

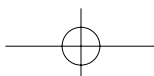
# G20 SEOUL SUMMIT 2010

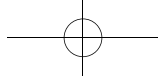
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The G20 Seoul Summit  
Shared Growth Beyond Crisis

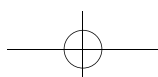
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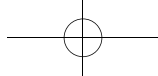
The Presidential Committee for the G20 Summit  
Republic of Korea





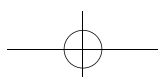
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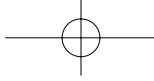




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<b>[Reference] Communiqué : Meeting of Finance Ministers and Central Bank Governors, Gyeongju, Republic of Korea, October 23, 2010</b>	<b>22</b>





## The G20 Seoul Summit

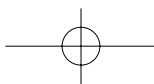
Shared Growth Beyond Crisis

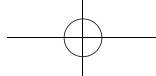
### OVERVIEW

This November, G20 Leaders will gather in Seoul to participate in the fifth G20 Summit. For the G20 and for the world, the Seoul Summit will mark the launch of a new global economic architecture. The Leaders of the G20 can now begin building the platform for longer-term economic cooperation, ensuring sustained and balanced growth for the global economy in the years ahead. The motto for the Seoul G20 Summit encapsulates this goal: “Shared Growth Beyond Crisis.”

Meanwhile, the global economic recovery continues to advance, albeit unevenly. Growth has been strong in many emerging market economies, but the pace of activity remains modest in many advanced economies. Downside risks remain and are different from country to country and region to region. Against this backdrop, close policy coherence and coordination among the G20 is ever more critical. Given the high interdependence among our countries in the global economic and financial system, uncoordinated responses will lead to worse outcomes for everyone. Completing reforms already agreed to, and according to the established timetables, will be crucial to the G20’s ability to stabilize the global economy, and move it forward.

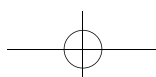
While maintaining effective crisis management remains a priority for the G20, the Seoul Summit must also demonstrate that the G20 is equally capable of providing global economic leadership beyond crisis. In this connection, this November, the G20 will fully address “legacy” (ongoing) agenda items, such as the Framework for Strong, Sustainable and Balanced Economic Growth, Strengthening the International Financial Regulatory System, Modernizing International Financial Institutions and Meeting Challenges in Trade and Energy Security.

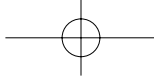




Furthermore, as the first non-G7 country to chair the G20, Korea is well-positioned to bridge the gap between developing and advanced economies. Korea has thus introduced two new items-informed by the country's own recent history-to the Seoul Summit agenda: the establishment of stronger global financial safety nets and the creation of a G20 multi-year action plan to support sustainable growth and poverty reduction in the developing world. These agenda items also reflect the motto for the Seoul Summit, "Shared Growth Beyond Crisis," a theme that underscores the Korean view that working and growing together is the best means to pave the way to a healthy global economy. The recent financial crisis vividly illustrated how closely our national economies are integrated on the global scale. The members of the G20 recognize that, in such a closely interconnected world, the national interest of each country is often best served by the recognition of shared global interest.

Finally, in order to sustain the current economic recovery, it is crucial that the business community steps forward. By creating quality jobs and investing in the future, the private sector can lead the world to a sustainable economic recovery. The Business Summit, designed to bring together over 120 CEOs from leading global corporations to discuss the world economy, is scheduled for November 10-11, almost concurrent with the G20 Summit (the Business Summit will begin one day earlier). A number of G20 Leaders will participate in the Business Summit roundtables and resulting papers on key issues will be passed to the G20 as a whole.





## The G20 Seoul Summit

Shared Growth Beyond Crisis

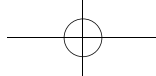
# THE G20: FROM WASHINGTON TO TORONTO

On November 15, 2008, the Leaders of the G20 countries convened for the first time in Washington D.C. amid serious challenges to the world's economy and financial markets. The outlook for major economies had deteriorated rapidly in the wake of the fall of Lehman Brothers in September 2008. The economic shocks that first hit the world's largest economies quickly spilled over to smaller markets, underscoring the global integration of national financial systems. With the sudden reversal of capital flows and a collapse in trade finance, even emerging markets which had relatively strong fundamentals before the crisis found themselves on the brink of collapse.

