



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Forty-Fifth Meeting April 21, 2022

Statement No. 45-19

Statement by Ms. Freeland 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

International Monetary and Financial Committee — April 21, 2022

Statement by The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance for 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

While the COVID-19 pandemic continues to affect the lives and livelihoods of people around the world, a new threat to global safety, the rules-based international order, and macro-economic stability has emerged. When Putin opened fire on the people of Ukraine, he also turned his weapons on the unprecedented period of prosperity that the world's democracies have worked so diligently to build since the end of the Second World War. A world based on rules—where might does not make right and where nuclear-armed powers cannot redraw the borders or dictate the foreign policies of other countries—is in the clear interest of Canada and its IMF constituency members. Russia's invasion of Ukraine is a direct affront to this rules-based international order. We condemn in the strongest possible terms Russia's illegal and unprovoked attack on Ukraine, and stand in solidarity with brave Ukrainians who have sought nothing but the ability to live free and peaceful lives.

In response to Russia's invasion, Canada has joined its partners and allies in imposing the strongest sanctions ever inflicted on a major economy, while also directly sanctioning President Putin and over 900 other Russian individuals and entities. Canada has also provided immediate support to Ukraine and its people, and has offered two bilateral sovereign loans to Ukraine, worth up to CA\$620 million. Canada will continue do more in the weeks and months to come.

The IMF is playing a critical role in helping Ukraine respond to this crisis and address its urgent financing needs. We are proud to support the recent US\$1.4 billion IMF emergency loan for Ukraine, the maximum allowed under current Fund policy. While this support is helping to mitigate the economic impact of Russia's invasion, additional financing for Ukraine is urgently required. This is why, alongside the IMF and other countries, Canada championed the creation of the new IMF Multi-donor Administered Account for Ukraine. This new facility will assist Ukraine in meeting its balance of payments and budgetary needs in order to help stabilize the Ukrainian economy, while also providing important safeguards and reducing administrative pressures on Ukraine. Canada is offering up to CA\$1 billion in new loan resources to Ukraine through the Administered Account, and encourages other IMF members to contribute to this account.

The IMF must also consider how to assess and respond to other issues, many of which have been exacerbated by Russia's invasion. The COVID-19 pandemic continues to disproportionately affect women, young people, racialized communities, Indigenous peoples, low-income workers, and other vulnerable groups. The IMF has played an important role in the global pandemic response, including by providing more than US\$217 billion in financing to members. Canada has committed to channel 20 per cent of its newly allocated Special Drawing Rights (SDR) to countries in need, and welcomes similar commitments from other countries. The Resilience and Sustainability Trust (RST) will be critical for providing long-term support to low-income and vulnerable countries. In addition to Canada's contribution of SDR 500 million in new loan commitments and a CA\$107 million grant to the IMF's Poverty Reduction and Growth Trust (PRGT), Canada is pleased to announce that it will provide the RST with SDR 1.4 billion (approximately CA\$2.4 billion) in new loan commitments and a CA\$40 million grant. Together with new support to Ukraine through the IMF Administered Account, Canada is exceeding its channeling commitments by a significant margin.

Together, the Russian invasion of Ukraine and the COVID-19 pandemic are compounding existing challenges facing the international community. These include rising global inflationary pressures that are increasing costs of living for people around the world, and disruptions to commodity markets that are making it more difficult to build necessary infrastructure. The IMF must continue to work to ensure that global recovery efforts leave no one behind.

We must also not lose sight of the vital need to strengthen our resilience to ongoing and future challenges, which is of key importance to the members of Canada's constituency. We are pleased with the Fund's recent focus on key policy issues like climate change, inequality, digitalization, and gender. The need for urgent and ambitious climate action has never been greater, and Canada encourages the Fund to increase its climate ambition, including through advancing its integration of climate analysis across its core work streams such as surveillance and capacity development.

With record debt levels induced by the pandemic, tightening financial conditions pose a grave risk to countries with debt vulnerabilities. The low uptake of the Common Framework for Debt Treatment beyond the DSSI, despite the number of countries facing debt vulnerabilities, is concerning and underscores the need to increase outreach to debtors and creditors to offer the Common Framework as a viable solution.

With many IMF member countries likely to need financial assistance in the near-term, it has become ever more critical to maintain a reliable global financial safety net. We remain committed to a strong quota-based IMF, and will work towards a timely and successful conclusion of the 16th General Review of Quotas, which will protect the voices of the poorest and smallest members.

Beyond these global challenges, Canada and our IMF constituency members understand what is at stake. Now, more than ever, it is important that we come together to defend the rules-based international order. We know that the people of Ukraine, in fighting for their lives and their sovereignty, are fighting for us, too. They are fighting for democracy, and we stand with them.