

Communiqué
Meeting of Finance Ministers and Central Bank Governors
Washington, 18-19 April 2013

1. We, the G20 Finance Ministers and Central Bank Governors, met to discuss the current situation in the global economy and to bring forward the policy agenda for our Leaders' summit in September.

Global Economy and G20 Framework for Strong, Sustainable and Balanced Growth

2. We reaffirmed our determination to raise growth and create jobs.

3. The global economy has avoided some major tail risks and financial market conditions continue to improve. However, global growth has continued to be too weak and unemployment remains too high in many countries. The recovery remains uneven and is progressing at different speeds with emerging markets experiencing relatively strong growth, the United States demonstrating a gradual strengthening of private demand, and the recovery in the euro area as a whole yet to materialize. Policy uncertainty, private deleveraging, fiscal drag, impaired credit intermediation, and a still incomplete rebalancing of global demand continue to weigh on global growth prospects. Medium-term challenges are also present in many economies, including those related to fiscal sustainability and financial stability.

4. We have agreed that while progress has been made, further actions are required to make growth strong, sustainable and balanced. Some countries have taken steps to stimulate activity since we last met. In particular, Japan's recent policy actions are intended to stop deflation and support domestic demand. In addition, Korea announced an active macroeconomic policy package. However, much more is needed to fulfill our commitment to address the ongoing weakness in the global economy. Major policy priorities remain largely the same. In the euro area the foundations of economic and monetary union should be enhanced, including through an urgent movement towards banking union, further reducing financial fragmentation, and continued strengthening of banks' balance sheets. Further progress toward a balanced medium-term fiscal consolidation plan is necessary for the United States, although significant deficit reduction has already been achieved. Japan should define a credible medium-term fiscal plan. Large surplus economies should consider taking further steps to boost domestic sources of growth. We will continue to implement ambitious structural reforms to increase our growth potential and create jobs.

5. Maintaining fiscal sustainability in advanced economies remains essential. Advanced economies will develop medium-term fiscal strategies by the time of the St Petersburg Summit in line with the commitments made by our Leaders in Los Cabos. We will present and review our strategies at our next meeting.

6. We reiterate our commitments to move more rapidly toward more market-determined exchange rate systems and exchange rate flexibility to reflect underlying fundamentals, and avoid persistent exchange rate misalignments. We will refrain from competitive devaluation and will not target our exchange rates for competitive purposes, and we will resist all forms of protectionism and keep our markets open. We reiterate that excess volatility of financial flows and disorderly movements in exchange rates have adverse implications for economic and financial stability. Monetary policy should be directed toward domestic price stability and continuing to support economic recovery according to the respective mandates of central banks. We will be mindful of unintended negative side effects stemming from extended periods of monetary easing.

International Financial Architecture

7. Completing the ongoing reforms of IMF governance is indispensable for enhancing its credibility, legitimacy and effectiveness. For this reason the ratification of the 2010 IMF Quota and Governance Reform is urgently needed. We support the IMF Executive Board's decision to integrate the process of reaching a final agreement on a new quota formula with the 15th General Review of Quotas. We remain committed, together with the whole IMF membership, to agree on the quota formula and complete the 15th General Quota Review by January 2014 as agreed at the Seoul Summit and reiterated in Cannes and Los Cabos. We attach high importance to securing continued progress in meeting this objective, including on key elements at the September St Petersburg Summit and subsequently at the October 2013 G20 Ministerial and IMFC meetings. We reaffirm our previous commitment that the distribution of quotas based on the formula should better reflect the relative weights of IMF members in the world economy, which have changed substantially in view of strong GDP growth in dynamic emerging market and developing countries. We reaffirm the need to protect the voice and representation of the IMF poorest members as part of this General Review of Quotas.

8. In pursuit of our goal of strengthening the existing practices of public debt management, we ask the IMF and the World Bank to consult with their members regarding the implementation and a possible review of the "Guidelines for Public Debt Management". This will help ascertain if amendments are required to take into account, among other things, evolution in the issuance environment and the emergence of complex interactions between public debt management, monetary and fiscal policies. We look forward to an update on this work by our July meeting and a progress report to the Leaders' Summit in September. We also note the ongoing work of the OECD to review leading practices for raising, managing and retiring public debt. We welcome the ongoing efforts to strengthen the Fund's public debt sustainability analysis framework for market-access countries, which is focused on key risks from high debt burden and its profile, macro-fiscal developments, and contingent liabilities. We expect that this will complement our work on medium term fiscal strategies.

9. We reaffirm the important role that Regional Financing Arrangements (RFAs) can play in the global financial safety nets. Further facilitating the dialog among RFAs, as well as strengthening cooperation and increasing complementarities between the IMF and RFAs, while safeguarding the independence of the respective institutions, could support financial stability and thus help promote growth. We note the IMF work on stocktaking of its engagement with RFAs, as well as the recent G20/IMF seminar that reviewed developments in RFAs and explored options for enhancing their cooperation with the IMF. Starting from this basis, and building on the principles for IMF-RFA cooperation we agreed in Cannes, we will discuss possible ways to further enhance that cooperation at our next meeting, in order to assess possible options for further policy recommendations by the time of the Leaders' Summit in St Petersburg.

10. We will contribute to a successful International Development Association (IDA) 17 replenishment, as well as African Development Fund (AfDF) 13 replenishment.

