

Chancellor and G7 Finance Ministers agree milestone support for vulnerable countries

News story

Chancellor Rishi Sunak and his G7 counterparts today agreed to back proposals for vulnerable countries to receive further financial support during the global pandemic (19 March).



G7 Finance Ministers agreed to support a new and sizeable allocation of IMF Special Drawing Rights (SDR)– an asset issued by the IMF to boost members' reserves and provide liquidity for vulnerable countries, freeing up resources to pay for crucial needs such as vaccines and food imports, and improve the buffers of emerging markets and low-income countries.

This significant step lays the groundwork for potential sign-off at the G20 and IMFC meetings taking place during the upcoming IMF-World Bank Spring Meetings in April. The last allocation of SDRs was in the wake of the financial crisis in 2009.

Speaking following the second G7 Finance Ministers meeting of the UK's Presidency (Friday 19 March), Chancellor of the Exchequer Rishi Sunak said:

Today's milestone agreement among the G7 paves the way for crucial and concerted action to support the world's low-income countries, ensuring that no country is left behind in the global economic recovery from coronavirus.

As part of the SDR discussions, it was agreed that the G7 would work with the IMF to make progress on enhancing transparency and accountability around the usage of SDRs and explore how countries could voluntarily recycle their SDR holdings to further support low-income countries. The G7 agreed that the IMF should separately work up some options for how this might be done, without delaying agreement to a new general allocation.

Chairing the meeting, Chancellor Rishi Sunak also welcomed the continued cooperation among G7 Finance Ministers to prioritise climate change and environmental issues in their core economic agendas, and noted the continued commitment from G7 counterparts to reach an enduring multilateral solution to the tax challenges of the digital economy, through close cooperation across the G7, G20 and OECD.

Further information

- the new allocation is subject to the IMF's analysis of global reserve needs which will be presented ahead of any formal agreement
- there have been four previous allocations of SDRs: in 1970-72; 1979-81; and two in 2009, to make a total of \$293 billion allocated to date
- the G7 comprises of the United Kingdom, Canada, France, Germany, Italy, Japan, the United States and the EU
- further information about the [IMF](#) can be found here

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