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Statement by Mr. Le Maire
France

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The world economy is going through major turbulences. After the massive and still palpable impact of the pandemic, we now have to cope with the consequences of the war waged by Russia against Ukraine. In addition to the human tragedy this unjustifiable aggression is causing, it is also the origin of important disruptions on oil, gas, fertilisers and cereals markets and feeds unprecedented inflationary tendencies worldwide. Financing conditions are worsening, and recent variations on the foreign exchange markets may have significant global spillovers for financial stability and international trade.

These ongoing difficulties occur at a time when the world economy is already facing major structural challenges. As the latest extreme weather-related events sadly recall, climate change is happening as we speak and we must address it urgently. While our planet is endangered, new technologies and innovations are transforming our communities and the way we trade, create, and live together. The digitalisation of the economy will provide unprecedented opportunities to answer tomorrow's challenges. But they also come with new threats that we should not overlook.

Against this backdrop, what can we do as policymakers? Here are five priorities for the coming months and years.

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1/ First of all, we must answer without delay the urgent new financing needs of the most vulnerable. Russia's war in Ukraine, increasingly frequent and severe climate shocks, regional conflicts and the pandemic have all been contributing to rising food insecurity, especially in countries that are already fragile. We ought to find ways to support to the countries most in need. The EU, under the French presidency of the EU Council, has proposed a Food and Agriculture Resilience Mission (FARM) initiative, joined by many partners, which aims at enhancing transparency in the commodity markets, solidarity towards the most impacted and vulnerable countries and local sustainable production in vulnerable countries. In addition, the "Save Crops Operation", launched during the last United Nations General Assembly by France, Senegal, Lebanon and other partners, will promote access to fertilisers and other critical inputs in vulnerable countries. On a multilateral level, France welcomes the temporary Food Shock Window approved in September 2022 under IMF emergency financing instruments. The Food Shock Window will provide a much-needed support to countries facing urgent balance of payments needs and that are suffering from acute food insecurity, a sharp food imports shock or from a cereals export shock.

2/ Secondly, we must find ways to leverage the IMF capacity to provide support to fragile countries. In line with the target set by the G20 Leaders, countries that are able to do so are invited to channel 20% of their new SDRs to support those most in need. Total contributions have been increasing but still fall behind our total ambition. As far as it is concerned, France was already committed to channel 20% effort, through a SDR 3bn loan to the RST and a SDR 1bn loan to the PRGT, complemented by the corresponding grants. These contributions will help the IMF better address the needs of the most vulnerable, notably in the fields of climate

action and pandemic preparedness. As called by President Macron at the United Nations General Assembly on September 20, we propose to raise our collective ambition to 30% in order to accelerate the ramping up of the reformed PRGT and the RST. The increasing needs of the PRGT and the ongoing fundraising for the RST make also relevant a discussion on the mobilisation of IMF internal resources. In this regard, France is supportive of exploring the option of gold sales, complementary to the subsidy contributions from IMF members.

3/ Thirdly, we must provide debt treatment to over-indebted countries under an IMF program in a timely and coordinated manner. Accelerating the implementation of the G20 Common Framework to jointly facilitate timely and orderly debt treatment for debtor countries is of utmost priority. The Common Framework is a unique tool to achieve a more coordinated, structural and effective solution to debt challenges faced by Low Income Countries. France, together with the other official creditors and with the support of the IMF and the World Bank, is fully mobilised to deliver on this agenda. Good progress has been realised for Chad and Zambia and we continue to work on Ethiopia. For countries non-eligible to the Common Framework, ad hoc coordination between official creditors would help to address the needs for debt treatment in a timely manner, as proposed by the Paris Club to non-Paris Club official bilateral creditors in the case of Sri Lanka.

4/ Fourthly, we must ensure our international financial institutions are fit for the future, in order to make sure that the IMF is well equipped to address imbalances stemming from current and future shocks. In this regard, France looks forward to the review of precautionary instruments and the comprehensive review of facilities for low-income countries (LICs) expected for 2024-2025. The latter review will pave the way for strengthening further of the Poverty Reduction and Growth Trust (PRGT). Similarly, France praises the upcoming operationalisation of the Resilience and Sustainability Trust (RST) which will be in a position to better provide support to LICs in the fields of climate action and pandemic preparedness, in coordination with the World Bank and other relevant international institutions.

5/ Lastly, International Financial Institutions should enhance their support for accelerating the transition towards a net zero and resilient economy: The Paris Agreement prescribes the consistency of all financial flows with a net-zero and climate-resilient development. Accordingly, at a national level, France decided to end public international funding to fossil fuel projects by January 2023, building on the momentum created by the coalition *Export Finance for Future* and COP26. At the national level, he French Government has been deploying concrete climate policies in all economic sectors towards net zero emissions in 2050. At the European level, the Green Deal and the *Fit-for-55* package pave the way for an ambitious policy mix, with explicit carbon pricing at its core. At the multilateral level, we must also make our work consistent with climate ambition. In this light, I welcome IMF cutting-edge research and policy proposals, notably on International Carbon Price Floor, climate-related financial risks, and macroeconomic modelling of climate change and climate policies. The IMF can also help us better factor climate action in our policies and I support the inclusion of that dimension in Article IV reviews. More broadly, France calls for embedding climate action, both mitigation and adaptation, in all IMF activities and the acknowledgment of the macro-criticality of climate change.

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The headwinds we are facing and the structural changes the world economy is going through require dedication and coordinated efforts. We must support our citizens in this period of

increasing cost-of-living, help the most affected and vulnerable populations, implement forward-looking policies, invest into education, skills and the ecological transition, while preserving fiscal sustainability. We will not be able to achieve this agenda without fully-functioning financial multilateral institutions. The role of the IMF and other international financial institutions will be more important than ever to provide guidance, traction and support to coordinated solutions. In this light, France is fully supportive of the Managing Director's Global Policy Agenda, "Act now, act together for a more resilient world".