

Communiqué
Meeting of Finance Ministers and Central Bank Governors
Mexico City, 25-26 February 2012

1. We, the G20 Finance Ministers and Central Bank Governors, met to address ongoing economic and financial challenges and to agree on a way forward to fulfill the mandates given to us by our Leaders.
2. Substantial policy actions have taken place since our last meeting, and recent economic developments point to the continuation of a modest global recovery and an easing in global financial market stress. We welcome the important progress made by Europe in recent months to strengthen their fiscal positions, adopt measures to reduce financial stress, build stronger institutions, implement growth enhancing structural reforms and to put Greece on a sustainable path. We also welcome the market improvement associated with the actions undertaken by the ECB. Nevertheless, growth expectations for 2012 are moderate and downside risks continue to be high. The international economic environment has continued to be characterized by an uneven performance, with weak growth in advanced economies and a stronger, albeit slowing, expansion in emerging markets. Structural problems, insufficient global rebalancing, a persistent development gap and high levels of public and private indebtedness and uncertainty continue weighing on medium-term global growth prospects. While volatility in international financial markets has declined, it generally remains high and we are committed to further reduce downside risks. We are alert to the risks of higher oil prices and welcome the commitment by producing countries to continue to ensure adequate supply. With unemployment still too high in many countries, we are firmly committed to supporting growth and job creation.
3. The Cannes Action Plan for growth and jobs established significant commitments toward achieving our goal of strong, sustainable and balanced growth. We are making progress in implementing these commitments, which remain fully relevant. We agreed today to enhance monitoring and accountability to ensure that our commitments are achieved, including on fiscal, financial, structural, monetary and exchange rate, trade and development policies as mandated by our Leaders in Cannes. To update our policy actions towards our common goals, we further agreed to develop a Los Cabos Action Plan. Recognizing that employment and social inclusion are at the heart of our actions, we look forward to receive the report by international organizations on how the G20 framework can contribute to job creation. We will review our progress when we meet in April.
4. G20 members have been actively engaged in taking the steps needed to safeguard the global financial system and to avoid adverse scenarios. At Cannes, our Leaders asked us to review the adequacy of IMF resources. This review is particularly important against the backdrop of continued downside risks. Euro area countries will reassess the strength of their support facilities in March. This will provide an essential input in our ongoing consideration to mobilize resources to the IMF.

5. We are reviewing options, as requested by Leaders, to ensure resources for the IMF could be mobilized in a timely manner. We reaffirmed our commitment that the IMF should remain a quota-based institution and agreed that a feasible way to increase IMF resources in the short-run is through bilateral borrowing and note purchase agreements with a broad range of IMF members. These resources will be available for the whole membership of the IMF, and not earmarked for any particular region. Adequate risk mitigation features and conditionality would apply, as approved by the IMF Board. Progress on this strategy will be reviewed at the next Ministerial meeting in April. Other options mentioned by Leaders in Cannes such as SDRs are under review.
6. We will continue working towards the reform of the quota and governance of the IMF, in line with the commitments made in Seoul and Cannes. To this end, the G-20 members reaffirmed their commitment to implement in full the 2010 Governance and Quota Reform by the agreed date of the 2012 IMF/World Bank Annual Meeting, and to a comprehensive review of the quota formula to better reflect economic weights by January 2013 and the completion of the next general review of quotas by January 2014. Also, the G-20 will contribute to the ongoing process to strengthen the surveillance framework of the IMF, providing its input into considering proposals for a new surveillance decision that includes more effective integration of bilateral and multilateral surveillance.
7. In order to avoid new systemic risks, we reaffirm our commitment to common global standards by pursuing the financial regulatory reform agenda according to our agreed timetable in an internationally consistent and non-discriminatory manner. We will monitor its full and timely implementation in all jurisdictions through the FSB Coordination Framework for Implementation Monitoring. This agenda includes Basel II, II.5 and III, the reforms on OTC derivatives markets, the policy measures to address systemically important financial institutions, including the Key Attributes for Effective Resolution Regimes, and the principles and standards for sound compensation practices. We encourage the work that is underway on systemic financial market infrastructures, including safeguards to promote central clearing, on strengthening the oversight and regulation of shadow banking activities and on the global governance framework for the legal entity identifier. We welcome the FSB progress report on reducing reliance on external credit ratings and encourage further progress by national authorities and standard setting bodies in this area. We also welcome the establishment of the Working Group on FSB Capacity, Resources and Governance and look forward to its recommendations for placing the FSB on an enduring organizational footing, with legal personality and greater financial autonomy, while maintaining strong links with the BIS. We have tasked the FSB to coordinate, with the IMF and World Bank, a study to identify the extent to which the agreed regulatory reforms may have unintended consequences for EMDEs.
8. As an important complement of the G20 financial regulation agenda, we agreed to follow through on the five recommendations of the 2011 Global Partnership for Financial Inclusion report, endorsed in Cannes, and take the financial inclusion agenda forward towards concrete results. We also agreed to

