

G8 Conclusions on Financial Crises, 1975-2009

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Summary of Conclusions on Financial Crises in G8 Summit Documents

Year	# of Words	% of Total Words	# of Paragraphs	% of Total Paragraphs	# of Documents	% of Total Documents	# of Dedicated Documents
1975	116	10.2	1	6.6	1	100	0
1976	602	37	9	36	1	100	0
1977	436	16.3	6	15.3	1	50	0
1978	296	9.8	4	8.1	1	50	0
1979	234	11.1	3	8.8	1	50	0
1980	318	7.9	3	6.2	1	20	0
1981	177	5.5	2	3.8	1	33.3	0
1982	600	33.4	10	50	1	50	0
1983	337	15.6	9	24.3	2	100	0
1984	240	7.3	2	4	1	20	0
1985	282	9	2	4.7	1	50	0
1986	469	13	5	15.6	1	25	0
1987	827	16.3	10	13.6	1	14.2	0
1988	1301	26.7	13	20	1	33.3	0
1989	378	5.3	8	6.6	1	9	0
1990	261	3.4	2	1.6	1	25	0
1991	266	3.2	4	7.1	1	14.2	0
1992	154	2.0	2	1.1	1	25	0
1993	170	5	1	2.3	1	33.3	0
1994	206	4.9	2	2.9	1	50	0
1995	812	11.2	12	8.9	1	33.3	0
1996	797	5.2	6	2.6	1	25	0
1997	181	1.4	1	.71	1	20	0
1998	508	8.3	6	9.3	1	25	0
1999	331	3.3	3	3.4	1	33.3	0
2000	463	3.4	6	4.1	2	40	0
2001	67	1	1	1.3	1	14.2	0
2002	198	1.6	4	2.7	1	12.5	0
2003	192	1.1	4	2.4	1	7.6	0
2004	0	0	0	0	0	0	0
2005	58	.26	1	.26	1	5	0
2006	0	0	0	0	0	0	0
2007	125	.48	2	.72	1	8.3	0
2008	0	0	0	0	0	0	0
2009	5336	32	52	15.8	3	23	1
Average	478	8.9	5.6	8.3	1	31.4	0.02

Notes:

Data are drawn from all official English-language documents released by the G8 leaders as a group. Charts are excluded.

"# of Words" is the number of subjects to financial crises for the year specified, excluding document titles and references. Words are calculated by paragraph because the paragraph is the unit of analysis.

"% of Total Words" refers to the total number of words in all documents for the year specified.

"# of Paragraphs" is the number of paragraphs containing references to financial crises for the year specified. Each point is recorded as a separate paragraph.

"% of Total Paragraphs" refers to the total number of paragraphs in all documents for the year specified.

"# of Documents" is the number of documents that contain subjects related to financial crises and excludes dedicated documents.

"% of Total Documents" refers to the total number of documents for the year specified.

"# of Dedicated Documents" is the number of documents for the year speaks that contain a subject related to financial crises in the title.

Introduction

This report catalogues all conclusions in official G8 documents related to the issue area of global financial crises. It refers to all official statements and annexes released by the leaders, as a group, at each annual G8 summit from 1975 to 2009. Official documents include the communiqués (i.e., the main document released by the leaders on the final day of each summit), the chair’s summaries and the political declarations and statements.

Definition of Issue Area

This analysis focuses on systemic financial crises — sudden surprising losses of confidence, liquidity or solvency in private financial institutions, market, or governments — that a national government is unable to control and that thus spread to other countries in ways that do or might endanger the global financial system. Such crises come in different varieties, especially in light of increased “hot money” flows, credit risk, transmission of shocks, increasingly sophisticated financial institutions, highly leveraged institutions, and regulatory arbitrage (Daniels 1999, Savona 2002). The definition includes the old crises brought by international payments imbalances and the new crises brought by the private sector fleeing countries in response to the collapse of private sector financial institutions, and thus devastating the economies and societies of the countries they leave (Eichengreen 1999). International crises of systemic significance, while local in their origins, are rare (for example, Argentina, Turkey and elsewhere in 2001). While the rise of such crises and the subsequent response involve the global financial architecture and its reform as well as international macroeconomic management, this analysis focuses on the direct response to the crisis itself, focused on confidence, credit, capital, liquidity, solvency, stimulus and regulation, and directly associated crisis prevention moves. A financial crisis happens in a financial market, distant from the real economy, although it may cause and be caused by the downturn in the latter. The definition includes banking, debt and currency crisis (Daniels 1999).

Search Terms

The following keywords were used for this report.

Inclusions

balance of payments crisis, banking crisis, bond crisis, currency rate, early warning system, economic crisis, exchange rate, financial crisis, financial currency instability, fiscal crisis , London Club, market fluctuation, market surveillance, Paris Club, stock instability, stock market crisis, stock market instability

Conclusions on Financial Crises in G8 Summit Documents

1975 Rambouillet, France

Declaration of Rambouillet

11. With regard to monetary problems, we affirm our intention to **work for greater stability**. This involves efforts to restore greater stability in underlying economic and financial conditions in the world economy. At the same time, our monetary authorities will act to counter **disorderly market conditions, or erratic fluctuations, in exchange rates**. We welcome the rapprochement, reached at the request of many other countries, between the views of the U.S. and France on **the need for stability that the reform of the international monetary system must promote**. This rapprochement will facilitate agreement through the International Monetary Fund (IMF) at the next session of the Interim Committee in Jamaica on the outstanding issues of international monetary reform.

1976 San Juan, Puerto Rico, United States

Joint Declaration of the International Conference

...At the meeting last November, we resolved differences on structural reform of the international monetary system and agreed to promote a **stable system of exchange rates** which emphasized the prerequisite of developing stable underlying economic and financial conditions.

With those objectives in mind, we reached specific understandings, which made a substantial contribution to the IMF meeting in Jamaica. Early legislative ratification of these agreements by all concerned is desirable. We agreed to improve cooperation in order to further our ability to **counter disorderly market conditions** and increase our understanding of economic problems and the corrective policies that are needed. We will continue to build on this structure of consultations...

...Since November, the relationship between the dollar and most of the main **currencies** has been remarkably stable. However, **some currencies have suffered substantial fluctuations**.

The **needed stability in underlying economic and financial conditions** clearly has not yet been restored. Our commitment to deliberate, orderly and sustained expansion, and to the indispensable companion goal of defeating inflation, provides the basis for increased stability.

Our objective of monetary stability must not be undermined by the strains of financing **international payments imbalances**. We thus recognize the importance of each nation managing its economy and its international monetary affairs so as to correct or avoid **persistent or structural international payments imbalances**. Accordingly, each of us affirms his intention to work toward a more stable and durable payments structure through the application of appropriate internal and external policies.

Imbalances in world payments may continue in the period ahead. We recognize that problems may arise for a few developed countries which have special needs, which have not yet restored domestic economic stability, and which face major payments deficits. We agree to continue to cooperate with others in the appropriate bodies on further analysis of these problems with a view

to their resolution. If assistance in financing transitory **balance-of-payments deficits** is necessary to avoid general disruptions in economic growth, then it can best be provided by multilateral means coupled with a firm program for restoring underlying equilibrium....

...Countries yielding to the temptation to resort to commercial protectionism would leave themselves open to a subsequent deterioration in their competitive standing; the vigor of their economies would be affected while at the same time chain reactions would be set in motion and the volume of world trade would shrink, hurting all countries. Wherever departures from the policy set forth in the recently renewed OECD trade pledge occur, elimination of the restrictions involved is essential and urgent. Also, it is important to **avoid deliberate exchange rate policies which would create severe distortions** in trade and lead to a resurgence of protectionism.

We have all set ourselves the objective of completing the Multilateral Trade Negotiations by the end of 1977. We hereby reaffirm that objective and commit ourselves to make every effort through the appropriate bodies to achieve it in accordance with the Tokyo Declaration...

...At Rambouillet, the importance of a co-operative relationship between the developed and developing nations was affirmed; particular attention was directed to following up the results of the Seventh Special Session of the UN General Assembly, and especially to addressing the **balance of payments problems** of some developing countries. Since then, substantial progress has been made. We welcome the constructive spirit which prevails in the work carried out in the framework of the Conference on International Economic Co-operation, and also by the positive results achieved in some areas at UNCTAD IV in Nairobi. New measures taken in the IMF have made a substantial contribution to stabilizing the export earnings of the developing countries and to helping them finance their deficits...

1977 London, United Kingdom

Appendix to the Downing Street Summit Conference Declaration

Balance of payments financing

For some years to come oil-importing nations, as a group, will be facing substantial payments deficits and importing capital from OPEC [Organization of the Petroleum Exporting Countries] nations to finance them. The deficit for the current year could run as high as \$45 billion. Only through a reduction in our dependence on imported oil and a rise in capacity of oil-producing nations to import can that deficit be reduced.

This deficit needs to be distributed among the oil-consuming nations in a pattern compatible with their ability to attract capital on a continuing basis. The need for adjustment to this pattern remains large, and it will take much international cooperation and determined action by surplus as well as deficit countries, if continuing progress is to be made. Strategies of adjustment in the deficit countries must include emphasis on elimination of domestic sources of inflation and improvement in international cost-price relationships. It is important that industrial countries in relatively strong payments positions should ensure continued adequate expansion of domestic demand, within prudent limits. Moreover these countries, as well as other countries in strong payments positions, should promote increased flows of longterm capital exports.

The International Monetary Fund must play a prominent role in **balance-of- payments financing and adjustment**. We therefore strongly endorse the recent agreement of the Interim Committee

of the IMF to seek additional resources for that organization and to link IMF lending to the adoption of appropriate stabilization policies. These added resources will strengthen the ability of the IMF to encourage and assist member countries in adopting policies which will limit payments deficits and warrant their financing through the private markets. These resources should be used with the conditionality and flexibility required to encourage an appropriate pace of adjustment.

This IMF proposal should facilitate the maintenance of reasonable levels of economic activity and reduce the danger of resort to trade and payments restrictions. It demonstrates cooperation between oil-exporting nations, industrial nations in stronger financial positions, and the IMF. It will contribute materially to the health and progress of the world economy. In pursuit of this objective, we also reaffirm our intention to strive to **increase monetary stability**.

We agreed that the international monetary and financial system, in its new and agreed legal framework, should be strengthened by the early implementation of the increase in quotas. We will work towards an early agreement within the IMF on another increase in the quotas of that organization.

Trade

...We consider that irregular practices and improper conduct should be eliminated from international trade, **banking** and commerce, and we welcome the work being done toward international agreements prohibiting illicit payments. ..

1978 Bonn, Germany

Communiqué

1. We agreed on a comprehensive strategy covering growth, employment and inflation, international monetary policy, energy, trade and other issues of particular interest to developing countries. We must create more jobs and fight inflation, strengthen international trading, reduce payments imbalances, and achieve greater **stability in exchange markets**. We are dealing with longterm problems, which will only yield to sustained efforts. This strategy is a coherent whole, whose parts are interdependent. To this strategy, each of our countries can contribute; from it, each can benefit.

