

**G20 Seoul: No currency competition, but collaboration for global economic stability**

(Brussels/Seoul, 9/11/2010) - On the eve of this week's G20 meeting in Seoul (11-12 November), countries continue to engage in a currency race to the bottom aiming at a higher share of diminishing export markets. This competitive devaluation puts the well-being of people in developed and developing countries, already struggling due to the financial, food and energy crises, further at risk. In a paper issued ahead of the meeting, CIDSE welcomes the fact that the G20 will look specifically at development issues. The international alliance of Catholic development agencies urges G20 governments to think innovatively, support the regulation of money and business operating in developing countries and not forget the small scale sector.

*"This is no time for currency wars. It is time for the G20 to think out of the box and support reforms that support global economic stability and are conducive to the trade, finance and investment prospects of developing countries,"* said **Aldo Caliari** of Centre of Concern CIDSE's US member.

*"An orderly transition to a renewed international monetary system including a revamped system of Special Drawing Rights, for example, would benefit all including the US in the long run."* Special Drawing Rights represent IMF-issued assets which countries can exchange for a hard currency in times of need.

*"In favour of economic stability and to address the needs of developing countries, the G20 also needs to adopt a Financial Transactions Tax, take effective action to end bank secrecy and tax havens, agree on far-reaching reform of the International Financial Institutions and create an international debt workout mechanism which is independent and sovereign,"* said **Mathilde Dupré** of CCFD-Terre Solidaire, CIDSE's member in France.

In Toronto, the G20 committed to make sure that its overall recovery plan matches the interests of low-income countries. CIDSE welcomes this commitment as well as the creation of the G20 working group on development. Their discussion though has inevitably turned into one of leveraging foreign direct investment and private sector activity in developing countries. CIDSE points out that such investment and the private sector would far better contribute to countries' prosperity if they were effectively regulated.

CIDSE calls for the needs of the small scale sector to be attended to within the G20 development agenda. Small-scale agriculture and micro-businesses owned by poor women and men first of all enable people to live a decent life out of poverty. At a larger level they help to diversify and strengthen economies not only by broadening the basket of goods and services that contribute to the country's economic wealth, but also by boosting local and regional markets.

*"The G20 must recognise that investment in infrastructure should not only focus on large-scale and export infrastructure,"* said **Christina Weller** of CAFOD, CIDSE's member in England and Wales. *"Building rural roads to enable farmers to reach local markets is equally important."*

**'3 action points towards a dignified life for every person', read CIDSE's recommendations to the Seoul G20 meeting [here](#).**

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#### **Notes to the editors**

- **CIDSE** is an international alliance of Catholic development agencies. Its 16 members from Europe and North America share a common strategy in their efforts to eradicate poverty and establish global justice. [www.cidse.org](http://www.cidse.org)
- [CIDSE recommendations to the G20 in Seoul](#) (9 November 2010)
- [CIDSE statement for the G20 in Toronto](#) (25 June 2010)
- CIDSE position paper: [International taxes on financial transactions: Responding to global challenges - towards a fairer sharing of costs](#) (November 2009)