



MEDIA STATEMENT: G-20

The South African government welcomes the broad display of unity and commitment by leaders of the G-20 to restore global growth and build the foundation of a sustainable, balanced and inclusive recovery into the future.

The South African delegation, led by President Kgalema Motlanthe, presented four points for consideration at the G-20 London Summit which took place on April 2 2009. These are: stabilising global finance; countering the global recession; deploying resources to support demand and sustaining investment in developing countries; and laying the foundation for a sustainable recovery.

The G-20 Communiqué provides a road map that requires a global solution to the greatest challenge that faces the world today. Since the last G-20 Summit, governments have taken action across a broad front, inspired by the commitments we made together on November 15, 2008 in Washington. However, these actions have not been well coordinated and have not yet achieved the needed breakthrough.

The London Summit starts from the belief that for growth to be sustained it has to be shared; and that the global plan for recovery must have at its heart the needs and jobs of hardworking families, not just in developed countries, but in emerging markets and the poorest countries of the world too. The Summit also provides that our global response must reflect the interest, not just of today's population but of future generations too.

The Summit pledged, amongst others, to restore confidence, growth and jobs; to repair the financial system so as to restore lending; strengthen financial regulation; fund and reform our international institutions; and to promote global trade and investment and reject protectionism.

South Africa supports agreements reached, and these include trebling the resources available to the IMF to \$750 billion and supporting a new Special Drawing Rights (SDR) allocation of \$250 billion. Also agreed upon was supporting at least \$100 billion of additional lending by the Multilateral Development Banks, ensuring \$250 billion for trade finance and using additional resources from agreed IMF gold sales for concessional finance for the poorest countries. These measures constitute an additional \$1.1 trillion of support to restore credit, growth and jobs in the global economy.

The Summit acknowledged that the major failures in the financial sector and in financial regulation and supervision were the fundamental causes of the crisis, and that a focus on rebuilding trust is crucial to restoring confidence in the global financial system. A Declaration was agreed upon to strengthen the financial system, which includes the establishment of a new Financial Stability Board. It is crucial that countries accept that for this process to work, a concerted and collaborative effort is required. These new efforts at strengthening global regulation should be linked to a strengthened multilateral centre where collaborative and inclusive approaches can be built.

The strengthening of global financial institutions was also highlighted as imperative to global confidence and economic recovery. The Summit agreed upon making available \$850 billion of resources through these institutions, to support growth in emerging markets and developing countries, by helping to finance counter-cyclical spending, bank recapitalisation, infrastructure, trade finance, balance of payments support, and social support.

The Summit undertook to reform the mandates, scope and governance of the global financial institutions to reflect changes in the world economy. In particular, emerging and developing economies, including the poorest, must have greater voice and representation.

Reinvigorating world trade and investment is another factor seen as essential to restoring global growth. The Summit agreed to ensure that the historic mistakes of protectionism in previous eras will not be repeated. It reaffirmed the commitment made in Washington, to refrain from raising new barriers to trade or investment, imposing new export restrictions, or implementing World Trade Organisation (WTO) inconsistent measures to stimulate exports.

The Summit also reaffirmed historic commitments to meeting the Millennium Development Goals, and to achieving respective Overseas Development Aid (ODA) pledges, especially to sub-Saharan Africa. This includes commitments on Aid for Trade, debt relief and the Gleneagles commitments.

These measures are seen as a positive global action in addressing the global financial crisis and are welcomed by South Africa.

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