International monetary policy

28. The **erratic fluctuations of the exchange markets** in recent months have had a damaging effect on confidence, investment and growth throughout the world. Essentially, **exchange rate stability** can only be achieved by attacking the fundamental problems which have contributed to the present large **balance of payments** deficits and surpluses. Implementation of the policies described above in the framework of a concerted program will help to bring about a better pattern of world payments balances and lead to greater stability in **international exchange markets**. This stability will in turn improve confidence and the environment for sustained economic growth.

29. Although **exchange rates** need to respond to changes in underlying economic and financial conditions among nations, our monetary authorities will continue to intervene to the extent necessary to counter **disorderly conditions in the exchange markets**. They will maintain extensive consultation to enhance these efforts' effectiveness. We will support surveillance by the International Monetary Fund to promote effective functioning of the international monetary system.

30. The representatives of the European Community informed the meeting of the decision of the European Council at Bremen on 6-7 July to consider a scheme for a closer monetary cooperation. The meeting welcomed the report and noted that the Community would keep the other participants informed.

1979 Tokyo, Japan

Declaration

1. The agreements reached at the Bonn Summit helped to improve the world economy. There was higher growth in some countries, a reduction of **payments imbalances**, and greater **currency stability**.

3. ... We deplore the decisions taken by the recent OPEC Conference. We recognize that relative moderation was displayed by certain of the participants. But the unwarranted rises in oil prices nevertheless agreed are bound to have very serious economic and social consequences. They mean more worldwide inflation and less growth. That will lead to more unemployment, more **balance-of-payments** difficulty, and will endanger stability in developing and developed countries of the world alike. We remain ready to examine with oil-exporting countries how to define supply and demand prospects on the world oil market....

7. We will intensify our efforts to pursue the economic policies appropriate in each of our countries to achieve durable external equilibrium. Stability in the **foreign exchange market** is essential for the sound development of world trade and the global economy. This has been furthered since the Bonn Summit by two important developments the November 1st, 1978 program of the United States in conjunction with other monetary authorities, and the successful emergence of the European Monetary System. We will continue close cooperation in **exchange market policies** and in support of the effective discharge by the IMF of its responsibilities, particularly its surveillance role and its role in strengthening further the international monetary system.

1980 Venice, Italy

Declaration

Monetary problems

27. The situation created by large oil-generated **payments imbalances**, in particular those of oil-importing developing countries, requires a combination of determined actions by all countries to promote external adjustment and effective mechanisms for **balance-of-payments financing**. We look to the international capital market to continue to play the primary role in rechanneling the substantial oil surplus funds on the basis of sound lending standards. We support the work in progress by our monetary authorities and the Bank for International Settlements designed to improve the supervision and security of the international banking system. The private banks could usefully supplement these efforts.

28. Private lending will need to be supplemented by an expanded role for international institutions, especially the International Monetary Fund. We are committed to implementing the agreed increase in the IMF quotas, and to supporting appropriate borrowing by the Fund, if

needed to meet financing requirements of its members. We encourage the IMF to seek ways in which it could, within its guidelines on conditionality, make it more attractive for countries with financing problems to use its resources. In particular, we support the IMF's examination of possible ways to reduce charges on credits to low-income developing countries. The IMF and the World Bank should work closely together in responding to these problems. We welcome the Bank's innovative lending scheme for structural adjustment. We urge oil-exporting countries to increase their direct lending to countries with financial problems, thus reducing the strain on other recycling mechanisms.

29. We reaffirm our commitment to stability in the **foreign exchange markets**. We note that the European Monetary System (EMS) has contributed to this end. We will continue close cooperation in **exchange market policies** so as to **avoid disorderly exchange rate fluctuations**. We will also cooperate with the IMF to achieve **more effective surveillance**. We support continuing examination by the IMF of arrangements to provide for a more balanced evolution of the world reserve system.

1981 Montebello, Canada

Declaration of the Ottawa Summit

The economy

6. We see low and stable monetary growth as essential to reducing inflation. Interest rates have to play their part in achieving this and are likely to remain high where fears of inflation remain strong. But we are fully aware that levels and movements of interest rates in one country can make stabilization policies more difficult in other countries by influencing their **exchange rates** and their economies. For these reasons, most of us need also to rely on containment of budgetary deficits, by means of restraint in government expenditures as necessary. It is also highly desirable to minimize **volatility of interest rates and exchange rates**; greater stability in **foreign exchange and financial markets** is important for the sound development of the world economy.

7. In a world of strong capital flows and large deficits it is in the interests of all that the financial soundness of the international **banking system** and the international financial institutions be fully maintained. We welcome the recently expanded role of the IMF in financing payments deficits on terms which encourage needed adjustment.

1982 Versailles, France

Declaration of the Seven Heads of State and Government and Representatives of the European Communities

In the course of our meeting at Versailles we have deepened our mutual understanding of the gravity of the world economic situation, and we have agreed on a number of objectives for urgent action with a view to improving it.

Economic situation

We affirm that the improvement of the present situation, by a further reduction of inflation and by a return to steady growth and higher levels of employment, will strengthen our joint capacity to safeguard our security, to maintain confidence in the democratic values that we share, and to preserve the cultural heritage of our peoples in all their diversity. Full employment, price stability

and sustained and balanced growth are ambitious objectives. They are attainable in the coming years only if we pursue policies which encourage productive investment and technological progress; if, in addition to our own individual efforts, we are willing to join forces, if each country is sensitive to the effects of its policies on others and if we collaborate in promoting world development.

In this spirit, we have decided to implement the following lines of action:

- Growth and employment must be increased. This will be attained on a durable basis only if we are successful in our continuing fight against inflation. That will also help to bring down interest rates, which are now unacceptably high, and to bring about **more stable exchange rates**. In order to achieve this essential reduction of real interest rates, we will as a matter of urgency pursue prudent monetary policies and achieve greater control of budgetary deficits. It is essential to intensify our economic and monetary cooperation. In this regard, we will work towards a constructive and orderly evolution of the international monetary system by a closer cooperation among the authorities representing the currencies of North America, of Japan and of the European Community in pursuing medium-term economic and monetary objectives. In this respect, we have committed ourselves to the undertakings contained in the attached statement...

Statement on international monetary undertakings

1. We accept a joint responsibility to work for greater **stability of the world monetary system**. We recognize that this rests primarily on convergence of policies designed to achieve lower inflation, higher employment and renewed economic growth; and thus to maintain the internal and external values of our currencies. We are determined to discharge this obligation in close collaboration with all interested countries and monetary institutions.
2. We attach major importance to the role of the IMF as a monetary authority and we will give it our full support in its efforts to foster stability.
3. We are ready to strengthen our cooperation with the IMF in its work of surveillance; and to develop this on a multilateral basis taking into account particularly the currencies constituting the SDR [special drawing rights].
4. We rule out the use of our **exchange rates** to gain unfair competitive advantages.
5. We are ready, if necessary, to use **intervention in exchange markets to counter disorderly conditions**, as provided for under Article IV of the IMF Articles of Agreement.
6. Those of us who are members of the EMS [European Monetary System] consider that these undertakings are complementary to the **obligations of stability** which they have already undertaken in that framework and recognize the role of the system in the further development of stability in the international monetary system.
7. We are all convinced that greater monetary stability will assist freer flows of goods, services and capital. We are determined to see that greater monetary stability and freer flows of trade and capital reinforce one another in the interest of economic growth and employment.

1983 Williamsburg, United States

Declaration on Economic Recovery

We recognize that we must act together and that we must pursue a balanced set of policies that take into account and exploit relationships between growth, trade, and finance in order that recovery may spread to all countries, developed and developing alike.

In pursuance of these objectives, we have agreed as follows:

1. Our governments will pursue appropriate monetary and budgetary policies that will be conducive to low inflation, reduced interest rates, higher productive investment and greater employment opportunities, particularly for the young.
2. The consultation process initiated at Versailles will be enhanced to promote convergence of economic performance in our economies and greater stability of **exchange rates**, on the lines indicated in an annex to this declaration. We agree to pursue closer consultations on policies affecting **exchange markets** and on market conditions. While retaining our freedom to operate independently, we are willing to undertake coordinated intervention in **exchange markets** in instances where it is agreed that such intervention would be helpful.

Annex to the Declaration: Strengthening Economic Cooperation for Growth and Stability

I. We have examined, in the light of our experience, the procedures outlined in the undertakings agreed at Versailles last year which seek to **ensure greater monetary stability** in the interest of balanced growth and progress of the world economy.

II. We reaffirm the objectives of achieving noninflationary growth of income and employment, and **promoting exchange market stability** through policies designed to bring about greater convergence of economic performance in this direction...

(1) **Monetary Policy.** Disciplined noninflationary growth of monetary aggregates, and appropriate interest rates, to avoid subsequent resurgence of inflation and rebound in interest rates, thus allowing room for sustainable growth.

(2) **Fiscal Policy.** We will aim, preferably through discipline over government expenditures, to reduce structural budget deficits and bear in mind the consequences of fiscal policy for interest rates and growth.

(3) **Exchange Rate Policy.** We will improve consultations, policy convergence, and international cooperation to **help stabilize exchange markets**, bearing in mind our conclusions on the Exchange Market Intervention Study.

1984 London, United Kingdom

The London Economic Declaration

8. In our strategy for dealing with the **debt burdens** of many developing countries, a key role has been played by the International Monetary Fund (IMF), whose resources have been strengthened for the purpose. Debtor countries have been increasingly ready to accept the need to adjust their economic policies, despite the painful and courageous efforts it requires. In a climate of world recovery and growing world trade, this strategy should continue to enable the international

financial system to manage the problems that may still arise. But continuously high or even further growing levels of international interest rates could both exacerbate the problems of the debtor countries and make it more difficult to sustain the strategy. This underlines the importance of policies which will be conducive to lower interest rates and which take account of the impact of our policies upon other countries.

9. ... (6) To invite Finance Ministers to carry forward, in an urgent and thorough manner, their current work on ways to improve the operation of the international monetary system, including **exchange rates**, **surveillance**, the creation, control and distribution of international liquidity and the role of the IMF; and to complete the present phase of their work in the first half of 1985 with a view to discussion at an early meeting of the IMF Interim Committee. The question of a further allocation of Special Drawing Rights is to be reconsidered by the IMF Interim Committee in September 1984...

1985 Bonn II, Germany

Bonn Economic Declaration: Towards Sustained Growth and Higher Employment

Relations with developing countries:

7. Sustained growth in world trade, lower interest rates, open markets and continued financing in amounts and on terms appropriate to each individual case are essential to enable developing countries to achieve sound growth and overcome their economic and financial difficulties. Flows of resources, including official development assistance, should be maintained and, wherever possible, increased, especially to the poorer countries. In particular, more stable long-term finance, such as direct investment from industrial countries, should be encouraged. We welcome longer-term **debt restructuring** agreements between debtor countries and commercial banks. We continue to stand ready, where appropriate, to negotiate further multi year reschedulings of debts to governments and government agencies.

