



G20 Finance Meeting - 14 and 15 October 2011 - Paris - France

**François BAROIN**

Minister for the Economy, Finance and Industry,  
and

**Christian NOYER**

Governor of the Banque de France

**14 and 15 October 2011 – Paris**





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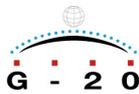
Meeting of G20 Finance Ministers and Central Bank Governors,  
14–15 October 2011 – Paris

List of participants

Agenda

G20 Finance themes





## G20 Finance Meeting - 14 and 15 October 2011 - Paris - France

### List of participants\*

\* By alphabetical order,

on 7 October 2011

#### G20 members states

##### ARGENTINA



Finance Minister  
**Amado BOUDOU**



Deputy Central Bank  
Governor  
**Miguel Angel PESCE**

##### AUSTRALIA



Finance Minister  
**Wayne SWAN**



Central Bank  
Governor  
**Glenn STEVENS**

##### BRAZIL



Finance Minister  
**Guido MANTEGA**



Deputy Central Bank  
Governor  
**Luiz PEREIRA DA SILVA**

##### CANADA



Finance Minister  
**Jim FLAHERTY**



Central Bank  
Governor  
**Mark CARNEY**

##### CHINA



Finance Minister  
**XIE Xuren**



Central Bank  
Governor  
**ZHOU Xiaochuan**

##### FRANCE



Finance Minister  
**François BAROIN**



Central Bank  
Governor  
**Christian NOYER**

##### GERMANY



Finance Minister  
**Wolfgang SCHAUBLE**



Central Bank  
Governor  
**Jens WEIDMANN**

##### INDIA



Finance Minister  
**Pranab MUKHERJEE**



Central Bank  
Governor  
**Duvvuri SUBBARAO**

##### INDONESIA



Finance Minister  
**Agus MARTOWARDOJO**



Central Bank  
Governor  
**Darmin NASUTION**

##### ITALY



Finance Minister  
**Giulio TREMONTI**



Central Bank  
Governor  
**Mario DRAGHI**

##### JAPAN



Finance Minister  
**Jun AZUMI**



Central Bank  
Governor  
**Masaaki SHIRAKAWA**

##### KOREA(REPUBLIC OF)



Finance Minister  
**Jaewan BAHK**



Central Bank  
Governor  
**KIM Choongsoo**

##### MEXICO



Finance Minister  
**Jose Antonio MEADE**



Central Bank  
Governor  
**Agustin CARSTENS**

##### RUSSIA



Finance Minister  
**Anton SILUANOV**



Central Governor  
Governor  
**Sergey IGNATIEV**

##### SAUDI ARABIA



Finance Minister  
**Ibrahim AL-ASSAF**



Central Bank  
Governor  
**Muhammad AL-JASSER**



**SOUTH AFRICA**



Finance Minister  
**Pravin GORDHAN**



Central Bank  
Governor  
**Gill MARCUS**

**TURKEY**



Finance Minister  
**Ali BABACAN**



Central Bank  
Governor  
**Erdem BASCI**

**UNITED KINGDOM**



Finance Minister  
**George OSBORNE**



Central Bank  
Governor  
**Mervyn KING**

**UNITED STATES**



Finance Minister  
**Timothy GEITHNER**



suppléant du Gouverneur  
de Banque centrale  
**Janet YELLEN**

**EUROPEAN UNION**



President of the Ecofin  
**Jan VINCENT-ROSTOWSKI**

**EUROPEAN CENTRAL BANK**



President European  
Central Bank  
**Jean-Claude TRICHET**

**EUROPEAN COMMISSION**



European Commissioner  
for Economic and  
Monetary Affairs  
**Olli REHN**

**Permanent invited country**

**Invited countries**

**ESPAGNE**



Finance Minister  
**Elena SALGADO**

**ETHIOPIA (NEPAD)**

Finance Minister  
**Sufian AHMED**

**SINGAPORE**



Finance Minister  
**Tharman SHANMUGARATNAM**

**AFRICAN UNION PRESIDENCY  
(EQUATORIAL GUINEA)**



Finance Minister  
**Martin Crisanto EBE MBA**

**UNITED ARAB EMIRATES**



Finance Minister  
**Obaid AL TAYER**

**International institutions**

**FINANCIAL STABILITY BOARD**



Secretary General  
