

U.S. DEPARTMENT OF THE TREASURY

Press Center



Statement by Secretary Geithner at the G-20 Meeting of Finance Ministers and Central Bank Governors

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Good afternoon. First of all, thank you to our gracious host, Korea, and the city of Busan.

Let me give you a few highlights from our discussion.

Last year, the G-20 acted to restore growth to a world in crisis. Because we acted together the global economy is expanding again. The IMF expects global growth to exceed 4 percent in 2010 and 2011. The pace of expansion inevitably is uneven across countries and regions. Many emerging market economies are growing strongly. The US is in its 4th quarter of solid growth. Europe and Japan are also growing, although domestic demand remains relatively weak.

European authorities gave us an update on their reforms and financial programs. Of course, all of us have a stake in seeing those programs succeed in restoring confidence. As you might expect, our discussions were focused on our two core priorities: growth and financial reform.

On growth, we reaffirmed our strong interest in making sure we reinforce the ongoing recovery in private demand across the G-20. As we do so, we agreed on the need to undertake economic reforms that will both help support short-term demand and boost longer-run potential growth. The agenda should include structural reforms designed to make our economies more flexible, dynamic and productive; advancing the process of financial repair by increasing transparency and further strengthening bank balance sheets; continued progress on rebalancing global demand; and credible commitments to restore fiscal sustainability over the medium term.

In the United States, we're moving forward with important reforms of health care, education, and our financial system--together with substantial investments in innovation, basic science and research and development, and infrastructure. All these initiatives are designed to provide a stronger foundation for future economic growth.

Within the G-20, we discussed how the ongoing shift toward higher saving in the United States would need to be complemented by stronger domestic demand growth in Japan and in the European surplus countries, and sustained growth in private demand, together with a more flexible exchange rate policy, in China.

We agreed that the withdrawal of fiscal and monetary stimulus must proceed in step with the strengthening of the private sector recovery in our economies. Fiscal consolidation should be "growth friendly"--as the IMF puts it--with the pace and composition of adjustment varying across countries.

On financial reform, we want to accelerate agreement on the core elements of the international agenda.

In the United States, both chambers of Congress have now passed bills consistent with all of the major principles agreed to by the G-20. We expect a strong package of reforms to become law this summer.

Within the G-20, we have broad agreement on the major elements, and we should be able to move forward with agreement on the core reforms. Reducing uncertainty about the ultimate shape of these new rules will help minimize financial headwinds for recovery.

We are making progress on the broad elements of a new capital framework and will strive to finalize the specifics by the Seoul Summit. Stronger capital and liquidity requirements and constraints on leverage will help ensure that globally active financial institutions are better able to withstand future financial and economic shocks. We will expedite development of the new rules while setting a transition period that allows financial institutions to meet the new rules over time.

We are also moving forward with a stronger, more consistent framework for oversight of derivatives market. We are working to forge consensus around improved tools to manage the failure of global financial institutions and common principles to free taxpayers from the

financial costs of financial crises. And we want to establish a stronger framework of transparency and disclosure requirements across institutions and markets.

Of course, while growth and reform will remain our key focus, we are also making progress on the full range of other commitments we made in Pittsburgh, from phasing out inefficient fossil fuel subsidies to advancing the reforms of the international financial institutions to encouraging financial inclusion as part of the development agenda.

Our challenge is to build on the remarkable success of G-20 over the past year, as we look towards Toronto now and Seoul in the fall.

The value of the G20 is to help each of us individually recognize the importance of economic policies that are in our broad collective interest. To make sure we are working together, not at cross-purposes. And to help ensure complementarity between our different short-term domestic imperatives and our common broader interest in strengthening the global economy for all.

The United States is moving aggressively to fix things we got wrong and to strengthen our economic fundamentals. And we will give our full support to the G-20 agenda of growth and reform.

Thank you.

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