



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fiftieth Meeting October 24–25, 2024

Statement No. 50-1

Statement by Mr. Vedum Norway

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

Statement by Finance Minister Trygve Slagsvold Vedum on behalf of Denmark, Republic of Estonia, Finland, Iceland, Republic of Latvia, Republic of Lithuania, Norway, and Sweden

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 its 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. 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. We call on the IMF not to resume economic consultations with Russia as long as it continues its war of aggression, especially considering the difficulty in determining the accuracy of official statistics.

We are deeply concerned about the military escalation in the Middle East and the risk this represents for the entire region and call on all parties to put an end to all hostilities immediately and fully abide by international law. The catastrophic humanitarian situation in Gaza continues to unfold. An immediate ceasefire, the unconditional release of all hostages and the improvement of provision of humanitarian assistance are needed..

Monetary and fiscal policies should be carefully calibrated to enhance medium term growth, ensure price stability, restore fiscal space and safeguard debt sustainability

1. The global economy has shown resilience amid the adverse shocks and the cost-of-living crisis aggravated by Russia's war against Ukraine. Global disinflation has made good progress and the monetary policy easing cycle is slowly picking up the pace in many jurisdictions, which will support demand. However, given uncertainty around the outlook for both inflation and economic activity, central banks need to tread carefully going forward, monitoring economic developments and potential risks to monetary and financial developments. Preserving anchored long-term inflation expectations remain important. Although near term financial stability risks have remained contained, accommodative financial conditions could facilitate a further buildup of vulnerabilities. To safeguard financial stability in this uncertain environment, countries should continue to monitor risks in the financial sector, take measures to reduce the risks of adverse shocks and distress, and fully and consistently finalise their implementation of Basel III as soon as possible.
2. As the medium term global economic outlook remains the weakest in decades, implementing growth-enhancing structural reforms, including in the areas of governance, institutional quality and social safety nets, should be a priority. Public debt levels are elevated, and fiscal deficits remain above pre-pandemic levels in many countries. We strongly support the Fund's call in the recent Fiscal Monitor on the need to rebuild fiscal buffers and we underline the importance of decreasing debt levels where relevant to safeguard sustainable public finances and financial stability. We call to improve debt transparency and deliver necessary debt

treatments under the G20 and Paris Club common framework. More effective domestic revenue mobilisation would also help address additional financing needs related to development challenges, green and digital transitions, climate resilience, security, and aging societies.

The unique role of the Fund at the centre of the global financial safety net should be preserved

3. This year we celebrate the 80th anniversary of the Bretton Woods institutions, which play a key role in supporting sustainable global growth, prosperity, and financial stability. We strongly support the crucial role of the IMF at the centre of the global financial safety net and believe that its unique role as a lender of last resort for the member countries should be preserved.
4. The Nordic Baltic countries remain strong supporters of multilateralism, open trade and a rules-based international order. We acknowledge that in certain cases, temporary restrictive measures and sanctions are necessary to safeguard rules-based international order and the benefits of multilateralism. We encourage the Fund to analyse and provide timely policy advice on risks and potential economic repercussions from evolving geoeconomic fragmentation, protectionism, and impact of industrial policies.
5. The Fund should use its existing tools to help member countries prevent balance of payments and financial crises from happening. Integrating emerging macrocritical policy areas into the Fund's work on core policies, when the Fund has available expertise and a clear value-added, remains important. 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, which remains appropriate and relevant.

Fund policies should evolve in a changing world

6. Surveillance is at the core of the IMF's mandate, and timely, tailored Fund surveillance remains vital to provide members with well-calibrated policy advice in a changing world. We welcome the Fund's even-handed policy advice to members on how to strengthen macroeconomic stability, reinvigorate growth, address governance issues, and strengthen gains from trade.
7. The Fund's lending toolkit with strong conditionality, safeguards, debt sustainability assessments and price-based incentives serve members well also in a more shock-prone world. We support the multitiered system of charges and surcharges, which is a vital component of the Fund's risk-mitigation framework. We agree that there is scope to lower the cost of borrowing from the General Resources Account (GRA) in the context of the Fund's strong financial position and increased global interest rates. At the same time, it is important to ensure that the Fund has sufficient income and reserve generating capacity to protect its balance sheet and provide adequate price-based incentives for reasonable borrowing and early repayment in order to safeguard the revolving nature of its resources.
8. Measures to foster good governance and reduce corruption are often key elements of successful Fund's lending arrangements. The purpose of the IMF-supported programs is also to help restore or catalyse support from other creditors and donors, including mobilizing investments for climate action. We look forward to the upcoming Review of the Framework for Fund Engagement on Governance and the Review of Program Design and Conditionality to maintain

and enhance the quality and traction of IMF conditionality and governance advice and thereby reduce the number of countries that need repeated financial support from the Fund.

9. The Nordic-Baltic countries are substantial contributors to the IMF's work in low-income countries (LICs) through capacity development, the Poverty Reduction and Growth Trust (PRGT), and the Catastrophe Containment and Relief Trust. The countries in our constituency are among the largest providers of Official Development Assistance globally. The Fund has a role in supporting LICs via catalytic and robust PRGT programs. We underscore the importance of prudent lending practices subject to adequate safeguards to make most efficient use of scarce PRGT resources. Regarding the 2024 Review of PRGT Facilities and Financing, we reiterate the importance of a self-sustainable PRGT, whose long-term lending envelope should reflect the available lending and subsidy resources.
10. Climate change will remain among the most pressing global challenges for the foreseeable future, as the likelihood and severity of extreme weather events, reaching tipping points, and the associated economic risks will rise. The Fund, with its unique focus on macroeconomic stability, and policy reforms should continue assisting its members in their efforts to strengthen climate resilience and facilitate green transitions in line with the Fund's Climate Strategy and the Paris Agreement. Efforts to make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development in this decade should be promoted and carbon pricing should be utilised as a key policy tool to reduce emissions. Global and national actions need to be urgently accelerated to reach net-zero emission targets by 2050.

We are committed to timely finalization of domestic procedures for implementation of the 16th Quota Review

11. We welcome the conclusion of the 16th General Review of Quotas, which will strengthen the quota-based nature of the Fund. We call on all countries to deliver on our collective commitment to finalize domestic procedures within the set timeframe. The Nordic Baltic creditors to the Bilateral Borrowing Agreements (BBAs) are working on domestic procedures to extend the terms of their respective BBAs as a transitional contingency measure in the event of a delay of implementation of the quota increase. We will work constructively on possible approaches for a quota share realignment under the 17th General Review of Quotas, as agreed in the IMFC Chair Statement of October 2023. Any realignment of quota shares must serve multilateralism and the legitimacy of the Fund as a representative multilateral institution. In our view, the current formula has worked well and delivers on the realignment objectives. We emphasize that fair burden sharing among all major economies is essential. We support protecting the voice and representation of the poorest and most vulnerable members and commend the decision to strengthen the IMFC with the 25th Chair for Sub-Saharan Africa. We reiterate that further efforts are necessary to reach gender parity in the Executive Board.