INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-Fourth Meeting
October 16–17, 2026

Statement No. 54-27

Statement by Mr. Şimşek
Republic of Türkiye

On behalf of
Central and Eastern European Countries Constituency

Statement by Mehmet Şimşek,
Minister of Treasury and Finance, The Republic of Türkiye
on Behalf of the Central and Eastern European Constituency
at the 54th Meeting of the International Monetary and Financial Committee
Bangkok, October 16 -17, 2026

We express our sincere appreciation to the Thai authorities for hosting the 2026 Annual Meetings in Bangkok and for their hospitality.

Since our last meeting, the global economy has continued to demonstrate considerable resilience in the face of repeated and overlapping shocks. Wars and conflicts continue to strain global stability, disrupt trade routes and supply chains, threaten energy and food security, and heighten uncertainty, while artificial intelligence (AI) and the broader technology cycle are supporting investment, trade, and financial markets. Their interaction has helped maintain a broadly stable global picture, but with sharply divergent outcomes across countries.

The resilience achieved so far has bought valuable time, but the margins supporting it are narrowing. Some of the buffers that have helped absorb recent shocks are becoming less reliable and potent. Specifically, energy inventories have been drawn down, while adaptation capacity has diminished, fiscal space has narrowed, and public debt and refinancing needs remain elevated and under increasing pressure. Meanwhile, financial markets are also placing considerable weight on continued gains from AI and technological transformation. A prolonged geopolitical shock, renewed commodity pressures, a disorderly adjustment in sovereign bond markets, or a reassessment of AI-related returns could expose vulnerabilities that current headline indicators do not fully capture.

These developments are unfolding against a more challenging structural backdrop. Compounding debt-service burdens, persistent trade tensions and growing geoeconomic fragmentation, rapid technological change, demographic shifts, and mounting climate-related pressures are placing additional demands on already constrained policy frameworks. Their effects are also uneven, with economies that have limited policy space, including many low-income and fragile states, facing considerably more difficult prospects.

Against this background, we welcome the Global Policy Agenda's emphasis on credible policy frameworks, vibrant private sectors, and international cooperation. These priorities provide a coherent framework for addressing the challenges ahead. Credible and mutually consistent policies are needed to safeguard stability and rebuild policy space, while a dynamic private sector is essential for adaptation, investment, and productivity growth. International cooperation must carry particular weight, however; while building upon national policy actions and private-sector dynamism, it must focus on facilitating comprehensive and durable solutions to wars, fragmentation, and cross-border challenges, as reflected, among other things, in the fiscal and macroeconomic pressures associated with protracted displacement and large migration flows. The test will be whether these priorities can translate resilience at the global level into stronger and more broadly shared outcomes across countries.

POLICY PRIORITIES IN A CHALLENGING ENVIRONMENT

Well-calibrated policies are needed to navigate this environment, while the room for policy error has narrowed. Policymakers must respond to immediate risks without losing sight of price

stability, debt sustainability, financial resilience, and medium-term growth. This balance cannot be achieved through isolated policy actions. Monetary, fiscal, financial, and structural policies need to be mutually consistent, appropriately sequenced, and adaptable to changing circumstances.

Monetary policy remains central to macroeconomic stability. Preserving price stability is essential for sustainable growth. Appropriate calibration requires distinguishing initial price effects from persistent second-round pressures and genuine risks to inflation expectations, particularly where growth is already weakening. Data dependence, institutional credibility, central bank independence, and clear communication remain indispensable. Where circumstances permit, exchange-rate flexibility can also play an important role in absorbing external shocks. Monetary policy cannot, however, address the underlying causes of energy shortages, supply disruptions, and other adverse supply-side developments. This makes coherence with fiscal policy especially important. Fiscal support may be necessary to cushion the impact of shocks, but it should remain temporary and well targeted so that it protects the most vulnerable without sustaining excess demand, weakening price signals, or adding unnecessarily to the burden on monetary policy.

Fiscal policy faces an especially difficult balance. Higher interest rates are further feeding into sovereign financing costs and debt-service burdens at a time when governments also face legitimate demands related to energy security, infrastructure, demographic change, climate adaptation, technological transformation, defense, and social protection. Fiscal adjustment is increasingly necessary in many countries, but its composition matters as much as its size. Poorly designed adjustment may yield near-term deficit reduction at the expense of longer-term economic resilience. Credible medium-term frameworks should therefore combine durable revenue and expenditure measures with the protection of essential social and growth-enhancing investment. Spending reviews, better taxation, and stronger delivery systems can create fiscal space while protecting priority spending and enabling timely, targeted support when shocks occur.

Financial stability risks must be treated as an integral part of the macroeconomic outlook and proactively addressed. High leverage, concentrated exposures, growing sovereign-financial sector linkages, and increasingly complex connections between banks and non-bank financial institutions can cause shocks to be amplified rather than absorbed. Rapid technological change adds a further layer of uncertainty. These developments call for forward-looking supervision, robust stress testing, effective macroprudential frameworks, and stronger oversight of liquidity and concentration risks. The Fund's surveillance should therefore retain a strong early-warning role and identify vulnerabilities before they become systemic.

