G20 Finance Ministers' and Central Bank Governors' Communiqué - 14 March

We, the G20 Finance Ministers and Central Bank Governors, met today to prepare for the Leaders' London Summit. We agreed further action to restore global growth and support lending, and reforms to strengthen the global financial system.

Restoring Global Growth

1. We have taken decisive, coordinated and comprehensive action to boost demand and jobs, and are prepared to take whatever action is necessary until growth is restored. We commit to fight all forms of protectionism and maintain open trade and investment.

2. Our key priority now is to restore lending by tackling, where needed, problems in the financial system head on, through continued liquidity support, bank recapitalisation and dealing with impaired assets, through a common framework (attached). We reaffirm our commitment to take all necessary actions to ensure the soundness of systemically important institutions.

3. Fiscal expansion is providing vital support for growth and jobs. Acting together strengthens the impact and the exceptional policy actions announced so far must be implemented without delay. We are committed to deliver the scale of sustained effort necessary to restore growth, and call on the International Monetary Fund (IMF) to assess the actions taken and the actions required. We will ensure the restoration of growth and long-run fiscal sustainability.

4. Interest rates have been cut aggressively in most countries, and G20 central banks will maintain expansionary policies as long as needed, using the full range of monetary policy instruments, including unconventional policy instruments, consistent with price stability.

5. We are committed to helping emerging and developing economies to cope with the reversal in international capital flows. We recognise the urgent need to pursue all options for mobilising International Financial Institution (IFI) resources and liquidity to finance countercyclical spending, bank recapitalisation, infrastructure, trade finance, rollover risk and social support. We agreed on the urgent need to increase IMF resources very substantially. This could include further bilateral support, a significantly expanded and increased New Arrangements to Borrow (NAB), and an accelerated quota review. We should also ensure that all Multilateral Development Banks have the capital they need, beginning with a substantial capital increase for the Asian Development Bank, and put it to best use to help the world's poorest. We welcomed the progress by the IMF and World Bank in introducing new and enhanced instruments, including the development of a new high-access, quick-disbursing precautionary facility.

Strengthening the Financial System

6. To further strengthen the global financial system we have completed the immediate steps in the Washington Action Plan and we welcome the Financial Stability Forum's (FSF) expansion to all G20 members. We remain focused on the medium term actions, and make recommendations to the London Summit to ensure:

- all systemically important financial institutions, markets and instruments are subject to an appropriate degree of regulation and oversight, and that hedge funds or their managers are registered and disclose appropriate information to assess the risks they pose;
- stronger regulation is reinforced by strengthened macro-prudential oversight to prevent the build-up of systemic risk;
- financial regulations dampen rather than amplify economic cycles, including by building buffers of resources during the good times and measures to constrain leverage; but it is vital that capital requirements remain unchanged until recovery is assured; and,
- strengthened international cooperation to prevent and resolve crises, including through supervisory colleges, institutional reinforcement of the FSF, and the launch of an IMF/FSF Early Warning Exercise.

7. We have also agreed to: regulatory oversight, including registration, of all Credit Rating Agencies whose ratings are used for regulatory purposes, and compliance with the International Organisation of Securities Commissions (IOSCO) code; full transparency of exposures to off-balance sheet vehicles; the need for improvements in accounting standards, including for provisioning and valuation uncertainty; greater standardisation and resilience of credit derivatives markets; the FSF's sound practice principles for compensation; and the relevant international bodies identify non-cooperative jurisdictions and to develop a tool box of effective counter measures.

8. To strengthen the effectiveness and legitimacy of the IFIs we must enhance their governance and ensure they fully reflect changes in the world economy. Emerging and developing economies, including the poorest, should have greater voice and representation and the next review of IMF quotas should be concluded by January 2011. The package of quota and voice measures decided in April 2008 should be swiftly implemented. World Bank reforms should be completed by the Spring Meetings 2010. The heads of the IFIs should be appointed through open, merit based selection processes.