INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-Fourth Meeting
October 16–17, 2026

Statement No. 54-12

Statement by Mr. Heinen
Kingdom of the Netherlands–The Netherlands

On behalf of
Principality of Andorra, Republic of Armenia, Belgium, Bosnia and Herzegovina, Bulgaria, Republic of Croatia, Cyprus, Georgia, Israel, Luxembourg, Republic of Moldova, Montenegro, Kingdom of the Netherlands–The Netherlands, Republic of North Macedonia, Romania, and Ukraine

Statement by Mr. Eelco Heinen, Minister of Finance, The Netherlands

On behalf of Principality of Andorra, Republic of Armenia, Belgium, Bosnia and Herzegovina, Bulgaria, Republic of Croatia, Cyprus, Georgia, Israel, Luxembourg, Republic of Moldova, Montenegro, Republic of North Macedonia, Romania, The Netherlands, and Ukraine

We thank the Thai authorities for organizing these Annual Meetings in Bangkok and for their warm hospitality. We express our solidarity with those affected by the floods in mid-September.

Geopolitical tensions and military conflicts continue to weigh on the outlook for the global economy. Russia's war of aggression against Ukraine continues to have devastating humanitarian and security consequences, as well as a detrimental economic and financial impact on Ukraine, its neighboring countries, and the global economy. The conflict in the Middle East strongly impacts the region and the global economy through its direct effect on oil, gas, and refined fuel prices, as well as through disruptions to vital trade routes.

We continue to stand firmly by Ukraine and its people in the face of Russia's unprovoked and unjustified war. We recall the strong condemnation of Russian aggression by the United Nations General Assembly and call on Russia to immediately cease its use of force against Ukraine, to respect Ukraine's sovereignty and territorial integrity, and to cease any threats to peace on the European continent. We welcome the IMF's continued support for Ukraine. We will continue to work closely with international partners, including the EU, to support Ukraine in further implementing its reform agenda and meeting its external financing needs.

We welcome the Fund's continued engagement with members of our Constituency through financial support and policy advice, including through IMF-supported programs in Armenia and Ukraine, as well as the recent establishment of the Southeast Europe Technical Assistance Center (SEETAC).

Promoting growth and resilience amid rising borrowing costs and geopolitical risks

Considering the challenging environment, the global economy has so far remained remarkably resilient. It nevertheless faces increasing risks of subdued growth, persistently higher inflation driven by higher energy prices and food price pressures, and rising interest rates. Rapidly increasing sovereign financing costs erode fiscal buffers, constraining defense, climate, and age-related spending. Bond markets are sending a clear signal, and we must listen: more debt cannot be the answer to each shock. We therefore stress the importance of fiscal prudence anchored in credible medium-term fiscal frameworks. This also means that any support to households and/or businesses in the context of shocks must be temporary, targeted, timely, and tailored.

Ensuring price and financial stability remain key priorities for sustained growth. Economic damages from extreme weather events underscore their macroeconomic relevance: recorded damages exceeded USD 200 billion globally in 2025, twice the annual average recorded in the 2000s. Price stability requires independent central banks capable of keeping inflation expectations firmly anchored, even if inflation temporarily deviates from target, while fiscal policy should remain mindful of inflationary pressures. Reverting to measures of financial repression risks destabilizing bond markets. Financial stability risks from rising sovereign yields therefore warrant close attention, alongside those stemming from climate shocks, vulnerabilities in the non-bank financial sector, and

elevated valuations of AI firms coinciding with their fast growing and sizable (long-term) debt financing.

More broadly, economic growth remains subdued amid geopolitical tensions and increasing fragmentation. While technological innovation, including promising advances in AI, can support growth, we must also address unjustified barriers and impediments, as well as unfair trade practices, including tariffs, dumping, and distortive subsidies. These practices and measures impede trade, increase economic dependencies, and disrupt access to critical raw materials. Negative effects also spill over to countries that are not directly targeted, and may also exacerbate widening imbalances, increasing the risk of a disorderly adjustment. Countries with persistently excessive imbalances must collaborate and take responsibility to allow all countries to benefit from free and rules-based trade. This is key for the open economies that make up our Constituency, which are particularly exposed to international spillovers. At the same time, maintaining openness to international trade should go hand in hand with open strategic autonomy, including improving resilience in critical supply chains (e.g., energy).

Implementing recommendations from IMF institutional reviews to strengthen the effectiveness of surveillance and lending

We welcome the finalization of four key IMF institutional reviews and look forward to the timely and effective implementation of the agreed reforms. Consistent with the **Comprehensive Surveillance Review**, the IMF must continue to be a "ruthless truthteller," based on data-driven evidence. We underscore that realistic assumptions and sound policy advice are essential to deliver credible surveillance and strengthen policy traction. We welcome efforts to streamline the IMF's surveillance work, provided that it continues to address issues with a macro-critical impact on fiscal, monetary, and exchange rate policy and financial stability, including climate change, digitalization, and the growing role of NBFIs. This should also include continued attention to the institutional foundations that underpin macroeconomic and financial stability, including central bank independence, robust monetary policy frameworks, credible rules-based fiscal policy, and effective financial sector supervision and regulation.

In the context of the Review of **Program Design and Conditionality**, we welcome the reforms to strengthen program design and foster the catalytic role of IMF financing. In particular, we support increased realism, adequate contingency planning, better alignment between the phasing of disbursements and reforms, and deeper, well-focused structural conditionality shaped by Medium-Term Structural Reform Strategies.

We welcome the outcome of the Review of the **Debt Sustainability Framework for Low-Income Countries**, which better incorporates domestic debt and climate vulnerabilities into the models and resulting risk signals. We emphasize the importance of debt transparency in building investor confidence, helping to reduce borrowing costs, and strengthening debt sustainability.

We stand ready to discuss quota realignment as part of the **17th General Review of Quotas** to better reflect members' relative position in the world economy, while protecting the quota shares of the poorest members. Such realignment should be based on fair and broad burden-sharing. Increased quota shares for members should be accompanied by increased responsibility to uphold

and support the multilateral system. In our view, the current quota formula delivers on the objective of quota realignment. We consider that an ad hoc realignment offers the most pragmatic path to timely progress. Negotiations need to be fully anchored in IMF bodies, serving the interests of the entire membership.

We welcome the Fund's independent analytical work serving as the basis for discussion on **global imbalances**. It is important to strike the right balance between the multilateral consistency of the methodology and country-level results remaining relevant and meaningful for informing economic policy recommendations. We believe further work is needed on country-specific characteristics, such as funded pension systems, to better focus the discussion on excessive imbalances. Any adjustment to the treatment of net foreign assets should carefully distinguish between policy-driven imbalances and outcomes that reflect structural characteristics or data limitations. Methodological changes should not correct one perceived bias by introducing another.