CANNES SUMMIT FINAL DECLARATION

"BUILDING OUR COMMON FUTURE: RENEWED COLLECTIVE ACTION FOR THE BENEFIT OF ALL"

4 NOVEMBER 2011

1. Since our last meeting, global recovery has weakened, particularly in advanced countries, leaving unemployment at unacceptable levels. Tensions in the financial markets have increased due mostly to sovereign risks in Europe. Signs of vulnerabilities are appearing in emerging markets. Increased commodity prices have harmed growth and hit the most vulnerable. Exchange rate volatility creates a risk to growth and financial stability. Global imbalances persist. Today, we reaffirm our commitment to work together and we have taken decisions to reinvigorate economic growth, create jobs, ensure financial stability, promote social inclusion and make globalization serve the needs of our people.

A global strategy for growth and jobs

2. To address the immediate challenges faced by the global economy, we commit to coordinate our actions and policies. We have agreed on an *Action plan for Growth and Jobs*. Each of us will play their part.

Fostering Employment and Social Protection

3. We firmly believe that employment must be at the heart of the actions and policies to restore growth and confidence that we undertake under the Framework for strong, sustainable and balanced growth. We are committed to renew our efforts to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis. We therefore decide to set up a G20 Task-Force on Employment, with a focus on youth employment, that will provide input to the G20 Labour and Employment Ministerial Meeting to be held under the Mexican Presidency in 2012. We have tasked International organizations (IMF, OECD, ILO, World Bank) to report to Finance Ministers on a global employment outlook and how our economic reform agenda under the G20 Framework will contribute to job creation.

4. We recognize the importance of investing in nationally determined social protection floors in each of our countries, such as access to health care, income security for the elderly and persons with disabilities, child benefits and income security for the unemployed and assistance for the working poor. They will foster growth resilience, social justice and cohesion. In this respect, we note the report of the Social Protection Floor Advisory Group, chaired by Ms Michelle Bachelet.
5. We commit to promote and ensure full respect of the fundamental principles and rights at work. We welcome and encourage the ILO to continue promoting ratification and implementation of the eight ILO Fundamental Conventions.

6. We are determined to strengthen the social dimension of globalisation. Social and employment issues, alongside economic, monetary and financial issues, will remain an integral part of the G20 agenda. We call on international organisations to intensify their coordination and make it more effective. In view of a greater coherence of multilateral action, we encourage the WTO, the ILO, the OECD, the World Bank and the IMF to enhance their dialogue and cooperation.

7. We are convinced of the essential role of social dialogue. In this regard we welcome the B20 and L20 Meetings that took place under the French presidency and the willingness of these fora to work together as witnessed in their joint statement.

8. Our Labour and Employment Ministers met in Paris on September 26-27, 2011 to tackle these issues. We endorse their conclusions, annexed to this Declaration. We ask our Ministers to meet again next year to review progress made on this agenda.

Building a more stable and resilient International Monetary System

9. In 2010, the G20 committed to working towards a more stable and resilient IMS and to ensure systemic stability in the global economy, improve the global economic adjustment, as well as an appropriate transition towards an IMS which better reflects the increased weight of emerging market economies. In 2011, we are taking concrete steps to achieve these goals.

Increasing the benefits from financial integration and resilience against volatile capital flows to foster growth and development

10. We agreed on coherent conclusions to guide us in the management of capital flows drawing on country experiences, in order to reap the benefits from financial globalization, while preventing and managing risks that could undermine financial stability and sustainable growth at the national and global levels.

11. To pursue these objectives, we adopted an action plan to support the development and deepening of local currency bond markets, scaling up technical assistance from different international institutions, improving the data base and preparing joint annual progress reports to the G20. We call on the World Bank, Regional Development Banks, IMF, UNCTAD, OECD, BIS and FSB to work together to support the delivery of this plan and to report back by the time of our next meeting about progress made.

Reflecting the changing economic equilibrium and the emergence of new international currencies

12. We affirm our commitment to move more rapidly toward more market-determined exchange rate systems and enhance exchange rate flexibility to reflect underlying economic fundamentals, avoid persistent exchange rate misalignments and refrain from competitive devaluation of currencies. We are determined to act on our commitments to exchange rate reform articulated in our Action plan for Growth and Jobs to address short term vulnerabilities, restore financial stability and strengthen the medium-term foundations for

growth. Our actions will help address the challenges created by developments in global liquidity and capital flows volatility, thus facilitating further progress on exchange rate reforms and reducing excessive accumulation of reserves.

13. We agreed that the SDR basket composition should continue to reflect the role of currencies in the global trading and financial system and be adjusted over time to reflect currencies' changing role and characteristics. The SDR composition assessment should be based on existing criteria, and we ask the IMF to further clarify them. A broader SDR basket will be an important determinant of its attractiveness, and in turn influence its role as a global reserve asset. This will serve as a reference for appropriate reforms. We look forward to reviewing the composition of the SDR basket in 2015, and earlier if warranted, as currencies meet the criteria, and call for further analytical work of the IMF in this regard, including on potential evolution. We will continue our work on the role of the SDR.

