



# INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

## **Forty-Second Meeting October 15, 2020**

**IMFC Statement by Nadia Calviño Santamaría  
Vicepresident and Minister for Economy**

**Spain**

On behalf of  
Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Spain,  
and República Bolivariana de Venezuela

**IMFC STATEMENT BY Ms. NADIA CALVIÑO SANTAMARÍA  
VICEPRESIDENT AND MINISTER FOR ECONOMY  
AND DIGITALISATION OF SPAIN**

*On behalf of Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico,  
República Bolivariana de Venezuela and Spain  
October 15, 2020*

*We express our deepest sympathies for the loss of human lives caused by the Covid-19 pandemic and commit to mitigating its health and economic impact, as well as supporting the recovery of people's livelihoods.*

**Global outlook and policy priorities**

Our societies and economies worldwide are going through a crisis of unprecedented features since the outbreak of the Covid-19 pandemic in March. The economic outlook is now signalling the start of the recovery and projections have generally improved, with world output expected to fall by 4.5% in 2020 and then grow by 5.2% in 2021. This path, however, remains uneven across countries and sectors, with the risk of broadening pre-existing inequalities. Critically, significant uncertainty about the evolution of the pandemic persists, underscoring the need to control new outbreaks and to set public health as the top priority, thus avoiding, in turn, any hindrance to the incipient recovery. The most urgent matter remains the development, worldwide distribution and universal equitable access to an effective vaccine and medical treatments.

So far, countries across the globe have responded with unwavering commitment through significant policy support, which has successfully avoided a deeper contraction and a greater employment loss. These measures must now be tailored to meet new needs as countries transition the different phases of the economic recovery. As the latter takes hold, the focus shifts from emergency measures to nurturing economic growth, with forward-looking policies that will have to mitigate scarring effects and address long-standing challenges to our economic models. We must, however, maintain the expansionary fiscal policies that have so effectively cushioned the impact of the crisis, especially on the most vulnerable workers, households and firms, for as long as is necessary, in order not to hinder the incipient improvement of growth prospects we now observe as well as to avoid cliff effects. Of course, once the recovery is on a solid footing, it will be crucial to ensure fiscal adjustment to bring public debt on a firm downward path and reallocate resources to focus on the needs of a more sustainable, digital and inclusive economy.

This crisis must serve as an opportunity to tackle long-standing challenges to our economies that have been exacerbated over recent months. Structural reforms will play a crucial role in order to embrace the necessary transformation process, boost

productivity and growth potential, reduce structural unemployment, enhance education and training opportunities to ensure employability in new promising sectors, tackle demographic change and decisively move forward in the digitalisation and greening of our economies, whilst being mindful of inequalities to ensure a fair transition. This includes advancing with the financial regulatory agenda, building on past reforms that are already bearing fruit and have allowed us to contain financial vulnerabilities despite the challenging context.

Enhanced international cooperation will be at the core of a successful strategy for recovery. To this end, it is necessary to strengthen international trade and to address the issues underlying the tensions that were weighing on growth before the pandemic. This requires ensuring a rules-based multilateral framework and restoring a level playing field with a reformed World Trade Organisation. Further, global solutions to address the taxation of the digital economy must be agreed as soon as possible, as they have become even more relevant with the acceleration of digitalisation after the impact of the pandemic. Finally, beyond national initiatives, climate change requires a coordinated response to effectively progress towards a carbon-neutral and environmentally sustainable economy, whilst supporting consumers, workers and firms in their transitions.

We have a shared responsibility to work together to overcome the pending challenges ahead until the crisis unleashed by the Covid-19 pandemic is left behind. Ultimately, we should coordinate national and international efforts to effectively tackle prevailing contagion waves and to fully embrace the crisis together as an opportunity for economic transformation, enhanced resilience, inclusion and sustainability.

### **The IMF at the forefront of a coordinated response**

The current context of exceptional uncertainty serves as a reminder of the need for close coordination between international financial institutions and multilateral development banks, key for coherence and efficiency in the international response to the crisis. Now is the time to step up multilateralism so that we may, collectively, overcome the pandemic and successfully move towards a stronger, smarter and more inclusive world economy.

The G20-Paris Club Debt Service Suspension Initiative, which was agreed upon at the Spring Meetings, provides an exceptional example of the strength of multilateral actions and its extension into 2021 is welcome step in the right direction. This will provide financial leeway in low-income countries, where dealing with the health and economic impact of the pandemic is a shared priority. Looking forward, and notwithstanding the need for enhanced transparency, for the participation of all creditors on comparable terms and for a case-by-case approach to the challenges faced by each country, this Initiative provides the groundwork for considering medium-term financing needs in pursuit of a durable solution to the impact of the Covid-19 pandemic.

The crisis has also specifically revealed the importance of a strong IMF with enough capacity and agility to act in order to provide support to its members when they need it most. In this regard, we applaud the exceptional engagement of the Fund over the past few months and the support it is providing, via different financial tools as well as through supervision and capacity development, especially to its most vulnerable members. We also look forward to the IMF making full use of its lending toolkit as required as the crisis evolves and to keep exploring possible adaptations or additions to ensure its responsiveness to the specificities of the different phases and needs of the pandemic.

Of course, for the Fund to keep delivering on its key functions at this time of heightened demand for financial assistance, this constituency reaffirms its commitment to a strong, quota-based and adequately resourced IMF that may preserve its role at the centre of the Global Financial Safety Net. Specifically, to ensure the availability of resources for possible additional financing needs, we recall the crucial IMFC agreement on the package of IMF resources at the Annual Meetings in October 2019.

As regards forthcoming IMF policy issues, we welcome the resumption of bilateral surveillance activities as well as the pledge to advance work on the Comprehensive Surveillance Review and the Review of the Financial Sector Assessment Program drawing on the experience from the crisis, as laid out in the Global Policy Agenda. These should all contribute to enhanced surveillance and more effective and well-targeted policy advice. Further, given the importance of climate change considerations and the challenges of digitalization for tax systems, we applaud their addition to the Fund's surveillance efforts.

Additionally, the update of the multi-pronged approach to address debt vulnerabilities, in collaboration with the World Bank, and the completion of the reviews of the debt limits policy and the debt sustainability analysis for market-access countries will provide a critical contribution to improve our capacity for dealing with crisis legacies. In the same vein, ongoing work on corporate debt restructuring is very welcome.

Finally, we concur with the importance of social and governance issues as key levers in reducing inequality and strengthening social cohesion and resilience. The Global Policy Agenda's pledge to adopt a country-centered approach to the much-needed capacity development is very welcome and will be critical, especially to enable low-income countries to better manage their crisis exit strategies. We would also like to underline the importance of promoting fiscal transparency and institution building and welcome the assessment of the impact of the pandemic on gender and income inequalities so that these may be adequately addressed.