



# **International Monetary and Financial Committee**

Thirty-Ninth Meeting  
April 12–13, 2019

Statement No. 39-13

**Statement by Mr. Morneau  
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, momentum has softened amid elevated and rising risks and uncertainties. Despite some important progress, persistent trade tensions continue to pose a significant threat to global growth prospects and are symptomatic of rising dissatisfaction with globalization. Other geopolitical risks, like Brexit, could trigger a rapid tightening of financial conditions and generate negative spillovers. Meanwhile, longer-run demographic, technological, and climate-related changes, among others, will continue to pose significant challenges to policymakers in the years ahead. Indeed, many countries, particularly small island states, are increasingly vulnerable to the impacts of extreme weather events and climate change.

These are collective challenges that require collective solutions. We must refocus our attention on our common goals and strengthening the multilateral system in ways that will support higher growth for all and greater resilience to shocks. In particular, we need to modernize the rules-based multilateral trading system, shed light on an increasingly opaque debt landscape, rebuild policy space, leverage technological change, close data gaps, mitigate the effects of climate change, and achieve more inclusive global prosperity that champions the economic empowerment of women and girls. In addition, Fund members should take responsibility for domestic reforms that will boost productivity and growth that benefits all, while bolstering preparedness for the materialization of risks.

With this in mind, 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 should also be a strong, vocal advocate of shared solutions to global challenges. The Fund can continue to best serve its membership by providing sound policy advice supported by effective surveillance, comprehensive lending programs, targeted capacity building activities aimed at promoting macroeconomic and financial resilience, and robust governance structures that embody modern best practices.

## **IMF Surveillance and Advice**

The provision of high-quality surveillance and policy advice are critical Fund activities, particularly during a period of rising policy uncertainty and increased risks to global growth. However, quality surveillance must be matched by policy traction in member countries in order to be effective. We particularly welcome the emphasis on strengthening traction in the Fund's

upcoming 2020 Comprehensive Surveillance Review and the review of its Financial Sector Assessment Program. These reviews, along with ongoing efforts to enhance financial integrity and resilience, provide a timely opportunity for the Fund to reinforce its invaluable role as the premier source of international macroeconomic surveillance, rigorous analysis, and well-targeted policy advice in the face of a rapidly evolving global landscape.

Given softened economic momentum, we support the Fund's call to build more resilient and inclusive economies and upgrade global cooperation. To ensure that advances in global economic stability are not diminished by an environment of declining international teamwork, we encourage the Fund to continue to promote the benefits of robust, rules-based multilateralism. We applaud the Fund's commitment to a more systematic and effective engagement on social spending. We also encourage continued assessment of the impacts and spillovers of restrictive trade policies, the potential disruption of global supply chains, and the resultant disproportionate impact on low-income households.

We remain deeply concerned by the challenges arising from growing debt vulnerabilities, particularly in a number of low-income countries. Helping the membership address these vulnerabilities should be a Fund priority. In this regard, we welcome the ongoing work of the IMF and World Bank Group in implementing their joint multipronged approach to addressing emerging debt vulnerabilities. We look forward to debt vulnerabilities being central to the upcoming discussions on the Review of Program Design and Conditionality, revised debt sustainability assessments, and data provision requirements. The current debt landscape also highlights the need for greater transparency by debtors and creditors, as well as 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.

### **IMF Lending Toolkit**

Ensuring the IMF is equipped with an appropriate lending toolkit to address challenges facing the international community remains a priority. We look forward to finalizing new measures to strengthen the Fund's toolkit for the poorest and most vulnerable members, particularly those that will better support small island developing states vulnerable to climate change and natural disasters. Further work is needed to raise awareness of how the Fund's tools can support natural disaster resilience-building, including the potential to unlock relevant donor funding. In addition, the Fund should continue to support countries suffering from the loss of correspondent banking relationships, with a view to finding practical, sustainable solutions.

We will also support the Fund in enhancing its coordination with other institutions that safeguard global economic and financial stability. We recognize the ongoing efforts to strengthen the GFSN, including via regular and more systematic coordination between the IMF and Regional Financing Arrangements (RFAs). We encourage the IMF to continue to share best practices and work towards enhancing the capacity of all layers of the GFSN through a continued dialogue with other international financial institutions and RFAs.

## **Capacity Development**

The Fund's technical assistance and capacity development activities are an indispensable means of supporting improvements in members' ability to formulate and implement sound economic policies and public financial management, in an effort to foster good macroeconomic and financial governance more broadly. Building on the 2018 Review of the Fund's Capacity Development Strategy, we encourage the adoption of measures to better integrate Fund surveillance and lending, and improve transparency in capacity development processes to strengthen strategic decision-making. We also encourage the Fund to continue efforts to promote greater country ownership of capacity development activities by ensuring prioritization is reflective of authorities' own domestic priorities. Enhanced results-based management processes are also needed to strengthen accountability to donors and support better outcomes.

Recognizing IMF leadership in the area of women's economic empowerment, we see room to further leverage capacity development efforts to advance gender equality and financial inclusion, including through supporting an increased adoption of gender analysis and gender budgeting. These efforts should also help member country policies take a more responsive approach to the needs of women, children and vulnerable groups as well as support members' reporting on associated Sustainable Development Goals.

In addition, we see space to employ Fund technical assistance and capacity development efforts to further improve members' macroeconomic and financial resiliency, stability, and inclusivity through: enhanced financial sector regulatory and supervisory frameworks; support for addressing data gaps, specifically with respect to debt; and through continued promotion of resilient debt instruments, particularly for small island developing states vulnerable to natural disasters and climate change.

## **IMF Governance and Accountability**

As the global economic and financial landscape evolves, so too must the Fund. We remain committed to ensuring that the IMF remains adequately resourced, at the centre of the GFSN, and representative of the modern economy. We regret that there is insufficient support for a realignment of quota shares through the 15<sup>th</sup> General Review of Quotas (GRQ) to increase the voices of underrepresented emerging market and developing countries, but support expanding the New Arrangements to Borrow as part of a renewal of the Fund's borrowed resources and the commitment to revisit quota alignment and the mix between quota and borrowed resources in the 16<sup>th</sup> Review.

Finally, we support ongoing efforts to ensure that the Fund has an agile, diverse, and inclusive workforce. Three parallel initiatives – the HR Strategy, 1HR, and the Comprehensive Compensation and Benefits Review – provide a key opportunity for the Fund to modernize its human resources management and its compensation and benefits system. As these processes move forward, we underscore that the Fund is a public institution with a responsibility to practice exemplary stewardship of its resources, supported by strong accountability mechanisms. Furthermore, we look forward to the upcoming 2019 Diversity and Inclusion Report and, as part of this effort, encourage the Fund to continue to endorse and deliver on the equal representation of women in all roles and leadership positions.