

Communiqué of the Forty-third Meeting of the IMFC

Chaired by Ms. Magdalena Andersson, Minister for Finance of Sweden

The Committee expresses its deep appreciation to Governor Lesetja Kganyago for his leadership as IMFC Chair and welcomes Minister Magdalena Andersson as the new Chair.

We express our sympathies for the loss of human lives caused by the COVID-19 pandemic and the suffering it has entailed. We will continue to work together to end the pandemic everywhere and secure a strong, sustainable, balanced, and inclusive recovery.

The global economy is recovering from the crisis faster than expected last October, thanks to an unprecedented policy response and rapid progress in vaccine development. But the prospects for recovery are highly uncertain and uneven within and across countries due to varying policy space, different economic structures and rigidities, preexisting vulnerabilities, and uneven access to vaccines. Elevated financial vulnerabilities could pose risks, should global financial conditions tighten swiftly. The crisis may cause extended scarring and exacerbate poverty and inequalities, while climate change and other shared challenges are becoming more pressing.

We will calibrate our policies and strengthen cooperation to durably exit the crisis. We emphasize the need for strong international cooperation to accelerate vaccine production and support affordable and equitable distribution to all. To that end, we continue to support the work of the World Health Organization, the ACT Accelerator collaboration, and its COVAX Facility. We will maintain our policy support, tailored to country circumstances, until constraints on economic activity ease meaningfully, continuing to prioritize health spending and assistance for the most vulnerable, while preserving long-term fiscal sustainability. Where appropriate, monetary policy should remain accommodative, in line with central banks' mandates. We will continue to monitor and, as necessary, tackle financial vulnerabilities and risks to financial stability, including with macroprudential policies. We will continue to monitor and cooperate to reduce excessive global imbalances over time through macroeconomic and structural policies that support sustainable global growth.

Strong fundamentals and sound policies are essential to the stability of the international monetary system. We remain committed that our exchange rates reflect underlying economic fundamentals and note that exchange rate flexibility can facilitate the adjustment of our economies. We will continue to consult closely on foreign exchange market developments. We recognize that excessive volatility or disorderly movements in exchange rates can have adverse implications for economic and financial stability. We will refrain from competitive devaluations and will not target our exchange rates for competitive purposes.

We will also strengthen multilateral cooperation to ensure an inclusive and resilient global economy. In line with the Paris Agreement, we commit strongly to addressing climate change through measures to accelerate the transitions to greener societies and job-rich economies, while protecting those adversely affected. These comprise a range of fiscal, market, and regulatory actions, mechanisms, and policy mixes, taking into account country-specific factors. We will continue to collaborate to unlock the potential of the digital economy, and accelerate efforts toward a modern and globally fair international tax system. We reaffirm our

commitment to strong governance, including by tackling corruption. We agree on the need to promote more open, stable, fair, and transparent trade policies and to modernize the rules-based trading system under the World Trade Organization, which are key to boosting global growth. We are taking comprehensive action to help vulnerable countries meet their financing needs. We will work together to continue strengthening debt transparency practices by both debtors and creditors, public and private, and supporting countries' efforts to maintain debt sustainability. Where appropriate, we will facilitate swift debt treatment together with broad participation by official and private creditors in line with the comparability of treatment principle.

We welcome the Managing Director's Global Policy Agenda.

We welcome the IMF's efforts to help members toward a sustained recovery from the crisis. We call on the IMF to make a comprehensive proposal on a new Special Drawing Rights (SDR) general allocation of US\$650 billion to help meet the long-term global need to supplement reserves, while enhancing transparency and accountability in the reporting and the use of SDRs.

We welcome the IMF's support to help members transition to upper-credit-tranche-quality programs for countries that move out of the emergency phase of the crisis. We call on the IMF to explore how to further support vulnerable low-income and middle-income countries in line with its mandate. We call on the IMF to work with its members to continue exploring ways for voluntary post-allocation channeling of SDRs to support members' recovery efforts. We support the IMF to explore reforms to its concessional financing instruments for low-income countries and to increase the lending capacity of the Poverty Reduction and Growth Trust, and to secure sufficient contributions for a final tranche of debt service relief from the Catastrophe Containment and Relief Trust, including from new participants for both trusts. We support the IMF's enhanced assistance to help address particular challenges faced by fragile and conflict-affected states, small states, and countries hosting refugees. We encourage members to contribute to Sudan's financing package for the clearance of arrears to the IMF and debt relief under the Enhanced Heavily Indebted Poor Countries Initiative. We welcome the IMF's work on advancing the debt agenda jointly with the World Bank, including by continuing to support the effective implementation of the G20 Debt Service Suspension Initiative and Common Framework, which are also agreed by the Paris Club, and by reviewing key policies and rolling out enhanced tools to support efficient implementation of sovereign debt restructuring.

We highlight the critical role of surveillance in providing cutting-edge policy advice and macro-financial analysis tailored to country circumstances, supported by targeted capacity development. We look forward to the review of the IMF's Institutional View on capital flows, informed by, among others, the Integrated Policy Framework. The IMF has an important role in responding to members' diverse needs for guidance on the macroeconomic and financial implications of climate change issues. We, therefore, support the IMF in stepping up work to help its members identify and manage the macro-critical implications of climate change, digitalization, inequality, and fragility, in close collaboration with partners, and to further integrate these issues into its surveillance, lending, and capacity development

in line with its mandate. We will explore the appropriate budget envelope for ensuring that the IMF has the staff and skills required to carry out its mandate. We also support ongoing modernization projects and call for further progress on diversity.

We reaffirm our commitment to a strong, quota-based, and adequately resourced IMF at the center of the global financial safety net. We welcome the effectiveness of the doubling of the New Arrangements to Borrow and of the new round of bilateral borrowing agreements. We remain committed to revisiting the adequacy of quotas and will continue the process of IMF governance reform under the 16th General Review of Quotas, including a new quota formula as a guide, by December 15, 2023. We welcome the start of this work and look forward to the first progress report by the time of the Annual Meetings.

Our next meeting is expected to be held on October 14, 2021.