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IMF Managing Director Welcomes G20 Action to Support Global Growth and Strengthen the Fund

Mr. Dominique Strauss-Kahn, Managing Director of the International Monetary Fund (IMF), today welcomed the commitments made by the Group of 20 nations to bring the world economy out of its deepest post-war recession, including through steps to enhance the Fund's ability to support emerging markets and low-income countries, and to boost global liquidity.

Mr. Strauss-Kahn also welcomed the leaders' agreement to support global growth and strengthen financial regulation.

"The global crisis is hitting emerging market and poor countries hard," the Managing Director said. "The G20 leaders have today sent a powerful signal that the international community is committed to support these countries, including by ensuring that the IMF has the resources available."

The G20 leaders agreed to make available immediately an additional US\$250 billion for the IMF to lend, to be subsequently incorporated into a more flexible New Arrangements to Borrow (NAB), expanded by up to US\$500 billion in total. Meeting in London, the leaders also called for a doubling of the IMF's lending capacity to its low-income members, and for a boost to global liquidity through a US\$250 billion issue of the Special Drawing Rights (SDR) reserve asset. To enhance the voice of emerging markets and developing countries in the IMF, the G20 urged accelerated review of IMF's quotas.

In this context, Mr. Strauss-Kahn welcomed the backing given to the IMF's new Flexible Credit line (FCL), a precautionary credit line launched by the IMF last month to buttress strong economies against fallout from the global crisis. "I am very pleased by the support demonstrated by the G20 leaders to the FCL. Mexico has decided to seek an FCL arrangement and I am looking forward to rapid take-up of this new facility by other countries," Mr. Strauss-Kahn said.

“I am also particularly grateful for the support from the G20 to a doubling of the IMF’s concessional lending capacity for low income countries. The IMF will bring forward by the Spring Meetings proposals to achieve this,” Mr. Strauss-Kahn added.

Mr. Strauss-Kahn noted the G20’s call on the IMF to assess the global actions required to support world growth.

“The IMF has a unique capacity to analyze the relationships between financial markets and the real economy, with a global perspective given its membership. Our global and country monitoring procedures are being sharpened, including with a new mechanism for early warnings,” Mr. Strauss-Kahn said.

“It is also key that the G20 has confirmed the acceleration of quota reform to early 2011. This demonstrates a renewed commitment to the importance of governance and legitimacy in the global architecture,” he said.