelming global activity—amidst rising debt burdens and persistent geopolitical uncertainty—and have severely weakened the growth outlook, raised risks of inflationary pressures, heightened downside risks, and amplified financial vulnerabilities. This includes a broad sell-off across asset classes, including sharp declines in equity markets and increased volatility in bond and currency markets. Rapid policy shifts in major economies, coupled with deteriorating investor sentiment, could trigger further market volatility, disruptive capital flows, and sharp exchange rate adjustments, especially in EMDEs. We are particularly concerned about low-income countries (LICs), fragile and conflict-affected states (FCS), and small developing states (SDS), as they are disproportionately vulnerable to external shocks, including the recent tariff measures.

[1] Increased trade policy uncertainty (TPU) can have substantial negative effects on the global economy. A study by the Federal Reserve found that a rise in TPU in early 2018 accounted for a decline in global GDP of about 0.8% for the first half of 2019. See https://www.federalreserve.gov/econres/notes/feds-notes/does-trade-policy-uncertainty-affect-global-economic-activity-20190904.html

Limited fiscal buffers and underdeveloped markets often constrain these countries' ability to respond to shocks.

3. **The outlook is characterized by intensifying downside risks**. These stem from escalating protectionism, ratcheting up trade war, financial instability, external volatility in emerging markets, entrenchment of price pressures, and further fiscal indiscipline. In addition, for the 53 percent of low-income developing countries and 23 percent of emerging market economies that are still at high risk of debt distress or in debt distress, servicing high debt levels may become more challenging in less favorable global financial conditions. The decrease in international development assistance could further deteriorate as a result of the ongoing tariffs shock**.** The macroeconomic consequences for aid-receiving countries would be substantial, including worsening of current account balances, decline in foreign reserves, pressure on exchange rates and prices, and lower consumption and investment.

4. **Against this background, countries should focus on safeguarding domestic stability**. Central banks' efforts should concentrate on monitoring price pressures and inflation expectations as risks evolve. Monitoring financial risks and preparing the toolkit to address severe financial instability are also essential. Amidst depleted buffers in many countries, fiscal policy needs to ensure a sustainable path and to rebuild fiscal buffers, while tackling new fiscal needs prudently and maintaining adequate social safety nets and investment spending. Structural reforms are necessary to enhance medium-term growth prospects. Policymaking needs to be mindful of policy tradeoffs in several EMDEs.

5. **Multilateral cooperation remains essential to progress on issues of common interest**. These include promoting stable trade rules, securing global peace, and addressing debt vulnerabilities.

The MENA Region

6. **While growth in the MENA region was broadly stable in 2024 at about 2%, MENA economies have been affected by the recent extraordinary rise in global uncertainty**. The main concern is the possible greater impact of high global uncertainty on economic activity and financial conditions. Growth in several MENA oil importers, including Lebanon, Palestine, Sudan, and Syria, was adversely affected by regional conflicts. Regional conflicts also spilled over to Egypt, through disruptions in the Suez Canal which affected trade and fiscal revenues, and Jordan, mainly the tourism sector. For MENA oil exporters, while the impact of regional conflicts has been relatively muted, the extension of OPEC+ voluntary production cuts have dampened activity in the oil sector. On the bright side, non-oil growth in the GCC remained robust, owing to domestic investment, as well as continued structural reforms and economic diversification efforts. At this stage, the direct impact of the announced US tariffs seems to be moderate for most MENA countries. Nonetheless, the indirect impact could be negative via the following channels: lower global growth, tighter financial conditions, and lower oil prices.

7. **We are extremely concerned that potential foreign aid cuts could have serious humanitarian and economic implications in MENA conflict-affected states**. The IMF staff work shows that total Official Development Assistance (ODA) to the MENA region has generally fallen back to pre-pandemic levels, largely reflecting a reduction in grants. At the same time, ODA plays a crucial role in providing food aid and humanitarian assistance to fragile and conflict-affected states, including Yemen and Somalia in our constituency, where many populations are facing severe food insecurity. A continued decline in ODA to these vulnerable countries could have significant humanitarian repercussions, potentially exacerbating unrest and increasing the risk of famine conditions in some areas.

8. Fiscal policy in the region continues to strive to preserve debt sustainability, build buffers, and support monetary tightening. In many countries, fiscal policy also grappled with conflict and post-conflict management. Variation in fiscal balances remain wide in 2024 between oil exporters and importers in our constituency. Oil importers in our constituency have limited fiscal space. A key vulnerability for the **LICs and FCS** in our region is their persistent lack of fiscal space to protect their vulnerable populations and the challenges associated with fragility. Many FCS also face debt sustainability constraints. In these countries, any new shocks, including reduced ODA, as mentioned above, and trade barriers, will severely affect fiscal positions, stoke social tensions and weigh further on growth. Higher-for-longer interest rates could also pressure fiscal positions, rendering debt rollovers more costly and keeping financing needs elevated.

9. **Restoring price stability remains a high priority for our policymakers.** Monetary policy generally remained tight across the region. Countries with pegs to the USD raised interest rates broadly with or following the US Federal Reserve's rate increases. As a result, inflationary pressures broadly declined across the MENA region. However, the USD has depreciated against other major world currencies (such as the Euro, British Pound, and Japanese Yen) in recent weeks, which poses a risk of imported inflation for countries that peg their currencies to the USD. At the same time, MENA countries strived to preserve central bank independence so that monetary policy can be a more effective tool to stabilize inflation.

10. **Our Constituency members are striving to strengthen resilience and growth prospects by pressing ahead with structural reforms for inclusive and resilient growth**. They are fully aware of the need to accelerate reforms to create job opportunities for female workers and the youth as unemployment in some countries remains higher than its pre-pandemic 2019 level. As part of their efforts to achieve the Sustainable Development Goals (SDGs) and their commitment to addressing global challenges, several members of our constituency are accelerating investments in AI, promoting sustainable finance, and supporting climate resilience in vulnerable nations. Against the recent developments in the global economy, our region is also keenly aware of the importance of enhancing trade diversification and fostering cross-regional integration to help reduce vulnerabilities to external shocks while attracting long-term investments.

II. OUR EXPECTATIONS FOR THE IMF

11. We welcome the Managing Director's Global Policy Agenda. We also appreciate the support of the IMF's Middle East and Central Asia and other departments to our region's needs. In the context of continued uncertainty, and given the numerous policy tradeoffs highlighted above, we look forward to the IMF's agile support to members, particularly FCSs, LICs, SDS, and middle-income countries, through tailored policy advice, timely and adequate financial support, flexible conditionality and understanding of political-economy considerations, as well as targeted capacity development. The IMF is our member countries' trusted advisor and lender of last resort; it also has an exceptional convening power. The Fund's convening power and analytical capacity are essential for preserving international cooperation in the face of fragmentation. Our priorities for the coming period are the following:

12. **We call for continued focused Fund work on trade fragmentation, exchange rate volatility and capital flows, and the spillover effects of evolving industrial policies.** It will be especially important to assess the regional impacts of trade tensions—including on the MENA region—and their implications for oil prices and the broader economies of oil-exporting countries. In this connection, we welcome that the Fund is intent on providing fact-based, tailored, and evenhanded advice to the membership. This should be underpinned by solid data and analysis. We urge the Fund to deepen its work on the macro-critical impacts of trade fragmentation and emerging geoeconomic blocs—especially the implications for supply chain resilience, energy markets, and cross-border investment flows in vulnerable regions.

13. **The Fund's policy advice on currency movements, in line with flexible implementation of the Integrated Policy Framework and the revised Institutional View on Liberalization and Management of Capital Flows, is essential**. The trade policy shock, cross-country divergences in paths to monetary policy normalization, and a more volatile US dollar outlook, could indeed be sources of renewed financial market volatility.

14. **We call on the Fund to assess the impact on member countries of the potential decrease in ODA and to suggest mitigation efforts to be coordinated by the Fund**. This includes the impact of aid-receiving countries on current accounts, the decline in foreign reserves, pressure on exchange rates and prices, and lower consumption and investment. The decrease in ODA will indeed have significant impacts on global development efforts limiting resources for health, education and poverty alleviation programs, and hindering progress towards the SDGs. We are hopeful that the upcoming Fourth International Conference on Financing for Development (FfD4) will lead to reforms in the global financial architecture, increased access to concessional financing, and increased investment in the SDGs.

15. **It is essential that the Fund's policy advice considers the difficult tradeoffs facing policymakers, especially in EMDEs**. With regards to monetary policy, nuanced advice in the context of bilateral surveillance needs to consider the tradeoffs, particularly in EMDEs, between a

tight monetary stance to anchor inflation expectations and safeguarding financial stability. Nuanced advice to Central banks also needs to be mindful of the inflation-output tradeoff, with adequate interest rate adjustments and forward guidance to influence aggregate demand and expectations, aiming for a balance that keeps inflation stable without harming unemployment or economic activity. With regards to fiscal policy, nuanced advice in the context of bilateral surveillance needs to consider the difficult tradeoffs facing policymakers in EMDEs, between protecting the vulnerable, preventing rising debt levels, and meeting development and transformational needs.

16. **Fiscal policy needs to be mindful about equality concerns**. It is essential that fiscal consolidation preserves the vulnerable, as they are critical for maintaining social cohesion. High inequality remains a concern as it can fuel social discontent; it therefore merits further attention in the Fund's multilateral surveillance work. Protecting the vulnerable from the cost-of-living crisis with targeted and temporary measures is essential. This vulnerable group now increasingly includes middle-income households, which have traditionally been a key indicator of a country's overall economic health. Therefore, policy advice should focus on the most effective ways to support these middle-income households.

17. **Restoring macroeconomic stability hinges on a global debt restructuring architecture that can durably address debt vulnerabilities.** For countries facing unsustainable debt situations, timely and adequate debt restructuring—backed by the international community—remains the highest priority. To that effect, building on recent progress, we support further efforts to enhance the effectiveness of the Common Framework to ensure that a larger number of countries benefit from timely and predictable debt treatments. The Global Sovereign Debt Roundtable facilitates discussions on key issues, such as comparability of treatment and timeliness for restructuring processes. We support the Fund's work on public debt transparency, fiscal risk management, and the Fund's capacity to support countries undertaking debt restructurings. Enhanced work to alleviate debt vulnerabilities in middle-income countries is needed, as warranted, including through IMF-IFI joint efforts to accelerate debt restructuring mechanisms beyond the Common Framework.

18. **We encourage the IMF to carry out additional work on structural reforms aimed at enhancing job creation, creating more equal opportunities, and fostering economic diversification,** which are key challenges facing EMDEs. Many EMDEs in our region face the additional challenge of hosting **large refugee flows** over prolonged periods of time, an aspect that deserves further analytical work by the Fund. Hosting refugees is a global public good. Detailed assessments by the IMF of the direct and indirect economic costs for hosting communities is instrumental to the effort to mobilize adequate and timely donor support. We stress the importance of considering the social acceptability of structural reforms.

19. **The Resilience and Sustainability Trust (RST) is an important complement to the IMF's lending toolkit and needs to be expanded to respond to EMDE's needs**. We support

expanding the RST to key structural challenges affecting EMDEs. These should include, in our view, job creation, more equal opportunities, and economic diversification. Such coverage is at the core of the RST objective to provide essential policy support and affordable long-term financing to help address risks to sustainable and inclusive growth and support reforms. We encourage continued work in these areas. We are pleased that Oman, Qatar, and the UAE in our constituency have committed resources to the RST.

IMF policies should aim to leverage on the benefits of new digital technologies while mitigating risks and promoting financial inclusion. We support the IMF's work with relevant institutions on modalities to improving cross-border payments, including through new payment infrastructures, and developing a framework for effective policy responses to crypto assets. Continued work is needed on evaluating the potential benefits and the development of a suitable framework for the implementation of Central Bank Digital Currency (CBDC). Several central banks within our constituency have initiated studies to explore the feasibility of CBDC implementation and we welcome continued work by the IMF on the implications. Artificial intelligence (AI) has the potential to jumpstart productivity and growth, but it also risks disrupting labor markets and deepening inequality. We appreciate the IMF's work on market developments and the impact of AI on energy demand. In this connection, policymakers and businesses must work together to ensure AI achieves its full potential, while minimizing societal costs.

20. **We fully support the IMF's capacity development (CD) work.** We trust that adequate CD will continue to be provided to our region, owing to the activities of Lebanon's METAC, Kuwait's CEF, the CCAMTAC and the opening of the new regional office in Riyadh, where the Kingdom of Saudi Arabia's contribution is expected to alleviate funding constraints and help meet demand. We support the focus of planned CD on priority countries. In this connection, METAC continues to play a central role in CD efforts in our region as it provides technical assistance and training courses to fourteen countries, nine of which are FCS, and thus ensuring continued adequate funding to METAC is essential.

21. **The strength of the Fund comes from its talented and diverse employees.** The IMF's decreasing competitiveness and staff wellbeing are concerning matters that need to be addressed seriously. Based on the latest available data on diversity and representation, we note with concern that MENA recruitment continues to lag across all recruitment programs. This is a longstanding issue, and we hope to see tangible progress being made. We urge the IMF to accelerate efforts to achieve agreed-upon **geographic diversity and inclusion benchmarks**, particularly for the MENA region staff to ensure fair geographic representation. Fair representation of Arab staff is indeed essential for the effectiveness of the Fund and its meaningful engagement with countries in our region.

22. **A strong, quota-based, and adequately resourced Fund, at the center of the global financial safety net, is more essential than ever in the current uncertain global environment**. The 50 percent quota increase under the 16th General Review of Quotas reinforces the quota-based

nature of the Fund and strengthens its capacity to safeguard financial stability and respond to members' needs in an uncertain and shock-prone world. Many of our countries have secured, or are working to secure, domestic approvals for our consent to the quota increase under the 16th General Review of Quotas. We recognize the importance of realignment in quota shares under the 17th General Review of Quotas, although this should not come at the expense of EMDEs and LICs members. We look forward to developing principles in this regard, drawing from the deliberations by IMFC Deputies during their meeting in Diriyah, Kingdom of Saudi Arabia, during April 6-7, 2025.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-12

Statement by Ms. Wolden Bache
Norway

On behalf of
Denmark, Republic of Estonia, Finland, Iceland, Republic of Latvia, Republic of Lithuania, Norway, and Sweden

Statement by Governor Ida Wolden Bache on behalf of Denmark, Republic of Estonia, Finland, Iceland, Republic of Latvia, Republic of Lithuania, Norway, and Sweden

Recent trade developments cause large disruptions to the global economy, increasing uncertainties, impacting financial and macroeconomic stability, and global growth prospects. The Nordic and Baltic countries underscore the principles of the IMF Articles of Agreement.

Russia's war against Ukraine continues to erode European and global security, increase geoeconomic fragmentation, and negatively affect the macroeconomic outlook, while disproportionately impacting the poorest countries through spillover effects. These challenges would be alleviated by Russia ending its war.

The Nordic and Baltic countries condemn in the strongest possible terms Russia's continued unprovoked and illegal war of aggression against the independent and sovereign country of Ukraine, which constitutes a gross violation of international law, including the UN charter, and recall our support for Ukraine's independence and sovereignty. We call on Russia to immediately, completely, and unconditionally withdraw all its military forces from the territory of Ukraine within its internationally recognized borders and stop the war. It is for Ukraine to negotiate and determine the terms of peace and there can be no negotiations on Ukraine without Ukraine, nor negotiations that affect European security without Europe's involvement. We will continue providing Ukraine and its people all the necessary political, military, humanitarian, and economic support for as long as it takes and as intensely as needed.

The Nordic and Baltic countries deplore the breakdown of the ceasefire in Gaza and the civilian casualties and call for the unconditional release of the hostages, unimpeded humanitarian assistance and for an immediate return to the full implementation of the ceasefire agreement.

The best way to navigate the challenges of the low growth-high debt path is to embrace international cooperation and rules-based economic openness

1. Rising economic protectionism, including announcement and introduction of trade tariffs, pose significant risks for economic growth, jobs and inflation. Protectionist measures contribute to economic headwinds. Trade wars leave every country worse-off. The Nordic and Baltic countries remain committed to an open, rules-based and predictable global trading system that benefits all partners. We continue to promote it with our international partners to leverage the benefits of free trade, which contributes to harnessing comparative advantages and economies of scale.
2. The global economy is adapting to multiple shocks, including significant policy changes, transformations related to climate change, artificial intelligence, digitalisation and demographic transitions. We emphasize the importance of the Fund communicating their assessment clearly on all relevant developments that have a significant impact on the state of the global economy. Russia's war against Ukraine has aggravated the cost-of-living crisis across the world and represents a major downside risk to growth going forward.
3. Central banks need to tread carefully going forward, monitoring the ongoing shifts in the global economy and potential risks to the inflation outlook, including due to increasing protectionism. Preserving central bank independence is essential to maintaining well-anchored long-term inflation expectations.
4. As public debt levels remain elevated, we underline the importance of rebuilding fiscal buffers, implementing necessary structural reforms and improving debt transparency. More effective

domestic revenue mobilisation would support efforts to address development financing needs, security and aging challenges, as well as facilitate green and digital transitions. In the context of rapid and significant policy changes, vigilance to preserve macroeconomic and financial stability is key.

The Fund is a unique multilateral institution with a clear and crucial role

5. It is essential to preserve the unique role of the Fund at the centre of the global financial safety net. The Fund should continue to promote multilateralism and cooperative solutions, which are key in the context of the ongoing economic transformations and increasing risks of geoeconomic fragmentation. An appropriate use of the Fund's main instruments – surveillance, lending with conditionality and capacity development – is key to deliver on the Fund's mandate. The Fund must continue to be a voice of reason, providing impartial analysis, including on the macroeconomic consequences of wars and conflicts, trade restrictions and industrial policies.
6. The Nordic-Baltic countries are substantial contributors to the IMF's work through financing arrangements such as New Arrangements to Borrow, Bilateral Borrowing Arrangements, and SDR Voluntary Trading Arrangements, supporting capacity development, the Poverty Reduction and Growth Trust, the Resilience and Sustainability Trust, the Catastrophe Containment and Relief Trust. The countries in our constituency are among the largest providers of Official Development Assistance globally.

The Fund should use its main instruments to ensure strong conditionality and support crisis prevention and management

7. The Fund's surveillance is a key tool for the IMF to prevent crises. The upcoming Comprehensive Surveillance Review is well-timed to assess whether some re-prioritization in surveillance is necessary. Also, we are looking forward to the upcoming review of the Financial Sector Assessment Program. The Fund should strengthen its leadership in monetary, fiscal, exchange rate, and financial sector policies, while working to better integrate structural issues (including relevant aspects of governance, climate, and gender) into macroeconomic frameworks when they are deemed macro-critical. We expect that the Fund will continue to serve its membership by providing high-quality, granular, and tailored advice on macroeconomic and financial policy challenges as well as risks and opportunities arising from climate change and the ongoing energy transition. Additionally, the ongoing technological advancements require investments in human capital and life-long learning.
8. The upcoming Review of Program Design and Conditionality should maintain and enhance the quality and traction of IMF conditionality to reduce the number of countries that need repeated financial support from the Fund, and tackle debt vulnerabilities. The Fund's lending toolkit with strong conditionality, safeguards, debt sustainability assessments and price-based incentives serves members well. In this context, we would like to note that measures to foster good governance, strong institutions and to reduce corruption are often key elements of successful lending arrangements, which also support ownership of reforms and the catalytic role of the Fund's financing. We also maintain that it is important to design programs with clear requirements and offer incentives for compliance to ensure sound credit risk management. Continued active and consistent Fund engagement on governance and anti-corruption policy is needed.

We will work constructively to strengthen the Fund as a quota-based representative multilateral institution

9. We look forward to the implementation of the 16th General Review of Quotas, which will strengthen the quota-based nature of the Fund. We stand ready to work constructively on possible approaches for a quota share realignment under the 17th General Review of Quotas. Any realignment of quota shares must serve multilateralism and the legitimacy of the Fund as a representative multilateral institution. In addition, we reiterate the need for further efforts to increase gender diversity in the Executive Board.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-13

Statement by Ms. Keller-Sutter
Switzerland

On behalf of
Republic of Azerbaijan, Republic of Kazakhstan, Kyrgyz Republic,
Principality of Liechtenstein, Republic of Poland, Republic of Serbia, Switzerland,
Republic of Tajikistan, Turkmenistan, and Republic of Uzbekistan

International Monetary and Financial Committee, April 25, 2025

Statement by Ms. Karin Keller-Sutter, President of the Federal Council and Minister of Finance of Switzerland on behalf of Azerbaijan, Kazakhstan, Kyrgyz Republic, Liechtenstein, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan, and Uzbekistan

We warmly welcome the Principality of Liechtenstein as our constituency's 10th member.

The global growth outlook is becoming increasingly precarious, not least reflecting unfolding global trade tensions. Restoring confidence and strengthening resilience will be critical going forward. The IMF is the global expert institution on macroeconomic and macrofinancial issues and a preeminent platform for multilateral cooperation. It will need to help members navigate heightened uncertainty through surveillance, capacity development (CD), and lending.

Global setting and policy priorities

While economic activity held up over the past months, the global economic outlook remains fragile. Financial market volatility has substantially increased, also reflecting uncertainties due to tariff announcements and trade tensions, undermining confidence and risking a significant tightening of financial conditions. The already weak medium-term growth outlook could deteriorate further amid a rapidly changing geopolitical, economic, and financial environment. The odds of a global recession are increasing amid already thin policy buffers. In the longer term, persistent trade tensions risk undoing global integration and, as a consequence, threatening global prosperity.

Particularly prudent policies are needed to strengthen resilience, while laying the foundations for stronger and sustainable growth:

Fiscal policies should accommodate priority spending while consolidating public finances, ensuring debt sustainability, and rebuilding buffers. Improving the efficiency, quality, and impact of fiscal spending is critical in this regard. Fiscal adjustments must also be guided by medium-term fiscal frameworks, including fiscal rules, to bolster credibility. Such credible and sustainable long-term fiscal paths are, indeed, crucial to retain market confidence and keep risk premia low.

Central banks need to fine-tune monetary policy to ensure price stability in a consistent and determined manner and in accordance with their respective mandates. Increased uncertainty complicates monetary policy, forcing central banks to navigate risks to inflation, economic activity, and financial stability. Preserving central bank independence remains paramount.

Strong capital and liquidity buffers built in recent years are key for ensuring the stability of banking sectors and global financial stability more broadly. As both the size and the quality of these buffers matter, ensuring continued compliance and alignment with global standards is important.

Structural reforms remain essential to lift medium-term growth prospects and spur private sector activity. Labor and product market reforms, as well as productivity-enhancing investments, such as in skills and education, are key for lifting growth prospects. This, in turn, should also help alleviate continued spending pressures.

Multilateral cooperation to preserve an open, rules-based, and transparent international trading system is of utmost importance. Such a system ensures predictability and stability for private sector investment, fosters an efficient allocation of capital, and supports sustainable growth. Maintaining, strengthening, and deepening trade relations and agreements pays dividends in terms of economic efficiency and growth.

The Fund's role at the current juncture

Multilateral and bilateral surveillance is the cornerstone of the IMF's work. It must be focused on macroeconomic and macrofinancial issues, providing advice to members based on high-quality and timely analysis. We look forward to the forthcoming comprehensive surveillance review and emphasize that monetary, fiscal, financial sector, and exchange rate policies need to remain the priority topics in IMF surveillance, in line with the IMF's core mandate and expertise. This review should also be informed by the recommendations of the Independent Evaluation Office's report on the evolving application of the Fund's mandate.

We support further strengthening CD by ensuring that it is well sequenced and prioritized, closely integrated with surveillance and lending, results-based, transparently monitored, and designed to promote greater ownership. CD should also be focused on the Fund's key areas of expertise, such as domestic revenue mobilization and public financial management. We underscore the critical role of regional capacity development centers and recognize the valuable contribution of the Caucasus, Central Asia, and Mongolia Technical Assistance Center (CCAMTAC) in helping members of our constituency address their specific challenges. We also welcome the IMF's consideration to establish a Southeast Europe Regional Technical Assistance Center (SEETAC).

Fund lending must continue to support members in resolving their balance-of-payment problems and restoring external viability, including debt sustainability, under adequate safeguards. Strong conditionality and high lending standards remain instrumental. Fund lending must also be catalytic and compatible with members' debt-carrying and repayment capacities. The Fund should remain particularly cautious when expanding its lending share, since such super senior debt could crowd out market financing and complicate debt treatments, potentially to the detriment of members in debt distress. Upcoming policy reviews and actual lending decisions must be consistent with these principles. The build-up of precautionary balances remains a key financial safeguard in light of the significant and increasing financial risks facing the Fund. These reserves must remain commensurate with a higher exposure from large lending arrangements.

For decades, the IMF has served its nearly universal membership not only as a center of excellence for candid and impartial policy advice and technical assistance as well as an integral part of the global financial safety net, but also as a platform for multilateral cooperation. This role remains as relevant as ever. At the current juncture, the IMF should continue to perform this critical role, defend cross-border integration, and support rules-based multilateralism. The Fund's role is also to remind us how successful open and well-functioning markets for goods, services, and capital have been in generating global prosperity and stability.

Tackling debt vulnerabilities

The Fund's work on debt-related issues must remain a priority. High debt vulnerabilities are a pressing concern in many countries, some of which urgently need debt restructuring. We thus reiterate our strong support for efforts to help improve the effectiveness of coordinated case-by-case debt treatments, to enhance debt transparency and debt management, and to strengthen the Fund's debt policies and analytical tools, for example in the ongoing review of the debt sustainability framework for low-income countries (LICs).

Debt challenges, including liquidity challenges, and their root causes must be addressed in a holistic manner. We look forward to initial experiences from applying the joint IMF-World Bank "three-pillar approach" to member countries in this regard. Strong macroeconomic policies as well as reforms, notably to enhance domestic resource mobilization and public financial management, are necessary elements of a holistic approach. Thorough and prudent debt sustainability analyses must form the critical basis for measures undertaken. In practice, solvency and liquidity challenges are often intricately linked and can be hard to distinguish properly. Concentrating only on liquidity challenges, therefore, risks doing "too little, too late." In addition, there is a risk that official financial support will merely be used to repay existing creditors or lead to an undue transfer of risks from the private to the public sector.

Cross-cutting issues

The Fund should continue to work with other relevant institutions to promote global coordination and consistency on policies to address climate change. It should do so with a focus on its mandate and expertise. The agreed climate strategy anchors the Fund's work in this area and should be implemented across all its activities.

Digital finance presents both opportunities and challenges. The Fund's analysis and advice on the macrofinancial implications of fintech, central bank digital currencies, and other financial innovations can help members develop digital strategies that promote financial inclusion, while safeguarding financial stability and integrity. Close cooperation with—and, where appropriate, deference to—other relevant international institutions and fora is called for.

Ensuring the effectiveness and financial soundness of the IMF's trusts

As a matter of principle, the Fund must ensure it retains solid finances and adequate reserves, both for itself and for its trusts. Our constituency attaches great importance to the Poverty Reduction and Growth Trust (PRGT) as a key element of the Fund's unique support for LICs. Switzerland is a longstanding contributor, and Poland joined the group of contributors in October 2024. We stress that only a financially robust PRGT can consistently help members establish sound macroeconomic frameworks and address balance-of-payments problems through Fund-supported programs with catalytic financing.

For the Resilience and Sustainability Trust (RST) to achieve its purpose, arrangements under the Resilience and Sustainability Facility (RSF) must include high-quality reforms. These reforms should promote tangible changes in institutions and policies that have a lasting positive impact. Linking an RSF arrangement to an ongoing on-track upper credit tranche-quality arrangement is essential to embed such reforms in a viable policy framework and to achieve complementarity. In addition, close cooperation, including with the World Bank, remains essential for effective sectoral reforms. The Fund needs to ensure that the RST remains financially sound and that its resources are used effectively.

IMF resources and governance

We welcome the new 25th chair on the IMF Executive Board for Sub-Saharan Africa and the new Member in the International Monetary and Financial Committee (IMFC). We are also thankful to the IMFC Deputies for their discussions in Diriyah on how to better engage and strengthen the IMFC including through medium-term strategic discussions.

Our constituency supports a strong, quota-based, and adequately resourced IMF at the center of the global financial safety net. We look forward to the adoption of the package under the Sixteenth General Review of Quotas. Looking ahead, progress on quota realignments for the most underrepresented members, based on the existing quota formula, remains an important objective. Quota reviews should aim to ensure that quota shares adequately reflect the relative position of each individual member in the global economy. In this context, we emphasize that countries' relative positions in the global economy are determined by both non-GDP elements and GDP, and that the quota formula must continue to reflect this.

For the IMF to be effective, the quality of its work as well as its integrity and reputation must remain impeccable. The Fund needs to lead by example in terms of procedures, practices, and budgetary prudence, as well as in maintaining balance sheet strength. The reallocation of resources to meet evolving priorities and needs should remain a core element of the budget process.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-14

Revised

Statement by Mr. Kato
Japan

Statement by the Honorable Kato Katsunobu
Governor of the IMF for Japan
at the Fifty-first Meeting of the International Monetary and Financial Committee
(April 25, 2025)

To begin with, Japan appreciates Dr. Kristalina Georgieva’s strong leadership for stabilizing the world economy. We also thank Saudi Arabian Finance Minister, Mr. Mohammed Al-Jadaan for promoting constructive and strategic dialogue among IMF member countries as the IMFC Chair.