8. We continue to encourage the constructive dialogue with the developing countries in the existing international institutions with a view to promoting their economic development and thereby their social and political stability. We emphasize the crucial role of, and the improved cooperation between, the International Monetary Fund and the World Bank Group in supporting policies by debtor countries necessary to strengthen the confidence of domestic and foreign creditors and investors, to mobilize domestic savings and to ensure efficient use of resources and sound long-term development. We agree to work to ensure that these institutions are equipped with the necessary resources and instruments, and we stand ready to discuss an increase in the resources available to the World Bank which may be necessary in the coming years. We remain concerned over the particular problems facing a number of developing countries that are neither among the poorest nor foremost among the group of major debtors. We agree that consideration should be given to easing the financial constraints of these countries on a case by case basis...

1986 Tokyo II, Japan

Tokyo Economic Declaration

2. Developments since our last meeting reflect the effectiveness of the policies to which we have committed ourselves at successive Economic Summits in recent years. The economies of the industrialized countries are now in their fourth year of expansion. In all our countries, the rate of

inflation has been declining. With the continuing pursuit of prudent fiscal and monetary policies, this has permitted a substantial lowering of interest rates. There has been a significant shift in the **pattern of exchange rates** which better reflects fundamental economic conditions. For the industrialized countries, and indeed for the world economy, the recent decline in oil prices will help to sustain noninflationary growth and to increase the volume of world trade, despite the difficulties which it creates for certain oil-producing countries. Overall, these developments offer brighter prospects for, and enhance confidence in, the future of the world economy.

3. However, the world economy still faces a number of difficult challenges which could impair sustainability of growth. Among these are high unemployment, large domestic and external imbalances, **uncertainty about the future behavior of exchanges rates**, persistent protectionist pressures, continuing difficulties of many developing countries and severe **debt problems** for some, and uncertainty about medium-term prospects for the levels of energy prices. If large imbalances and other distortions are allowed to persist for too long, they will present an increasing threat to world economic growth and to the open multilateral trading system. We cannot afford to relax our efforts. In formulating our policies, we need to look to the medium and longer term, and to have regard to the interrelated and structural character of current problems.

7. ...-- Reaffirm the undertaking at the 1982 Versailles Summit to cooperate with the IMF in **strengthening multilateral surveillance**, particularly among the countries whose **currencies** constitute the SDR [Special Drawing Rights], and request that, in conducting such surveillance and in conjunction with the Managing Director of the IMF, their individual economic forecasts should be reviewed, taking into account indicators such as GNP growth rates, inflation rates, interest rates, unemployment rates, fiscal deficit ratios, **current account and trade balances**, monetary growth rates, reserves, and **exchange rates**;

- Invite the Finance Ministers and Central Bankers in **conducting multilateral surveillance** to make their best efforts to reach an understanding on appropriate remedial measures whenever there are significant deviations from an intended course; and recommend that remedial efforts focus first and foremost on underlying policy fundamentals, while reaffirming the 1983 Williamsburg commitment to intervene in exchange markets when to do so would be helpful.

5. In each of our own countries, it remains essential to maintain a firm control of public spending within an appropriate medium-term framework of **fiscal and monetary policies**. In some of our countries there continue to be excessive fiscal deficits which the governments concerned are resolved progressively to reduce.

1987 Venice II, Italy

Venezia Economic Declaration

2. We can look back on a number of positive developments since we met a year ago. Growth is continuing into its fifth consecutive year, albeit at lower rates. Average inflation rates have come down. Interest rates have generally declined. Changes have occurred in relationships among leading **currencies** which over time will contribute to a more **sustainable pattern of current account positions**, and have brought **exchange rates** within ranges broadly consistent with economic fundamentals. In volume terms, the adjustment of trade flows is under way, although in nominal terms **imbalances so far remain too large**.

3. Since Tokyo, the Summit countries have intensified their economic policy coordination with a view to ensuring internal consistency of domestic policies and their international compatibility.

This is essential to achieving stronger and sustained global growth, reduced external imbalances and more **stable exchange rate** relationships. Given the policy agreements reached at the Louvre and in Washington, further **substantial shifts in exchange rates** could prove counterproductive to efforts to increase growth and facilitate adjustment. We reaffirm our commitment to the swift and full implementation of those agreements.

4. We now need to overcome the problems that nevertheless remain in some of our countries: **external imbalances that are still large**; persistently high unemployment; large public sector deficits; and high levels of real interest rates. There are also continuing trade restrictions and increased protectionist pressures; persistent weakness of many primary commodity markets; and reduced prospects for developing countries to grow, find the markets they need and service their foreign debt.

5. The correction of external imbalances will be a long and difficult process. **Exchange rate changes alone will not solve the problem of correcting these imbalances** while sustaining growth. Surplus countries will design their policies to strengthen domestic demand and reduce external surpluses while maintaining price stability. Deficit countries, while following policies designed to encourage steady low-inflation growth, will reduce their fiscal and external imbalances.

6. We call on other industrial countries to participate in the effort to sustain economic activity worldwide. We also call on newly industrialized economies with rapid growth and large external surpluses to assume greater responsibility for preserving an open world trading system by reducing trade barriers and pursuing policies that allow their **currencies** more fully to reflect underlying fundamentals.

7. Among the Summit countries, budgetary discipline remains an important medium-term objective and the reduction of existing public sector imbalances a necessity for a number of them. Those Summit countries which have made significant progress in fiscal consolidation and have large external surpluses remain committed to following fiscal and monetary policies designed to strengthen domestic growth, within a framework of medium-term fiscal objectives. Monetary policy should also support noninflationary growth and foster **stability of exchange rates**. In view of the outlook for low inflation in many countries, a further market-led decline of interest rates would be helpful.

9. We warmly welcome the progress achieved by the Group of Seven Finance Ministers [G-7] in developing and implementing strengthened arrangements for **multilateral surveillance** and economic coordination as called for in Tokyo last year. The new process of coordination, involving the use of economic indicators, will enhance efforts to achieve more consistent and mutually compatible policies by our countries.

10. The Heads of State or Government reaffirm the important policy commitments and undertakings adopted at the [1987] Louvre and Washington meetings of the Group of Seven, including those relating to **exchange rates**. They agree that, if in the future world economic growth is insufficient, additional actions will be required to achieve their common objectives. Accordingly, they call on their Finance Ministers to develop, if necessary, additional appropriate policy measures for this purpose and to continue to cooperate closely to foster **stability of exchange rates**.

11. The coordination of economic policies is an ongoing process which will evolve and become more effective over time. The Heads of State or Government endorse the understandings reached

by the Group of Seven Finance Ministers to strengthen, with the assistance of the International Monetary Fund (IMF), the **surveillance** of their economies using economic indicators including **exchange rates**, in particular by:

-- The commitment by each country to develop medium-term objectives and projections for its economy, and for the group to develop objectives and projections that are mutually consistent both individually and collectively; and

- The use of performance indicators to review and assess current economic trends and to determine whether there are significant deviations from an intended course that require consideration of remedial actions.

12. The Heads of State or Government consider these measures important steps towards promoting sustained noninflationary global growth and **greater currency stability**. They call upon the Group of Seven Finance Ministers and Central Bank governors to:

-- Intensify their coordination efforts with a view to achieving prompt and effective implementation of the agreed policy undertakings and commitments; -- Monitor economic developments closely in cooperation with the Managing Director of the IMF; and

-- Consider further improvements as appropriate to make the coordination process more effective.

1988 Toronto, Canada

Economic Declaration

3. We observed a sharp contrast between the 1970s and 1980s. The former was a decade of high and rising inflation, declining productivity growth, policies dominated by short-term considerations, and frequently inadequate international policy cooperation. In the 1980s inflation has been brought under control, laying the basis for sustained strong growth and improved productivity. The result has been the longest period of economic growth in postwar history. However, the 1980s have seen the emergence of **large external imbalances** in the major industrial economies, **greater exchange rate volatility**, and debt-servicing difficulties in a number of developing countries. Our response to these developments has been an increased commitment to international cooperation, resulting in the intensified process of policy coordination adopted at the 1986 Tokyo Summit and further strengthened at the Venice Summit and in the Group of Seven.

4. Summits have proven an effective forum to address the issues facing the world economy, promote new ideas and develop a common sense of purpose. Especially in the 1980s they have helped bring about an increasing recognition that the eradication of inflation and of inflationary expectations is fundamental to sustained growth and job creation. That recognition has been underpinned by a shift from short-term considerations to a medium-term framework for the development and implementation of economic policies, and a commitment to improve efficiency and adaptability through greater reliance on competitive forces and structural reform. Over this period we have also singled out for concerted attention a number of other issues of decisive importance: the overriding need to resist protectionism and strengthen the open, multilateral trading system; to maintain and strengthen an effective strategy to address the challenge of development and alleviate the **burden of debt**; and to deal with the serious nature of the world agricultural problem.

5. Since we last met, our economies have kept up the momentum of growth. Employment has continued to expand generally, inflation has been restrained, and progress has been made toward the **correction of major external imbalances**. These encouraging developments are cause for optimism, but not for complacency. To sustain noninflationary growth will require a commitment to enhanced cooperation. This is the key to credibility and confidence.

International economic policy cooperation: Macroeconomic policies and exchange rates

8. The **exchange rate changes** in the past three years, especially the depreciation of the U.S. dollar against the Japanese yen and the major European currencies, have played a major role in the adjustment of real trade balances. We endorse the Group of Seven's conclusion that either **excessive fluctuation of exchange rates**, a further decline of the dollar, or a rise in the dollar to an extent that becomes destabilizing to the adjustment process, could be counterproductive by damaging growth prospects in the world economy.

Developing countries and debt

22. The performance of developing countries is increasingly important to the world economy. Central to the prospects of the developing countries are a healthy global economic environment and an open trading system, adequate financial flows and, most important, their commitment to appropriate economic reform. The problems of many **heavily indebted** developing countries are a cause of economic and political concern and can be a threat to political stability in developing countries. Several countries find themselves in that situation in various regions of the world: Latin America, Africa and the Pacific, particularly the Philippines, and that merits our special attention.

Middle Income Countries

23. A number of **highly indebted** middle-income countries continue to have difficulties servicing their external debt and generating the investment necessary for sustainable growth. The market-oriented, growth-led strategy based on the case by case approach remains the only viable approach for overcoming their external **debt problems**.

24. We are encouraged that many **indebted countries** have begun the difficult process of macroeconomic adjustment and structural reform necessary for sustained progress, encouraging the return of flight capital and new investment flows. The success of these efforts is essential for improving the economic performance and strengthening the creditworthiness of these countries.