Long-term Financing for Investment

11. We underscore the importance of long-term financing for investment, including in infrastructure, in enhancing economic growth and job creation. We are taking forward work on this issue, including through adoption of the Terms of Reference of the new G20 Study Group, with inputs envisaged from the World Bank Group, OECD, FSB, IMF, UN, UNCTAD, and from participating countries. These inputs will cover their experience and good practices in creating the necessary conditions for mobilizing long-term financing for investment and promoting a sound investment

climate. We will consider the Study Group's work plan and any additional policy recommendations later this year. We welcome progress by the OECD on the High Level Principles for long-term investment financing by institutional investors and look forward for a report by our next meeting.

Financial Regulation

12. Half of G20 jurisdictions have now issued final regulations to implement Basel III, and the remainder commits to do so as soon as possible in 2013. We welcome the assessments, in some cases initial and ongoing, by the Basel Committee on Banking Supervision of consistency of these regulations with its framework and look forward to further progress on ensuring the conformity of the regulations with the Basel III text. We look forward to the July report on comparability of risk-weighted assets. We will undertake the necessary legislative steps to implement resolution powers and tools consistent with the FSB's Key Attributes of Effective Resolution Regimes, including the legal basis for cross-border cooperation and coordination. Our objective is to allow authorities to resolve financial institutions in an orderly manner. The FSB will report to the St Petersburg Summit on the progress made towards ending "too big to fail". We note the progress in implementation of OTC derivatives reforms and we are committed to complete the remaining legislative and regulatory frameworks for these reforms. We look forward to the macroeconomic impact study of OTC regulatory reforms, which is underway. We urge the key regulators to intensify their efforts to address cross-border derivatives issues and report by our July meeting specific and practical recommendations to resolve by the St Petersburg Summit remaining cross-border conflicts, inconsistencies, gaps and duplicative requirements. We also call for a feasibility study on how information from trade repositories can be aggregated and shared among authorities, so as to enable comprehensive monitoring of risks to financial stability. Jurisdictions should remove barriers to trade reporting by market participants, with particular attention to removing barriers to reporting of counterparty information and to information access by authorities. We look forward to further policy recommendations for the oversight and regulation of the shadow banking sector by the Leaders' Summit. We support the Regulatory Oversight Committee of the Legal Entity Identifier (LEI) initiative in their efforts to launch the Global LEI Foundation as soon as possible. We reiterate our call on the IASB and FASB to finalize by the end of 2013 their work on key outstanding projects for achieving a single set of high-quality standards.

13. We welcome the work of the BIS and IOSCO to improve the oversight and governance frameworks for financial benchmarks, and call on the FSB to coordinate and guide work on the necessary reforms to short-term interest rate benchmarks and to report in July on progress towards oversight and governance frameworks for financial benchmark reform for consideration at the Summit. We support the launch of the FSB's peer review on national authorities' steps to reduce reliance on credit rating agencies' ratings, and ask for a status report including the work by standard setting bodies to be presented to the Leaders at the St Petersburg Summit. We take note of the IOSCO Report on Transparency and Competition Among Credit Rating Agencies. We ask the FSB to examine the need for further work in this area in the light of current domestic and regional regulatory initiatives.

14. More needs to be done to address the issues of international tax avoidance and evasion, in particular through tax havens, as well as non-cooperative jurisdictions. We welcome the Global Forum's report on the effectiveness of information exchange. We commend the progress made by many jurisdictions, but urge all jurisdictions to quickly implement the recommendations made, in particular the 14 jurisdictions, where the legal framework fails to comply with the standard. Moreover, we are looking forward to overall ratings to be allocated by year end to jurisdictions reviewed on their effective practice of information exchange and monitoring to be made on a continuous basis. In view of the next G20 Summit, we also strongly encourage all jurisdictions to

sign or express interest in signing the Multilateral Convention on Mutual Administrative Assistance in Tax Matters and call on the OECD to report on progress. We welcome progress made towards automatic exchange of information which is expected to be the standard and urge all jurisdictions to move towards exchanging information automatically with their treaty partners, as appropriate. We look forward to the OECD working with G20 countries to report back on the progress in developing of a new multilateral standard on automatic exchange of information, taking into account country-specific characteristics. The Global Forum will be in charge of monitoring. We welcome the progress made in the development of an action plan on tax base erosion and profit shifting by the OECD and look forward to a comprehensive proposal and a substantial discussion at our next meeting in July.

15. We reiterate our support for FATF work, notably the identification and monitoring of high-risk jurisdictions with strategic AML/CFT deficiencies. We must tackle the risks raised by opacity of legal persons and legal arrangements, and encourage all countries to take measures to ensure they meet the FATF standards regarding the identification of the beneficial owners of legal persons, other corporate vehicles and trusts, that is also relevant for tax purposes.

Financial Inclusion

16. We welcome the launch of the Financial Inclusion Support Framework. We welcome the upcoming Seminar on “Women and Finance” and the launch of the Women’s Finance Hub hosted by the SME Finance Forum, which will provide best practices and knowledge sharing. We call on the Global Partnership for Financial Inclusion to report on the gaps and challenges in the global environment for SME finance, as well as potential policy responses, by our July meeting. We welcome the Financial Action Task Force’s revised Guidance on Financial Inclusion as an important step in helping to create an enabling regulatory environment for innovative financial inclusion.