Andreas Dombret: Supporting the global economy – a laudation to Hubert Temmeyer

Welcoming address by Dr Andreas Dombret, Member of the Executive Board of the Deutsche Bundesbank, at the International Monetary Fund (IMF), Washington DC, 30 March 2016.

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Dear Mr. Temmeyer,

dear Mr. Lipton,

ladies and gentlemen,

The last five years have passed rather fast, and I still remember the nomination of Mr Hubert Temmeyer as the Executive Director for Germany in early 2011.

In these five years, many remarkable and often challenging topics have been dealt with in the Executive Board. This includes the wide-ranging Quota and Governance reforms which have accompanied Mr Temmeyers term as Executive Director from the beginning.

Becoming Executive Director shortly after the decision in December 2010, the ratification process took about five years to be completed, somehow crowning Mr Temmeyers term in office. Also, I think of the latest discussions on the international monetary system, the adequacy of the global financial safety net architecture, and the adequacy of the Funds resources as highlights of Mr Temmeyers term.

All of us attach great importance to a well-functioning and stable international monetary system.

This, in my view, depends first of all on providing the proper incentives for all “players” to pursue sound policies, and the IMF as the “guardian of the international monetary system” has a crucial role here. Success of IMF will depend on foresight, learning and self-critical attitude also in the future.

The IMF is at the core of the global financial safety net (GFSN). as the only truly global lender for countries in need. Given the importance of trust in and the credibility of the GFSN, we should be careful about the Fund’s characterization of the GFSN as “fragmented”. The wording suggests it to be “broken”, a view that we do not share.

We see the GFSN as quite strong and not in need of repair or new coordination mechanism between the IMF and other elements of the GFSN, including swap arrangements by central banks.

We are also somewhat more cautious towards seeing the IMF as an insurer or a “fully comprehensive” financier for countries.

Its monetary mandate, its unique financing structure, its preferred creditor status and its rich, but always limited resources provides it with strong “muscles” to fulfil its mandate, but sets also some limits.

Germany as the fourth largest shareholder and the Bundesbank value the IMF as a very important international financial institution. We will continue our attentiveness to IMF policy and close cooperation. The Bundesbank provides the subscription payments for Germany’s quota increases, participates in the so-called “New Arrangements to Borrow” process and the financial transaction plan and stands ready for Special Drawing Rights exchanges in the context of the voluntary trading arrangements.

Moreover, the Bundesbank provided – under very specific circumstances – a very significant, temporary bilateral credit line in 2012, and prolonged it twice to its maximum maturity in November 2016.

The Bundesbank continues to stand ready to cooperate with the Fund as needed and appropriate, in the context of a fair global burden sharing that involves all major shareholders. At this stage, we see the IMF to be well equipped with resources. However, when the Fund demonstrates a clear need for additional resources to pursue its mandate, the Bundesbank will remain open minded for contributions.

As indicated, the term in office of Mr Temmeyer has covered many interesting and challenging topics, and I would like to thank Mr Temmeyer for his dedication and excellent work. He will return to Germany as the President of a Regional Office of the Deutsche Bundesbank in Leipzig, which leaves me to say: “welcome home”.

Most of the issues mentioned fell also in the term of office of Dr Steffen Meyer who served as Alternate Executive Director since June 2011. It is my pleasure to welcome Mr Meyer as the new Executive Director for Germany. His strong experience in the Fund and before in the Ministry of Finance dealing with IMF issues allows us to “change horses at full speed” at the helm of the German Executive Directors office.

It is also my pleasure to welcome Mr Klaus Merk as the new Alternate Executive Director for Germany. Mr Merk has lastly served as the head of the Representative Office of the Bundesbank in Tokyo and has used the last five months to familiarize himself more closely with IMF matters.

Mr Meyer, Mr Merk, let me wish both of you all the best and good luck for this quite challenging and responsible position.

I look forward to a close and trusting cooperation.

Thank you for your attention.