1. View on the Recent Global and Japanese Economy

[Global Economy]
The global economy remained stable until the beginning of this year, despite facing long-term structural transformations, such as the progress of technological innovations including AI, intensified climate change, and demographic changes. However, uncertainties, caused by geopolitical problems such as Russia's war of aggression against Ukraine and conflicts in the Middle East, coupled with the spread of trade and industrial policies, including the recent tariff measures by the United States and countermeasures against them, have increased volatility in the financial and capital markets and downside risks to the overall economy, beginning to weigh on the real economy. In particular, it is concerning that higher financing costs and import prices, together with reduction in trade, and volatility in foreign exchange and interest rates could lead to higher debt servicing costs and further deterioration of debt situations in low-income countries (LICs) and fragile states.

Free, open, and rule-based international economic system should be maintained and expanded as an essential foundation for the growth of the global economy, including Japan. If countries pursue partial optimization without cooperation under the protectionism, efficiency would be significantly impaired, options that people can take would be reduced, and resolving global issues would be even more difficult. We need to urgently undo trade and industrial policies that would bring such situations and reduce the uncertainty caused by those policies. Japan remains committed to multilateralism and will contribute to the stability of the international financial and economic system, including through strengthening our partnership with the IMF.

Russia’s protracted aggression has caused growing human and economic damage in Ukraine. Japan calls for an immediate end of the illegal aggression by Russia, which is one of the biggest causes of heightened uncertainty of the global economy. Japan commends the Ukrainian Government for its proactive engagement on reforms and for maintaining macroeconomic stability, despite the severe conditions of prolonged war, and welcomes the completion of the IMF's seventh review under the Extended Fund Facility (EFF).

[Japan's policy response]
Regarding the Japanese economic and fiscal management, the most important issue is to ensure sustained increase of wages and incomes for all generations. We will raise productivity and added value through the improvement of the environment for wage increases with measures such as supporting labor-saving investments and promoting investments in growth areas, thereby creating a mechanism to increase wages and incomes steadily.

At the same time, it is essential to build our fiscal foundations, as “the cornerstone of the state’s credibility” from normal times, to respond appropriately to various issues surrounding Japan, and to protect Japan’s credibility and the lives of its citizens even under unexpected situations. We will steadily advance fiscal reforms in both expenditure and revenue, and work to achieve fiscal consolidation, including the early realization of a primary balance surplus.

2. Role of the IMF in an Era of Uncertainty and Structural Transformation

[Response to the Current Global Economic Situation]
As the world economy faces increasing uncertainty stemming from trade and industrial policies, and various structural transformations, the IMF's role through the pillars of its activity: surveillance, lending, and capacity building, has become even more important. Japan stresses the following as important perspectives on each of these activities.

(i) Surveillance:
The IMF's expertise and neutrality in providing bilateral and multilateral surveillance has become more important than ever, as debates over trade policies intensify. The IMF's surveillance helps countries objectively assess the impact of the trade measures on their own economies and the entire global economy, together with necessary policy responses. In addition, the IMF's objective analyses on the cross-border impacts of non-market policies and practices, overcapacity, and the domestic macroeconomic imbalances of some countries, together with policy recommendations that those countries should take, would be a useful foundation for objective and constructive discussions among IMF member countries.

(ii) Lending
The IMF's lending function, as the center of the Global Financial Safety Net (GFSN), is becoming increasingly important and urgent, as the world economy is facing heightened uncertainty. We expect the IMF to express its readiness to provide timely assistances to member countries facing various difficulties, thereby contributing to secure market confidence. In lending, the IMF should fully play its catalytic role in mobilizing financial resources from other stakeholders.

(iii) Capacity Development (CD)
CD is extremely important in enhancing IMF member countries' ability to respond to various challenges and in achieving their sustainable economic growth. CD also contributes to resolving issues identified through surveillances and to backing reforms through IMF supported programs. Japan has been supporting the IMF's CD activities as a long standing and largest partner. In light of the current economic environment, Japan considers the following issues as particularly important.

(1) Strengthening Domestic Resource Mobilization (DRM):
Given the tight and unstable financial environment and limitation of donor funding, CD for strengthening DRM is an urgent issue. From this perspective, Japan agrees with the objective of the Joint Domestic Resource Mobilization Initiative (JDRMI) undertaken by the IMF and the World Bank. In this context, Japan further expands bilateral supports through the Japan Sub-Account for implementing suitable tax policies and necessary legislations, primarily focusing on Asia and Pacific Island countries, and continues supporting the activities of the Global Public Finance Partnership (GPFP).

To enhance the effectiveness of CD, cooperation among international organizations is also important. In this respect, we also expect the IMF and the World Bank to take the lead in upgrading the role of the Platform for Collaboration on Tax (PCT), which consists of related international organizations, and further enhancing the effectiveness and efficiency of technical assistances by sharing each organization's tax-related strategies.

In particular, regular dialogues among tax experts from member countries and non-state jurisdictions, together with the international organizations, for identifying the challenges and the needs for technical assistances properly, would be beneficial. Japan is ready to contribute to holding such dialogues organized by the PCT.

(2) Adaptation to Technological Innovation:
Digital innovation is underway, new payment systems are being developed, and the introduction of Central Bank Digital Currencies (CBDCs) is being discussed around the world. In such situations, we expect the IMF to strengthen CD to enable countries to reap the benefits of digitalization, while identifying and mitigating risks such as fragmentation of payment systems and currency substitution.

For example, it is important to develop and update the CBDC Handbook by incorporating cutting-edge knowledge and to conduct CD based on the Handbook, so that countries can implement appropriate institutional and regulatory frameworks with due consideration to the potential impact of CBDCs on their financial stability, capital flows, and associated spillover effects on other countries' monetary policies and the international monetary system.

(3) Solving Debt Issues:
Improving debt management capacity and debt transparency is essential to restore debt sustainability and to prevent future debt crises. Japan continues to support the next phase of the Debt Management Facility managed by the IMF and the World Bank to help improve debt transparency and sustainability of LICs.

Japan has supported D4D (Data for Decisions) since its launch, based on the idea that accurate statistics, including debt-related data, are essential as a foundation for appropriate policy management, and continues to support the new phase beginning this May. Furthermore, to address the deteriorating debt vulnerabilities in African countries, Japan will expand support for Africa Regional Technical Assistance Centers (AFRITACs).

In order to provide timely debt restructuring to countries with debt issues, it is important to strengthen the implementation of the G20/Paris Club Common Framework (CF) for LICs including by setting a timeline. To this end, a user manual and a debt restructuring playbook, that include targets for debt restructuring timelines, should be developed. We expect the IMF to contribute to improving the implementation of the CF, including through discussions at the Global Sovereign Debt Roundtable (GSDR). We also expect the IMF to address the debt issues of vulnerable middle-income countries through multilateral efforts, drawing on the experiences and lessons learned from debt restructuring of Sri Lanka and other countries. At the same time, the Debt Sustainability Analysis (DSA) provided by the IMF with the World Bank is an indispensable foundation to promote collaboration to solve debt issues among all concerned parties with the same perspective. Regarding the ongoing LIC-DSF review, it is important to keep in mind that the framework can appropriately help LICs avoid future debt crises and restore debt sustainability.

[IMF Reforms under Structural Transformations in the Global Economy]
If current various issues, such as the trade policies and geopolitical problems are to be prolonged, they could cause changes in the behavior of countries and companies. These changes, combined with the long-term and global trends, such as climate change, technological innovation, and demographic changes, may bring significant structural transformations in the global economy.

In this context, we should constantly review the roles and characteristics of the IMF, so that the institution can continue to meet member countries' various needs, as the center of the GFSN. Especially, as this year marks the historical 80th anniversary of the establishment of the IMF, now is the opportune time to contemplate the Fund for the Future (FFF) with a long-term and "out of the box" perspectives, without being bound by existing frameworks.

With the aim of making the IMF more effective, such discussions also pave the way for finding necessary guidance for the IMF's governance reform including quota realignment. As the first step in proceeding these discussions, it is important to reaffirm member countries' common view on the core-mandate of the IMF. Japan believes that the IMF's core-mandate is solving macro-critical issues that affect each country's Balance of Payment (BOP) by playing a catalytic role in mobilizing necessary financial resources from a variety of institutions, which should remain unchanged. Bearing the point above in mind as a foundation, Japan would like to present the following three perspectives that we consider as especially important in considering the FFF:

(i) Putting the low-income and vulnerable small island states at one of the central focuses:
First, we should put low-income and vulnerable small island states that have been prone to exogenous shocks as one of the central focuses of the IMF operations. These countries are often not covered by facilities other than the IMF, such as Regional Financing Arrangements (RFAs) or bilateral swaps. Given such situations, the IMF's lending as a catalyst to mobilize financial resources from a variety of institutions, such as Development Institutions, as well as CD and Surveillance to strengthen the resilience of these countries, are significantly important. The Poverty Reduction and Growth Trust (PRGT) and CD, which have high demands from these countries, should be positioned as "core functions" of the IMF. At the same time, we should ask ourselves whether or not the current fundamental setting of the IMF is still relevant to the needs of these countries. LICs and vulnerable small island states are facing a paradoxical situation, where their smaller economic size, which is the major cause of their vulnerability to exogenous shocks, works against their access to solutions, given that member countries' access to the IMF's financial support is linked with the quotas, which mainly reflect their relative size of the economy. Therefore, we believe that it is worth squarely discussing whether, for example, it is possible to partially delink the quotas from access limits for IMF lending.

(ii) Covering the full spectrum of BOP needs:
Given the various structural transformations undergoing around the world, the BOP needs countries face will become increasingly diverse, including from immediate to medium- and long-term, as well as from actual to potential, stemming from exogenous factors or domestic structural issues. The IMF should constantly review its tools, so that it could respond to such various BOP issues. In doing so, it is important to consider more effective collaboration and division of roles with RFAs. In addition, it is necessary to consider an immediate disbursement mechanism for countries facing near-term liquidity challenges whose debt is sustainable, in line with the three-pillar approach proposed by the World Bank and the IMF, while also taking into account the perspective of mitigating moral hazard and safeguarding the IMF's resources.

(iii) Strengthening financial footing of all core functions of the IMF:
If supporting LICs and vulnerable small island states is to be positioned as one of the core functions of the IMF, ensuring its financial sustainability is essential. To this end, further utilization of internal resources of the IMF should be considered. From this perspective, the agreement made last October: transferring the GRA net income and reserves to the PRGT through the newly established Interim Placement Administered Account: is an important first step. Japan pledges to contribute its distributed amount to the PRGT subject to domestic budgetary procedures. In addition, we should consider further measures, such as the utilization of gold sales profits. In the long run, the direct transfer of GRA net income/reserves to the PRGT by amending the Articles of Agreement should be pursued. Furthermore, if lending through PRGT and CD are to be positioned as "core functions", it is a matter of course as a governance of an organization in general that current and past voluntary financial contributions by member countries to support these "core functions" are reflected to the voice in the IMF. Greater diversity of staff in terms of nationality, race, gender, and expertise is also increasingly important for the IMF to adapt to various structural transformations and to meet member countries' different needs. Japan continues to put a high priority on contributing to the IMF with its well-qualified human resources.

3. Conclusion

In closing, in times of uncertainty and structural transformation, the role of the IMFC is significantly important as a forum, where the Governors of member countries gather to discuss the IMF's future roles and characteristics with long-term and "out of the box" perspectives. From this viewpoint, Japan strongly supports the initiative by the Saudi Arabian Chair to strengthen the functions of the IMFC.

In the spirit of multilateralism, which Japan has consistently practiced since its accession in 1952, Japan will continue to strengthen its partnership with the IMF and contribute to global economic and financial stability, together with other member countries.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-15

Revised

Statement by Ms. Sitharaman
India

On behalf of
Bangladesh, Bhutan, India, and Sri Lanka

Statement by Ms. Nirmala Sitharaman, Minister of Finance and Corporate Affairs, India, and Member, International Monetary and Financial Committee (IMFC), representing the Constituency consisting of Bangladesh, Bhutan, India and Sri Lanka, to

the 51st Meeting of the IMFC at the Spring Meetings 2025

April 2025

At the outset, we strongly deplore the terrorist act of violence in Pahalgam in India and reaffirm our commitment to peace, stability, and the rule of law, principles that are essential for sustainable development and shared prosperity.

Global Economy

1. The global economy continues to face heightened economic uncertainty and downside risks. Significant policy shifts in major economies imply stronger headwinds for global growth. As both advanced economies (AEs) and emerging market and developing economies (EMDEs) face risks from adverse trade policy shifts and heightened geo-political tensions, IMF projects global growth to decline from 3.3% in 2024 to 2.8% in 2025 and 3.0% in 2026. While the pace of economic activity in AEs is projected to slow from 1.8% in 2024 to 1.4% in 2025, it will moderate from 4.3% to 3.7% in EMDEs. EMDEs, however, may continue to exhibit a more diverse growth pattern.

2. Global headline inflation eased in 2024 reflecting falling commodity prices and the lagged effects of monetary tightening. While progress on disinflation may continue in the near-term, IMF's global inflation forecast has been placed at 4.3% for 2025 and 3.6% for 2026. Nevertheless, escalating tariff announcements have increased inflation expectations in some AEs and therefore, could slow the pace of disinflation going forward. Incidentally, headline inflation in several OECD economies is turning up again. Inflation expectations are also rising above central bank targets in several AEs and EMDEs. While the IMF has raised its 2025 inflation forecast for AEs, the inflation outlook for EMDEs remains benign, *albeit* there could be country-specific inflationary pressures in the near-term. Central banks, therefore, should remain vigilant to inflationary pressures which may rise due to the potential for higher trade costs to push up price and wage pressures.

3. Alongside the ongoing policy shifts, various transformative forces are already at play – exacerbating challenges for economies, especially EMDEs. For instance, growing adoption of digitalization/artificial intelligence, demographic shifts, and climate transitions are reshaping the global landscape by creating new opportunities and challenges. Apart from these challenges, policymakers in EMDEs also need to address high debt levels which may be stifling their ability to create jobs and boost investment opportunities. The intensification of protectionist measures

and trade policy uncertainty may also potentially act as a drag on global investment and cross-border financial flows. Therefore, policy actions are needed at the global as well as national levels to foster a more favorable external environment and enhance macroeconomic stability by reducing structural bottlenecks, improving institutional quality and implementing sound policy frameworks. These improvements will help EMDEs harness transformative forces and absorb global spillovers in a least disruptive manner.

4. Going forward, inflation surprises and slower pace of growth could also trigger portfolio rebalancing across economies. Higher-than-projected inflation would prompt more restrictive monetary policy and could give rise to disruptive repricing in financial markets. Apart from macro risks, elevated geopolitical risks could also pose concerns for macrofinancial stability and transmit through various market segments, firms and intermediation capacity of banks and nonbank financial institutions. However, the size of impact may broadly depend *inter alia* on the intensity of conflicts, strength of the economy, soundness of policy frameworks and sophistication of the financial system. Thus, EMDEs need to prepare for risks of further tightening of global financial conditions and high volatility in currency markets. They need to use available policy tools diligently to preserve macrofinancial stability. Fiscal space needs to be created to deal with high and rising public debt levels to prevent the feedback loop between debt sustainability concerns and financial stability. Furthermore, financial institutions and regulators need to upgrade their capacity to assess systemic implications of transformational changes to domestic financial systems.

5. IMF-WB's work on addressing the liquidity challenges faced by vulnerable economies is significant. To achieve economic stability and development goals, country specific structural reforms and domestic resource mobilization are indispensable. However, it is important to recognize that these measures will take time to yield results and may have limited success in addressing the immediate liquidity concerns on their own. Therefore, additional and immediate support from international financial institutions is crucial to bridging the short-term liquidity gap while complementing ongoing reform efforts. Regarding high debt, it is important to improve the implementation of the Common Framework, ensuring that it is more effective and efficient in addressing debt vulnerabilities. Also, the current architecture of international sovereign credit-worthiness needs to change and it has been pending at least since the global financial crisis of 2008, if not earlier.

6. At the global level, multilateral institutions like the IMF have greater role to play in supporting member economies. We are glad that IMF is prepared to sharpen its focus of surveillance to offer more tailored policy advice on key country-specific issues and adapt its lending facilities to meet members' evolving needs. We expect IMF's capacity development support to remain critical for EMDEs, particularly low-income countries, to build strong institutions and implement sound macroeconomic and financial policies. We also expect the IMF

to continue to play its leading role on debt issues through debt sustainability analysis and by supporting other international efforts to facilitate debt restructuring and strengthen the international debt architecture. We need to focus on enhancing debt transparency, including through discussing good practices of debt data sharing and improving debt management through capacity building and technical assistance at the country level.

India

7. In a fast-changing global economic outlook that stems from heightened uncertainty, the Indian economy stands out for its resilience. On top of a GDP growth of 9.2% in 2023-24, India's growth at 6.5% in 2024-25 remains the highest amongst large economies. The major growth drivers, namely, private final consumption expenditure and gross fixed capital formation posted a growth of 7.6% and 6.1%, respectively. In terms of its quarterly trajectory, the growth accelerated to 6.2% in Q3: 2024-25 from 5.6% in Q2. It is expected to have strengthened further in Q4.

8. The gross fiscal deficit (GFD) of the central government is estimated at 4.8% of GDP in 2024-25, which stands lower than the budgeted 4.9%. As announced in 2021, GFD is now set at 4.4% for 2025-26, aligning with the last mile target of below 4.5%. The central government has also announced a new glide path using the debt-GDP ratio as the fiscal anchor. For each year from 2026-27 to 2030-31, the government would endeavor to keep GFD such that the central government debt is on a declining path to attain a debt-GDP ratio of about 50 (+/-) 1% by end-March 2031.

9. As per the Union Budget 2025-26, the central government's effective capital expenditure (including grants-in-aid to state governments for capital expenditure) is budgeted to grow by 17.4%, which are expected to crowd-in private investment. The tax relief in the Union Budget is also set to boost up private consumption and hence, private investment as a derived demand. Already, investment activities have gained traction and are expected to improve further on the back of sustained higher capacity utilization, the government's continued thrust on infrastructure spending, and healthy balance sheets of banks and corporates, along with the easing of financial conditions.

10. On the supply side, agriculture and allied activities witnessed a significant improvement in growth at 4.6% in 2024-25 from 2.7% in 2023-24. In 2025-26, on the back of healthy reservoir levels and robust crop production, the prospects of agriculture sector remain bright.

11. Headline inflation eased to 3.3% in March 2025 from 5.2% in December 2024, led by a softening in food inflation. While inflation expectations witnessed a sharp decline, core inflation remained stable at 4.1% in March 2025. In view of benign inflation and moderate growth outlook

in a challenging global environment, Monetary Policy Committee has unanimously voted to reduce the policy repo rate by 25 bps to 6% on April 9, 2025. It also changed the policy stance from neutral to accommodative.

12. India's current account deficit (CAD) remained steady at 1.1% of GDP in Q3:2024-25 as in Q3:2023-24, while it moderated from 1.8% in Q2:2024-25. Going forward, net services and remittance receipts are expected to remain in large surplus, partly offsetting the trade deficit. The CAD for 2024-25 and 2025-26 are expected to remain well within the sustainable level. Gross foreign direct investment (FDI) remained strong during April-January 2024-25, reflecting India's strong macroeconomic fundamentals. Net FDI, however, moderated due to higher repatriations and outward FDI. Net FPI inflows stood at USD 1.7 billion during 2024-25, supported by debt inflows as the equity segment recorded net outflows.

13. Indian Rupee has remained one of the least volatile currencies among major economies. The external debt to GDP ratio stood at 19.1% at end-December 2024. The foreign exchange reserves stood at USD 676.3 billion as on April 4, 2025, providing an import cover of about 11 months. Overall, India's external sector remains resilient.

14. Looking ahead, India's growth story is expected to remain largely intact notwithstanding the turbulent times as its fundamental drivers – consumption and investment demand – are quintessentially domestic. Even on the external front, services exports are expected to remain resilient. Further, the fall in crude oil prices augurs well for the inflation outlook. Accordingly, the real GDP growth is expected at 6.5% for 2025-26 and inflation at 4%.

Bangladesh

15. In the second quarter of FY25 (October-December 2024), the economy of Bangladesh demonstrated signs of a turnaround, bolstered by strong industrial sector performance and steady service sector activities along with a moderate agricultural production. The Bangladesh Bureau of Statistics (BBS) reported a strong GDP growth of 4.48 percent in Q2 FY25. Earlier, the GDP growth was lower at 1.96 percent in Q1 FY25. At that time, the economy had experienced significant disruptions across all three major sectors– agriculture, industry and services – following student-people uprising in July and August 2024. Moreover, the economic activities were affected by several rounds of floods in many districts during August and September 2024. However, economic performance in FY25 is expected to improve in the latter half of the year, supported by strong external sector activity and favourable trade dynamics.

16. Inflation has remained high for an extended period, raising considerable concerns among policymakers. However, recent months have shown signs of easing inflation. The headline

Consumer Price Index (CPI) inflation (point-to-point) decreased to 9.35 percent in March 2025, down from a peak of 11.38 percent in November 2024. This decline in inflation can be mainly attributed to the Bangladesh Bank's tightening of monetary policy and the reduction in food prices due to the seasonal availability of vegetables and other food items. Additionally, the 12-month average headline inflation fell to 10.26 percent in March 2025, slightly down from 10.34 percent in December 2024. In contrast, point-to-point core inflation, which excludes volatile items such as food and fuel, increased to 11.06 percent in March 2025, up from 10.29 percent in December 2024.

17. Bangladesh Bank (BB) has been implementing a contractionary monetary policy to address elevated inflationary pressures. On October 27, 2024, BB tightened its monetary policy stance by raising the policy rate by 50 basis points from 9.50 percent to 10.00 percent. This adjustment led to changes in the financial market, with increases in interbank call money and repo rates as well as retail lending and deposit rates, aligning with BB's policy goals.

18. By January 2025, banks, including state-owned commercial banks (SOCBs) and Islamic private commercial banks (PCBs), experienced improved liquidity compared to June 2024, indicated by a rise in excess liquidity. The slower growth rates in broad money and reserve money in February 2025 reflect BB's tight monetary stance aiming for macroeconomic stability and financial sector resilience. Additionally, the banking sector saw a notable rebound in deposit growth at the end of February 2025 compared to September 2024. This recovery suggests that the stabilization of some struggling banks restored confidence in the sector, leading to a shift of funds from outside the banking system into deposits.

19. Bangladesh's external sector showed resilience, marked by significant improvements in the country's balance of payments (BoP), as indicated by the latest external sector data. A continuous increase in workers' remittance inflows, alongside strong export receipts, contributed to the external sector's stability. During July-February FY25, the current account balance deficit narrowed to USD 1.3 billion, down from USD 4.07 billion during the same period in FY24. Similarly, the financial account balance improved significantly, rising to USD 1.4 billion during July-February FY25, compared to USD 0.65 billion during July-February FY24. Exports (f.o.b) thrived, reaching USD 30.04 billion during July-February FY25, marking a 9.1 percent year-on-year increase. Total remittance inflows surged to USD 21.78 billion during July-March FY25, reflecting a remarkable 27.58 percent growth year-on-year. The overall balance improved, reducing the deficit to USD 1.1 billion in July-February FY25 from USD 4.44 billion in July-February FY24. As of March 2025, the Bangladeshi Taka (BDT) depreciated by 10.91 percent against the US dollar compared to the same period in 2024. However, recent data indicates that the BDT depreciated only 3.28 percent in March 2025 compared to July 2024, suggesting increased stability in the exchange rate.

20. Despite this progress, the banking sector continued to face challenges, including a rise in non-performing loans (NPLs), slowing credit growth, and a capital adequacy shortfall. NPLs reached a record high of 20.2 percent in December 2024, up from 16.93 percent in September 2024 and 9.00 percent a year earlier. This significant increase placed considerable strain on banks' balance sheets, limiting their capacity to extend new credit and heightening systemic vulnerabilities. In response, BB has revised the loan classification system, shortening the overdue period to three months to ensure timely recognition of loan defaults. BB now mandates that commercial banks utilize third-party evaluation firms from a BB-approved list for appraising mortgaged assets to enhance the accuracy of collateral valuations. Additionally, BB has introduced various structural and policy reforms to strengthen governance, improve financial discipline, and enhance risk management.

21. The capital market in Bangladesh experienced a downturn in Q2 FY25, following a period of improvement in Q1 FY25. This decline was evident in falling price indices, reduced market capitalization, a drop in the price-earnings ratio, and lower turnover. The Bangladesh Securities and Exchange Commission (BSEC) has implemented various reform initiatives to restore investor confidence, promote institutional investment, and strengthen governance to revitalize the capital market.

22. Looking ahead, inflation remains a significant concern; however, the Bangladesh Bank's ongoing tight monetary policy, combined with strong domestic agricultural output, is expected to further alleviate inflationary pressures. The Bangladesh Bank will maintain its tight monetary stance until inflation reaches a comfortable level. The economy is anticipated to gradually recover from previous political and economic uncertainties, bolstered by positive agricultural and industrial spillover effects. The interim government is making efforts to implement extensive reforms, including institutional and economic changes, to achieve sustained macroeconomic stability and enhance governance in the financial sector. Additionally, robust export growth and substantial remittance inflows are projected to continue, further improving the balance of payments.

Bhutan

23. Bhutan's economy is projected to grow by 8.93 percent in 2025, nearly doubling from 4.97 percent in 2024. This growth is primarily driven by the commissioning of the Punatsangchu-II Hydropower Project, increased tourist arrivals, and the construction of the Khorlochuu and Dorjilung Hydropower Projects. Further, the 13th Five-Year Plan (FYP) aims to stimulate growth and ensure robust, inclusive economic growth while maintaining fiscal prudence and macroeconomic stability. Key targets include containing the fiscal deficit at an average of 3 percent of GDP.

24. While the country has made significant progress in recent decades, Bhutan continues to face structural challenges. The economy's dependence on hydropower and tourism, coupled with a weak private sector, and a shrinking manufacturing base, limits economic diversification and exposes the country to external vulnerabilities. These limitations also hinder sustained economic expansion and resilience in the face of global economic shifts, underscoring the need for broader reforms and economic transformation.

25. To address these challenges and boost economic opportunity, Bhutan is launching initiatives such as the Gelephu Mindfulness City to foster innovation and attract investments. Additionally, the Economic Stimulus Program (ESP) is being implemented to promote growth in agriculture, cottage and small industries and manufacturing sector. The government is also enhancing its fiscal strategies by expanding the tax base, rationalizing spending, and promoting private sector investments. These efforts aim to create jobs, reduce youth unemployment, and support long-term, sustainable economic development.

Sri Lanka

26. **Significant reforms backed by the ongoing Extended Fund Facility (EFF) arrangement with the IMF helped Sri Lanka recover strongly from the severe economic and debt crisis that unraveled in 2022.** Real GDP growth exceeded expectations in 2024, reaching 5.0%, marking a notable recovery compared to consecutive contractions of 7.3% in 2022 and 2.3% in 2023. The revival of the industry sector and the remarkable rebound of the tourism sector, along with other factors, fueled this faster recovery, with the Agriculture, Industry, and Services sectors growing by an estimated 1.2%, 11.0%, and 2.4%, respectively, during the year. This positive growth momentum is expected to continue, as evidenced by high-frequency indicators and survey findings. The medium-term growth agenda, outlined in the first Budget of the new Government in early 2025, aims to enhance macroeconomic resilience, restore debt sustainability, and promote inclusive growth. Key strategies include enhancing the social safety net, diversifying the economy, promoting exports, improving the investment climate, modernizing agriculture, adopting green economy policies, fostering innovation and digitalization, supporting entrepreneurship and startups, and encouraging Public-Private Partnerships (PPPs). Sri Lanka plans to enhance digital public infrastructure to boost productivity in economic activities. Additional reforms are expected to unlock Sri Lanka's growth potential through trade liberalization, labor market reforms, SOE governance, and climate resilience. Implementing a National Export Strategy and expediting Free Trade Agreements remains a priority against the backdrop of rising global trade tensions. Sri Lanka aims to address climate-related vulnerabilities by enhancing renewable energy generation with solar and wind capacity, supported by private and multilateral financing, and engaging with multilateral partners to build technical capacity for climate mitigation and adaptation.

27. **Sri Lanka has reached the halfway mark of its 48-month Extended Fund Facility (EFF) arrangement with the completion of the 3rd Review in February 2025.** The newly elected government following the presidential elections in September 2024 and parliamentary elections in November 2024 remains dedicated to meeting the reform and other commitments under the EFF. Reflecting this commitment, program implementation has been strong, meeting all end-December 2024 Quantitative Performance Criteria (QPCs) and standard Continuous Performance Criteria, except for the Monetary Policy Consultation Clause (MPCC) due to a lower-end breach, and the Indicative Target (IT) on social spending due to technical onboarding difficulties. By the end of March 2025, most Structural Benchmarks (SBs) were met, with a few implemented with delays, mainly due to the revised timeline for submitting the budget to Parliament following the change in administration.

