



# INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

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**Statement by Mr. Al-Sayari  
Saudi Arabia**

**Statement to the International Monetary and Financial Committee**  
**by Ayman Al-Sayari**  
**Governor of the Saudi Central Bank (SAMA)**  
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*Since its establishment nearly 80 years ago, the IMF has been a critical pillar in promoting global macroeconomic and financial stability, in providing policy advice, and in supporting capacity development to help countries build and maintain strong economies. As global uncertainties mount from rising debt vulnerabilities and geopolitical tensions, the IMF's role becomes increasingly critical in safeguarding the international financial system, in promoting open trade, in addressing Balance of Payment (BOP) challenges, and in fostering international cooperation. As part of our collective commitment to the Fund's mission, we emphasise the importance of upholding multilateralism amidst the multitude of current challenges.*

**Global Macroeconomic and Financial Developments**

Following a period of global monetary tightening, current trends indicate that the global economy is on course for a soft landing, with growth remaining broadly resilient and inflation continuing to show signs of moderation. Indeed, global GDP growth is expected to stabilize, with technology-related investments supporting global growth expectations. Nevertheless, uncertainty still clouds the global outlook due to uneven global growth, continued trade fragmentation, lower energy capacity investment, and rising geopolitical tensions globally, resulting in particular, in the catastrophic humanitarian crisis in the MENA region. This also coincides with rising debt vulnerabilities, and episodes of financial volatility in global markets, which could become larger and more frequent if the uncertainty around the outlook is not mitigated. The rapid growth of financial technology poses a regulatory challenge despite its potential in lessening market frictions and improving financial inclusion. Amidst these uncertainties,

international cooperation remains vital for ensuring continued resilience of the global economy.

The rising sovereign debt burden across many economies underscores the urgent need for growth-friendly fiscal consolidation, underpinned by credible fiscal and debt management reforms to rebuild fiscal buffers and address risks to debt sustainability. These endeavors should be carefully paced, taking into account each country's unique conditions and development stage, while also being mindful of the social implications of reforms. Moreover, enhancing financial regulation and supervision are critical for safeguarding financial stability. Implementing Basel III requirements will enhance risk management, capital adequacy, and liquidity, ensuring greater resilience and stability. Furthermore, we reiterate the importance of maintaining vigilance about risks to financial stability emanating from Non-Bank Financial Institutions (NBFIs) and the property sector. In addition, a range of structural reforms, particularly in Emerging Market and Developing Economies (EMDEs) and Low-Income countries (LICs), is essential to boost medium-term economic prospects and advance income convergence.

We express our deep concern about the catastrophic humanitarian crisis of unprecedented proportions that has taken place in Palestine and Lebanon. This crisis needs immediate attention and concerted efforts from the international community to alleviate the suffering of civilians and prevent further repercussions. Indeed, the continuation of this aggression and escalating tensions could widen the negative spillovers with serious implications for both regional and global economies. For its part, Saudi Arabia has exerted every effort to alleviate the humanitarian situation. The Kingdom has announced the provision of monthly financial support to the Palestinian people. This comes on top of the support provided by the Kingdom for humanitarian relief and development over the past years, which has exceeded \$5.3 billion. Saudi Arabia remains dedicated to ensuring that its support reaches those most in need and calls on the international community to follow suit. The current catastrophe has taken a heavy toll on many countries in the region, deepening existing challenges and economic

pressures, as many are facing elevated financing needs and limited access to financial markets while remaining on a low growth trajectory. Amid these compounding challenges, the Fund's support across its various work streams remains vital for helping these countries navigate economic pressures while building resilience for long term growth. Relatedly, stepping up IMF efforts to recruit from the underrepresented MENA region is vital for building a more comprehensive understanding of the region's distinct challenges.

### **The IMF and Global Challenges**

Being the cornerstone of the Global Financial Safety Net (GFSN), the IMF is well positioned to foster consensus and develop mutually beneficial economic solutions to emerging global challenges, contributing to the stability of the international financial system and advancing international efforts to tackle debt vulnerabilities. Notably, the IMF remains a key institution in addressing BOP challenges and ensuring the stability of the international monetary and financial systems. By enhancing coordination with MDBs and other partners based on respective comparative advantages and distinct mandates, the IMF can continue to effectively deliver on its core mandate, without unnecessarily stretching its resources.

We also stress the importance of the IMF's multilateral surveillance activities. In this vein, we welcome the introduction of the Early Warning Trade Tools, the New Industrial Policy Observatory, and the Joint Subsidy Platform. These efforts, along with strengthened collaboration with the WTO to develop indicators to track trade policy developments, are vital for helping member countries navigate the evolving international trade landscape. Incorporating insights from these tools into the IMF's Multilateral Surveillance Framework will support a better informed policy response to global challenges, and help promote deeper international trade integration, and renewed commitment to multilateralism. In this context, we reiterate the importance of effectively fulfilling the Fund's mandate on promoting international trade, including by continuing to be a voice of reason against

trade fragmentation, and by continuing to raise awareness about the costs associated with protectionist practices for all countries.

