



## **INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE**

### **Fortieth Meeting October 18–19, 2019**

**IMFC Statement by Bill Morneau  
Minister of Finance  
Canada**

On behalf of  
Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada,  
Dominica, Grenada, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia,  
and St. Vincent and the Grenadines

# **Statement Prepared for the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund**

**The Honourable Bill Morneau, Minister of Finance for Canada, on behalf of Antigua and Barbuda, the Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines**

## **Global Outlook and Policy Priorities**

While the global economy continues to expand, growth has slowed and faces increased downside risks. Escalating trade tensions and ongoing geopolitical uncertainties, together with longer term challenges of technological change, demographic shifts, and climate-related risks, reinforce the need for multilateral cooperation. The global community should work together to eliminate trade tensions and modernize the rules-based multilateral trading system, while strengthening resiliency against other identified risks through reforms at both the domestic and global levels. In this spirit, we welcome the Managing Director's Global Policy Agenda and reaffirm our endorsement of the IMF at the center of the Global Financial Safety Net (GFSN). The Fund can continue to best serve its membership by providing practical policy advice supported by rigorous surveillance, effective lending programs, targeted capacity building activities aimed at promoting macroeconomic and financial resilience, and robust governance structures that embody international best practices.

## **IMF Surveillance and Advice**

Enhanced surveillance coupled with practical and well-targeted policy advice should be matched by ownership and implementation in member countries. We encourage the Fund to continue to explore how best to improve policy traction. As the foremost international institution for the delivery of sound macroeconomic and financial surveillance and policy guidance, we also welcome the Fund's ongoing work on the Comprehensive Surveillance Review and Review of the Financial Sector Assessment Program.

Growing debt vulnerabilities and unaddressed governance issues, particularly in a number of low-income countries, pose additional challenges. Payments on high and opaque public debt can crowd out public spending on other important areas. Governance vulnerabilities, including corruption, can further exacerbate this difficulty. Assisting the membership to address these issues should be a Fund priority. The current debt landscape also highlights the need for cooperative action to curtail unsustainable lending practices. In this regard, we welcome the work of the IMF and World Bank to identify best practices and policies for creditors.

We support the Fund's call to protect growth by resolving cross-border tensions, reviving trade, and upgrading the multilateral trading system. We encourage the Fund to continue to promote the

benefits of robust, rules-based multilateralism along with a continued assessment of the impacts and spillovers of trade disputes.

### **IMF Lending Toolkit**

The Fund must always be adequately equipped to address challenges facing the international community; and in particular, adverse shocks affecting low-income countries (LICs) and small island states vulnerable to climate change and natural disasters. In this regard, we welcome the conclusion of the Review of Facilities for LICs and encourage the Fund to continue to raise awareness of how IMF tools can support natural disaster resilience-building and help catalyze relevant donor funding. In addition, the Fund should continue to help countries address pressures on correspondent banking relationships, with a view to finding practical and sustainable solutions.

We also support the Fund's enhanced coordination with other institutions that safeguard global economic and financial stability. The strength of the GFSN is not determined solely by its size but also from the ability of its many parts to function as a cohesive whole. As such, we approve of the ongoing efforts to bolster the GFSN via regular and more systematic coordination between the IMF and Regional Financing Arrangements (RFAs). Through a continued dialogue between the IMF, RFAs, and other international financial institutions, the Fund can continue to share best practices and improve the capacity of all layers of the GFSN.

### **Capacity Development**

Strong institutions foster effective public financial management and sound policies that support sustainable economic growth, poverty reduction, and financial resilience. As such, the Fund's technical assistance and capacity development activities are a vital component of IMF efforts to assist members in strengthening their domestic macroeconomic and financial governance. The Fund should continue to pursue opportunities to better integrate capacity development with surveillance and lending, while taking absorption capacity into account.

While welcoming Fund efforts to date, we see space to further leverage IMF technical assistance and capacity development to improve members' macroeconomic and financial resiliency and stability, including through: increasing focus on enhancing financial sector regulatory and supervisory frameworks; addressing data gaps, specifically with respect to debt; and continuing to promote resilient debt instruments, particularly for small island developing states.

### **IMF Governance and Accountability**

To remain relevant, the IMF should continue to evolve in line with the global economic and financial landscape. Despite best efforts, we regret that there is insufficient support for changes to quota shares through the 15th General Review of Quotas (GQR) to increase the voices of underrepresented emerging market and developing countries. However, we support the proposal to expand the New Arrangements to Borrow as part of a renewal of the Fund's borrowed resources, and remain committed to revisiting quota realignment and the appropriate mix between quota and borrowed resources during the 16th Review.

We also support the Fund's continuous efforts to strengthen its internal governance and accountability structures, and we underscore the Fund's role as a public institution with a responsibility to practice exemplary stewardship of its resources.