

**COMMUNIQUÉ OF  
THE MINISTERS AND GOVERNORS  
OF THE GROUP OF TEN**

**Washington, D.C.**

**3 October 2004**

The Finance Ministers and Central Bank Governors of the countries of the Group of Ten met in Washington, D.C. on 3 October 2004. John W. Snow, Secretary of the Treasury of the United States and current Chairman of the Group of Ten, presided. Ministers and Governors took note of reports from Sir Andrew Large, Chairman of the Deputies of the Group of Ten, John Taylor, Chairman of Working Party No. 3 of the OECD, Malcolm Knight, General Manager of the BIS and Rodrigo de Rato, Managing Director of the IMF.

Ministers and Governors reviewed the financial position of the International Monetary Fund (IMF). They noted that the strong financial position of the IMF is essential for the fulfilment of its responsibilities. This strength reflects, among other factors, the quality of IMF conditionality, the solid history of repayment of Fund loans by borrowers, preferred creditor status and the IMF's large gold holdings. Moreover, measures have been taken in recent years to reinforce the financial integrity of the Fund, including a strengthened framework for exceptional access in the context of capital account crises, involving the private sector in the resolution of crises, a proactive arrears strategy and the continued build-up of IMF reserves. Ministers and Governors agreed that these measures must be applied rigorously in order for the financial position of the Fund to remain strong.

Looking ahead, Ministers and Governors agreed that in a constantly changing global environment the Fund will need to monitor these changes continuously. They also agreed that the Fund should ensure its ability to respond to any challenges, such as high exposures to individual borrowers, that might affect its financial position. Addressing these challenges will require strengthening surveillance, continued strong conditionality, effective programme monitoring, increased emphasis on debt sustainability analysis in lending decisions, and strict adherence to the recently agreed exceptional access framework. It will also require considering further changes in the Fund's financial structure to strengthen incentives for timely repayment and to reduce the incidence of successor arrangements. Ministers and Governors agreed that the IMF's Executive Board should give ongoing consideration to steps to further strengthen the financial position of the Fund and ensure its responsiveness to the continued evolution of the world economy. They also agreed to continue to regularly assess, as needed, the evolution of potential risks which might affect the financial position of the Fund and other IFIs in the future.

Ministers and Governors also welcomed the increasingly widespread use of collective action clauses (CACs) in external sovereign bond issues. They noted, in particular, that over the last year, CACs have become the market standard for external sovereign bonds issued under New York law. This achievement is and will be important for providing greater predictability in the resolution of sovereign debt problems. They agreed that there has been welcome, market-based evolution in the use of CACs, and they look forward to continued progress in this regard by issuers and their creditors. They encouraged sovereign debtors and private creditors to continue their work on a voluntary set of principles on sovereign debt restructurings.

Ministers and Governors called on the OECD's Working Party 3 to assess the cross-border impact of structural reforms as part of its normal discussion of macroeconomic performance.

The State Minister of the Economy, Finance, and Industry of France, Nicolas Sarkozy, was elected Chairman of the Group of Ten for the coming year.