25. Official financing has played a central role in the debt strategy through the **Paris Club** (U.S. \$73 billion of principal and interest have been consolidated since 1983) and the flexible policies of export credit agencies. The international financial institutions will continue to have a pivotal role. We endorse the recent initiatives taken by the International Monetary Fund to strengthen its capacity to support medium-term programs of macroeconomic adjustment and structural reform, and to provide greater protection for adjustment programs from **unforeseen external developments**. We strongly support the full implementation of the World Bank's U.S. \$75 billion General Capital Increase to strengthen its capacity to promote adjustment in middle income countries. We also support greater awareness by international financial institutions of the environmental impact of their development programs.

26. Commercial banks have played an important role in supporting debtor countries' reform efforts through an expanded menu of financing options which has facilitated the channeling of commercial bank lending into productive uses. Their continued involvement is indispensable to

the debt strategy. In this regard, the World Bank and IMF can play an important catalytic role in mobilizing additional financing from private (and official) sources in support of debtor countries' adjustment programs.

27. We note that in recent years there has been increasing recourse to innovative financing techniques. The important characteristics of these techniques are that they are voluntary, market-oriented, and applied on a case by case basis. The "menu approach" has engendered new financial flows and, in some cases, reduced the existing **stock of debt**. The flexibility of the present strategy would be enhanced by the further broadening of the menu approach and the encouragement of innovative financing techniques to improve the quality of new lending, but particular initiatives would have to be carefully considered.

28. International direct investment plays an important role in spurring economic growth and structural adjustment in developing countries. Thus it contributes to **alleviating debt problems**. Developing countries should welcome and encourage such investment by creating a favorable investment climate.

Debt of the poorest:

29. An increase in concessional resource flows is necessary to help the poorest developing countries resume sustained growth, especially in cases where it is extremely difficult for them to service their **debts**. Since Venice, progress in dealing with the **debt burden** of these countries has been encouraging. **Paris Club** creditors are rescheduling debt at extended grace and repayment periods. In addition, the recent enhancement of the IMF's Structural Adjustment Facility; the World Bank and Official Development Assistance (ODA) agencies' enhanced program of co-financing; and the fifth replenishment of the African Development Fund will mobilize a total of more than U.S. \$18 billion in favor of the poorest and most indebted countries undertaking adjustment efforts over the period 1988/90. Out of this total, U.S. \$15 billion will be channeled to Sub-Saharan African countries.

30. We welcome proposals made by several of us to ease further the debt service burdens of the poorest countries that are undertaking internationally-approved adjustment programs. We have achieved consensus on **rescheduling official debt** of these countries within a framework of comparability that allows official creditors to choose among concessional interest rates usually on shorter maturities, longer repayment periods at commercial rates, partial write-offs of debt service obligations during the consolidation period, or a combination of these options. This approach allows official creditors to choose options consistent with their legal or budgetary constraints. **The Paris Club** has been urged to work out necessary technicalities to ensure comparability by the end of this year at the very latest. This approach will provide benefits over and above the impressive multilateral agreements to help the poorest countries over the past year. We also welcome the action taken by a number of creditor governments to write off or otherwise remove the burden of ODA loans, and also urge countries to maintain a high grant element in their future assistance to the poorest.

1989 Paris, France

Economic Declaration

International monetary developments and coordination

10. Under the Plaza and Louvre agreements, our countries agreed to pursue, in a mutually reinforcing way, policies of **surveillance and coordination aimed at improving their economic fundamentals and at fostering stability of exchange rates** consistent with those economic fundamentals.

There has been progress in the **multilateral surveillance** and coordination of economic policies with a view to ensuring internal consistency of domestic policies and their international compatibility. The procedures to be used have been more clearly defined and improved in cooperation with the International Monetary Fund.

11. The coordination process has made a positive contribution to world economic development and it has also contributed greatly to improving the functioning of the International Monetary System. There has also been continued cooperation in **exchange markets**.

It is important to continue, and where appropriate, to develop this cooperative and flexible approach to improve the functioning and the stability of the International Monetary System in a manner consistent with economic fundamentals. We therefore ask the Finance Ministers to continue to keep under review possible steps that could be taken to improve the coordination process, **exchange market cooperation**, and the functioning of the International Monetary System.

The situation of the poorest

26. The enhancement of the International Monetary Fund Structural Adjustment Facility, the World Bank special program of assistance for the poorest and **most indebted** countries and the fifth replenishment of the African Development Fund are all important measures benefiting those countries having embarked upon an adjustment process. We stress the importance attached to a substantial replenishment of International Development Association resources.

27. As we urged last year in Toronto, **the Paris Club** reached a consensus in September 1988 on the conditions of implementation of significant **reduction of debt service** payments for the poorest countries. Thirteen countries have already benefited by this decision.

28. We welcome the increasing grant element in the development assistance as well as the steps taken to convert loans into grants and we urge further steps to this end. Flexibility in development aid as much as in **debt rescheduling** is required.

29. We attach great importance to the efficient and successful preparation of the next general conference of the United Nations on the least developed countries, which will take place in Paris in 1990.

1990 Houston, United States

Houston Economic Declaration

The international economic situation

5. In recent years, substantial progress has been achieved in promoting a stronger world economy through sound macroeconomic policies and greater economic efficiency. The economic expansion in our countries, now in its eighth year, has supported notable income growth and job creation in the context of rapid growth of international trade. However, unemployment remains high in a number of countries. Inflation, although considerably lower than in the early 1980s, is a matter of serious concern in some countries and requires continued vigilance. External imbalances have been reduced in the United States and Japan, whereas in other cases they have increased. Continuing adjustment remains a priority in order to counter protectionist pressures, alleviate uncertainties in financial and exchange markets, and contribute to avoiding pressures on interest rates. Sound domestic macroeconomic policies, which may differ according to conditions in each country, will make a major contribution to further external adjustment.

International monetary developments and policy coordination:

7. At a time of growing economic interdependence, the Summit countries have developed a cooperative process based on a common appreciation of the need for market-oriented policies and the importance of sound domestic budgetary and monetary policies. This process has contributed importantly to the strengthened performance of the world economy and to **improved stability of exchange rates** by concentrating attention on multilateral surveillance and close coordination of economic policies, including **cooperation on exchange markets**. It is important to continue and, where appropriate, to strengthen this cooperative and flexible approach to improve the functioning of the international monetary system and contribute to its stability.

1991 London III, United Kingdom

Economic Declaration: Building World Partnership

Economic policy

4. Over the last year, some of our economies have maintained good growth, while most have slowed down and some gone into recession. But a global recession has been avoided. The uncertainty created by the Gulf crisis is behind us. We welcome the fact that there are now increasing signs of economic recovery. Progress has been made too in **reducing the largest trade and current account imbalances**.

6. We therefore commit ourselves to implement fiscal and monetary policies, which, while reflecting the different situations in our countries, provide the basis for lower real interest rates. In this connection, continued progress in reducing budget deficits is essential. This, together with the efforts being made to reduce impediments to private saving, will help generate the increase in global savings needed to meet demands for investment. We also welcome the **close cooperation on exchange markets** and the work to improve the functioning of the international monetary system.

Developing countries and debt

43. We note:

(a) the agreement reached by **the Paris Club** on debt reduction or equivalent measures for Poland and Egypt, which should be treated as exceptional cases;

(b) **the Paris Club's** continued examination of the special situation of some lower middle-income countries on a case by case basis.

44. The poorest, most indebted countries need very special terms. We agree on the need for additional debt relief measures, on a case by case basis, for these countries, going well beyond the relief already granted under Toronto terms. We therefore call on **the Paris Club** to continue its discussions on how these measures can best be implemented promptly.

1992 Munich, Germany

Economic Declaration: Working Together for Growth and a Safer World

World economy

4. Strong world economic growth is the prerequisite for solving a variety of challenges we face in the post-Cold War world. Increasingly, there are signs of **global economic recovery**. But we will not take it for granted and will act together to assure the recovery gathers strength and growth picks up.

Developing countries

23. We confirm the validity of the international debt strategy. We welcome the enhanced debt relief extended to the poorest countries by the **Paris Club**. We note that the **Paris Club** has agreed to consider the stock of debt approach, under certain conditions, after a period of three or four years, for the poorest countries that are prepared to adjust, and we encourage it to recognise the special situation of some highly indebted lower-middle-income countries on a case by case basis. We attach great importance to the enhanced use of voluntary debt conversions, including debt conversions for environmental protection.

1993 Tokyo III, Japan

Economic Declaration: A Strengthened Commitment to Jobs and Growth

Developing countries

13. To this end, we will pursue a comprehensive approach, covering not only aid but also trade, investment and debt strategy, and a differentiated approach, tailored to the needs and performances of each country at its particular stage of development and taking environmental aspects into account. Under such an approach, we will make all efforts to enhance development assistance in order to respond to ongoing needs as well as new requirements. The poorest countries deserve special attention. Accordingly, we support the succession to or the renewal of the IMF's Enhanced Structural Adjustment Facility. We also look forward to a successful outcome of the International Conference on African Development in October this year. We confirm the validity of the international debt strategy and invite the **Paris Club** to continue

reviewing the question of debt relief for the poorest highly indebted countries, especially with regard to earlier reductions in the stock of debt on a case by case basis. We welcome the U.S. administration's decision to join us in debt reduction for these countries.

1994 Naples, Italy

Communiqué

Developing countries

2. We are committed to continue our efforts to enhance development assistance as well as promoting trade and investment in developing countries. We are encouraged by significant private capital flows to developing countries and by the efforts of many of these countries, particularly in Latin America and Asia, to increase trade among themselves. We call on the World Bank as well as the regional development banks to strengthen their efforts to reinforce private capital flows to the developing world while providing growing resources for health, education, family policies and environmental protection. We encourage the **Paris Club** to pursue its efforts to improve the debt treatment of the poorest and most indebted countries. Where appropriate, we favour a reduction in the stock of debt and an increase in concessionality for those countries facing special difficulties.

We welcome the renewal of the ESAF and the measures under consideration by the IMF to increase support to developing countries and to ensure that all members take part in the SDR system. In addition we agree to explore ways to mobilize more effectively the existing resources of the international financial institutions to respond to the special needs of countries emerging from economic and political disruption and the poorest most indebted countries.

1995 Halifax, Canada

Communiqué

4. Yet problems remain. Internal and external imbalances, together with **unhelpful fluctuations in financial and currency markets**, could jeopardize achievement of sustained, non-inflationary growth as well as the continued expansion of international trade.

6. We endorse the conclusions reached by G7 Finance Ministers in Washington and ask them to maintain close cooperation in economic surveillance and in exchange markets.

13. Close consultation and effective cooperation on macroeconomic policies among the G7 are important elements in promoting sustained non-inflationary growth **avoiding the emergence of large external and internal imbalances**, and promoting greater exchange market stability. Our Ministers have adopted a number of changes to the structure of their consultations over time, in order to strengthen policy cooperation, including enhanced consultation with the IMF.

