

**TRANSCRIPT OF G20 PRESS CONFERENCE
GIVEN BY THE PRIME MINISTER, MR GORDON BROWN,
IN LONDON
ON THURSDAY, 2 APRIL 2009**

PRIME MINISTER

Can I welcome you to this conference following our G20 summit? This is the day that the world came together to fight back against the global recession, not with words but with a plan for global recovery and for reform and with a clear timetable for its delivery. And our message today is clear and certain: we believe that in this new global age our prosperity is indivisible. We believe that global problems require global solutions. We believe that growth to be sustained must be shared and that trade must once again become an engine of growth.

The old Washington consensus is over. Today we have reached a new consensus that we take global action together to deal with the problems we face; that we will do what is necessary to restore growth and jobs; that we will take essential action to rebuild confidence and trust in our financial system, and to prevent a crisis such as this ever happening again.

There are no quick fixes, but with the six pledges that we make today we can shorten the recession and we can save jobs.

First of all, for the first time we have come together to set principles to reform the global banking system. This is a comprehensive programme of measures that includes for the first time bringing the shadow banking system, including hedge funds, within the global regulatory net. We have agreed that international accounting standards will have to be set. We will regulate credit rating agencies in order to remove their conflicts of interest. We have agreed that there will be an end to tax havens that do not transfer information on request. The banking secrecy of the past must come to an end.

The Organisation of Economic Cooperation and Development are this afternoon publishing a list of tax havens that are non-compliant and where action must immediately be taken and we have agreed tough standards and sanctions for use against those who don't come into line in the future.

We will create a new financial stability board to ensure cooperation across frontiers, to spot risks to the economy and together with the International Monetary Fund provide the early warning mechanism that this new global economy needs.

We will complete the implementation of international colleges of supervisors of financial institutions and we will implement new rules on pay and bonuses at a global level that reflect actual performance with no more rewards for failure. We want to encourage corporate responsibility in every part of the world.

Secondly, we will clean up the banks so that they increase lending to families and businesses and to enable this we've agreed for the first time a common global approach to how we deal with impaired or toxic assets.

Third, we've agreed to do what it takes to restore global growth and hasten recovery. Since our last meeting in Washington and as part of this process from Washington, G20 countries have announced and are now implementing the largest macroeconomic stimulus the world has even seen. We are in the middle of an unprecedented fiscal expansion which will by the end of next year amount to an injection of \$5 trillion into our economies and it will save or create millions of jobs in a period where we must combat unemployment.

In addition to the dramatic interest rate cuts, our central banks have pledged to maintain expansionary policies – as we state in the communiqué, expansionary policies as long as they are needed, using the full range of options available to them.

But we have also agreed today additional resources of \$1 trillion that are available to the world economy through the International Monetary Fund and other institutions. This includes \$250 billion from special drawing rights, the reserve currency of the IMF, drawing rights that will be issued to countries who are part of the International Monetary Fund. This is available to all IMF members. And at the same time we will treble the resources of the International Monetary Fund itself with up to an additional \$500 billion.

Together these actions give us confidence that that global economy can return to trend growth even faster than the International Monetary Fund is now predicting. And we have today called on the International Monetary Fund to monitor our progress towards this objective and to report on whatever further actions may be necessary.

Fourth, alongside these extra resources we will ask the international institutions to strengthen their independent surveillance of the world economy and to promote growth and the reduction of poverty. We are agreed that the mandates of these institutions that were created in 1945 must now be reformed to make them more accountable, more representative and more effective, and this includes giving emerging markets and developing countries greater voice and greater representation. And we will also enable that the heads and senior staff of these institutions are appointed on merit.

Fifth, we are going to act decisively to kick-start international trade. Trade is the crucial driver of growth in the global economy. We are agreed to work urgently with leaders discussing, meeting and preparing for a conclusion to the Doha trade round and this has the potential to boost the global economy substantially.

To address what is a huge shortfall in finance for trade – 90% of all trade depends on this finance – we have today agreed to make available not the \$100 billion which was originally called for, but \$250 billion of trade finance. This will be provided over the next two years through our export, credit and

investment agencies and through the multilateral development banks, and this will include \$50 billion through the new World Bank programme that is being established.