28. **Fiscal consolidation continued through 2024, focusing on enhancing resource mobilization, increasing the efficiency of government expenditure, and improving public financial management.** Government revenue improved to 13.5% of GDP in 2024, compared to 8.2% of GDP in 2022 and 11.1% of GDP in 2023. Government revenue is forecast to rise to 15% of GDP in 2025. The primary balance showed a remarkable adjustment, shifting from a deficit of 3.7% of GDP in 2022 to a surplus of 2.2% of GDP in 2024. A higher primary surplus of 2.3% of GDP is projected from 2025 onwards. The overall fiscal deficit improved from 10.2% of GDP in 2022 to 6.8% of GDP in 2024. Measures were implemented to improve tax administration and compliance, including risk profiling of the largest 100 High Wealth Individual taxpayers and VAT compliance improvement. Sri Lanka remains committed to fiscal discipline as guided by the Public Finance Management (PFM) Law enacted in June 2024, which specifies that primary spending (i.e., non-interest government expenditure) should remain below 13% of GDP. Assistance to vulnerable groups was further strengthened through social safety net (SSN) reforms that continued in 2024, successfully overcoming technical onboarding challenges. Strengthening the state-owned enterprise (SOE) sector remains a major priority of the government. Cost-reflective energy pricing continued, despite a temporary breach caused by the revision of electricity tariffs in January 2025 by the independent regulatory commission, which will be mitigated by appropriate measures. Sri Lanka continued to strengthen the framework for SOE borrowing, limiting it to commercially viable activities. The new PFM law enhances transparency and accountability in borrowing, debt management, and treasury guarantees. Governance and oversight of state-owned banks have been improved to ensure their lending to SOEs is based on commercial considerations. Sri Lanka aims to update and publish the fiscal strategy statement (FSS) with a Fiscal Risks Statement and a medium-term PFM Reform Strategy and Action Plan by mid-2025 as per the PFM law.

29. **Sri Lanka made notable progress on the debt restructuring front with the support of bilateral and private creditors, anchored by the targets under the Debt Sustainability Analysis (DSA) of the IMF program.** Sri Lanka completed all components of Domestic Debt

Optimization and reached agreements with major creditors, including the Official Creditor Committee (OCC) and China EXIM Bank. The bond exchange with private creditors in December 2024 achieved 98% participation, aligning with the Agreements in Principle (AIPs) and assessed as consistent with the DSA and comparability of treatment (COT). Debt treatment with China Development Bank (CDB) was also completed in line with program parameters and COT. Sri Lanka's sovereign credit rating was upgraded from 'restricted default' in late 2024 as the debt restructuring process neared completion, with agreements finalized with major creditors. Sri Lanka are finalizing agreements with OCC creditors and negotiating with remaining creditors, maintaining a commitment to transparent communication. The Public Debt Management Office (PDMO) was established under the PDM Act to enhance debt management, and it is set to be fully operational by December 2025. Additionally, a medium-term debt strategy (MTDS) and an annual borrowing plan (ABP) will be developed and published alongside the 2026 Budget later this year.

30. **Sri Lanka effectively managed the high inflation episode of 2022/23 through proactive, data-driven monetary policy and the elimination of monetary financing.** Inflation declined faster than expected, turning negative in September 2024 and recording at -2.6% in March 2025, due to temporary factors such as reductions in electricity tariffs, fuel prices, transport costs, and declining food prices. This decline alleviated the burden on businesses and households, which had faced a significant cumulative rise in prices from the crisis. The effects of these deflationary factors are expected to dissipate in early 2025, with inflation projected to rise as demand strengthens. The Central Bank of Sri Lanka (CBSL) maintained an accommodative monetary policy stance throughout 2024, supporting economic activity amidst subdued inflation. As a result of the monetary policy easing measures implemented so far, market interest rates have significantly decreased and stabilized at lower levels. Credit extended to major economic sectors showed continuous improvement in 2024. This positive trend is expected to continue, driven by favorable market lending interest rates, anticipated expansion of domestic economic activity, and improving market sentiment. The CBSL will monitor inflationary pressures from wage increases, demand recovery, relaxation of import restrictions, and exchange-rate passthrough to achieve price stability. The CBSL is committed to a 5% inflation target, monitored through the Monetary Policy Consultation Clause (MPCC), with consultations held with IMF staff ahead of each Monetary Policy Board meeting. In November 2024, the CBSL introduced a single policy interest rate to improve the transmission and effectiveness of monetary policy. The new Central Bank Act (CBA), enacted in 2023, has strengthened the CBSL's independence and its policy framework for credible inflation targeting. New monetary financing has ceased to exist, ensuring budget deficits are sustainably financed through fiscal adjustments, debt relief, and new external financing.

31. **Sri Lanka's external sector strengthened notably in 2024, with international reserves rising to US$ 6.1 billion by the end of the year, providing about four months of import coverage, compared to virtually nonexistent usable reserves in mid-April 2022.** In 2024, the

external current account balance recorded a surplus for the second consecutive year. The trade deficit increased to US$ 6.1 billion (6.1% of GDP), with export earnings and import expenditure rising by 7.2% and 12.1%, respectively. Tourism earnings grew by 53.2% (US$3.2 billion), and workers' remittances increased by 10.1% (US$ 6.6 billion), leading to a current account surplus of US$ 1.2 billion (1.2% of GDP). In early 2025, the external sector continued its positive momentum, with merchandise export earnings and tourism earnings increasing. Workers' remittances also grew significantly. The current account is expected to record a marginal surplus in 2025, despite a projected widening of the trade deficit due to higher import expenditure, particularly with the lifting of restrictions on vehicle imports. The primary income account deficit is expected to reduce with lower interest payments from debt restructuring. Financial flows remained modest in 2024, with gross FDI inflows amounting to US$ 835 million, while limited net outflows were observed in the government securities market. The CBSL purchased a record amount of foreign exchange from the domestic market in 2024, significantly boosting the buildup of international reserves. The Sri Lankan rupee appreciated by 10.7% against the US dollar in 2024. However, it is expected to face some depreciation pressure in 2025 due to vehicle imports and other factors. Anticipated foreign exchange inflows may help offset this pressure.

32. **The financial sector continued to improve in 2024, with banking sector stability maintained through capital and liquidity buffers above regulatory thresholds, and compliance with prudential requirements.** Banking sector capital funds grew by 15.7% while the regulatory capital (capital base) grew by 6.9%, enhancing their ability to absorb potential losses. Total assets of the banking sector grew by 8.7%, supported by increased investments and growth in loans and receivables. Deposits, the largest source of funding, expanded during the year. Credit quality improved, though the Non-Performing Loans (NPL) Ratio remained elevated. Banking sector profitability increased significantly due to higher net interest income and the reversal of impairment charges from the restructuring of International Sovereign Bonds (ISBs). The Finance Companies (FCs) sector remained resilient with adequate capital and liquidity buffers, despite challenges. The asset base of FCs grew, driven by the expansion in loans and advances, while investments in government securities declined. Asset quality and profitability of the FCs sector also improved. Gross Written Premium (GWP) of both long-term and general insurance subsectors increased. The equity market showed noticeable improvement in indices and turnover, despite net foreign outflows in the secondary market. Liquidity conditions in the domestic money market improved due to significant foreign exchange purchases and swap transactions by the CBSL. Government securities market yields declined in both primary and secondary markets. The financial infrastructure operated smoothly, supporting sector stability. Adoption of digital payment methods increased, and integration with international payment networks continued. The CBSL implemented legal reforms, improved financial inclusion and consumer protection, engaged in anti-money laundering and counter-terrorism financing activities, and enhanced deposit insurance and resolution initiatives.

Companies Act with the Financial Action Task Force (FATF) standards, and implementing anti-corruption measures in tax policy. Public financial management reforms focus on enacting a Public Procurement law, increasing competitive procurement, and ensuring timely publication of SOE financial statements. The new Anti-Corruption Act enhances powers of the Commission to Investigate Allegations of Bribery or Corruption (CIABOC). Efforts to reduce corruption in revenue administration include digitizing processes and establishing a Tax Crimes Investigation unit. Public Financial Management reforms will be further strengthened with a Public Procurement law to be enacted by end-June 2025. Financial sector oversight has been enhanced with amendments to the Banking Act. Sri Lanka is also strengthening the regulatory framework for managing public assets and enhancing the AML/CFT regime, while measures are underway to improve the Risk-based AML/CFT supervision of financial institutions.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-16

Statement by Mr. Caputo
Argentina

On behalf of
Argentina, Bolivia, Chile, Paraguay, Peru, and Uruguay

Statement by Governor Luis Caputo, Minister of Economy, Argentina

On behalf of the Southern Cone Constituency

(Argentina, Bolivia, Chile, Paraguay, Peru, and Uruguay)

Global Outlook and Policy Challenges

Rising trade policy uncertainty has heightened the downside risks to both near- and long-term economic growth, while also elevating the likelihood of inflationary pressures and sustained higher interest rates. These dynamics have eroded consumer and investor confidence globally. It is advisable to de-escalate trade disputes from all sides, and we welcome the recent signs of progress in this direction. At the same time, it is essential to address the structural imbalances that underpin these disputes. In an integrated global economy, the uncertainty surrounding upcoming trade rules—rather than the rules themselves—remains the most significant threat to business and economic activity.

Emerging Market and Developing Economies (EMDEs) face significant hurdles driven by both external and domestic vulnerabilities. On the external front, elevated debt levels in foreign currency and rising debt-servicing burdens remain persistent challenges. Tight global financial conditions—and the increasing likelihood of a 'higher for longer' scenario—further exacerbate these difficulties, narrowing fiscal space and necessitating difficult trade-offs. Domestically, a lack of strong fiscal frameworks hinders the capacity of economies to address external shocks and to support policies that enhance productivity and competitiveness. The accumulation of external and fiscal imbalances, driven by global adverse financial conditions and public spending pressures that surpass revenues, continues to undermine macroeconomic stability in EMDEs.

We believe that, now more than ever in this challenging juncture, robust and effective domestic policies serve as the foremost line of defense**.** Pivoting toward fiscal consolidation to set debt on a sustainable path and rebuild buffers, while advancing with productivity-enhancing market-orienting structural reforms, must remain priorities for domestic policymaking. Many emerging markets, including in our own constituency, have already done their homework of reducing inflation toward target levels, implementing an effective and data dependent monetary policy, consolidating the fiscal position accordingly with their fiscal framework, and updating their financial regulatory framework according to international standards. Additional efforts should be made in maintaining growth momentum, increasing private sector led growth potential with targeted private and public investments, and rebuilding buffers.

Anchoring Stability and Promoting Balanced Growth

Against the backdrop of growing uncertainty, rising trade and geopolitical tensions, low productivity growth, and increasing risks from unsustainable public debt levels, we welcome the IMF's focus on macroeconomic and financial stability, while stepping up support for policies that boost productivity, investment, and job creation. In other words, the focus on the Fund's core areas of expertise seems to us to be the right approach.

Sharpening the Focus of Surveillance. In times of rising trade and geopolitical tensions and systemic risks, economic analysis is key to conduct informed polices, and it is also crucial to be effective in crisis prevention to avoid the need for crisis resolution. Thus, the IMF plays a unique role providing bilateral and multilateral surveillance, being as relevant today as it was when established 80 years ago.

Addressing Debt Challenges. The IMF's active role in promoting efficient and timely debt restructuring processes through platforms such as the Common Framework and the Global Sovereign Debt Roundtable continues to be relevant. These initiatives facilitate coordination among debtors, creditors, and international institutions, significantly reducing uncertainty and promoting sustainable debt management practices. The three-pillar approach to addressing liquidity pressures—emphasizing structural reforms, coordinated international financial support, and innovative debt instruments—provides a pragmatic and flexible framework to assist economies under financial strain.

Fortifying the Lending Toolkit and the Global Financial Safety Net. A robust and versatile lending toolkit ensures the IMF can swiftly and effectively respond to diverse economic crises, providing crucial financial support to stabilize economies experiencing balance-of-payment pressures.

Enhancing Capacity Development (CD). By expanding and modernizing CD, countries are better equipped to implement effective policies, undertake structural reforms, and build stronger institutions. Integrating demand-driven CD with program design is the optimal approach for countries that need it the most.

Maintaining a Strong and Agile Institution. Institutional agility, prudent resource management, and continuous operational efficiency improvements ensure that the institution remains capable of swiftly addressing emerging economic issues. The ongoing efforts to streamline operations, harness technological advancements, and cultivate a skilled workforce enable the IMF to consistently deliver high-quality support, advice, and services to member countries.

ARGENTINA

Economic Developments and a Shift Towards the Right Direction

When the new administration took office in December 2023, Argentina's economy was teetering on the edge of a full-blown balance-of-payments crisis. The inherited landscape was marked by profound economic imbalances, a soaring fiscal deficit, rapidly escalating inflation, and critically depleted foreign reserves. The new administration rapidly implemented a comprehensive stabilization plan, anchored in a strong fiscal discipline, the elimination of all monetary financing to the Treasury from the beginning, and other FX and monetary policy adjustments, including an initial substantial currency devaluation followed by a crawling peg regime.

In parallel, the Milei administration launched an ambitious structural reforms program comprising three pillars: the Decree 70/2023 “Bases para la Reconstrucción de la Economía Argentina”, the Law 27742, known as the “Ley de Bases y Puntos de Partida para la Libertad de los Argentinos” and the creation of the Ministry of Deregulation and State-Reform, locally known as “Ministerio de Desregulación y Transformación del Estado”. These executive decisions and legislative achievements were conceived as an essential complement to the stabilization plan, improving the business environment, opening-up to international markets, and strengthening institutions are key for boosting productivity, competitiveness, and job creation.

The plan has already delivered results: in the first year, we achieved rapid disinflation, secured the first primary surplus in nearly two decades, saw a rapid resumption of growth at an estimated 5.5 percent this year, strengthened the Central Bank’s balance sheet, bolstered reserves, and implemented more than 1,700 structural reforms. While contractionary at the very beginning, the shock therapy that included a 30 percent cut in primary expenditure soon proved to be expansionary, leading to a recovery in real wages and a turnaround in social indicators, lifting more than 10 million people out of poverty.

New Phase of the Economic Program

Building on the impressive results of the economic program to date, the recently approved IMF Extended Fund Facility (EFF) agreement—totaling US$20 billion, with an immediate disbursement of US$12 billion, and a first review planned for June 2025 with an associated disbursement of about US$2 billion—ushered in a new phase of the stabilization and growth plan focused on achieving enduring macroeconomic stability, enhancing external sustainability, and advancing structural reforms to foster a more open and market-oriented economy. The program comprises three policy pillars.

The first pillar is fiscal policy. The program is anchored in the President's unwavering commitment to maintaining an overall fiscal balance policy. This approach aligns with current projections, which foresee the primary surplus rising from approximately 1¼ percent of GDP in 2025 to around 2½ percent of GDP over the medium term. Adjustments will be made as necessary to achieve the ultimate goal of a zero-deficit target. This remarkable fiscal consolidation has been accomplished in record time and will be sustained through rigorous expenditure control, enhanced public spending efficiency, and comprehensive structural reforms.

The second pillar includes the monetary and FX policies, comprising a gradual transition toward greater exchange rate flexibility, moving initially to a managed floating rate within bands. The program introduces a refined monetary framework with strict limits on the Central Bank’s net domestic assets, helping rebuild international reserves, stabilize inflation expectations, and enhance the Central Bank's monetary policy credibility. The elimination of exchange restrictions will boost activity, employment, investment, and productivity in the Argentine economy, reinforcing the ongoing recovery of domestic savings and credit to the private sector. The policy changes will increase predictability, enhance exchange rate flexibility, and lead to accumulation of international reserves.

The third pillar is the continuation and deepening of the structural reforms plan aimed at increasing productivity, competitiveness, and governance. Key priorities include labor market reforms to encourage formal employment and wage flexibility, reduction of administrative burdens and regulatory barriers for businesses, and implementation of legal and institutional changes to support investment in strategic sectors such as energy and mining. Public sector efficiency will be enhanced through the rationalization of state functions, privatization of non-strategic state-owned enterprises, and digitalization of government operations.

Unlike in the past, these three pillars lay the foundations to establish a lasting economic equilibrium. The robust fiscal and monetary anchors already in place as the first line of defense of the stabilization process warrant that disbursements will no longer serve to support the budget but will instead bolster the Central Bank's balance sheet, thereby providing stronger support to the peso and consolidating the ongoing disinflation process. Furthermore, allowing a steadfast transition to a new FX framework will pave the way to re-gaining market access sooner.

With the IMF Board's approval of the new Extended Fund Facility (EFF) on April 11, the implementation of the new FX and monetary regime has prompted a very positive market response. As anticipated and expected by the authorities, the freely floating exchange rate fluctuated within the lower end of the band, while the markets welcomed the change with a significant reduction in sovereign spreads during the first week of operations under the new framework.

BOLIVIA

Recent Developments of the Economy

Despite the complex external environment marked by uncertainty driven by the intensification of the trade war and the prospects of a global slowdown and/or recession, with an inflationary surge, and at the domestic side, a challenging scenario due to severe climate events, political tensions, dollar liquidity pressures, and the difficulty of accessing external financing because of the blockade in Parliament, the Bolivian economy remains resilient. This performance comes amid the authorities' efforts to address the challenges, continue with the process of strengthening the productive apparatus, and protect the population's quality of life.

In this regard, the country recorded GDP growth of 2.1 percent as of the third quarter of 2024, primarily attributed to the positive performance of activity in the financial establishments, agriculture, manufacturing, other services, and transportation and communications sectors. Similarly, labor market indicators remained dynamic, with an urban unemployment rate of 3.6 percent in the third quarter of 2024, accompanied by an increase in the employed population. On the other hand, during 2024, the severe effects of climate phenomena, roadblocks due to political tensions, reverse smuggling, speculation, and imported inflation generated significant pressures on prices. Thus, the country experienced an inflation rate of 9.97 percent at the end of the year. The government implemented various measures to contain these pressures and preserve the population's purchasing power.

The financial system continued to show strength in 2024, with deposits growing by 5 percent and loans by 4 percent, significant growth in productive loans, and levels of non-performing loans that remained low. Furthermore, Bolivianization, which is the share of operation in local currency, persisted, reaching 91.5 percent for deposits and 99.5 percent for loans. Moreover, the sector recorded solid capitalization and profitability indicators, exceeding the minimum requirements in the former and with profits increasing by 27 percent compared to 2023 in the latter. The complex external outlook, roadblocks, and weather events that affected the harvest of important products impacted exports and the trade balance in 2024, also contributing to foreign exchange liquidity pressures. Nevertheless, it is important to note the stabilization and increase in net international reserves by 15.7 percent, closing the year at US$1,976 million.

Policies to Safeguard the Economy and the Population's Well-Being

Over 2024 and so far in 2025, the government continued implementing important actions to address the challenges and pursue the process of productive strengthening under the country's import substitution industrialization strategy. In this regard, efforts persisted on major public investment projects in various sectors such as mining, food, and manufacturing, among others, several of which will begin to show results this year. These projects will contribute to strengthening the national productive apparatus, as well as the generation of revenue and foreign currency, and the reduction of imports. Similarly, the authorities continued actions to promote and boost the productive capacity of the private sector in general and exporters in particular, through measures such as the permanence of exemption from tariffs and VAT for the import of capital goods, the SIBOLIVIA program with loans at an interest rate of only 0.5 percent, the agricultural sector support program known as Agro+BDP, the immediate delivery of Certificates of Domestic Supply and Fair Price to exporters, the new scheme and acceleration of tax refund certificates (CEDEIM), and the opening of new markets through important achievements in the Bolivian foreign policy, such as the country's accession as a full member of MERCOSUR and an associate state of the BRICS. Also noteworthy are the programs approved in the first quarter of 2025 to strengthen the trade, export, sugarcane production, and innovation sectors.

The government continued efforts to ensure the fuel supply to the economy and the population despite the complex scenario. Measures to structurally address the country's dependence on fuel imports remained by accelerating public projects for the construction and operation of biodiesel plants—the first one inaugurated in March 2024—, incentivizing the private sector through tariff and tax exemptions for the import of industrial plants and equipment for biofuel production, and allowing different fuel qualities to enter the market at higher than subsidized prices. In addition, the liberalization of fuel imports and commercialization was established, as well as the acceleration of processes for direct import of fuels for self-consumption.

The decline in hydrocarbon production, the complex panorama in the export sector, climate events, speculation, and the sustained blockage in the Plurinational Legislative Assembly to approve more than US$1.5 billion in external financing currently affected the availability of foreign currency. It is important to note that since 2023, the country has recorded, for the first time in 16 years, negative external debt transfers, with disbursements received below debt service payments. Against this backdrop, the government conducted various efforts to address the foreign currency liquidity pressures, fight speculation, and ensure its availability through measures such as the issuance of dollar-denominated central bank bonds, the authorization of the use of crypto assets, the creation of a single window for foreign trade, the facilitation of CEDEIM processes, and the establishment of maximum commission levels for transfers abroad, among others. Furthermore, and despite the difficult context, the authorities continued to regularly meet the country's debt service obligations.

On the other hand, in the face of growing price pressures, the government persisted in efforts to guarantee the supply of basic food and other products through the permanence of subsidies on fuel and food, fairs for direct commercialization from producers to consumers, the actions by the Food Production Support Company (EMAPA), control of speculation and reverse smuggling, temporary tariff deferrals on the import of various food products and inputs, among others. These measures, which continued in the first months of 2025, aim to help limit the impact of price pressures on the population's purchasing power.

Economic Outlook

The Bolivian economy is expected to grow by 3.5 percent and inflation to reach 7.5 percent in 2025. The government will continue to boost public investment, with a budget of US$4,024 million. The authorities acknowledge the growing uncertainty regarding the external and domestic context, the latter also marked by the expectation of political tensions ahead of the presidential elections in August of this year. Therefore, they remain vigilant and will continue to conduct the necessary efforts to achieve the country's productive transformation and guarantee better living conditions for the Bolivian population.

CHILE

The Chilean economy is growing around its potential, and inflation is expected to converge to the target within the monetary policy horizon. During 2024, real GDP grew 2.6 percent, above authorities' projections and market expectations. The main driver behind this was exports, which grew 6.6 percent, influenced by shipments of copper, fruit, and pulp, as well as the performance in tourism and transportation services. This development contributed to the reduction in the current account deficit to 1.5 percent of GDP. Domestic demand grew 1.3 percent, mostly explained by consumption—both private and public—, and by a positive effect from the change in inventories. According to the Central Bank of Chile (CBC), GDP is projected to grow between 1.75 percent and 2.75 percent in 2025, and it is expected to reach 1.5-2.5 percent in 2026, around estimated long-term growth. Headline inflation was 4.9 percent in March, with a significant contribution from the energy component, which includes the adjustment of electricity rates and higher figures for fuel items, given the depreciation of the Chilean peso and the increase in international prices in previous months. Inflation expectations indicate around 4 percent and 3 percent for the end of 2025 and 2026, respectively; meanwhile, the target level of 3 percent is expected to be achieved within the monetary policy horizon.

The financial system remains resilient, and significant steps have been taken to enhance the financial regulatory framework. In January 2025, the banking capital adequacy ratio was 16.8 percent of the risk weighted assets, well above the 12 percent requirement that includes both the conservation and the countercyclical buffers, and the systemic and Pillar 2 charges. The non-performing loan ratio is low, meanwhile loan-loss provisions returned to their pre-pandemic level; however, total loans have decreased in real terms, totaling $266 billion in March 2025. The Financial Market's Resilience Law is expected to strengthen the infrastructure and functioning of financial markets, and the introduction of the Fintech Law will support the development of fintech to foster innovation in the financial sector.

The monetary policy stance is in accordance with the macroeconomic scenario, and the CBC will continue to conduct monetary policy in a data-dependent manner in order to ensure the convergence of inflation to the target. The evolution of inflation is in line with previous projections; however, the level is high and external risks are elevated. The tariffs imposed by the USA during the first week of April have had strong impacts on the global financial markets, also maintaining high levels of uncertainty regarding future trade policies. It is expected that inflation will remain above the target level for several advanced economies, tightening global financial conditions. The flexible exchange rate regime works as a shock absorber, meanwhile international reserves and the CBC's access to liquidity in foreign currency provide additional cushioning against the impact of external shocks.

Further adjustments on fiscal spending are planned for 2025, projecting fiscal convergence for 2026. The overall fiscal deficit for 2024 was 2.9 percent of GDP, meanwhile, the cyclically adjusted deficit was 3.2 percent of GDP. For the current year, the overall and the cyclically adjusted deficits were projected at 1.7 percent and 1.6 percent of GDP, respectively. However, additional measures will be applied in line with the law that promotes Accountability and Transparency in the Financial Management of the State. For the medium term it is expected that fiscal policy will be consistent with both the cyclically adjustment balance target and the debt anchor, maintaining overall debt below the prudent level of 45 percent of GDP.

The impacts of recent US-imposed tariffs will be crystalized through different channels. In the case of Chile, the 10 percent tariff rate has a direct impact on the exports sent to the USA, which is the country's second largest commercial partner, representing 16 percent of total exports. Nevertheless, a third of these are copper exports, which so far are exempted from the tariff. The ability to take advantage of the broad network of trade agreements puts Chile in a position to diversify trade towards other partners. However, there are other indirect channels that should be assessed, including a reduction in the global demand and lower copper prices. The Chilean authorities are committed to swiftly deploy the policy instruments at hand within the US-Chile Free Trade Agreement institutionality to mitigate the impact of potential external shocks.

PARAGUAY

Economic activity indicators have continued to show a favorable evolution in recent months. The Gross Domestic Product (GDP) grew 4.2 percent in 2024, higher than the last reported projection of 4.0 percent. For 2025, the GDP growth projection is 4.0 percent, higher than the previous estimate of 3.8 percent. The main driver of growth would be the services sector, supported by the good dynamics expected in its different branches, particularly trade, financial intermediation, and services to households and businesses. The secondary sector is also expected to have a positive impact, with a rebound in electricity production and positive performances of manufacturing and construction. As for the primary sector, livestock farming will continue to expand, while agricultural production levels are expected to be relatively similar to those observed in 2024. In line with the positive growth expectations, short-term activity indicators showed good dynamism at the beginning of the year. On the expenditure side, domestic demand is expected to have a positive impact on GDP, explained by the expected growth of both private and public consumption, and the higher level of gross fixed capital formation.

The inflation forecast for 2025 was adjusted slightly from 3.7 percent to 3.8 percent, with an expected convergence to the 3.5 percent target in 2026. In recent months, the rise in inflation was mainly explained by supply factors that have affected the prices of volatile components of the basket (vegetables), which registered significant increases. These effects are expected to be limited in time and are therefore likely to be reversed in the coming months. Additional pressures have also been identified in other subcomponents of the food group. Excluding these specific shocks, there is no evidence of significant domestic inflationary pressures. Economic activity is around its potential level and the recent depreciation of the exchange rate has not had a significant impact on inflation. From the external environment, no pressures are anticipated either from the output gap of the main trading partners, or from international food and energy prices. In this context, the Monetary Policy Rate (TPM) remained at 6.0 percent, a level consistent with the neutral range.

The local exchange rate has depreciated by around 2 percent as of March 2025. This behavior is partly attributed to external, exogenous, and seasonal factors. First, the lower soybean harvest, affected by adverse weather conditions. Second, the prices of the main commodities, especially soybeans, remain at low levels, which has a negative impact on foreign currency inflows. In addition, prices are expected to remain low in a scenario of lower demand associated with expectations of weaker global economic growth. Another relevant factor is the seasonality of exports, which is closely linked to agricultural production. Generally, the first months of the year present a relatively low flow of exports, especially soybeans. Going forward, pressures on the exchange rate are expected to moderate, considering the beginning of the period of higher inflows of foreign currency from soybean exports. Also, on the international front, further interest rate cuts by the Federal Reserve are anticipated, compared to what was expected a few months ago.

The financial system maintains a favorable performance, reflected in adequate levels of liquidity, solvency, and profitability. Credits granted continued to show positive dynamics, especially in local currency loans. Deposits have also evolved favorably, driven mainly by long-term deposits, both in guaraníes and dollars. In terms of soundness indicators, the profitability of the financial system remains at adequate levels, with figures similar to those recorded before the pandemic. In turn, solvency remains well above the minimums established by local regulations.

In the regulatory area, the modernization and integration of the financial system seeks to further consolidate the system's stability. In this regard, the Central Bank of Paraguay (BCP) has begun the process of updating the legislation of the insurance and securities markets, and plans are underway to adopt risk-based supervision and new technologies in these markets.

The Paraguayan Payments System (SIPAP) is performing in a secure, efficient, and competitive manner. The BCP accompanies the modernization and advancement of the electronic payments system with an appropriate regulatory framework. At the end of 2024, the socialization of the National Payments System Bill began, which promotes the efficiency, security, and proper functioning of payment services and systems in the country. This will provide a regulatory framework for payments and a digital and interconnected financial environment, in line with an investment grade country that promotes innovation and financial inclusion.

In addition, the BCP has begun the process of implementing a specialized depository for the issuance, custody, clearing, and settlement of electronic savings deposit certificates (CDA-e), in accordance with international best practices and with the objective of providing greater dynamism, transparency, and efficiency to the financial market. Recently, the BCP was honored with the "*Payments and Market Infrastructure Development 2025*" award, granted by *Central Banking*, recognizing the leadership of the Central Bank in the modernization of electronic payments in Paraguay. This recognition highlights the advances made in recent years, such as the implementation of the Instant Payment System (SPI), which, with its 24/7 availability (24 hours/7 days a week), has reduced dependence on the use of cash, enabled greater traceability of transactions, and allowed immediate transfers since its implementation.