The Washington Summit marked the first meeting of the heads of state of all the G20 nations. The Leaders of advanced and emerging countries came together to stabilize the global economy and to discuss how to prevent future crisis. They committed to undertake concerted policy coordination to restore global growth and to limit the contagiousness of economic shocks across borders. More immediately, they decided to use fiscal measures and continue monetary policy support to stimulate domestic demand. They also agreed on key principles of financial and regulatory reform and on the importance of rejecting protectionism.

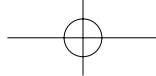
The second G20 Summit was held in London on April 2, 2009. The meeting focused on delivering tangible results regarding financial stabilization and real economic recovery. The G20 Leaders announced a historic pledge of US\$1.1 trillion to restore credit, growth and jobs in the world economy. An agreement was reached to strengthen the financial system by putting in place better and more credible surveillance and regulations, including regulation and oversight of all systemically important financial institutions (SIFIs), large hedge funds and credit rating agencies.





The Leaders also agreed to reform the mandates, scope and governance of the International Financial Institutions (IFIs) to reflect changes in the world economy and the new challenges of globalization. In addition, they agreed to establish a new Financial Stability Board (FSB) to strengthen international coordination among national authorities, standard setting bodies, and IFIs in their work to develop and implement effective regulatory and supervisory policies for the financial sector. The FSB is also expected to collaborate with the IMF to provide early warning of macroeconomic and financial risks and the actions needed to address them.

In large part due to the G20's unprecedented policy coordination, the world averted another "Great Depression," with the beginnings of resumed growth and recovery taking root around the time of the third G20 Summit held in Pittsburgh in September 2009. At that point, the G20 Leaders recognized the importance not only of responding effectively to current economic challenges, but also of laying the foundation for a durable recovery and a more resilient global economy. To this end, the Leaders launched the Framework for Strong, Sustainable and Balanced Growth (Framework)-a compact that commits the G20 countries to work together to coordinate national policies-recognizing that through collective and more transparent policy coordination, we can achieve far better and more ambitious outcomes than through the design and implementation of national policies in isolation, however carefully done. The G20 Leaders also reaffirmed their resolve to reform the financial regulatory system and the global financial architecture, and to address broader issues related to climate financing, energy security, poverty reduction, employment and trade.



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Shared Growth Beyond Crisis

It was in Pittsburgh that the Leaders officially designated the G20 as the premier forum for international economic cooperation and agreed to meet annually beginning in 2011, ushering in a new era of global economic governance.

When the G20 Leaders met for the fourth time in Toronto on June 26-27, 2010, the economic recovery remained fragile, though circumstances differed widely from region to region. The discussion centered on the need to balance strong support for growth-including the continuation of the accommodative macroeconomic policies implemented in response to the crisis-with the need to address growing concerns over fiscal sustainability in countries with particularly high debt levels. The Leaders therefore agreed to follow through on delivering existing fiscal stimulus plans to sustain the recovery in private demand, while also committing to credible, growth-friendly fiscal consolidation plans. Specifically, advanced countries committed to at least halve deficits by 2013 and stabilize or reduce debt-to-GDP ratios by 2016.

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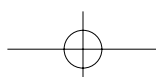
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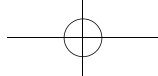
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# FOLLOWING UP ON G20 COMMITMENTS

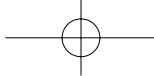
## THE SEOUL SUMMIT AGENDA

The top priority for the G20 remains following through on previous commitments within the established timeframe. Specifically, the G20 Leaders will address: ensuring strong, sustainable and balanced growth; strengthening the international financial regulatory system; modernizing international financial institutions (IFIs); and meeting the challenges in trade and energy security.

### I. The Framework for Strong, Sustainable and Balanced Economic Growth

The G20 Leaders initially described the Framework for Strong, Sustainable, and Balanced Growth as “a compact to assess how our policies work together, to evaluate whether they are collectively consistent with more sustainable and balanced growth and to act as necessary to meet our common objectives” (Pittsburgh Communiqué). In establishing the Framework, the Leaders recognized that better and more ambitious outcomes can be achieved through consultative policy coordination than through the design and implementation of national policies in isolation. In this connection, the Leaders also tasked the IMF, and other relevant international organizations with expertise on development, finance, trade and the labor market, to support the mutual assessment process (MAP) that would support the Framework.