15. The developments in Mexico earlier this year and their repercussions have sharpened our focus on these issues. We welcome the recent more positive turn of events in Mexico, as well as the positive developments in a number of emerging economies.

16. The **prevention of crisis** is the preferred course of action. This is best achieved through each country pursuing sound fiscal and monetary policies. But it also requires an **improved early**

warning system, so that we can act more quickly to prevent or handle **financial shocks**. Such a system must include improved and effective surveillance of national economic policies and financial market developments, and fuller disclosure of this information to market participants. To this end, we urge the IMF to:

- establish benchmarks for the timely publication of key economic and financial data;
- establish a procedure for the regular public identification of countries which comply within these benchmarks;
- insist on full and timely reporting by member countries of standard sets of data, provide sharper policy advice to all governments, and deliver franker messages to countries that appear to be avoiding necessary actions.

17. If prevention fails, **financial market distress** requires that multilateral institutions and major economies be able to respond where appropriate in a quick and coordinated fashion. Financing mechanisms must operate on a scale and with the timeliness required to manage shocks effectively. In this context, we urge the IMF to:

- establish a new standing procedure--"Emergency Financing Mechanism"-- which would provide faster access to Fund arrangements with strong conditionality and larger upfront disbursements in crisis situations.

18. To support this procedure, we ask:

- the G10 and other countries with the capacity to support the system to develop financing arrangements with the objective of doubling as soon as possible the amount currently available under the GAB to respond to financial emergencies.

19. To ensure that IMF has sufficient resources to meet its ongoing responsibilities, we urge continued discussions on a new IMF quota review.

20. Solid progress on the elements discussed above should significantly improve our ability to cope with future **financial crises**. Nevertheless, these improvements may not be sufficient in all cases. In line with this, and recognizing the complex legal and other issues posed in debt crisis situations by the wide variety of sources of international finance involved, we would encourage further review by G-10 Ministers and Governors of other procedures that might also usefully be considered for their orderly resolution.

21. We continue to support the inclusion of all IMF members in the SDR system. Moreover, we urge the IMF to initiate a broad review of the role and functions of the SDR in light of changes in the world financial system.

22. Closer international cooperation in the regulation and supervision of financial institutions and markets is essential to safeguard the financial system and prevent an **erosion of prudential standards**. We urge:

- a deepening of cooperation among regulators and supervisory agencies to ensure an effective and integrated approach, on a global basis, to developing and enhancing the safeguards, standards, transparency and systems necessary to monitor and contain risks;
- continued encouragement to countries to remove capital market restrictions, coupled with strengthened policy advice from international financial institutions on the appropriate supervisory structures;

- Finance ministers to commission studies and analysis from the international organizations responsible for banking and securities regulations and to report on the adequacy of current arrangements, together with proposals for improvement where necessary, at the next Summit.

29. We welcome the Paris Club response to our encouragement last year to improve the treatment of the debt of the poorest countries and urge the full and constructive implementation of the Naples terms. We recognize that some of the poorest countries have substantial multilateral debt burdens. We will encourage:

- the Bretton Woods institutions to develop a comprehensive approach to assist countries with multilateral debt problems, through the flexible implementation of existing instruments and new mechanisms where necessary;
- better use of all existing World Bank and IMF resources and adoption of appropriate measures in the multilateral development banks to advance this objective and to continue concessional ESAF lending operations.

1996 Lyon, France

Economic Communiqué

3. Globalization also poses challenges to societies and economies. Its benefits will not materialize unless countries adjust to increased competition. In the poorer countries, it may accentuate inequality and certain parts of the world could become marginalized. The adjustment needed is, however, imposing rapid and sometimes painful restructuring, whose effects, in some of our countries, can temporarily exacerbate the employment situation. Globalization of the financial markets can generate **new risks of instability**, which requires all countries to pursue sound economic policies and structural reform.

5. This requires increased international cooperation. The adaptation of our international institutional structures; liberalization of markets, fair rules and their extension to new players; the **capacity to respond to crises** of varying scale and nature, as well as a readiness to support the efforts of those countries striving to escape from the miseries of economic underdevelopment will be necessary for future progress. We call upon other countries with the financial capacity and a stake in the international trade and monetary system to join us in these efforts so as to share the responsibilities and the burdens fairly among ourselves and with others. We will thus be able to make a success of globalization for the benefit of all.

10. The globalization of the financial markets has contributed to the creation of a more complex financial environment. Better prudential regulation and supervision in the financial markets are essential elements in **preserving the stability of the international monetary and financial system**. In this respect, we welcome the progress on the strengthening of capital standards, including the recent agreement on capital adequacy standards for banks' exposure to market risk, improved disclosure and **enhanced surveillance**.

12. The increased integration of global capital markets, the changes in magnitude and composition of financial flows, and the increased diversity and number of creditors and borrowers present new opportunities and new challenges. That is why, in order to promote **monetary stability**, we proposed last year in Halifax a number of measures for the international financial system, notably the International Monetary Fund, to strengthen the ability to deal effectively with these challenges.

We welcome the work accomplished since the Halifax Summit toward the implementation of these proposals. The **surveillance capacities** of the IMF have been enhanced, standards for the provision of economic and financial information to the markets have been established and an **emergency financing** mechanism has been created. We welcome the G10 report on resolving the liquidity crises of sovereign borrowers. This report emphasizes the importance of market discipline, and calls for the enhancement of current procedures for handling **international financial emergencies**, in order to minimize the need for official support in the future.

50. We welcome progress achieved in the alleviation of the debt problems and the active implementation, by the **Paris Club**, of the Naples terms. However, for some heavily indebted poor countries, we acknowledge the need for additional action, in particular to reduce debts owing to multilateral institutions and other bilateral creditors that are not members of the **Paris Club**. Following the proposals developed by the Bretton Woods Institutions, we look forward to a concrete solution being agreed by next Autumn at the latest on the following basis :

- the solution should provide an exit for unsustainable debt and be based on a case by case approach adapted to the specific situation of each country concerned, once it has shown its commitment to pursuing its economic adjustment ;

- the continuation of ESAF will provide the basis for a reduction in the burden of the debt to the IMF for these countries ;

- we welcome the proposal by World Bank management to commit 500 million \$ to this initiative and substantial amounts for future years. We will support and work together for an overall World Bank contribution of the order of 2 billion \$ for this initiative. We look to the World Bank together with the Regional Development Banks to develop practical funding mechanisms for treating debt owed to these institutions ;

- as concerns bilateral credits, we are committed to work, in conjunction with a maximum possible contribution by the World Bank and the IMF, to achieve financial viability and debt sustainability for all these countries which undertake the necessary adjustment efforts. We acknowledge Official Development Aid debt cancellation already given by some creditor countries. We urge the **Paris Club** creditor countries, where they deem appropriate, on a case by case basis, to go beyond the Naples terms for these countries. These efforts would include, on a voluntary basis, debt conversion schemes up to 20% instead of currently 10% of the stock of debts, and increased debt alleviation. In parallel, and on the basis of the same assessment, all other bilateral creditors are encouraged to make their own contributions to these countries in terms comparable.

1997 Denver, United States

Communiqué

2. Continuing the important steps we have taken, the Denver Summit of the Eight marks a new and deeper participation by Russia in our efforts. Russia has taken bold measures to complete an historic transformation into a democratic state with a market economy. We are committed to continue the trend of increased Russian participation in the work of our officials between Summits and reiterate our shared commitment to the promotion of a fuller involvement of Russia in the Summit process. Cooperation to integrate Russia's economy into the global economic system represents one of our most important priorities. We welcome the understanding reached between Russia and the Chairman of the Paris Club on the basis for Russia's participation and

look forward to the Paris Club and Russia finalizing an agreement in the near future. We support the goal of early Russian accession to the WTO on the basis of conditions generally applicable to newly acceding members. We also look forward to continued Russian progress toward accession to the OECD using the potential of the recently created Liaison Committee between Russia and the OECD.

1998 Birmingham, United Kingdom

Communiqué

4. Overall global prospects remain good. However, since we last met, the prospects have been temporarily set back by the **financial crisis in Asia**. We confirm our strong support for the efforts to re-establish stability and growth in the region and for the key role of the International Financial Institutions. Successful recovery in Asia will bring important benefits for us all. Therefore:

- we strongly support reforms underway in the affected countries and welcome the progress so far achieved. With full implementation of programmes agreed with the IMF we are confident that stability can be restored. The underlying factors that helped Asia achieve impressive growth in the past remain in place. Implementation of agreed policies together with the action taken by ourselves and other countries to avoid spillover effects provide the basis for a firm recovery in the region and renewed global stability;
- we believe a key lesson from events in Asia is the importance of sound economic policy, transparency and good governance. These improve the functioning of financial markets, the quality of economic policy making and public understanding and support for sound policies, and thereby enhance confidence. It is also important to ensure that the private sector plays a timely and appropriate role in crisis resolution;
- we are conscious of the serious impact of the crisis in the region on the poor and most vulnerable. Economic and financial reform needs to be matched with actions and policies by the countries concerned to help protect these groups from the worst effects of the crisis. We welcome the support for this by the World Bank, the Asian Development Bank and bilateral donors and the increased emphasis on social expenditure in programmes agreed by the IMF;
- we are concerned that the difficulties could trigger short-term protectionist forces both in the region and in our own countries. Such an approach would be highly damaging to the prospects for recovery. We resolve to keep our own markets open and call on other countries to do the same. We emphasise the importance for the affected countries of continued opening of their markets to investment and trade.

7. ...to support the speedy and determined extension of debt relief to more countries, within the terms of the Heavily Indebted Poor Countries (HIPC) initiative agreed by the International Financial Institutions (IFIs) and **Paris Club**. We welcome the progress achieved with six countries already declared eligible for HIPC debt relief and a further two countries likely to be declared shortly. We encourage all eligible countries to take the policy measures needed to embark on the process as soon as possible, so that all can be in the process by the year 2000. We will work with the international institutions and other creditors to ensure that when they qualify, countries get the relief they need, including interim relief measures whenever necessary, to secure a lasting exit from their debt problems. We expect the World Bank to join the future financial effort to help the African Development Bank finance its contribution to the HIPC initiative; ...

1999 Köln, Germany

Communiqué

Getting the World Economy on Track for Sustained Growth

4. Since we met last year in Birmingham, the world economy has faced major challenges. Progress has been achieved in addressing **the crisis** and laying the foundations for recovery. Policy steps aimed at supporting growth in the major industrialized countries and important policy actions leading to stronger performance in some emerging markets have improved the economic outlook. A number of substantial challenges still remain. We therefore renew our commitment to pursue appropriate macroeconomic policies and structural reforms. These will contribute to more balanced growth in the world economy, thereby reducing external imbalances.

5. The world economy is still feeling the **effects of the financial crises that started in Asia** two years ago. Without an open, rules-based world trading system and the beneficial flows of goods and services it encourages, the countries affected would be having much greater difficulty recovering from these crises and stabilizing their economies.

