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## G7 sets sights on new world economic order

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The world's richest nations have called for urgent reform of global finance to save the world from the economic devastation that is dragging more and more countries into recession.

Italy's finance minister called for a "new world economic order" as he wrapped up the crisis meeting of finance leaders from the Group of Seven leading economies over which he presided here.

In a joint declaration, the G7 called for "urgent reforms" of the international financial system.

Tremonti said a so-called set of "legal standards" discussed in Rome would be presented at a meeting of 20 key advanced and emerging economies (G20) in London in April and a summit of the Group of Eight (G8) world powers in July.

"A new world economic order might seem rhetorical," he told reporters. "But it is a true goal we should be aiming towards... today right here in Rome we've embarked on a very significant journey, both technical and ethical."

The G7 delegates in a joint statement vowed to avoid protectionism as they seek to stabilise the tottering world economy and financial markets and said stabilisation of the world economy was their "highest priority".

The global crisis "has highlighted fundamental weaknesses in the international financial system and that urgent reforms are needed", the statement said.

US treasury secretary Timothy Geithner vowed that his country, the biggest economy in the world and the source of much of the financial drama in recent months, would work with other nations for a consensus on reforms.

"We need to begin the process of comprehensive reform of our financial system and the international financial system, so the world never again faces a crisis this severe," Geithner said after the talks.

Dominique Strauss-Kahn, head of the International Monetary Fund (IMF) - the body coming to the rescue of some crisis-hit countries - said restructuring banks damaged by the credit crunch was the main problem facing governments.

The Italian G7 presidency also said before the talks that it favoured measures that would target hedge funds and tax havens which have come under criticism in the crisis.

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The G7 reiterated the view of several top delegates that protectionism - when countries take measures that favour their economies at the expense of others - was a threat to stability.

"The G7 remains committed to avoiding protectionist measures, which would only exacerbate the downturn, to refraining from raising new barriers" to business across borders, the statement said.

The document hailed stimulus actions taken by other countries, singling out China which it also praised for its "continued commitment to move to a more flexible exchange rate".

The financial leaders met amid mounting warnings of the talks' grave economic stakes. Strauss-Kahn said advanced economies were in a "deep recession" ahead of the crisis talks.

Delegates came from the G7 grouping of Britain, Canada, France, Germany, Italy, Japan and the United States plus Russia.

**AFP**

*This story was found at: <http://business.smh.com.au/business/world-business/g7-sets-sights-on-new-world-economic-order-20090215-87x0.html>*