At the Toronto Summit, the Leaders reviewed the report that came out of the first phase of the MAP, based on policy scenarios offered by the IMF. As a result, they agreed on a set of policy options appropriate for groups of

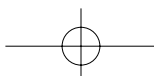


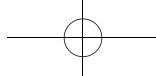
## The G20 Seoul Summit

### Shared Growth Beyond Crisis

countries facing similar circumstances. While the first phase of the MAP was deemed successful, many felt that the usefulness of the group-based approach was limited. Therefore, in Toronto, the Leaders agreed that the second phase of the process needed to be conducted at the country level.

That second phase of the MAP is now underway. Given the growing uncertainty in the global economic outlook and the slowing pace of recovery, the importance of the G20's policy coordination through the Framework and the MAP has become even more pronounced. At the Seoul Summit, the Leaders will announce a comprehensive action plan prepared by the G20. This plan will contain country-specific policy commitments over the medium term for areas such as fiscal, monetary, financial, structural, and external development policies. This will ensure the G20's unwavering commitment to cooperation for achieving our shared objectives of strong, sustainable, and balanced growth. Building on the achievements made so far, the G20's country-led, consultative MAP will continue beyond the Seoul Summit.



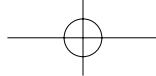


## II. Strengthening the International Financial Regulatory System

The G20 Leaders committed to strengthening the financial regulatory framework to sustain global growth and prevent future crisis. To follow up on its commitments, the G20 has played a leading role, with support from the international organizations, particularly the Financial Stability Board, in redesigning international regulatory standards and market infrastructure. As a result of these efforts, much progress has been made in increasing the financial sector's integrity, transparency, and accountability. The Seoul Summit will build on the achievements of the past four summits and finally deliver on the core elements of the G20 financial reform agenda set forth in Washington two years ago.

The key deliverables of the Seoul Summit will include: a new bank capital and liquidity framework; policy recommendations to address the “too big to fail” problems posed by systemically important financial institutions; and measures to increase the intensity and effectiveness of oversight and supervision.

But the G20 financial regulatory reform is far from completed. It will be part of an ongoing process. At the Seoul Summit, the Leaders will also reaffirm their full commitment to implementation of the new standards and principles developed to date, including those on hedge funds, credit rating agencies, and over-the-counter (OTC) derivative markets.

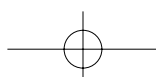


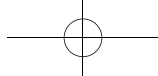
## The G20 Seoul Summit

Shared Growth Beyond Crisis

The new financial regulatory framework that the Leaders will endorse in Seoul will fundamentally transform the global financial system. The new international standards for bank capital adequacy, leverage ratios, and liquidity requirements will help banks better withstand unexpected losses and reduce the incentive to take excessive risks. The “too big to fail” financial institutions will be subject to stricter regulations and will be supervised more intensively to reduce the probability and impact of their failure. Regulations and oversight on hedge funds, credit rating agencies, and OTC derivative markets will be substantially strengthened and implemented consistently across countries in order to increase transparency and reduce regulatory arbitrage.

In addition to delivering on these key commitments, the Seoul Summit will also increase attention on other financial regulatory issues that have not been sufficiently addressed within the G20 reform process. These include developing a macro-prudential policy framework, regulatory issues pertaining to emerging market countries, and regulations and supervision of the shadow banking system.



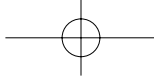


### III. Modernizing International Financial Institutions

The G20 Leaders committed to advance the reform of the IFIs to adequately reflect changing economic weights in the world economy and thereby increase their perceived legitimacy, credibility and effectiveness. In Toronto, the Leaders endorsed the agreement on the World Bank's voice reform to increase the voting power of developing and transition countries by 3.13% consistent with the agreement at the Pittsburgh Summit. It was also reaffirmed that an acceleration of the substantial work was still needed for the IMF to complete the quota reform by the Seoul Summit and deliver on other governance reforms, in line with commitments made in Pittsburgh.

At the Finance Ministers and Central Bank Governors' meeting in Gyeongju on October 22-23, agreement was reached on a package of IMF quota and governance reforms that included a doubling of IMF members' quotas, and shifts in quota shares to dynamic emerging market and developing countries and to under-represented countries of over 6%. They also agreed on a reshuffle of the IMF's Executive Board that will raise the representation of dynamic emerging market and developing countries on the institution's day-to-day decision-making body. As a result, eventually there will be two fewer Board members from advanced European countries. At the Seoul Summit, the Leaders will discuss the agreements reached by the Finance Ministers and Central Bank Governors to fulfill their commitments made in Pittsburgh.

