



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

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Statement by Ms. Svantesson Sweden

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

Statement by Finance Minister Elisabeth Svantesson on behalf of Denmark, Republic of Estonia, Finland, Iceland, Republic of Latvia, Republic of Lithuania, Norway, and Sweden

The Nordic and Baltic countries stand united in their unwavering solidarity with the Ukrainian people

1. The Nordic and Baltic countries condemn in the strongest possible terms Russia's continued unprovoked and unjustified war of aggression against Ukraine, which has caused unimaginable suffering, death, and destruction and grossly violates international law, including the UN Charter. We call on Russia to immediately, completely and unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders. We reiterate our steadfast support to Ukraine with political, military, humanitarian, and economic assistance for as long as it takes. We reaffirm the sovereignty, independence, unity, and territorial integrity of Ukraine within its internationally recognized borders. We are committed together with our allies to enforce far-reaching sanctions on Russia and its accomplice Belarus.

The global community is facing multiple challenges that will require global solutions

2. Preserving the rules-based international economic order is critical in the context of risks of geopolitical fragmentation. The Nordic and Baltic countries are committed to multilateralism, open trade and strongly support the role of the IMF at the center of the global financial safety net.
3. The war has undermined food, energy, nuclear, and the environmental security and caused financial disruptions. Many of today's global challenges would be alleviated by Russia stopping its war against Ukraine. Many low-income countries face acute food insecurity and debt sustainability challenges. Strengthening the global food system, its adaptation to climate change and avoiding restrictions in food trade are vital.
4. The recent report from the IPCC makes it increasingly clear that mitigating climate change and adapting to its consequences should remain at top of the policy agenda. The energy crisis underscores the urgency of transitioning away from fossil fuels thus investments in renewable and emission-free energy production as well as energy efficiency are needed. Agreeing on internationally coordinated carbon pricing would provide a cost-effective and efficient way to curb emissions. Global and domestic ambitions must be raised, and action should be substantially accelerated to achieve net-zero emission targets by 2050. We stress the importance of the Fund's consistent implementation of its Climate strategy to support members in accelerating the green transition and mitigating climate risks.

Policies need to be decisive and agile amid exceptional uncertainty

5. Tackling the persistence of too high inflation should remain a top priority for policy makers. Data-dependent and well-communicated decision-making is key in reducing inflation and ensuring well-anchored inflation expectations. Preserving central bank independence is of utmost importance. Fiscal policy should be anchored by credible medium-term fiscal frameworks and be carefully calibrated not to add to inflationary pressures, while protecting the most vulnerable. Sustainability of public finances should be supported by structural reforms to enhance growth potential and increase employment.

6. Recent financial turmoil has underlined the importance of effective prudential regulation and supervision. Any emerging financial vulnerabilities, including in banks and non-banks, should be carefully monitored and addressed, where needed. The authorities should stand ready to act to support financial stability if needed.
7. As technological advancements and the climate transition are reshaping the economic landscape, societies need to be equipped to take advantage of the digital transformation and climate transition by developing technological skills. Additionally, the challenges of labour market mismatches require investments in human capital and life-long learning as well as increased female labour force participation. We underscore the importance of advancing gender equality and promoting women's rights globally. We fully support the Fund's Strategy toward Mainstreaming Gender into the IMF's core activities and efforts towards increasing gender diversity in the Executive Board.

IMF advice is vital to calibrate global policies benefiting all

8. We stress the importance of the IMF surveillance and capacity development activities to safeguard economic and financial stability and foster a sustainable long-term growth path. We look forward to the Review of the Fund's Capacity Development (CD) Strategy and support the review of the Framework for Enhanced Fund Engagement on Governance, which reaffirms the macro criticality of strengthening governance. We continue to stress the importance of following-up of emergency lending governance safeguards. We also stress the importance of the recent review of the Role of Trade in the Work of the Fund to guide policy advice on increasing supply-chain resilience and yet avoiding distortive protectionist measures.
9. Enhanced efforts are needed to facilitate timely, orderly, and coordinated debt treatments. We welcome the conclusion of the first case of debt treatment under the Common Framework. We encourage the IMF and World Bank Group to work closely with the G20 and Paris Club in supporting the implementation of the Common Framework to make it more effective.
10. We welcome the establishment of the Global Sovereign Debt Roundtable in strengthening the global framework for debt treatments and facilitate consensus building. Further, we stress the importance of improved debt transparency to ensure sound foundations for assessment of debt sustainability and to enable informed decisions on debt relief.

Fund should prioritize high-quality multi-year programs with strong policy content

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. We strongly welcome the Fund's multiyear program for Ukraine to support macro-financial stability and underpin economic reforms. We welcome the Ukrainian authorities' strong performance under the Program Monitoring with Executive Board Involvement demonstrating resolute ownership and sufficient capacities to implement a reform agenda under very difficult circumstances. We encourage the Fund to consider how Fund financing and broader assistance efforts to Ukraine will fit into the longer-term reconstruction needs.
12. We welcome the ongoing efforts towards vulnerable members, supporting the IMF's work in ensuring resilient and sustainable economic paths. We highlight the importance of securing and delivering on sufficient subsidy resources to the Poverty Reduction and Growth Trust (PRGT). We welcome the launch of the Resilience and Sustainability Trust (RST), which helps qualified

countries strengthen climate resilience and make progress in the green transition. It is important to carefully calibrate access levels to RST resources and learn from experiences on the first pilot cases. Countries in our constituency are substantial contributors to the IMF's work in low-income and vulnerable countries through the PRGT and the RST.

We support a strong, quota-based, and adequately resourced IMF

13. We are committed to revisiting the adequacy of quotas and continuing the process of IMF governance reform under the 16th Quota Review within the agreed timetable. We see the current size of the IMF resource envelope as adequate in the short and medium term. We are willing to support a quota increase in the 16th Quota Review that will both reinforce the primary role of quotas in IMF resources and address underrepresentation as determined by the quota formula. Such a quota increase should rest on a fair, rules-based, and transparent distribution of quotas. The current formula is working well, reflects a careful balance of different objectives and delivers on the aim of realigning quota shares.