

Brazil, Russia, India and China

First Meeting of BRIC Finance Ministers

Communiqué

1. We, the Finance Ministers of Brazil, Russia, India and China held our first meeting in São Paulo, Brazil, on the eve of the Meeting of Finance Ministers and Central Bank Governors of the G-20. We reflected on the main causes of the current financial crisis, its latest developments, future scenarios, as well as BRIC experiences and policy responses. We also discussed possible options to overcome the present situation and to avoid recurrence of similar events. On a longer term perspective, we exchanged views on the reform of international financial institutions and global governance. We also discussed proposals put forward by the countries on reforming the global financial architecture. We welcomed the initiative to convene a summit of G-20 leaders on financial markets and the world economy on 15 November 2008, in Washington D.C.
2. We supported the decisive and unprecedented initiatives taken to curb the current crisis and stressed the importance of internationally coordinated responses to protect the global financial system, the international economy and world levels of income and employment. We committed ourselves to continue to undertake all necessary steps to lessen the impact of the recent turmoil on economic activity, aiming to preserve medium and long-term growth. We also stressed the importance of consolidating recent gains in social inclusion and poverty reduction. To that extent and to put the world economy back on a track of growth and stability, the adoption of countercyclical policies is essential.
3. We recognized that the crisis revealed weakness in risk management, regulation and supervision in the financial sectors of some advanced economies. Therefore we call for reform of regulatory and supervisory frameworks, as well as clearer rules and transparency.
4. We recognized that the crisis has to some extent affected all of our countries. We stress however, that BRIC countries have shown significant resilience. The full consequences of the present turbulence, its duration and impact, nonetheless, remain to be determined. We therefore stress the importance of maintaining strict vigilance in order that all necessary actions be undertaken in a timely and coordinated manner to prevent further contagion.

5. One of the most deleterious aspects of the current crisis is the freeze in private credit markets. There is an urgent need to find mechanisms, including through multilateral cooperation, to restore the real economy's access to credit, stimulate demand and to resume capital flows critical for sustainable growth and development, including ongoing infrastructure investment.
6. We welcomed the expansion and diversification of trade and investment flows among developing countries, which contribute to economic growth and also create new dynamic economic poles. We support all necessary steps to conclude a pro-development Doha Round and stress the importance of preventing protectionism particularly in face of the current financial turmoil. We urge all countries and the international financial institutions to take necessary measures to minimize the negative impacts of the crisis on low-income countries.
7. We called for the reform of multilateral institutions in order that they reflect the structural changes in the world economy and the increasingly central role that emerging markets now play. We agreed that international bodies should review their structures, rules and instruments in respect of aspects like representation, legitimacy and effectiveness and also to strengthen their capacity in addressing global issues. Reform of the International Monetary Fund and of the World Bank Group should move forward and be guided towards more equitable voice and participation balance between advanced and developing countries. The Financial Stability Forum must immediately broaden its membership to include a significant representation of emerging economies.
8. We agreed to hold our next meeting in Washington D.C, prior to the IMF and World Bank Spring Meetings. On that occasion we will carry on with our discussions about the global economic outlook, actions taken to overcome present challenges on both the national and international spheres, as well as other relevant issues.

São Paulo, 7 November 2008.