INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-26

Statement by Mr. Jambon
Belgium

On behalf of
Principality of Andorra, Republic of Armenia, Belgium, Bosnia and Herzegovina, Bulgaria, Republic of Croatia, Cyprus, Georgia, Israel, Luxembourg, Republic of Moldova, Montenegro, Kingdom of the Netherlands–The Netherlands, Republic of North Macedonia, Romania, and Ukraine

Statement by Mr. Jan Jambon, Minister of Finance, Belgium

On behalf of Andorra, Armenia, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Luxembourg, Moldova, Montenegro, Republic of North Macedonia, Romania, the Netherlands, and Ukraine

We continue to stand firmly by Ukraine and its people and recall the United Nations General Assembly's strong condemnation of the aggression by the Russian Federation. We call upon the Russian Federation to immediately cease its use of force against Ukraine. With thousands of lives lost, millions of refugees, and a large part of the country's economy destroyed, the conflict has had and is still having a massive humanitarian, economic, and financial impact on Ukraine, its neighboring countries, and the global economy. We therefore welcome the Fund's ongoing assistance to Ukraine with the highest priority and welcome the progress made by Ukraine under the EFF arrangement and through the capacity development fund for Ukraine. In parallel, we will continue to work closely with international partners, including the EU, to support Ukraine in meeting its immediate external financing needs and substantial financing needs for post-war reconstruction. We emphasize the importance of the direct involvement of Ukraine in any negotiations to achieve a just and lasting peace, as well as the EU because it affects the future of European security. Ending the war remains the priority to strengthen the resilience of the world economy.

We are deeply concerned with the immense human suffering and the adverse impact of wars and conflicts around the world. The conflict in the Middle East that ensued Hamas' terror attack on Israel on October 7, 2023, has taken a terrible toll on the region. We deplore the breakdown of the ceasefire agreement, which has caused a large number of civilian casualties and the refusal of Hamas to hand over the remaining hostages. We remain gravely concerned about the prolonged humanitarian crisis in Gaza. We call for an immediate return to the full implementation of the ceasefire-hostage release agreement.

We welcome the Fund's continued engagement with members of our Constituency through financial support and policy advice, including the Fund-supported programs in Armenia, Georgia, Moldova and Ukraine.

Ensuring economic resilience in challenging times

Resilience to the global economy is being tested against the backdrop of geopolitical tensions, recent protectionist measures, significant economic policy uncertainty and the protracted conflict caused by the Russian war of aggression against Ukraine. We deeply regret the universal tariffs announced by the U.S. on 2 April that have negative effects on the global economy, increase costs for businesses, disrupt supply chains and may ultimately raise prices for consumers. Downside risks to the economy have strongly increased and partially materialized, with the rules-based multilateral system increasingly under threat, high debt levels and lagging growth prospects amidst high uncertainty. We emphasize the importance of free trade and multilateral cooperation to ensure efficient allocation of capital and productivity growth. Trade tariffs and protectionism diminish welfare and make all countries worse off. We stress the importance of sound and effective economic decision-making to address structural challenges such as low productivity growth, competitiveness, climate change, aging, the impact of AI and the rapid build-up of defense capabilities. On the upside, the AI technology and simplification of administrative burdens could, if properly conducted, reinvigorate business dynamics. Simplification of financial regulation should however not lead to widespread loosening of global standards as financial stability is key to ensure sustained economic growth and price stability. More broadly, the recent geopolitical developments constitute an opportunity for the EU and its member states to further improve the functioning of the internal market.

Global disinflation has continued throughout 2024, allowing most central banks to start easing monetary policy, but we should be careful in declaring victory over inflation. Headline inflation has again picked up slightly in some advanced economies in recent months while services inflation continues to show persistence. Upside inflation surprises in response to restrictive trade measures, a boost in infrastructure and defense spending or higher energy prices, cannot be ruled out. In this context, it is important that central banks stand ready to respond.

