## G7

### G7 Finance Ministers and Central Bank Governors

### Statement

**Boca Raton, Florida, February 7, 2004**

The global economic recovery has strengthened significantly since our meeting in Dubai and risks have diminished. Growth projections for 2004 have been revised upward to their highest in three years. Fiscal and monetary policies have helped bring about these welcome changes.

Yet much more remains to be done. The pace of growth among our economies remains uneven. In our Agenda for Growth initiative, we emphasize supply-side structural policies that increase flexibility and raise productivity growth and employment. Today we released a progress report on our Agenda for Growth. This Agenda and sound fiscal policies over the medium-term are key to addressing global current account imbalances. We outlined strategies for sustained medium-term fiscal consolidation as economies recover. International trade is vital; we call for further efforts and for countries to take the steps to resume the Doha Round, which is pivotal to global growth and the alleviation of world poverty.

We reaffirm that exchange rates should reflect economic fundamentals. Excess volatility and disorderly movements in exchange rates are undesirable for economic growth. We continue to monitor exchange markets closely and cooperate as appropriate. In this context, we emphasize that more flexibility in exchange rates is desirable for major countries or economic areas that lack such flexibility to promote smooth and widespread adjustments in the international financial system, based on market mechanisms.

To combat terrorist financing, we urge all countries to strengthen their asset freezing regimes and to combat abuse of the informal financial sector and non-profit organizations. The IMF/World Bank should make permanent and comprehensive their assessments of countries' efforts to combat terrorism financing.

We are committed to further enhance transparency and supervisory standards in financial markets, in particular non-compliant off-shore centers.

We have a shared interest in seeing strengthened economic growth in the greater Middle East. We had a productive meeting with our counterparts from Afghanistan and Iraq. We welcome the completion of the currency exchange in Iraq and the removal of interest rate controls, and we look forward to the approval of the new central bank law. We welcome progress on reform and reconstruction in Afghanistan and the renewed efforts to collect revenues from the provinces. We call on others to join us in reducing the debt burdens of Iraq and Afghanistan. We welcome the plans of the IMF and the World Bank to provide financial and technical assistance to Iraq and Afghanistan.

The private sector plays a critical role in fighting global poverty and creating jobs in developing countries. We encourage the MDBs to work with governments to improve investment climates and provide more resources to support the private sector. Remittances are an important source of income for many developing economies. We aim to reduce the impediments that raise the cost of sending remittances. We reaffirm our commitment to fight global poverty and to help countries achieve the international development goals of the Millennium Declaration through our work on debt sustainability, aid effectiveness, absorption capacity, and financing facilities.

We discussed the progress in our efforts to reform the international financial system, including improved surveillance, collective action clauses, limits on exceptional access, measuring results, and the use of other mechanisms, including grants, to avoid heavy debt burdens. We also discussed how to consolidate and build upon these reforms. We welcome the improvement in financial conditions, and the higher economic growth in many emerging market countries. We welcome the efforts by creditors and issuing countries to develop a code of conduct, which will be discussed in the G-20. We call on Argentina to implement policies in line with its IMF program. Argentina should engage constructively with its creditors to achieve a high participation rate in its restructuring.