

May 19, 2020
Approval: 5/27/20

INTERNATIONAL MONETARY FUND

Minutes of Executive Board Meeting 19/103-3

12:45 p.m., December 18, 2019

3. Managing Director's Season's Greetings

Length: 17 minutes

Executive Board Attendance

K. Georgieva, Chairman

Executive Directors Alternate Executive Directors

D. Mahlinza (AE)

M. Raghani (AF)

G. Lopetegui (AG)

N. Ray (AP)

A. Bevilaqua (BR)

Z. Jin (CC)

L. Villar (CE)

L. Levonian (CO)

R. Kaya (EC)

H. de Villeroché (FF)

K. Merk (GR)

Y. Indraratna (IN)

D. Fanizza (IT)

T. Tanaka (JA)

M. El Qorchi (MD)

H. Beblawi (MI)

R. Doornbosch (NE)

T. Ostros (NO)

A. Mozhin (RU)

M. Mouminah (SA)

K. Tan (ST)

P. Inderbinen (SZ)

S. Riach (UK)

M. Rosen (US)

J. Lin, Secretary

A. Lalor, Board Operations Officer

M. McKenzie, Verbatim Reporting Officer

Also Present

African Department: Abebe Aemro Selassie. Asia and Pacific Department: Anne-Marie Gulde. Finance Department: Andrew J. Tweedie. Legal Department: Bernhard Steinki. Middle East and Central Asia Department: Athanasios V Arvanitis, Juha S. Kahkonen, Taline Koranchelian, Subir Lall. Research Department: Giovanni Dell'Ariceia. Statistics Department: Louis Marc Ducharme. Western Hemisphere Department: Patricia Alonso-Gamo, Krishna Srinivasan.

3. **MANAGING DIRECTOR'S SEASON'S GREETINGS**

The Chair made the following statement:

Today, at the Board meeting, we reflect on the year which we will soon leave behind, and step into celebrations for the one that awaits us.

I was reflecting on the two and a half months since I joined the Fund and how much we have done together in this short period of time. The management team and the Board have worked tirelessly throughout 2019 for the service of our membership, doing the best job on evenhandedly assessing where economies are going, supporting countries faced with difficulties through programs, and offering technical support, which is sometimes an understated activity, but it is very important to our membership to help develop good policies and better serve their people.

The year has turned the tide of growth downward by slowing growth vis-à-vis the previous years, not yet much but enough to make us worried. So, we have discussed what can be done. We came up with sound advice on how to manage trade tensions; how to go about monetary policy in a 'low-for-long' world; how to get countries that have fiscal space more enticed to use it for themselves and for the rest of the world; and—the most difficult task of all—how to pursue structural reforms at a time when the public is not very generous toward reform-minded governments.

In 2019, we saw a new phenomenon that is likely to stay with us, which is people getting on the streets in a sudden flash that drags economies down. We have seen this phenomenon many times and in unlikely places, including Chile, France, Lebanon, Iraq, and Ecuador. And this new phenomenon of anger sometimes puts a blockage to what would be good reforms for the country, and it is something that we will be reflecting more as we step into the next year.

During 2019, the Fund has taken on some very important discussions, including how to modernize the Fund surveillance, which is a critically important issue.

We are also embracing something that the FDMD, David Lipton, championed, the Integrated Policy Framework. While I admit the name is not quite so easy to grasp, it is probably the most important issue the Fund is currently working. And I would like to highlight how important this issue is for the ASEAN countries.

We also have taken on the particularly important task of better integrating the Financial Sector Assessment Program (FSAP) and surveillance, including operational and policy-relevance terms.

During the 2019 Annual Meetings, what I heard most important topic of the agenda for the future include the issue what monetary policy should look like when interest rates are stubbornly low and how do we deal with low inflation, low productivity, low growth, low interest rates, low inflation. Also, the discussion on digital currencies is another important topic, LIBRA was this year's wake-up call and we will have to accelerate our work in this area. Climate change is also another issue, which is already mainstreamed in the work of the Fund.

I would also like to highlight that the Board have taken decisions that touched the lives of the world's most vulnerable countries and most vulnerable people. And I am gratified that today was the day that we took a decision on Somalia.

It is a Fund for everyone, but there is a part of our membership that truly needs us to be the best in helping countries take a turn for the better. I am certainly committed to the work we have collectively embraced on fragile states and for the Fund to play an even bigger role there.

Today, I would like to ask you for one thing, which is closely related to this most generous time of the year, the holiday season. We have our own Giving Campaign. I say to the staff of the Fund to be generous, and I want to appeal to the Board and the advisors, if you have not had the time to make that small gesture of care, please do it.

Elinor Ostrom, the Nobel Prize economist, says: Little by little, bit by bit, family by family, so much good can be done on so many levels. So, we will do good, small and big, in the new year.

May 2020 bring us, as a community, great satisfaction in working together. And may you, your families and friends, enjoy the holidays and step into 2020 full of energy and enthusiasm for our work together. We would not hesitate to take you on retreat in early January for that to materialize.

Mr. Mozhin made the following statement:

Thank you, Managing Director, for your warm greetings to the Board. Let me begin by conveying to you, on behalf of the Board, our great appreciation for the dedication and hard work you have demonstrated since your appointment as the Managing Director.

Indeed, we will face many important challenges in the year ahead. And our continued success will depend on the ability of the Board, management, and staff, to work together with determination and a cooperative spirit. I am confident that under your leadership, with the support of our most dedicated and talented staff, we will succeed in all our efforts in helping our member countries.

The year 2020, the year of the rat, according to the Chinese calendar, will have many important anniversaries. Let me mention just a few:

Sixty years ago, in 1960, in the English city of Liverpool, a new rock 'n' roll group called The Beatles was formed, 60 years ago. Certainly, it is impossible not to mention the 30th anniversary of the German unification in 1990. So, it has already been 30 years since that big event.

Now let me also mention a couple of anniversaries directly related to the Fund. On May 9, 2010, this Board approved the first Greek program, perhaps one of the most challenging and even controversial programs in the Fund's history. This happened 10 years ago. Also 10 years ago, in late 2010, the Fund's membership was able to reach an agreement on quota and governance reforms. And this was the last time it managed to achieve this.

Let me join everybody else in this room, all colleagues, in wishing you, the management team, staff, and their families a very happy holiday season and a great new year ahead. I hope that we will all return to work re-energized and ready to tackle the challenges ahead. Cheers.

APPROVAL: May 27, 2020

JIANHAI LIN
Secretary