Furthermore, the Leaders will discuss the need for the IMF to strengthen its ability to provide even-handed, candid and independent surveillance of the risks facing the global economy and the international financial system.



## The G20 Seoul Summit

Shared Growth Beyond Crisis

### IV. Meeting Challenges in Trade and Energy Security

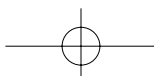
#### a. Resisting Protectionism and Moving the DDA Negotiations Forward

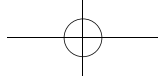
History shows that recessions typically lead to a rise in protectionism and protectionism is thought to have played a major role in deepening and prolonging the Great Depression. Recognizing this, the G20 Leaders at the Washington Summit underscored their commitment to rejecting protectionism. Specifically, they committed to a “standstill agreement,” under which each country agreed to refrain from raising new barriers to investment or to trade in goods and services for a period of twelve months. In Toronto, the Leaders renewed these commitments for a further three years, until the end of 2013. Furthermore, they reiterated support for bringing the Doha Round to a balanced and ambitious conclusion as soon as possible.

Nonetheless, according to a monitoring report from the WTO, risk of increased protectionism remains, meaning further efforts are needed. To this end, a joint report on the benefits of trade liberalization for employment and growth is being developed by the OECD, the International Labor Organization, the World Bank and the WTO, to be submitted to Leaders at the Seoul Summit. Also, in Seoul, Leaders will hear a report on progress of the Doha Round and will discuss the status of the negotiations as well as the way forward. Other trade issues, such as the “Aid for Trade” initiative, will be discussed in conjunction with development issues.

#### b. Energy Security for the Post-Crisis Economy

Energy is essential to maintaining and improving the quality of life and opportunities in developed and developing countries. Therefore, ensuring sufficient, reliable and environmentally responsible supplies of energy at affordable prices is indispensable for sustainable growth. At the Pittsburgh Summit, the G20 Leaders





agreed to address four major areas of energy policy: rationalization and phase out of inefficient fossil fuel subsidies (FFSs); energy market stabilization; investment in clean energy, renewable energy, energy efficiency, and, for developing countries, support for such projects; and climate change.

In Toronto, strategies for national implementation and timeframes for the rationalization and phase out of inefficient FFSs were successfully reported to the Leaders. Following the recent oil spill in the Gulf of Mexico, the Leaders also recognized the need to share best practices regarding the protection of the marine environment, including the prevention of and response to large-scale accidents.

Measures for effectively implementing the G20 commitment on inefficient FFSs will be addressed in Seoul. Energy market stabilization has also stayed on the agenda, with an increased emphasis on reducing oil price volatility.

From a cyclical point of view, oil price volatility is likely to recur when global growth picks up again. Of particular concern is the vulnerability of the poor to oil price volatility, as illustrated during the recent crisis. Finally, marine environment protection will be addressed with a focus on sharing best practices.

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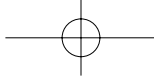
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## The G20 Seoul Summit

Shared Growth Beyond Crisis

# THE SEOUL SUMMIT: SHARED GROWTH BEYOND CRISIS

## NEW AGENDA & INITIATIVES

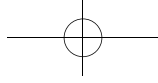
Korea, as the G20 chair for 2010, has brought new issues to the G20 that are closely related to the Framework, but also broaden the G20 agenda from one focused primarily on crisis management to one that demonstrates leadership beyond crisis. The new agenda items introduced by Korea include enhancing global financial safety nets as well as establishing a G20 development framework and its multi-year action plans.

### I. The Global Financial Safety Nets System

Korea advocates strengthening global financial safety nets to assist countries to deal with the spillover effects of volatility in capital flows. As highlighted by the recent global financial crisis, the integration of world financial markets and the increase in international capital flows over the last few decades have significantly heightened the risk of sudden capital flow reversals. We saw how countries suffered as a result of capital flight and liquidity shocks, even countries that had no part in the initial crisis and had sound macroeconomic policies in place. In Korea's view, strengthened global financial safety nets could help reinforce gaps in the coverage, content and effectiveness of existing crisis management tools-many of which



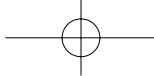




were revealed during the recent crisis-and, ultimately, enhance the overall stability and resilience of the international financial system. The assurance offered by strengthened global financial safety nets could also diminish countries' perceived need to accumulate excess precautionary reserves and aid global rebalancing.

