

ACTION PLAN FOR GROWTH AND JOBS

Heightened tensions and significant downside risks for the global economy prompted the G20 to take decisive actions to restore confidence, financial stability and growth. This is the Action Plan for Growth and Jobs.

The Action Plan addresses the current crisis and ensures a strong, sustainable and balanced growth for the future. It deals with short-term vulnerabilities, financial stability and strengthens the foundation for growth in the medium term.

Whether it be for the short or long term, the Action Plan provides details of the measures to which every major G20 country has committed. And to ensure its effectiveness and guarantee the transparency of its implementation, the list of all the objectives and commitments of the twenty G20 countries have been annexed to the Action Plan.

1) IN THE SHORT TERM, ADDRESS VULNERABILITY AND RESTORE FINANCIAL STABILITY

First, European countries adopted a set of measures to recover from the crisis and ensure stability of the Euro area:

- (i) Implementation of the decisions of the European Council of 21 July making the EFSF more flexible; commitments of the European Council of 26 October generating major leverage for EFSF resources (which could reach a total of one trillion euros);
- (ii) Commitments of euro area countries to significantly strengthen governance and economic and fiscal surveillance in the euro area;
- (iii) Particular efforts regarding fiscal consolidation and structural reforms by the Member States experiencing specific difficulties in their sovereign debt markets;
- (iv) European commitment to the set of measures aiming at building confidence in the banking sector;
- (v) Exceptional resolution to ensure sustainability of the Greek public debt with a rigorous adjustment program and the voluntary forgiveness of a portion of privately held Greek debt.

To support the recovery, every country commits to take part according to its situation:

- (i) Countries whose public finances are relatively sound (Australia, Brazil, Canada, China, Germany, Korea, Indonesia) will let their automatic stabilisers work and will take additional measures to support domestic demand if the economic situation worsens.
- (ii) The United States commits to a set of measures to sustain the recovery via government investments, tax reforms and targeted job measures, consistent with medium-term fiscal consolidation.
- (iii) Japan has taken measures to further its reconstruction efforts amounting to approximately 4% of its GDP.

The monetary authorities of G20 countries will implement appropriate policy to maintain price stability and support the recovery. And the exchange-rate regimes that are currently relatively inflexible will be made more flexible more swiftly, including in China.

2) IN THE MEDIUM TERM, STRENGTHEN THE FOUNDATION FOR GROWTH

The advanced countries shall introduce appropriate fiscal consolidation strategies to strengthen their public finances in a sustainable manner.

Surplus countries will take measures to support domestic demand.

China will move towards gradual convertibility of the yuan and will slow the rate at which it is accumulating its reserves.

All the G20 countries shall undertake the structural reforms needed to enhance potential growth and jobs and reforms aimed at strengthening the international and national financial systems. In addition, the G20 countries will continue to promote the liberalisation of trade and investments and their actions encouraging development.