

PM's statement to the Media at the conclusion of the G20 Summit

"The G-20 Summit took place in very difficult circumstances. Faltering growth in most countries was overshadowed by the threat of uncertainty in the Eurozone arising from a combination of excessive sovereign debt combined with banking weakness. The Summit provided a very valuable opportunity for G-20 leaders to share their concerns.

My speech at the G-20 has been circulated and it indicates our view. My overall assessment of the meeting is that there was general agreement that policy in all countries must shift to strengthening growth. There are many things that have to be done to achieve this, but there was also general agreement that the most urgent problem we must tackle is to reduce uncertainty about the Eurozone.

Eurozone leaders have assured us that they are firmly committed to protecting the integrity of the Euro Area. They recognize the need to move beyond the present monetary union towards unified banking supervision and adoption of common and enforceable fiscal rules. However, this will necessarily be a gradual process. Making changes in treaties involving 17 Parliaments in the case of the Eurozone, and 27 in the case of the E.U., is a time consuming process. Eurozone leaders indicated their strong commitment to take whatever action is needed to protect the Euro-area as the longer term institutional structures are built up. They will be able to give more specific indications after the European Summit on 28th or 29th June. They also indicated their determination to push through structural reforms in both product and labour markets to enhance competitiveness.

The G-20 countries have responded to the need to enhance the resources of the IMF to enable it to play its role in the current situation. India has contributed \$ 10 billion. BRICS and other countries have also contributed, taking the total commitments, including what was earlier agreed in April, to almost \$ 460 billion.

India's contribution reflects our recognition that as a responsible player in the global community, we must play our part. The amount we contribute is entirely liquid, in the sense that the Fund assures contributors that it will be available whenever needed. It will, therefore, continue to form part of our reserves.

Many leaders emphasized the importance of accelerating governance reforms in the IMF, including a change in the quota formula to reflect economic weight.

The Summit also reiterated the standstill on new protectionist measures and extended it beyond the earlier commitment up to 2013 to 2014. This is an important statement of intent by the G-20 leaders to resist protectionist tendencies, which typically increase in periods of high unemployment and low growth.

The Los Cabos Declaration fully reflects our initiative that investment on infrastructure in developing countries can play a major role in strengthening development and in stimulating global recovery. The Declaration indicates that Multilateral Development Banks should be strengthened for this purpose. We would work with G-20 countries to transform their commitment to specific action.

The Summit also discussed a number of other important issues including especially the progress in regulatory reform, issue of food security and agricultural productivity, anti-corruption measures and issues related to green growth.”

AD/RK/SK

(Release ID :84953)