**Mario DRAGHI**

**ORGANIZATION FOR ECONOMIC COOPERATION  
AND DEVELOPMENT**



Deputy Chair  
**Angel GURRIA**

**WORLD BANK**



President  
**Robert B. ZOELICK**

**INTERNATIONAL MONETARY FUND**



Managing Director  
**Christine LAGARDE**

**UNITED NATIONS DEVELOPMENT PROGRAMME**



Administrator  
**Helen CLARK**

**INTERNATIONAL MONETARY AND FINANCIAL  
COMMITTEE**



President  
**Tharman SHANMUGARATNAM**

**Others guests**

**HIGH LEVEL PANEL FOR  
INFRASTRUCTURES AND  
INVESTMENT**



President  
**Tidjane THIAM**

**SOUTH AFRICA**



Minister for National Planning  
**Trevor MANUEL**



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## G20 Finance Ministers and Central Bank Governors' meeting-14 and 15 October 201- Bercy

On 14 and 15 October 2011 François BAROIN, Minister for the Economy, Finance and Industry, and Christian NOYER, Governor of the Banque de France, chair the fourth G20 Finance ministerial Meeting held during the French G20 Presidency.

It will be attended by the Finance Ministers and Central Bank Governors of Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, the United States, as well as the European Union, represented by the Finance Minister of Poland, which currently holds the rotating EU Presidency, the Governor of the European Central Bank and the European Commissioner for Economic and Monetary Affairs.

The Finance Minister of Spain, permanent guest of the G20, will be attending, as will the Finance Ministers of the other guest countries: Singapore, the United Arab Emirates, Ethiopia and the current chair of the African Union (Equatorial Guinea).

Both Tidjane Thiam, the Chief Executive of the insurance company Prudential plc and former Minister of Planning in Côte d'Ivoire, who currently chairs the High-Level Panel (HLP) for Infrastructure Investment set up at the start of the French Presidency, and Trevor Manuel, the Minister in charge of South Africa's National Planning Commission, are invited.

Several international organisations will also be represented at the meeting, among which: the International Monetary Fund, the World Bank, the Organisation for Economic Cooperation and Development, the United Nations Development Programme and the Financial Stability Board.

Six working sessions will be held to address the following issues: the global macroeconomic situation and the Framework for Strong, Sustainable and Balanced Growth; the reform the international monetary system; energy and commodity price volatility, development, climate and innovative financing; financial regulation; the run-up to the Cannes Summit; and presentation of Mexico's priorities for its term holding the G20 Presidency in 2012.



## G20 Finance Meeting - 14 and 15 October 2011 - Paris - France

### Agenda

## G20 FINANCE MEETINGS

### OVERALL AGENDA

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#### Deputies' Meeting

Thursday, 13 October 2011 (Ministry)

3 pm–7 pm Working sessions

Friday, 14 October 2011 (Ministry)

9 am–1 pm Working sessions  
8 pm Session for drafting the conclusions

#### G20 Finance Ministers and Central Bank Governors' Meeting

Friday, 14 October 2011 (Palais de Chaillot)

5.45 pm–6 pm **Arrival of delegations\***  
6 pm–6.45 pm Reception  
7 pm–9 pm Working dinner

Saturday, 15 October 2011 (Ministry)

8 am **Arrival of delegations \***  
8.30 am–12 pm Working session  
12 pm–12.30 pm **Family photo \***  
12.30 pm–4 pm Working session  
4.15 pm–4.45 pm **G20 Presidency press conference\***