We will act also to make our global recovery fair and more sustainable. This time of financial crisis is no time to walk away from our commitment to the world's poorest. So when people are suffering and yet it is within our capacity to help we will not pass by on the other side. We remain firmly committed to meeting our Millennium Development Goals and our pledges on aid. And to deal with this crisis for the poorest countries we have asked the International Monetary Fund to bring forward proposals to use the proceeds of agreed sales of gold to support low-income countries. And so, in total, we have reached agreements worth \$50 billion for the poorest countries alongside our support for a World Bank vulnerability fund.

In mobilising the world's economies to fight back against recession we are resolved to seize the opportunity of our fiscal stimulus programmes, to promote low-carbon growth, and to create the green jobs on which our future prosperity depends. And we have committed to building on this by working together to seek agreement on a post-2012 climate change regime at the UN conference in Copenhagen in December. And we have asked our finance ministers to complete the reforms of the regulatory system and we will meet again as G20 leaders later this year to take stock of progress.

When the Wall Street Crash happened in 1929 it took 15 years for the world to come together to rebuild and renew our economies. This time, I think people will agree that it is different. We will not hesitate, as long as people are losing their jobs and their homes, to make the difference that we can by improving their prosperity.

Today's decisions of course will not immediately solve the crisis, but we have begun the process by which it will be solved. A few years ago meetings such as this could not have happened with so many different countries from diverse continents involved; far less could there have been an agreement amongst them. But today the largest countries of the world have agreed a global plan for recovery and reform. This involves the biggest interest rate cuts in history, the biggest fiscal stimulus we have ever seen, the biggest increase in resources in the history of our international institutions, with \$250 billion, more money than ever before, for trade finance as well.

For the first time we have a common approach around the world to cleaning up banks' balance sheets and restoring lending. We are engaging in a deep process of reform and restructuring of our international financial system for now and for the future and we have maintained our commitment to help the world's poorest and we have put more money aside for that and also for a green recovery. These are not just a single collection of actions. This is collective action, people working together at their best.

I think a new world order is emerging and with it the foundations of a new and progressive era of international cooperation. We have resolved that from

today we will together manage the process of globalisation to secure responsibility from all and fairness to all and we've agreed that in doing so we will build a more sustainable and more open and a fairer global society.

Thank you very much. I am very happy to answer questions on the communiqué.

QUESTION (Adam Boulton, Sky News)

Prime Minister, what do you say to an analysis that although you and Barack Obama have been centre stage in this that perhaps for your own electorates there's maybe the least in this package comparatively? I mean, what are British voters going to get out of this agreement?

PRIME MINISTER

Well, our priority right through this Summit has been the jobs, the homes, the businesses of hard-working families in this country and, indeed, in every country. And we know that if you take action in one country it can make some difference, but if countries act together they can make a major difference. Indeed, some people say that if we act together with other countries the benefit of the actions taken are twice as much as if simply acting on your own. And the agreement we have today to push money into the international economy so that it can restore economic activity quickly and trade and commerce around the world is a very significant step towards recovery.

Confidence, first of all, because we are sorting out the problems of the banking system, and not just at a national level but at a global level to deal with global financial flows. Confidence also for the British people and for people around the world because we are rebuilding the international financial system so that it serves the people rather than, as on occasion it has, served itself. And confidence that with this injection of new money into the world economy that we can make a difference to the level of trade, therefore the number of businesses that can expand or stay in being or invest for the future. And I believe that the combination of our measures, but most of all the unity that exists around the world to tackle this recession, means that people in our own countries can have far more confidence in both the financial system and in our hopes for recovery.

So our first thoughts are those people who are worried about their jobs and their homes and our businesses and the measures we are taking together are designed to improve not only the chances of people getting jobs but to help people stay in their jobs.

QUESTION (Robert Parsons, France 24)

Prime Minister, a large amount of money is being devoted to the IMF. How much of that is new money and how much of it is coming from China? And if the Chinese contribution is going to be substantial, what implication is that going to have for Chinese voting rights on the IMF? Thank you.