In Toronto, the G20 Leaders agreed on the need for stronger financial safety nets to deal with capital flow volatility and financial fragility, and they requested a report on policy options by the Seoul Summit. Meaningful progress has already been achieved. In August, the IMF increased the duration and credit available under the Flexible Credit Line (FCL) and established a Precautionary Credit Line (PCL), to broaden coverage to those countries with sound policies and fundamentals, but that do not qualify for the FCL.

Additional measures are expected to be discussed in Seoul. For instance, to be even more effective in preventing and responding to crisis, it is important to minimize possible stigma associated with accessing global financial safety net instruments. Ways to make cooperation between the IMF and regional financing arrangements stronger and more efficient are also likely to be considered. Work in these areas is ongoing and will continue beyond the Seoul Summit.



## The G20 Seoul Summit

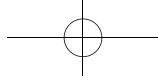
Shared Growth Beyond Crisis

### II. Development

Korea has taken the initiative to include development on the G20 agenda for several reasons:

- As a result of the financial crisis, approximately seventy million more people have fallen into extreme poverty (i.e., living on less than USD 1.25 a day). With so many suffering from poverty, development is not simply an economic imperative, but a moral imperative.
- Narrowing the development gap and reducing poverty are integral to achieving the Framework for Strong, Sustainable and Balanced Growth. After all, it will likely take time for advanced countries, having experienced significant economic setbacks during the recent financial crisis, to resume their previous role as the primary source of aggregate demand for the global economy. At the same time, rising consumption in emerging economies, as well as new investment flows to low income countries (LICs) are likely to become major sources of additional global demand. As such, promoting growth in LICs offers an opportunity to boost strong, sustainable and balanced growth globally. Developing countries, LICs in particular, should therefore be seen as an important part of the solution and equal partners in this endeavor.
- Development is another area in which the G20 can demonstrate that it is not just about crisis management; it can also take on global economic management beyond crisis. The G20 is committed to active engagement with all the stakeholders in the global economy, fully understanding the



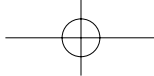


need to take into consideration the views and concerns of the mostly developing non-member countries.

Recognizing that development contributes to global rebalancing and efforts to meet the Millennium Development Goals (MDGs), the G20 Leaders in Toronto committed to address development issues at the Seoul Summit. To this end, the Leaders mandated the establishment of a Development Working Group (DWG) tasked with constructing a development agenda and multi-year action plans to be adopted at the Seoul Summit.

Under the chairmanship of Korea and South Africa, the DWG has since conceptualized a development framework that explains the G20's rationale for orienting its development efforts toward the promotion of growth and resilience. Through this focus, the G20 can leverage its value-added, complement existing efforts and effect tangible, significant outcomes that improve people's lives.

In the course of its work, the DWG has identified nine key pillars-including infrastructure, human resource development, trade, and food security-where action is required to resolve bottlenecks to inclusive, sustainable and resilient growth in developing countries. The G20 will commit to around twenty concrete actions related to its development agenda-which are outlined in the multi-year action plans-so as to implement its development framework and encourage economic growth in developing countries. The G20 development approach and its multi-year action plans are expected to be adopted by the Leaders at the Seoul Summit and will continue to occupy a central part in the G20 process,



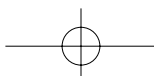
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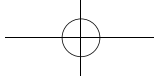
Shared Growth Beyond Crisis

### III. Seoul G20 Business Summit

In the immediate aftermath of the crisis, governments took the lead in designing and implementing crisis response and management policy measures. As we move beyond the crisis, however, it is critical for the private sector to play a key role in ensuring a sustainable recovery and continued economic growth over the medium- to long-term. With this in mind, Korea will host a Business Summit that gathers the world's top business chairpersons and CEOs on November 10-11, 2010, immediately prior to the G20 Summit.