**\*Media sequences**





# G20 Finance Meeting

François Baroin  
Christian Noyer

14-15 October 2011 – Paris

# The G20 countries represent 85% of global GDP



## Priorities of the French Presidency of the G20

- **Pursue ongoing efforts:**
  - Growth and macroeconomic balances (*Framework for a Strong, Sustainable and Balanced Growth*)
  - Financial regulation
  - Development
- **Three new priorities established by the President of the Republic:**
  - Reforming the international monetary system
  - Tackling commodity price volatility
  - Global governance

↪ **The goal: build a stronger, more stable and more resilient global economy**



# The current economic climate increases the need for an effective G20



(1/2)

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- **Financial tensions in the past few months and downward revision of growth forecasts ...**
  - Concerns about public finances and sovereign debt in developed countries have led to extreme tensions in the markets
  - Banking shares have received rough treatment on stock markets, growth figures for Q2 2011 were disappointing, and growth forecasts for 2011 and 2012 have been revised downward
  
  - **... underscore the relevance of the G20's agenda ...**
  - **The G20 has focused its efforts on the underlying causes of current problems:**
  - Inadequate growth and global imbalances (uncertainties concerning budget sustainability in certain countries, large-scale, persistent current account surpluses, particularly among some emerging countries)
  - The risk of financial instability and incomplete financial regulation
  - Commodity price volatility that hampers the proper functioning of the world economy
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## The current economic climate increases the need for an effective G20 (2/2)



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- ... highlight the need for swift, coordinated responses from the G20 Finance participants, who agreed at their Washington meeting of 22 September on the following:
    - **The need for an ambitious action plan to stimulate strong, sustainable and balanced growth** by both developed countries (steps to resolve the euro area crisis, measures adopted in the US and Japan) and the major emerging countries (including moves to rebalance demand)
    - **The need to support financial stability and adopt any measures required to stabilise banking systems and financial markets** (commitment to ensure sufficient access to refinancing for banks and harmonised implementation of Basel III)
    - **Resolute commitment by G20 central banks to provide liquidity** to banks as required
  - ... and confirm the need to come up with additional resources to finance global public goods (development, climate) in a time of budgetary restrictions, thus justifying the use of innovative financings, notably via a Financial Transaction Tax (FTT)
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## How can the G20 Finance meeting input into Cannes Summit?

