

Communiqué of the Twenty-Fourth Meeting of the IMFC: Collective Action for Global Recovery

Chaired by Mr. Tharman Shanmugaratnam, Deputy Prime Minister of Singapore and Minister for Finance

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The global economy has entered a dangerous phase, calling for exceptional vigilance, coordination and readiness to take bold action from members and the IMF alike. We are encouraged by the determination of our euro-area colleagues to do what is needed to resolve the euro-area crisis. We welcome that the IMF stands ready to strongly support this effort as part of its global role.

Today we agreed to act decisively to tackle the dangers confronting the global economy. These include sovereign debt risks, financial system fragility, weakening economic growth and high unemployment. Our circumstances vary, but our economies and financial systems are closely inter-linked. We will therefore act collectively to restore confidence and financial stability, and rekindle global growth.

The advanced economies are at the core of an effective resolution of current global stresses. The strategy is to restore sustainable public finances while ensuring continued economic recovery. Taking into account different national circumstances, advanced economies will adopt policies to build confidence and support growth, and implement clear, credible and specific measures to achieve fiscal consolidation. Euro-area countries will do whatever is necessary to resolve the euro-area sovereign debt crisis and ensure the financial stability of the euro area as a whole and its member states. This includes implementing the euro-area Leaders' decision of July 21 to increase the flexibility of the European Financial Stability Facility, maximizing its impact, and improve euro-area crisis management and governance. Advanced economies will ensure that banks have strong capital positions and access to adequate funding; maintain accommodative monetary policies as long as this is consistent with price stability, bearing in mind international spillovers; revive weak housing markets and repair household balance sheets; and undertake structural reforms to boost jobs and the medium-term growth potential of their economies.

Emerging market and developing economies, which have displayed remarkable stability and growth, are also key to an effective global response. The strategy is to adjust macro-economic policies, where needed, to rebuild policy buffers, contain overheating and enhance our resilience in the face of volatile capital flows. Surplus economies will continue to implement structural reforms to strengthen domestic demand, supported by continued efforts that achieve greater exchange rate flexibility, thereby contributing to global demand and the rebalancing of growth. Fostering inclusive growth and creating jobs are priorities for all of us.

We reaffirm the importance of the financial sector reform agenda and are committed to its full and timely implementation. We will continue our coordinated efforts to strengthen the regulation of systemically important financial institutions, establish mechanisms for orderly domestic and cross-border resolution of troubled financial institutions, and address risks posed by shadow banking.

We call on the Fund to play a key role in contributing to an orderly resolution of the current crisis and prevention of future crises. We welcome the Consolidated Multilateral Surveillance Report as an important tool to focus our discussions on key risks and policy issues. We welcome the directions set out in the Managing Director's Action Plan. In particular, we encourage the Fund to focus on the following priorities and report to the IMFC at our next meeting:

- A more integrated, evenhanded, and effective surveillance framework that better captures risks to economic and financial stability, drawing on the Fund's Triennial

Surveillance Review and spillover reports;

- Early assessment of current financing tools and enhancements to the global financial safety net;
- Review of the adequacy of Fund resources;
- Ensuring adequate policy advice and financing to support low-income countries, including to address volatile food and fuel prices; and
- Further work on a comprehensive, flexible, and balanced approach for the management of capital flows, drawing on country experiences.

Governance reform is crucial to the legitimacy and the effectiveness of the IMF. We will intensify our efforts to meet the 2012 Annual Meetings target for the entry into force of the 2010 quota and governance reform. We call on the Fund to complete a comprehensive review of the quota formula by January 2013 and to report on progress at our next meeting. We reaffirm the commitment to complete the Fifteenth General Review of Quotas by January 2014. We look forward to further enhancing the role of the IMFC as a key forum for global economic and financial cooperation.

We thank Mr. Strauss-Kahn and Mr. Lipsky for their outstanding service at the helm of the Fund in difficult times. We warmly welcome Ms. Lagarde, Mr. Lipton, Ms. Shafik, and Mr. Zhu. Our next meeting will be held in Washington, D.C. on April 21, 2012.

Attendance can be found at

<http://www.imf.org/external/am/2011/imfc/attendees/index.htm>

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