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Statement by Ms. Keller-Sutter
Switzerland

On behalf of
Republic of Azerbaijan, Republic of Kazakhstan, Kyrgyz Republic, Principality of Liechtenstein, Republic of Poland, Republic of Serbia, Switzerland, Republic of Tajikistan, Turkmenistan, and Republic of Uzbekistan

International Monetary and Financial Committee, October 17, 2025

Statement by Ms. Karin Keller-Sutter, President of the Federal Council and Minister of Finance of Switzerland
on behalf of Azerbaijan, Kazakhstan, Kyrgyzstan, Liechtenstein, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan, and Uzbekistan

Major policy shifts and rapid technological innovations are transforming the global economy. High uncertainty persists, including due to ongoing wars and conflicts, while significant debt vulnerabilities, trade and supply chain tensions, as well as secular trends pose substantial challenges. Against this backdrop, it is critical to preserve macroeconomic stability, strengthen resilience, promote open, rules-based, and transparent international trade, foster sustainable growth, and hence support confidence. Guided by its mandate, the IMF needs to continue to help members achieve these goals, playing its ever-essential role as the global expert institution on macroeconomic and macrofinancial issues, and a steward of successful adjustment and reform programs. As multilateral cooperation remains essential to address common challenges, the IMF should also continue to serve as an effective platform for engagement among its near universal membership.

Global setting and policy priorities

While global economic activity showed some resilience earlier this year, it is now slowing. Elevated uncertainty and a more fragmented international economic landscape weigh on already subdued growth prospects. At the same time, high and increasing public and private debt and fiscal vulnerabilities, along with fragilities related to non-bank financial institutions, pose significant risks to macroeconomic and financial stability. In the longer term, persistent trade tensions risk undoing essential benefits of global integration and, as a consequence, threatening global prosperity.

This challenging environment calls for decisive and judicious policy responses to strengthen resilience while restoring the foundations for stronger and sustainable growth:

Determined and sustained fiscal adjustment is critical to restore buffers and ensure debt sustainability. Achieving this with limited negative side effects requires an improved quality of fiscal policy, including by enhancing the efficiency of fiscal measures and the prioritization of spending. Robust medium-term fiscal frameworks and rules should help to credibly anchor sustained consolidation efforts.

Central banks should continue to calibrate monetary policy to ensure price stability in a determined manner and in accordance with their respective mandates. Heightened uncertainty regarding price developments, economic activity, and financial stability adds complexity to this task. Safeguarding central bank independence, which is essential for credible and effective monetary policy, remains absolutely critical.

Strong capital and liquidity buffers built in recent years are key for ensuring the stability of banking sectors and global financial stability more broadly. As both the size and the quality of these buffers matter, ensuring continued compliance and alignment with global standards is important.

Structural reforms remain essential to lift medium-term growth prospects and ease macroeconomic trade-offs. Comprehensive labor and product market reforms can increase competition and improve resource allocation toward high-productivity firms, thereby boosting overall productivity. Lifting growth prospects also requires productivity-enhancing investments, notably in skills and education. In addition, pension and healthcare systems must be carefully designed to ensure both their effective delivery and performance as well as their compatibility with fiscal sustainability.

Multilateral cooperation to facilitate open, rules-based, and transparent international trade is paramount to preserve the substantial gains from trade liberalization. A system of reliable supply chains and trade relations ensures much-needed predictability and stability for investment, fosters an efficient allocation of capital, and supports sustainable long-term growth.

The Fund's role at the current juncture

Multilateral and bilateral surveillance is the cornerstone of the IMF's work and a global public good. It must provide candid advice based on multilaterally consistent, holistic, evenhanded, high-quality, and timely analysis. Also, surveillance should be conducted in a cost-effective manner. We welcome the ongoing comprehensive surveillance review and emphasize that monetary, fiscal, financial sector, and exchange rate policies need to remain the priority topics, in line with the IMF's core mandate and expertise. Aside from that, the ongoing review of the Financial Sector Assessment Program provides an opportunity to enhance the effectiveness and efficiency of this program.

Capacity development (CD) provides tailored and hands-on assistance to members in building strong institutions and designing reforms. CD can be further strengthened by ensuring that it is well prioritized, closely integrated with surveillance and lending, results-based, transparently monitored, and designed to promote greater ownership. CD should also be focused on the Fund's key areas of expertise, such as domestic revenue mobilization and public financial management. We highlight the critical role of regional capacity development centers and the valuable contribution of the Caucasus, Central Asia, and Mongolia Technical Assistance Center (CCAMTAC) in assisting members of our constituency. We also welcome the forthcoming establishment of the Southeast Europe Regional Technical Assistance Center (SEETAC).