Strengthening our capacity to cope with crises

14. As a contribution to a more structured approach, we agreed to further strengthen global financial safety nets in which national governments, central banks, regional financial arrangements and international financial institutions will each play a role according to and within their respective mandate. We agreed to continue these efforts to this end. We recognize that central banks play a major role in addressing liquidity shocks at a global and regional level, as shown by the recent improvements in regional swap lines such as in East Asia. We agreed on common principles for cooperation between the IMF and Regional Financial Arrangements, which will strengthen crisis prevention and resolution efforts.

15. As a contribution to this structured approach and building on existing instruments and facilities, we support the IMF in putting forward the new Precautionary and Liquidity Line (PLL). This would enable the provision, on a case by case basis, of increased and more flexible short-term liquidity to countries with strong policies and fundamentals facing exogenous, including systemic, shocks. We also support the IMF in putting forward a single emergency facility to provide non-concessional financing for emergency needs such as natural disasters, emergency situations in fragile and post-conflict states, and also other disruptive events. We call on the IMF to expeditiously discuss and finalize both proposals.

16. We welcome the euro area's comprehensive plan and urge rapid elaboration and implementation, including of country reforms. We welcome the euro area's determination to bring its full resources and entire institutional capacity to bear in restoring confidence and financial stability, and in ensuring the proper functioning of money and financial markets.

    We will ensure the IMF continues to have resources to play its systemic role to the benefit of its whole membership, building on the substantial resources we have already mobilized since London in 2009. We stand ready to ensure additional resources could be mobilised in a timely manner and ask our finance ministers by their next meeting to work on deploying a range of various options including bilateral contributions to the IMF, SDRs, and voluntary contributions to an IMF special structure such as an administered account. We will expeditiously implement in full the 2010 quota and governance reform of the IMF.

Strengthening IMF surveillance

17. We agreed that effective and strengthened IMF surveillance will be crucial to the efficiency and stability of the IMS. In this context, a strengthening of multilateral surveillance and a better integration with bilateral surveillance will be important, as well as enhanced monitoring of interlinkages across sectors, countries and regions. Against this background, we welcome the recent improvements to the IMF surveillance toolkit including the consolidated multilateral surveillance report and spillover reports and ask the IMF to continue to improve upon these exercises and methodology.

18. We call on the IMF to make further progress towards a more integrated, even-handed and effective IMF surveillance, taking into account the Independent Evaluation Office report on surveillance, covering in particular financial sector, fiscal, monetary, exchange rate policies and an enhanced analysis of their impact on external stability. We call on the IMF to regularly monitor cross-border capital flows and their transmission channels and update capital flow management measures applied by countries. We also call on the IMF to continue its work on drivers and metrics of reserve accumulation taking into account country circumstances, and, along with the BIS, their work on global liquidity indicators, with a view to future incorporation in the IMF surveillance and other monitoring processes, on the basis of reliable indicators. We will avoid persistent exchange rate misalignments and we asked the IMF to continue to improve its assessment of exchange rates and to publish its assessments as appropriate.

19. While continuing with our efforts to strengthen surveillance, we recognize the need for better integration of bilateral and multilateral surveillance, and we look forward to IMF proposals for a new integrated decision on surveillance early next year.

20. We agreed on the need to increase the ownership and traction of IMF surveillance, which are key components of its effectiveness. We agreed to ensure greater involvement of Ministers and Governors, by providing greater strategic guidance through the IMFC. To increase the transparency of IMF surveillance, we reaffirm the importance of all IMF members to contribute to improve data availability, support the Managing Director’s proposal to publish multilateral assessments of external balances, and we recommend timely publication of surveillance reports. We welcome the publication of Art. IV reports by most members of the G20 and look forward to further progress.

Next steps

21. Building a more stable and resilient IMS is a long-term endeavor. We commit to continue working to ensure systemic stability in the global economy and an appropriate transition towards an IMS which better reflects the increased weight of emerging market economies. In 2012, we will continue to take concrete steps in this direction.

Implementing and deepening Financial sector reforms

22. We are determined to fulfill the commitment we made in Washington in November 2008 to ensure that all financial markets, products and participants are regulated or subject to oversight as appropriate to their circumstances in an internationally consistent and non-discriminatory way.

Meeting our commitments notably on banks, OTC derivatives, compensation practices and credit rating agencies, and intensifying our monitoring to track deficiencies

23. We are committed to improve banks' resilience to financial and economic shocks. Building on progress made to date, we call on jurisdictions to meet their commitment to implement fully and consistently the Basel II risk-based framework as well as the Basel II-5 additional requirements on market activities and securitization by end 2011 and the Basel III capital and liquidity standards, while respecting observation periods and review clauses, starting in 2013 and completing full implementation by 1 January 2019.