- 
- **Secure economic recovery via a credible action plan for world growth**, principally through ambitious commitments from all countries (primarily the euro area, the US, Japan and China) that combine short-term measures and longer-term structural actions
  - **Demonstrate the G20 capacity of effectively providing support for global economic transitions by :**
    - ✓ Supporting the internationalisation of emerging currencies to create a more stable, more robust IMS
    - ✓ Increasing transparency of physical commodity markets and ensure better regulation for derivatives
    - ✓ Promoting innovative financings
    - ✓ Agreeing on priority infrastructure projects and an action plan for food security
  - **Increase the G20 credibility as leading forum for global economic cooperation** by demonstrating that its decisions are implemented (financial bonuses, non-cooperative jurisdictions) and that it is able to tackle new, complex, relevant challenges (e.g. IMS, commodities)
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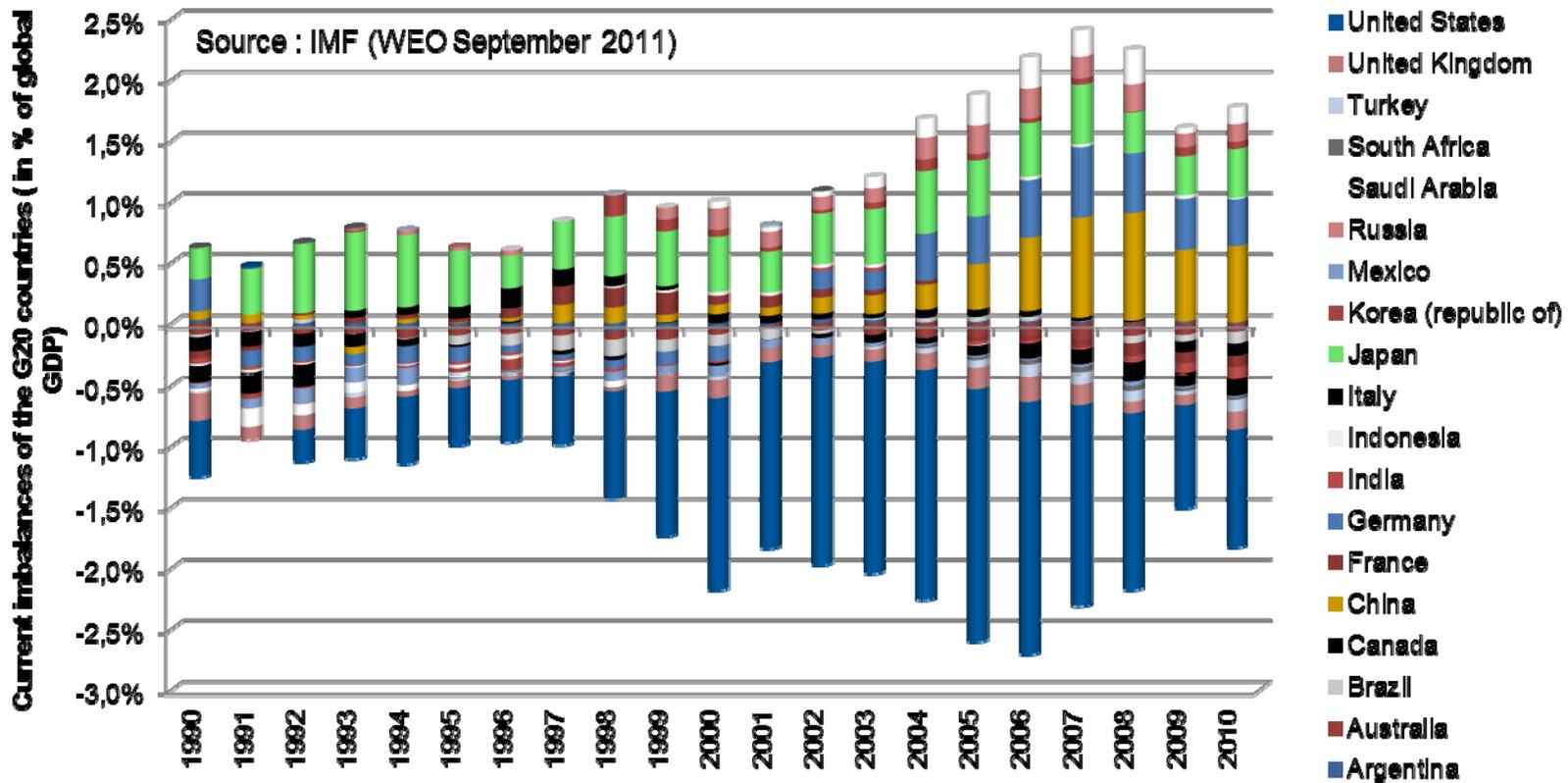
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# Finance: Review of the main themes

# 1. Framework for a Strong, Sustainable and Balanced Growth



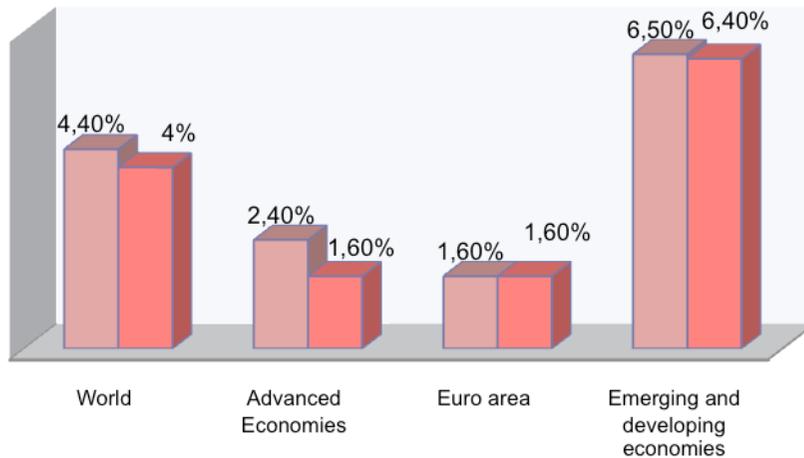
## Global imbalances seriously widened since the late 1990s



