



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Forty-Eighth Meeting October 13–14, 2023

**IMFC Statement by Riikka Purra
Minister of Finance**

Finland

On behalf of

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

Statement by Riikka Purra on behalf of Denmark, Republic of Estonia, Finland, Iceland, Republic of Latvia, Republic of Lithuania, Norway, and Sweden

We extend our sincerest condolences to people of the host country Morocco, as well as the people of Libya, who have suffered tragic loss of life and destruction due to the catastrophic earthquake and floodings, respectively.

Our solidarity with Ukraine is strong and will not waver

1. The Nordic and Baltic countries condemn in the strongest possible terms Russia's continued unprovoked and illegal war of aggression against an independent and sovereign country of Ukraine, which constitutes a 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 condemn the unilateral suspension of the Black Sea Grain Initiative by Russia which further undermines the functioning of global food markets. We reiterate our steadfast support to Ukraine and its people with political, military, humanitarian, and economic assistance for as long as it takes. We encourage the Fund to continue to assess how the program for Ukraine can address Ukraine's long-term reconstruction needs and facilitate its path to EU accession.

Multilateralism is paramount to find global solutions to global challenges

2. The Nordic and Baltic countries are committed to multilateralism and open trade, and strongly support the crucial role of the IMF at the centre of the global financial safety net. The rules-based international political and economic order must be further strengthened to contain risks from the increased geoeconomic fragmentation, which can have large welfare costs especially for small open economies as well as emerging and developing countries.
3. The Fund's Climate strategy should be consistently implemented to support members in their green transition and in mitigating climate risks. Global and domestic actions need to be substantially accelerated to achieve net-zero emission targets by 2050. Importantly, this includes continued efforts to scale up the usage of global carbon pricing as a key policy tool to reduce emissions. More frequent adverse weather events make it vital to avoid restrictions and disruptions to food trade.
4. Debt sustainability remains a concern, especially in low-income countries. We welcome the progress achieved under the Global Sovereign Debt Roundtable which has helped facilitate mutual understanding of issues that hinder restructurings. We support the Fund's proposals to further accelerate the implementation of the G20 Common Framework for Debt Treatments. We also welcome the Fund's initiative to further improve public debt transparency that will facilitate good governance, contributing to debt sustainability and swifter debt resolutions for countries in debt distress.
5. We welcome that we have moved closer to the funding targets for the Resilience and Sustainability Trust (RST) and the Poverty Reduction and Growth Trust (PRGT). Restoring a self-sustaining PRGT is crucial to secure support for vulnerable members also in the future. We remain to be convinced of the benefits of using internal resources to cover current fundraising

gaps and would expect a thorough analysis of the long-term impact on Fund reserves. Countries in our constituency are substantial contributors to the IMF's work in low-income and vulnerable countries through the PRGT, the RST and the Catastrophe Containment and Relief Trust. We encourage further contributions from donors with a focus on fair burden sharing to fill the remaining financing gaps for these trusts.

Well-calibrated policies are needed to contain inflation amidst an uncertain outlook

6. The global economy has shown resilience and inflationary pressures have eased somewhat on the back of resolute monetary policy tightening in many countries. However, global inflation remains too high, calling for a restrictive monetary policy to ensure well anchored inflation expectations and a timely return to price stability. At the same time, policy makers need to stay vigilant and carefully monitor the effects and financial stability risks of restrictive policies and tightened financial conditions. Fiscal policy should not counteract monetary policy and should focus on rebuilding buffers against an uncertain outlook while facilitating debt reduction. The sustainability of public finances should be supported by structural reforms to increase potential growth.
7. Financial turmoil earlier this year has underlined the importance of effective prudential regulation and supervision. We welcome the Fund's analysis of these events, as well as the initial steps taken by the Financial Stability Board (FSB) and other standard setting bodies to examine the lessons to be learnt. In this context and to ensure that risks are contained, it is also important to consistently implement all the reforms agreed in the aftermath of the Global Financial Crisis.

IMF advice should continuously evolve as high uncertainty prevails

8. The IMF surveillance and capacity development activities are crucial with difficult policy choices lying ahead in many countries. We would welcome the Fund's advice on how to sustainably reinvigorate global growth while containing inflation, better manage the risks of fragmentation, and preserve the rules-based multilateral order. We value the Fund's advice on monetary-fiscal interactions in the current environment.
9. We thank the Fund for the recently completed regional technical assistance exercise on AML/CFT issues with the eight Nordic-Baltic countries. It was a first-of-its-kind Fund regional anti-money laundering technical assistance project, aimed at further enhancing the effectiveness of the AML/CFT frameworks at both the country and regional level. We hope that the key takeaways and experiences from the project can be useful for other jurisdictions and provide an input to the upcoming Fund's AML/CFT Strategy review.
10. Closing gender gaps across the world would yield significant benefits. We underscore the importance of promoting women's rights globally, as progress is slow, and the recent shocks have worsened gender inequality. We fully support the Fund's Strategy toward Mainstreaming Gender into the IMF's core activities, including policy advice. We underscore that we want to see gender parity in the Executive Board.

Fund lending activities should concentrate on multi-year programs with strong policies

11. The Fund's strong lending toolkit with adequate conditionality, safeguards and debt sustainability assessments serves members well also in a more shock-prone world. Measures that foster good governance and reduce corruption are key elements of Fund arrangements. The Fund's program for Ukraine serves as a good example of strong program ownership even under the very difficult circumstances. We strongly support staff's ambitious plans of providing technical assistance to the Ukrainian authorities in line with program objectives.
12. We welcome the finalization of the Review of the Fund's precautionary instruments. Effective use of the precautionary facilities depends on the strong qualification framework. The Fund's resources are revolving in character which is why the precautionary instruments should not be seen as a permanent insurance or substitute for accumulating sufficient reserves to mitigate external risks.

We are fully committed to a timely conclusion of the 16th Quota Review

13. We are committed to concluding the 16th Quota Review within the agreed timetable. The current formula has delivered and continues to deliver in reflecting relative changes in the world economy. It represents a careful balance of different objectives and varying interests in the membership. We believe the current size of the IMF resource envelope is adequate in the short and medium term. We support a quota increase reinforcing the primary role of quotas and contributing to ensuring the stability of IMF resources by replacing the Bilateral Borrowing Agreements. We can support the equiproportional increase in quota resources, which seems to be the most pragmatic way forward. In order to achieve a gradual realignment of quota shares, we continue to support combining an equiproportional increase with a small ad-hoc increase guided by the current quota formula and fair burden sharing by all major advanced economies. We support protecting the voice and representation of the poorest and the most vulnerable members as well as the creation of 25th chair at the IMF Executive Board to be attributed to Sub-Saharan Africa.