24. Reforming the over the counter derivatives markets is crucial to build a more resilient financial system. All standardized over-the-counter derivatives contracts should be traded on exchanges or electronic trading platforms, where appropriate, and centrally cleared, by the end of 2012; OTC derivatives contracts should be reported to trade repositories, and non-centrally cleared contracts should be subject to higher capital requirements. We agree to cooperate further to avoid loopholes and overlapping regulations. A coordination group is being established by the FSB to address some of these issues, complementing the existing OTC derivatives working group. We endorse the FSB progress report on implementation and ask the CPSS and IOSCO to work with FSB to carry forward work on identifying data that could be provided by and to trade repositories, and to define principles or guidance on regulators' and supervisors' access to data held by trade repositories. We call on the Basel Committee on Banking Supervision (BCBS), the International Organization for Securities Commission (IOSCO) together with other relevant organizations to develop for consultation standards on margining for non-centrally cleared OTC derivatives by June 2012, and on the FSB to continue to report on progress towards meeting our commitments on OTC derivatives.

25. We reaffirm our commitment to discourage compensation practices that lead to excessive risk taking by implementing the agreed FSB principles and standards on compensation. While good progress has been made, impediments to full implementation remain in some jurisdictions. We therefore call on the FSB to undertake an ongoing monitoring and public reporting on compensation practices focused on remaining gaps and impediments to full implementation of these standards and carry out an on-going bilateral complaint handling process to address level playing field concerns of individual firms. Based on the findings of this ongoing monitoring, we call on the FSB to consider any additional guidance on the definition of material risk takers and the scope and timing of peer review process.

26. We reaffirm our commitment to reduce authorities' and financial institutions' reliance on external credit ratings, and call on standard setters, market participants, supervisors and

central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. We ask the FSB to report to our Finance Ministers and Central Bank Governors at their February meeting on progress made in this area by standard setters and jurisdictions against these principles.

27. We agree to intensify our monitoring of financial regulatory reforms, report on our progress and track our deficiencies. To do so, we endorse the FSB coordination framework for implementation monitoring, notably on key areas such as the Basel capital and liquidity frameworks, OTC derivatives reforms, compensation practices, G-SIFI policies, resolution frameworks, and shadow banking. This work will build on the monitoring activities conducted by standard setting bodies to the extent possible. We stress the need to report the results of this monitoring to the public including on an annual basis through a traffic lights scoreboard prepared by the FSB. We welcome its first publication today and commit to take all necessary actions to progress in the areas where deficiencies have been identified.

Addressing the too big to fail issue

28. We are determined to make sure that no financial firm is "too big to fail" and that taxpayers should not bear the costs of resolution. To this end, we endorse the FSB comprehensive policy framework, comprising a new international standard for resolution regimes, more intensive and effective supervision, and requirements for cross-border cooperation and recovery and resolution planning as well as, from 2016, additional loss absorbency for those banks determined as global systemically important financial institutions (G-SIFIs). The FSB publishes today an initial list of G-SIFIs, to be updated each year in November. We will implement the FSB standards and recommendations within the agreed timelines and commit to undertake the necessary legislative changes, step up cooperation amongst authorities and strengthen supervisory mandates and powers.

29. We ask the FSB in consultation with the BCBS, to deliver a progress report by the G20 April Finance meeting on the definition of the modalities to extend expeditiously the G SIFI framework to domestic systemically important banks. We also ask the IAIS to continue its work on a common framework for the supervision of internationally active insurance groups, call on CPSS and IOSCO to continue their work on systemically important market infrastructures and the FSB in consultation with IOSCO to prepare methodologies to identify systemically important non-bank financial entities by end-2012.

Filling in the gaps in the regulation and supervision of the financial sector

30. Bank-like activities. The shadow banking system can create opportunities for regulatory arbitrage and cause the build-up of systemic risk outside the scope of the regulated banking sector. To this end, we agree to strengthen the regulation and oversight of the shadow banking system and endorse the FSB initial eleven recommendations with a work-plan to further develop them in the course of 2012, building on a balanced approach between indirect regulation of shadow banking through banks and direct regulation of shadow banking activities, including money markets funds, securitization, securities lending and repo

activities, and other shadow banking entities. We ask Finance Ministers and Central Bank Governors to review the progress made in this area at their April meeting.

31. Markets. We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. We also call on IOSCO to assess the functioning of credit default swap (CDS) markets and the role of those markets in price formation of underlying assets by our next Summit. We support the creation of a global legal entity identifier (LEI) which uniquely identifies parties to financial transactions. We call on the FSB to take the lead in helping coordinate work among the regulatory community to prepare recommendations for the appropriate governance framework, representing the public interest, for such a global LEI by our next Summit.

32. Commodity markets. We welcome the G20 study group report on commodities and endorse IOSCO's report and its common principles for the regulation and supervision of commodity derivatives markets. We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012.

33. Consumer protection. We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions and ask the FSB and OECD along with other relevant bodies, to report on progress on their implementation to the upcoming Summits and develop further guidelines if appropriate.