# 1. Framework for Strong, Sustainable and Balanced Growth

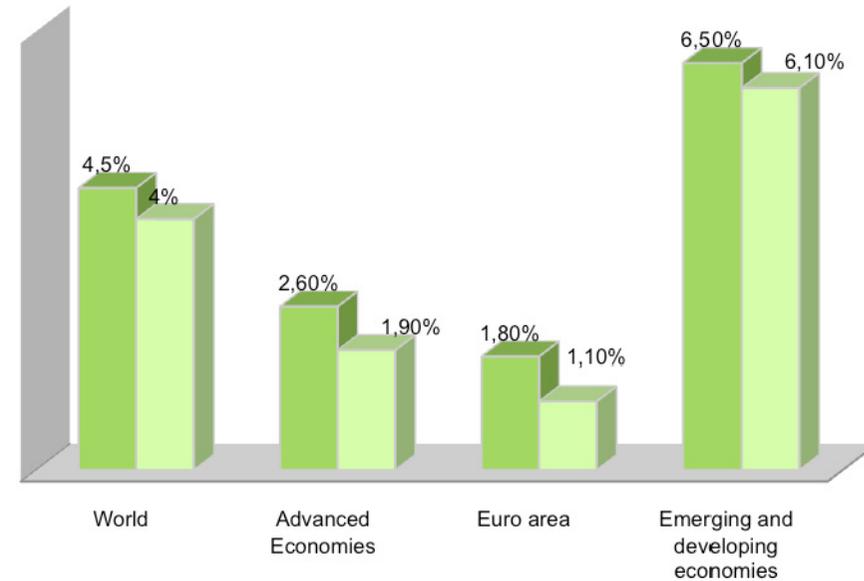
Growth forecasts revised downward between April and September 2011

IMF growth forecasts for 2011



■ Forecast of April 2011    ■ Forecast of September 2011

IMF growth forecasts for 2012



■ Forecast of April 2011    ■ Forecast of September 2011

# 1. Framework for Strong, Sustainable and Balanced Growth

**Objectives:** strengthen global growth and reduce the macroeconomic imbalances that fuelled the 2008–2009 crisis

## What we have achieved since the start of the year

- A method for identifying excessive imbalances
- Identification of 7 economies showing persistent excessive imbalances
- Commitment to adopt an ambitious action plan to stimulate growth

# 1. Framework for Strong, Sustainable and Balanced Growth

## What we hope to achieve at Cannes

Finalize an ambitious action plan spanning a broad range of country-tailored commitments, to :

### •Tackle structural vulnerabilities

- Commitment by European governments to take the necessary steps to maximize the EFSF flexibility
- Targeted stimulus policies (US Economic Recovery Package, Japan's reconstruction programme), including, where possible, allowing automatic stabilisers to play their role
- Appropriate monetary policies to maintain price stability while supporting economic recovery, along with flexible exchange rates