PRIME MINISTER

Well, I have to tell you that China has contributed \$40 billion. The European Union has contributed \$100 billion and, of course, Japan has contributed \$100 billion. There is agreement from other countries that they will contribute to the new agreements to borrow. That will be launched in the next few weeks. The crisis facility is doubled in size, the new agreement to borrow will be worth \$500 billion, then on top of that the IMF is issuing its special drawing right, which is providing liquidity to the world economy and every country will be awarded, on the basis of their representation and quota at the IMF, these drawing rights so that we can provide more liquidity for the world economy.

Now, in addition to that, we are putting \$200 billion into trade so that we can keep moving the trade of the world forward. And the biggest problem that many companies have is getting trade finance and that is a problem we're addressing today.

China and other countries are right to say that the representation and the quotas at the International Monetary Fund have to be changed to meet new times. We have set a timetable for doing that, but as you can see, the contributors to what we are doing to stimulate the world economy include many, many countries around the world.

QUESTION (Nick Robinson, BBC News)

Prime Minister, can you confirm that the \$1 trillion that you have announced is not an economic stimulus, it's loans and guarantees, because you could not agree a fiscal stimulus in the future at this summit? And what difference will that \$1 trillion stimulus make to people who are worried about their jobs and their homes?

PRIME MINISTER

Well, I'm pleased you asked that question because it allows me to say that the issues that people thought divided us did not divide us at all. There was substantial agreement on the need for us to do whatever is necessary to return to growth. You will see that reflected in the strength of the communiqué. We are in the middle of a fiscal stimulus, with announcements coming every day from different countries, that is worth about \$5 trillion, but we also agreed we'd increase the amount of money available to the international economy by up to \$1 trillion as a result of these different actions we're taking.

This is new money provided by the European Union, provided by Japan, provided by China and to be provided by other countries. This is money that is generated through the International Monetary Fund issuing its own special drawing rights, and the trade credits that we're bringing together are trade credits that come from export credit agencies and from private companies as well as public companies so that we can have a boost to world trade.

So I would say to you this: we will do whatever is necessary to come through this difficult time. That's why we've agreed to meet again later this year. The

level of the fiscal stimulus is \$5 trillion by the end of next year, so it is major and accepted by all countries as necessary. We actually say in the communiqué that it is necessary to do this to prevent the recession getting worse. But at the same time we have managed to mobilise international resources that mean that in the combination of interest-rate cuts, the fiscal stimulus, the quantitative easing of the central banks and now this international injection of resources means that we can move forward our economies much faster.

This is an example of the world actually working together. It's an example of us using international institutions to make a difference to the prospects for recovery and this is in addition to and not an alternative to the fiscal stimulus that has been done, the injection of resources, the new investment, the support for the unemployed and for housing that's been done in most countries now around the world.

If you looked at the situation in November, people didn't even know that there would be a fiscal injection of resources from countries. Now, as a result of announcements over the past few months and coming even in the past few days and probably in future days, \$5 trillion of extra resources are injected into the world economy, but on top of that today we're making available an extra trillion.

QUESTION (Frankfurter Neue Presse)
What is your planning for the next G20 summit?

PRIME MINISTER

The plan is to hold a summit later this year. We will announce the venue in a few days' time. The desire is to review the decisions that we have made today and their implementation so that we move forward as quickly as possible with the recovery of the economy. And of course if we have found that more needs to be done, we will take action when we meet again later this year.

But I think today people will be surprised by the scale of resources that the international community is making available. They'll also, I think, be surprised and pleased by the action that we have in a united way agreed on banking secrecy, on remuneration, on the structure of banking for the future, on the use of tax havens, the use of the shadow banking system. All these things the world was able to come together for the first time to agree new measures that will be implemented in many cases immediately.

QUESTION (Steve Sedgwick, CNBC)
Prime Minister, the World Bank estimates that since the November meeting in Washington 17 of the 20 G20 members have actually added protectionist measures to the tune of 47 implemented measures that restrict trade. Do you anticipate after today we're going to see more than just a commitment to free trade and actually a reversal of those anti-free trade measures?