PERU

Following a contraction in 2023, GDP growth rebounded to 3.3 percent in 2024. The unwinding of 2023's adverse shocks drove a recovery in primary sectors, mainly agriculture and fishing, and in non-primary sectors including manufacturing, construction, and services. Stronger private consumption and a pickup in both private and public investment—supported by lower inflation, improved labor market conditions, and rising business confidence—fueled domestic demand.

GDP is forecast to grow by 3.2 percent in 2025, with domestic demand remaining the main driver. Private spending growth—underpinned by a recovering labor market, higher household purchasing power, and improved business sentiment—is expected to support continued growth in non-primary activities. Construction is set to accelerate on the back of increased public investment, while services should benefit from stronger private consumption. In contrast, primary sector growth is expected to moderate as production conditions normalize. The economy is forecast to expand by 2.9 percent in 2026, with growth near potential over the medium term.

Inflation in Peru has been among the lowest and least volatile in LAC since 2001 (3.0 percent on average in 2001-2024). Year-on-year inflation continued to decline within the 1-3 percent band targeted by the Central Reserve Bank of Peru (BCRP), from 2.3 percent in November 2024 to 1.3 percent in March 2025, largely due to lower food prices. Core inflation (excluding food and energy) also declined—from 2.6 percent to 1.9 percent—over the same period. Twelve-month inflation expectations fell to 2.3 percent in March, from 2.5 percent in December 2024. Inflation is expected to remain close to the BCRP's 2 percent target midpoint in 2025–2026.

Credit to the private sector grew by 0.5 percent in 2024, down from 1.3 percent in 2023, before rising 2.4 percent year-on-year in February 2025. This pattern reflects subdued credit demand and a cautious stance among financial intermediaries. However, credit growth is expected to recover to 5 percent in 2025, in line with domestic demand trends.

The fiscal deficit rose from 2.8 percent of GDP in 2023 to 3.5 percent in 2024, driven primarily by weaker current revenues. As of February 2025, the deficit held steady, reflecting relatively stable revenue and expenditure trends. Public debt is projected to reach 32.6 percent of GDP by end-2025—one of the lowest in LAC. Fiscal consolidation is expected to proceed in line with the deficit caps established by the fiscal rule (2.2 percent in 2025 and 1.8 percent in 2026).

The current account surplus rose from 0.7 percent of GDP in 2023 to 2.2 percent in 2024, supported by: (i) improved terms of trade and export volumes, which boosted the goods trade surplus; (ii) higher remittance inflows, reflecting favorable labor market conditions abroad; and (iii) a recovery in foreign tourist arrivals, which narrowed the services deficit. The surplus is projected to decline to 1.9 percent of GDP in 2025, as terms-of-trade gains moderate, freight costs normalize, and profit repatriation by foreign-owned firms increases. The balance of payments is expected to remain sustainable and financed by long-term capital inflows.

The BCRP reduced its policy rate by 25 basis points in January 2025 and held it steady at 4.75 percent in February, March, and April. BCRP monetary policy statements emphasize that future rate decisions depend on incoming inflation data and its underlying drivers. They also restate the BCRP Board's commitment to take all necessary actions to keep inflation within the target band.

Peru maintains an FX buffer equivalent to approximately six times short-term external obligations and 30 percent of GDP, reflecting the BCRP's precautionary reserve accumulation strategy. Supported by strong fundamentals and ample FX reserves, Peru's external position remains among the most resilient in emerging markets, significantly limiting exposure to exogenous financial shocks.

Peru's strong and coordinated policy response during the pandemic was supported by sound macroeconomic fundamentals—low public debt, one of the largest fiscal buffers in LAC, and substantial FX reserves. Amid ongoing global uncertainty, Peru's track record of prudent macroeconomic management over the past three decades remains a key anchor of policy credibility.

URUGUAY

Macroeconomic Performance

After 0.7 percent growth in 2023, weighed down by the effects of a severe drought, Uruguay's economic activity rebounded to 3.1 percent in 2024. This recovery was driven by several factors: the revitalization of the agricultural sector following the drought, increased pulp production due to UPM 2 opening, and higher hydropower generation. Increased exports and greater consumption—attributable to the narrowed exchange rate differential with Argentina—also contributed positively. As Uruguay looks toward 2025, the challenge will be to sustain growth without the temporary factors that boosted the economy in 2024. The latter will require strengthening internal growth drivers, improving productivity, and consolidating a stable, predictable macroeconomic environment that promotes investment, innovation, and quality employment.

Labor Market Indicators

Both employment and activity rates increased in 2024, resulting in the addition of 34,000 net jobs, with 60 percent created in the formal sector. This occurred amid a sustained rise in the activity rate, which reached 64.6 percent—an increase of 0.8 percentage points compared to December 2023 and the highest level since March 2016. Meanwhile, nominal wages accumulated a 6.39 percent growth in the 12 months ending December 2024.

Monetary Policy and Inflation

In March 2025, the Central Bank of Uruguay (BCU) raised its benchmark policy rate by 25 basis points to 9.25 percent, reaffirming its goal of bringing inflation and expectations toward the center of the target range (4.5 percent) within the Monetary Policy Horizon (24 months).

The annual inflation rate closed at 5.49 percent in 2024, compared to 5.11 percent in 2023. Inflation expectations rebounded from recent historical lows, exceeding the upper bound of the target range. In March, headline inflation stood at 5.7 percent, and the last 22 consecutive months have been within the target range, the longest streak since the inception of the inflation targeting regime. Meanwhile, core inflation rose to 5.9 percent, primarily due to higher prices of tradable goods. Regarding exchange rates, the BCU remains committed to its free-floating regime.

Financial System

The banking sector remains sound, well-capitalized, and highly liquid. In December 2024, the banking system's profitability stood at 3.1 percent, measured on assets and 27 percent on equity, increasing from 2.5 percent and 22.6 percent in 2023, respectively. This improvement resulted from increased banking spreads and the US dollar’s appreciation against the Uruguayan peso at year-end. In an industry characterized by long positions in foreign currency, this appreciation generated positive valuation results. The potential medium-term effect of financing costs on debtors' payment capacity has not materialized in bank delinquency rates, which fell from 2.1 percent to 1.7 percent in 2024, approaching historical lows (1.5 percent).

The solvency of Uruguayan banks, measured by the capital-to-risk ratio, remains ample (averaging 1.92 times the regulatory minimum). Stress tests conducted by the Superintendence of Financial Services demonstrate that the banking system would, on average, withstand a severe crisis scenario while maintaining robust capital levels. Additionally, the system's liquidity remains very high.

Fiscal Policy

In the 12 months ending December 2024, the Central Government's fiscal deficit stood at 3.2 percent of GDP. When excluding the effects of the Social Security Trust Fund (0.1 percent of GDP), the adjusted fiscal deficit was equivalent to 3.3 percent of GDP. The Central Government's gross debt equated to 57.2 percent of GDP in December 2024, while net debt represented 53.3 percent of GDP—decreases of 1.32 and 1.48 percentage points, respectively, relative to December 2023.

After four consecutive years of meeting all three fiscal pillars (structural fiscal balance, primary spending, and net indebtedness), 2024 marked a significant deviation from this trend. For the first time in this period, two of the three pillars were not achieved. The structural fiscal balance stood at -3.7 percent of GDP against a target of 2.9 percent, and the real change in primary spending was 4.7 percent against a target of 2.8 percent annually. Regarding the legal cap on annual government net indebtedness (GNI), the third pillar of the fiscal rule, the government informed Parliament's General Assembly of its decision to invoke the legal safeguard clause, which permitted an increase in the GNI legal limit by up to 30 percent (to a revised limit of USD 2,990 million). Net indebtedness reached USD 2,644 million, utilizing 50 percent of the allowance provided by the safeguard clause.

Institutional and Environmental Governance

In today's volatile global landscape, Uruguay stands out through two institutional strengths that significantly reduce its risk profile. The nation maintains robust democratic credentials—ranking 15th globally among 167 countries and securing a place among only 25 full democracies worldwide, according to The Economist Democracy Index. This democratic foundation is complemented by Uruguay's position at the forefront of environmentally friendly policies. It remains a sustainability-focused country, ranking among the top performers on ESG (Environmental, Social, and Governance) fundamentals across emerging markets. These dual pillars of institutional strength contribute to Uruguay maintaining the lowest country risk spread in Latin America in an increasingly unpredictable global environment.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-17

Statement by Mr. Bigendako
Burundi

On behalf of
Burundi, Cameroon, Central African Republic, Chad, Democratic Republic of Congo, Republic of Congo, Djibouti, Republic of Equatorial Guinea, The State of Eritrea, The Federal Democratic Republic of Ethiopia, Gabon, Kenya, Rwanda, Democratic Republic of São Tomé & Príncipe, Republic of South Sudan, Sudan, and Uganda

IMFC Statement by Mr. Edouard Normand BIGENDAKO
Governor of Central Bank of Burundi
April 25, 2025

Introduction and Global Context

We express our deepest compassion for the victims of ongoing wars and humanitarian crises around the globe and reiterate our call for stronger global cooperation and multilateralism to promote peace, stability, and recovery.

The global economy has shown remarkable resilience, yet the environment remains fragile. Risks are tilted to the downside amid persistent geopolitical tensions, shifts in trade and industrial policies, elevated debt levels, and tightening financial conditions. The impact of climate change remains a major challenge for all countries and more acutely developing countries, small states and islands. Recent trade policy shifts as well as declining official development assistance are particularly concerning. As depicted in the World Economic Outlook (WEO), the disproportionate impact on low-income countries (LICs), coupled with potential adverse spillovers, threatens progress toward the Sustainable Development Goals and income convergence.

We stress the need for well-calibrated and agile macroeconomic policy responses tailored to country-specific conditions. Policymakers must carefully navigate tradeoffs to rebuild buffers, maintain price stability, and promote inclusive and sustainable growth. The IMF's role as a trusted advisor, financial firefighter, and convener is more important than ever.

Macroeconomic Risks and Policies

We are concerned by the global implications of rising trade restrictions, which are weakening already fragile growth prospects—particularly for low-income countries through adverse spillovers. We are also deeply apprehensive of the elevated financial instability and rollover risks in frontier markets. Heightened spreads, capital outflows, and exchange rate volatility could significantly undermine debt sustainability and development efforts, especially in LICs. These risks call for greater vigilance, timely financial support, and a strong global financial safety net.

Against this backdrop, we support the Fund's advice to ensure that monetary policy remains focused on anchoring inflation expectations while preserving financial stability. In light of evolving shocks and tightening global financial conditions, central banks must fine-tune their responses, while preserving credibility and transparency. The critical importance of central banks' independence, supported by enhanced coordination of fiscal and monetary policies, cannot, in this context, be overemphasized. In the fiscal area, the authorities should prioritize growth-friendly consolidation supported by credible medium-term frameworks and protection of critical social spending.

Structural reforms remain essential to improve resource allocation, boost productivity, enhance competitiveness, and foster more inclusive and resilient growth. We urge continued efforts to enhance the business environment, invest in human capital, and remove market rigidities. These reforms should be carefully sequenced to protect vulnerable populations and ensure social cohesion.

In addition to determined domestic reform efforts, we underscore the importance of all countries abiding by multilateral rules and prioritizing dialogue and cooperation over unilateral initiatives to gain undue advantage and over retaliation. We agree that strengthening existing trade partnerships and regional integration efforts—such as the African Continental Free Trade Area (AfCFTA)—would help mitigate some of the negative repercussions of global trade shocks and support economic diversification.

Developments in LICs and Fragile States

LICs continue to face multiple, overlapping shocks that are hindering their recovery and long-term development. We note with concern the downward revisions in growth projections for many LICs in light of recent trade and financial disruptions. For countries already facing binding fiscal constraints and debt distress, these developments further narrow available policy space. Debt restructuring and external concessional support are highly desirable in those circumstances.

We are notably apprehensive of the decline in official development assistance to low-income and fragile countries. This trend risks weakening the development impact of Fund-supported programs and increasing the adjustment burden on vulnerable members. It reinforces the urgent need to mobilize additional concessional resources to meet rising financing needs. We reiterate our call to explore viable options—including IMF gold sales and other internal resources—to strengthen the concessional capacity of the Poverty Reduction and Growth Trust (PRGT). The upcoming United Nation Financing for Development (FfD4) summit should serve as a platform to advance bold and monitorable financing solutions.

We welcome the Fund's analytical work on exchange rate regimes in LICs. Greater clarity and support are needed to help countries manage tradeoffs between stability and credibility. We reiterate our call for deeper analysis on the drivers of de facto shifts away from floating regimes and appropriate policy responses as needed.

For fragile and conflict-affected states (FCS), we welcome the Fund's implementation of its FCS strategy and call for enhanced coordination with development partners and scaled-up capacity development assistance.

Engagement with the Managing Director's Global Policy Agenda

We support the priorities laid out in the Managing Director's Global Policy Agenda. We welcome the focus on resilience, agility, and international cooperation as guiding principles for the IMF's medium-term strategy.

We commend the expanded scope of surveillance, including greater attention to spillovers from financial innovation, industrial policies, and geopolitical fragmentation. The forthcoming Comprehensive Surveillance Review offers a critical opportunity to ensure tailored and effective engagement across country contexts.

We welcome continued engagement on debt vulnerabilities, notably through the Global Sovereign Debt Roundtable, the G-20 Common Framework, and the updated Debt Sustainability Framework for LICs following its ongoing review. On the latter, we stress the importance of enhancing an instrument that will signal early warnings on debt distress while allowing LICs to invest in physical and human capital. We encourage further progress on the 3-Pillar Approach to address liquidity constraints, and a more systematic deployment of debt resolution tools where appropriate.

We support ongoing reviews of the IMF's lending toolkit to ensure it remains fit-for-purpose. This includes reviews of program design and conditionality, precautionary instruments, and the Resilience and Sustainability Trust (RST). We would also plead for replenishing the Catastrophe Containment and Relief Trust (CCRT)—which remains underfunded—to allow the Fund to meet the needs of members in situations of qualified disasters. Moreover, and importantly, the Fund must remain responsive to the specific conditions of members with protracted balance-of-payments needs while ensuring alignment with the evolving global financial safety net.

We greatly value the Fund's continued strong commitment to capacity development (CD), particularly in low-income and fragile states. As policy challenges grow more complex, the need for integrated and well-targeted CD becomes even more urgent. We encourage deeper alignment between CD and lending operations—including tailored technical assistance and training in key areas such as debt management, domestic revenue mobilization, and governance. To sustain and upscale CD efforts, we call on member donors to step up their support, while also encouraging more predictable CD budgeting through increased reliance on internal resources when external financing falls short.

IMF Governance, Representation, and Institutional Strengthening

We welcome the GPA's emphasis on IMF governance reform. We urge members to swiftly complete domestic approvals for the 16th General Review of Quotas. A timely realignment of quota shares is essential to reflect members' evolving positions in the global economy while preserving the quota shares and voice of the poorest, notably PRGT-eligible members and small developing states. One should also be attentive of the concerns of vulnerable middle-income countries with other characteristics similar to LICs'. We call on the Executive Board to expedite work on possible approaches for quota realignment under the 17th Review, including a new quota formula, by June 2025. We view the Diriyah Declaration as a basis for building consensus on IMF quota and governance reform.

We reaffirm the need for enhanced voice and representation of underrepresented countries, particularly LICs and Sub-Saharan African members. In this context, we celebrate the operationalization of the third Chair for Sub-Saharan Africa at the IMF Executive Board, which marks a historic milestone.

We commend the IMF's ability to adapt its operations while remaining cost-effective. Going forward, it will be critical to align the institution's global presence with members' evolving needs.

Lastly, we reiterate our unwavering support for the Fund's mission and for ensuring that it remains a trusted, equitable, and responsive institution. The world economy needs an IMF that is agile, forward-looking, and anchored in the principles of global cooperation, stability, and inclusive prosperity.

COMITÉ MONÉTAIRE ET FINANCIER INTERNATIONAL

Cinquante-et-unième réunion
24–25 avril 2025

Déclaration n° 51-17(F)

Déclaration de
Burundi

au nom de
Burundi, Cameroun, République centrafricaine, Tchad,
République Démocratique du Congo, République du Congo, Djibouti,
République de Guinée équatoriale, Erythrée,
République Démocratique Fédérale d'Éthiopie, Gabon, Kenya, Rwanda,
São Tomé-et-Príncipe, République du Soudan du Sud, Soudan et Ouganda

Déclaration de M. Edouard Normand BIGENDAKO,
Gouverneur de la Banque Centrale du Burundi
25 avril 2025

Introduction et Contexte Global

Nous exprimons notre profonde compassion envers les victimes des conflits et crises humanitaires actuels répandus à travers le monde, et réitérons notre appel au renforcement de la coopération internationale et au multilatéralisme pour promouvoir la paix, la stabilité et la reprise économique.

L'économie mondiale a montré une résilience remarquable, mais l'environnement reste fragile. Les risques tirent les perspectives à la baisse en raison des tensions géopolitiques persistantes, des changements dans les politiques commerciales et industrielles, des niveaux de dette encore plus élevés et du resserrement des conditions financières. L'impact du changement climatique reste un défi majeur pour tous les pays, et plus particulièrement pour les pays en développement, les petits États et les îles. Les récents changements de politiques commerciales ainsi que la baisse de l'aide publique au développement sont particulièrement préoccupants. Comme le montre les Perspectives de l'économie mondiale, l'impact disproportionné sur les pays à faible revenu, associé à des retombées potentielles négatives, menace les progrès vers les Objectifs de développement durable et la convergence des revenus.

Dans ce contexte, nous soulignons la nécessité de réponses en matière de politique macroéconomique appropriées et adaptées aux conditions spécifiques de chaque pays. Les décideurs doivent faire des arbitrages entre reconstituer des coussins de sécurité budgétaires, maintenir la stabilité des prix et promouvoir une croissance inclusive et durable. Le FMI devrait continuer à soutenir les pays à travers l'appui financier et technique pour assurer la stabilité financière ainsi que veiller au renforcement de la coopération internationale.

Risques et Politiques Macroéconomiques

Nous sommes préoccupés par les implications mondiales des restrictions commerciales croissantes, qui affaiblissent des perspectives de croissance déjà fragiles, en particulier pour les pays à faible revenu qui sont vulnérables aux chocs. Nous sommes également vivement préoccupés par la forte instabilité financière et les risques de refinancement auxquels sont confrontés les marchés émergents. Les écarts de taux (*spreads*) élevés, la fuite de capitaux et la volatilité des taux de change pourraient considérablement compromettre la soutenabilité de la dette et les efforts de développement, en particulier dans les pays à faible revenu. Ces risques appellent à une vigilance accrue, un soutien financier opportun et un solide Filet de sécurité financière mondial.

Dans ce contexte, nous soutenons les recommandations du FMI axées sur une politique monétaire recentrée sur l'ancrage des anticipations d'inflation tout en préservant la stabilité financière. À la lumière des chocs évolutifs et du durcissement des conditions financières mondiales, les banques centrales doivent ajuster leurs réponses de politique pour assurer la stabilité des prix tout en préservant leur crédibilité et leur transparence. L'indépendance des banques centrales, couplée à une meilleure coordination des politiques budgétaire et monétaire, revêt une importance capitale et demeure indispensable. Dans le domaine budgétaire, les autorités des pays devraient privilégier une consolidation favorable à la croissance, soutenue par des cadres budgétaires à moyen terme crédibles, et la protection des dépenses sociales jugées prioritaires.

Les réformes structurelles restent incontournables pour améliorer l'allocation des ressources, stimuler la productivité, renforcer la compétitivité et favoriser une croissance plus inclusive et résiliente. Nous exhortons à poursuivre les efforts visant à améliorer l'environnement des affaires, investir dans le capital humain et éliminer les rigidités du marché. Ces réformes doivent être soigneusement séquencées et accompagnées de mesures de soutien le cas échéant pour protéger les populations vulnérables et assurer la cohésion sociale.

En plus de privilégier les réformes domestiques ayant des impacts significatifs, nous soulignons l'importance pour tous les pays de respecter les règles multilatérales et de privilégier le dialogue et la coopération plutôt que les initiatives unilatérales néfastes à la stabilité du système commercial mondial. Nous convenons que le renforcement des partenariats commerciaux existants et des efforts d'intégration régionale, tels que la Zone de libre-échange continentale africaine (ZLECAf), aideraient à atténuer certaines des répercussions négatives des chocs commerciaux mondiaux et à soutenir la diversification économique.

Développements dans les pays à faible revenu et les États Fragiles

Les pays à faible revenu continuent de faire face à des chocs multiples et complexes qui entravent leur reprise économique et leur développement à long terme. En effet, nous sommes préoccupés par les révisions à la baisse des projections de croissance pour de nombreux pays à faible revenu à la lumière des récents changements de régime commercial et des conditions financières dans de nombreux pays. Pour les pays déjà confrontés à des contraintes budgétaires persistantes combinées à des pressions accrues résultant de niveaux d'endettement élevés, ces développements ont des impacts significatifs et ralentissent les efforts de croissance économique. Dans ce contexte, la restructuration des dettes souveraines et le soutien continu par des financements concessionnels devraient rester une priorité mondiale.

Nous sommes particulièrement préoccupés par la diminution de l'aide publique au développement et des conséquences dans les pays à faible revenu et les Etats fragiles. Cette tendance risque d'affaiblir l'impact des programmes soutenus par le FMI et d'augmenter le fardeau de l'ajustement pour les pays membres qui sont déjà très vulnérables aux chocs et confrontés à un espace budgétaire limité. Cette situation renforce la nécessité urgente de mobiliser des ressources concessionnelles supplémentaires pour répondre aux besoins de financement croissants. Nous réitérons notre appel à explorer des options viables, y compris la vente de l'or du FMI et d'autres ressources internes, pour renforcer la capacité financière du Fonds fiduciaire pour la réduction de la pauvreté et la croissance (*Poverty Reduction and Growth Trust, PRGT*). La prochaine conférence des Nations Unies sur le financement du développement (*Financing for Development 4, FfD4*) devrait constituer une plateforme idéale pour promouvoir des solutions de financement innovantes et concrètes.

Nous accueillons favorablement le travail analytique du Fonds sur les régimes de taux de change dans les pays à faible revenu. Le renforcement des capacités adapté aux contraintes de ces pays est indispensable pour gérer les arbitrages entre stabilité et crédibilité. Nous réitérons notre appel à une analyse approfondie des facteurs sous-jacents aux transitions *de facto* de régimes de change flottant vers des régimes de change contrôlé, ainsi qu'à des réponses de politiques appropriées en fonction des besoins de ces économies.

Pour les États fragiles et ceux affectés par des conflits, nous saluons la mise en œuvre par le FMI de sa stratégie d'assistance à ces pays. Nous appelons à une coordination renforcée avec les partenaires au développement ainsi qu'à une augmentation de l'assistance technique, afin de fournir un appui efficace à ces pays.

Engagement avec le Programme Economique Mondial de la Directrice Générale du FMI.

Nous soutenons les priorités énoncées dans le Programme économique mondial (*Global Policy* Agenda) de la Directrice Générale. Nous accueillons favorablement l'accent mis sur la résilience, l'agilité et la coopération internationale comme principes directeurs de la stratégie à moyen terme du FMI.

Nous saluons l'élargissement de la portée de la surveillance conduite par le FMI, y compris l'attention accrue sur les retombées de l'innovation financière, des politiques industrielles et de la fragmentation géopolitique. La prochaine Revue exhaustive de la surveillance (*Comprehensive Surveillance Review*) offre une opportunité critique pour garantir un engagement adapté et efficace compatible avec les différents contextes nationaux.

Nous accueillons également favorablement la poursuite de l'engagement du FMI sur les vulnérabilités de la dette, notamment par le biais de la Table-ronde mondiale sur la dette souveraine, du Cadre commun du G-20 et du Cadre de viabilité de la dette pour les pays à faible revenu dont la révision est en cours. Sur ce dernier point, nous soulignons l'importance de renforcer cet instrument et de préserver sa capacité à émettre des signaux précoces sur la détresse de la dette tout en permettant aux pays à faible revenu d'investir dans le capital physique et humain. Nous encourageons des progrès supplémentaires sur l'Approche à Trois Piliers (*Three-Pillar Approach)* pour résoudre les contraintes de liquidité et permettre un déploiement plus systématique des outils de résolution de la dette.

Nous soutenons les revues en cours des instruments de prêt du FMI pour garantir leur efficacité. Il s’agit notamment de l’analyse approfondie de la conception des programmes et des conditionnalités ; de l’examen des instruments de précaution ; et de la revue de la Facilité pour la résilience et la durabilité (FRD). Nous plaiderions également pour le renflouement du Fonds Fiduciaire d’Assistance et de Riposte aux Catastrophes (*Catastrophe Containment and Relief Trust, CCRT*)—qui reste sous-financé—afin de permettre au FMI de répondre aux besoins des pays membres en situation de catastrophes. De plus, et surtout, le Fonds doit rester réactif aux conditions spécifiques des membres ayant des besoins substantiels pour répondre au déficit persistent de la balance des paiements tout en assurant l'alignement avec les évolutions des conditions financières mondiales.

Nous apprécions grandement l'engagement continu du Fonds en faveur du renforcement des capacités, en particulier dans les pays à faible revenu et Etats fragiles. À mesure que les défis politiques deviennent plus complexes, le besoin de renforcement des capacités adapté aux contraintes des pays devient encore plus urgent. Nous encourageons un meilleur alignement entre le renforcement des capacités et les opérations de prêt—y compris à travers une assistance technique et des formations adaptées dans des domaines clés tels que la gestion de la dette, la mobilisation des recettes domestiques et la gouvernance. Nous appelons les pays donateurs à renforcer leur soutien financier, tout en encourageant des stratégies innovatives pour assurer la soutenabilité des moyens de financement de ce renforcement des capacités, y compris le recours accru aux ressources internes.

Gouvernance du FMI, Représentation et Renforcement Institutionnel

Nous saluons l'accent mis par le Programme économique mondial sur la réforme de la gouvernance du FMI. Nous exhortons les membres à finaliser rapidement les processus nationaux d'approbation de la 16^{e} Révision Générale des Quotes-Parts. Un réalignement opportun des quotes-parts est essentiel pour refléter les positions évolutives des membres dans l'économie mondiale tout en préservant les quotes-parts et la voix des plus pauvres, notamment les membres éligibles au Fonds fiduciaire pour la réduction de la pauvreté et la croissance (*PRGT*) et les petits États en développement. Il convient également de prêter attention aux préoccupations des pays à revenu intermédiaire vulnérables ayant des caractéristiques similaires à celles des pays à faible revenu. Nous appelons le Conseil d'administration du FMI à accélérer les travaux sur les approches possibles pour le réalignement des quotes-parts dans le cadre de la 17e Révision, y compris une nouvelle formule de quotes-parts, d'ici juin 2025. Nous considérons la Déclaration de Diriyah comme une base pour construire un consensus sur la réforme des quotes-parts et de la gouvernance du FMI.

Nous réaffirmons la nécessité de renforcer la voix et la représentation au FMI des pays sous-représentés, y compris à travers l'augmentation des cadres et des professionnels ressortissants de ces pays, en particulier les pays à faible revenu et les pays de l'Afrique subsaharienne. Dans ce contexte, nous nous réjouissons de l'attribution d'un troisième siège pour l'Afrique subsaharienne au Conseil d'administration du FMI et réaffirmons que sa mise en place constitue une étape historique qui renforce la représentation des pays de cette région au sein de l'institution. D'autre part, des efforts doivent être poursuivis pour accroitre leurs quotes-parts compte tenu du niveau des financements limité par des quotes-parts demeurés faibles.

Nous félicitons le FMI pour sa capacité à adapter ses opérations tout en maintenant sa solidité financière. À l'avenir, il sera crucial de veiller à ce que les interventions du FMI restent alignées aux besoins évolutifs des pays membres.

Enfin, nous réitérons notre soutien à la mission du FMI et notre attachement à l'assurance qu'il reste une institution de confiance, équitable, au centre du Filet de sécurité financière mondial et qui réponde aux besoins de ses membres. Face à un environnement mondial de plus en plus complexe, le FMI doit rester agile pour renforcer les principes de coopération mondiale, de stabilité et de croissance inclusive.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-18

Statement by Mr. Haddad
Brazil

On behalf of
Brazil, Cabo Verde, Dominican Republic, Ecuador, Guyana, Haiti, Nicaragua, Panama, Suriname, Democratic Republic of Timor-Leste, and Trinidad and Tobago

Statement by Fernando Haddad
Minister of Finance, Brazil

On behalf of the Constituency comprising Brazil, Cabo Verde Dominican Republic, Ecuador, Guyana, Haiti, Nicaragua, Panama, Suriname, Timor-Leste, and Trinidad and Tobago

International Monetary and Financial Committee

April 2025

The global economy: facing times of uncertainty

The contemporary polycrisis has been compounded by unprecedented policy uncertainty, upending the global economy's fragile equilibrium. At the beginning of 2025, a hard-fought stabilization had begun to take hold following years of severe shocks. Moderating inflation and normalizing labor markets were positive developments, against the backdrop of a continued climate crisis, subdued long-term growth, and increasing debt vulnerabilities. This limited progress is now at risk in the aftermath of sudden trade policy shifts, potentially leading to financial reallocation and severe disruptions to global supply chains. If these effects become persistent, potential growth can be lower and neutral rates can be higher. The global economy is thus entering uncharted territory. Longstanding assumptions about international cooperation come increasingly under strain. In this context, there is a premium on de-escalation and policy predictability. We must strengthen global economic cooperation and make globalization work for all.

