INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-Fourth Meeting
October 16–17, 2026

Statement No. 54-20

Statement by Mr. Siluanov
Russian Federation

On behalf of
Russian Federation and Syrian Arab Republic

STATEMENT
by the Minister of Finance of the Russian Federation,
IMF Governor for the Russian Federation
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at the IMFC Meeting
Bangkok, October 16-17, 2026

Global Economic Outlook

The potential of the global economy remains constrained by external sources of instability. The continuing conflict in the Middle East is destabilizing the oil market and eroding resilience buffers. Energy inventories and spare oil production capacity are declining, while limited fiscal space constrains governments' ability to effectively support producers and shield consumers from rising prices. All this further exacerbates the already heightened vulnerability of the global economy.

Nevertheless, trade restrictions show no signs of easing, unchecked fiscal expansion continues, and public debt levels and debt-servicing conditions are deteriorating further. In 2025, global public debt reached 93.9 percent of global GDP and is projected to approach 100 percent of GDP by 2029. Rising borrowing costs indicate that markets are increasingly concerned about unchecked public spending and are demanding higher risk premia. OECD countries alone spend more than US$2 trillion annually on debt service, equivalent to approximately 3.3 percent of their GDP, while new borrowing in 2026 is projected to reach US$18 trillion, of which 78 percent will be used toward refinancing existing debt[1].

Under these conditions, maintaining macroeconomic stability and fiscal discipline is critical for emerging markets and developing economies, which already shape the global economy. They account for more than half of global growth, their share of world GDP in PPP terms has exceeded 60 percent, and their GDP growth this year is projected to reach 3.7 percent, exceeding the global average by 0.6 percentage point. Ensuring the free movement of goods, capital, and technologies is a key prerequisite for long-term global growth and economic convergence.

The development of artificial intelligence technologies is a key driver of economic growth amid demographic challenges and rising trade tensions. At the same time, the risk of monopolization of advanced AI technologies is increasing. These technologies should benefit a broad range of countries rather than become an instrument of economic policy. Such concentration would limit developing countries' access to new technologies and exacerbate economic inequality, with adverse consequences for global development.

The Role of the IMF

The IMF was established to promote international monetary and financial cooperation, maintain exchange rate stability, facilitate the balanced growth of international trade, and assist countries in overcoming balance-of-payments difficulties. These objectives are served by the Fund's three core functions – surveillance, lending, and capacity development – whose effectiveness, however, is weakening.

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[1] Global Debt Report, OECD 2026 https://www.oecd.org/content/dam/oecd/en/publications/reports/2026/03/global-debt-report-2026_59d2d627/e9d80efd-en.pdf

With respect to surveillance, the Fund devotes considerable attention to non-core areas. We therefore support the Fund's intention to return to its primary task of analyzing macroeconomic policies and providing countries with actionable policy recommendations.

- **Given the declining share of fully successful lending programs, the Fund should play a greater role in monitoring and implementing measures in member countries aimed at reducing fiscal deficits and public debt.** It is also necessary to address the shortcomings identified under the 2026 Comprehensive Surveillance Review. This primarily concerns ensuring evenhandedness and assessing the spillovers from the policies of major economies, including trade and financial restrictions.

- **The Fund needs to pay greater attention to the surveillance of systemically important reserve-currency-issuing countries and to the analysis of cross-border spillovers.** Without effective and evenhanded Fund surveillance, the global financial system remains vulnerable to risks transmitted to other countries through reserve-currency channels.

With respect to lending, we note the high concentration of the Fund's credit portfolio, the uneven application of its rules, and the influence of political factors on certain IMF decisions.

- **More than 61 percent of the Fund's outstanding credit is concentrated among its five largest borrowers. This high concentration is persistent:** as lending periods lengthen, the composition of the largest borrowers has remained unchanged for five years, while more than 90 percent of outstanding credit is owed by countries that have maintained outstanding obligations to the Fund for more than six years. Repeated lending to the same countries reinforces dependence on Fund financing, requires greater attention to building precautionary balances, and limits the allocation of resources to the most vulnerable countries.

- **The uneven application of lending rules is clearly reflected in specific practices,** including the disbursement of the bulk of program financing upfront under programs with high implementation risks and the adaptation of lending rules to individual borrowers. Preferential practices that benefit certain countries and undermine the uniform application of the IMF's lending policies are unacceptable.

- **At the same time, repeated breaches of conditions under individual Fund-supported programs remain a concern.** During 2002–2024, breaches recurred in 56 percent of programs in which countries had been granted waivers for nonobservance of quantitative performance criteria. A reasonable degree of flexibility in program implementation may be justified in the face of shocks, but repeated breaches must not become the norm. In such cases, to maintain discipline among borrowers, the Fund should require more specific, measurable, and time-bound corrective actions.

We consider it necessary for the IMF to return to strict adherence to its original, exclusively economic mandate. This entails restoring uniform, transparent, and nondiscriminatory approaches, developing fiscal policy recommendations for member countries, and strengthening the tools to ensure their strict implementation.

The Russian Economy

Since 2022, the Russian economy has been undergoing a large-scale structural transformation. Businesses have restructured their business models and production and logistics routes, entered new markets, and occupied domestic market niches vacated by foreign goods and services. These structural changes have been accompanied by a substantial increase in investment activity, job creation, and rising household incomes. Fiscal policy has supported the economy's adjustment both through an overall expansionary stance, with additional resources allocated to new priorities, and through tax reforms and strategic prioritization of expenditures.

Today, the most intensive phase of the Russian economy's structural transformation has largely been completed. The rapid adjustment of the domestic economy, accompanied by the achievement of full employment in the labor market and the maintenance of a strong fiscal impulse, required measures to cool inflationary pressures. Effective monetary policy measures aimed at moderating demand have helped ease inflationary pressures (average annual inflation declined from 8.3 percent over the period from the second half of 2023 through the first half of 2025 to 6.8 percent in the second half of 2025) without a significant deterioration in labor market conditions (the unemployment rate remains near historical lows, at 2.3 percent in July 2026, while real wages continue to grow at a strong pace, increasing by 6.0 percent in January–July 2026). According to the Bank of Russia's forecast, annual inflation will reach 6.0–7.0 percent in 2026, return to 4.0 percent in 2027, and remain at that level thereafter.

Amid the current external instability, strengthening resilience of public finances remains a priority of fiscal policy. To this end, measures are envisaged to reduce the share of volatile oil and gas revenues in budget revenues by lowering the benchmark oil price under the fiscal rule (to US$50 per barrel starting in 2027), increase the share of stable non-oil revenues, and consolidate the budget. The draft budget for 2027–2029 envisages maintaining the federal budget deficit at a safe level of around 2 percent of GDP, while public debt is projected not to exceed 25 percent of GDP by 2030, allowing Russia to retain its leading position among G20 countries in terms of low public debt levels. The continued normalization of fiscal policy planned for the coming years will help stabilize inflation expectations, bring inflation back to target, and place the economy on a path of balanced and sustainable development.