

**Statement by Gordon Brown MP, Chancellor of the Exchequer at Conclusion of G7 Finance Ministers Meeting  
London, December 3, 2005**

Just five months ago this city was the target of a terrorist atrocity.

And every Minister meeting here this weekend has witnessed in their own continents the horror of today's international terrorist threat.

In our continued fight against terrorist financing and financial crime, we have published today, alongside the communiqué, a progress report showing our determination to do whatever is necessary to tackle at root terrorist financing

Today we have also made a number of important decisions that will help bring greater stability to the world economy.

We have always said that without movement on trade, the significant progress we have made this year on debt and on aid would be undermined.

This is a \$300 billion question for and we know that, if successful, the forthcoming trade round could increase global income by \$300 billion over the next ten years.

But there have been growing fears that the talks will end in failure.

Today the G7 agreed that the Hong Kong ministerial meeting in ten days time will be a critical step and opportunity that must be seized to make progress including through agreeing a comprehensive development package.

Today at a special meeting of G7 Finance Ministers alongside Brazil, India and China, Brazil made a statement that they are willing to make a further offer in the industrial tariff negotiations with a simple Swiss formula at a level set in response to the EU's and America's willingness to make further moves on agriculture. India also called for further moves on agriculture and on Nama and indicated a willingness to undertake higher cuts, provided developed countries can match or take higher cuts, and willingness to move forward depending on the response to their offers.

The communiqué of the G7 welcomes these statements.

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In our communiqué we ask for a high level of ambition, and we call for significant progress to be made on market access in agriculture, industrial products and services, reducing trade distorting domestic support, eliminating all forms of export subsidies in agriculture, and making significant progress on services including financial services.

And we call for renewed momentum from now.

I can say that the Prime Minister, Tony Blair, is discussing with President Lula of Brazil a proposal from President Lula on the option of holding G8 plus 5 heads meeting.

We know that alongside access and tariff cuts, poor countries need the flexibility to decide, plan and sequence reforms to their trade policies.

Tariff cuts and access are not meaningful for the poorest countries without support to help them compete, just as aid without access or with distorted preference agreements will trap countries in a cycle of dependency and where they will not have the ability to trade themselves out of poverty.

Those who argue for one without the other are wrong.

So we agreed a series of additional measures working with the International Financial Institutions for developing countries to ease adjustment costs and increase their capacity to trade. This, we believe, makes easier a trade commitment in the UK

We will increase aid for trade to \$4 billion. And within the context of our shared commitment to double aid to Africa by 2010. We agreed today to give priority to infrastructure necessary to allow countries to take advantage of the improved opportunities to trade.

So we are taking steps as Finance Ministers to increase the capacity to trade and we feel this will aid the trade talks as well.

Faced by the continuing challenge posed by high and volatile oil prices, matching the supply and demand of oil is at the heart of the G7's efforts to maintain global stability and growth.

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Today we have decided to step up our dialogue between oil producing and consuming countries to call for increased transparency in the global oil market and to ask the International Energy Authority to report on alternative sources of energy and energy efficiency. We have called today for the development of global common standards for reporting oil reserves. and today we renew our calls for significant further investment – needed in exploration, production, energy infrastructure and refinery capacity.

The G7 today called on countries to contribute to a new IMF shocks facility that will assist poor countries trying to deal with economic shocks including the effects of high oil price changes – as well as other commodity problems, natural disasters and spillovers from neighbouring countries suffering conflict or crisis. Today France has announced that, like Britain, it will contribute millions to the fund. And today the G7 invited oil producing countries to join them and come forward with further contributions.

We have also invited the World Bank to come forward early next year with a new investment facility, running into billions of dollars, for investment in low carbon energy and energy efficiency in developing countries.

We also welcomed Ministers Fayyad and Olmert - from the Palestinian Authority and Israel - and James Wolfensohn to our meeting.

The economic development of the West Bank and Gaza is an indispensable element of lasting peace in the region and all parties have a role to play.

We welcome recent progress on access issues and security and encourage the authorities to build the foundations for sustained economic growth.

We affirm our commitment to supporting the Palestinian Authority in its medium term development plan.

And we look forward to the investment conference next week in London on private sector investment in the region and we are prepared to be party to \$400mn SFLGS funded by the EU and US.

And we look forward to the investment conference next week in London on private sector investment in the region.

At the beginning of the Presidency we made a number of commitments, compelled by the needless daily deaths of thousands of children and the grinding poverty of millions.

And during 2005 we made a lot of progress and come a long way. But while much has been done, there is much more still to do - and a long way to go.

And during the year we have made important progress including commitments on multilateral debt relief to be finalised in the next few days, aid effectiveness and increasing resources for development. Now they must be implemented.

So during the Presidency we agreed to match 100 per cent bilateral debt write off with 100 per cent multilateral debt cancellation for the Highly Indebted Poor Countries - an immediate write off for 18 countries worth \$40 billion - and with further countries, a total of \$50 billion.

And the UK will build on this continuing unilaterally to provide its share of multilateral debt relief for poor countries who can show that debt reduction will lead to poverty reduction.

We pledged also to increase substantially aid for development.

As a first step to delivery of commitments some donors have launched the International Finance Facility for Immunisation - a \$4 billion initiative to save some 10 million lives.

When we met in June, we asked our Italian colleagues to bring forward concrete proposals for advance market commitments - legally binding financial commitments to purchase new vaccines at an agreed price.

Alongside direct funding for research AMC's have the potential to be a powerful, market-based mechanism to support research, development and delivery of vaccines for diseases affecting the poorest countries such as malaria - thus helping to save millions of lives.

Today we welcomed the proposals presented to us by Minister Tremonti - and we agreed to work with others to develop a pilot Advance Market Commitment next year to underpin the developmental production of vaccines.

So we have made a number of important decisions this weekend to support a global economy facing challenges.

Action to tackle the global threat of terrorism.

Action to tackle high and volatile oil prices.

New statements today that offer the potential to give a new momentum to the Hong Kong trade round.

Further measures to reaffirm our commitment to debt relief and increased aid.

So 2005 is a year when much has been achieved. But, as our actions and agreements today show, there is still a lot more to do.

Sadly, as we take forward these actions over the coming months, we will have to do so without one man who has had a bigger influence over the global economy in recent years than any other.

On behalf of the G7, and as recorded in the minutes of our meeting, I would therefore like to thank Dr Alan Greenspan for his work across the last three decades.