34. Other regulatory issues. We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. We endorse the joint report by FSB, IMF and World Bank on issues of particular interest to emerging market and developing economies and call international bodies to take into account emerging market and developing economies' specific considerations and concerns in designing new international financial standards and policies where appropriate. We reaffirm our objective to achieve a single set of high quality global accounting standards and meet the objectives set at the London summit in April 2009, notably as regards the improvement of standards for the valuation of financial instruments. We call on the IASB and the FASB to complete their convergence project and look forward to a progress report at the Finance Ministers and Central Bank governors meeting in April

2012. We look forward to the completion of proposals to reform the IASB governance framework.

Tackling tax havens and non-cooperative jurisdictions

35. We are committed to protect our public finances and the global financial system from the risks posed by tax havens and non cooperative jurisdictions. The damage caused is particularly important for the least developed countries. Today we reviewed progress made in the three following areas:

    - In the tax area, the Global Forum has now 105 members. More than 700 information exchange agreements have been signed and the Global Forum is leading an extensive peer review process of the legal framework (phase 1) and implementation of standards (phase 2). We ask the Global Forum to complete the first round of phase 1 reviews and substantially advance the phase 2 reviews by the end of next year. We will review progress at our next Summit. Many of the 59 jurisdictions which have been reviewed by the Global Forum are fully or largely compliant or are making progress through the implementation of the 379 relevant recommendations. We urge all the jurisdictions to take the necessary action to tackle the deficiencies identified in the course of their reviews, in particular the 11 jurisdictions whose framework does not allow them at this stage to qualify to phase 2. We underline in particular the importance of comprehensive tax information exchange and encourage competent authorities to continue their work in the Global Forum to assess and better define the means to improve it. We welcome the commitment made by all of us to sign the Multilateral Convention on Mutual Administrative Assistance in Tax Matters and strongly encourage other jurisdictions to join this Convention. In this context, we will consider exchanging information automatically on a voluntary basis as appropriate and as provided for in the convention;

    - In the prudential area, the FSB has led a process and published a statement to evaluate adherence to internationally agreed information exchange and cooperation standards. Out of 61 jurisdictions selected for their importance on several economic and financial indicators, we note with satisfaction that 41 jurisdictions have already demonstrated sufficiently strong adherence to these standards and that 18 others are committing to join them. We urge the identified non-cooperative jurisdictions to take the actions requested by the FSB;

    - In the anti-money laundering and combating the financing of terrorism area, the FATF has recently published an updated list of jurisdictions with strategic deficiencies. We urge all jurisdictions and in particular those identified as not complying or making sufficient progress to strengthen their AML/CFT systems in cooperation with the FATF.

36. We urge all jurisdictions to adhere to the international standards in the tax, prudential and AML/CFT areas. We stand ready, if needed, to use our existing countermeasures to deal with jurisdictions which fail to meet these standards. The FATF, the Global Forum and other international organizations should work closely together to enhance transparency and facilitate cooperation between tax and law enforcement agencies in the implementation of

these standards. We also call on FATF and OECD to do further work to prevent misuse of corporate vehicles.

Strengthening the FSB capacity resources and governance

37. The FSB has played a key role in promoting development and implementation of regulation of the financial sector.

38. To keep pace with this growing role, we agreed to strengthen FSB's capacity, resources and governance, building on its Chair's proposals. These include:

    - the establishment of the FSB on an enduring organizational footing: we have given the FSB a strong political mandate and need to give it a corresponding institutional standing, with legal personality and greater financial autonomy, while preserving the existing and well-functioning strong links with the BIS;

    - the reconstitution of the steering committee: as we move into a phase of policy development and implementation that in many cases will require significant legislative changes, we agree that the upcoming changes to the FSB steering committee should include the executive branch of governments of the G20 Chair and the larger financial systems as well as the geographic regions and financial centers not currently represented, in a balanced manner consistent with the FSB Charter;

    - the strengthening of its coordination role vis-à-vis other standard setting bodies (SSB) on policy development and implementation monitoring, avoiding any functional overlaps and recognizing the independence of the SSBs.

39. We call for first steps to be implemented by the end of this year and will review the implementation of the reform at our next Summit.

Addressing Food Price Volatility and Increasing Agriculture Production and Productivity

40. Increasing agricultural production and productivity is essential to promote food security and foster sustainable economic growth. A more stable, predictable, distortion free, open and transparent trading system allows more investment in agriculture and has a critical role to play in this regard. Mitigating excessive food and agricultural commodity price volatility is also an important endeavour. These are necessary conditions for stable access to sufficient, safe and nutritious food for everyone. We agreed to mobilize the G20 capacities to address these key challenges, in close cooperation with all relevant international organisations and in consultation with producers, civil society and the private sector.

41. Our Agriculture Ministers met for the first time in Paris on 22-23 June 2011 and adopted the Action Plan on Food Price Volatility and Agriculture. We welcome this Action Plan, annexed to this Declaration.

42. We have decided to act on the five objectives of this Action Plan: (i) improving agricultural production and productivity, (ii) increasing market information and transparency, (iii) reducing the effects of price volatility for the most vulnerable, (iv) strengthening international policy coordination and (v) improving the functioning of agricultural commodity derivatives' markets.