The Seoul G20 Business Summit is more than just a single meeting. It entailed an extensive preparatory process that called for the active participation of global business leaders. Since July 2010, twelve business leaders have convened working groups involving over 120 global chairpersons and CEOs to address topics in four broad themes: trade and investment, finance, green growth, and corporate social responsibility. Each working group then drafted an interim report. In October, those were submitted to G20 Sherpas, Finance Ministers and Central Bank Governors. The work accomplished by the 12 Seoul G20 Business Summit working groups was subsequently welcomed in the communiqué of the G20 Finance Ministers and Central Bank Governors meeting in late October. To round off the incorporation of this process into the G20 Seoul Summit, these business leaders will exchange views with a score of G20 Leaders at the Seoul G20 Business Summit.





The private sector is central to our collective goal of an enduring and robust recovery. In that regard, Korea hopes the Business Summit will become a permanent part of the G20 process. Only by working together can we achieve “shared growth beyond crisis.”

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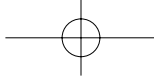
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## The G20 Seoul Summit

Shared Growth Beyond Crisis

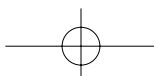
# Communiqué Meeting of Finance Ministers and Central Bank Governors, Gyeongju, Republic of Korea

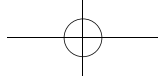
October 23, 2010

1. We, the G20 Finance Ministers and Central Bank Governors, met with a sense of urgency to fully address the economic challenges facing us today in preparation for the Seoul Summit.

2. The global economic recovery continues to advance, albeit in a fragile and uneven way. Growth has been strong in many emerging market economies, but the pace of activity remains modest in many advanced economies. Downside risks remain and are different from country to country and region to region. Yet, given the high interdependence among our countries in the global economic and financial system, uncoordinated responses will lead to worse outcomes for everyone. Our cooperation is essential. We are all committed to play our part in achieving strong, sustainable and balanced growth in a collaborative and coordinated way. Specifically, we will:

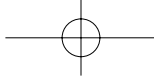
- pursue structural reforms to boost and sustain global demand, foster job creation and increase growth potential;
- complete financial repair and regulatory reforms without delay;
- in advanced countries, formulate and implement clear, credible, ambitious and growth-friendly medium-term fiscal consolidation plans in line with the Toronto Summit commitments, differentiated according to national circumstances. We are mindful of the risks of synchronized adjustment on the global recovery and of the risks that failure to implement consolidation, where immediately necessary, would undermine confidence and growth;
- continue with monetary policy which is appropriate to achieve price stability and thereby contributes to the recovery;





- move towards more market determined exchange rate systems that reflect underlying economic fundamentals and refrain from competitive devaluation of currencies. Advanced economies, including those with reserve currencies, will be vigilant against excess volatility and disorderly movements in exchange rates. These actions will help mitigate the risk of excessive volatility in capital flows facing some emerging countries. Together, we will reinvigorate our efforts to promote a stable and well-functioning international monetary system and call on the IMF to deepen its work in these areas. We welcome the IMF's work to conduct spillover assessments of the wider impact of systemic economies' policies;
- continue to resist all forms of protectionist measures and seek to make significant progress to further reduce barriers to trade; and
- strengthen multilateral cooperation to promote external sustainability and pursue the full range of policies conducive to reducing excessive imbalances and maintaining current account imbalances at sustainable levels. Persistently large imbalances, assessed against indicative guidelines to be agreed, would warrant an assessment of their nature and the root causes of impediments to adjustment as part of the Mutual Assessment Process, recognizing the need to take into account national or regional circumstances, including large commodity producers. To support our efforts toward meeting these commitments, we call on the IMF to provide an assessment as part of the MAP on the progress toward external sustainability and the consistency of fiscal, monetary, financial sector, structural, exchange rate and other policies.

3. Building on the success of the Toronto Summit, the Framework for Strong, Sustainable and Balanced Growth was refined, with the mutual assessment process carried out at country-level to tackle both short and medium term challenges. Informed by the IMF, the World Bank, the OECD, the ILO and other international organizations' analyses, the Framework provided a solid and practical platform for international cooperation to take place. In response to the tough challenges facing the global economy, we are developing a comprehensive action plan to mitigate risks and achieve our shared objectives. We will submit this action plan for consideration by our Leaders at the



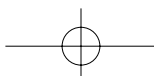
## The G20 Seoul Summit

Shared Growth Beyond Crisis

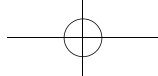
November 2010 Seoul Summit. Recognizing the benefits of the Framework, we agreed to recommend to Leaders that the country-led and consultative Framework process should continue beyond the Seoul Summit.