Emerging vulnerabilities will be tested in an increasingly uncertain global environment. Disinflation has stalled in several economies, with renewed upward price pressures beginning to re-emerge. At the same time, limited fiscal buffers, elevated public debt levels, higher long-term interest rates and reduced capability for countercyclical policies have constrained many countries' ability to respond to potential shocks. Progress towards the Sustainable Development Goals (SDGs) has been extremely disappointing, and there is a growing risk the SDGs will not be met in 2030. We commend ongoing efforts to boost investment and accelerate green transitions and ecological transformations around the world.

Risks to the outlook are tilted to the downside. The tariff shock and reactive trade policy positioning have increased the likelihood of geopolitical and geoeconomic fragmentation. Such an environment is conducive to amplified financial market volatility, which could trigger unexpected shifts in capital flows. In the longer run, a less integrated global economy will result in productivity losses, affecting first and foremost peripheral, export-oriented economies. In this context, we lament the drastic reduction of official development assistance from some advanced economies. We call on IFIs to step up and stand ready to support vulnerable economies in need should risks materialize.

Navigating this challenging economic landscape requires strong and stable policy frameworks and a renewed commitment to global economic cooperation and multilateralism. Monetary policy should remain data-dependent and clearly communicated to anchor expectations and maintain credibility. On the fiscal side, growth-friendly consolidation should close revenue gaps through progressive taxation, thereby protecting priority spending on infrastructure, human capital, and social protection. We welcome the IMF focus on boosting strong, sustainable, balanced, and inclusive growth (SSBIG). International economic cooperation has been instrumental in lifting millions out of poverty, improving living standards, and strengthening global resilience. Although it is true that the gains from globalization have been uneven, we firmly believe that this calls for more cooperation, not less. Building on the results of Brazil's G20 Presidency in 2024, we continue to call for a new globalization, driven by socio-environmental imperatives.

<u>Brazil: converging towards a higher growth potential</u>

After outperforming expectations for years, Brazil's economy is now converging towards potential. Growth reached 3.2 percent in 2023 and 3.4 percent in 2024, consistently above market and IMF forecasts. At the beginning of 2025, Brazil was one of the few major global economies to close the gap between actual GDP growth since 2019 and the country's pre-pandemic trend. In the first quarter of 2025, GDP is projected to grow by 1.5% percent over the previous quarter. On the back of global uncertainties and a tighter monetary policy, growth is expected to decelerate to 2.3 percent in 2025, before converging to the 2.5 percent potential thereafter. The external accounts remain stable, with the current account deficit comfortably financed by consistent inflows of foreign direct investment. This stability in external financing reflects sustained investor confidence in the country's long-term growth prospects, contributing to a favorable economic outlook.

As in other EMDES, inflation has edged above the upper band of the target. Underscoring the Central Bank's commitment to bringing inflation back to the center of target (3 percent) amid ongoing inflationary pressures, monetary policy is currently in contractionary territory. Recent price increases—driven by climate-related shocks affecting food and energy—have contributed to the renewed rise in headline inflation. Core inflation remains relatively elevated, pointing to persistent underlying pressures. Accordingly, since mid-2024, the policy rate has been raised by a cumulative 375 basis points, including the most recent 100-basis-point hike in March 2025. Looking ahead, the Central Bank emphasized that the extent of the tightening cycle will be determined by its firm commitment to achieving the inflation target and will depend on the evolution of inflation dynamics, expectations, and the overall balance of risks. At the same time, a range of regulatory and trade measures has been adopted to help lower the cost of food, including zeroing trade tariffs on a number of products.

The new fiscal framework has served the country well, allowing space for priority social spending while ensuring long-term debt sustainability. Erratic fiscal policies prior to 2023 have been replaced by a sophisticated fiscal rule, which allowed for the fast recovery of education and health investments while ensuring that expenses will grow less than revenues in the long run. On the revenue side, the administration is taking steps to improve progressivity and reduce inefficient subsidies that erode the tax base. On the expenditure side, improved social spending targeting and a new rule to guarantee the long-term fiscal sustainability of minimum wage increases have been enacted, with the aim of smoothing the growth of mandatory expenses and align them with the new fiscal framework. Since the second semester of 2024, a gradual, growth-friendly fiscal consolidation strategy has been contributing to closing the output gap in harmony with the tighter monetary policy. At the same time, the administration is committed to adopting high-quality fiscal adjustment measures with a view to preserving recent gains in social inclusion and contributing to the reduction of inequalities.

Ongoing structural reforms are boosting growth potential and promoting equitable and sustainable development. Two unprecedented tax reforms will have major impact on the Brazilian economy over the next few years. The first tax reform, already approved by Congress, replaced multiple existing taxes with a Dual-VAT tax system. In the aftermath of the implementation phase between 2026 and 2033, the reform is expected to stimulate growth – with a positive impact estimated between 12% and 20% of GDP in fifteen years – and entrepreneurship, creating a more competitive and stable business environment. The second tax reform will greatly increase progressivity in income taxes by reducing the tax burden at the bottom of the income pyramid and enforcing minimum levels of effective taxation at the very top. In addition, our comprehensive Ecological Transformation Plan is harnessing Brazil's unique comparative advantages to attract green investments, promoting a change in economic, technological, and cultural paradigms in favor of development through sustainable relationships with nature. The structural reform efforts are complemented by a list of microeconomic reforms to improve efficiency and social justice in credit markets, including a debt renegotiation project, new infrastructure debentures, and the new framework for guarantees, among other measures under Congress examination.

<u>The IMF: Increasing ambition and rising to the occasion</u>

The IMF has an irreplaceable role to play at the center of the Global Financial Safety Net. To effectively play its role, the IMF must rise to the occasion, preserving its analytical independence and its capacity to offer candid advice to all members, particularly in policy matters that have negative spillovers and threaten global economic stability. The IMF also needs to remain well-resourced and nimble, quickly responding to the membership's needs, which are likely to increase in the coming months. Sudden shifts in policy advice should be avoided to preserve the Fund's surveillance mandate, including at the regional and global level. We therefore call for continued focus on issues such as the macrocritical effects of climate change, gender, inclusion, and inequality. We applaud ongoing collaboration with other relevant international fora, in particular the Fourth International Conference on Financing for Development (FfD4) and the 2025 UN Climate Change Conference (UNFCCC COP 30).

Keeping our previous commitments is fundamental to safeguard the Fund's reputation. Brazil has doubled its contribution to the PRGT to SDR 2 billion and has done its part by consenting to the 16th GRQ, the NAB rollback, and the extension of its bilateral borrowing agreement (BBA). We urge IMF Governors who have not yet completed the needed domestic procedures to do so within the timeline set by our Board of Governors resolution so that the 16th GRQ can take effect. We also call on the Executive Board to uphold our commitment to develop effective approaches to promote meaningful quota realignment, including through a new quota formula, by June 2025.

We look forward to the results of the Comprehensive Surveillance Review and the Review of Program Design and Conditionality. In the aftermath of substantial progress achieved last year in the PRGT and the charges and surcharges reviews, we have high expectations for the upcoming reviews on surveillance and conditionality. We expect these reviews to build on the results of IEO evaluations and take into account the experience of the membership with surveillance and financial assistance. These reviews will also offer an opportunity to refine the Fund's analytical toolkit, incorporating recent developments in progressive taxation. Upholding the principle of evenhandedness and parsimony in conditionality will be of the essence for successful reviews.

It is urgent to reinforce the Fund's legitimacy and representativeness through meaningful quota realignment and stronger focus on capacity building. The Fund can only enhance its legitimacy by delivering on historical commitments to better reflect today's global economy by increasing the weight of EMDEs in the Fund's governance, while preserving the quota shares of lower income countries and small developing states. Additional initiatives to increase voice and representation are welcome, in particular the introduction of double majorities for some decisions and the consideration of regional rotation mechanisms for the Fund's top leadership positions. We call on the Fund to step in and do its part to accelerate progress towards the SDGs through enhanced and stable Capacity Development (CD) provision.

In these challenging times, we call for an ambitious IMFC communiqué. We strongly support the IMFC Chair in their endeavor to have a communiqué after several years of chair statements. Geopolitical tensions have prevented the IMFC from speaking with one voice over the past years. Now it is time to unite around a clear message of de-escalation and renewed international economic cooperation and multilateralism. At the same time, we expect the IMFC communiqué to reflect the priorities and the most pressing concerns of the membership, including governance reform issues. We reaffirm our support for a stronger, effective, and more representative IMF at the center of the global financial safety net.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-19

Statement by Mr. Amador Zamora
Mexico

On behalf of
Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, and Spain

Statement by Mr. Edgar Amador Zamora

Secretary of Finance and Public Credit of México

On behalf of Colombia, Costa Rica, El Salvador, Guatemala, Honduras, México and Spain

The global economy is facing significant challenges as economic uncertainty has markedly increased and economic sentiment has deteriorated. The imposition of tariffs has raised uncertainty, delaying investment decisions and lowering consumption expectations. As a result, growth prospects for 2025 and 2026 have decreased since January. At the same time, while the disinflation process is expected to continue, it may proceed at a slower pace. Compared to the end of 2024, financial conditions have tightened significantly.

The policy space available for most economies has diminished in comparison to pre-pandemic levels. After the supportive measures introduced to mitigate the effects of the pandemic and the negative economic consequences of the war in Ukraine, it was expected that fiscal policy would shift toward consolidation to put public debt on a sustainable path. With lower growth projections, high debt levels, and inflation still above several central banks' targets, policy space is more limited to face ongoing and future shocks.

The outlook is surrounded by episodes of high policy uncertainty and bouts of financial volatility, and it will take more time until we reach a new policy equilibrium. The fact that the World Economic Outlook presents a range of possible outcomes for the world economy instead of the traditional "baseline scenario" is a testament to the difficulty in assessing the effects of the current environment on global economic activity. This calls for policymakers to remain attentive and make all efforts to provide more stable monetary and financial systems, and promote open, transparent, rules-based and fair international trade. Supporting an operational multilateral order will be crucial in the efforts to revert, or at least mitigate, the adverse effects on growth and economic welfare for our citizens. Countries will need to exercise judgment in calibrating policies to preserve macroeconomic and financial stability while protecting the well-being of their population, especially the most vulnerable.

The role of the International Monetary Fund (IMF) in the current juncture will be critical. The Fund has a major responsibility to its members to provide sound and evidence-based economic and financial analysis. To provide sensible and appropriate recommendations to all its member countries, the Fund needs, as the basis for other functions, to generate a clear and unbiased diagnosis of the factors determining the global economy's health. We expect the Fund to remain a valuable and trusted advisor. This requires speaking truth to power when needed and providing evenhanded advice and financial support to all its members. Strengthening the role of capacity development will be critical for countries to navigate in more turbulent waters.

In this context, we welcome the medium-term direction for the Fund as outlined in the Managing Director's Global Policy Agenda (GPA).

The IMF has evolved over 80 years of existence, adapting to the changing landscape of the international trade, monetary, and financial systems. Innovations on several fronts, including but not limited to rapid technological change, demographic changes, the emergence of new economic sectors, more frequent climate-related shocks and shifting population needs, have all required new tools and approaches for their analysis and assessment of their impacts on the economy.

The Fund has managed to adapt and evolve to a more shock-prone world, while maintaining the highest standards of economic policy analysis and assessments, including through bilateral, regional and multilateral surveillance. It has expanded its lending toolkit to better serve the membership needs and has continued engaging in providing capacity development, especially in emerging markets and developing economies. In its quest to keep this institution agile and focused, the GPA provides some high-level direction for the medium term.

With respect to the Fund's surveillance going forward, it will be important to leverage on staff's expertise, knowledge base, and bilateral engagement with the authorities, to provide a comprehensive assessment of economies, including the analysis of spillovers and spillbacks between advanced economies (AEs) and emerging market and developing economies (EMDEs). The near-universal membership of the Fund facilitates the gathering of a wide range of experiences and the identification of best practices in the core areas of macroeconomic policy (fiscal, monetary and financial). In this sense, we look forward to the Comprehensive Surveillance Review (CSR) that will develop surveillance priorities and modalities for the next five years.

Regarding fiscal policy, while recognizing the importance of fiscal adjustments in a wide range of countries, policy advice should incorporate country-specific characteristics and needs. Tailored advice should also aim to achieve a careful balance between rebuilding policy space while preserving progressive and efficient public spending. In particular, it will be useful if the Fund helps its members to assess the distributional impact of different economic policies and assists them in designing a social safety net that is wide, resilient and sustainable in the medium and long-term. By acknowledging the importance of protecting the poorest and most vulnerable segments of our population, necessary structural reforms would have broader social support and would be more likely to succeed.

The IMF has been an important forum for the discussion of the evolving challenges for monetary and financial policy. The Fund's ability to identify sources of risks for inflation and financial stability, to design coherent policy responses, along with stressing the importance of central bank independence, has been complemented by continued calls for improving monetary policy communications. We look forward to stronger interactions between staff at the Fund and members' central banks. The synergies created by this cooperative approach may result in refined analysis and improvements in monetary and financial policy toolkits.

While the Fund has well-recognized strengths in core macroeconomic policy surveillance, it has also played an important role in integrating the risks to economic activity derived from climate change. Given the rising occurrence and costs of natural disasters, it is important to continue advocating for actions to facilitate the climate transition, including through exploring ways to finance the necessary investments, particularly in EMDEs, to mitigate the effects of climate events and build resilience. Action at the global level is required and by promoting international cooperation and dialogue, the Fund can play a vital role.

Demographic shifts are another challenge that will gain importance in the very near future. The implications for economic growth and social welfare are evident, while the solutions are not. A comprehensive view should include the analysis of migration patterns and policies, labor market reforms, including by continuing to advocate for increased female labor participation and equality in the labor market, and the design of more robust and sustainable pension systems.

The 2025 External Sector Report will provide an opportunity to present a coherent and comprehensive picture of global imbalances, the policies that would better serve to address them, and the analysis of spillover effects of trade and industrial policies in major economies on the rest of the world.

The IMF plays a crucial role in the Global Financial Safety Net (GFSN). As the global lender of last resort, the Fund must remain well resourced, but it also needs to continue improving its governance structure. The 16th General Review of Quotas was a significant step towards the former, and we look forward to future steps to achieve consensus on the latter.

With respect to the work to strengthen its role in crisis resolution, we welcome the various reviews that will take place in the short and medium-term. We look forward to the Fund's Review of Program Design and Conditionality, the Review of the Exceptional Access Policies and the Review of the Resilience and Sustainability Trust. Equally important will be the assessment of the strength of the GFSN and the adequacy of the Fund's lending toolkit, including the Review of the Short-Term Liquidity Line. The support the Fund has provided to the member countries of this constituency through its precautionary facilities has been extremely valuable, and these instruments should remain an integral part of the Fund's lending toolkit.

The third key function of the Fund in its service to the membership is the provision of capacity development (CD). Strengthening the capacity of institutions—including central banks, finance ministries, revenue administrations, statistical agencies, and financial sector supervisory agencies—results in more effective policies and greater economic stability and inclusion. The IMF, along with its partners, works with member countries to modernize their economic policies and strengthen such institutions by providing demand-driven tailored technical assistance and training focused on issues that are critical to economic stability and growth. In particular, the integration of CD with surveillance and lending activities is fundamental for achieving the goals of the Fund as outlined in its Articles of Agreement. Continuously improving the technical capacity of its members is a pre-requisite to implementing policy advice and to achieving the goals of lending programs. Therefore, we welcome the Fund's efforts to develop a stabilization mechanism to mitigate funding risks for CD. Furthermore, we call on the IMF to revisit the funding model for capacity development to allow for a larger share of internal resources to finance capacity development provision.

Finally, with the 4th International Conference on Financing for Development (Ffd4) in Seville on the horizon, we look forward to a positive outcome. In the face of a challenging context for development, the IMF's support will be indispensable.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-20

Statement by Ms. Reeves
United Kingdom

Springs 2025 Governor's Statement

Global economy

The global economy is facing a significant downgrade in growth amid high uncertainty. While the global economy has demonstrated resilience in the face of many shocks and structural changes over the past several years, significant new barriers to trade and increased financial market volatility suggests we are entering a fundamentally new juncture, with profound economic consequences. Recent tariff announcements and shifting trading arrangements, alongside historically high levels of trade and market uncertainty, pose real risks to growth in the immediate term, including pronounced effects on Emerging Market and Developing Economies (EMDEs). Price pressures are also re-emerging, threatening recent progress in bringing inflation back towards target across key economies.

As an open trading economy, global risks have a big impact on UK macroeconomic and financial stability. While globalisation has delivered global growth and huge benefits, we recognise that gains have not been equally shared. We are concerned about the impacts of unfair trading practices and excessive global imbalances that harm domestic industries, places and people. However, blanket trade restrictions are not the solution. The UK remains fundamentally committed to open and balanced trade, reflecting comparative advantage and national objectives, and ensuring resilience in our integrated supply chains. We need strong rules of the game, underpinned by clear and transparent policies, and commitment from all countries to follow them. Stable, credible and well-functioning economic institutions, both nationally and globally, are more critical than ever, guiding measured and proportionate action from all sides.

Immediate challenges come on top of the continuing negative economic impacts of Russia's illegal war in Ukraine. The war, alongside wider geopolitical tensions and conflicts, continues to pose risks to global inflation, commodity prices and supply chains. An end to Russia's intolerable war and the full withdrawal of Russian forces from Ukrainian territory would boost the global economic outlook by lowering energy and food prices, reducing inflation and restoring trade and investor confidence, and more importantly end suffering and loss of life. We welcome the efforts by the international community to end this war.

Amidst this challenging backdrop, it is now more important than ever that the global community works together to demonstrate stability and resilience in the face of change. The global economy and financial system are intrinsically connected - we need a fair system and level playing field that supports national economies to become more resilient, bolstered by practical cooperation. The Bretton Woods institutions, in their 80th year, need to rise to meet the moment.

UK economy and policies

Since the IMF Annual Meetings last October, the world has changed. New trade barriers and significant uncertainty around global trade and economic policy are weighing heavily on the growth outlook in the UK and across our major trade partners. While the UK economy has remained resilient and inflation is close to target, policy continues to focus on sustainably increasing growth.

Against a backdrop of rising uncertainty and turbulence, protecting national security is essential. That is why, as a leading European power, the UK has stepped up to safeguard continental security on an enduring basis by increasing defence investment to 2.5% of GDP by 2027, a £13.4 billion increase in cash terms from what we spend today. We have also set an ambition to reach 3% in the next parliament, as economic and fiscal conditions allow. This substantial boost to defence spending, the biggest sustained increase since the Cold War, will fund the capabilities, technology and industrial capacity vital to keep the UK and allies safe amid an era of renewed state conflict.

The choices the government has made to fix the foundations of the economy have provided the stability needed to navigate this change in the global economic outlook and put the UK on the path to sustained long-term growth. A revised fiscal framework embeds fiscal stability alongside sustainable investment. Tough choices on tax and spending have been made, putting the government on track to deliver a current budget surplus by 2027/28. These decisions have reset public spending and put the public finances on a firmer footing – protecting working people, embedding stability, and allowing sustainable investment in public services and growth.

On this platform of stability, the UK is pushing ahead with ambitious domestic structural reforms to boost trend growth and improve our economic outlook in the long term. Over £100bn of additional public investment will be deployed to catalyse private investment and improve infrastructure over the coming five years, part of wider efforts to improve the UK's investment performance. Wide-ranging reforms to a planning system which has held back growth will channel people and capital towards more productive outcomes. The UK recognises that further trade integration is critical for the growth of the UK and other economies and is pursuing ambitious new bilateral relationships in line with this. These policies are in addition to strategic industrial priorities, reflecting our comparative advantage and objectives, and ensuring resilience in our supply chains.

The IMF's messages in the Spring 2025 World Economic Outlook (WEO) and Fiscal Monitor have highlighted the importance of the government's efforts to boost trend growth. The UK's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is noted as an example of pragmatic cooperation and deeper economic integration, while the increasingly acute global economic and fiscal challenges highlighted in both flagships underscore the value of the government's ambitious structural reforms and iron-clad commitment to robust fiscal rules.

The role of the IMF

The UK has been an ever-present partner of the IMF and its position at the centre of the global financial safety net (GFSN). Looking ahead, the IMF will need to evolve with the challenges and opportunities facing the global economy, forming a crucial part of a bold international response that measures up to the scale of the emergency facing the global economy. In the interdependent world we live in, we need the international community to work together to coordinate economic policies across the world to safeguard jobs and living standards.

To do this, we need to protect and bolster the IMF's role at the centre of the GFSN. The IMF needs to help prevent crises as effectively as it responds to them.

First, we need sharpened IMF surveillance. As memory of the last global financial crisis fades, the IMF must bolster its bilateral and multilateral surveillance to better anticipate risks and uncertainties. This requires an ambitious Comprehensive Surveillance Review, which examines how to bolster financial surveillance to keep pace with rapid changes in non-bank finance and financial innovation. Bilateral surveillance should also join up with and reflect the IMF's multilateral surveillance, allowing for a deeper focus on the spillovers to individual economies from the large structural trends facing the global economy, such as climate shocks, the increased role of market-based finance and digital money.

Second, we need IMF programs to be well-designed and have conditionality which incentivizes reforms and country ownership, with meaningful options for how the Executive Board can get off-track programs back on course. The Review of Program Design and Conditionality (RoC) should properly reflect on evidence and lessons learnt from recent program performance to engage with the fundamental issues and choices around program design. This includes considering how we best support countries with entrenched balance of payment needs and proposing meaningful options for how the Executive Board can help get off-track programs back on track. It must also consider the success of lending programs and conditionality in protecting the poorest and promoting inclusive and sustainable growth.

Third, we must ensure the IMF's role at the centre of the ex-ante safety net, through a greater focus on prevention and encouraging more take-up of precautionary facilities. These can help countries smooth financial bumps in the road and prevent crises which come with greater calls on IMF resources and potentially damaging spillovers to the rest of the world. This includes a holistic discussion of the IMF's role, in this regard, relative to central bank swap-lines and Regional Financing Arrangements (RFAs).

We must also continue to support Low Income Countries (LICs), including through the IMF's well-regarded capacity development offer, who are facing even more pronounced impacts of decreasing global demand, shifts in commodity prices, persistent inflation, trade shocks, and restricted financial flows. Building on the early successes of initiatives such as the Global Public Finance Partnership and the joint WB-IMF Domestic Resource Mobilisation Initiative, the IMF must be responsive to the needs of its membership across geographies and income groups. It is important that the link between surveillance recommendations, program requirements and the CD offer be continually strengthened, to ensure a coherent offer of advice to member countries. It is also important to celebrate the achievements the IMF has made. The UK welcomes the recent reforms to IMF surcharges policy and the Poverty Reduction and Growth Trust (PRGT). Members must fulfil the necessary steps to facilitate an income transfer from the General Resource Account to the PRGT in the planned timeframe. We encourage the IMF to continue exploring a targeted gold sale to support the PRGT.

With ongoing uncertainty in the global economy, we must continue to address rising debt levels. EMDEs are particularly vulnerable and facing increasing debt servicing costs, crowding out social spending and investment. We urge the IMF and World Bank to implement their three-pillar approach to support countries with liquidity issues. For those with unsustainable debt, timely and coordinated restructurings are essential, supported by the G20 Common Framework. We welcome the IMF's Guidance Note on financing assurances and support the ongoing review of the Debt Sustainability Framework for Low-Income Countries. We must also strengthen the wider debt architecture to prevent debt distress, promote sustainable lending and borrowing, and enhance debt transparency, supported by the Global Sovereign Debt Roundtable.

It is crucial that the IMF's governance continues to evolve and reflect the reality of today's global economy. To that end, we hope that the addition of the 25th chair representing Sub-Saharan Africa at the Executive Board can help improve the strategic nature of the IMF's deliberations and support to the region, including how it supports fragile and conflict-affected states. The UK is pleased to have played its part in delivering UK consent to implement the equiproportional quota increase agreed under the 16th General Review of Quotas (GRQ). We encourage all members to provide their consent swiftly before the deadline to avoid any delay in restoring the IMF to a quota-based institution. Quota share re-alignment through the 17th GRQ is even more urgent and important given we were not able to reach consensus on a re-alignment under the 16th GRQ, ensuring the IMF better reflects members' relative positions in the world economy, and providing space for the voices of the poorest and most vulnerable to be heard. We look forward to continuing these discussions at the IMFC and Executive Board.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-21

Statement by Mr. António Guterres
United Nations

United Nations Statement to the International Monetary and Financial Committee (IMFC) of the Board of Governors, April 2025

"Nobody wins in a trade war, everybody tends to lose"

UN Secretary General Antonio Guterres, April 9, 2025

Global Uncertainty and Shrinking Development Space

This is a period of profound global uncertainty and shrinking development space. In January 2025, the IMF's World Economic Outlook projected that global growth would remain stable, albeit divergent and uncertain. It was anticipated to be lackluster, with the potential impact of heightened trade policy considered temporary at the time.

The landscape of global growth has shifted dramatically since then. The world is now confronted with shrinking development space due to tariffs that appear to be persistent, alongside reductions in foreign aid and continued debt and financial tightening. These evolving circumstances threaten to have devastating consequences for millions of vulnerable people across the globe.

The United Nations has consistently emphasized that trade wars are harmful to developing economies. Tariffs, coupled with heightened uncertainty, are poised to increase costs and potentially disrupt supply chains. This disruption contributes to a decline in global demand at a time when global growth is already low, sparking fears of both a U.S. and global recession.

The increasing risk of a recession and its consequences, especially for the poorest, are deeply concerning. A global recession, accompanied by a reduction in exports, has significant implications for debt. Debt vulnerability is at its highest level in decades in many developing economies, coinciding with a period when donors are making substantial cuts to aid flows.

It is imperative that member states work together to find solutions to mitigate the impact of these policy choices on the most vulnerable populations. We should commit to addressing these pressing issues with urgency and resolve, for the sake of our shared future and the well-being of all people around the world.

Avoiding Downside Risks

As the global economy slows, downside risks threaten to unravel a multi-speed economy. The WTO slashed its global trade forecast from 3.0 per cent growth to a 0.2 per cent contraction this year – the first decline since the pandemic shattered supply chains in 2020. This presents both challenges and opportunities that demand our collective attention and action.

A universal 10% increase in import tariffs, with reciprocal tariffs in place, is a response to perceived inequities in global trade; the policy aims to rebalance trade deficits and slow a decline in manufacturing jobs within the United States. However, the broader implications of such policies are not contained to the two main trading blocks.

For developing economies, especially those reliant on exports to the United States, tariff increases pose a serious threat. Higher costs, disrupted supply chains, and dampened global demand can exacerbate already low growth rates, leading to trade diversion and relocation. Countries with significant trade surpluses with the United States, such as China, are now engaged in tariff responses, further complicating the global trade landscape.

Developing nations, particularly those that have benefited from tariff exemptions under initiatives like the African Growth and Opportunity Act (AGOA), find themselves at risk. A minimum 10% tariff could lower their export earnings and hinder their ability to diversify economically. Nations such as Lesotho and Vietnam may see their export potential significantly diminished, highlighting the uncertainty these changes introduce into the global trading environment.

The Way Forward: Keeping Development Commitments

Trade wars, debt crises, painful repayment schedules and soaring capital costs are enormous obstacles to investing in people.

Despite the current uncertainty, countries are taking critical steps forward to implement the Pact for the Future and recommit to multilateral action in Seville during the FFD conference and in Brazil at COP30.

The Pact represents a collective vision, a shared promise to address the urgent challenges that confront our world. It is a testament to our resolve to eradicate poverty and hunger, close the financing gaps for the Sustainable Development Goals, and ensure that our multilateral trading system is fair and a catalyst for sustainable development.

This Pact calls for collective action and governance reforms, reinforcing the need for strategic international cooperation. Countries must work together, across borders and beyond differences, to address the multifaceted crises that threaten our future. It is our duty to prioritize both current and future generations, ensuring that policies and actions reflect the values of solidarity and shared responsibility.

The United Nations system is committed to fostering an equitable multilateral financing and trading system. We can create a more just and effective international architecture. And we can make sure resources match our resolve for sustainable development.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-22

Statement by Mr. Taleb
Algeria

On behalf of
Algeria, Ghana, Islamic Republic of Iran, Libya, Morocco, Pakistan, and Tunisia

Statement by Honorable Salah-Eddine Taleb Governor of the Bank of Algeria on behalf of Algeria, Ghana, Islamic Republic of Iran, Libya, Morocco, Pakistan, and Tunisia

The world economy is at a critical juncture and in a state of flux. The prevailing unprecedentedly elevated levels of policy uncertainty and the abrupt major "rewiring" of global trade and capital flows are precipitated by massive trade restrictions (and retaliatory response) imposed by leading economies that have been traditionally the major engines of global growth. The world economy, which was emerging for a soft landing after the recent crises, and global disinflation, that was broadly on track, are now at risk. We are witnessing—at a pace unimaginable only a few months ago—the dismantling of multilateralism that we have known and nurtured for decades. We have all benefitted—albeit at varying degrees—from the ruled-based multilateral trade system in the past but, to be clear, there are no winners in the race to the bottom in the ongoing trade war that is further widening the global geoeconomic and geopolitical divides. We emerged from a once-in-a-century pandemic and the subsequent shocks through international cooperation propelled by a broad sense of common purpose and interest. We can only overcome the latest crisis in the same fashion applying the same rigor, although the damage may not be fully reparable as it may prove difficult to fully restore the lost confidence. In this highly uncertain global environment fraught with risks, we would expect the Fund to remain—as it has always been—the champion of free trade and a vocal voice for multilateralism.

