

## Communiqué

### G20 Leaders Summit – Cannes – 3-4 November 2011

1. We, the Leaders of the G20, met in Cannes on 3-4 November 2011.
2. Since our last meeting, global recovery has weakened, particularly in advanced countries, leaving unemployment at unacceptable levels. In this context, tensions in the financial markets have increased due mostly to sovereign risks in Europe; there are also clear signs of a slowing in growth in the emerging markets. Commodity price swings have put growth at risk. Global imbalances persist.
3. 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 the people.

#### *A global strategy for growth and jobs*

4. To address the immediate challenges faced by the global economy, we commit to coordinate our actions and policies. Each of us will play their part.
5. We have agreed on an Action plan for Growth and Jobs to address short term vulnerabilities and strengthen medium-term foundations for growth.
  - Advanced economies commit to adopt policies to build confidence and support growth and implement clear, credible and specific measures to achieve fiscal consolidation. We welcome the decisions by European Leaders on October 26<sup>th</sup>, 2011 to restore debt sustainability in Greece, strengthen European banks, build firewalls to avoid contagion, and lay the foundations for robust economic governance reform in the Euro area and call for their swift implementation. We support the measures presented by Italy in the Euro Summit and the agreed detailed assessment and monitoring by the European Commission. In this context, we welcome Italy's decision to invite the IMF to carry out a public verification of its policy implementation on a quarterly basis.
  - Taking into account national circumstances, countries where public finances remain strong commit to let automatic stabilizers work and take discretionary measures to support domestic demand should economic conditions materially worsen. Countries with large current account surpluses commit to reforms to increase domestic demand, coupled with greater exchange rate flexibility.
  - We all commit to further structural reforms to raise output in our countries.
  - Monetary policies will maintain price stability over the medium term and continue to support economic recovery.
6. We are determined to strengthen the social dimension of globalization. We firmly believe that employment and social inclusion must be at the heart of our actions and policies to restore growth and confidence. We therefore decide to set up a G20 task force which will work as a priority on youth employment. We recognize the importance of social protection floors in each of our countries, adapted to national situations. We encourage the ILO to continue promoting ratification and implementation of the eight core Conventions ensuring fundamental principles and rights at work.

7. Convinced of the essential role of social dialogue, we welcome the outcomes of the B20 and L20 and their joint statement.

### ***Towards a more stable and resilient International Monetary System***

8. We have made progress in reforming the international monetary system to make it more representative, stable and resilient. We have agreed on actions and principles that will help reap the benefits from financial integration and increase the resilience against volatile capital flows. This includes coherent conclusions to guide us in the management of capital flows, common principles for cooperation between the IMF and Regional Financial Arrangements, and an action plan for local currency bond markets. We agree that the SDR basket composition should continue to reflect the role of currencies in the global trading and financial system. The SDR composition assessment should be based on existing criteria, and we ask the IMF to further clarify them. To adjust to currencies' changing role and characteristics over time, the composition of the SDR basket will be reviewed in 2015, or earlier, as currencies meet the existing criteria to enter the basket. We are also committed to further progress towards a more integrated, even-handed and effective IMF surveillance and to better identify and address spill-over effects. 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, and for increased ownership and traction.
9. 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 and restoring 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.
10. We agreed to continue our efforts to further strengthen global financial safety nets and we support the IMF in putting forward the new Precautionary and Liquidity Line (PLL) to provide on a case by case basis increased and more flexible short-term liquidity to countries with strong policies and fundamentals facing exogenous shocks. We also support the IMF in putting forward a single facility to fulfil the emergency assistance needs of its members. We call on the IMF to expeditiously discuss and finalize both proposals.
11. 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.

### ***Reforming the financial sector and enhancing market integrity***

12. In Washington in 2008, we committed to ensure that all financial markets, products and participants are regulated or subject to oversight, as appropriate. We will implement our commitments and pursue the reform of the financial system.
13. We have agreed on comprehensive measures so that no financial firm can be deemed “too big to fail” and to protect taxpayers from bearing the costs of resolution. The FSB publishes today an initial list of Global systemically important financial institutions (G-SIFIs). G-SIFIs will be submitted to strengthened supervision, a new international standard for resolution regimes as well as, from 2016, additional capital requirements. We are prepared to identify systemically important non-bank financial entities.
14. We have decided to develop the regulation and oversight of shadow banking. We will develop further our regulation on market integrity and efficiency, including addressing the risks posed by high frequency trading and dark liquidity. We have tasked IOSCO to assess the functioning of Credit Default Swaps markets. We have agreed on principles to protect financial services consumers.
15. We will not allow a return to pre-crisis behaviours in the financial sector and we will strictly monitor the implementation of our commitments regarding banks, OTC markets and compensation practices.
16. Building on its achievements, we have agreed to reform the FSB to improve its capacity to coordinate and monitor our financial regulation agenda. This reform includes giving it legal personality and greater financial autonomy. We thank Mr Mario Draghi for the work done and we welcome the appointment of Mr Mark Carney, Governor of the Central Bank of Canada as Chairman of the FSB, and of Mr. Philipp Hildebrand, Chairman of the Swiss National Bank as Vice-Chairman.
17. We urge all jurisdictions to adhere to the international standards in the tax, prudential and AML/CFT areas. We stand ready to use our existing countermeasures if needed. In the tax area, we welcome the progress made and we urge all the jurisdictions to take the necessary actions to tackle the deficiencies identified in the course of the reviews by the Global Forum, in particular the 11 jurisdictions identified by the Global Forum whose framework has failed to qualify. We underline the importance of comprehensive tax information exchange and encourage work in the Global Forum to 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.

