



G-20 FINANCE MINISTERS' AND CENTRAL BANK GOVERNORS' MEETING

DELHI COMMUNIQUE

NOVEMBER 23, 2002

1. We, the Finance Ministers and Central Bank Governors of the G-20, held our Fourth Meeting today on 23rd of November 2002 at New Delhi, India. We reviewed the global economic situation and outlook, and deliberated on matters concerning crisis prevention and resolution, globalisation, the challenge of achieving sustained growth and development and combating the financing of terror. We reaffirm our conviction that increasing integration of the global economy is producing benefits, including improvement in living standards and reduction of poverty, and our commitment to maximize these benefits through domestic policies, strong institutions, and enhanced international cooperation.

Economic Situation and Financial Stability

2. We met against the backdrop of continued uncertainty concerning the global economic outlook. The global economy faces significant challenges and problems associated mainly with slower than expected recovery and heightened risk aversion. However, we have confidence in the underlying prospects and potential of our economies, and in our capacities to achieve higher growth and prosperity. Recent events reaffirm our belief that sound macro-economic policies, strong institutions and good governance are critical for realising this potential while containing vulnerability to financial crises. Stronger and more effective international institutions can contribute significantly towards the creation of a robust global economic environment, thereby complementing national efforts for sustained growth and prosperity.

3. Interdependence among national economies and increased integration of financial markets have brought significant advantages and enormous opportunities for enhanced growth in many countries. However, countries have become more exposed to external shocks and susceptible to the consequences of inappropriate domestic policies. Recent experience has demonstrated the need to strengthen our capacity to prevent financial crises and to develop efficient, expeditious, and socially and economically effective responses to a financial crisis when it occurs.
4. We believe that effective and accountable International Financial Institutions (IFIs) and worldwide surveillance are essential for a healthy global financial system. Sustainable exchange rate regimes, prudent asset-liability management, and implementation of agreed standards and codes are important components of an effective strategy for crisis prevention. We agreed on the need for sound national financial systems, effective supervision, and corporate governance in line with global best practice. We also agreed that capital account liberalisation should proceed in an appropriately sequenced manner.
5. A more orderly process of crisis resolution would help to mitigate the social and economic costs of financial crises and to maintain, or restore more quickly, access to international capital markets. We therefore support further work by the international community, in consultation with debtors and creditors, on comprehensive and market compatible approaches to crisis resolution, including collective action clauses, a sovereign debt restructuring mechanism (SDRM), and a code of good practices. We note that proposals are to be tabled by the IMF at the Spring Meetings, 2003.

Globalisation, Trade and Development

6. We reviewed the nature and pace of economic integration, which is at the heart of globalisation, and its implications for the world community. We

agreed that globalisation has been delivering rising living standards generally, including to many of the world's poor. The benefits of globalisation can be maximized, and associated risks mitigated, through the pursuit of appropriate domestic policies and a healthy external environment. The IFIs also have a role to play in this process. Our own experience, as revealed by the G-20 case studies which are to be published shortly, and by the evidence presented at the Globalisation Workshop in Sydney, shows that strong institutions, a climate that fosters savings and investment, transparency, and the rule of law, coupled with increased investments in infrastructure and human capital in developing countries are essential ingredients for promoting growth and reducing poverty.

7. The process of globalisation, however, has not yet delivered its potential in reducing poverty in some of the world's poorest countries. Reduction of the remaining trade and related barriers and phasing-out of trade-distorting subsidies would contribute to spreading further the benefits of globalisation, including to the poorest developing countries. Trade-related technical assistance is also important to support developing countries' capacity building efforts.

8. Recalling the partnership between developed and developing countries, reflected in the Monterrey and Johannesburg Conferences, we reaffirm our shared commitment to achieving the Millennium Development Goals, particularly in Africa through supporting NEPAD. We recognize that development assistance can enable poorer nations to build capabilities for exploiting the benefits of more integrated markets, reduced economic distance between nations and greater exchange of global information and knowledge. Development assistance can play a valuable catalytic role, including in the provision of global public goods. We welcome the increases in international development assistance recently announced by some countries recognising the need for higher ODA. We also welcome the commitment made by the

Development Committee at its September meeting this year to the implementation and full financing of the enhanced HIPC initiative.

Combating the Financing of Terrorism, and other Abuses of the Financial System

9. When we last met in Ottawa, Canada, in November 2001, we resolved to deny terrorists and their associates access to, or use of, our financial systems. While that meeting was shadowed by the events of September 11, 2001, today the recent tragic events in Bali and Moscow reinforce our resolve to combat terrorism and those that would fund it. To this end, we reviewed the progress made in implementing our Action Plan, including the freezing of terrorist assets, implementation of international standards, exchange of information, provision of technical assistance, and reporting on our actions. We also agreed to continue our efforts to eliminate other abuses of the financial system, particularly money laundering. We pledged to carry forward our work in this regard, through support of the activities of International Financial Institutions (IFIs) and other relevant international fora, and through appropriate domestic actions. We will review progress on these matters at our next meeting.

2003 Chairmanship

10. We welcome Mexico's assumption of the chairmanship of our group in 2003 and look forward to our next meeting to continue our work toward a more stable, prosperous, and equitable global economy.