

U.S. DEPARTMENT OF THE TREASURY

Press Center



Statement by Secretary Tim Geithner – As Prepared for Delivery Following Meeting of the G7 Finance Ministers and Central Bank Governors Rome, Italy

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I am very pleased to be in Rome for the G7 Finance Ministers and Central Bank Governors meeting. I want to compliment Minister Tremonti for his hospitality in this beautiful city in these challenging times.

We meet at a time when growth has slowed sharply around the world. We are confronted with a broader, deeper slowdown in global growth than has been experienced in decades. Although the current crisis began in the major economies, emerging markets are also experiencing a sharp deceleration in growth. Global trade has declined significantly. While conditions in financial markets have improved modestly, the financial system remains under stress, and financial pressures are working against recovery.

These are global challenges and it is imperative that we work together to address them. Effective global response will require sustained action by governments working with the international financial institutions.

- Governments and central banks are already acting throughout the world to provide substantial support for global economic recovery. Given the severity of the current economic and financial environment, these actions must be forceful and sustained for a period that matches the likely duration of the crisis.
- Alongside these actions, governments need to continue to act to stabilize and strengthen financial systems and restart the flow of credit. Although the precise mix of measures must be tailored to each country's situation, there is a common recognition of the need for more capital and temporary financing to help restart credit markets.
- The international financial institutions should deploy their resources to help mitigate the effects of the crisis on their most vulnerable members. These institutions should be developing creative approaches and adapting their lending mechanisms to meet the needs of the crisis.
- All countries need to sustain a commitment to open trade and investment policies which are essential to economic growth and prosperity.

The countries around the table today recognize this common imperative. President Obama will soon sign into law the American Economic Recovery and Reinvestment Plan, which will lay a foundation for economic recovery with a powerful mix of investments and tax cuts to create jobs and strengthen our long term growth potential.

Earlier this week we outlined a broad framework for financial recovery and stability. This framework is designed to provide greater transparency to the financial system, to bring in new capital, new financing to restart the flow of credit to consumers and businesses, and create a new investment fund to finance and leverage private sector capital to facilitate the clean up of bank balance sheets. In the coming days we will announce a comprehensive plan to address the housing crisis.

As we act together to build a strong foundation for recovery, we need to begin the process of comprehensive reform of our financial system and the international financial system, so the world never again faces a crisis this severe. While this is a responsibility of national governments, our markets are global and therefore national efforts cannot be fully effective without stronger international cooperation to implement higher standards. In this regard, we will continue to support the important work underway in the Financial Stability Forum and the G20. We will work closely with our colleagues in the G7 and the G20 to build consensus on reforms that match the scope of the problems revealed by this crisis.

I want to emphasize that an important part of this effort is to protect the international financial system from illicit finance. We must continue to work together to reduce the vulnerability of the system to those who would seek to abuse it for criminal or terrorist purposes.

The world is facing enormous challenges. Governments around the globe are acting with greater force and urgency to address these challenges. These actions are critical to laying the foundation for recovery and reform, and need to be sustained on a scale commensurate with the severity of the crisis.

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