The tariff and trade crisis, and the lack of policy clarity more broadly, have already spilled over into other markets and are reflected in an usually high financial market volatility and loss of confidence in some of traditional safe havens. While the countries directly impacted by the trade and financial turmoil will shoulder most of the cost (and that could be significant), no country will be immune in our highly integrated global economic and financial networks and supply chains. The impact on the MENAP region will be predominately felt through weaker external demand for goods and services and a hardening of global financial conditions notably affecting the region's large borrowers.

- For the MENA oil and gas exporters, including those in our constituency, where oil production is likely to be subdued in a volatile international oil market, the robust non-oil sector should help maintain the growth momentum, albeit in conjunction with weaker external positions and lower external buffers. The policy imperative for these countries is to adjust to lower hydrocarbon income by aiming to secure and maintain fiscal and debt sustainability through targeted fiscal reforms, while pressing ahead with their ongoing economic diversification through structural reforms.
- For the MENAP oil importers, including those in our constituency, some in the midst of policy adjustment and reforms with the technical and financial support from the Fund, the lower oil prices, while providing some respite, should not distract them from fiscal

consolidation and building buffers in the face of growing global uncertainty and the threat of high tariffs.

- All our constituency members will continue to rely on Fund's policy advice; however, given their cyclical positions, structural characteristics, and the extent of their exposure to the current shocks, tailored policy advice is essential. Some countries in our constituency were unjustifiably subjected to high (temporarily suspended) US tariffs, which in the event of enforcement would have a significant negative impact on their economies.

The Emerging Market and Developing Economies (EMDEs) and especially the Low-Income Countries (LICs), many burdened by high debt as they emerged from the recent crises, are highly vulnerable to a new global round of slow growth, sluggish trade, rising financing costs and declining Official Development Assistance (ODA). We are already on track to help the EMDEs address their debt challenges (including in the context of debt treatment under the Common Framework), but the efforts would need to be broadened and strengthened given the depth and complexities of the EMDE's debt overhang. With this in mind, we look forward to the progress on the Global Sovereign Roundtable to address debt vulnerabilities and restructuring challenges, as well as to the IMF-World Bank's proposed 3-pillar approach to address debt service pressures in countries with sustainable debt but facing liquidity challenges to finance their development needs. Many LICs have already fallen well short of meeting their 2030 Sustainable Development Goals (SDGs) in part because of the declining concessional external financial support. The ODA has been on a declining trend for a while, but the recent abrupt stoppage of humanitarian aid, particularly targeting healthcare, child mortality, hunger and malnutrition, will cost millions of lives in vulnerable countries.

In view of the significant uncertainty and downside risks to the global economy, the IMF should further sharpen its focus on surveillance, fortify its lending toolkit and the Global Financial Safety Net (GFSN), and enhance capacity development. The Fund would need to maintain its strong and agile policy response to crisis witnessed during the recent global crises. There are a number of important policy reviews in the pipeline to ensure that the Fund remains ahead of the curve. In this context, we look forward to the Comprehensive Surveillance Review, the Review of Financial Sector Assessment Programs, and the Review of Program Design and Conditionality to further strengthen the effectiveness of IMF-supported programs. The IMF has made impressive inroads over the years in firmly establishing the macro-criticality of such issues as climate change, gender equality and fair income distribution, and skillfully integrating them into its policy advice and technical and financial support. We expect the Fund to continue upholding its analytical and policy vigor in all these areas going forward.

Finally, we reaffirm our commitment to a strong, quota-based, and adequately resourced IMF at the center of the GFSN. We encourage members who have yet to finalize internal approvals for the quota increase as part of the 16th General Review of Quotas (GRQ) to complete the process promptly for the higher quotas to become operational at this critical time of elevated global uncertainty. We also reaffirm our belief that the IMF should be a representative institution, steadfastly committed for evenhanded treatment of all members across all issues and dimensions. The work on the 17th GRQ should proceed in that spirit and with that intention.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-23

Statement by Mr. Bessent
United States

Secretary Bessent IMFC-DC Statement
April 2025

I look forward to this year's Spring Meetings of the International Monetary Fund (IMF) and World Bank, and meeting with counterparts as we discuss critical issues facing the global economy and the important role of these institutions.

In the United States, we aim to support a sustained economic expansion that improves the lives of all Americans. The Trump Administration remains focused on driving economic growth supported by private-sector demand, bringing down inflation, controlling federal spending, and restoring fairness in U.S. trade relationships.

I see several opportunities for the IMF and World Bank to serve their membership better and contribute to making America safer, stronger, and more prosperous, with ample opportunities for American citizens and companies to benefit. International Financial Institutions that promote sustainable global economic growth and stability will help the private sector thrive and expand economic opportunities for all.

After 80 years, we need to restore the foundations of the IMF and World Bank. The United States continues to appreciate the value the Bretton Woods Institutions can provide, but they must step back from the expansive policy agendas that stifle their ability to deliver on their core missions. In the case of the IMF, its core mission remains macroeconomic and financial stability. And for the World Bank, this is poverty reduction and economic growth. For low-income countries in particular, both the IMF and World Bank should promote policy discipline for countries to strengthen their institutions, tackle corruption, and ultimately lay the foundation for sound investment so that they see a future that no longer relies on donor assistance. These economies should instead be driven by job-rich, private sector-led growth and underpinned by fiscal prudence and domestic revenue mobilization.

The IMF plays a key role in the international monetary system, particularly through its core functions of macroeconomic surveillance and lending to members facing balance of payments crises. However, in recent years, the IMF has strayed from its mandate, trying to develop expertise in nearly all global issues and participate in every forum. In doing so, the IMF has overburdened its staff and lost focus on the core macroeconomic issues it was created to address.

With global growth prospects weighed down by persistent imbalances, high debt, and low productivity growth, we need the IMF to return to its core mandate through a renewed focus on its areas of expertise, including exchange rate, fiscal, monetary, and financial sector issues.

As part of a return to its core mandate, the IMF must conduct robust analysis and put greater pressure on members to maintain fair and transparent currency practices. We must work together to tackle excess capacity in systemic economies like China and respond to unfair practices. To do so, the IMF needs to step up and provide a frank and evenhanded assessment of policies that hold back domestic demand and generate negative spillovers, harming workers and businesses in other countries.

In lending, the IMF must improve the quality and effectiveness of its programs so that countries exit these arrangements on a stable footing and avoid prolonged dependence on IMF support. To do so, the IMF must renew its emphasis on traditional lending programs that resolve members' balance of payments problems in the short term so that countries can quickly exit IMF financial support. As part of this effort, the IMF must shift its focus from lending quantity to program quality and implementation. This means holding countries accountable to program performance and empowering IMF staff to walk away if reform commitment is lacking.

The IMF must also strengthen the implementation of its debt sustainability and transparency policies. For countries in debt distress, I welcome the IMF's leadership in helping to improve the debt restructuring process and its work toward preventing the buildup of unsustainable debt through early, active engagement with countries facing debt challenges, including on debt transparency. But more is needed in this space. I expect the IMF to identify and highlight unsustainable lending practices and to more proactively push recalcitrant bilateral creditors to come to the table to work with borrower countries.

The World Bank plays an important role in helping developing countries grow their economies, reduce poverty, increase private investment, and support private sector job creation, all conditions that enable countries to reduce their reliance on World Bank financing. Moving countries to greater self-reliance must be the goal of the World Bank's efforts as it returns to focusing on its core mandate of poverty reduction and economic growth.

A shift from the World Bank's expansive policy overreach will clear the way for greater focus on foundational objectives that promote market-based economic growth and stability that will engender benefits for the world and the United States. A stronger focus on investments in infrastructure, health, education, and agriculture, and work to strengthen governance, including debt sustainability and transparency, will help reduce fragility and migration pressure and better equip countries to thrive and prosper, ultimately making Americans safer and more secure at home. Private sector-led, job-rich economic growth and market development will also help lay a solid foundation overseas that will attract U.S. exports and investment.

Getting back to basics must also come with greater effectiveness and efficiency through better use of the World Bank's existing resources and maximizing opportunities to mobilize private investment. In that vein, it is past time for the World Bank to start applying its graduation policy, so it can focus its resources on poorer countries rather than crowding out markets or amplifying countries' distortionary policy choices. IDA has historically played an important role in poverty alleviation for the poorest countries, but it too must be upgraded to ensure that the IDA program is tightly focused on maximizing the benefits of donor resources for recipients.

Ending energy poverty through a focus on energy access and security is vital for enabling private investment and boosting growth. The World Bank and African Development Bank's joint initiative to expand energy access to 300 million more people in Africa is a welcome contribution to this effort. However, the Bank should be responsive to countries' priorities and needs rather than trying to meet poorly defined and arbitrary climate financing targets. This requires adopting an all-of-the-above approach to energy that also includes gas. We applaud recent announcements that the Bank will seek to remove prohibitions on support for nuclear energy.

Effective and efficient support for development also depends on full implementation of policies for transparent procurement based on quality. The World Bank must assist countries in moving toward value-for-money procurement approaches, and away from those focused just on lowest cost bids that reward distortive industrial policies that undermine development, encourage subsidies that stifle the private sector, incentivize corruption and collusion, and result in higher long-term costs.

Finally, as the United States and other shareholders seek to rein in fiscal deficits and boost efficiency, we expect the World Bank and IMF to follow suit. Better budget and salary discipline at both institutions will demonstrate that they can walk the talk when it comes to public efficiencies, and will also create space for important investments to upgrade risk management, oversight, and controls to improve these institutions.

Strengthening the IMF and World Bank means a renewed focus on their core missions. The United States stands ready to work with their respective management and staff, as well as other shareholders, to realize these priorities, to the benefit of all our economies.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-24

Statement by Mr. Dombrovskis
European Commission

Statement of Commissioner Valdis Dombrovskis to the International Monetary and Financial Committee on behalf of the European Commission

Washington, 25 April 2025

1. The rules-based multilateral system continues to be the most effective means to govern global relations in a way that benefits all. We continue to be firmly committed to a strong, quota-based and adequately resourced IMF at the centre of the Global Financial Safety Net (GFSN) and to preserve its core functions to promote international macroeconomic and financial stability, whilst recognising the need to address macro-critical challenges. It is crucial to uphold the IMF's role as an independent adviser and reliable truth-teller on economic and financial risks, thereby promoting sound macroeconomic policies, growth-enhancing reforms, open, fair and free markets, and stable financial markets. The European Commission supports the work on the Fund for the Future initiative as a medium-term strategy to provide guidance on the IMF's priorities on surveillance, lending, and capacity building.

2. At a time of sluggish growth, the intensification of trade tensions is a major blow to the world economy. Increased protectionism, unfair trade practices, disruption of value chains, high inflationary pressures and unrest in financial markets exacerbate uncertainty for businesses, workers and consumers and should be a source of collective concern. The US tariffs on steel and aluminium and on the automobile sector, would be aggravated by the so-called reciprocal universal tariffs initially announced by the US on 2 April 2025, and we thus welcome that the latter have been paused partially. We are also deeply concerned about China's non-market policies and practices that lead to market distortions and overcapacity with negative spillovers around the globe. Tariffs cannot solve global imbalances. The solution requires an adjustment in domestic policies to rebalance saving and investment, and international cooperation to mitigate negative spillovers. Against this background, the EU will prioritise dialogue, defend its interests and values and continue to build bridges with countries that care about fair and rules-based trade as the basis for shared prosperity. Likewise, we will continue to play a leading role in the reform of the WTO with a view to make the global trading system fit for purpose.

3. In the face of Russia's ongoing unprovoked and unjustified war of aggression against Ukraine, the EU is determined to continue providing military, financial and political support to Ukraine and its people until a just, comprehensive and lasting peace is reached. It is for Ukraine to decide of the conditions for peace. The European Union will fully assume its responsibilities in this process. The EU is also deeply alarmed by the dramatic escalation in the Middle East. The EU calls for the resumption of unhindered humanitarian aid into Gaza and for a permanent ceasefire. We call for the release of all hostages and for the hostages still held by Hamas in Gaza to be returned. International humanitarian law must be respected by all parties. The EU is fully committed to reviving a political horizon towards peace in the Middle East, based on the two-state solution.

4. The uncertainty over the end of Russia's war in Ukraine and broader security risks in Europe pose challenges to the European economy. The EU is stepping up action to strengthen EU defence capabilities and our industrial and technological base. The ReArm Europe Plan, announced by President von der Leyen on 4 March 2025, will help Europe to step up its defence capabilities by mobilising close to EUR 800 billion in defence spending. This will be achieved by activating the national escape clause of the Stability and Growth Pact, launching the EUR 150 billion Security Action for Europe (SAFE) loan instrument, supporting the European Investment Bank Group in expanding its lending to defence and security projects, and accelerating the Savings and Investment Union to mobilise private capital.

5. We commend the IMF's close engagement with Ukraine and its continued support. We welcome the successful completion of the seventh review of the Extended Fund Facility (EFF),

and we commend the Ukrainian authorities for the continued strong programme performance despite challenging conditions. So far, over USD 10 billion has been disbursed under the EFF, which aims to support the Ukrainian authorities in anchoring policies that sustain fiscal, external, price and financial stability, while promoting long-term growth in the context of post-war reconstruction and Ukraine's EU accession negotiations.

6. The EU is Ukraine's largest international donor, with EUR 144 billion provided so far in assistance to Ukraine and its people, together with the bilateral support provided by EU Member States, including through hosting those fleeing Russia's war of aggression. The EU's budget support to Ukraine takes the form of grants and highly concessional loans with long grace periods and repayment maturities up to 35 years. This support will continue, ensuring Ukraine can meet its financing needs. Following the establishment of the EUR 50 billion Ukraine Facility in March 2024, EUR 16.1 billion has already been disbursed, with an additional EUR 12.5 billion expected in 2025, subject to the successful implementation of policy conditions under the Ukraine Plan. In response to the European Council conclusions of 27 June 2024 and the G7 summit communiqué of 15 June 2024, the EU adopted a Regulation in October 2024 establishing the Ukraine Loan Cooperation Mechanism, enabling up to EUR 45 billion in loans to Ukraine under the G7 'Extraordinary Revenue Acceleration Loans for Ukraine' initiative, to be repaid using the windfall profits stemming from Russia's immobilised central bank assets. As part of this initiative, the EU is providing an exceptional macro-financial assistance loan of EUR 18.1 billion, to be disbursed throughout 2025. In total, the EU will provide Ukraine in 2025 with EUR 30.6 billion through both the Ukraine Facility and the G7 ERA initiative.

7. The EU is taking bold action to boost economic resilience, and make Europe more competitive. In this regard, we have launched the Competitiveness Compass, a new roadmap to restore Europe's dynamism and boost our economic growth. Simplification and lowering barriers to the Single market is a key priority. We will considerably reduce regulatory and reporting burdens for businesses and public administrations.

8. Economic activity in the EU in 2024 is estimated to have expanded by 1.0%. Private consumption expanded at moderate pace, supported by continued strength in the labour market. Headwinds to economic growth have intensified since our autumn forecast. Elevated trade uncertainty is already exerting a drag on economic activity, in particular business investment, and new tariffs on US imports will inevitably weigh on global trade and economy, affecting also the EU economy. Still, as the labour market is expected to remain resilient, the conditions for a gradual pick-up in momentum for the EU economy remain in place. Continued recovery in real wages should support further increases in disposable income, while the EU cohesion funds and the Recovery and Resilience Facility (RRF) is set to continue supporting investment, particularly in infrastructure. Meanwhile, the disinflationary process remains on track. Overall, the fundamentals for the EU economy remain solid. The increasingly challenging international context may lead to slightly lower growth than anticipated in autumn, but the announced strong boost to investment in Germany may offset part of these effects.

9. Strong fiscal policy coordination is key to ensuring a consistent fiscal and monetary policy mix. Fiscal policies should remain prudent, focusing on medium-term debt sustainability while raising potential growth. In April 2024, a reformed economic governance framework entered into force in the EU with the objective of strengthening Member States' debt sustainability and promoting growth through growth-enhancing reforms and priority investments. The first medium-term fiscal-structural plans were endorsed by the EU Council for 22 Member States. They set out medium-term adjustment paths, extendable up to seven years if they commit to implementing reforms and investments that enhance debt sustainability and sustainable growth and are consistent with the EU priorities. Moreover, the transition to

necessary higher levels of defence expenditure can be accommodated, in the immediate future, through the temporary and limited flexibility provided within the EU fiscal rules framework, in the form of coordinated National Escape Clauses.

10. The Recovery and Resilience Facility (RRF) continues to support Member States reforms and investments, with EUR 308 billion disbursed so far in grants and loans to Member States, out of a total EUR 650 billion allocated. In synergy with other EU programmes, national plans contribute to strengthening the EU's economic and social resilience and dedicate more than 40% and 20% of their expenditure to climate and digital-related measures, respectively. Since the RRF expires at the end of 2026, national authorities are focused on accelerating implementation and, where necessary, on adjusting their plans to address bottlenecks and new policy priorities.

11. We welcome the IMF's increased focus on carbon pricing, which is one of the most effective tools to bring emissions down. The EU strongly supports initiatives that encourage further development of carbon pricing policies and stand ready to work with partners willing to develop such policies in their jurisdiction. The EU is continuing the decarbonisation of its economy and is fully committed to becoming by 2050 a climate neutral continent. The EU has adopted a comprehensive legislative package to reduce greenhouse gas emission by 55% by 2030, with carbon pricing and regulatory measures on road transport and buildings, hydrogen, energy efficiency, renewables, sustainable fuels, methane, and land use. The EU continues to actively support decarbonisation efforts worldwide, especially by providing technical and financial assistance to developing and least developed countries to this end.

10. The EU considers its internal energy market as the best protection against country-specific shocks, as the recent crisis has demonstrated, and its completion will be instrumental to further strengthen energy security and achieve our ambitious decarbonisation goals while at the same time decreasing price volatility and ensuring affordability. The EU welcomes the IMF background note on the EU energy market integration, which underlines the value of market integration and the need to remove obstacles to market integration. The Commission supports Member States in their implementation of the electricity market design reform adopted in 2024 and issued an action plan for affordable energy in February 2025 as part of the Clean Industrial Deal, with concerted action by the Commission, Member States and industry.

11. The political agreement on the Two-Pillar Solution to address the tax challenges arising from the digitalisation of the economy is a major achievement. Finalising the work on both pillars continues to be a priority for the EU. We need to provide the necessary technical assistance to developing countries to encourage global implementation of agreed international tax standards. The EU also supports the G20 Presidency's broader agenda on domestic resource mobilisation.

13. The EU welcomes the conclusion of the IMF 16th General Review of Quotas which will maintain the Fund's current resource envelope and strengthen the quota-based nature of the Fund. The priority now is for IMF members to finalise domestic procedures and provide national consent to the respective quota increases and NAB rollback by the new extended deadline of 15 May 2025, as well as for Bilateral Borrowing Agreement creditors to sign its extension. We call on all IMF members to provide consent to the quota increase as soon as possible. We will continue to work constructively on possible approaches for guiding an IMF quota share realignment, as agreed in the IMFC Chair Statement in October 2024, under the 17th General Review of Quotas. We reiterate that an ad hoc approach would also be useful to consider, noting that fair burden sharing among all major advanced economies and protecting the quota shares of the poorest members are essential. We recall that the relevant IMF bodies remain the primary forum for discussion and decision making on the 17th GRQ.

14. The EU welcomes the achievement of the global ambition of USD 100 billion of voluntary channelling of Special Drawing Rights (SDRs) to support vulnerable countries. EU Member States so far pledged around USD 37 billion for voluntary channelling of SDRs (or equivalent contributions) to the Resilience and Sustainability Trust (RST) and the Poverty Reduction and Growth Trust (PRGT). We call on countries to consider new voluntary contributions to bolster both Trusts, and to deliver on their pledges, so that resources are effectively available for vulnerable countries.

15. We need to step up the implementation of the G20 Common Framework for Debt Treatment and call for additional efforts for more predictable, timely, orderly, and coordinated debt restructurings. We welcome the completion of the debt treatment for Chad, the agreements for Zambia and Ghana, and the progress in negotiations on a debt treatment for Ethiopia. We support the efforts to draw lessons learnt from ongoing country cases under the Common Framework and encourage G20 and Paris Club members, the IMF and the World Bank to develop guidelines with indicative timelines to provide clarity to borrowing countries. We encourage further effective multilateral coordination of debt treatment in middle-income countries and support exploring how to extend the Common Framework to them. We firmly consider that the role of MDBs in the Common Framework consists of ensuring net positive concessional financing flows. We welcome the ongoing IMF and World Bank work to support countries faced with liquidity challenges based on three pillars: (i) structural reforms and domestic resource mobilisation; (ii) external financial support; and (iii) where relevant, actions to reduce debt servicing burdens. We stress the need to strengthen international efforts aimed at enhancing debt transparency.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-25

Statement by Mr. Olawale Edun
Nigeria

On behalf of
Benin, Burkina Faso, Côte d'Ivoire, The Gambia, Guinea, Guinea-Bissau, Liberia, Mali, Islamic Republic of Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo

International Monetary Fund Africa Group II Constituency (AfG2)
International Monetary and Financial Committee
Fifty First Meeting
April 25, 2025

Statement by Honorable Wale Edun, Minister of Finance and Coordinating Minister of the Economy, for Nigeria, On behalf of Benin, Burkina Faso, Cote D'Ivoire, The Gambia, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

The global growth recovery is marked by elevated uncertainty and transformative potential. The global economy is experiencing slow growth, with divergent regional growth trajectories, cooling inflation, and increased policy uncertainty. We expect the medium-term growth outlook to moderately slow down, falling short of the pre-pandemic historical average. Key risks are elevated on the downside, including escalating protectionism, trade policy uncertainty, financial vulnerabilities, the impacts of climate-related shocks, and an aging population. Emerging markets face high debt service costs amid tighter financial conditions and lingering cost-of-living crises, while reduced international aid risks deepening debt and austerity measures. Against this background, policymakers should prioritize domestic policy and structural reforms, balancing inflation control and growth support, using tools like the IMF's Integrated Policy Framework to mitigate FX volatility, and improving labor, product, and financial markets to boost growth and reduce cross-country disparities. At the same time, policymakers should rebuild buffers and fiscal sustainability via credible medium-term plans while addressing critical spending needs and protecting vulnerable households. Furthermore, fostering multilateral collaboration is vital for fragmentation mitigation, debt restructuring, addressing shared challenges, supporting vulnerable economies, nurturing green and digital transitions, and sustaining global growth.

Sub-Saharan Africa's (SSA) growth remains modest, divergent, and below pre-pandemic averages. We welcome and broadly share the main facts and figures of the IMF's 2025 report on macroeconomic developments and prospects in LICs. The growth for SSA indicates some improvement but remains uneven and vulnerable to external and domestic shocks. We note that the best performers among LICs are countries with more diversified economies and subsequent larger export bases. Economic transformation and diversification should therefore take a center stage in the discussion between LICs and their partners, on long-term growth, job creation, and resilience. The LIC report also concludes that the pandemic has left lasting scars, reducing medium-term growth potential, particularly for the poorest Low-Income Countries (LICs). Climate damage is more severe in LICs compared to Emerging Markets (EMs) and Advanced Economies (AEs), and the increase in conflicts further presents major challenges. Although debt levels are declining, the service burden remains high, limiting spending on essential services, and putting LICs at risk of debt distress. Sustained progress requires domestic reforms and global solidarity to address debt, climate, and fragmentation risks. Policy actions should focus on fiscal consolidation without harming growth, attracting external financing, boosting productivity, improving governance, and managing climate risks. Furthermore, we urge strengthening multilateral frameworks to address trade barriers, debt distress, and climate financing gaps. At the same time, we support tailored approaches for different subgroups in social safety nets, conflict resolution, and basic infrastructure, given their heterogeneity.

The economic outlook and challenges faced by LICs and SSA countries in particular require stepped-up policy actions from policymakers with the support of their partners including the IMF and the World Bank. In the face of elevated pressures from priority spending and high debt service, revenue-based fiscal consolidation remains an important policy priority. Domestic revenue mobilization is the critical leeway for LICs to meet their debt service responsibilities without crowding out priority spending and development financing. We call on the Bretton Woods institutions to help LICs with adequate and innovative strategies to leapfrog domestic revenue mobilization, including designing relevant capacity development programs, facilitating peer learning among successful countries and others and including the informal sector in the tax base. Furthermore, policymakers and their partners should join forces to advance economic transformation and diversification which has been the key differentiating factor between high performers and others among LICs. We urge the Breton Woods institutions to follow up their analyses on economic transformation with concrete policy deliverables to help LICs achieve strong and sustained inclusive growth, job creation, and convergence with EMs and AEs.

The global inflation landscape is complex and uncertain, with short-term inflation expectations in the U.S. still high due to trade shocks and market volatility. The April 2025 tariff announcements have intensified financial pressures and raised concerns about price stability. Inflation swap curves reflect shifting market sentiment, as investors weigh inflation risks against potential policy rate cuts. Policymakers must balance the need to anchor inflation expectations with the risk of deepening economic vulnerabilities. Emerging markets, already strained by currency pressures and external debt refinancing challenges, must navigate these crosscurrents with limited fiscal buffers. Central banks and governments must remain vigilant, while international cooperation is crucial. Resilience and structural reforms can help mitigate inflationary risks and foster inclusive growth. Additionally, we believe that the IMF's Integrated Policy Framework (IPF) advice is essential for creating suitable policy responses to manage currency volatility and capital flows.

Global migration dynamics require stronger international coordination to prevent uneven burdens and enhance shared benefits. As restrictive policies in AEs increasingly redirect migration flows, developing countries—often with limited capacity—are absorbing a rising share of displaced populations. Additionally, since Emerging Markets and Developing Economies (EMDEs) now host most displaced populations, policy changes in AEs are increasingly pushing migration to countries that struggle to accommodate them. We welcome the Fund’s timely analysis of global spillovers from migration and refugee policy changes and hope it can serve as a basis for more comprehensive international cooperation on these issues. A collective approach to managing flows and supporting host countries can foster regional stability, inclusive growth, and long-term resilience. Strengthening migration data will be critical to enhancing monitoring and informing policy responses, particularly in vulnerable regions.

We welcome the Managing Director's Global Policy Agenda (GPA), which outlines the Fund's medium-term strategy to address a rapidly evolving global economy marked by transformative forces such as digitalization, AI, climate transitions, demographic shifts, and geopolitical tensions alongside high public debt and weak growth. The strategic roadmap in the GPA demonstrates the Fund's resolve to uphold its mandate of promoting macroeconomic stability, fostering balanced growth, and acting as a lender of last resort while adapting to new challenges through policy innovation, enhanced surveillance, and international cooperation. The Fund’s role as a trusted advisor is critical, and its candid analysis and clear communication on the risks to global stability, along with a strong defense of rules-based multilateralism, are crucial in navigating current uncertain times. We broadly endorse the key priorities laid out in the GPA. We note the emphasis on the rapid evolution of finance, including the rise of non-bank financial institutions, crypto assets, and new payment platforms. In this context, we emphasize the need for regular updates to tools for assessing emerging macro-financial risks, given the growing connections between bank and nonbank institutions and cross-border financial exposures.

We acknowledge the warnings about geopolitical fragmentation, policy uncertainty, and financial stability risks, and commend the clearer linkages between stability, growth, and transformative forces. With so much at stake, the Fund's unwavering commitment to providing effective support to member countries in addressing these critical challenges is very important. Along this trajectory, we welcome the IMF Advisory Council on Entrepreneurship and Growth, aimed at supporting countries in identifying barriers to growth and encouraging policies that boost productivity and investment. We also commend the IMF Managing Director for ensuring diversity in the constitution of the Advisory Council on Entrepreneurship and Growth, with the appointment of a distinguished Nigerian, Mr. Tony Elumelu.

We note that the upcoming Comprehensive Surveillance Review (CSR) will be key in refining the Fund's surveillance priorities and modalities. We welcome the advice on fiscal policy, emphasizing the need for sustained fiscal adjustments and the importance of efficiency and equity in revenue mobilization. For LICs, we underscore the importance of capacity development in support of revenue-driven fiscal consolidation that nurtures growth while protecting the vulnerable populations. We also appreciate the specific recommendations for integrating climate risks into macroeconomic and financial policies. Considering that many developing countries are facing serious debt challenges, we applaud the 3-pillar approach's detailed focus on structural reforms, international support, and debt servicing measures to address liquidity pressures. Furthermore, we commend and welcome the forthcoming updates to the debt sustainability framework for low-income countries (LIC DSF), including references to the SRDSF guidance update aimed at simplifying the LIC DSF and the planned review of the IMF's role in debt restructuring.