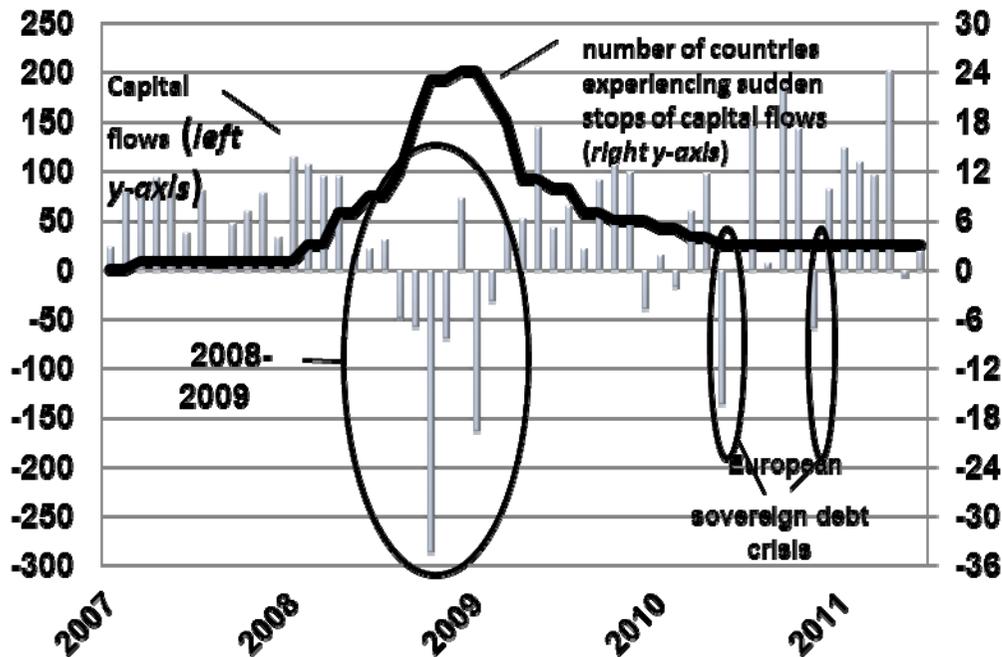
### •Put growth on sounder foundations and tackle macroeconomic imbalances

- Concrete medium-term fiscal consolidation plans, above all in the developed countries
- Efforts by countries running a surplus to stimulate domestic consumer spending in order to help rebalance global demand
- Structural reforms to boost growth potential and employment

# 2. Reforming the international monetary system

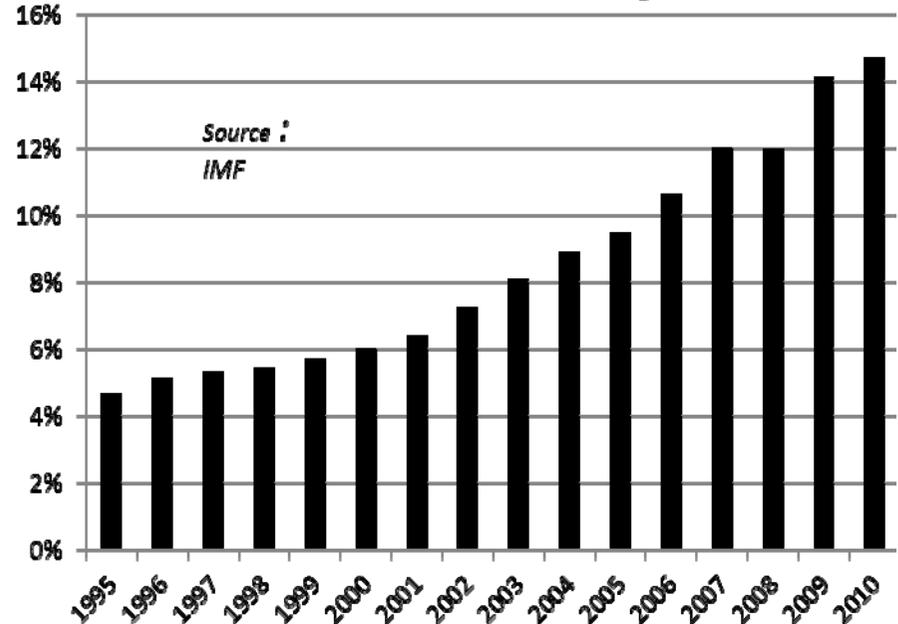
Unstable capital flows ...

