



# INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

## **Fiftieth Meeting October 24–25, 2024**

Statement No. 50-24

### **Statement by Mr. Cuerpo Spain**

On behalf of  
Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, and Spain



## SPAIN – IMFC STATEMENT

*Statement by Carlos Cuerdo – Minister of Economy, Trade and Business of Spain*

*On behalf of Colombia, Costa Rica, El Salvador, Guatemala, Honduras, México and Spain*

The global economy continues to show resilience, with growth projections mostly unaltered with respect to July. This allows for a very positive reading. We have managed to avoid the worst scenarios projected in recent years.

Challenges remain, with structural factors, such as an aging population and weak productivity, holding back potential growth in many economies. This points at the importance of medium-term supply side structural reforms as well as investments to boost competitiveness and productivity growth. The Spanish Recovery Plan, which is transforming and modernizing our economy and businesses, fostering strong and sustainable growth, and creating quality jobs, showcases the importance of these reform and investment strategies.

The resilience of the Spanish economy has been noteworthy. Spanish GDP grew by 2.7% in 2023, supported by both domestic and external demand. The strong growth momentum continues in 2024, as reflected in the last WEO projections, where the IMF revised Spain's growth projection upward once again for 2024, up to 2.9%. The Spanish labor market continues to perform extraordinarily, with Social Security affiliations reaching record highs and the lowest unemployment rate in 16 years. This strong performance has gone hand in hand with a clear commitment to fiscal responsibility: according to the IMF outlook for 2024, public deficit to GDP ratio is expected to decline to 3% and public debt to GDP to 102,3%, a drop of more than 20pp since its peak in the first quarter of 2021.

Uncertainties remain, in a fragmented international landscape that is affected by war and conflict, with severe economic and humanitarian consequences. We continue to strongly condemn Russia's illegal and unjustified invasion of Ukraine and its negative consequences for the world economy. We likewise call for an imminent ceasefire and the respect of international law in Gaza and Lebanon. We lament the dire humanitarian situation and the unbearable loss of civilian life and call for the effective implementation of a two-state solution to tackle the root of the problem.

To ensure that the IMF continues to deliver as the center of the global financial safety net, significant reforms have been undertaken recently, confirming that the spirit of multilateralism is alive despite ongoing challenges, and signaling the ability of the IMF's management to gather consensus.

The most important and positive reform has been the approval of a reduction in the charges and surcharges in the IMF's lending toolkit. We welcome this reform as it is an important step to alleviate the financial burden on borrowing countries while safeguarding the Fund's financial soundness. As we have reiterated over the last years, this reform was needed and timely, particularly in light of the serious financial burdens for the biggest lending programs in the coming years. In addition, this important reform

was built on consensus, which confirms the capacity of the IMF to deliver. We hope we will be able to continue moving in this direction in the near future.

We acknowledge the challenge faced by the Poverty Reduction and Growth Trust in recent years and welcome the Review of its facilities and financing, to enhance its ability to respond to the needs of the lowest income countries. We also welcome the multiyear distribution plan as a pragmatic solution to bolster the Trusts' capacity to support low-income countries and the positive signal it conveys of willingness to make the most of existing resources. Looking ahead, all options, including gold sales, should be kept on the table to enhance the self-sustainability of the Trust.

The Resilience and Sustainability Trust deserves continued support for its work on climate reforms, and we are proud to highlight that Spain played a leading role in the recent creation of the IMF-World Bank Enhanced Cooperation Framework to scale up climate finance and increase the impact and effectiveness of Special Drawing Rights channeled to the Resilience and Sustainability Trust. Spain was also the first country to contribute to the Resilience and Sustainability Trust under this Framework, with an additional contribution of 1.5 billion of Special Drawing Rights, as part of our commitment to rechannel 50% of our 2021 allocation. We encourage other members to join us and increase their rechanneling commitments in support of this new framework.

We also welcome the Fund's approval of the purchase of hybrid capital instruments issued by prescribed holders, including Multilateral Development Banks, with Special Drawing Rights. There are a lot of promising possibilities, and work should continue on innovative ways to make the most of these assets, including through rechanneling to Multilateral Development Banks.

Spain also supports the IMF/World Bank proposal of a package of actions to address liquidity pressures, supporting low-income countries and other vulnerable countries to create more fiscal space to support growth and build resilience. To address debt vulnerabilities more efficiently, an improved and broader Common Framework needs to be complemented with additions to the debt restructuring architecture. In this regard, Spain is introducing innovative instruments in its debt toolbox, in particular, debt pause clauses.

Capacity Development and regional technical assistance centers continue to play a critical role: Spain has stepped up its support with an additional contribution to the Regional Technical Assistance Center for Central America, Panama and the Dominican Republic.

To reinforce Fund's governance, membership managed to obtain, under the IMFC Spanish Presidency, a successful agreement on the 16<sup>th</sup> Quota Reform. Going forward, the priority should be to get political traction for its ratification by the agreed deadline in November. The creation of a 25<sup>th</sup> chair for Sub-Saharan Africa is a major improvement to enhance the voice and representation of developing countries.

International cooperation and multilateralism must, once again, be seen as our allies to fight global challenges. They must be at the core of bold initiatives to be agreed on at the upcoming Fourth International Conference on Financing for Development in June 2025 to be held in Seville, Spain.