



**MEETING OF G-20 FINANCE MINISTERS
AND CENTRAL BANK GOVERNORS**

Ottawa, November 16-17, 2001

COMMUNIQUÉ

G-20 Finance Ministers and Central Bank Governors

We, the Finance Ministers and Central Bank Governors of the G-20, held our third meeting today in Ottawa, Ontario, Canada against the backdrop of a global economic slowdown whose effects have been exacerbated by the tragic events of September 11th, 2001.

The barbarous attacks on the United States were attacks on all of us intended to shake global economic confidence and security. We will ensure that these efforts fail.

We are committed to combating terrorism by cutting off its financial sources. There should be no safe havens for the financing of terrorism. To this end, we have agreed on an Action Plan to deny terrorists and their associates access to our financial systems. We call on other countries to take similar steps.

We are confident that the attacks of September 11 will not undermine our future economic prospects. We have taken policy actions to maintain liquidity and stabilize markets. We stand ready to take additional actions as necessary. These measures will provide the foundation for an early resumption of growth without undermining our future economic prospects. We agreed that heightened security measures should be implemented in a manner that facilitates the cross-border flow of legitimate trade in goods and services. We reaffirm our commitment to free trade and open international markets as a key source of global prosperity. In this context, we welcome the Doha Development Agenda agreed to at the WTO Ministerial Conference launch of a new WTO trade round and commit to work together to achieve multilateral trade liberalisation that accelerates progress against poverty and promotes growth.

The reduction of capital flows to emerging markets underscores the need for sound policies to provide and to maintain a positive investment environment in member countries. We remain committed to this endeavour. Adopting the best practices embodied in international standards and codes also will help support strong, stable growth and reduce the risk of future financial crises. A majority of G-20 members have already participated, on a voluntary basis, in assessments under one or both of the IMF/World Bank-led Financial Sector Assessment Program (FSAP) and Reports on Observances with Standards and Codes (ROSCs) consistent with our undertaking at our inaugural meeting in Berlin in December 1999. We will continue to promote adoption of international standards and codes for transparency, macroeconomic policy, sound financial sector regulation and corporate governance in consultation as appropriate with relevant international bodies and with the private sector, and thereby strengthen the integrity of the international financial system. We will continue our work on appropriate exchange rate regimes, prudent liability

management, and orderly liberalization of the capital account. These efforts reduce susceptibility to financial crises.

Borrowing countries, creditors and the international community have a common interest in efficient and well-functioning international capital markets. We would welcome the earliest possible resolution of Argentina's debt problem. We recognize that lenders are increasingly differentiating between different international borrowers, be they private or sovereign. Good communication between borrowers and their creditors can play an important role in sustaining capital flows to emerging markets. Building on the recent G-20 Roundtable with private sector representatives on promoting efficient international capital markets, we have asked our Deputies to report to our next meeting on improving the way financial crises are resolved, taking into account the lessons learned from experience in emerging markets. A common objective is to reduce uncertainty and ensure the sustainability of capital flows to emerging markets.

We recognize that the world's poorest and most vulnerable are facing acute challenges in the midst of the global economic slowdown, in particular the increased uncertainty resulting from the terrorist attacks. We look forward to participating constructively in the International Monetary and Finance Committee and Development Committee meetings with a view to ensuring that appropriate international support is available to complement the sound national policies needed to generate economic recovery in those countries most affected.

Building on our discussion at our last meeting in Montreal, we reviewed our experiences in responding to the challenges of globalization. We agreed that greater economic integration has led to demonstrable improvements in living standards for the vast majority of our citizens. The G-20 and other countries that have integrated into the global system have in general made significant progress in raising real incomes and reducing poverty. But globalization also poses a number of challenges and risks, which call for enhanced international co-operation. We recognise the need to work with the international financial institutions and World Trade Organisation to ensure that the benefits of globalisation are shared by all, including the poorest countries. To obtain the full benefits of globalization, our governments have a critical role in creating well-developed domestic institutions, good governance and sound domestic macroeconomic, social, and structural policies. As reflected in the Montreal Consensus, by sustaining such policies we ensure that our economies are better able to maximize the contribution of open markets to growth, equity, and well-being for all our peoples.

We accepted the generous invitation of India's Finance Minister Sinha to hold our 2002 meeting in New Delhi.

