

Chancellor's closing remarks at the G7 meeting

George Osborne, Chancellor of the Exchequer,

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This is a transcript of the speech, exactly as it was delivered.

It is a privilege to host the main meeting of the G7, and to welcome our colleagues and counterparts to the beautiful British countryside. I think we can say we've had a successful and constructive meeting.

I said, before the meeting, that I wanted to take the G7 back to its roots as a forum for advanced economies to come together for informal discussions, and that is precisely what we've done over the past two days.

We are, of course, meeting at a time when financial market sentiment has improved, and there are signs that this is feeding through to an improved outlook in some of our economies.

However, we all agreed that growth prospects remain uneven and we can't take the global recovery for granted. So we focused our discussions on the necessary actions we as advanced economies - indeed economies which account for half of the entire world economy - can take to nurture the global recovery and ensure it is sustainable and lasting.

Yesterday's discussion focused on the overall outlook for the global economy.

We discussed the recent actions taken by our central banks, of both a conventional and unconventional nature, and the role monetary policy can play to support the recovery while maintaining price stability.

We reaffirmed our commitment we made in February that our fiscal and monetary policies have been, and will remain, orientated towards meeting our respective domestic objectives using domestic instruments, and that we will not target exchange rates.

We discussed the importance of having in place credible country-specific, medium-term fiscal consolidation plans for ensuring sustainable public finances and sustainable growth, and the need to focus on structural deficits so as to ensure the near-term flexibility, such as by allowing automatic stabilisers to work. This meeting confirmed there are more areas of agreement between us on fiscal policy than is commonly assumed.

We then discussed the importance of measures being taken, or under consideration, in some of our economies, to ensure that credit can flow appropriately to support the economy. We agreed on the importance of ensuring bank's balance sheets are adequately capitalised to enable them to play their role in supporting the economy, and we discussed steps being taken to establish a banking union in Europe.

In line with what we agreed the G7 should focus on, in today's discussions we moved onto the policy priorities where we believed a discussion at the G7 was most important.

Nowhere is that more so than on banking, with the G7 accounting for three-quarters of the world's globally systemic banks. So we reaffirmed our commitment to the faithful implementation of the G20 agenda for financial regulation. It is important to complete, swiftly, our work, to ensure that no banks are too big to fail. We must put regimes in place in

each of our jurisdictions to deal with failing banks and to protect taxpayers, and to do so in a globally consistent manner.

It is also important that we push ahead with work to ensure a consistent implementation of reforms to derivatives and shadow banking. We also agreed on the need for structural reforms to boost competitiveness and growth, including new trade agreements and measures to raise employment.

Finally, we discussed the need to ensure that international tax rules are fit for the modern global economy. For Britain, I am committed to a competitive tax system that promotes growth, but I'm also determined that tax that is owed must be paid. That is why we've made this a priority for our parallel presidency of the G8, and today we all agreed on the importance of collective action to tackle tax avoidance and evasion.

This is a key priority for David Cameron and for myself, and we're absolutely determined to make progress this year with the British presidencies of both the G7 and the G8, including addressing base erosion and profit shifting.

We discussed the development of a new multi-lateral global standard on the automatic exchange of information based on FATCA, and action to improve the transparency of legal structures. It's vital that both developed and developing countries can collect the tax that is due to them.

What I would say about this initiative is this: it's incredibly important that companies and individuals pay the tax that is due, and this is important not just for Britain and British taxpayers but also important for many developing nations as well.

Overall, our discussions over the past two days have reaffirmed that there are still many challenges to secure a sustainable global recovery, and we can't take it for granted. But we are committed, as the advanced economies, to playing our part in nurturing that recovery and ensuring a lasting recovery so that we have prosperity in all our countries.

Thank you very much.