6. We welcome the outline agreements recently reached by Russia with the IMF and the World Bank and look forward to their speedy implementation as a further important step in Russia's reform program. Once an IMF agreement is in place, we encourage the **Paris Club** to act expeditiously to negotiate a debt rescheduling agreement with Russia. In order to support Russia's efforts towards macroeconomic stability and sustainable growth, we encourage the **Paris Club** to continue to deal with the problem of the Russian debt arising from Soviet era obligations, aiming at comprehensive solutions at a later stage once Russia has established conditions that enable it to implement a more ambitious economic reform program.

Strengthening social safeguards

21. We are convinced that the countries most seriously affected by the **recent economic and financial crises** will sustain a speedier recovery if they create and improve the necessary social infrastructure. It is therefore particularly important to maintain investment in basic social services during times of crisis. Budgetary priorities and flexibility should enhance the quality of social infrastructure and investment.

2000 Okinawa, Japan

Communiqué

Toward a 21st century of greater prosperity: World Economy

7. The 20th century has achieved unprecedented economic progress. Yet the financial and economic crises of the past few years have presented enormous challenges for the world economy. Together with many of our partners around the world, we have devoted ourselves to alleviating the adverse effects of the crisis, stimulating economic recovery, and identifying ways to help prevent future upheavals, including measures to strengthen the international financial architecture. The world economy will grow strongly this year, and we are particularly encouraged by the strength of recovery in most **crisis-affected** countries.

G7 Statement

5. Following a **series of crises** since 1997, the international community has endeavoured to promote greater stability of the global economy through strengthening the international financial architecture, in view of the drastic changes to the global financial landscape, particularly in light of the increasing size and importance of private capital markets.

6. We welcome the progress made thus far and support the further steps set out by our Finance Ministers in the following areas.

7. We will continue to work together with other members of the international community to further strengthen the international financial architecture.

Reform of the International Monetary Fund (IMF)

8. The IMF should continue to play a central role in advancing macroeconomic and financial stability as an important precondition for sustainable global growth and should continue to evolve to meet the challenges of the future. As a universal institution, the IMF must work in partnership with all its members, including the poorest, based on shared interests. In this regard, we attach particular importance to the following measures:

- Strengthening IMF **surveillance to prevent crises**: A substantial qualitative shift in the nature and scope of the surveillance is needed in light of globalisation and large scale private capital flows.
- Implementation of international codes and standards: We are determined to strengthen our efforts to this end, including through their incorporation in IMF **surveillance**.
- Reform of IMF facilities: To adapt to the globalisation of capital markets, we attach priority to early progress in achieving a streamlined, incentive-based structure for IMF lending as set out by our Finance Ministers.
- Safeguarding IMF resources and post-programme monitoring: It is imperative to implement the strengthened safeguard measures and to enhance IMF's capacity for post-programme monitoring.
- Strengthening governance and accountability: It is important that the IMF's decision-making structure and its operation remain accountable taking into account changes in the world economy.
- Promotion of private sector involvement in **crisis prevention and resolution**: We welcome that private external creditors have contributed to the financing of recent IMF programmes, confirming the importance of making operational the approach agreed by our Finance Ministers last April based on the framework we laid out in Cologne.

2001 Genoa, Italy

G7 Statement

Strengthening the international financial system

11. Since the Okinawa Summit a number of important steps have been taken, including: measures to **increase the effectiveness of crisis prevention** by reinforcing the International Monetary Fund (IMF) surveillance and encouraging the implementation of the key international codes and standards; involving the private sector in crisis prevention and resolution; streamlining and reforming IMF lending facilities; and enhancing IMF transparency and accountability. These efforts should be maintained.

2002 Kananaskis, Canada

Statement by G7 Leaders: Delivering on the Promise of the Enhanced HIPC Initiative

As far as **non-Paris Club** official bilateral creditors are concerned, we will ask the IMF and World Bank to encourage creditors who are members of the two organizations to participate fully in the HIPC Initiative, particularly relatively wealthy creditors that have a significant amount of claims.

In addition, we will urge the IMF to identify creditor countries' participation in the Initiative ahead of any debt rescheduling with the **Paris Club**. We will also ask the Chair of the **Paris Club** to consider inviting, on a case-by-case basis, non-member official creditors to participate in its negotiations with HIPC countries on the understanding that these creditors will join a satisfactory consensus and will abide by Paris Club principles.

2003 Evian, France

Chair's Summary

Prevention and resolution of financial crisis

We welcomed the progress achieved over the last year on strengthening the international **framework for financial crisis prevention and resolution** so as to improve conditions for sustained private investment in emerging markets. The IMF should continue to **enhance its surveillance** by making it more comprehensive, independent, accountable and transparent. It should also pursue work on issues of general relevance to the restructuring of sovereign debt. We will exercise improved discipline in the provision of official finance.

We remain committed to promoting an early and widespread adoption of collective action clauses, building on the concrete steps already taken by several countries. We welcome initiatives being taken by issuers, the private sector and our officials on the development of a Code of Conduct. We look forward to their progress.

We welcomed the agreement reached by our Finance Ministers on a new tailored **Paris Club** approach for responding to debt problems of non-HIPC countries. We expect this "Evian approach" to address debt sustainability problems more conclusively, while ensuring that debt restructuring remains the last resort.

We look forward to the results of ongoing efforts to strengthen the international framework for **financial crisis prevention and resolution**.

2004 Sea Island, United States

No references.

2005 Gleneagles, United Kingdom

Chair's Summary

The G8 has also agreed that all of the debts owed by eligible heavily indebted poor countries to IDA, the International Monetary Fund and the African Development Fund should be cancelled, as

set out in our Finance Ministers agreement on 11 June. We also welcomed the **Paris Club** decision to write off around \$17 billion of Nigeria's debt.

2006 St. Petersburg, Russia

No references.

2007 Heiligendamm, Germany

Communiqué

Investment in developing countries

4. Outside of our group, a number of countries in emerging Asia have taken first steps on the road towards a **more flexible exchange rate regime** and a strengthening of the financial sector, a move which would support this adjustment. Oil producing countries have increased investment in oil production capacity and many have made prudent use of their additional export revenues to promote the diversification of their economies and employment. Their import growth has accelerated substantially.

18. We support the initiative of G8 Finance Ministers to foster the development of deeper, more liquid local bond markets in emerging economies. This can make an important contribution to **reducing the vulnerability of individual countries to crises** and to enhancing the financial stability of emerging countries as a whole.

2008 Hokkaido-Toyako, Japan

No references.

2009 L'Aquila, Italy

G8 Leaders Declaration: Responsible Leadership for a Sustainable Future

1. We are determined to ensure sustainable growth and to tackle the interlinked challenges of the **economic crisis**, poverty and climate change. These challenges require immediate action and long term vision.

4. We remain focused on the **economic and financial crisis** and its human and social consequences. We will continue to work together to restore confidence and set growth on a more robust, green, inclusive and sustainable path. This will include strengthening standards of integrity, propriety and transparency for economic activities.

5. We renew all our commitments towards the poor, especially in Africa. We are determined to undertake measures to mitigate the impact of the **crisis** on developing countries, and to continue to support their efforts to achieve the Millennium Development Goals.

World Economy: Economic and Financial Crisis: The Way to Recovery:

7. The world economy is experiencing the **most severe economic and financial disturbances** in decades. After several years of very high global growth, we have been facing challenging economic conditions, characterised by **financial turmoil**, widespread recession, intense deleveraging, an abrupt decline in international trade and growing unemployment and social

suffering. While there are signs of stabilization, including a recovery of stock markets, a decline in interest rate spreads, improved business and consumer confidence, the situation remains uncertain and significant risks remain to economic and financial stability.

8 We strongly reaffirm commitments undertaken at the London Summit to take all necessary steps to support demand, restore growth and maintain financial stability, including strengthening financial regulation and International Financial Institutions (IFIs) and maintaining open markets worldwide. We will continue to implement swiftly these decisions and call on all countries to act decisively to reinforce the international economic and financial system, and to work cooperatively and responsibly with regard to the impact on other countries.

9. We have taken stock of progress made to date to restore confidence, stabilise the financial sector and provide stimulus to boost growth and create jobs. Despite the current difficult conditions, we will continue to address global challenges, including fighting poverty and climate change, with the aim of establishing a more balanced and sustainable growth path, underpinned by sound fundamentals and social inclusion.

10. The current **financial and economic crisis** has reinforced the need generally for cooperation among key economies. The Heiligendamm Dialogue Process (HDP), a topic-driven dialogue of the G8 with major emerging economies – China, India, Brazil, Mexico and South Africa – established in 2007, has helped to fulfil this role by serving as a platform to develop common understanding and shared responsibility in responding to the challenges of the world economy concerning investment, innovation, development and energy efficiency, which will be important for global economic growth going forward. The dialogue has helped to gain a shared understanding of these global challenges in order to find appropriate responses. We endorse the results achieved until now and call for an extension of this dialogue among equals.

Economic Stimulus and Financial Stabilisation

11. Since the beginning of the **crisis** we have taken an unprecedented and concerted action to ensure recovery and repair our financial systems. We have coordinated our efforts with partners at various levels in response to a crisis that has affected every corner of the world. We have taken forceful and coordinated action to provide stimulus to economic growth. We have also acted to restore confidence by providing comprehensive support to our financial systems. While these necessary measures have an impact in the short term on our public finances, we commit to ensure fiscal sustainability in the medium term.

12. We note some **signs of stabilisation** in our economies and we believe that the turnaround will be reinforced as our measures reach their full effect on economic activity and contribute to improving confidence and expectations. However the economic situation remains uncertain and significant risks remain to economic and financial stability. We will take, individually and collectively, the necessary steps to return the global economy to a strong, stable and sustainable growth path, including continuing to provide macroeconomic stimulus consistent with price stability and medium-term fiscal sustainability, and addressing liquidity and capital needs of banks and taking all necessary actions to ensure the soundness of systemically important institutions.

13. We agreed on the need to prepare appropriate **strategies for unwinding the extraordinary policy measures taken to respond to the crisis** once the recovery is assured. These “exit strategies” will vary from country to country depending on domestic economic conditions and

public finances, and must ensure a sustainable recovery over the long term. We welcome the analytical work of the IMF which will assist us with this process.

Repairing the Financial System

14. **Repairing the financial sector**, including stabilising financial markets and normalising banking activity, is an urgent priority to ensure lasting economic recovery. We are implementing swiftly the commitments made at the London Summit and call on others to join our efforts to ensure global financial stability and an international level playing field.

15. Besides ensuring access to liquidity, it is crucial to deal decisively with **distressed assets and to recapitalize viable financial institutions**. We recognise the importance of further international cooperation in dealing with impaired assets, based on common principles and on an objective and transparent valuation of these assets, and in assessing the adequacy of banking capital and reserves, where necessary. Strong coordination on the principles underlying public capital injections, their conditions, and incentives to private interventions is also relevant. We ask the Financial Stability Board (FSB) to continue monitoring developments in financial systems and to help promote a coordinated approach, consistent with avoiding distorting competition and regulatory arbitrage.

