



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

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**IMFC Statement by Roberto Gualtieri
Minister of the Economy and Finance
Italy**

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

Annual Meetings – October 12-18, 2020

IMFC Statement by Mr. Roberto Gualtieri, Minister of the Economy and Finance, Italy

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

The COVID-19 pandemic still dominates the policy debate around the world, and rightly so. As lives and livelihoods remain vulnerable until effective and secure vaccines and medicines will be widely available, public health considerations remain the number one priority. While the policy mix to secure a strong, durable and inclusive recovery needs to adapt to national circumstances, this global challenge requires a joint international effort supported by close cooperation to reinforce national policies and unlock positive spillover and spillback effects.

Fiscal, monetary and macroprudential policies should continue to provide vital support to households and businesses until economic activity can safely resume and the recovery gains full momentum. A supportive fiscal stance for 2021 is necessary. A premature withdrawal of the stimulus could seriously undermine the nascent recovery. However, as we learn from the experience with the first waves of policy responses, policy makers need to think strategically and act flexibly, adapting to the changing public health and economic circumstances, and bridging the gap between containing short-term risks and seizing the longer-term opportunities created by the crisis.

European countries have risen to the challenge and acted united, decisively, and forcefully.

The initial national responses focused on the health emergency and the support to workers, households, and firms. The scale of these responses was possible because of the joint decisions and common actions in Europe that included: (a) the temporary suspension of the ordinary budgetary requirements (Stability and Growth Pact) and of those on State aid; (b) the extraordinary ECB measures, that eased monetary and financial conditions; (c) the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE), the EIB Pan-European Guarantee Fund, and the ESM Pandemic Crisis Support to provide respectively a safety-net for workers, companies and national health systems; (d) a reinforced long-term budget of the EU and a new recovery instrument, the Next Generation EU, financed by the issuance of EU debt instruments. **This newly created fund is perhaps the strongest evidence of the recognition that common challenges need a common response.**

We have strongly advocated for prompt, proactive and coordinated policies within Europe and as Italy prepares to chair the G20, and Portugal the Presidency of the Council of the EU, we look forward to steering a common agenda in this direction. The EU has agreed on a clear high-level vision: laying down a path to a socially and environmentally sustainable economy that thrives on innovation. Following the political agreement at the central level, it will now be the time to implement this vision through national plans designed to instill a stronger and more inclusive recovery all throughout the EU. We are committed to and united together in this endeavor.

Many emerging and developing countries face unprecedented health and economic challenges, while their policy space and capacity is often constrained and the risk of

backtracking from hard-won progress towards the Sustainable Development Goals (SDGs) is increasing. The G20 has already taken the commendable initiative to temporarily suspend the debt service from official creditors to the poorest countries. Beyond debt service suspension, we will continue, where appropriate, to work for facilitating debt restructuring and improving debt transparency as necessary preconditions to restoring debt sustainability and access to the financing needed for recovering from this crisis and resuming the path to the SDGs.

All countries need to look beyond the emergency and respond to the call for a more sustainable economic model. The opportunities for transformative policies span from the social to the environmental and digital spectrum. We will work to develop and distribute vaccines and cures, improve and expand employment opportunities and the welfare systems, reorient corporate governance to better address the interests of all stakeholders, improve the business environment, promote financial inclusion and deepening, the digitalization of the economy for the benefit of all people, and a more resilient and greener economy consistent with the goal of carbon neutrality in 2050. Some of these policies will inevitably have adverse distributional effects and will require appropriate mechanisms to ensure that the net benefits are evenly shared and that, therefore, policies are strongly and broadly supported by the largest possible portion of the population.

The Fund has played a decisive role during this crisis and should continue to do so. First, the Fund should focus on country-tailored surveillance and policy advice. Policy trade-offs are significant for many countries and the trusted advice of the Fund is valuable. Thus, we welcome the decision to gradually resume bilateral surveillance. Second, the Fund should stand ready to lend to countries in need, amid heightened uncertainty. In doing so, it should exploit the flexibility in its toolkit to design programs that help countries to bridge financing gaps while moving towards macroeconomic stabilization and advancing structural reforms. Funding from other International Financial Institutions and Multilateral Development Banks, as well as from the private sector, should be complementary and mutually reinforcing. We believe the time has come to develop a comprehensive strategy to step up Fund's financial support to Low Income Countries with a view to help countries to mobilize much-needed private sector resources. Third, we support the temporarily increased annual access limits to the General Resources Account (GRA) and the Poverty Reduction and Growth Trust (PRGT) resources, aligning PRGT limits to those of the GRA, and reviewing cumulative limits. Countries in this constituency have provided additional support to initiatives to strengthen the PRGT and the Catastrophe Containment and Relief Trust. Finally, we urge the Fund to consider further a fresh Special Drawing Rights (SDR) allocation, to free up needed liquidity that could be channeled to where it is most needed.

We support increasing gender diversity in the IMF Executive Board and look forward to working on further proposals to facilitate this process.

We have acted decisively during this crisis. But uncertainty looms large and we stand ready to continue to act nimbly as the crisis evolves, to lay the foundations for a fairer, greener and more inclusive future.