

FROM THE OFFICE OF PUBLIC AFFAIRS

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Statement of G-7 Finance Ministers and Central Bank Governors

Washington, DC, September 27, 2002

Economic growth in our countries is continuing, though at a more moderate pace than earlier this year. We recognize that risks remain. We are committed to sound economic policies and structural reforms, and to working together to improve corporate disclosure, enhance corporate accountability, and strengthen the independence of auditing. We are confident that these policies, accompanied by continued vigilance and cooperation, will strengthen growth in coming months, and thus support sustained expansion. We will continue to monitor exchange markets closely and cooperate as appropriate.

Many emerging markets, buttressed by progress towards sound domestic policy frameworks, are managing well in the current environment. But some face considerable challenges. We urge all countries to implement strong policies to restore sustained growth and reduce external vulnerabilities. We welcome Brazil's continued commitment to sound policies and are ready to support Argentina, through the IMF, in the context of a sustainable program.

We are implementing the G-7 April Action Plan on crisis prevention and resolution. We continue to work with the IMF to improve our tools for crisis prevention. We also will continue to work with the IMF to implement criteria and procedures to limit official sector lending to normal access levels except where extraordinary circumstances justify an exception. Important progress has been made towards a market-oriented, contractual approach to sovereign debt restructuring. We welcome the private sector and issuing countries' support for placing collective action clauses in sovereign bond issues. We agree that any sovereign that issues bonds governed by the jurisdiction of another sovereign should include such clauses. We welcome the work done to date by the IMF on a statutory sovereign debt restructuring mechanism, and look forward to considering a concrete proposal at its spring meeting.

We reaffirm our strong commitment to combat terrorist financing. We applaud the agreement by the IMF and World Bank on a comprehensive methodology to conduct assessments of the Financial Action Task Force's (FATF) anti-money laundering and terrorist financing recommendations and look forward to the formal endorsement of this methodology at FATF's upcoming plenary. We urge the FATF to develop guidance on combating the abuse of non-profit organizations, alternative remittance systems, and fund transfers, as well as making measures for freezing assets more effective. We call on the IMF, World Bank, and the UN to work with the FATF in its identification of jurisdictions that require assessments and technical assistance. We also reviewed developments on procedures to exchange bank and other information for all tax purposes, and we are united that further progress is required by some countries.

We support increased development assistance based on good policy performance and measurable results. We support the calls made at Monterrey and Johannesburg to combat global poverty and promote sustainable development, growth, and fiscal sustainability through a new and effective partnership between developed and developing countries. We welcome the IDA, AfDF, and GEF replenishments which should make available \$30 billion to developing countries, in particular in Africa. We are following through on the Kananaskis commitment to bear our share of the shortfall of up to \$1 billion in the financing of HIPC. Each of us will be stating our contribution in the near future and call on other creditor countries to join us. We urge developed and developing country members of the WTO to make substantial progress in multilateral trade negotiations and to reduce significantly trade barriers to global economic growth and poverty alleviation.

We call on international donors to expedite the delivery of assistance that supports the budget of the government of Afghanistan and that achieves visible reconstruction.