43. We commit to sustainably increase agricultural production and productivity. To feed a world population expected to reach more than 9 billion people by 2050, it is estimated that agricultural production will have to increase by 70% over the same period. We agree to further invest in agriculture, in particular in the poorest countries, and bearing in mind the importance of smallholders, through responsible public and private investment. In this regard, we decide to:

    - Urge multilateral development banks to finalise their joint action plan on water, food and agriculture and provide an update on its implementation by our next Summit;

    - Invest in research and development of agricultural productivity. As a first step, we support the "International Research Initiative for Wheat Improvement" (Wheat Initiative), launched in Paris on September 15, 2011 and we welcome the G20 Seminar on Agricultural Productivity held in Brussels on 13 October 2011 and the first G20 Conference on Agricultural Research for Development, held in Montpellier on 12-13 September 2011, designed to foster innovation-sharing with and among developing countries.

44. We commit to improve market information and transparency in order to make international markets for agricultural commodities more effective. To that end, we launched:

    - The "Agricultural Market Information System" (AMIS) in Rome on September 15, 2011, to improve information on markets. It will enhance the quality, reliability, accuracy, timeliness and comparability of food market outlook information. As a first step, AMIS will focus its work on four major crops: wheat, maize, rice and soybeans. AMIS involves G20 countries and, at this stage, Egypt, Vietnam, Thailand, the Philippines, Nigeria, Ukraine and Kazakhstan. It will be managed by a secretariat located in FAO;
    - The "Global Agricultural Geo-monitoring Initiative" in Geneva on September 22-23, 2011. This initiative will coordinate satellite monitoring observation systems in different regions of the world in order to enhance crop production projections and weather forecasting data.

45. We recognize that appropriately regulated and transparent agricultural financial markets are a key for well-functioning physical markets and risk management. We welcome IOSCO recommendations on commodity derivatives endorsed by our Finance Ministers.

46. We commit to mitigate the adverse effects of excessive price volatility for the most vulnerable through the development of appropriate risk-management instruments. These actions are detailed in the development section of this final Declaration.

47. According to the Action Plan, we agree to remove food export restrictions or extraordinary taxes for food purchased for non-commercial humanitarian purposes by the World Food Program and agree not to impose them in the future. In this regard, we encourage the adoption of a declaration by the WTO for the Ministerial Conference in December 2011.

48. We have launched a “Rapid Response Forum” in Rome on September 16, 2011 to improve the international community’s capacity to coordinate policies and develop common responses in time of market crises.

49. We welcome the production of a report by the international organizations on how water scarcity and related issues could be addressed in the appropriate fora.

50. We commend the joint work undertaken by FAO, OECD, The World Bank Group, IFAD, UNCTAD, WFP, WTO, IMF, IFPRI and the UN HLTF to support our agenda and we request that they continue working closely together.

51. We will keep progress on the implementation of the Action Plan on Food Price Volatility and Agriculture.

Improving the functioning of Energy Markets

52. We stress the importance of well-functioning and transparent physical and financial energy markets, reduced excessive price volatility, improved energy efficiency and better access to clean technologies, to achieve strong growth that is both sustainable and inclusive. We are committed to promote sustainable development and green growth and to continue our efforts to face the challenge of climate change.

53. We commit to more transparent physical and financial energy markets. Commodity derivatives are being addressed as part of our financial regulation reform agenda. We have made progress and reaffirm our commitment to improve the timeliness, completeness and reliability of the JODI-Oil database as soon as possible. We also commit to support the IEF – JODI work in order to improve the reliability of JODI-Oil and look forward to receiving their recommendations. We will regularly review and assess progress made on this front.

54. We welcome the IEF Charter’s commitment to improve dialogue between oil producer and consumer countries, as well as the holding on January 24, 2011 of the Riyadh Symposium on short, medium and long term outlook and forecasts for oil markets. We call for those meetings to be held on an annual basis and for the IEF, the IEA and OPEC to release a joint communiqué and a report highlighting their outcomes.

55. We note the new JODI-Gas database and commit to work on contributing to it on the basis of the same principles as the JODI-Oil database. We also call for annual symposiums and communiqués on short, medium and long term outlook and forecasts for gas and coal. We call for further work on gas and coal market transparency and ask the IEA, IEF and OPEC, to provide recommendations in this field by mid-2012.

56. Recognizing the role of Price Reporting Agencies for the proper functioning of oil markets, we ask IOSCO, in collaboration with the IEF, the IEA and OPEC, to prepare recommendations to improve their functioning and oversight to our Finance Ministers by mid-2012.

57. We reaffirm our commitment to rationalise and phase-out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption, while providing targeted support for the poorest. We welcome the country progress reports on implementing strategies for rationalizing and phasing out inefficient fossil fuel subsidies, as well as the joint report from the IEA, OPEC, OECD and the World Bank on fossil fuels and other energy support measures. We ask our Finance Ministers and other relevant officials to press ahead with reforms and report back next year.

Protecting Marine Environment

58. We decide to take further action to protect the marine environment, in particular to prevent accidents related to offshore oil and gas exploration and development, as well as marine transportation, and to deal with their consequences. We welcome the establishment of a mechanism to share best practices and information on legal frameworks, experiences in preventing and managing accidents and disasters relating to offshore oil and gas drilling, production and maritime transportation. We ask the Global Marine Environment Protection working group, in cooperation with the OECD, the International Regulators Forum and OPEC, to report next year on progress made and to establish this mechanism in order to disseminate these best practices by mid-2012, at which point it will be reviewed. We also commit to foster dialogue with international organisations and relevant stakeholders.

