



## **International Monetary and Financial Committee**

**Twenty-Eighth Meeting  
October 12, 2013**

**Statement by the Honorary Mohammed Laksaci,  
Governor, Bank of Algeria**

On behalf of Islamic Republic of Afghanistan, Algeria, Ghana,  
Islamic Republic of Iran, Morocco, Pakistan, and Tunisia

**Statement by the Hon. Mohammed Laksaci  
Governor of the Bank of Algeria  
to the International Monetary and Financial Committee**

**Speaking on behalf of Afghanistan, Algeria, Ghana,  
Islamic Republic of Iran, Morocco, Pakistan, and Tunisia  
Saturday, October 12, 2013**

Five years after the onset of the international economic and financial crisis, the global recovery remains fragile and subject to significant downside risks despite worldwide policy actions and reform efforts to mitigate the impact of the crisis and anchor better growth, employment, and financial stability prospects. The current global picture, marked by sluggish global growth and a diverging trend of moderate strengthening of growth momentum in advanced economies and growth deceleration in several emerging market economies, is less than reassuring. While slowly improving, the situation in the euro area remains difficult, and growth and employment prospects are still uncertain. The strengthening growth dynamics in the US and Japan are encouraging but remain subject to uncertainties regarding medium term fiscal consolidation and public debt reduction. Global prospects are further dampened by heightened financial volatility, particularly associated with uncertainties regarding the exit from unconventional monetary policy, including its adverse impact on net capital flows to emerging market economies. Against this background, further determined and coordinated policy actions and stepped-up efforts to complete the global financial reform agenda are crucial to restore confidence, mitigate downside risks, enhance growth and employment prospects, and strengthen financial stability.

Further decisive policy actions and accelerated reforms in several areas are needed to boost growth in advanced economies, with positive spillovers on global recovery. In the euro area, these include continued efforts toward growth-friendly fiscal consolidation, maintaining supportive monetary conditions, accelerating bank and corporate balance sheet repair to restore credit growth, improving access to credit for SMEs, stepping up efforts towards establishing a banking union, and implementing wide-ranging reforms in product and labor markets. In the US, it is critical to improve communication on exit from unconventional monetary policies, with due regard to spillover effects, and dispel uncertainties arising from the current budget and debt debate, while building consensus around a gradual and balanced medium-term fiscal consolidation to support the economic recovery and put the debt on a declining path. More ambitious fiscal consolidation in Japan is needed to ensure debt reduction and, together with structural reforms, support a firm recovery.

Notwithstanding the recent deceleration, EMDCs continue to be the driving force of global growth. Appropriate calibration of macroeconomic, macroprudential, and capital flow management measures, along with structural reforms to improve productivity and measures to reduce country-specific vulnerabilities are crucial. We are encouraged by the sustained growth performance of low-income countries, underpinned by improved fundamentals

following sound policy implementation and structural reforms in many countries. Further efforts to build policy buffers, alleviate infrastructure bottlenecks, and strengthen and deepen financial systems, are essential to support sustained high and inclusive growth and reduce poverty and inequality. We welcome progress toward making the Fund's concessional funding self-sustaining and reiterate our call for more determined efforts to mobilize PRGT financing from bilateral donors. We look forward to completion of the review of debt limits in Fund-supported programs and emphasize the need for greater flexibility to accommodate urgent pro-growth spending while preserving debt sustainability. We call for further efforts at enhancing trade and investment flows among EMDCs.

In the MENA region, high and broad-based growth and much needed reduction of unemployment remain key challenges that call for determined efforts to preserve macroeconomic stability and accelerate structural reform implementation to enhance productivity and growth potential. Strong support from the international community to the Arab Countries in Transition, including from the Fund, is essential. The path of the transition, however, is fraught with uncertainties and risks, and requires continued adaptation of the reform agenda to individual countries' circumstances and constraints. We call on the IMF and multilateral financial institutions to show greater flexibility in their engagement with the Arab Countries in Transition and to tailor their assistance to the specific circumstances and needs of these countries.

We look forward to the completion of the 15<sup>th</sup> General Review of Quotas based on a revised formula, with the objective of enhancing the legitimacy and effectiveness of the Fund by ensuring fair representation of all members. To this end, the new formula should result in a meaningful increase in the quota shares of dynamic EMDCs without such an increase coming at the expense of other EMDCs, while the voice and representation of the poorest members should be improved, preferably directly through the new formula.