



Communiqué

Meeting of Finance Ministers and Central Bank Governors, London, 4-5 September 2009

1. We, the G20 Finance Ministers and Central Bank Governors, met ahead of the Pittsburgh Summit to assess our progress in delivering the Global Plan for Recovery and Reform and agree further actions to ensure sustainable growth and build a stronger international financial system. We reiterated the need for swift and full implementation of all the commitments made at the Washington and London Summits and have agreed the further necessary steps to strengthen the financial system, as set out in the accompanying declaration.
2. Our unprecedented, decisive and concerted policy action has helped to arrest the decline and boost global demand. Financial markets are stabilising and the global economy is improving, but we remain cautious about the outlook for growth and jobs, and are particularly concerned about the impact on many low income countries. We will continue to implement decisively our necessary financial support measures and expansionary monetary and fiscal policies, consistent with price stability and long-term fiscal sustainability, until recovery is secured.
3. We must build on what we have already achieved and tackle the significant challenges that lie ahead. It is vital for growth that we act to support lending, including dealing with impaired assets and conducting robust stress tests where necessary. We must promote employment through structural policies, active labour market policies, and training and education. We will work to address excessive commodity price volatility by improving the functioning and transparency of physical and financial markets and promoting a closer dialogue between producer and consumer countries. We welcome the swift implementation of the \$250 billion trade finance initiative and reaffirm our commitment to fight all forms of protectionism and to reach an ambitious and balanced conclusion to the Doha Development Round.
4. We agreed the need for a transparent and credible process for withdrawing our extraordinary fiscal, monetary and financial sector support as recovery becomes firmly secured. Working with the IMF and the FSB we will develop cooperative and coordinated exit strategies, recognising that the scale, timing and sequencing of actions will vary across countries and across the types of policy measures.
5. We will work to achieve high, stable and sustainable growth, which will require orderly rebalancing in global demand, removal of domestic barriers and promotion of the efficient functioning of global markets. The need to combat climate change is urgent, and we will work towards a successful outcome in Copenhagen.
6. We have made significant progress in strengthening the IFIs, but more needs to be done. We are close to completing the delivery of \$850 billion of additional resources agreed in April, including an expanded, more flexible New Arrangement to Borrow; and \$50 billion to support social protection and safety nets, boost trade and safeguard development in low income countries. We welcome the overhaul of the IMF's lending facilities. We encourage the Multilateral Development Banks to make full use of their balance sheets and reaffirm our commitment to ensure they have appropriate capital, recognising that they are fully on track to deliver \$100 billion of additional lending. In the period ahead we need to focus on providing resources to low income countries to support structural reforms and infrastructure development.
7. We look forward to prompt implementation of the 2008 IFI governance reforms, and will complete World Bank reforms by Spring 2010 and the next IMF quota review by January 2011. We recognise that the IMF should remain a quota-based organisation; and as part of the reforms, the voice and representation of emerging and developing economies, including the poorest, must be significantly increased to reflect changes in the world economy. To achieve this we look forward to substantial progress in Pittsburgh. We also reaffirm our commitment to increase accountability, strengthen the involvement of Fund Governors in strategic oversight, and agree to move to an open, transparent and merit-based selection of IFI management. To improve the role and effectiveness of the Fund in supporting stronger cooperation and ensuring a more sustainable global economy and international financial system, candid, even-handed, and independent surveillance will be vital. We call on the IMF, working with other international institutions, to continue assessing our actions to secure a sustainable recovery.