Fostering Clean energy, Green Growth and Sustainable Development

59. We will promote low-carbon development strategies in order to optimize the potential for green growth and ensure sustainable development in our countries and beyond. We commit to encouraging effective policies that overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies. We welcome the UN Secretary General's "Sustainable Energy for All" initiative. We support the development and deployment of clean energy and energy efficiency (C3E) technologies. We welcome the assessment of the countries' current situation regarding the deployment of these technologies as well as the on-going exercise of sharing best practices, as a basis for better policy making.

60. We are committed to the success of the United Nations Conference on Sustainable Development in Rio de Janeiro in 2012. "Rio + 20" will be an opportunity to mobilize the political will needed to reinsert sustainable development at the heart of the international agenda, as a long term solution to growth, job creation, poverty reduction and environment protection. A green and inclusive growth will create a broad spectrum of opportunities in new industries and in areas such as environmental services, renewable energy and new ways to provide basic services to the poor.

Pursuing the Fight against Climate Change

61. We are committed to the success of the upcoming Durban Conference on Climate Change on 28 November - 9 December 2011. We support South Africa as the incoming President of the Conference. We call for the implementation of the Cancun agreements and further progress in all areas of negotiation in Durban.

62. We stand ready to work towards operationalization of the Green Climate Fund as part of a balanced outcome in Durban, building upon the report of the Transitional Committee.

63. Financing the fight against climate change is one of our main priorities. In Copenhagen, developed countries have committed to the goal of mobilizing jointly USD 100 billion per year from all sources by 2020 to assist developing countries to mitigate and adapt to the impact of climate change, in the context of meaningful mitigation actions and transparency. We discussed the World Bank – IMF – OECD – regional development banks report on climate finance and call for continued work taking into account the objectives, provisions and principles of the UNFCCC by international financial institutions and the relevant UN organizations. We ask our Finance Ministers to report to us at our next Summit on progress made on climate finance.

64. We reaffirm that climate finance will come from a wide variety of sources, public and private, bilateral and multilateral, including innovative sources of finance. We recognize the role of public finance and public policy in supporting climate-related investments in developing countries. We underline the role of the private sector in supporting climate-related investments globally, particularly through various market-based mechanisms and also call on the MDBs to develop new and innovative financial instruments to increase their leveraging effect on private flows.

Avoiding protectionism and reinforcing the Multilateral Trading System

65. At this critical time for the global economy, it is important to underscore the merits of the multilateral trading system as a way to avoid protectionism and not turn inward. We reaffirm our standstill commitments until the end of 2013, as agreed in Toronto, commit to roll back any new protectionist measure that may have risen, including new export restrictions and WTO-inconsistent measures to stimulate exports and ask the WTO, OECD and UNCTAD to continue monitoring the situation and to report publicly on a semi-annual basis.

66. We stand by the Doha Development Agenda (DDA) mandate. However, it is clear that we will not complete the DDA if we continue to conduct negotiations as we have in the past. We recognize the progress achieved so far. To contribute to confidence, we need to pursue in 2012 fresh, credible approaches to furthering negotiations, including the issues of concern for Least Developed Countries and, where they can bear fruit, the remaining elements of the DDA mandate. We direct our Ministers to work on such approaches at the upcoming Ministerial meeting in Geneva and also to engage into discussions on challenges and opportunities to the multilateral trading system in a globalised economy and to report back by the Mexico Summit.

67. Furthermore, as a contribution to a more effective, rules-based trading system, we support a strengthening of the WTO, which should play a more active role in improving transparency on trade relations and policies and enhancing the functioning of the dispute settlement mechanism.

68. We look forward to welcoming Russia as a WTO member by the end of the year.

Development: Investing for Global Growth

69. As part of our overall objective for growth and jobs, we commit to maximise growth potential and economic resilience in developing countries, in particular in Low-Income Countries (LICs). Development is a key element of our agenda for global recovery and investment for future growth. It is also critical to creating the jobs needed to improve people's living standards worldwide. Recognizing that development is a concern and duty to all G20 countries, our Ministers met for the first time on Development in Washington on September 23, 2011.

70. We support the report of the Development Working Group, annexed to this Declaration, implementing the G20's Seoul Development Consensus for Shared Growth, and call for prompt implementation of our Multi-Year Action Plan.

71. We take actions to overcome the most critical bottlenecks and constraints hampering growth in developing countries. In this regard, we decided to focus on two priorities, food security and infrastructure, and to address the issue of financing for development.