Estimates of capital flows to emerging market economies (Billion \$)



... and a mounting buildup of foreign exchange reserves

Global reserve accumulation, In % of global GDP



## 2. Reforming the international monetary system

**Objectives:** support growth in emerging economies, reduce currency volatility and persistent exchange rate misalignments, and encourage capital flows to support growth

### What we have achieved since the start of the year

- **Consensus on the dysfunctional state of the IMS** (currency volatility and capital flows) and the need to support the expanding role of the emerging countries in the global economy
- **Agreement on a number of avenues for reforming the IMS, including deliverables** at the Cannes Summit, most notably in 4 areas: recommendations on capital flow management, a stronger response structure in case of systemic shock, progress towards the internationalization of emerging currencies, and increased IMF surveillance



## 2. Reforming the international monetary system



### What we hope to achieve at Cannes

- Finalised and politically agreed conclusions on:
  - A reference framework to improve the management of capital flows
  - An action plan to support the development of local currency bond markets
  - Principles for IMF and regional financial agreements cooperation
- Progress towards the internationalisation of emerging currencies (including the SDR basket)
  - Increased IMF surveillance
- A stronger response structure in case of systemic shock (global financial safety nets)

## 3. Financial regulation

**Objective:** carry through on the pledge made at the Washington Summit, according to which “all financial markets, products and participants are regulated or subject to oversight”

### What we have achieved since the start of the year

- First steps towards compliance with the Basel Accords (II, II-5, III) in the agreed timeframe
- A call for ambitious implementation of OTC derivatives reform
- A 2<sup>nd</sup> peer review on compensation rules

## 3. Financial regulation

### What we hope to achieve at Cannes

-Progress in the harmonised, efficient implementation of the commitments made by the G20

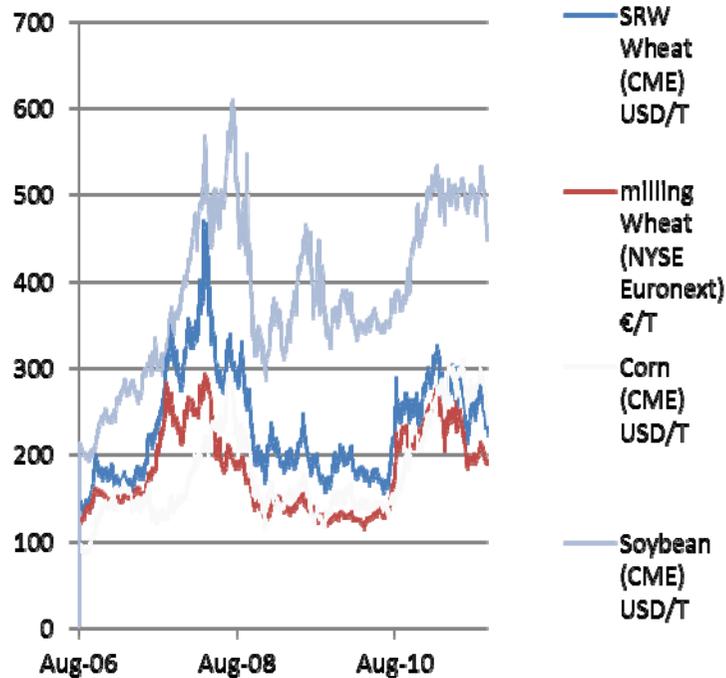
- Basel III
- Compensation standards
- Central clearing of OTC derivatives
- A written evaluation by the FSB of the implementation of G20 decisions

-Better protection against risk for citizens, the financial system and the larger economy:

- Agreement on a framework to deal with systemically important institutions that spans supervision, prudential regulation and resolution
- Agreement on a first set of measures for regulating shadow banking
- Further progress on market integrity (high-frequency trading) and macroprudential policy
- Approval of shared consumer protection principles