26. We are fulfilling the commitments to provide resources to the International Monetary Fund (IMF) and for trade finance. We have led efforts to provide the IMF with the necessary resources to expand its lending capacity and urge other countries to participate. We are also exploring ways to substantially increase the IMF capacity for concessional lending and we encourage the Fund to explore the scope for increased concessionality to low-income countries. We remain committed to reforming the IMF to enable it to carry out its critical role in the modern global economy. We support the completion of the IMF quota review by January 2011 and the agreement on the second phase of voice and representation reform in the World Bank Group by the 2010 Spring Meetings. We welcome the actions being taken by the World Bank and other Multilateral Development Banks (MDBs) that highlight their important countercyclical role in **responding to the global crisis**. After comprehensively reviewing their capital positions, including a thorough resource demand analysis based on agreed medium to long-term strategies, we are prepared to consider additional financing needs. Additional elements to be considered include a clearer division of labor and collaboration among institutions, enhanced balance sheet flexibility, good governance, better risk management, effective use of aid, progress on promoting innovation, and an adequate focus on the world's poorest.

27. For the market economy to generate sustained prosperity, fundamental norms of propriety, integrity and transparency in economic interactions must be respected. The **magnitude and reach of the crisis** has demonstrated the need for urgent action in this regard. Reform efforts must address these flaws in international economic and financial systems with resolve. This will require promoting appropriate levels of transparency, strengthening regulatory and supervisory systems, better protecting investors, and strengthening business ethics. To address these issues we have agreed on the objectives of a strategy to create a comprehensive framework, “the Lecce Framework”, building on existing initiatives, to identify and fill regulatory gaps and foster the broad international consensus needed for rapid implementation. The Framework includes the areas of corporate governance, market integrity, financial regulation and supervision, tax cooperation, and transparency of macroeconomic policy and data. To ensure the effectiveness of the Lecce Framework, we will make every effort to pursue maximum country participation and swift and resolute implementation. We are committed to working with our international partners to make progress, with a view to reaching out to broader fora, including the G-20 and beyond.

36. We are committed to **tackling the social dimension of the crisis**, putting peoples' concerns first. The impact of the economic crisis on labour markets can undermine social stability. Therefore, good macroeconomic policies must be linked to employment and social policies that reduce unemployment, enable a quick re-entry into the labour market and prevent social exclusion. We support the conclusions of the G8 Social Summit in Rome and the London Jobs Conference to take further coherent actions to reduce the impact of the crisis on employment and maximise the potential for growth in jobs, in accordance with the following principles:

a. promotion of active labour market policies to reduce unemployment, enhance skills development and match jobs with labour market needs; maintain income support for the unemployed; sustain existing employment, including through partial unemployment schemes combined with training provisions and temporary flexible work or other arrangements, such as employment subsidies, in order to prevent lay-offs;

b. ensuring the sustainability and effectiveness of social protection systems as drivers of confidence and consequently of economic and employment recovery;

c. we invite international organisations, in particular the IMF, the OECD and the ILO, to take into account the labour and social impact of their advice and cooperation with governments.

37. Social and employment policies are a crucial pillar in the context of a new global framework. Measures should provide income relief for people and households and prevent long-term unemployment, with particular reference to the most vulnerable groups, taking into consideration gender issues. Advanced, emerging and developing countries as well as international institutions should work together to ensure employment oriented growth and promote social cohesion. Taking forward the ILO Decent Work Agenda, building on the ILO resolution on "Recovering from the crisis: A Global Jobs Pact", is relevant to respond to the crisis at worldwide level and advance the social dimension of globalisation. Governments and enterprises should not use the crisis as an excuse to diminish compliance with worker rights or to diminish worker protections. We commit to promote employment and social protection on a global level and the observance of internationally recognised labour rights as reflected in the ILO declaration on Fundamental Principles and Rights and its follow-up. We also commit to address the **human dimension of the crisis** and to restore growth on a stronger footing

45. We reconfirm our commitment to keep markets open and free and to reject protectionism of any kind. In difficult times we must avoid past mistakes of protectionist policies, especially given the strong decline in world trade following the **economic crisis**. Recovery needs a strong international trade component to be viable and the relevant programmes must fully respect our obligations and commitments to non-discriminatory treatment under WTO and other international agreements. We will maximise efforts and steps to promote and facilitate trade and investment.

49. The **current crisis** has affected capital flows, including foreign direct investments (FDIs), which represent an important source of financing and a driver of economic growth and integration. We stress the positive role of long term investments. We will work to reverse the recent decline in FDI, by fostering an open, receptive climate for foreign investment, especially in emerging and in developing countries.

60. The interlinked challenges of climate change, energy security and the sustainable and efficient use of natural resources are amongst the most important issues to be tackled in the strategic perspective of ensuring global sustainability. A shift towards green growth will provide an

important **contribution to the economic and financial crisis recovery**. We must seize the opportunity to build on synergies between actions to combat climate change and economic recovery initiatives, and encourage growth and sustainable development worldwide.

95. At a time of **global economic crisis** we are determined to assist developing countries in coping with the impact of the crisis, which is having a disproportionate impact on the vulnerable in the poorest countries, and to work with them to achieve sustainable development, food security, good governance, peace and security, in order to promote access to economic and social opportunities for all and improve human security.

99. Growth and employment in developing countries are seriously threatened, jeopardizing progress achieved towards internationally agreed development goals, including the MDGs. The global economic slowdown has significantly reduced export revenues, private capital flows and remittances to developing countries. Declining government revenues and lower availability of external financing have also forced many governments in developing countries to consider cuts in vital investments and social safety net spending. This combination of external and fiscal pressure could generate macroeconomic and social instability with lasting effects on present and future generations. We must act now to **prevent the economic crisis from turning into a deeper social crisis**. We note the potential of an effective UN Global Impact and Vulnerability Alert System (GIVAS). We have therefore resolved to act with major emerging economies, developing countries and other relevant players to create the conditions for bolstering world trade and investment, placing world growth on a more solid path and minimizing the **impact of the crisis on vulnerable** populations.

100. We reconfirm our resolve to implement the Monterrey Consensus and the Doha Declaration on Financing for Development. In particular, despite the severe **impact of the crisis** on our economies, we reiterate the importance of fulfilling our commitments to increase aid made at Gleneagles, and reaffirmed at Heiligendamm and Toyako. For Africa, this will include increasing, together with other donors ODA by US\$ 25 billion a year by 2010, compared to 2004. The OECD-DAC estimated that the combined commitments of G8 and other donors would increase overall ODA by around \$50 billion a year by 2010 compared to 2004. We will continue to provide debt relief according to the Enhanced HIPC initiative, the Multilateral Debt Relief Initiative and the Paris Club's Evian Approach.

101. At the London Summit we have agreed a substantial increase of resources available through the International Financial Institutions (IFIs) for **crisis support** and sustaining growth. As G8 we remain firmly committed to the London decisions and their thorough and timely implementation. In addition, we will consider ways to improve developing country governments and private sectors' access to credit, explore enhanced approaches to sovereign debt restructuring based on existing frameworks and principles and encourage lenders and borrowers to pursue sustainable lending practices. We encourage non-DAC countries with high foreign exchange reserves to enhance development-friendly investment. We ask the International Financial Institutions to work with partner countries to strengthen capacities for debt management and improve monitoring instruments for promoting long-term debt sustainability.

102. The **financial crisis** makes it doubly important that we improve the effectiveness of our aid. We are firmly committed to implement the Paris Declaration and the Accra Agenda for Action (AAA), to ensure development effectiveness. Building on the results of the 2008 OECD Survey, we will accelerate implementation of our aid effectiveness commitments, with a strong focus on in-country implementation, to be reviewed at the 2011 Fourth High Level Forum on Aid

Effectiveness. We stand ready to work with partner countries, non-DAC donors and providers of South-South cooperation to improve development results.

103. We encourage developing countries to continue implementing strategies that support inclusive and equitable growth and to further their efforts to provide regulatory frameworks which favour the development of sound and inclusive financial markets, private sector investment and employment. We encourage and support social protection mechanisms and safety nets to address the vulnerability of those who are hardest hit by the **crisis**. Where appropriate, we may use a counter-cyclical approach that allows for giving short term support to the most vulnerable people. We will also consider whether it is necessary to review priorities in our country aid programs, in the light of the **current crisis**.

104. We commend the **IFIs swift response to the crisis** and urge them to continue to coordinate their actions and expand financial support for developing countries, also considering accelerated disbursement of already approved funds and review of existing instruments. Therefore, we welcome the World Bank's establishment of the Vulnerability Framework.

105. We welcome the report of our Africa Personal Representatives on measures to strengthen the G8-Africa partnership and support the reform process of the Africa Partnership Forum.

106. We welcome the productive work of the Heiligendamm Process Working Group on Development and Africa, which has contributed to build a common understanding of development principles and we look forward to further explore and implement common effective approaches that will best benefit the needs of developing countries.

121. In the current **global financial crisis** we reaffirm our commitment to address the health needs of the most vulnerable, especially women and children. In this regard, we encourage the WHO, World Bank and other partners to monitor the impact of the crisis on health and advise on actions to be taken at country and global level. In order to advance the goal of universal access to health services, especially primary health care, it is essential to strengthen health systems through health workforce improvements, encompassing both health professionals and community health workers, information and health financing systems including social health protection, paying particular attention to the most vulnerable. We reaffirm our commitment to address the scarcity of health workers in developing countries, especially in Africa and we note the 2008 Kampala Declaration and the Agenda for Global Actions launched by the Global Health Workforce Alliance. We encourage the WHO to develop by 2010 the Code of Practice on the International Recruitment of Health Personnel. We will also begin to address substantial gaps in knowledge about how to manage, organize and deliver health care in Sub-Saharan Africa through a variety of strategies, including by developing networks of researchers and by working with our African partners to establish a consortium of interdisciplinary centres of health innovation. As an enabling first step in developing the consortium, we will convene a planning meeting in late 2009 with African partners to establish a roadmap. We will work with partner countries and international institutions to promote well-functioning information systems. We also encourage multilateral institutions – including WHO, World Bank, GFATM, GAVI, UNITAID and UN Organizations – to continue to support health system strengthening. We encourage them to further improve coordination with plans and processes in partner countries and international health partnerships.

126. Investing in education and skills development is crucial for a sustainable **recovery from the current economic crisis** and for long term development. We reaffirm the right to education for all. We favour an integrated approach to education systems, prioritizing access to and completion of quality primary education and also addressing post-primary education, vocational training and

skills development, and adult literacy, according to partner countries' specific needs. We support efforts to include educational strategies within broader development policies, in the spirit of the "Acting together" Oslo Declaration by emphasizing the principles of aid effectiveness and division of labour.