The Fund's tailored policy advice and technical assistance in its areas of expertise remain crucial in helping countries implement the necessary reforms to stabilize their economies and promote resilience. Such support should be adaptable to the evolving economic landscape and financial vulnerabilities, especially in Fragile and Conflict-Affected States (FCS), guided by the IMF's FCS strategy. On this note, we look forward to making further progress on the implementation of the FCS strategy to enhance the impact of Fund's engagement with FCS members, including in our region, based on unique member circumstances.

Regarding the Fund's lending toolkit, it is imperative that the IMF maintains its focus on addressing BOP needs, as a differentiator from development financing by MDBs and other development partners. This is essential for stabilizing economies in times of crisis, for fostering confidence, and for enabling countries to regain access to financial markets. The IMF is also well-positioned to lead the efforts in enhancing collaboration within the Global Financial Safety Net (GFSN), including other international financial institutions, regional financial arrangements (RFAs), and central banks. This cooperation, through streamlining information sharing, efficient use of available resources, and avoiding duplication of efforts, should help strengthen the resilience of the international financial system in a cost-effective manner.

We welcome the successful and timely conclusion of the review of the Charges and Surcharge Policy. We also welcome the review of Poverty Reduction and Growth Trust (PRGT) facilities and financing policies to better serve the membership while safeguarding the strength of the Fund's finances. To enhance the impact of Fund-supported programs for durable success, the adjustment of lending policies should continue to place the right emphasis on the strengths of program adjustment and domestic ownership of reforms. To this end, we look forward to the upcoming review of program design and conditionality.

The 16th General Quota Review (GRQ) symbolizes the membership's spirit of unity in restoring quota primacy within the Fund's resource envelope, especially amid rising global uncertainties. The next round of quota review should be approached pragmatically, drawing lessons learned and outcomes from past reviews. It is important that these reforms are anchored in the spirit of multilateralism, and not restricted to a narrow, mechanical exercise. Reaching consensus may require using enablers outside the formula, including institutionalizing the incentive of voluntary financial contribution in the quota realignment, which would serve as a catalyst to enhance donor support. In addition, any quota realignment should ensure that all EMDE and LIC shares are protected.

### **Multilateral Cooperation**

Multilateralism stands as a cornerstone in addressing the complex challenges facing the global economy. By fostering shared progress among all economies, we can forge a path toward a more inclusive and resilient future. Indeed, the recent rise in geo-economic fragmentation has driven a surge in protectionist measures, with numerous countries adopting trade restrictions in response to shifting global dynamics. These measures pose significant risks to the global economy by disrupting trade and capital flows, undermining supply chains, decreasing economic efficiency, and raising funding costs. Indeed, the growing trend of fragmentation threatens to reverse decades of progress in global trade integration and could curtail economic growth and deepen global inequality. By working together under the WTO to ensure an open, fair, and mutually beneficial international trading system, we can create a foundation for sustainable economic growth and shared prosperity.

Mounting debt levels, liquidity pressures, and economic vulnerabilities in many low-income and developing countries underscores the urgency for concerted international efforts to prevent these challenges from escalating into a large-scale debt crisis that could jeopardize the global financial system. Indeed, adequate access to diversified financing sources, with the active participation of the private sector, and coordinated global efforts, including fleshing out the role of MDBs and RFAs has become more critical than ever.

On this note, we reiterate the importance of domestic reforms to promote policy credibility and market confidence to help reduce the cost of financing and promote private sector participation in a responsible manner. We underscore the importance of continuing to engage with market participants and credit rating agencies on how to effectively promote private sector involvement. In cases where debt treatment is necessary to restore debt sustainability, we stress the importance of building on the progress achieved under the G20 Common Framework and the Global Sovereign Debt Roundtable (GSDR) to continue to advance global debt treatment efforts.

### **Saudi Arabia as a catalyst for stability and multilateralism**

While the global economy faces a multitude of challenges and uncertainties, Saudi Arabia has demonstrated significant resilience, with low and stable inflation, robust non-oil GDP growth, record low unemployment, and strong external buffers. Moreover, the banking sector is resilient, underpinned by sound regulatory and supervisory frameworks. This resilience is attributed to the remarkable strides made in implementing the economic transformation agenda under Vision 2030, which has already demonstrated noticeable progress towards achieving its key goals, such as greater economic diversification, with the share of non-oil activities in real GDP reaching a record high at 50 percent.

In our continued efforts to support global economic stability and development, Saudi Arabia has provided more than USD 36 billion in Official Development Assistance since the onset of the pandemic in 2020. In addition, Saudi Arabia has contributed an additional amount exceeding USD 200 million to the PRGT's Subsidy Account through the implicit subsidy contribution mechanism. This contribution, alongside prior contributions totaling SDR 3.3 billion to the PRGT loan account, coupled with its active participation in multilateral debt relief initiatives, underscores Saudi Arabia's commitment to the essential work of the PRGT in alleviating poverty and fostering sustainable economic growth, particularly in fragile economies where international financial support is most urgently needed.