72. The humanitarian crisis in the Horn of Africa underscores the urgent need to strengthen emergency and long-term responses to food insecurity. In accordance with our Multi-Year "Action Plan on Food Price Volatility and Agriculture", we:

    - welcome the initiative of the Economic Community of Western African States (ECOWAS) to set up a targeted regional emergency humanitarian food reserve system, as a pilot project, and the "ASEAN+3" emergency rice reserve initiative;

    - Urge multilateral development banks to finalise their joint action plan on water, food and agriculture and provide an update on its implementation by our next Summit;

    - Support, for those involved, the implementation of the L'Aquila Food Security Initiative and other initiatives, including the Global Agriculture and Food Security Program;

    - Launch a platform for tropical agriculture to enhance capacity-building and knowledge sharing to improve agricultural production and productivity;

    - Foster smallholder sensitive investments in agriculture and explore opportunities for market inclusion and empowerment of small producers in value chains;

- Support risk-management instruments, such as commodity hedging instruments, weather index insurances and contingent financing tools, to protect the most vulnerable against excessive price volatility, including the expansion of the Agricultural Price Risk-Management Product developed by the World Bank Group (IFC). We ask international organisations to work together to provide expertise and advice to low-income countries on risk-management and we welcome the NEPAD initiative to integrate risk management in agricultural policies in Africa;

- Encourage all countries to support the Principles of Responsible Agricultural Investment (PRAI) to ensure sustained investment in agriculture;

- Confirm our commitment to scaling-up nutrition through a combination of direct nutrition interventions and the incorporation of nutrition in all relevant policies.

73. Investing in infrastructure in developing countries, especially in LICs and, whilst not exclusively, with a special emphasis on sub-Saharan Africa, will unlock new sources of growth, contribute to the achievement of the Millennium Development Goals and sustainable development. We support efforts to improve capacities and facilitate the mobilization of resources for infrastructure projects initiated by public and private sectors.

74. We commissioned a High Level Panel (HLP), chaired by Mr Tidjane Thiam, to identify measures to scale-up and diversify sources of financing for infrastructure and we requested the MDBs to develop a joint action plan to address bottlenecks. We welcome both the HLP's report and the MDB Action Plan. In this regard, we support the following recommendations to :

    - Support the development of local capacities to improve supply and quality of projects and make them bankable and enhance knowledge sharing on skills for employment in low income countries. In this regard, we welcome the High Level Panel fellowship program and MDB's efforts to develop and strengthen regional public-private partnerships practitioner's networks;

    - Increase quality of information available to investors, through the establishment of online regional marketplace platforms to better link project sponsors and financiers, such as the "Sokoni Africa Infrastructure Marketplace", and the extension of the Africa Infrastructure Country Diagnosis, which aim at benchmarking infrastructure data;

    - Prioritize project preparation financing, encouraging the MDBs to dedicate a greater share of their funds to preparation facilities that can operate on a revolving basis and call on MDBs to improve effectiveness of the existing preparation facilities;

    - Contribute to building an enabling environment for private and public infrastructure financing, especially for regional projects. We support increased transparency in the construction sector, the review of the Debt Sustainability Framework taking into account the investment-growth nexus. We call on MDBs to harmonize their procurement rules

and practices and we support move towards mutual recognition of procedures and eligibility rules;

- Improve access to funding, notably through the strengthening of local intermediaries and financial markets, more effective use of MDBs capital, including through use of credit enhancement and guarantee instruments.

75. We commissioned the HLP to establish criteria to identify exemplary investment projects in cooperation with multilateral development banks. We highlight the 11 projects mentioned in the HLP report annexed to this Declaration, which have the potential to have a transformational regional impact by leading to increased integration and access to global markets, with due consideration to environmental sustainability. We call on the MDBs, working with countries involved and in accordance with regional priorities (in particular the Program for Infrastructure Development in Africa), to pursue the implementation of such projects that meet the HLP criteria and to prioritize project preparation financing, notably the NEPAD Infrastructure Projects Preparation Facility.

76. We stress the importance of following-up on these concrete actions and invite MDBs to provide regular updates on the progress achieved.

77. Recognizing that economic shocks affect disproportionately the most vulnerable, we commit to ensure a more inclusive and resilient growth. We therefore decide to support the implementation and expansion of nationally-designed social protection floors in developing countries, especially low income countries. We will work to reduce the average cost of transferring remittances from 10% to 5% by 2014, contributing to release an additional 15 billion USD per year for recipient families.

78. Recognizing that 2.5 billion people and millions of Small and Medium Enterprises (SMEs) throughout the world lack access to formal financial services, and the crucial importance for developing countries to overcome this challenge, we launched in Seoul an ambitious Global Partnership for Financial Inclusion (GPFI). We commend the ongoing work by the GPFI to foster the development of SME finance and to include financial inclusion principles in international financial standards. We endorse the five recommendations put forward in its report, annexed to this Declaration, and commit to pursue our efforts under the Mexican Presidency.

79. We welcome the presentation of the report by Mr Bill Gates on financing for development. We recognize the importance of the involvement of all actors, both public and private, and the mobilisation of domestic, external and innovative sources of finance.

80. Consistent with the Multi-Year Action Plan agreed in Seoul, we strongly support developing countries' mobilization of domestic resources and their effective management as the main driver for development. This includes technical assistance and capacity building for designing and efficient managing of tax administrations and revenue systems and greater transparency, particularly in mineral and natural resource investment. We urge multinational enterprises to improve transparency and full compliance with applicable tax laws. We

welcome initiatives to assist developing countries, on a demand-led basis, in the drafting and implementation of their transfer pricing legislation. We encourage all countries to join the Global Forum on Transparency and exchange of information in tax purposes.

