



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

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Statement by Mr. Gualtieri Italy

On behalf of
Albania, Greece, Italy, Malta, Portugal, and Republic of San Marino

Spring Meetings – April 14-17, 2020

IMFC Statement by Mr. Roberto Gualtieri, Minister of the Economy and Finance, Italy

On behalf of Albania, Greece, Italy, Malta, Portugal, and Republic of San Marino

The outbreak and rapid spread of the COVID-19 pandemic has abruptly plunged the global economy into an unprecedented crisis. Unlike past economic and financial crises, the health emergency was the trigger of the crisis and is clearly the number one priority. Our closely interconnected world means no country is immune from the virus and no economy is ring-fenced against the risk of a recession. Cooperation within and among countries must be at the core of the global fight against the virus as well as its profound humanitarian, health, social and economic consequences.

The pandemic is not an ordinary exogenous shock that can be tackled with standard solutions. Science-based containment measures consist in practicing social distancing and imposing extensive lockdowns. Left unchecked, the contagion would rapidly spread and put the health systems under severe strains risking higher human losses. Until a vaccine or a cure is developed, flattening the curve of contagion is the only way to save lives and livelihoods. Containment measures impose a heavy toll on the economy but are bearing fruit. Inaction would be unacceptable. As the IMF Managing Director rightly noted, saving lives or saving livelihoods is a false dilemma, and failing to get the virus under control would result in much bigger job losses.

Times are unprecedented and the policy response should be swift and commensurate to the challenges. Households and firms alike are severely impacted, and the necessary containment measures curtail the efficacy of traditional demand management policies. Policy makers ought to be creative and innovative in designing a comprehensive emergency package of measures to address the health emergency and preserve the web of economic relations that constitute the foundations of market economies. Our health and economic strategies should be perfectly aligned and reinforce each other. Fiscal, monetary and financial policies should all be simultaneously geared toward this overarching goal. Immediate, targeted and decisive action is vital for supporting the economy today, preserving productive capacity, and sustaining confidence, thereby preparing the economy for a speedy and sound recovery when the shutdowns end.

We have already introduced a wide range of revenue, expenditure and liquidity-support measures to strengthen the health system and protect the most affected households, sectors and firms. The monetary policy response in the euro area has been prompt and strong, and has helped ease financial conditions. European guidelines on financial regulation and supervision have also been directed to preserving the flow of credit to the economy. We stand ready to take further action as required by the rapidly evolving circumstances, and will strive for a stronger common response at the European level, which would be most effective and boost the impact of national policy actions.

At the global level, the role of the Fund at the center of the global financial safety net should be preserved and leveraged upon. First, we greatly appreciate the work of the Fund as a provider of

trusted economic analysis and policy advice, both invaluable inputs in these exceptional circumstances. Second, we support the Fund's initiatives to strengthen its financing capacity and toolkit to ease the financing constraints of the most vulnerable member countries. We support endowing the Fund with additional tools to facilitate liquidity provision and countries' access to additional resources. We welcome the Fund's decision to increase the access limits to both the Rapid Financing Instrument and Rapid Credit Facility, and to establish a Short-term Liquidity Line to provide the needed financial support to countries that experience difficulties. We see merits in a new allocation of SDR and call on the IMF to further explore this opportunity. We are also considering ways to provide support to initiatives to strengthen the Poverty Reduction and Growth Trust and the Catastrophe Containment and Relief Trust.

As the focus of Fund's activity will be rightly centered on monitoring, and providing policy advice and financial support to cope with the emergency in the next months, we support the postponement of pending work on the Comprehensive Surveillance, Financial Sector Assessment Program, External Sector and Market Access Countries' Debt Sustainability Analysis Reviews. These reviews remain critical but would greatly benefit from the lessons to be learned through the current challenging times.