work on three areas to foster financial inclusion. First, by sharing the experiences of G20 and non-G20 countries under the “G20 Financial Inclusion Peer Learning Program”, and developing an implementation framework for country commitments for financial inclusion. Second, by recognizing the importance and relevance of the work that the OECD and the International Network on Financial Education (INFE), and the World Bank have been doing on financial education as well as the development of the High Level Principles on National Strategies of Financial Education by the Los Cabos Summit. Third, advancing the financial consumer protection agenda by developing effective approaches to support implementation of the High Level Principles endorsed in Cannes.

9. We look forward to a report to our Leaders by the Global Forum on Transparency and Exchange of Information on progress made and on a new set of reviews. We call upon all countries to join the Global Forum on transparency and to sign on the Multilateral Convention on Mutual Assistance. We call for an interim report and update by the OECD on necessary steps to improve comprehensive information exchange, including automatic exchange of information and, together with the FATF, on steps taken to prevent the misuse of corporate vehicles and improve interagency cooperation in the fight against illicit activities. We welcome the adoption of the revised FATF recommendations on combating money laundering and the financing of terrorism. We also welcome the ongoing work by the FSB on adherence to supervisory and regulatory information exchange and cooperation standards.
10. We agree to build on previous work by the G20 and to draw inputs from the international organizations to produce a report on the effects of commodity price volatility on economic growth. The report should assess policy options that countries could consider that would reduce excessive commodity price volatility or otherwise mitigate the effects on growth and on the wellbeing of vulnerable sections of the population, or seize opportunities for economic growth that commodity markets present. We look forward to IOSCO’s report on the implementation of its recommendations on commodity derivatives markets by our November meeting. We reaffirm our commitments to improve JODI-Oil database and work on applying the same principles to JODI-Gas, to facilitate energy market producer and consumer dialogue, to improve transparency on gas and coal markets, to improve the functioning and oversight of oil price reporting agencies, and to rationalize and phase out over the medium term inefficient fossil fuel subsidies, while providing targeted support for the poorest and report on progress made.
11. Recognizing the importance of “green growth” we ask the OECD, with the World Bank and the UN, to prepare a report that provides options for G20 countries on inserting green growth and sustainable development policies into structural reform agendas, tailored to specific country conditions and level of development. We will contribute to the preparation of the report by voluntarily informing on our actions to integrate green growth and sustainable development into structural reform agendas. We will continue to work on climate finance and report to our Leaders in June.

12. We recognize the value of Disaster Risk Management (DRM) tools and strategies to better prevent disasters, protect populations and assets, and financially manage their economic impacts. We also acknowledge the need to expand its use. To that end, we have asked the World Bank to prepare a compilation of country experiences and the OECD to recommend a framework that countries may use for the implementation of DRM strategies.