### ***Addressing commodity price volatility and promoting agriculture***

18. As part of our financial regulation agenda, we endorse the IOSCO recommendations to improve regulation and supervision of commodity derivatives markets. We agree that market regulators should be granted effective intervention powers to prevent market abuses. In particular, market regulators should have and use formal position management powers, among other powers of intervention, including the power to set ex-ante position limits, as appropriate.
19. Promoting agricultural production is key to feed the world population. To that end, we decide to act in the framework of the Action Plan on Food Price Volatility and Agriculture agreed by our Ministers of Agriculture in June 2011. In particular, we decide to invest in and support research and development of agriculture productivity. We have launched the “Agricultural Market Information System” (AMIS) to reinforce transparency on agricultural products’ markets. To improve food security, we commit to develop appropriate risk-management

instruments and humanitarian emergency tools. We decide that food purchased for non-commercial humanitarian purposes by the World Food Program will not be subject to export restrictions or extraordinary taxes. We welcome the creation of a “Rapid Response Forum”, to improve the international community’s capacity to coordinate policies and develop common responses in time of market crises.

### ***Improving energy markets and pursuing the Fight against Climate Change***

20. We are determined to enhance the functioning and transparency of energy markets. We commit to improve the timeliness, completeness and reliability of the JODI-oil database and to work on the JODI-gas database along the same principles. We call for continued dialogue annually between producers and consumers on short medium and long-term outlook and forecasts for oil, gas and coal. We ask relevant organizations to make recommendations on the functioning and oversight of price reporting agencies. 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.
21. We are committed to the success of the upcoming Durban Conference on Climate Change and 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, including the operationalization of the Green Climate Fund, as part of a balanced outcome in Durban. We discussed the IFIs report on climate finance and asked our Finance Ministers to continue work in this field, taking into account the objectives, provisions and principles of the UNFCCC.

### ***Avoiding protectionism and strengthening the multilateral trading system***

22. 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.
23. 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.
24. 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.

### ***Addressing the challenges of development***

25. Recognizing that economic shocks affect disproportionately the most vulnerable, we commit to ensure a more inclusive and resilient growth.
26. The humanitarian crisis in the Horn of Africa underscores the urgent need to strengthen emergency and long-term responses to food insecurity. We support the concrete initiatives mentioned in the Cannes final Declaration, with a view to foster investments in agriculture and mitigate the impact of price volatility, in particular in low income countries and to the benefit of smallholders. 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.
27. Recognizing that the lack of Infrastructure dramatically hampers the growth potential in many developing countries, particularly in Africa, we support recommendations of the High Level Panel and the MDBs and highlight eleven exemplary infrastructure projects and call on the MDBs, working with countries involved, to pursue the implementation of such projects that meet the HLP criteria.
28. In order to meet the Millennium Development Goals, we stress the pivotal role of ODA. Aid commitments made by developed countries should be met. Emerging countries will engage or continue to extend their level of support to other developing countries. We also agree that, over time, new sources of funding need to be found to address development needs and climate change. We discussed a set of options for innovative financing highlighted by Mr Bill Gates. 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.

### ***Intensifying our Fight against Corruption***

29. We have made significant progress in implementing the Action Plan on combating corruption, promoting market integrity and supporting a clean business environment. We underline the need for swift implementation of a strong international legislative framework, the adoption of national measures to prevent and combat corruption and foreign bribery, the strengthening of international cooperation in fighting corruption and the development of joint initiatives between the public and the private sector.

### ***Reforming global governance for the 21<sup>st</sup> century***

30. We welcome the report of UK Prime Minister David Cameron on global governance. We agree that the G20 should remain an informal group. We decide to formalise the Troika. We will pursue consistent and effective engagement with non-members, including the UN and we welcome their contributions to our work.
31. We reaffirm that the G20’s founding spirit of bringing together the major economies on an equal footing to catalyze 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. We support reforms to be implemented within the FAO and the FSB We have committed to strengthen our multilateral trade framework. We call on international organisations, especially the UN, WTO, the ILO, the WB, the IMF and the OECD, to enhance their dialogue and cooperation, including on the social impact of economic policies, and to intensify their coordination.

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