4. We have made significant strides since the adoption of the Action Plan to Implement Principles for Reform at the Washington Summit in November 2008, with support from the FSB. We are committed to take action at the national and international level to raise standards, so that our national authorities implement global standards consistently, in a way that ensures a level playing field and avoids fragmentation of markets, protectionism and regulatory arbitrage. To build a stronger global financial system, we have agreed to prioritize the following issues on the agenda for the Seoul Summit:

- Welcome and commit to fully implement within the agreed timeframe the new bank capital and liquidity framework drawn up by the Basel Committee and the Governors and Heads Of Supervision.
- Endorsement of the FSB's recommendations to increase supervisory intensity and effectiveness.
- Endorsement of the policy framework, work processes and timelines proposed by the FSB to mitigate the risks posed by Systemically Important Financial Institutions and address the 'too-big-to-fail' problems.
- Commitment to implement all aspects of the G20 financial regulation agenda, in an internationally consistent and non-discriminatory manner, including the commitments on OTC derivatives, compensation practices and accounting standards and FSB principles on reducing reliance on credit rating agencies.
- Further work on macro-prudential policy frameworks, including tools to help mitigate the impact of excessive capital flows; the reflection of the perspective of emerging market economies in financial regulatory reforms, including through increased outreach; commodity derivative markets; shadow banking; and market integrity.
- Pursue our work decisively to tackle Non-Cooperative Jurisdictions.



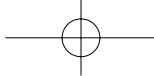




5. We have reached agreement on an ambitious set of proposals to reform the IMF's quota and governance that will help deliver a more effective, credible and legitimate IMF and enable the IMF to play its role in supporting the operation of the international monetary and financial system. These proposals will deliver on the objectives agreed in Pittsburgh and go even further in a number of areas. Key elements include:

- shifts in quota shares to dynamic EMDCs and to underrepresented countries of over 6%, while protecting the voting share of the poorest, which we commit to work to complete by the Annual Meetings in 2012.
- a doubling of quotas, with a corresponding roll-back of the NAB preserving relative shares, when the quota increase becomes effective.
- continuing the dynamic process aimed at enhancing the voice and representation of EMDCs, including the poorest, through a comprehensive review of the formula by January 2013 to better reflect the economic weights; and through completion of the next regular review of quotas by January 2014.
- greater representation for EMDCs at the Executive Board through 2 fewer advanced European chairs, and the possibility of a second alternate for all multi-country constituencies, and
- moving to an all-elected Board, along with a commitment by the Fund's membership to maintain the Board size at 24 chairs, and following the completion of the 14th General Review, a review of the Board's composition every 8 years.

6. We welcomed the recent reform of the IMF lending facilities, including the enhancement of the Flexible Credit Line and the establishment of the Precautionary Credit Line to strengthen the global financial safety nets. We call on the IMF to continue its work to further improve the global capacity to cope with shocks of a systemic nature.



## The G20 Seoul Summit

### Shared Growth Beyond Crisis

7. We look forward to the multi-year action plan of the G-20 Working Group on Development to promote inclusive and sustainable economic growth and resilience in developing countries. We are committed to meeting the Millennium Development Goals by 2015 and will reinforce our efforts to this end, including through the use of the Official Development Assistance. We reaffirm our commitment to an ambitious replenishment of the World Bank's International Development Association. We welcomed the progress of the Global Agriculture and Food Security Program in rapidly scaling up agriculture assistance in several developing countries and invite further contributions.

8. We welcomed a set of actions identified to improve access to financial services for the poor and SMEs. We welcomed the strong response to the SME Finance Challenge and look forward to the announcement of the innovative winning entries at the Seoul Summit. We agreed to develop a funding framework to support the effective implementation of the winning proposals of the SME Finance Challenge. We agreed that a global consultative mechanism is needed to maximize the impact of the work on financial inclusion and enhance coordination amongst different initiatives and stakeholders.

9. We noted the progress made on rationalizing and phasing out inefficient fossil fuel subsidies and promoting energy market transparency and stability and agreed to monitor and assess progress towards this commitment at the Seoul Summit.

10. Recognizing the importance of enhancing public-private partnership to promote economic growth beyond the crisis, we welcome the work done by the 12 Seoul G20 Business Summit Working Groups.

11. We thanked Korea for hosting the Finance Ministers and Central Bank Governors meetings this year and welcomed France as chair in 2011.