G-20 Action Plan on Terrorist Financing

We, the Finance Ministers and Central Bank Governors of the G-20, in the name of global peace and security, are determined to stop the financing of terrorism. The fight against terrorist financing is a shared responsibility of the G-20 and the broader international

community. We have therefore adopted today a comprehensive Action Plan of multilateral cooperation to deny terrorists and their associates access to, or use of, our financial systems, and to stop abuse of informal banking networks.

We will implement quickly and decisively measures that the United Nations have identified as essential to combating terrorist financing. We will block terrorists' access to our financial system. We will work with the International Financial Institutions (IFIs), the Financial Action Task Force on Money Laundering (FATF), the Financial Stability Forum (FSF) and other relevant international bodies to prevent abuses to the financial system and threats to its integrity through the promotion of international standards relevant to terrorist financing, money laundering and financial sector regulation and supervision. We welcome the conclusions of the recent FATF extraordinary plenary on terrorist financing. Above all, we will enhance our ability to share information domestically and internationally as a vital component in the fight against terrorism.

We encourage all nations to join the international effort to choke off the financing of terrorism. Where a country's willingness outstrips its ability to act in concert with us, we will provide technical assistance in accordance with this Action Plan.

In pursuing these commitments, we have agreed to the following concrete steps:

Freezing Terrorist Assets

- Each G-20 member will implement the relevant UN Security Council Resolutions, particularly UNSCR 1373, to stop the financing of terrorism.
- To this end, each G-20 member will, within its jurisdiction, freeze the assets of terrorists and their associates and close their access to the international financial system.
- Each G-20 member will, consistent with its laws, make public the lists of terrorists whose assets are subject to freezing, and the amount of assets frozen, if any.

Implementation of International Standards

- Each G-20 member will ratify and implement the UN Convention for the Suppression of the Financing of Terrorism as soon as possible.
- Each G-20 member will ratify the UN Convention against Transnational Organized Crime.
- We will work co-operatively and in collaboration with the International Monetary Fund (IMF) and World Bank, FATF, FSF, Basle Committee of Banking Supervisors (BCBS), and other relevant international bodies to promote the adoption, implementation, and assessment of international standards to combat the abuses of the financial system, including in respect of terrorist financing, financial regulation, and money laundering. We welcome FATF's offer to work collaboratively with us in implementing eight special recommendations on terrorist financing.

International Cooperation: Exchange of Information and Outreach

- We will enhance our cooperation on the international exchange of information, including regarding actions taken under UN resolutions. G-20 member countries will promptly implement such measures as are necessary to facilitate this exchange.
- Each G-20 member will establish promptly, or maintain, a Financial Intelligence Unit and will take steps to enhance information sharing among them, including through promoting universal participation in the Egmont Group of such units.
- We will promote the fight against terrorist financing within our respective regions, and will ask other countries to join this Action Plan.
- An important element of this effort is the work of the regional FATF-style anti-money laundering bodies. Accordingly, the G-20 calls on these regional bodies to meet promptly and to expand their mandates to include terrorist financing.

Technical Assistance

- We are committed to providing, where possible, technical assistance to countries that need help in developing and implementing necessary laws, regulations and policies to combat terrorist financing and money laundering.
- We call on the International Monetary Fund, the World Bank, and other multilateral and regional organizations to provide technical assistance, including by expanding existing programs and training centres.

Compliance and Reporting

- To promote implementation and compliance with international standards, and to share information regarding our respective laws, regulations, and best practices to address terrorist financing, we will support the activities of the UN Counter-Terrorism Committee. We will also actively support surveillance and voluntary self-assessment through the IFIs, FATF and relevant international bodies.
- We will respond positively to the FATF's invitation to participate in a self-assessment of the eight special recommendations on terrorist financing.
- We encourage the FSF to undertake work respecting the actions of financial sector regulators in the fight against terrorism at its next meeting.
- We will ensure that our financial institutions and citizens comply with measures to combat the financing of terrorism and other financial crimes, and will assist them to do so, including through informing financial institutions of their obligations and new developments.
- We urge the regional FATF-style bodies to actively contribute to the FATF's worldwide self-assessment program.
- We will review our progress on this action plan at our next Ministerial meeting.