Joint Statement (G8 and G5): Promoting the Global Recovery

1. We, the Leaders of Italy, Brazil, Canada, the People's Republic of China, France, Germany, India, Japan, Mexico, Russia, South Africa, the United Kingdom, the United States of America and the President of the European Commission, together with the Leaders of Egypt and Sweden, as President of the European Council, commit to work together on global challenges and to improve international governance. Our purpose is to foster a genuine partnership, in the context of a strengthened multilateralism. We will cooperate to ensure that the global economy resumes growth along a balanced, equitable and sustainable path for the benefit of all, especially the most vulnerable. We will resist protectionism and promote open markets for trade and investment. We will contribute to ensuring food security and energy security. We will support developing countries in withstanding the **impact of the crisis** and restoring conditions for their future progress. We share a common vision on development and will mobilise resources to respond to the development emergency and to advance in the achievement of the internationally agreed development goals including the Millennium Development Goals (MDGs).

2. The **economic and financial crisis** has clearly reinforced the need for enhanced international and multilateral cooperation. We have acted more forcefully and cooperated more fully than in any earlier economic crisis. We are fully committed to implementing rapidly the Washington and the London Summit decisions, including those to strengthen financial regulation and reform International Financial Institutions (IFIs), and to provide them with adequate resources. It is further important to ensure that developing economies, in particular low income countries, are able to cope with the effects of the crisis.

4 We are committed to working together to ensure a green global recovery based on firm and lasting foundations for sustainable, balanced, innovative and inclusive growth in the medium term. We have discussed a global recovery agenda and future sources of growth, both in terms of macroeconomic patterns and of structural issues. To this end:

- We will foster a macro-environment that supports a robust and balanced resumption of domestic private spending to promote the revival of demand. Such an environment will require rehabilitating banking sectors in some countries, and the resumption of lending on a sound basis.
- While continuing to support our economies with every necessary measure to **overcome the crisis**, we will also begin to prepare **exit strategies** from the extraordinary policy measures taken to respond to the crisis, to be adopted once the recovery is assured and to ensure monetary and fiscal sustainability in the medium term.
- We will cooperate in our efforts to support domestic demand and achieve a robust, balanced, inclusive and sustainable global recovery. We will foster and work together to ensure an appropriate adjustment of savings, and investments, according to respective national circumstances.
- We will refrain from competitive devaluations of our currencies and promote a stable and well-functioning international monetary system.

- Concerned by the **high social costs of the crisis** in terms of unemployment and poverty, we are committed to tackle the social dimension of the crisis, putting people's concerns first. We are modernising, reinforcing and increasing the efficiency of social protection policies, including safety nets, health and education. Strengthened and sustainable social protection, supporting employment and enhancing skills, will also help to sustain and rebalance global demand. We will exchange best practices in support of the people who have lost their jobs or who are threatened by unemployment. We will strengthen our capacity for training to adapt to new labour market conditions.

10. We are alarmed about the serious implications of the **global crisis** for growth and for poverty eradication in developing countries. We reaffirm our shared commitment to contribute to achieving the MDGs through economic growth and support to peace and security, especially in Africa. We received with great concern the estimates of the World Bank and other development institutions regarding the number of people, in particular children, who may perish or fall into poverty as a result. We underscore that climate change severely affects developing countries and is becoming a major threat to their ability to achieve internationally agreed development goals including the MDGs. We are committed to mobilising all resources for development, as we keep engaged to ensure the proper follow-up and implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development. We recognize that mobilising financial resources for development and the effective use of all those resources are central to the global partnership for sustainable development. As part of these overall efforts, the G8 countries are committed to meet their ODA commitments, especially to sub-Saharan Africa, including those on Aid for Trade and debt relief.

Development

1. Dialogue Partners reaffirm their shared commitment to contribute to achieving the MDGs and poverty eradication through support for sustainable economic growth and development. Partners identified key challenges of development and are fully aware of the serious implications **of the global crisis on financial flows** to developing countries, growth, and poverty eradication. Despite the increase in official development assistance (ODA) volumes in 2008, the global crisis reinforces the imperative of maintaining ODA commitments, beginning with the predictability of aid flows. They agree on the need to continue improving the quality and effectiveness of development cooperation, including both North-South and South-South cooperation. To this end, partners are fully committed to implementing the Accra Agenda for Action (AAA) which constitutes a common and solid basis for building the future of development cooperation, appreciating the diversity of approaches as well as the common goal and principles of aid effectiveness. They also share the vision to move beyond aid effectiveness to development effectiveness. Partners recognise the need to mobilise all potential resources for development, including by strengthening developing countries' own capacities for effective domestic resource mobilisation, in line with the Monterrey Consensus and the Doha Declaration on Financing for Development. As part of these overall efforts, the G8 countries are firmly committed to work to fulfil their ODA commitments, including those made at Gleneagles and other fora.

12. Dialogue Partners are committed to global development, and agree on the need to **minimise the impact of the economic and financial crisis** on the most vulnerable countries. In this context, Dialogue Partners recognise the importance of maintaining open markets. They recognise the risk of further deterioration in poverty and food security. In this regard, Dialogue Partners emphasised the need for enhanced efforts, better coordination, and increased effectiveness. For this purpose, Dialogue Partners acknowledge the value of multi-stakeholder

international platforms and take note of the Global Partnership for Agriculture and Food Security (GPAFS) which is being developed now under the UN auspices. In this respect, Dialogue Partners recognise the special needs of Africa. They underline the high priority that the African Union (AU) has put on infrastructure and agriculture development in view of their important role in regional and continent-wide growth prospects. Dialogue Partners note with interest the significant step taken by African leaders through the Programme for Infrastructure Development in Africa (PIDA) that was endorsed at the 2009 AU Summit, and the Comprehensive African Agriculture Development Programme (CAADP) adopted in the 2003 AU Summit. Dialogue Partners recognise the potential contribution of these initiatives in offsetting the effects of the economic crisis and in promoting food and energy security.

Investment

13. Although there is little evidence of a trend towards investment protectionism in response to the **economic crisis** in Dialogue partner countries, there are growing concerns that some policy measures may be less favourable to international investment, both inward and outward. In addition, the question of protecting national security and “strategic” industries in relation to foreign investment remains relevant and deserves continued scrutiny.

In the context of the **global financial and economic crisis**, international investment has slowed down considerably, including with respect to foreign direct investment in emerging economies and other developing countries, with a substantial negative impact on growth, employment and development.

15. The Dialogue has underscored the common interest of the Partners in maintaining an open investment climate. Exchanging information and views on measures that affect investment decisions contributes to the development of policy responses at the national level which avoid negative external impacts. Partners highlighted the impact that public policy statements may have on investment decisions. Dialogue Partners have also taken note of the Freedom of Investment Process at the OECD, of the discussions that have been held in that context on the protection of national security and “strategic” industries, and of the progress made in defining relevant principles. They also discussed the UNCTAD analysis of trends in international investment policies. The Dialogue has demonstrated its value for deepening mutual understanding of the political challenges they face in maintaining and promoting freedom of investment, particularly in the context of the **financial and economic crisis**. The HDP has facilitated the informal discussion of policy measures and of the links between national measures and an effective and coordinated international response to the crisis.

Chair’s Summary

G8 Leaders discussed the **interlinked challenges of the economic crisis**, poverty, climate change and international political issues. They shared a vision of a world economy that is open, innovative, sustainable and fair.

A concrete result of this partnership is significant progress on trade. Leaders stressed that open markets are key to economic growth and development — the more so in a **period of crisis**. Therefore, they reaffirmed their determination to resist protectionism and confirmed the standstill commitment adopted in Washington and London. Moreover, they agreed that a successful conclusion of the Doha Development Round will provide a major boost to restore confidence, support recovery and promote development. The time is ripe to unblock negotiations in order to reach an ambitious and balanced conclusion in 2010 on the basis of the progress already made, including with regard to modalities. To this end Leaders mandated their Ministers in charge of

trade to engage immediately to clarify and understand the negotiation to date and to meet before the Pittsburgh Summit, where they will report on progress achieved. Australia, Indonesia and the Republic of Korea also decided to join this effort.

World Economy

G8 Leaders discussed the state of the world economy and the extraordinary measures taken. While noting signs of stabilisation and improved confidence, they reaffirmed their commitment to implementing the decisions made at the Washington and London Summits. Policy action to support the world economy and repair the financial system will continue as long as needed to ensure sustainable and long-lasting growth. Reforms of financial regulations will be implemented swiftly, ensuring a level playing field. Leaders also committed to **tackle the social dimension of the crisis**, putting people's concerns first and promoting global action for employment and social protection.

The crisis has revealed the importance of propriety, integrity and transparency regarding the conduct of international business and finance, so as to strengthen business ethics. To this end, Leaders have agreed on the need to developing common principles and standards, the "Lecce Framework", which builds on existing initiatives of the OECD and other relevant international organizations and which will be brought to the next G20 Summit in Pittsburgh.

Looking beyond the crisis, Leaders vowed to secure medium-term fiscal sustainability through preparing appropriate exit strategies. They are determined to set economic growth on a more solid, innovative, greener and sustainable path. Leaders also agreed on the need to address excessive price volatility in energy and agricultural products and to improve the functioning of global commodity markets, including through effective regulation and supervision of derivative markets, so as to enhance transparency and combat damaging speculation.

Development and Africa

Leaders focussed their discussion on the **effects of the crisis** on the most vulnerable. They decided to act resolutely to implement decisions to eradicate poverty and hunger. Acknowledging that the crisis is jeopardising progress towards the MDGs, they asked for an international assessment in 2010 on what is needed to achieve these Goals. They reiterated their commitment to promote global health and expressed their solidarity for all vulnerable people and countries in the face of the global H1N1 threat and the importance of supporting developing countries with respect to anti-viral medicines, vaccines, and other preventive measures.

They decided to implement a set of measures to **help the most vulnerable to withstand the crisis**: fulfil their ODA commitments, including on aid for trade; keep markets open to re-launch economic growth to the benefit of the poor; enhance transparency and competition among intermediaries to halve transaction cost of migrants' remittances; strengthen partnership with Africa to improve access to water and sanitation; support innovative financing instruments for health; put agriculture and food security at the top of the agenda, by increasing multilateral financing to support comprehensive country strategies and improving coordination of existing mechanisms.

G8 and Africa

On 10 July, the G8 met with Algeria, Angola, Egypt, Ethiopia, Libya, Nigeria, Senegal, South Africa, the African Union Commission and relevant International Organisations. Leaders resolved to act swiftly to **limit the impact of the crisis** on the achievement of the Millennium

Development Goals in Africa. They confirmed respective commitments for sustainable development, including with respect to ODA, climate change and peace and security. For the first time, Leaders issued a joint G8-Africa statement, expressing their determination to build a stronger partnership to increase access to water and sanitation.