81. We stress the pivotal role of ODA. Aid commitments made by developed countries should be met. Emerging G20 countries will engage or continue to extend their level of support to other developing countries. We welcome the emphasis on ensuring that poor countries benefit rapidly from innovation and technological advances, and agree to encourage triangular partnerships to drive priority innovations forward. We commit to raise the quality and efficiency of aid by concentrating on the highest impact interventions and increase the focus on concrete results and overall impact on development.

82. We agree that, over time, new sources of funding need to be found to address development needs. We discussed a set of options for innovative financing highlighted by Mr Bill Gates, such as Advance Market Commitments, Diaspora Bonds, taxation regime for bunker fuels, tobacco taxes, and a range of different financial taxes. Some of us have implemented or are prepared to explore some of these options. We acknowledge the initiatives in some of our countries to tax the financial sector for various purposes, including a financial transaction tax, inter alia to support development.

83. We welcome the upcoming 4th High-Level Forum on aid effectiveness to be held in Busan, Korea (29 November-1st December 2011). The Forum will be an opportunity to establish a more inclusive partnership to address development effectiveness.

84. We look forward to a successful replenishment of the Asian Development Fund and of the International Fund for Agriculture Development.

Intensifying our Fight against Corruption

85. Corruption is a major impediment to economic growth and development. We have made significant progress to implement the G20 Anti-Corruption Action Plan. We endorse our experts' report, annexed to this Declaration, which outlines the major steps taken both by individual countries and the G20 collectively, and sets out further actions required to ensure that G20 countries continue to make positive progress against the Action Plan.

86. In this context:

    - We welcome the ratification by India of the United Nations Convention against Corruption (UNCAC). We also welcome the decision made by Russia to join the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. We commit to accelerate the ratification and implementation of UNCAC and to have a more active engagement within the OECD Working Group on Bribery on a voluntary basis. We further commend the member countries which are taking steps in the spirit of the Action Plan;

- We commend the first reviews on the implementation of UNCAC. We commit to lead by example in ensuring the transparency and inclusivity of UNCAC reviews by considering the voluntary options in accordance with the Terms of Reference of the Mechanism, notably with regards to the participation of civil society and transparency;

- We support the work of the Financial Action Task Force (FATF) to continue to identify and engage those jurisdictions with strategic Anti-Money Laundering/Counter-Financing of Terrorism (AML/CFT) deficiencies and update and implement the FATF standards calling for transparency of cross-border wires, beneficial ownership, customer due diligence and enhanced due diligence;

- We agree on a work program which includes a framework for asset recovery, building on the World Bank's Stolen Asset Recovery (StAR) Initiative, whistle-blowers' protection, denial of entry to corrupt officials and public sector transparency, including fair and transparent public procurement, with concrete results by the end of 2012.

87. We welcome initiatives aimed at increasing transparency in the relationship between private sector and government, including voluntary participation in the Extractive Industries Transparency Initiative (EITI). We also acknowledge the steps taken by some of us to request companies in the extractive industry to publish what they pay in countries of operation and to support the Construction Sector Transparency Initiative (CoST).

88. We commend the enhanced engagement of the private sector to fight against corruption. We welcome the commitments by the B20 to build on our Action Plan and urge them to take concrete action.

89. We hold ourselves accountable for our commitments and will review progress at our next Summit.

Governance

90. We welcome the report of UK Prime Minister David Cameron on global governance.

91. As our premier Forum for international economic cooperation, the G20 is unique in bringing together the major economies, advanced and emerging alike, to coordinate their policies and generate the political agreement necessary to tackle the challenges of global economic interdependence. It is a Leader-led and informal group and it should remain so. The G20 is part of the overall framework of international governance.

92. We agree that, in order to strengthen its ability to build and sustain the political consensus needed to respond to challenges, the G20 must remain efficient, transparent and accountable. To achieve this, we decide to:

    - Maintain our focus on the broad global economic challenges;

- Bolster our ability to deliver our agenda and work program effectively. We decide to formalise the Troika, made of past, present and future Presidencies to steer the work of the G20 in consultation with its members. We ask our Sherpas to develop working practices for the G20 under the Mexican Presidency;

- Pursue consistent and effective engagement with non-members, regional and international organisations, including the United Nations, and other actors, and we welcome their contribution to our work as appropriate. We also encourage engagement with civil society. We request our Sherpas to make us proposals for the next meeting.

93. We reaffirm that the G20's founding spirit of bringing together the major economies on an equal footing to catalyse action is fundamental and therefore agree to put our collective political will behind our economic and financial agenda, and the reform and more effective working of relevant international institutions.

94. On December 1st. 2011, Mexico will start chairing the G20. We will convene in Los Cabos, Baja California, in June 2012, under the Chairmanship of Mexico. Russia will chair the G20 in 2013, Australia in 2014 and Turkey in 2015. We have also agreed, as part of our reforms to the G20, that after 2015, annual presidencies of the G20 will be chosen from rotating regional groups, starting with the Asian grouping comprising of China, Indonesia, Japan and Korea. Details of the regional groups are attached.

95. We thank France for its G20 Presidency and for hosting the successful Cannes Summit.