The IMF's efforts to fortify its Lending Toolkit and improve coordination among different layers of the Global Financial Safety Net (GFSN) are relevant, particularly for LICs. We welcome the planned review of the toolkit, aimed at enhancing IMF-supported programs. Additionally, the ongoing efforts to strengthen precautionary facilities, making them more effective as crisis prevention tools, are critical for member countries. We support the emphasis on advancing the 17th General Review of Quota (GRQ) to ensure the Fund's legitimacy, effectiveness, and representation, which are crucial for supporting the membership through these transformative times.

We note that the risks to global financial stability and the volatility of financial markets have increased amid heightened policy uncertainty and geopolitical tensions. The concentration of global investors' asset allocation in IT and financial innovations exacerbates concerns about financial stability, especially with the recent correction of asset prices. Investors have significantly decreased their exposure to emerging markets (EM) and developing countries. While some EM economies have been able to rely on local investors to cover the financing gap, most emerging and developing countries remain dependent on costly foreign capital. Furthermore, shifting trade patterns and geopolitical tensions have fueled policy uncertainty across the globe, particularly in emerging markets. These developments should be closely monitored, as they could harm global financial stability. Tightening global financial conditions could further heighten debt vulnerabilities due to sovereign debt rollover risks. We note that investment flows in nonbank financial intermediaries (NBFI) have increased, showing a stronger and potentially risky nexus with banks. Since NBFIs hold over half of the world's financial assets and are increasingly borrowing from banks, greater vigilance is warranted to mitigate the related financial stability risks and prevent contagion.

We commend the thorough analysis regarding the impact of geopolitical risk events on financial stability and asset prices. This is particularly timely considering the recent surge in global geopolitical shocks that are disrupting international relations and economic stability. The analysis clearly demonstrates that geopolitical shocks can significantly affect asset prices, increase market tail risks, elevate sovereign risk premiums, and trigger financial contagion and market volatility. These effects can destabilize both bank and nonbank financial institutions, especially in countries with limited fiscal and international reserve buffers, while also causing cross-border contagion through trade and financial linkages. Considering these findings, we support the recommendation to reflect geopolitical risks in financial oversight frameworks and ensure that institutions allocate adequate resources to effectively manage these risks. In emerging markets and developing economies, enhancing resilience against geopolitical shocks requires advancing and deepening financial markets to better support investors in managing and hedging financial risks. We agree that effective regulatory frameworks are necessary to ensure safe and transparent risk management through hedging activities.

We agree that the current global environment requires building resilience and implementing agile financial sector policies to mitigate risks. We take note that key vulnerabilities include further correction of asset prices, a stronger bank-nonbank nexus, and high public debt. In this regard, central banks, supervisory institutions, fiscal authorities, and international financial institutions should join efforts to closely monitor and address vulnerabilities in the financial sector. The IMF is encouraged to continue to adapt its tools to the evolving macro-financial risks, to provide valuable advice to the membership. This will enable member countries to embrace financial innovations while safeguarding stability.

A timely and robust multilateral approach is essential to address SSA's debt crisis and depleted fiscal buffers. We call on the IMF to continue its leadership role in supporting member countries' engagement with bilateral and multilateral partners to address SSA's debt burden, which continues to crowd out critical spending priorities, threatening progress toward the Sustainable Development Goals (SDGs). With rising global policy uncertainties coupled with the challenges of addressing multiple shocks**—**including the lingering effect of the COVID-19 pandemic, spillover effects from geopolitical conflicts, rising global energy prices, and global financial tightening**—**many SSA countries face the risk of debt distress and worsening poverty and inequality levels.

We call for measures to rebuild eroded fiscal buffers and to ensure fiscal and debt sustainability. Sub-Saharan African countries are confronted with limited fiscal buffers. Meanwhile, the elevated debt levels and high debt service costs make it extremely difficult to maintain fiscal and debt sustainability, particularly for low-income countries and emerging markets in Africa. In this regard, we emphasize the need for Fund support to member countries to create fiscal space, reduce debt vulnerabilities, and promote reform measures, notably on energy subsidies and social safety net programs, including for countries facing insecurity and terrorist attacks, with consequent pressures on public finances and crowding out effects on priority social and development spending.

The Fund should continue to adapt its lending toolkit to address evolving global financing needs. With the Food Shock Window ending in early 2024 and worsening food security due to the El Niño phenomenon, we urge the strengthening of lending mechanisms, including emergency financing. Replenishing the Catastrophe Containment and Relief Trust (CCRT) is vital for disaster preparedness. A favorable review of the Poverty Reduction and Growth Trust (PRGT) is essential to enhance sustainability. Successful PRGT fundraising and the Resilience and Sustainability Trust (RST) are crucial for empowering developing economies in an era of interconnected crises. Countries cannot build economic resilience if they are constantly battling climate disasters, health crises, multiple shocks, including the recent tariff announcement, or infrastructure gaps without affordable support. Without such mechanisms, systemic risks could escalate into cascading economic and humanitarian disasters. Therefore, we need these Trusts, including the RST, as they provide a financial safety net for long-term planning and sustainable growth.

Given the risk of social unrest in some SSA countries, Fund support to promote well-targeted and sequenced energy subsidies reforms remains critical to mitigate the impact of high global energy prices. While energy subsidies measures in LICs often occur in the form of fuel price adjustments, they come at higher costs, adversely impacting public finances and budget execution. Therefore, policy measures are needed to improve public sentiment among households, civil society organization (CSO), unions and opposition parties regarding these reforms. We call on the Fund and development partners to support reforms needed to ensure a well-designed, appropriately timed, well-communicated and gradual approach to strengthen institutions, build trust and lessen the negative sentiment associated with energy subsidy reforms.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-26

Statement by Mr. Jambon
Belgium

On behalf of
Principality of Andorra, Republic of Armenia, Belgium, Bosnia and Herzegovina, Bulgaria, Republic of Croatia, Cyprus, Georgia, Israel, Luxembourg, Republic of Moldova, Montenegro, Kingdom of the Netherlands–The Netherlands, Republic of North Macedonia, Romania, and Ukraine

Statement by Mr. Jan Jambon, Minister of Finance, Belgium

On behalf of Andorra, Armenia, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Luxembourg, Moldova, Montenegro, Republic of North Macedonia, Romania, the Netherlands, and Ukraine

We continue to stand firmly by Ukraine and its people and recall the United Nations General Assembly's strong condemnation of the aggression by the Russian Federation. We call upon the Russian Federation to immediately cease its use of force against Ukraine. With thousands of lives lost, millions of refugees, and a large part of the country's economy destroyed, the conflict has had and is still having a massive humanitarian, economic, and financial impact on Ukraine, its neighboring countries, and the global economy. We therefore welcome the Fund's ongoing assistance to Ukraine with the highest priority and welcome the progress made by Ukraine under the EFF arrangement and through the capacity development fund for Ukraine. In parallel, we will continue to work closely with international partners, including the EU, to support Ukraine in meeting its immediate external financing needs and substantial financing needs for post-war reconstruction. We emphasize the importance of the direct involvement of Ukraine in any negotiations to achieve a just and lasting peace, as well as the EU because it affects the future of European security. Ending the war remains the priority to strengthen the resilience of the world economy.

We are deeply concerned with the immense human suffering and the adverse impact of wars and conflicts around the world. The conflict in the Middle East that ensued Hamas' terror attack on Israel on October 7, 2023, has taken a terrible toll on the region. We deplore the breakdown of the ceasefire agreement, which has caused a large number of civilian casualties and the refusal of Hamas to hand over the remaining hostages. We remain gravely concerned about the prolonged humanitarian crisis in Gaza. We call for an immediate return to the full implementation of the ceasefire-hostage release agreement.

We welcome the Fund's continued engagement with members of our Constituency through financial support and policy advice, including the Fund-supported programs in Armenia, Georgia, Moldova and Ukraine.

Ensuring economic resilience in challenging times

Resilience to the global economy is being tested against the backdrop of geopolitical tensions, recent protectionist measures, significant economic policy uncertainty and the protracted conflict caused by the Russian war of aggression against Ukraine. We deeply regret the universal tariffs announced by the U.S. on 2 April that have negative effects on the global economy, increase costs for businesses, disrupt supply chains and may ultimately raise prices for consumers. Downside risks to the economy have strongly increased and partially materialized, with the rules-based multilateral system increasingly under threat, high debt levels and lagging growth prospects amidst high uncertainty. We emphasize the importance of free trade and multilateral cooperation to ensure efficient allocation of capital and productivity growth. Trade tariffs and protectionism diminish welfare and make all countries worse off. We stress the importance of sound and effective economic decision-making to address structural challenges such as low productivity growth, competitiveness, climate change, aging, the impact of AI and the rapid build-up of defense capabilities. On the upside, the AI technology and simplification of administrative burdens could, if properly conducted, reinvigorate business dynamics. Simplification of financial regulation should however not lead to widespread loosening of global standards as financial stability is key to ensure sustained economic growth and price stability. More broadly, the recent geopolitical developments constitute an opportunity for the EU and its member states to further improve the functioning of the internal market.

Global disinflation has continued throughout 2024, allowing most central banks to start easing monetary policy, but we should be careful in declaring victory over inflation. Headline inflation has again picked up slightly in some advanced economies in recent months while services inflation continues to show persistence. Upside inflation surprises in response to restrictive trade measures, a boost in infrastructure and defense spending or higher energy prices, cannot be ruled out. In this context, it is important that central banks stand ready to respond.

Fiscal vulnerabilities have risen in the aftermath of consecutive and unprecedented shocks. Rebuilding fiscal buffers is essential to create the necessary budgetary room needed to respond to future shocks and to avoid the risk of adverse financial markets reactions during times of stress. At the same time, the already mentioned structural challenges are likely to add to fiscal pressures going forward. Fiscal consolidation works best when embedded in a credible multi-annual fiscal framework with clear priorities and limits on general government spending growth. Furthermore, front-loaded structural reforms that enhance potential growth can help to generate additional fiscal space.

It is a cause for concern that we are not yet collectively on track towards achieving the goals of the Paris Agreement. Climate change poses macro-critical risks to our economies, impacting long-term economic stability. While the costs of an orderly green transition are significant, they are well below the costs of inaction. It is important to continue explaining the risks associated with larger average temperature increases and thus rebuild a support base for climate mitigation and adaptation policies. A successful climate strategy would need to rely on a wide range of policy instruments, pay attention to distributional impacts and cost-effectiveness considerations and be open to adjustments.

The IMF continues to play a key role in the GFSN

Since their creation in 1944, the IMF and the World Bank have contributed to a more stable and prosperous global economy. 80 years after the Bretton Woods conference, both institutions remain key pillars of the multilateral rules-based system and continue to play a key role in addressing global challenges and supporting members with independent policy advice and financing.

We look forward to the implementation of the 16th General Review of Quotas to further strengthen the role of the IMF at the center of the global financial safety net. We congratulate the IMF members who have already provided their consent for the 16th General Review of Quotas and encourage others to follow as quickly as possible. In the context of the 17th General Review of Quotas, we stand ready to discuss a quota realignment to better reflect members' position in the world economy, which should be based on a fair and broad burden-sharing among all major advanced economies, while protecting the quota shares of the poorest members.

We welcome the upcoming Comprehensive Surveillance Review to integrate lessons learned on the Fund's surveillance on topics like AI, digitalization and climate change while maintaining the focus on the Fund's core mandate. Better cooperation with other international financial institutions remains key to ensure complementarity and efficiency. We look forward to the IEO's upcoming evaluation of the Fund's Climate Strategy, as well as the lessons learned that could feed into discussions on the Comprehensive Surveillance Review as well as RST program design and implementation. We reiterate the importance of ambitious reform measures to ensure the RST's catalytic function.

We are also looking forward to the Review of Program Design and Conditionality, which is paramount to ensure that IMF programs deliver the results that member countries need while safeguarding the sustainability of the IMF's balance sheet. We stress the importance of debt sustainability, contingency planning, realistic macroeconomic projections, well-defined conditionality, consideration of the social impact of reform measures and program ownership. Strong program design and conditionality will strengthen the catalytic role of IMF financing. The recent IEO evaluation on the Exceptional Access Framework provides useful input that should be reflected in the forthcoming review.

A high number of low-income countries currently face liquidity pressures, often driven by high debt servicing costs. In this context, we support ongoing work by the IMF and World Bank through the three-pronged approach to help countries to address liquidity constraints where debt is still sustainable, through structural reforms, stronger domestic resource mobilization, external financing, capacity development and sound debt management frameworks. Increased debt transparency can help detecting vulnerabilities at an early stage and improve public accountability. We re-emphasize the importance of timely, orderly, predictable, and coordinated debt treatments for countries with unsustainable debt. We welcome the recent progress made in implementing debt treatments under the G20 Common Framework but see scope for further improvement. We look forward to the IEO's evaluation of the Fund's engagement on debt issues in low-income countries.

Together with the World Bank's IDA21 replenishment package, the IMF's Poverty Reduction and Growth Trust (PRGT) remains a crucial source of concessional financing for many low-income countries. It is important to follow-up on the recommendations made by the PRGT review in 2024. The objective of ensuring the long-term self-sustainability of the financing model of the PRGT has only been partially attained in 2024 and requires further action.

Finally, a diverse and inclusive IMF, where every individual can contribute to their full potential, is best equipped to meet the needs of its diverse membership. Therefore, we encourage efforts to achieve more diversity, including enhancing diversity in the Executive Board. This involves building a staff base with a broad range of skills and from diverse backgrounds.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-27

Statement by Mr. Şimşek
Republic of Türkiye

On behalf of
Central and Eastern European Countries Constituency

Statement by Mehmet Şimşek,
Minister of Treasury and Finance, Republic of Türkiye
on Behalf of the Central and Eastern European Constituency
at the 51st Meeting of the International Monetary and Financial Committee
Washington, D.C. April 25, 2025

Global Economic Outlook and Risks

The global economy has been through turbulent times since the pandemic. The challenges we face take different forms, but they remain significant. Today, we are at a critical juncture. Geopolitical tensions are shifting in new directions, with trade and industrial policy measures increasing rapidly, compounded by political uncertainties. Inflationary pressures have re-emerged in many countries. Financial market volatility has increased, while financial conditions have tightened, particularly for emerging market and developing economies (EMDEs) and low-income countries (LICs). Fiscal trajectories have also deteriorated, with public debt levels and global fiscal deficits increasing once again in 2024. Nearly half of all countries reported a deterioration in their fiscal position. These dynamics are unfolding against a backdrop of already fragile fundamentals, characterized by high debt burdens and subdued growth prospects, which are now expected to slow even further. Taken together, downside risks continue to dominate the global economic outlook.

Policy Responses

In this environment, preserving price and macro-financial stability has become increasingly complex. The heavy burden falls on the shoulders of domestic policy makers to maintain price stability, to meet fiscal requirements in a prudent and sustainable manner, and to reignite inclusive and durable growth through structural reforms. Simultaneously, multilateralism must be strengthened. Transparent policy dialogue, strengthened international cooperation, and adherence to predictable, rules-based trading systems are essential to bolster global resilience.

Restoring fiscal sustainability is paramount to enhancing resilience against future shocks. The *Fiscal Monitor* highlights substantial risks to the fiscal outlook, including ongoing geoeconomic uncertainties and higher-than expected interest rates amid already elevated debt levels and reduced fiscal buffers. New spending pressures, stemming from the growing frequency of climate-related events, demographic transitions, and rising security demands, add further strain. Addressing these challenges will require growth-friendly, targeted fiscal policies. For EMDEs and LICs, credible medium-term fiscal frameworks and structural reforms that strengthen institutional and administrative capacities are essential. In advanced economies, pension system reforms may yield significant benefits, while comprehensive energy subsidy reforms can contribute meaningfully to fiscal space and efficiency across all country groups. Effective governance remains a cornerstone for ensuring public trust and buy-in for these policy adjustments.

On the monetary policy front, central banks must continue to carefully calibrate their monetary policy stances. While in our last meeting in October, we were discussing whether a soft landing was within reach with the concerted efforts towards the last mile of disinflation, we observe an uptick in goods prices today. Services inflation also remains above pre-pandemic averages. Exchange rate volatility, exacerbated by trade tensions, has heightened the risk of capital outflows, particularly for EMDEs, necessitating a re-evaluation of the pace and direction of policy normalization in some jurisdictions. Central banks should remain data-dependent, exercising prudence and flexibility in balancing inflation and output objectives. It is critical to avoid a de-anchoring of inflation expectations. Furthermore, clear, and consistent communication of monetary policy objectives, both in terms of current decisions and the anticipated policy trajectory, will be essential to preserve policy credibility and ensure market stability.

Elevated leverage among non-bank financial institutions, coupled with rising global debt levels, underscores the urgent need for vigilant monitoring and proactive supervision. We agree with the Global Financial Stability Report's main policy recommendations. Regulatory and standard-setting bodies must remain steadfast in the implementation of latest financial reforms, such as Basel III, and prioritize improvements in data availability, data-sharing frameworks, and targeted policy interventions to bolster the resilience of the non-bank financial sector. Concurrently, macroprudential policies should maintain a sharp focus on mitigating systemic risks and safeguarding financial system integrity.

The imperative for structural reforms has become increasingly evident to elevate medium-term growth potential. Considering demographic headwinds, including aging populations and the complex dynamics stemming from migration and refugee flows, advancing productivity-enhancing measures and labor market reforms is critical. Accelerating digital transformation and integrating artificial intelligence across sectors, while taking account of the potential disruptive effects and impacts of this technology, offer substantial opportunities to enhance economic efficiency and competitiveness. Furthermore, strengthening governance frameworks and enhancing institutional transparency are essential, cross-cutting priorities that support both economic performance and public trust. Finally, navigating the transition to a low-carbon economy represents a collective global responsibility. While the climate transition presents significant policy and investment challenges, it also offers long-term environmental and economic benefits that must be proactively harnessed through coordinated international action.

The Role of the IMF in Supporting Members

The Fund remains central to global efforts to ensure macroeconomic and financial stability and promote sustainable and inclusive growth as a trusted advisor and lender of last resort, with its tailored policy advice and carefully calibrated capacity development support. The Global Policy Agenda rightly places emphasis on sharpening the focus of surveillance. The Fund's policy analysis and granular advice on the impact of rising protectionism in trade and industrial policies and its spillovers in bilateral and multilateral surveillance should be a top priority. In this context, we look forward to the forthcoming Comprehensive Surveillance Review (CSR) and emphasize that the priority areas should remain consistent with the Fund's core mandate and expertise. It is important to take a longer-term perspective on the Fund's crisis prevention role in the context of the forthcoming CSR. We also welcome the Fund's efforts to make capacity development more flexible, tailored, and better integrated with the Fund's economic analysis and lending activities and well-tailored to respond to members' needs.

In LICs and highly indebted economies, rising borrowing costs and limited access to external financing are amplifying debt vulnerabilities and threatening to crowd out essential spending. The Fund should continue to help countries address debt vulnerabilities in line with its mandate. The Fund's policy advice, capacity development, and financing support will remain essential for these countries to develop credible medium-term debt strategies and debt management, anchored in sound fiscal policies, greater debt transparency, and sustained access to concessional financing. In addition, the Fund should continue its analytical work to address liquidity and debt challenges and to support international platforms such as the G20 Common Framework and the Paris Club. We look forward to seeing tangible progress on the three-pillar approach. The finalization of the debt sustainability framework for LICs will also be important to enhance the Fund's contribution to debt issues.

On monetary and financial policies, the Fund's assistance to members in managing shocks in line with the Integrated Policy Framework, as well as deeper analysis and more robust discussions on the international monetary system, especially considering changing policy priorities and preferences as well as rapid technological advances and structural changes, remain invaluable. The forthcoming review of the Financial Stability Assessment Program will play a crucial role in horizon scanning on financial sector risks.

Demand for Fund financing will likely remain high amid heightened balance of payments problems, external imbalances, and debt sustainability concerns. The Fund needs to continue to assist members in addressing these problems, considering their ever-evolving needs while keeping appropriate safeguards that take into account members' debt carrying and repayment capacities during the Comprehensive Review of Program Design and Conditionality. This review will also be one of the most important policy reforms in the coming period to strengthen the impact of Fund lending. The Fund should seek to enhance its catalytic effect. Last year's reforms on Charges and Surcharges Policy and the Poverty Reduction and Growth Trust were spot on, providing relief on the financing front.

In the face of heightened uncertainty, strengthening the Global Financial Safety Net (GFSN) is more important than ever. In this context, upcoming work on the assessment of the GFSN and the review on precautionary tools will enhance the IMF's ability to support its members. At the center of the GFSN, the enhanced coordination between the IMF and other layers will help bolster global financial resilience.

The Fund also has a key role to play in providing a platform for countries to find cooperative solutions to common economic challenges. The Fund should continue to advocate for open, stable, and transparent trade policies and a strong multilateral trading system to oversee them and use its convening power in this regard.

Finally, on IMF resources and governance, we support a strong, quota-based, and adequately resourced IMF at the center of the global financial safety net and have provided our consent to the quota increase under the 16th General Review of Quotas (GRQ). We call on those countries, which have not yet given their consent, to secure domestic consents as soon as possible. While important progress has been made on the New Arrangements to Borrow and the transitional arrangements, what ultimately matters is the actual ratification by all member countries. We recognize the importance of realignment in quota shares to better reflect members' relative positions in the world economy, while protecting the voice of the poorest members. Given the likely lack of progress on the 17th GRQ by June 2025, we support developing a set of principles to guide future discussions towards IMF quota share realignment. We reiterate that the work on possible approaches for an IMF quota share realignment will need to ensure fair burden sharing among all major advanced economies.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-28

Statement by Mr. Champagne
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 by The Honourable François-Philippe Champagne
Minister of Finance, 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

51st Meeting of the International Monetary and Financial Committee

April 25, 2025

At this time of heightened global uncertainty, the International Monetary Fund (IMF) must stay focused on achieving its mandate of promoting macroeconomic and financial stability for its members and the global economy, including exercising its surveillance function with rigour to assess prevailing risks. The confluence of significant trade and economic headwinds, including recent tariffs and other trade-restrictive measures, climate-related shocks, and debt vulnerabilities in developing regions has placed immense pressure on economies. Geopolitical tensions further add to the downside risk to the global economic outlook. Global medium-term growth prospects are at their weakest level in decades and have been consistently revised downward since the 2008 global financial crisis. These challenges underscore the urgency of targeted and coordinated interventions to sustain economic resilience, as well as frank policy advice from the IMF.

As conflict and insecurity continue to impede peace and prosperity globally, we uphold our strong commitment to multilateralism and stand for respect of international law – in Ukraine, in the Middle East, and beyond – which is integral to our collective peace and prosperity. We commend the IMF's sustained efforts to support Ukraine in the face of Russia's unjustifiable war of aggression. We welcome the recent conclusion of the seventh review of Ukraine's Extended Fund Facility financing program, supported by the G7 Extraordinary Revenue Acceleration (ERA) Loan mechanism, which is redirecting future revenues of immobilized Russian sovereign assets to Ukraine. Approximately C$69 billion (US$50 billion) will go to Ukraine through the ERA. Of Canada's C$5 billion commitment, C$2.5 billion was disbursed in March 2025, with the rest to follow. Ireland announced a €36 million package to Ukraine and its neighbours in September 2024. Canada and Ireland are also proud to support the IMF's Ukraine Capacity Development Fund with C$10 million and €2 million contributions respectively.

Our constituency recognizes the fundamental importance of best equipping the IMF to support countries experiencing balance of payment difficulties and macro-economic instability, including vulnerable countries. We are committed to work to ensure the IMF remains agile and fit for purpose over the medium and long-term. In this respect, we recognize recent progress to strengthen the IMF toolkit and enhance representation, including another Executive Director for Sub-Saharan Africa.

We also supported the conclusion of the 16th General Review of Quotas and maintain that timely implementation of the outcomes is paramount. The vast majority of our constituency, by quota share, has completed the necessary domestic steps and we encourage all IMF members to continue to work to meet our agreed deadlines. This will allow members to start benefiting from the outcomes of the review and pave the way for progress under the 17th Review, including in the context of work to deliver possible approaches as a guide for further quota realignment.

We welcome the recent agreement on the new framework to fund the Poverty Reduction and Growth Trust (PRGT) with internal resources. Canada was swift in providing consent to the IMF that we will allocate our share of the net income distribution to the PRGT. We continue to support the Fund's contributions to global efforts to fight climate change, including through the Resilience and Sustainability Trust (RST). This is very beneficial for our constituency, many of whom are especially vulnerable to the effects of climate change. We look forward to the comprehensive review of the RST. Our constituency also supported changes to the Fund's charges and surcharges that are meaningfully reducing the cost of borrowing while retaining the Fund's ability to generate sufficient income and reserves. Our constituency remains committed to the important work ahead to further strengthen and shape the Fund's surveillance, capacity development and lending activities to help better support its members.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-29

Statement by Mr. Al-Sayari
Saudi Arabia

Statement to the International Monetary and Financial Committee
by Ayman M. Al-Sayari
Governor of the Saudi Central Bank (SAMA)
April 25, 2025

The IMF continues to serve as the bedrock of global economic collaboration and financial stability, and the IMFC remains a vital forum for shaping the Fund's strategic direction and building consensus among member countries. Multilateralism remains our most effective tool for tackling today's shared challenges. The Fund must, therefore, continue its efforts to galvanize collective action while working closely with other international institutions to preserve global macro-financial stability. Saudi Arabia remains firmly committed to supporting multilateralism and stands ready to collaborate with all stakeholders to advance these shared priorities. We broadly agree with the strategic direction envisioned in the Managing Director's Global Policy Agenda, which reaffirms the Fund's core mission and outlines a forward-looking roadmap for the Fund at a time of profound global uncertainty. We welcome the productive deliberations at the IMFC Deputies Meeting, which resulted in the Diriyah Declaration that we fully endorse. This declaration encapsulates the collective will of the membership and introduces a pragmatic and forward-looking roadmap for the IMF.

Navigating a Highly Uncertain Global Landscape

The global economy is at a delicate juncture, marked by increasing policy uncertainty and geopolitical tensions, resulting in a shifting configuration of trade flows and increased fragmentation of the global economic landscape. Subdued global growth prospects are amplifying vulnerabilities, such as elevated debt burdens, energy market fluctuations, constrained policy space, and pose spillover risks to EMDEs. Ensuring a stable economic recovery remains a challenge amid continued uncertainty about the economic outlook, further complicated by the recent policy shifts. These developments risk hindering progress toward income convergence, and complicate efforts to manage growth, inflation, and financial market stability—particularly in emerging and developing economies. Today's economic challenges highlight that greater multilateralism and international cooperation are more imperative than ever. Ensuring effective policy frameworks, restoring confidence, and reinforcing resilience should remain key priorities in navigating current challenges. In this context, policymakers should prioritize preserving monetary and financial stability, rebuilding buffers, and addressing structural impediments to productivity. Fiscal policy must transition toward anchoring medium-term sustainability through credible consolidation that supports inclusive growth while safeguarding essential social and investment spending. Monetary authorities, in turn, should remain vigilant, calibrating their stance based on the evolving domestic and global conditions while ensuring that monetary and financial stability is maintained.

Preserving financial stability in a world of policy uncertainty, rising complexity and interconnectedness of the financial systems requires comprehensive risk surveillance frameworks, more vigilant and coordinated supervisory oversight, and additional prudential buffers, where warranted. As financial innovation accelerates and non-bank financial institutions gain prominence, new channels of risk emerge. Therefore, the Fund's surveillance must continue to sharpen its monitoring of cross-border financial channels and systemic risks. We emphasize that timely and consistent implementation of Basel III and other internationally agreed standards is crucial to provide a level-playing field across jurisdictions and ensure adequate capital and liquidity buffers are available during stress episodes.

The shifting global dynamics also resonate deeply in the MENA region. Economic trajectories remain mixed as many countries have embraced ambitious reform agendas, laying the groundwork for sustainable and inclusive growth, while others continue to grapple with both exogenous and endogenous challenges. Refugee inflows have placed considerable strain on host countries' public services, labor markets, and fiscal positions. Meanwhile, progress toward peace and stabilization in some countries holds promise for unlocking a potential peace dividend through investment, reconstruction, and renewed regional integration. The Fund's engagement in the region must reflect these developments by offering tailored policy advice on mitigating the adverse effects of fragmentation, building resilience and capacity development to address long-standing vulnerabilities and support new opportunities for transformation, and providing recommendations on economic diversification strategies. To enhance the institution's contextual understanding, we call on the Fund to address the underrepresentation of staff from MENA region, including in leadership positions.

The IMF's Role in Shaping Global Stability

Amid a highly uncertain global landscape and rapidly evolving economic dynamics, it has become increasingly critical for the IMF to enhance the precision, responsiveness, and timeliness of its surveillance activities to identify emerging vulnerabilities to mitigate systemic risks and macroeconomic imbalances. Indeed, in this increasingly complex global environment and the fundamental fiscal and economic challenges faced by many economies, the Fund must remain firmly anchored in its core mandate of safeguarding macroeconomic and financial stability, and supporting members in managing balance of payments pressures. Enhancing the effectiveness of the Fund's surveillance is essential for maintaining stability. The forthcoming Comprehensive Surveillance Review provides an important opportunity to refocus on the Fund's core mandate, reorient priorities to make it more tailored and adaptable to members' evolving priorities and their distinct political economy realties. Given the Fund's mandate and expertise, it is imperative to provide relevant and timely policy advice to the membership in navigating the increasingly complex global economic landscape. It is also imperative that the Fund supports countries in breaking the cycle of high debt and low growth by placing them on a path toward sustainable growth would deliver meaningful long-term benefit. The Advisory Council on Entrepreneurship and Growth is an important step to elevate the IMF's advisory role on structural reforms. Furthermore, financial surveillance is central to the IMF's work, and the Review of the Financial Sector Assessment Program provide a timely opportunity to guide future priorities that keep pace with rapid innovation and risk transformation, while ensuring that its coverage is commensurate with systemic risks.

