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**Statement by Mr. Jin, Mr. Zhang, Ms. Liu, and Mr. Huang on The Managing Director's  
Statement on the Work Program of the Executive Board  
(Preliminary)  
Executive Board Meeting 20/118  
December 10, 2020**

We thank the Managing Director for a well-prioritized work program in line with the strategic directions outlined in the Global Policy Agenda and the IMFC Communique. As the pandemic moves into the next stage, the work program should shift its focus from immediate crisis response to supporting resilient and sustainable economic recovery while safeguarding the global financial stability. Many important but non-urgent works that were temporary suspended during the first phase of the crisis should be resumed gradually. We broadly support the work program and would like to make the following points for emphasis.

**Surveillance**

We would appreciate the Fund to continue closely monitoring the rapidly evolving situation and providing timely updates on the world economic and market development, given the exceptionally high uncertainties. With the pandemic creating long-lasting scars to the world economy, it is time for the Fund to deep dive into the structural implications of this unprecedented crisis, including its potential long-term impacts on economic output, global value chain, labor market, financial stability, and income inequality, among others. In this regard, we broadly support the main themes of the spring flagship reports. Rigorous, evenhanded, and multilaterally consistent assessments of external positions and exchange rates are crucial for the Fund's reputation and traction. We welcome the Fund's commitment to this.

We welcome the recent resumption of the focused Article IV consultations. The bilateral surveillance should continue focusing on the pandemic related issues, providing targeted policy advice and facilitating sharing of good practices. We commend the Fund's recent efforts to incorporate the pandemic experience into the Comprehensive Surveillance Review (CSR) and Financial Sector Assessment Program (FSAP) review. As staff continue to refine

their recommendations in the CSR, it is crucial to adequately consult with the Board and authorities. We look forward to the conclusion of the CSR and further discussion on FSAP review.

### **Addressing debt vulnerabilities**

We welcome the ambitious work agenda related to debt. It is important for the Board to discuss the debt issue in a systematic and holistic manner, rather than a piecemeal way. In this regard, we suggest that the Fund conducts a periodic overview of the debt-related work and let the Board know how each Board discussion will contribute to the overall international debt architecture. Meanwhile, it is essential for the Board to set some fundamental principles and ground rules to guide all the debt-related works. One of these principles and rules, we believe, should be that the debt analysis framework is growth-friendly and based on a balance sheet approach.

While the work agenda mainly focus on public debt of low-income countries, we suggest that the Fund also closely monitor the high indebtedness of other countries. The work on corporate insolvency and debt restructure should also continue, given the high leverage in the corporate sector.

### **Fund resources**

We would appreciate staff to continue keeping a close eye on the Fund resource adequacy and brief the Board in a timely manner. We welcome the upcoming discussion on the 16<sup>th</sup> General Review of Quotas (GRQ) and believe that the timely completion of the 16<sup>th</sup> GRQ and governance reform is the key to ensure the Fund's long-term resource adequacy and legitimacy. We call for swift action on a general allocation of SDRs, which could help to alleviate external financing pressures for many countries, especially those who still do not have access to the Fund's emergency financing. We would prefer bringing this to the Board as early as possible.

Regarding the Fund's income and budget, we also would like to see it presented to the Board in a more systematic and holistic way. An assessment of how each decision would affect the Fund's overall income and financial position would be appreciated.

### **Analytical work**

As the pandemic accelerates the structural transformation of the global economy, the Fund's analytical work should not fall behind the curve. While we broadly agree with the ambitious work agenda, some topics are so macro-critical that we believe the Fund should go above and beyond analytical work. We encourage the Fund to fully solicit opinions from its membership and develop international codes, standards, and best practices in areas such as cross-border data usage, carbon board tax, and competitive neutrality. It is important to let international organizations, which are highly representative and authoritative, to establish international rules, so that every single member's voice could be heard, and no one is

excluded. This would also help to prevent market fragmentation and ensure a level playing field.

We also suggest better incorporating those macro-critical topics into the Fund's surveillance work. The integration of climate change into Article IV consultations and FSAPs is a good example and step in the right direction. We welcome the Fund's continuous focus on digital economy and look forward to the briefing on Central Bank Digital Currencies (CBDCs). Some topics are so important that we would prefer seeing them in a formal board meeting or informal to engage session rather than informal to brief, for example, the unconventional monetary policy.

Lastly, we find one important topic missing here, which is trade. Given the rapid changes in the global trade landscape over the past months and in the foreseeable future, we encourage staff to continue their briefing on the global trade policy, taking into account the recent completed regional trade agreements including the Regional Comprehensive Economic Partnership (RCEP).

#### **Assistance to the most vulnerable members**

We look forward to the report on Macroeconomic Developments and Prospects in Low-Income Developing Countries, as requested by the IMFC to assess the external financing needs for low-income countries. With financing needs estimated, the Board will be better informed to discuss the funding gap of the Poverty Reduction and Growth Trust (PRGT) and Catastrophe Containment and Relief Trust (CCRT).

We encourage the Fund to make an integrated funding strategy, with different approaches explored and increased number of member countries engaged.