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### Communiqué of the Twenty-Sixth Meeting of the IMFC

Chaired by Mr. Tharman Shanmugaratnam, Deputy Prime Minister of Singapore  
and Minister for Finance

*Global growth has decelerated and substantial uncertainties and downside risks remain. Key policy steps have been announced, but effective and timely implementation is critical to rebuild confidence. We need to act decisively to break negative feedback loops and restore the global economy to a path of strong, sustainable and balanced growth. Advanced economies should deliver the necessary structural reforms and implement credible fiscal plans. Emerging market economies should preserve or use policy flexibility as appropriate to facilitate a response to adverse shocks and support growth.*

**Advanced economies.** There is a need to secure a sustained recovery from the crisis. Further monetary easing has created more accommodative financial conditions. The implementation of credible medium-term fiscal consolidation plans remains critical in many advanced economies. Fiscal policy should be appropriately calibrated to be as growth-friendly as possible. In the euro area, significant progress has been made. The ECB's decision on Outright Monetary Transactions and the launch of the European Stability Mechanism are welcome. But further steps are necessary. We look forward to timely implementation of an effective banking and a stronger fiscal union to strengthen the monetary union's resilience, and structural reforms to boost growth and employment at the national level. In the United States, resolving the fiscal cliff, raising the debt ceiling, and making progress toward a comprehensive plan to ensure fiscal sustainability are essential. In Japan, securing funding for this year's budget and further progress in medium-term fiscal consolidation are needed.

**Emerging market and developing countries.** Activity is slowing in emerging market and developing economies, reflecting weaker external and domestic demand and, in some cases, policy tightening to address inflationary pressures. Risks are compounded for some countries by falling prices for non-food commodities and upward price pressures on some food items. These economies will need to ensure flexibility in policy implementation to support growth, consistent with global rebalancing. The potential impact from large and volatile cross-border capital flows should be closely monitored. The Fund has increased its support for Arab countries in transition and continues to work with these authorities as they develop home-grown national reform strategies to deliver inclusive growth and jobs. We call on the international community to provide broader support for this region. We welcome the increased engagement of the IMF with small states and look forward to further work in this area.

**Low-income countries.** While growth remains buoyant in most low-income countries, fiscal and reserve positions have weakened and buffers need to be restored. In the near term, the Fund is adequately resourced to provide additional financial support to low-income countries, should the need arise. We welcome the IMF Executive Board's decision on the use of US\$2.7 billion in remaining windfall gold sales profits as part of a strategy to ensure the long-term sustainability of the Fund's concessional financing facilities. This comes on top of the receipt of the assurances needed for the use of US\$1.1 billion in resources linked to gold sales profits to bolster PRGT resources in the near term. We call on members to expedite the unlocking of this financing.

**Global Policy Agenda.** We welcome the directions set forth in the Managing Director's Global Policy Agenda and share its emphasis on the need to address the current crisis and build a strong foundation for future growth. Policies for jobs and growth, debt sustainability, repair of financial systems, and reducing global imbalances are key priorities. We will review progress on implementing these measures at our next meeting. We are committed to strengthening domestic sources of growth in surplus economies, boosting national savings while enhancing export competitiveness in deficit countries, and fostering greater exchange rate flexibility, where appropriate. We reaffirm our commitment to avoid any form of trade and investment protectionism.

**Surveillance.** We welcome the strengthening of the IMF's surveillance framework through the adoption of a new Integrated Surveillance Decision, a Financial Surveillance Strategy as well as the launch of a pilot External Sector Report. These initiatives will bring together bilateral and multilateral perspectives in the Fund's policy advice and support better assessment of global and country-level risks and spillovers to economic and financial stability. We look forward to the evenhanded and effective implementation of the strengthened surveillance framework and will assess progress at the next Annual Meetings.

**Resources.** Members have significantly augmented Fund resources. Pledges have been received from more members since April to increase the borrowed resources available to the Fund by US\$461 billion. We welcome the signing of the first batch of bilateral borrowing agreements and encourage the conclusion of the remaining borrowing agreements soon.

**2010 Quota and Governance Reforms.** We have made considerable progress in ratifying the 2010 quota and governance reforms. Most of the conditions required for the entry into force of the reforms have been achieved. We reaffirm the urgency of making these important reforms effective and call on members who have yet to complete the necessary steps to do so.

**Quota Formula Review.** The comprehensive review of the quota formula is well underway. The key issues and differences have been clearly identified. We call on the membership to develop the consensus needed through further engagement of the IMF Executive Board, with input from the IMFC Deputies after their meeting in December, to complete the review by January 2013. We reaffirm our commitment to conclude the Fifteenth General Review of Quotas by January 2014.

**IMFC meeting.** We would like to express our gratitude to the government of Japan for hosting these meetings. The next IMFC meeting will be held in Washington D.C. on April 19-20, 2013.