Strengthening medium-term growth prospects is equally important. Macroeconomic stabilization is necessary, but it is not sufficient to secure durable prosperity. Structural reforms should support private-sector dynamism, competition, innovation, deeper capital markets, labor-force participation, worker mobility, and investment in skills and human capital. Predictable regulatory frameworks, greater economic openness, and adequate digital, energy, and physical infrastructure will also be essential to enable adaptation and productive investment. Policies should help workers and firms navigate technological, demographic, climate-related, and trade transitions rather than seek to preserve particular jobs, technologies, or sectors indefinitely.

THE IMF'S ROLE

The completion of the Fund's major institutional reviews marks an important step in modernizing its surveillance and program design. The completion of the Comprehensive Surveillance Review, the FSAP Review, and the Review of Program Design and Conditionality provides a stronger foundation for more risk-based, tailored, and responsive Fund engagement.

Their emphasis on earlier risk identification, stronger macrofinancial analysis, scenario-based and contingent advice, and more realistic program design should help the Fund respond more effectively to members' evolving needs. The priority now is implementation. Success should ultimately be judged by whether these reforms deliver more relevant and implementable policy advice, stronger traction, greater agility, and consistent and evenhanded treatment across the membership. Closer integration of surveillance, lending, and capacity development will be essential to translate the agreed reforms into durable outcomes.

We welcome the Fund's increasing attention to the opportunities and policy challenges presented by AI. AI could substantially raise productivity, investment, and innovation, but the pacing of its tangible benefits remains uncertain and their distribution uneven, while AI-related investment, market concentration, and complex financing structures could generate financial vulnerabilities. We encourage the Fund to deepen its analysis of the implications for labor markets, public finances, financial stability, cybersecurity, governance, and accountability. Particular attention should be paid to increasingly capable and autonomous systems and their implications for human oversight, operational dependence, and systemic risk. The Fund's work should remain forward-looking and should not lag behind developments. At the same time, the Fund should remain guided by its mandate and comparative advantage, while working closely with relevant international organizations and standard-setting bodies.

We attach importance to strengthening external sector analysis and the assessment of global imbalances. As trade patterns, capital flows, and policy frameworks evolve, robust and evenhanded external assessments take on greater significance. The quality of policy conclusions depends fundamentally on the quality of measurement underpinning them. Incomplete data, methodological weaknesses, or inconsistent applications can produce misleading assessments and inappropriate policy prescriptions. Continued improvements in data quality, methodological transparency, analytical tools, and engagement with members are therefore essential to preserving the credibility of the Fund's external sector work.

The Fund's support for its most vulnerable members remains urgent. Many low-income countries and fragile and conflict-affected states face limited policy space, high debt-service burdens, difficult financing conditions, and substantial development needs. These pressures are becoming harder to manage as official development assistance declines and humanitarian demands rise. Preserving access to concessional financing therefore remains important. While the PRGT serves as a key vehicle in this regard, multilateral efforts to mobilize the necessary subsidy resources for the trust should continue to provide members with sufficient flexibility to complete their respective domestic review and approval processes without prejudging national decisions. More broadly, continued improvements in the international debt architecture are needed to make sovereign debt restructurings more timely, predictable, transparent, and effective. We also welcome the revised Debt Sustainability Framework for Low-Income Countries, including its stronger treatment of domestic debt, sovereign-bank linkages, and climate and development needs.

Capacity development remains one of the Fund's most valuable contributions and an essential complement to surveillance and lending. Effective capacity development strengthens institutions and helps translate policy recommendations into lasting improvements in implementation. It should remain tailored to country circumstances, institutional capacity, and practical constraints, with sustained attention to effectiveness and financing. Placing capacity development financing on a more sustainable footing will be critical to ensuring continuity and responding effectively to members' evolving needs. In this regard, we welcome progress toward

the operationalization of the Southeast Europe Technical Assistance Center and look forward to its close cooperation with the Joint Vienna Institute and the Center of Excellence in Finance.

Global challenges increasingly intersect with the Fund's core fiscal, financial, and macroeconomic responsibilities. The IMF can add the greatest value by providing rigorous analysis, practical policy advice, and targeted capacity development within its mandate, while working closely with other international institutions. In this context, Türkiye, as COP31 Presidency, looks forward to constructive cooperation with the Fund and its membership in areas where climate-related challenges have clear macroeconomic, fiscal, financial, or capacity-development implications.

A strong Fund must also be a representative Fund. We reaffirm our support for a strong, quota-based, adequately resourced, and legitimate IMF at the center of the Global Financial Safety Net. The implementation of the 16th General Review of Quotas remains essential to strengthening the Fund's own resource base and reinforcing the central role of quotas. At the same time, momentum toward the 17th Review must be maintained. After two consecutive General Reviews without quota realignment, the 17th Review should deliver meaningful progress in better reflecting members' evolving positions in the global economy. The challenge is not merely to agree on a technically sound formula, but to secure a practical and broadly supported outcome that strengthens the Fund's legitimacy, representativeness, and effectiveness.