

## **Address at the G20 Finance Ministerial Conference**

Kleindmond, Western Cape, 18 November 2007

Ministers of Finance,  
Central Bank Governors,  
Distinguished Guests  
Ladies and Gentlemen:

I thank you for the opportunity to meet with you this morning at the closing session of your conference.

I was pleased to hear that you have had fruitful and successful deliberations during the past two days and congratulate you for this.

I trust that as hosts we have done a proper job of offering you warm South African hospitality.

Minister Manuel and Governor Mboweni have often told me that some of the important features of the G-20 meetings are the warm and congenial engagement among participants, the candour and openness of discussions, the appetite for reflection and the continuous quest for long-term solutions to the very many global economic and financial challenges which confront all of us.

I hope that the venue for your deliberations has allowed space for such engagement and that amidst the sometimes difficult and complex issues you have been deliberating upon, you had some opportunity to enjoy some of the rich natural beauty in the surroundings of this resort.

The world in which all of us live is changing rapidly and dramatically. For a very long period we have had a multilateral system which in reality has been dominated of the many by the few. This replicated itself in each and every international engagement.

Accordingly, even when modifications to the international financial architecture became necessary, especially during periods of global financial turbulence – the outcomes have inevitably preserved the status quo, allowing only for insignificant alterations.

However, today we are experiencing the genesis of some significant changes. Among other things, this is happening because of the impact of the process of globalisation, trade and investment openness, and the presence of many dynamic, fast-growing emerging market economies.

A general consensus is also emerging that the structural fault in the global economy, which ensures growing disparities between the rich and the poor as well as deepening levels of poverty and underdevelopment, can only effectively be addressed through creating a new paradigm for international engagements. Indeed, even if we differ on the details, we all agree that there is a need to restructure the existing model of multilateralism so as to reflect the democratic ethos of which many of us are loyal disciples.

I have no doubt that many of us are united around the vision of a new model of multilateralism which harvests individual and collective knowledge and best practices, to promote economic and social advances for the benefit of the entirety of the global community of nations.

Clearly, for the global community equally to enjoy prosperity we need this new model of engagement which actively seeks to break deadlocks – sometimes age-old – which frustrate global economic and social development and the eradication of poverty.

This model must celebrate rather than scorn diversity. It must emphasise, where this is appropriate, coordinated action, while preserving the principle of voluntary participation. It must insist on longer-term collective gains in preference to the shorter-term interests of a few.

For all these reasons, South Africa is happy to be part of the global collective that seeks an active and collaborative process to contribute to the emerging new global financial architecture. That architecture should evolve systematically and with due consideration.

Inevitably, it will evolve too slowly for some of those who demand an increased role in global financial decision-making and perhaps too quickly for others who prefer the earlier architecture. Within this context, we hope we will be able to make our own humble contribution to the systematic transformation of the Bretton Woods Institutions.

Chairperson,

I welcome the six-point framework set out by Bob Zoellick, to transform the World Bank and to contribute to shared and inclusive globalisation, and wish Dominique Strauss-Kahn success in facing the challenges that lie ahead at the International Monetary Fund.

I am certain all of us would agree with him on the urgent and compelling need to resolve the governance challenges at the IMF, building on the impressive work that has already been done this year.

We are all agreed that the changes that are taking place within these important institutions will help the global community in the critical fight against poverty and underdevelopment. South Africa again stands ready to contribute to this in any way that is considered useful.

Ministers and Governors,

South Africa regards the G-20 as the world's pre-eminent global financial and economic forum - the only forum capable of bringing its members - representing more than 90% of the world's GDP, two thirds of the world's population and more than 80% of the world's trade - into a relatively small room, where global challenges can be discussed candidly, and where deadlocks can be broken.

We are honoured and proud to be participants in this forum. And we have had the great privilege this year to host the G-20. We thank you, the members of the G-20, for granting us this honour.

In our host year, we have tried to advance the three elements of the emerging new multilateral framework, namely, shared influence in global economic decision-making; shared responsibility for our individual and collective actions; and the sharing of knowledge to speed-up the eradication of poverty and the expansion of inclusive and enduring global economic growth. I hope that our contribution to the work of the G-20 during our host year has been useful.

I am pleased to see that several of the policy themes you have discussed this year will be taken forward during Brazil's Presidency of the G-20 next year – on the reform of the Bretton Woods Institutions, on fiscal policy and on energy and climate change. And I wish Brazil success with its host year in 2008.

Looking through your work programme and accomplishments over the past year, two issues attract particular attention: the ongoing work on governance reform in the IMF and World Bank; the lessons emerging from the study of the G-20's history, ably conducted by the study group led by Canada.

As you know, South Africa supports the call for substantial changes in the governance structures of the Bretton Woods Institutions. This is necessary because the current governance framework inadequately serves the collective and individual interests of the membership of the two institutions. We are convinced

that a transformed governance framework of these Institutions will help to accelerate the process of the eradication of global poverty.

The study of the G-20's History is revealing - a new institution established less than ten years ago - has emerged as a central player in the global financial architecture and an effective contributor to global economic and financial stability.

While some operational challenges persist, as is typical of any new institution, the lessons from the study of the contribution of the G-20 to global economic and financial stability and development are important. Because of the work of the G-20 we are already witnessing evidence of the benefits of shifting to a new model of multilateral engagement.

Of course, we do have many challenges. This is confirmed, for example, by the findings that the support of the forum for global initiatives has only had a modest effect on members' behaviour, and even less impact on the behaviour of non-member countries. These findings also point to the challenges in implementation as well as the need for strengthened outreach.

I would like to urge that in the period ahead, all of us should examine these findings carefully. Clearly, for years to come, the G-20 will remain a key and increasingly important player in the global financial architecture. Addressing the challenges identified by the study early will strengthen the forum and prepare it for the many tasks that lie ahead.

I thank you all for attending this ninth meeting of the G-20 Ministers and Governors. I trust you all a happy stay in our country, and wish you a safe journey home. However, I do hope that you will return soon to give our people the privilege once more to act as your hosts.

Thank you.