PRIME MINISTER

Well, I'm pleased you've asked that because we did have a report from Pascal Lamy, the Director General of the World Trade Organisation, and while there have been infringements his view is that they have not been substantial infringements and he is trying by his actions to roll these infringements back. And I think the members were made very much aware that action that is protectionist will be named and shamed, if you like, and at the same time, just to push to trade forward, we will not only resist protectionist measures but we will make it possible for people who want to trade, want to export, want to import, want lines of credit for trading to actually have the resources that are sadly lacking at the moment.

So this injection of \$250 billion to keep trade rolling forward, credit lines that are needed for companies in different parts of the world is a substantial boost to world trade and really shows that we are anxious to do everything we can to resist protectionist tendencies.

QUESTION (Tom Bradbury, ITN)

There have been some good economic signs from America last week, some good economic signs from Britain today, and now this. Do you feel bullish enough tonight to say that this could be the beginning of the end of the crisis? With respect I do not mean should it be; I mean do you feel bullish enough to say that it could be?

PRIME MINISTER

There is no quick fix, but there is a determination to do whatever is necessary. I have said that that is what I wanted to do in Britain, but now we have got the rest of the world saying: 'We will do whatever is necessary.' By injecting more resources into the world economy, we will create more jobs, we will ensure that businesses can invest more, and they can expand rather than contract, and we will of course be able to help homeowners worried about their mortgages and make sure that people can be more confident in a financial system in which previously they had lost trust. We are restructuring the banking system with new principles. Remuneration is changing in the banks. People can have more confidence that not just Britain but the whole of the rest of the world is now addressing these financial failures that have cost us so much damage, and I believe that as a result of that, the recovery which is much needed in every part of the world will advance faster.

QUESTION (China Central Television)

Mr Prime Minister, you mentioned earlier at the beginning of your speech that the era of the Washington consensus is over, but certainly the era of Washington currency is not. The Chinese central bank actually proposed a global international reserve currency. I was wondering if this was a topic at the discussion of the world leaders at the G20 summit, and what is your personal view on such a possibility? Should we worry about a depreciating dollar, and a possibly depreciating euro?

PRIME MINISTER

We are reviewing the future of the International Monetary Fund and the World Bank, and the role that that international institutions will play in the future. With the G20 finance ministers I am going to be leading a review that will report to the next meeting. I have to say that issues about international currency have not led to detailed proposals from anyone. What I think people want to see is our international institutions able to come in and help when countries are in difficulty, and make sure there is more confidence in the international financial system as a whole.

So, yes, we will look at every proposal that comes forward. Yes, we do not have detailed proposals on that, but I think people are looking for more from the international institutions that they themselves can not only provide resources for the world economy, but they can instil confidence that there will be no more international financial failures in the future.

QUESTION (Alan Fisher, Al Jazeera)

We have heard a great deal in the last few months how deceit has caused the problems that we are now facing globally. Are you being totally honest with the people of the world to say that there has been genuine agreement here when we know there have been a number of splits among the G20, and also there is a one-size-fits-all agreement for twenty countries who are at different points in the economic cycle and different points in the global recession as well?

PRIME MINISTER

Isn't that what is remarkable, that you can have countries that would never even have sat round the table a few years ago coming round a table and coming to agreement? The reason we have to meet together and come to agreement is that unlike a few years ago when you could run national financial systems without thinking about what was happening in the rest of the world, every bank affects every other bank, and a bad bank in one country affects good banks in every country. That is why we have to come together, so we that we have rules and supervision on financial institutions that are global; we have that cross-border regulation that is necessary; we have the international regulators coming together so that we know what is happening not just in one continent but all continents.

I believe people will be encouraged by the fact that China and India and Japan and many countries from Asia, Latin America, Brazil, and Argentina, Mexico, Africa, South Africa, and the African Union, and the European countries, Russia as well, and of course the United States of America, we have all been able to come together in a way we could never have done even a year or two ago to decide quite detailed proposals that will reshape the global financial system for a long time. I must say, I have been proposing some of these for ten years. We have achieved more in ten weeks as a result of people coming to terms with the need for change in the international financial system.

