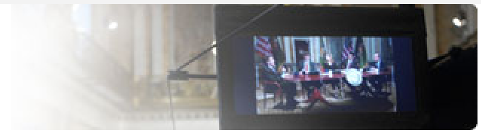
U.S. DEPARTMENT OF THE TREASURY

Press Center



Statement of the G7 Finance Ministers and Central Bank Governors Meeting

4/24/2009

WASHINGTON -- We met today amid the deepest and most widespread economic downturn and financial stress witnessed in decades. The global landscape has changed from a period of robust growth, rapidly increasing capital flows to emerging markets and significant trade expansion until only a few years ago to one now characterized by recession, de-leveraging and a contraction in trade. We have acted resolutely to support growth and restore confidence in the financial system and the flow of credit. Recent data suggest that the pace of decline in our economies has slowed and some signs of stabilization are emerging. Economic activity should begin to recover later this year amid a continued weak outlook, and downside risks persist. As our Leaders underscored in London, we are committed to act together to restore jobs and growth and to prevent a crisis of this magnitude from occurring again. Against this background:

- We are swiftly implementing macroeconomic support and we reaffirm our commitment to deliver the scale of sustained fiscal effort necessary to restore growth. We will take whatever actions are necessary to accelerate the return to trend growth, while preserving long term fiscal sustainability.   We call on the IMF to monitor actions taken and report regularly to us and the G20.
- We will continue to act, as needed, to restore lending, provide liquidity support, inject capital into financial institutions, protect savings and deposits and address impaired assets. We reaffirm our commitment to take all necessary actions to ensure the soundness of systemically important institutions.
- We have pledged resources for the IMF and are working with the G20 and others to provide the resources it needs to help restore global financial stability. We support a substantial increase in MDB lending and full and exceptional use of MDB balance sheets in order to mitigate the effects of the global recession on emerging markets and developing countries.
- In particular, we welcome the progress being made in mobilizing temporary bilateral financing for the IMF; this financing will be rolled over into the IMF's New Arrangements to Borrow, which in turn will be increased by up to $500 billion and see its membership expanded. We are working to implement the $250 billion general SDR allocation, as well as to use additional resources from the IMF's agreed gold sales to support the poorest, consistent with the IMF's new income model. We are implementing the initiative to provide at least $250 billion in trade finance.
- We welcome the IMF's introduction of new facilities, such as the Flexible Credit Line, to help countries with strong fundamentals respond to the crisis, and support its use by Mexico, Poland, and Colombia. In the context of the current crisis, consistent with the IMF's mandate, we back the case-by-case use of IMF resources to support the fiscal needs of countries with solid medium-term fiscal prospects. We also support the IMF and World Bank and regional development banks working closely together to carefully analyze the special situations countries face – such as the need to recapitalize banks or facilitate debt rollovers – and to take these into account in their programs.
- We will refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing World Trade organization (WTO) inconsistent measures to stimulate exports. The WTO will monitor and report publicly on this commitment.

Many countries are now playing a major role in the global economy and we welcome their contribution to the collective international effort to promote recovery. We welcome China's continued commitment to move to a more flexible exchange rate, which should lead to continued appreciation of the Renminbi in effective terms and help promote more balanced growth in China and in the world economy. We will work with our international partners to modernize the governance of the international financial institutions in order to enhance their relevance, effectiveness, and legitimacy.

We reaffirm our shared interest in a strong and stable international financial system. Excess volatility and disorderly movements in exchange rates have adverse implications for economic and financial stability. We continue to monitor exchange markets closely, and cooperate as appropriate.

We also discussed regulatory reform in our countries and at the international level and will implement swiftly the commitments made in London. We underscored the imperative of: strengthening our national efforts to address systemic risks; extending the perimeter of regulation to include all systemically important institutions, markets, and instruments; ensuring sound regulation, adequate capitalization of financial institutions, and strengthened risk management practices; enhancing transparency; reinforcing international collaboration; improving accounting standards on valuation and provisioning; and bolstering market integrity. In this latter regard, we urge the OECD, FSB, and FATF to intensify their work in conducting objective peer reviews of countries' efforts to strengthen international standards in taxation, prudential supervision, and AML/CFT, respectively, and to identify non-cooperative jurisdictions and develop a toolbox of effective countermeasures. We look forward to regular reports on progress on these issues. We welcomed the IMF and FSB's joint pilot early warning exercise. We also welcomed the expansion in the membership of the FSB and committed to strengthen its institutional underpinnings so that the FSB can play a more prominent role in promoting international financial stability.

###