Fiscal vulnerabilities have risen in the aftermath of consecutive and unprecedented shocks. Rebuilding fiscal buffers is essential to create the necessary budgetary room needed to respond to future shocks and to avoid the risk of adverse financial markets reactions during times of stress. At the same time, the already mentioned structural challenges are likely to add to fiscal pressures going forward. Fiscal consolidation works best when embedded in a credible multi-annual fiscal framework with clear priorities and limits on general government spending growth. Furthermore, front-loaded structural reforms that enhance potential growth can help to generate additional fiscal space.

It is a cause for concern that we are not yet collectively on track towards achieving the goals of the Paris Agreement. Climate change poses macro-critical risks to our economies, impacting long-term economic stability. While the costs of an orderly green transition are significant, they are well below the costs of inaction. It is important to continue explaining the risks associated with larger average temperature increases and thus rebuild a support base for climate mitigation and adaptation policies. A successful climate strategy would need to rely on a wide range of policy instruments, pay attention to distributional impacts and cost-effectiveness considerations and be open to adjustments.

The IMF continues to play a key role in the GFSN

Since their creation in 1944, the IMF and the World Bank have contributed to a more stable and prosperous global economy. 80 years after the Bretton Woods conference, both institutions remain key pillars of the multilateral rules-based system and continue to play a key role in addressing global challenges and supporting members with independent policy advice and financing.

We look forward to the implementation of the 16th General Review of Quotas to further strengthen the role of the IMF at the center of the global financial safety net. We congratulate the IMF members who have already provided their consent for the 16^{th} General Review of Quotas and encourage others to follow as quickly as possible. In the context of the 17^{th} General Review of Quotas, we stand ready to discuss a quota realignment to better reflect members' position in the world economy, which should be based on a fair and broad burden-sharing among all major advanced economies, while protecting the quota shares of the poorest members.

We welcome the upcoming Comprehensive Surveillance Review to integrate lessons learned on the Fund's surveillance on topics like AI, digitalization and climate change while maintaining the focus on the Fund's core mandate. Better cooperation with other international financial institutions remains key to ensure complementarity and efficiency. We look forward to the IEO's upcoming evaluation of the Fund's Climate Strategy, as well as the lessons learned that could feed into discussions on the Comprehensive Surveillance Review as well as RST program design and implementation. We reiterate the importance of ambitious reform measures to ensure the RST's catalytic function.

We are also looking forward to the Review of Program Design and Conditionality, which is paramount to ensure that IMF programs deliver the results that member countries need while safeguarding the sustainability of the IMF's balance sheet. We stress the importance of debt sustainability, contingency planning, realistic macroeconomic projections, well-defined conditionality, consideration of the social impact of reform measures and program ownership. Strong program design and conditionality will strengthen the catalytic role of IMF financing. The recent IEO evaluation on the Exceptional Access Framework provides useful input that should be reflected in the forthcoming review.

A high number of low-income countries currently face liquidity pressures, often driven by high debt servicing costs. In this context, we support ongoing work by the IMF and World Bank through the three-pronged approach to help countries to address liquidity constraints where debt is still sustainable, through structural reforms, stronger domestic resource mobilization, external financing, capacity development and sound debt management frameworks. Increased debt transparency can help detecting vulnerabilities at an early stage and improve public accountability. We re-emphasize the importance of timely, orderly, predictable, and coordinated debt treatments for countries with unsustainable debt. We welcome the recent progress made in implementing debt treatments under the G20 Common Framework but see scope for further improvement. We look forward to the IEO's evaluation of the Fund's engagement on debt issues in low-income countries.

Together with the World Bank's IDA21 replenishment package, the IMF's Poverty Reduction and Growth Trust (PRGT) remains a crucial source of concessional financing for many low-income countries. It is important to follow-up on the recommendations made by the PRGT review in 2024. The objective of ensuring the long-term self-sustainability of the financing model of the PRGT has only been partially attained in 2024 and requires further action.

Finally, a diverse and inclusive IMF, where every individual can contribute to their full potential, is best equipped to meet the needs of its diverse membership. Therefore, we encourage efforts to achieve more diversity, including enhancing diversity in the Executive Board. This involves building a staff base with a broad range of skills and from diverse backgrounds.