



Communiqué

Meeting of Finance Ministers and Central Bank Governors, United Kingdom,

7 November 2009

1. We, the G20 Finance Ministers and Central Bank Governors, met at a critical point in the recovery from the crisis to deliver the work remitted to us at Pittsburgh.

2. Economic and financial conditions have improved following our coordinated response to the crisis. However, the recovery is uneven and remains dependent on policy support, and high unemployment is a major concern. To restore the global economy and financial system to health, we agreed to maintain support for the recovery until it is assured.

3. To underscore our new approach to economic cooperation, we launched the G20 Framework for Strong, Sustainable and Balanced Growth, adopted a detailed timetable and initiated a new consultative mutual assessment process to evaluate whether our policies will collectively deliver our agreed objectives. We will be assisted in our assessment by IMF and World Bank analyses and the input of other international organisations as appropriate, including the FSB, OECD, MDBs, ILO, WTO and UNCTAD. We agreed a compact:

- to set out our national and regional policy frameworks, programmes and projections by the end of January 2010;
- to conduct the initial phase of our cooperative mutual assessment process, supported by IMF and World Bank analyses, of the collective consistency of our national and regional policies with our shared objectives, taking into account our institutional arrangements, in April 2010;
- to develop a basket of policy options to deliver those objectives, for Leaders to consider at their next Summit in June 2010; and,
- to refine our mutual assessment and develop more specific policy recommendations for Leaders at their Summit in November 2010.

4. Our first challenge in using the Framework will be the transition from crisis response to stronger, more sustainable and balanced growth, consistent with our goals of sustainable public finances; price stability; stable, efficient and resilient financial systems; employment creation; and poverty reduction. While we will continue to provide support for the economy until the recovery is secured, we also commit to develop further our strategies for managing the withdrawal from our extraordinary macroeconomic and financial support measures. We agreed to cooperate and coordinate, taking into account any spillovers caused by our strategies, and consulting and sharing information where possible. To ensure credibility, our plans will be based on prudent assumptions and communicated promptly and transparently. We agreed to implement our plans flexibly, taking full account of variations in the pace of economic recovery and market conditions across countries and regions, and the complex interactions between different policy areas. The IMF and FSB will continue to assist us in reviewing strategies and implementation, identifying areas where coordination is particularly important and providing assessments of their collective impact on the global economy and the financial system. We welcome the work of the IMF and FSB to develop principles for exit.

5. The International Financial Institutions (IFIs) will play an important role in supporting our work to secure sustainable growth, stability, job creation, development and poverty reduction. It is therefore critical that we continue to increase their relevance, responsiveness, effectiveness and legitimacy. To this end, we reaffirmed our commitment to: deliver the representation and governance reforms agreed in Pittsburgh and reiterated the deadlines of the 2010 Spring Meetings for the World Bank and January 2011 for the IMF; complete the 2008 quota and voice reforms; complete the review of World Bank and RDB capital to ensure

they have sufficient resources conditional on reforms to ensure effectiveness, by the first half of 2010; make progress on reviewing the mandate of the IMF; and, strengthen their capability to prevent and manage future crises. We look forward to the ambitious replenishment of IDA and the African Development Fund, and the work on exploring the benefits of an IDA crisis facility, and the work on the Stolen Assets Recovery Programme. We call on the IEA, OPEC, OECD and World Bank to produce a joint report for our next meeting on energy subsidies, and working with our Energy Ministers, we will prepare at that meeting implementation strategies and timeframes, based on our national circumstances, for rationalising and phasing out inefficient fossil fuel subsidies that encourage wasteful consumption, and for providing targeted assistance programmes. We call on the relevant institutions to finalise their work on ways to avoid excessive commodity price volatility and reaffirm our commitment to publish national data.

6. To continue strengthening the global financial system we agreed to work with the FSB to maintain the momentum of our programme of reforms, and ensure their full, timely and consistent implementation and a level playing field, in particular:

- to strengthen prudential regulation, we emphasised the need for the Basel Committee to develop stronger standards by end-2010 to be phased in as financial conditions improve and the economic recovery is assured, with the aim of implementation by end-2012. We call on supervisors to ensure that banks retain, as needed, a greater proportion of their profits to build capital to support lending;
- to ensure that compensation policies and practices support financial stability and align with long-term value creation, we commit to incorporate urgently within our national frameworks the FSB standards, and call on firms to implement these sound compensation practices immediately. The FSB will start assessing implementation without delay and report back with further proposals, as required, by March 2010;
- we welcome the new IMF/BIS/FSB report on assessing the systemic importance of financial institutions, markets and instruments, and the FSB's work to reduce the moral hazard posed by systemically important institutions. We call for the rapid development of internationally consistent, firm-specific recovery and resolution plans and tools by end-2010. We look forward to discussing at our next meeting the IMF's review of options on how the financial sector could contribute to paying for burdens associated with government interventions to repair the banking system; and,
- we welcome progress by the Global Forum on tax transparency and exchange of information, and the possible use of a multilateral instrument. To continue tackling non-cooperative jurisdictions (NCJs), we welcome progress made and call on the Global Forum, FSB and FATF to complete their peer review processes, and to assess adherence to international standards. We call on the relevant international institutions to further develop incentives and countermeasures as appropriate, in line with the timescales agreed in Pittsburgh, including through publishing lists of NCJs, and review capacity-building mechanisms to support the efforts of developing countries.

7. We committed to take action to tackle the threat of climate change and work towards an ambitious outcome in Copenhagen, within the objective, provisions and principles of the United Nations Framework Convention on Climate Change (UNFCCC). We discussed climate change financing options and recognised the need to increase significantly and urgently the scale and predictability of finance to implement an ambitious international agreement. Public finance can leverage significant private investment. Increasing the scope of carbon markets would depend on policy frameworks of developed and developing countries and on the depth of emission reductions on the part of developed countries. To deliver this financing, coordinated equitable, transparent and effective institutional arrangements will be needed. Coordination of support for country-led plans and reporting of this support should be ensured across all financing channels, multilateral, regional and bilateral. We discussed a range of options and, recognising that finance will play an important role in the delivery of the outcome at Copenhagen, we commit to take forward further work on climate change finance, to define financing options and institutional arrangements.

8. We thanked our UK hosts for their presidency of the G20 this year and welcomed the Republic of Korea as chair in 2010. We have agreed that France will chair in 2011.