In fragile and conflict-affected states (FCS), a sustained and proactive IMF support is essential as these economies' unique challenges can exacerbate instability, causing spillover effects on neighboring countries. The Fund must integrate macroeconomic assistance with institution-building efforts focusing on all dimensions, ensuring that capacity development is embedded within lending frameworks and extended consistently over the medium term. It also needs to adapt its instruments to the complex realities of fragile states and ensure that the FSC strategy remains relevant and impactful, as these economies require sustained engagement and timely responsiveness from the Fund. However, in recent years, we have seen a decline in PRGT commitments to FCS, along with limited engagement under Article IV consultation. This may constrain the Fund's capacity to provide timely concessional financing where it is most urgently needed. Indeed, the high-level roundtable on Supporting Recovery in the Middle East's Conflict Affected Economies, held on the sidelines of Al-Ula conference, is an important first step in advancing this critical discussion. The establishment of an informal coordination group would help ensure that these efforts continue with momentum and coherence.

The forthcoming Review of Program Design and Conditionality should explore options to better reflect country-specific constraints, especially in FCS post-conflict economies, while also tackling the persistence challenges of repeated use of Fund resources. Promoting stronger policy frameworks and institutional foundations, well-calibrated conditionality, and a clear pathway toward sustainable graduation will be critical to protecting the Fund's financial strength and credibility.

Given the elevated debt vulnerabilities in many economies, we welcome the Fund's active role in sovereign debt resolution including the continued engagement through the G20 Common Framework (CF) for Debt Treatment and the Global Sovereign Debt Roundtable (GSDR). In this vein, we welcome the progress made on debt treatments under the G20 CF. Indeed, the CF is the most inclusive platform for official creditor coordination and should remain the primary channel for debt treatments. We look forward to further improving its implementation, informed by the recommendations from the G20 Note on the Lessons Learned, and through institutionalizing the CF, enabling predictable, timely, and orderly debt treatments. Also, we support the Fund's focus on assessing the Global Financial Safety Net (GFSN) and its resilience. We stress the importance of enhanced coordination among the various layers of the GFSN, including Regional Financing Arrangements (RFAs), and increased information sharing to ensure more agile and effective response to crises.

To maintain the Fund's relevance and effectiveness, we stress the need for a forward-looking institutional strategy. While we support efforts to streamline operations, we believe that an ad hoc reprioritization should not be a substitute for a clear strategic framework. Indeed, a Fund-wide strategy, grounded in resource realism and institutional priorities, will help maintain coherence and operational efficiency. Also, further deepening collaboration with other international financial institutions and leveraging their expertise is essential to enhance synergies, prevent mission creep, avoid duplication, and enhance the quality and efficiency of joint interventions.

Saudi Arabia: Stability in Uncertain Times

The Kingdom's robust social and economic fundamentals and its progress under Vision 2030 have significantly bolstered the economy's resilience and positioned Saudi Arabia as a key pillar of stability at both the regional and global levels. Despite the emerging and persisting global economic challenges, the Saudi non-oil sector continues to demonstrate resilience, with ongoing reform efforts expected to sustain its momentum. Saudi Arabia's monetary stability and fiscal prudence provide a favorable macroeconomic environment for long-term investors and support economic resilience. This backdrop strengthens Saudi Arabia's role as a stabilizing force in the region and in the global economy. In addition, the active participation in multilateral initiatives underscores Saudi Arabia's growing role in shaping a more resilient and cooperative global order to achieve shared prosperity.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-30

Statement by Mr. Giorgetti
Italy

On behalf of
Albania, Greece, Italy, Malta, Portugal, and Republic of San Marino

IMF-World Bank Group Spring Meetings – April 25, 2025

IMFC Statement by Mr. Giancarlo Giorgetti, Minister of the Economy and Finance, Italy

On behalf of Albania, Greece, Italy, Malta, Portugal, and Republic of San Marino

Russia's war of aggression against Ukraine, the spiraling conflict in the Middle East, and the significant ongoing shifts in trade and other policies are major sources of uncertainty and risks to the global economy. Multilateral efforts to ensure global peace and free, rules-based international trade are needed to secure economic, financial and social stability, as well as to promote prosperity, international cooperation, and multilateralism. We express our deep concern about the humanitarian consequences of current conflicts. We stand firmly by the Ukrainian people and remain committed to working with our international partners to support Ukraine for as long as it takes. We support a comprehensive, fair, and durable peace in Ukraine that upholds the United Nations (UN) Charter. We call for the facilitation of humanitarian assistance in conflict areas and an immediate ceasefire in Gaza and Lebanon.

Having withstood several shocks in recent years, the global economy proved rather resilient in 2024, despite modest economic growth. However, the global outlook is subdued with a slowdown expected in 2025, notably on account of major trade policy shifts. In addition, the exceptionally high levels of uncertainty – which undermine confidence, investment, and consumption – and the fragmentation of the global economy, further weigh on the medium-term outlook. Protectionist measures and uncertainty will affect growth and may heighten risks to financial stability.

The European Union (EU) is one of the most open economies, centered on the free flow of capital and rules-based trade. Recent policy shifts will unavoidably affect the global economy, notably the EU, as one of the main trading partners of the United States. The EU must use this opportunity to strengthen the single market, accelerate the implementation and completion of belated reforms such as the Capital Markets Union and the Banking Union, and better adjust to a fast-moving world. These reforms should be accompanied by higher investment to increase potential growth. The implementation of National Recovery and Resilience Plans is crucial for fostering innovation and raising productivity in Europe by addressing technological progress, enhancing digitalization and increasing resilience to external shocks while safeguarding social protection and reducing poverty and vulnerability.

Amid a backdrop of rapid geopolitical shifts, the EU has decided to strengthen its defense capabilities and security. Defense expenditures should be raised within viable budget envelopes, minimizing fragmentation, while handling difficult trade-offs among other public policy priorities. The Readiness 2030 initiative and the use of existing flexibility embedded in the new EU fiscal framework could allow some member states to achieve their policy goals. On the monetary policy front, the ECB is strongly committed to maintaining price stability over the medium term while operating within a clear framework and with a data-dependent and meeting-by-meeting approach, thereby continuing to anchor inflation expectations.

The relevance of the Fund hinges on its ability to excel as a trusted advisor, deliver technical assistance and capacity development, and provide financing to address balance of payments needs. Looking ahead, the Fund should continue to focus on all macro-critical aspects of its mandate and keep pace with an ever-changing world. We welcome the recent initiative to scale up the IMF Capacity Development with the Southeast Europe Regional Technical Assistance Center. We consider supporting and hosting the center in Rome to buttress Albania's accession to the EU. In this context, we also underscore Italy's recent contribution to the IMF's Anti-Money Laundering and Combating the Financing of Terrorism Thematic Fund.

The Fund's surveillance is invaluable in preventing crises, especially in the context of uncertainty and rapid change. We emphasize the key role played by the Fund's Flagships and regional assessments in helping gauge the impact of various policies on major economic variables. The Fund's advice, including relevant analysis, should be tailor-made. We commend the ongoing work for the Comprehensive Surveillance Review, which should assess how to operationalize the principle of macro-criticality. The Fund should continue providing its insightful analysis and policy advice on climate change, demographics, artificial intelligence, and structural weaknesses and imbalances, such as those emerging from trade or income inequality.

In these times of uncertainty, we welcome the Fund's actions to review its frameworks, policies, and toolkit to better align with its mandate and members' needs and specificities, while improving their ability to address imbalances and repay the Fund. This includes considering how to better calibrate its programs in light of more frequent shocks and the need for more far-reaching structural reforms amid rapid change and political-economic shifts. The upcoming Review of Program Design and Conditionality and the Review of the Exceptional Access Policy are crucial. Additionally, the Fund should reassess the flexibility of its lending tools and precautionary instruments, beyond reviewing the Short-Term Liquidity Line to prevent balance of payments crises. Fund-supported programs should address macroeconomic imbalances, promote sustainable growth, and enhance resilience, while also protecting vulnerable populations and protecting social spending. In developing its programs, the Fund should clarify the best policy options while also identifying the most viable and implementable ones considering global and national contexts and political economy to ensure program ownership**.**

The Fund should continue to play a key supportive role in addressing debt-related vulnerabilities and strengthening the debt architecture. This includes maintaining support for the Common Framework, drawing on lessons learned to make it more efficient, and supporting the work of the Global Sovereign Debt Roundtable, which is to foster common understanding among key stakeholders on technical aspects and debt restructuring challenges. Within the concerning debt landscape, the Fund needs to remain a trusted advisor to members by providing financial and technical support, especially by deploying the three-pillar approach, developed with the World Bank, to mitigate liquidity pressures in countries whose debt is sustainable.

We urge the Fund to continue prioritizing support for Low-Income Countries and Fragile and Conflict-Affected States. We commend the Fund's efforts to strengthen capacity development in conjunction with development partners. We ask management to make capacity development more flexible, agile, and outcomes-focused, while continuing to enhance integration with surveillance and lending. We appreciate the Fund's efforts to ensure the self-sustainability of the Poverty Reduction and Growth Trust and enhance its capacity to provide concessional support for Low-Income Countries. The Resilience and Sustainability Trust, which enables countries to develop climate change adaptation and mitigation strategies, can enhance resilience and sustainability, including through its catalytic role towards multilateral and bilateral programs like the Italian Piano Mattei. We strongly welcome the operationalization of the Resilience and Sustainability Trust for pandemic preparedness.

We have strongly endorsed the agreement to increase the quotas of the Fund's members by 50 percent, as part of the 16th General Review of Quotas. The implementation of the 16th review is almost completed for countries in our constituency. Looking forward, we stand ready to discuss quota realignment under the 17th review based on fair burden-sharing among all major advanced economies, while safeguarding the voice and representation of the poorest members.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-31

Statement by Mr. Pan
People's Republic of China

Statement at the Ministerial Meeting of the 51st Meeting of the International Monetary and Financial Committee (IMFC)

PAN Gongsheng, Governor of the People's Bank of China

The current momentum of global economic growth remains weak, with prominent downside risks. The recent abuse of tariffs by the United States has severely violated the legitimate rights and interests of other countries, seriously undermined the rules-based multilateral governance system, dealt a heavy blow to the global economic order, and hurt the long-term stability and growth of the global economy. It has also triggered sharp fluctuations in global financial markets, particularly in advanced economies. This has threatened global financial stability and posed grave challenges to emerging market economies and developing countries.

Against this backdrop, there is an urgent need for countries to strengthen macroeconomic policy coordination, support the multilateral trading system, promote economic globalization that is more open, inclusive, mutually beneficial and balanced, jointly advance trade and investment liberalization and facilitation, and safeguard global economic and financial stability. Upholding true multilateralism, China is an advocate of economic globalization and free trade, and a staunch defender and supporter of the World Trade Organization. We actively engage in global economic governance and are committed to the development of an open world economy. China stands ready to further deepen cooperation with the International Monetary Fund (IMF) and supports it to play a bigger role in safeguarding global economic and financial stability.

I. About the work of the IMF

The global multilateral trading system is now under an unprecedented threat. As the most important multilateral financial institution in the world, the IMF should fully play its role as a trusted advisor, a reliable lender of last resort, an advocate of sound policy frameworks, and a platform for multilateral cooperation. It should actively guide and encourage countries to strengthen international macroeconomic policy coordination and to safeguard global economic and financial stability.

Given the big impact of trade tensions on global economic and financial stability, there is an urgent need to strengthen the Global Financial Safety Net (GFSN). With the IMF at the center of the GFSN, it is critical to continue advancing the quota reform in order to enhance the IMF's legitimacy, effectiveness, and representativeness. The IMF is a quota-based institution. Therefore, quota shares realignment is the most important part of the IMF's governance reform. It should be achieved as early as possible to reflect members' relative weights in the world economy and to increase the representation of emerging markets and developing countries. China has already provided consent in writing to the quota increase under the 16th General Review of Quotas (GRQ). We call on all other member countries to complete their domestic procedures without delay so that the quota increase can come into effect in May this year. At the same time, to deliver member countries' commitment and to maintain the IMF's credibility, the IMF should race against time to develop possible approaches as a guide for further quota realignment by June this year, and speed up preparations for the 17th GRQ, including discussions on a new quota formula. Achieving a timely and meaningful realignment in quota shares is also crucial to ensure fair treatment of member countries.

At the current juncture, enhancing global macroeconomic policy coordination is becoming increasingly important. Trade tensions are affecting global economic growth and inflation through supply, demand, and expectation channels. The IMF should actively guide and encourage countries to firmly support economic globalization and the multilateral trading system. Countries should faithfully strengthen macroeconomic policy coordination and safeguard the security of international economic and financial systems. Meanwhile, the IMF should strengthen its economic surveillance, assess risks objectively, and provide timely policy recommendations. We look forward to the Comprehensive Surveillance Review (CSR) aimed at enhancing the effectiveness of bilateral and multilateral surveillance, so that the IMF can provide its members with more targeted policy recommendations on addressing shocks. Given elevated economic uncertainty and higher market volatility, the IMF should improve its lending toolkit and strengthen crisis response. We welcome the IMF's efforts in reviewing the design and conditionality of its programs, as well as precautionary facilities, to effectively prevent crises and address the changing needs of its membership. We commend the IMF's efforts in improving the financial sustainability of its Poverty Reduction and Growth Trust (PRGT) to ensure effective support for low-income member countries.

In recent years, China has played an active role in addressing global debt issues. The resolution of debt issues should follow the principle of "joint action with fair burden-sharing." Adverse global economic and financial environment could exacerbate debt vulnerability of low-income countries (LICs). In recent years, China has actively implemented the G20 Common Framework and made significant contribution to the debt restructuring of Zambia, Chad, Ethiopia, and Ghana. Outside the Common Framework, China has contributed to the debt treatment of Sri Lanka, Suriname, and Malawi. China has also actively participated in discussions under the Global Sovereign Debt Roundtable (GSDR) to enhance mutual understanding and build consensus on key debt issues. In order to resolve debt issues, it is important to uphold the principle of "joint action with fair burden-sharing." We welcome the review of the Debt Sustainability Framework for Low-Income Countries (LICs-DSF) by the IMF and the World Bank. We encourage the two institutions to take into account the views of emerging creditors and debtors when improving the analytical framework, so as to adapt to the new global sovereign debt landscape.

II. China's economic and financial developments

China's economy remains solid, and the momentum of economic recovery continues to strengthen. In 2024, China's GDP grew by 5 percent, ranking among the top compared with other major economies. Its contribution to global economic growth stays at around 30 percent.

Since the beginning of this year, China's economy has continued to recover. In the first quarter (Q1), the GDP grew by 5.4 percent year on year and by 1.2 percent quarter on quarter. **Industrial production continues to grow fast.** In Q1, the value added of large industrial firms rose by 6.5 percent year on year, 0.7 percentage point higher than that in 2024. In particular, the value added of equipment manufacturing grew by 10.9 percent year on year. **The services sector has maintained solid growth, and services consumption increased.** In Q1, the value added of the services sector went up by 5.3 percent year on year, up by 0.3 percentage point compared with 2024. The number of domestic tourist trips during the Chinese New Year increased by 5.9 percent year on year. **Retail sales rebounded and fixed asset investment increased.** In Q1, the total retail sales of consumer goods went up by 4.6 percent year on year, up by 1.1 percentage points compared with 2024. The fixed asset investment increased by 4.2 percent from a year earlier, 1.0 percentage point higher than that in 2024. **Trade in goods hit a record high compared with the same period in preceding years.** In Q1, the total value of exports and imports of goods registered a historic high of RMB10.3 trillion, a year-on-year growth of 1.3 percent. **Employment remains generally stable.** In Q1, the average urban surveyed unemployment rate was 5.3 percent. **The decline of prices has notably moderated.** In March, the consumer price index (CPI) fell by 0.1 percent year on year. The decline has narrowed noticeably.

The real estate market and local government financing vehicles (LGFVs) have shown positive changes. Their drag on economic growth is weakening. The risk from the real estate market has been mitigated. Thanks to supply-side and demand-side policy supports, as well as self-adjustments by property developers, the risk from the real estate market has substantially abated. Home sales have picked up and home prices have shown signs of stabilization. It has been clarified that local governments can use funds raised through special bonds to acquire reserve land and purchase unsold housing which would then be offered as social housing. This will further stabilize the real estate market. **Local government financing vehicle debt has dwindled.** To address the debt issue of LGFVs, China has announced a program to swap their outstanding implicit debt, spun off their financing activities for local governments, and transformed them into market entities through market-based restructuring. These policy efforts have produced desired outcomes. The number of LGFVs and their outstanding debt have declined significantly. **The financial system remains sound in general, and financial institutions are healthy.** At the end of 2024, the capital adequacy ratio, the non-performing loan ratio, and the provision coverage ratio of commercial banks stood at 16 percent, 1.5 percent, and 211 percent, respectively, all well above the regulatory standards.

On monetary policy, China will continue to implement an appropriately accommodative monetary policy. The People's Bank of China (PBOC) made a number of large monetary policy adjustments last year. In particular, it adopted a host of incremental policies in September. These policy measures have effectively boosted market confidence. **In terms of aggregate support**, the PBOC cut the reserve requirement ratio (RRR) and policy rate twice and guided down the Loan Prime Rate (LPR). **In terms of structural support**, the PBOC introduced re-lending facilities in support of sci-tech innovation, technological transformation, and affordable housing. It also created two monetary policy tools to support the capital market. **On monetary policy transmission**, the PBOC improved monetary policy framework, included government bonds in open market operations, promoted the reform of quarterly value-added accounting of the financial industry, and strengthened the oversight of interest-rate policy implementation.

In 2025, the PBOC will lower the RRR and policy rate as warranted by economic and financial developments at home and abroad, as well as financial market performance. We will adopt a policy mix to keep liquidity abundant, lower the liability cost of banks, and persistently bring down the overall financing costs for the real economy. Meanwhile, we will step up financial support for major national strategies, key areas, and weak links, and will improve the two pro-capital market monetary policy tools to support the stable development of the capital market. We will also improve the interest-rate adjustment framework and improve monetary policy transmission channels. With regards to exchange rate, we will continue to let the market play a decisive role in the formation of exchange rate, while maintaining exchange rate flexibility. At the same time, we will better guide expectations and keep the RMB exchange rate basically stable at an adaptive and equilibrium level.

On fiscal policy, China will adopt a more proactive stance. In 2025, China's budget deficit is set at 4 percent of GDP, or RMB5.66 trillion, up by RMB1.6 trillion from the previous year. **Fiscal expenditure will increase.** The general public budget expenditure is RMB29.7 trillion, up by 4.4 percent from a year ago. **More government bonds will be issued.** Local governments are allowed to issue an additional RMB4.4 trillion special bonds. The central government will issue RMB1.3 trillion ultra-long special bonds. On top of that, the central government will issue RMB500 billion special bonds to support large state-owned banks to replenish core tier 1 capital. **Fiscal support for local governments will be stepped up.** Planned transfer payments stand at RMB10.34 trillion, up by 8.4 percent from the previous year in comparable terms.

In a nutshell, China has factored in all kinds of uncertainties when formulating this year's macroeconomic policies. We have abundant policy tools to deploy, and if necessary, we will introduce new incremental policies in a timely manner to forcefully and effectively address external uncertainties. **Meanwhile, China will actively promote economic restructuring and high-quality development.** On the domestic front, we will boost consumption, improve investment efficiency, expand domestic demand through a multi-pronged approach, and foster stronger synergy between consumption and investment. We will turn domestic demand into the main driver and anchor of economic growth. In the meantime, we will fully unleash the vitality of all types of market entities. On the external front, China will continue to promote high-level opening-up. We will steadily advance institutional opening-up in terms of rules, regulations, management, and standards. We will create a world-class and market-oriented business environment underpinned by a sound legal framework for the benefit of all.

On the economic developments in the Hong Kong Special Administrative Region (SAR) and the Macao SAR, Hong Kong's economy has maintained solid growth. Its real GDP grew by 2.5 percent in 2024, and prices went up moderately by 1.1 percent. However, rising global policy uncertainties and possible shifts in the global trade landscape pose downside risks to its near-term growth. Hong Kong will continue to defend its status as a free port and promote regional and international cooperation. Macao's real GDP grew by 8.8 percent in 2024. The unemployment rate stayed below 2.0 percent and the latest reading on inflation came in at 0.2 percent. Macao will properly address the pressure from external uncertainties, actively engage in the cooperation in the Guangdong-Hong Kong-Macao Greater Bay Area, and continue to improve the well-being of Macao residents.

INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-32

Statement by Ms. Lagarde
European Central Bank

EUROPEAN CENTRAL BANK
EUROSYSTEM

Speech

IMF Spring Meetings, 25 April 2025

IMFC Statement

Statement by Christine Lagarde, President of the ECB, at the fifty-first meeting of the International Monetary and Financial Committee

Introduction

Since our meeting last October, the global economic order has changed. While the international community has benefited from an increase in trade and a reduction in barriers over many decades, the escalation of trade tensions and the imposition of tariffs have created strong headwinds for the global economy. The rise in trade policy uncertainty is unprecedented and is weighing on investment. Global growth is expected to continue at a moderate pace, but downside risks have intensified. Trade protectionism and fragmentation could hamper the smooth functioning of global value chains and negatively affect global trade dynamics, which have been a key engine of global growth and shared prosperity in recent decades.

Global inflation is projected to gradually decline amid easing labour markets in advanced economies and the impact of past monetary policy tightening. However, the ongoing escalation of trade tensions complicates the inflation outlook. Tariffs can trigger fluctuations in exchange rates, affect import prices and disrupt supply chains, and the impact on inflation is uncertain. Geopolitical tensions continue to present two-sided inflation risks as regards energy markets, confidence and investment.

In April, the Governing Council lowered the three key ECB interest rates by another 25 basis points. This decision was based on our updated assessment of the inflation outlook, the dynamics of underlying inflation and the strength of monetary policy transmission. The disinflation process in the euro area is well on track.

The Governing Council is determined to ensure that inflation stabilises sustainably at its 2% medium-term target. Especially in current conditions of exceptional uncertainty, we will follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance. We are not

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pre-committing to a particular rate path. Especially when the size and distribution of shocks are highly uncertain, we cannot provide certainty by committing to a particular rate path. Instead, we can provide framework guidance, giving clarity about our reaction function, explaining how the euro area is likely to be affected by different states of the world and clarifying what kind of data we consider when making our monetary policy decisions.

Economic activity

Euro area real GDP grew by 0.9% in 2024. Incoming data point to moderate growth in the first quarter of 2025, as foreseen in our March projections, but the outlook remains clouded by exceptional uncertainty. Euro area exporters face new barriers to trade. These disruptions, coupled with tensions in financial markets and ongoing geopolitical uncertainty, are weighing on business investment and consumers are expected to become more cautious about the future, holding back spending.

At the same time, the euro area economy has been building up resilience against global shocks. In the medium-term, the strong labour market, higher real incomes and the impact of our monetary policy should underpin spending. Furthermore, important recent policy initiatives at national and EU levels aimed at increasing defence spending and infrastructure investment will likely have a positive impact on activity and further strengthen long-term growth.

The labour market remains resilient. Employment continued to expand in the fourth quarter of 2024, albeit at a more modest pace, and the unemployment rate declined to a historical low of 6.1% in February. Ongoing labour force growth continues to be supported by migration flows. Labour productivity is expected to improve as labour hoarding eases and profit margins moderate.

In the present geopolitical environment, it is even more urgent for fiscal and structural policies to make the euro area economy more productive, competitive and resilient. To address common challenges effectively, Europe needs to act as one. This requires us to work together towards greater economic integration and to attract talent and investment, especially in innovative and strategically important sectors. It also includes fostering green investment and the decarbonisation of the EU economy, which serve as a catalyst for growth and resilience. The European Commission’s Competitiveness Compass provides a concrete roadmap for action, and its proposals, including on simplification, should be swiftly adopted. This includes completing the savings and investment union, following a clear and ambitious timetable, which should help savers benefit from more opportunities to invest and improve firms’ access to finance, especially risk capital. It is also important to rapidly establish the legislative framework to prepare the ground for the potential introduction of a digital euro. Governments should ensure sustainable public finances in line with the EU’s economic governance framework and prioritise essential growth-enhancing structural reforms and strategic investment.

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Downside risks to economic growth have increased. The major escalation in global trade tensions and associated uncertainties will likely lower euro area growth by dampening exports and may also drag down investment and consumption. Deteriorating financial market sentiment could lead to tighter financing conditions and increase risk aversion, making firms and households less willing to invest and consume. Geopolitical tensions, such as Russia's unjustified war against Ukraine and the tragic conflict in the Middle East, also remain a major source of uncertainty. At the same time, an increase in defence and infrastructure spending will likely add to growth.

Inflation

The disinflation process is well on track and inflation has continued to develop as staff expected. Annual inflation stood at 2.2% in March 2025. Headline inflation resumed its downward trend in February 2025 due to lower energy inflation and lower core inflation, while services inflation also eased markedly after hovering around 4% since November 2023.

Most measures of underlying inflation suggest that inflation will settle at around our medium-term target on a sustained basis. Domestic inflation has declined since the end of last year as the pressure from labour costs eased. Recent wage negotiations point to a continued moderation in labour cost pressures supporting the disinflation process.

Looking ahead, inflation is expected to hover around our two per cent target. Growing global trade disruptions are adding uncertainty to the outlook for euro area inflation. Falling global energy prices and a stronger euro could dampen inflation. This effect can be amplified by weaker demand for euro area exports owing to higher tariffs, and a re-routing of exports into the euro area from countries with overcapacity. Adverse financial market reactions to trade tensions could weigh on domestic demand and thereby also lower inflation. By contrast, a fragmentation of global supply chains could raise import prices and hence inflation. A boost in defence and infrastructure spending, along with extreme weather and the broader climate crisis, could also raise inflation over the medium term.

Financial stability, euro area banking sector and non-bank financial intermediation

Despite very sharp movements in the global financial markets, the euro area financial sector has remained resilient. Headwinds from international trade and macro-financial challenges have become more acute and their impact on the economy at large, including on the financial sector, is still to be determined, especially in countries with more export-oriented economies. However, after regulatory reform and years of strong supervision, the euro area banking sector is facing this uncertain environment with robust capital and liquidity positions.

Although the euro area's non-bank financial intermediation (NBFI) sector has not shown significant signs of stress this year, liquidity vulnerabilities remain elevated. Coupled with pockets of high leverage, this could amplify potential market-wide stress, and the sector may face challenges from rising market volatility and geopolitical uncertainty.

To ensure the overall economy can continue functioning during periods of intense stress, a resilient financial sector capable of absorbing shocks is crucial. Therefore, in addition to continuing with strong banking supervision, macroprudential requirements must be maintained and the Basel framework implemented. Moreover, the resilience of the NBFI sector should be significantly strengthened in line with Financial Stability Board recommendations. This means enhancing the macroprudential policy framework for non-banks, ideally in an internationally coordinated way.

Despite the recent increase in crypto-asset market capitalisation, risks to euro area financial stability appear limited at this stage, although data gaps make it impossible to conduct a full assessment of every contagion channel, especially those related to non-banks. However, if the current trends of crypto-asset growth and interconnectedness with the financial system continue, crypto-assets will eventually pose a risk to financial stability. At the same time, global implementation of regulatory frameworks for crypto-assets remains fragmented. To mitigate risks, the G20's crypto-asset roadmap must be implemented globally. By implementing the Markets in Crypto-Assets Regulation (MiCA), the EU has taken an important step. However, continued vigilance will be crucial to adapt to market developments.

In addition, launching a digital euro would ensure that citizens and merchants could continue to benefit from the co-existence of private and public money in a digitalised world, thus enhancing our resilience and sovereignty in retail payments. By offering a secure and universally accepted digital payment option, the digital euro would reduce our dependence on foreign providers.

International cooperation

In view of the current uncertain geopolitical and macroeconomic environment in a highly interconnected world, international cooperation remains essential. As platforms for cooperation, our multilateral institutions and fora are pivotal in helping us address our shared concerns as we strive to promote macroeconomic and financial stability. A well-functioning global financial safety net with a strong International Monetary Fund at its centre continues to be crucial for preventing and managing crises. It is our duty to ensure that our multilateral institutions remain effective in dealing with current and upcoming challenges.

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In the field of payment systems, the Eurosystem is committed to advancing cooperation with its partners. The TARGET Instant Payment Settlement (TIPS) service can now settle instant payments in Danish kroner in addition to euro and Swedish kronor. The feasibility of establishing technical links with other fast payment systems for seamless, fast and transparent cross-border payments is being explored. The Eurosystem is also committed to the financial integration of the Western Balkans, where the Banca d'Italia, as a TIPS service provider, is working to develop an instant, multi-currency payment system based on TIPS software.

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