

MINISTER GUIDO MANTEGA TO THE IMFC CHAIR OF G24 - APRIL 24TH, 2010

This Thursday, we, ministers of the G24, held our 83rd meeting. Discussions were focused on the impacts and the ongoing recovery of the crisis, in addition to the current debate on reforms of the World Bank and the International Monetary Fund Reforms.

Regarding the discussions of the IMF, the main concerns were related to quota and voice reform, review of the mandate, surveillance and reform of the international monetary system.

Ministers emphasized that the relevance and legitimacy of the IMF depend on the voice and representation reform. Therefore, there should be an ambitious realignment of quota shares to the benefit of emerging market and developing countries. Ministers reaffirmed the need for a shift of 7 percentage points in quota shares from developed to developing countries to align their share in the Fund to their participation in the world economy. This shift should not come at the expense of other developing countries. Moreover, Ministers supported the revision of the quota formula of the Fund and the protection of the voting power of low-income countries.

Ministers argued that changes in the mandate of the IMF must be anchored to a broad-based consensus and applied in a spirit of cooperation and mutual understanding. We advocated effective and evenhanded surveillance of systemically important advanced countries and markets. We endorsed the proposals to introduce precautionary lending instruments in the IMF to serve the needs of members, including low-income countries.

Regarding the reform of the international monetary system, Ministers noted that the recent general SDR allocation was very important to boost global liquidity and the reserves of emerging market and developing countries. We called for regular allocations, according to member countries' needs.

Ministers welcomed the completion of a substantially expanded and enhanced NAB. However, we reiterated that the IMF should remain a quota-based institution.

Ministers supported the strengthening of the IMFC, while preserving its consensus-based character. We stressed that changes in the Executive Board and in the IMFC must aim at improving the representation of developing countries.

Finally, G-24 Ministers supported the intention of the IMF to promote exceptional debt relief to countries hit by major disasters, such as Haiti.