



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Forty-First Meeting April 16, 2020

Statement No. 41-15

**Statement by Mr. Aljadaan
Saudi Arabia**

**Statement to
The International Monetary and Financial Committee
By
Mohammed Aljadaan
Minister of Finance
Saudi Arabia
Thursday, April 16, 2020**

Global Economic Context

The humanitarian impact from the COVID-19 pandemic is significant and the global economy will face a recession in 2020 far worse than during the global financial crisis. The Kingdom of Saudi Arabia offers its deepest sympathies and condolences to all affected people. Our top priority is to save lives by providing the necessary resources for health systems and to support those most affected by COVID-19, including through spending reprioritization when fiscal space is limited. Moreover, we should employ well-targeted fiscal, monetary, and financial-sector measures to create conditions for a speedy economic recovery. Fiscal measures should be targeted, time bound, and transparent to contain fiscal risks and debt vulnerabilities.

The Saudi G20 Presidency is fostering strong multilateral cooperation to defeat the COVID-19 pandemic. The Presidency convened an Extraordinary Leaders' Summit recently to ensure a well-coordinated response to the COVID-19 pandemic. The G20 countries have injected more than \$5 trillion into the global economy, as part of targeted fiscal policy, economic measures and guarantee schemes to offset the social, economic and financial impacts of the pandemic. A joint G20 action plan was put forth, which sets out the key principles guiding members' response, and we are working closely with all members and relevant international organizations to swiftly deliver appropriate international financial assistance. As the economic and financial impact of this health crisis on countries will be uneven, we urge stronger efforts to promote debt sustainability. In this context, the G20 has launched its debt service suspension initiative for the poorest countries, supported by the IMF, World Bank, and Paris Club for a time-bound suspension of debt service payments for low-income countries that request forbearance.

Recent Measures in Saudi Arabia to address COVID-19

The Kingdom's top priority is to protect its citizens and residents against the COVID-19 pandemic. The government has implemented bold measures to address the virus risks and limit its spillovers, both within the country and across its borders. Numerous fiscal, monetary and financial measures of more than SAR 120 billion, around 4% of GDP, have been approved to ease the economic impact on affected households and businesses. The government has also provided SAR 9 billion to protect employment of the nationals in the private sector, given the importance of this sector to promote economic diversification. The large size of the announced measures will help in improving confidence and safeguarding economic stability. The government is closely monitoring the situation and stands ready to provide any necessary support, if needed.

The Saudi Arabian Monetary Authority (SAMA) has also introduced a number of measures to support household and firms, while being mindful of the financial stability implications. Notably, SAMA has introduced the “Private Sector Financing Support Program” to support the private sector in the face of the COVID-19 pandemic. Indeed, banks are well-positioned to face the current crisis given their strong capital and ample liquidity in the system.

It is worth mentioning that Saudi Arabia faces this global crisis from a position of strength given its strong balance sheet, with ample reserve buffers and relatively low government debt. More recently, Credit Ratings Agencies have broadly affirmed their positive assessments about the Kingdom’s strong fundamentals.

Saudi Arabia fully supports the global efforts to address the COVID-19 pandemic, including through its financial contributions to relevant international institutions such as the World Health Organization.

Global Policy Agenda

We welcome the Managing Director’s Global Policy Agenda, which rightly focuses on addressing the COVID-19 pandemic. We are encouraged by the IMF’s efforts in helping the membership during this challenging period, particularly through its crucial role in providing timely and reliable information on global economic and financial developments as well as through capacity development and financial assistance where needed. We welcome the Fund’s Policy Tracker on responses to COVID-19, which highlights the key measure taken by Saudi Arabia along with many other members.

We welcome the focus on operationalizing the Fund’s framework on engagement on social spending, especially given the disproportionate impact of the crisis on the most vulnerable segments of the population. We also welcome the planned study for the G20 Presidency, jointly with the World Bank, to help identify policies to close gaps in access to opportunities, including for social mobility. We encourage the Fund to continue its engagement with and support to the MENA region, including fragile and conflict-affected states.

The Fund is well-positioned to support its members during this crisis, supported by its \$1 trillion in lending capacity. In this context, we welcome the recent decisions on the doubling of the New Arrangements to Borrow and on a new round of Bilateral Borrowing Agreements, and we encourage the Fund to engage closely with the relevant members to ensure timely implementation. We also welcome the decision to enhance access to emergency financing, including a temporary doubling of annual access limits under the Rapid Credit Facility and Rapid Financing Instrument. This will provide timely support to many Fund members, including the poorest and most vulnerable members, including in the MENA region. We support a temporary establishment of the short-term liquidity line (SLL) and welcome the efforts to provide debt service relief to the poorest and most vulnerable countries through a reformed Catastrophe Containment and Relief Trust (CCRT). Further strengthening of the Fund’s coordination with other relevant

international institutions is important and we encourage further efforts to enhance collaboration with the Regional Financing Arrangements, including with the Arab Monetary Fund.

Given the heightened uncertainty in face of the COVID-19 pandemic, we urge the Fund to remain agile in responding to the needs of the membership. In this regard, we urge the Fund to enhance its collaboration with the WHO and all relevant international organizations to ensure well-coordinated phasing out of the current containment measures, which hamper the recovery of the global economy. We also urge the Fund to provide all the necessary support to its members to help overcome the crisis, especially emerging market and low-income countries that are facing sharp declines in exports and large capital outflows, foreign exchange shortages, and increasing debt burdens. In this context, we support exploring additional tools to help the membership during this crisis, including through a Special Drawing Rights allocation.