



# INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

## **Forty-Ninth Meeting April 18–19, 2024**

Statement No. 49-19

### **Statement by Ms. Purra Finland**

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



**Statement by Finance Minister Riikka Purra 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, disrupt food and energy markets, supply chains, and disproportionately affect 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 our steadfast support to Ukraine and its people with political, military, humanitarian, and economic assistance for as long as it takes.*

*We are deeply concerned about the catastrophic humanitarian situation in Gaza. An immediate ceasefire, the unconditional release of all hostages and the provision of humanitarian assistance are needed.*

***Monetary and fiscal policies should be carefully calibrated and supported by structural reforms to ensure long-term economic resilience***

1. The global economy has shown resilience amid the ongoing challenges, while headline inflation has declined. However, core inflation remains somewhat elevated in many jurisdictions. Central banks need to stay data-dependent and tread carefully going forward to avoid premature easing of monetary policy, and carefully monitor economic developments and potential risks to financial stability. Given elevated public debt and deficits in many countries, sustained fiscal tightening should proceed, with a focus on decreasing debt levels and rebuilding fiscal buffers.
2. With the Fund's medium term global growth projections being the lowest in decades, implementing growth-enhancing structural reforms should be a priority. Strengthened governance and institutional frameworks could pave the way for a more inclusive growth and create a better environment for innovation and investment. Inefficient short-term solutions should be avoided, such as imposing unilateral trade restrictions or implementing non-targeted fiscal support measures, which risk lowering potential growth and erode long-term resilience and inclusiveness of economic growth.

***Multilateralism remains key to addressing global economic challenges***

3. As we celebrate the 80th anniversary of the Bretton Woods institutions this year, the Nordic and Baltic countries remain strong supporters of multilateralism and a rules-based international order. Since its creation, the Fund has demonstrated its ability to remain agile and successfully respond to arising global challenges. We strongly support the crucial role of the IMF at the centre of the global financial safety net. We believe the Fund is well equipped to respond to current and future challenges, as it has done in the past.

4. Maintaining and strengthening the rules-based international political and economic order is of the utmost importance, especially for small open economies such as ours, and emerging and developing countries. We encourage the Fund to continue analysing evolving risks and potential economic repercussions from geoeconomic fragmentation, protectionism, and impact of industrial policies, in line with the Fund's trade strategy. We acknowledge that in certain cases, restrictive measures and sanctions are unavoidable to safeguard international order and the benefits of multilateralism.
5. The Fund, with its unique focus on macroeconomic stability and policy reforms, should continue assisting its members in their climate 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.
6. As half of low-income countries and a number of middle-income countries now face pressing debt vulnerabilities, the international community must continue to improve debt transparency and efficient functioning of the joint G20 and Paris Club common framework for debt treatments. We welcome the upcoming launch of the review of the debt sustainability framework for low-income countries. The framework should be updated and adapted to reflect changing debt landscape, increased borrowing in commercial terms and in domestic markets, and to broaden debt sustainability analyses to include domestic factors and climate change risks.

***The Fund's role as a trusted advisor is key amid continued uncertainty***

7. We welcome the Fund's even-handed policy advice to its members on how to strengthen macroeconomic stability, reinvigorate growth, address governance issues, and strengthen gains from trade integration. Timely and tailored IMF surveillance remains vital to provide members with well-calibrated policy advice.
8. The IMF surveillance and capacity development are at the core of the Fund's mandate and provide vast benefits for the membership. We strongly support the recently launched Ukraine Capacity Development Fund (UCDF) and its work plan. We welcome staff's ambitious plans in providing technical assistance to the Ukrainian authorities in line with the program objectives of the Extended Fund Facility.
9. We are looking forward to implementation reports on the Fund's strategies on climate, digital money, gender, and inclusion, as well as fragile and conflict-affected states. We support the Fund's continuous efforts on mainstreaming work on emerging priority topics in line with the Fund's mandate, steered by macro-criticality and availability of the Fund's expertise. We reiterate that we should work towards gender parity in the Executive Board.

***Fund lending should preserve its catalytic role and promote strong policies***

10. The Fund's strong lending toolkit with adequate conditionality, safeguards and debt sustainability assessments serves members well, also in a more shock-prone world. The Fund's programs should focus on supporting strong home-grown policy and reform packages to

enhance the catalytic role of IMF lending. Measures to foster good governance and reduce corruption should be key elements in Fund arrangements.

11. We look forward to the forthcoming review of operationalization of the Resilience and Sustainability Trust (RST). We believe that the RST should continue to focus mainly on climate objectives. Ambition and depth of RSF supported reform measures should be increased, especially regarding fossil fuel subsidies and carbon pricing mechanisms. Systematic and detailed justification of access decisions should be provided. The Fund should continue assessing risks to ensure the adequacy of the reserve coverage for the RST and preserve the reserve asset character of central banks' claims on it.
12. To ensure continued support to low income and vulnerable countries, the self-sustainability of the Poverty Reduction and Growth Trust (PRGT) should be fully restored in the upcoming review. Countries in our constituency are substantial contributors to the IMF's work in this area through capacity development, the PRGT, the RST and the Catastrophe Containment and Relief Trust. To achieve self-sustainability of the PRGT, modifications in the PRGT lending framework to reduce the resources gap should be the first priority of the upcoming review. We need to address PRGT fundraising in a durable, sustainable way, and we remain to be convinced of the necessity of using internal resources to cover subsidy fundraising gaps.

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

13. We welcome the conclusion of the 16th General Review of Quotas, which will strengthen the quota-based nature of the Fund. We expect all countries to deliver on our collective commitment to finalize domestic procedures within the set timeframe. The Nordic and Baltic creditors to the Bilateral Borrowing Agreements (BBAs) are willing to consider a new round of BBAs or extending the terms of their respective BBAs, subject to domestic approval procedures, as a transitional contingency measure in the event of delay 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. In our view, the current formula has worked well and delivers on the realignment objectives. We emphasize that fair burden sharing among all major advanced economies is essential. We support protecting the voice and representation of the poorest and the most vulnerable members and look forward to the election of the 25th Chair for Sub-Saharan Africa.