QUESTION (Antenna TV, Greece)

I heard you saying that you are going to help the poorest countries. I was wondering if you are going to protect as well countries like Greece from bankruptcy, and if you are going to do that, to what extent, unlimited or not?

PRIME MINISTER

I think it is true to say that interest rates have been coming down in the Eurozone area, of which Greece is a part, and that there has been a major stimulus to both economies within the Euro area and to trade as a result of what has been agreed within the European Union. I believe that the measures we are taking collectively right across the world will actually help Greece's economy as well, because if we can restore financial confidence in our banking system, then every country benefits. If we can inject more international resources into our economies, then the benefit goes beyond the emerging markets or developing countries; it benefits us all.

Look at the Marshall Plan after the Second World War. Money was spent in America, sent to Europe to invest in the reconstruction of Europe. The beneficiaries of that were not just the European countries who got the money, but the trade that then flowed between Europe and America. There is this injection of resources, done this time internationally, and it will have a benefit to all countries, whether you are developing countries, emerging markets, or whether you are industrialised countries like Greece is as part of the European Union.

QUESTION (Andrew Porter, Daily Telegraph)

Prime Minister, can you envisage Britain ever needing to use the new increased IMF special drawing rights scheme particularly, as some of your ministers have said today, as under this scheme there should no longer be a stigma attached to going to the IMF? Personally, can you say whether you feel vindicated by the amount of political capital you have put into arranging this G20 meeting this week?

PRIME MINISTER

I have just been trying to persuade people that if you have a global problem, you have to get people together to deal with it. I have just been trying to get people together so that we can focus on it with our sole attention on what we can do. I feel that world leaders have come together, and this is not a set of abstract philosophical words that are being issued. These are detailed measures that include sums of money, include timetables, include for example what nobody could have expected five months ago, an end to the way tax havens work by refusing to transfer tax information to authorities who ask for it. Now we are finding every country is signing up to that. So yes, it is important.

The IMF facilities – countries have offered that they will take up the IMF facility. I think Mexico has yesterday, but we are not proposing to do so.

QUESTION (Richard Murphy, Tax Justice Network and the G20 Voice Bloggers)

You have made an important announcement today about the future of tax havens and I warmly welcome it, but the criteria being used is that of the OECD, which focuses upon private tax evasion. Of course, we know that tax avoidance by major corporations around the world is just as important, and we know that the developing countries of the world have so far been excluded from the OECD information exchange process. Is this the start of the end of tax havens, or is this the end of the end of tax havens?

PRIME MINISTER

This is the start of the end, because country after country is now signing up to the principles that have been set forward internationally. The principle is that you have to be prepared to exchange information about tax on request. We had Switzerland, then we had Austria, then we had Luxembourg, then we had Andorra, then we had Hong Kong, then we had Singapore. In the past few days, we have had a load of other countries who have been prepared to sign up to this. Now I think you are going to find other countries wanting to join this group.

The reason is that people will increasingly see that it is unsafe to be in a country which still wants to declare itself as a tax haven. There will be no guarantee about the safety of their funds if they are there, and if tax information is exchanged upon request, as now these countries are agreeing to, then the benefits that come from being in these countries become diminished every day. So, I think that this is a major step forward.

It is an announcement today of a list of countries that are not abiding by the rules. It is saying there are countries who have signed up to the principles and have agreed a lot of bilateral deals. There are countries that have signed up to the principles but we say they have yet to agree bilateral deals, and then there are those countries who have signed up to none of the principles and have no bilateral deals. This is a comprehensive attempt with other initiatives I believe to follow, initiatives that we agreed today to go outside the range of OECD countries as well later, to clean up this problem and to try to do it once and for all. Of course, there will be people who try to avoid tax, but we are taking all the legitimate legislative measures to seek to close these loopholes.

QUESTION (BBC Arabic Service)

Prime Minister, out of the \$250 billion pledged for boosting global trade, how much will be set aside to help developing and poor countries save their trade, especially with the West? Second, please, what is the Saudi contribution to the IMF?