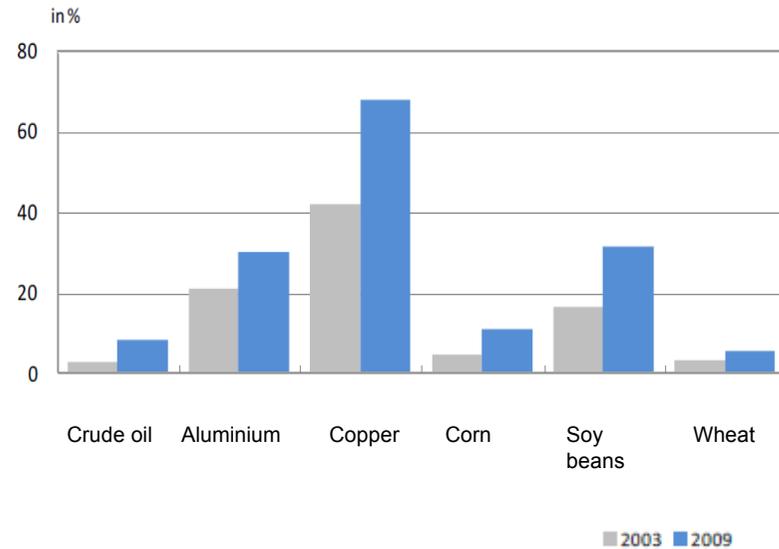
# 4. Tackling commodity price volatility

Excessive commodity price volatility ...



Source: DG Trésor – International Grain Council

Increasingly “financialised” commodity markets ...



Derivatives trading in proportion to global output for selected commodities

Sources: Bloomberg, Commodity Research Bureau, *The CRB Commodity Yearbook*; Energy Information Agency.

## 4. Tackling commodity price volatility

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**Objective:** increase the transparency and regulation of commodity markets

### What we have achieved since the start of the year

- A commitment to make the JODI oil database more regular, more comprehensive and more reliable
- Creation of AMIS, an information system on agricultural products

## 4. Tackling commodity price volatility

### What we hope to achieve at Cannes

- Enhanced producer-consumer dialogue on oil market trends (turning the IEF-IEA-OPEC symposium into an annual event)
- A common framework for regulating and supervising commodity derivatives trading
- Concrete proposals by national authorities and international organisations to improve the JODI oil database and broaden JODI to include natural gas
- Pilot projects on hedging instruments to tackle price volatility and improve food security

# 5. Development

**Objectives:** develop infrastructure and improve food security

## What we have achieved since the start of the year

- G20 members agreement to give precedence in 2011 to *Infrastructure and Food Security* among the pillars in the Action Plan adopted in Seoul in 2010
- The decision to put development and climate change financing on the G20 agenda

# 5. Development

## What we hope to achieve at Cannes

- A list of exemplary region-wide infrastructure projects with private-sector involvement, primarily in Africa, based on the work carried out by the *High-Level Panel on Infrastructure*
- Launching of food security pilot projects (hedging instruments against price volatility) and emergency humanitarian reserves
- Agreement on innovative financings for Development, and introduction a Financial Transaction Tax (FTT) in a core group of countries
- Agreement on resources that can be used for climate financing, based on the work carried out by the World Bank and the IMF

## 6. Governance

**Objectives:** promote effective, legitimate international fora, as well as a set of global shared standards

### What we have achieved since the start of the year

- Work started on governance reform at the Financial Stability Board (FSB)
- Ratification by additional G20 members of the key international anti-corruption agreements
- Progress in the drive to deal with non-cooperative jurisdictions (FATF, prudential and tax cooperation)

## 6. Governance

### What we hope to achieve at Cannes

- Increase the G20's credibility as the leading forum for global economic cooperation and boost international coordination, particularly via international financial institutions (FSB, IMF, etc.)
- Advance towards the implementation of the Seoul action plan to fight corruption, including ratification of the key international agreements
- Continue to identify non-cooperative jurisdictions and sign the Multilateral Convention on Mutual Administrative Assistance in Tax Matters