Fund lending must continue to be demand-driven and support members in solving their balance-of-payment problems and restoring external viability, including debt sustainability, under adequate safeguards. We welcome the Fund's strong engagement with members in programs, including Ukraine. Strong conditionality and high lending standards remain instrumental to support macroeconomic adjustment and reform implementation. Fund lending must also be catalytic and attuned to members' debt-carrying and repayment capacities. The Fund should be particularly cautious in covering an ever larger part of members' financing needs, since an increasing share of super-senior debt can crowd out private sector financing and complicate debt treatments. The ongoing review of program design and conditionality as well as actual lending decisions must be consistent with these principles. In light of the significant and increasing financial risks to the Fund, notably from persistently large lending arrangements, securing adequate precautionary balances remains essential.

The IMF should continue to advocate and promote cross-border integration and support rules-based multilateralism. The Fund should also continue to publicly explain the crucial role of open, rules-based, and well-functioning markets for goods, services, and capital in generating global prosperity and stability.

Tackling debt vulnerabilities

The Fund's work on debt-related issues must remain a priority. High and increasing debt vulnerabilities are a pressing concern in many countries. We reiterate our strong support for efforts to help improve the effectiveness of coordinated case-by-case debt treatments, to enhance debt transparency and debt management, and to strengthen the Fund's debt policies and analytical tools, for example in the ongoing review of the debt sustainability framework for low-income countries (LICs).

Debt challenges, including liquidity challenges, and their root causes must be addressed comprehensively. Initial experiences from applying the joint IMF-World Bank "three-pillar approach" to member countries will be insightful in this regard. We stress that strong macroeconomic policies as well as reforms, notably to enhance domestic resource mobilization and public financial management, are necessary elements of a comprehensive approach to tackling debt vulnerabilities. Thorough and prudent debt sustainability analyses (DSAs) must form the critical basis for measures taken under such an approach. We caution against concentrating on liquidity challenges only, and see merit in DSAs erring on the side of caution, to detect and flag sustainability risks in time, and to contain the risk of doing "too little, too late" on potential debt treatments. It is furthermore important to prevent official financial support from merely serving to repay existing creditors or unduly transferring risks from the private to the public sector.

Cross-cutting issues

The Fund should continue to work with other relevant institutions to promote macroeconomic resilience against climate risks. It should do so with a focus on its mandate and expertise. The agreed climate strategy anchors the Fund's work in this area and should continue to be implemented across all its activities.

Digital finance presents both opportunities and challenges. The Fund's analysis and advice on the macrofinancial implications of crypto assets and stablecoins, central bank digital currencies, and other financial innovations can help members develop digital strategies that allow reaping the benefits of digitalization, while safeguarding financial stability and integrity. Close cooperation with—and, where appropriate, deference to—other relevant international institutions and fora is called for.

Ensuring the effectiveness and financial soundness of the IMF and its trusts

The Fund and its trusts must retain solid finances and adequate reserves. Financial soundness is a precondition for their continued and effective support to members. Our constituency attaches great importance to the Poverty Reduction and Growth Trust (PRGT) as a key element of the Fund's unique support for LICs. Switzerland is a longstanding contributor, and Poland joined the group of contributors last year.

For the Resilience and Sustainability Trust (RST) to achieve its purpose, arrangements under the Resilience and Sustainability Facility (RSF) must feature high-quality reforms with a tangible and lasting positive impact, including on institutions. Linking an RSF arrangement to an ongoing on-track upper credit tranche-quality arrangement remains essential to embed such reforms in a viable policy framework and achieve complementarity. In addition, close cooperation, mainly with the World Bank, remains essential for effective sectoral reforms.

IMF resources and governance

Our constituency supports a strong, quota-based, and adequately resourced IMF at the center of the global financial safety net. At the current juncture, the adoption of the package under the Sixteenth General Review of Quotas remains the main priority. Looking ahead, we support the efforts by the IMFC Chair to develop a set of principles to guide future discussions on quotas and governance. We particularly support the aim of fostering broad-based ownership among the members, thereby emphasizing the importance for any quota or governance reform to be acceptable to a large majority of the membership. We continue to recognize progress on quota realignments for the most underrepresented members, based on the existing quota formula, as an important objective. Quota reviews should aim to ensure that quota shares adequately reflect the relative position of each individual member in the world economy, while protecting the quota shares of the poorest members. In this context, we reiterate that a member's relative position in the world economy is determined both by its GDP and by non-GDP elements and variables—quota shares and the quota formula should continue to reflect this. We do not consider predefined targets for possible shifts in quota shares to particular countries—or groups of countries—to be appropriate.

For the IMF to be effective, the quality of its work as well as its integrity and reputation must remain impeccable. The Fund needs to be exemplary in terms of efficient procedures, practices, and budgetary prudence, as well as in maintaining a strong balance sheet. The reallocation of resources to meet evolving priorities and needs should remain a core element of the budget process.