PRIME MINISTER

The first question is: what is the amount of money of the \$250 billion that will go directly to developing countries?

The World Bank trade facility of \$40 billion will be the first stage but, of course, there will be more.

Then you asked me about the special drawing rights of the IMF; that is, the issuing of international rights and currency that will increase liquidity.

\$19 billion of that will go to the poorest countries, but some countries may agree that their share is passed on to the poorer countries of the world, so we get to our bigger figure for the developing countries by adding up all the different things we have agreed to today, including, uniquely, the sale of IMF gold; that is, gold held by the International Monetary Fund, which was to be used entirely for one purpose. They are now saying that much of that sale has now got to go to help the poorest countries of the world. So gold of the world is now being used to help the poor of the world.

QUESTION (Glasgow Herald)

People will be watching this tonight, Prime Minister, on television, wondering what it means to them. What does it mean to ordinary voters?

PRIME MINISTER

People want confidence in their banks and they want to feel that their savings are secure. They want to know we are doing everything in our power to stop the loss of jobs, to make people secure in their homes, to get funds to small businesses that are creating jobs in the economy, and we have moved one step further on today, a significant step further on, because we have persuaded other countries to join with us in an international programme, a global plan for recovery and reform. I said there was no quick fix, but what we have done today is give people more confidence in the banking system, show that we are investing our resources to create jobs and making sure that our international financial system – that means the savings of everybody, their investments in banks, their chances of creating businesses – is doing more to make that happen in the months and years ahead.

Our priorities are the needs of our individual citizens faced with an international economic hurricane that has hit every country and has lashed our shores as well. We have to take the action to help people through these difficult times.

QUESTION (Rani Singh, Asian Enterprise Magazine)

Prime Minister, do you think financial boom and bust is inevitable?

PRIME MINISTER

I think we have seen how a global financial system can go wrong when what happens in one bank that is entangled with many banks creates almost a power cut right across the world.

We have been dealing in the last 50 years with inflation crises. The crises that most countries have faced are when inflation gets out of control, you have to raise interests, but the cost of raising interest rates is you push businesses out of existence and people lose their jobs.

The problem now is not inflation. In fact, inflation is very low in most economies. The problem is a global financial failure. The banking system

froze up. The problem there is that we are now finding banks are so entangled internationally with each other that you have to have principles governing the system, you have to have rules that are worldwide, and you can't just deal with one national regulatory system; you have to have a form of global supervision that can deal with the flows of capital around the world. If the banking system can freeze up, we have to be able to take action immediately to deal with that; that is why we have put in place the restructuring of banks, the new funds that will enable countries that cannot afford to restructure their banks to do so, and of course also the rules for pay and for behaviour and for standards that banks will have to agree to in every country of the world in the future.

QUESTION (Gary Gibbon, Channel 4 News)

You said you were confident that countries would do whatever was necessary to get growth. How can you be so confident? Are there any sanctions in this communiqué? Are you hoping the IMF names and shames those countries that don't? A lot of them didn't sound very keen on doing anything else.

PRIME MINISTER

Once again, I am pleased you've asked that question because we say specifically in our communiqué that not only will we do whatever it takes, but we will also ask the International Monetary Fund to assess the action that has been taken and the global action that is then required.

We will meet again in the autumn to look at what countries have done, to review the progress we have made, to take whatever action then is necessary on top of that.

Do not forget this: we are in the middle of the biggest fiscal injection – the biggest injection of resources into our economies – in history. \$5 trillion is a huge sum of money, but it means that not just one country but almost every country is trying to get their economy moving by putting more resources into it. That is the sensible thing to do when banks fail and markets fail. That is what we are doing.

People have signed up to a declaration that allows what is being done to be assessed, and we will report back of course in the autumn about what is being done. But the International Monetary Fund will regularly assess the progress that is being made. So I have some confidence that this money is not only going to be put into the economy, but it is going to be put to good use in saving or creating jobs.

Thank you all very much.

(END OF TRANSCRIPT)