

World Economy

Global Growth

1. We remain positive about the long-term resilience of our economies and future global economic growth. Emerging market economies are still growing strongly though our growth has moderated. However, the world economy is now facing uncertainty and downside risks persist. Among others, we express our strong concern about elevated commodity prices, especially of oil and food, since they pose a serious challenge to stable growth worldwide, have serious implications for the most vulnerable, and increase global inflationary pressure. We are determined to continuously take appropriate actions, individually and collectively, to ensure stability and growth in our economies and globally.

Financial market conditions have improved somewhat in the past few months. But serious strains still exist. While good progress has been made in implementing the recommendations by the Financial Stability Forum (FSF) in April, we urge private-sector players, national supervisory authorities and international bodies to rapidly implement all FSF recommendations to strengthen resilience of the financial system. We underscore the importance of implementing the FSF report's recommendations, as set out by the G8 Finance Ministers' Statement in Osaka.

2. We are mindful of the inter-related nature of the issues surrounding the world economy. We remain committed to promoting a smooth adjustment of global imbalances through sound macroeconomic management and structural policies in our countries as well as in emerging economies and oil producing countries. In some emerging economies with large and growing current account surpluses, it is crucial that their effective exchange rates move so that necessary adjustment will occur. We will promote continued consultation with our partner countries.

3. Globalization is a key driver for global economic growth and strong, prosperous economies, supported by shared values of political democracy, economic freedom and accountable institutions. Globalization and open markets offer great opportunities for our societies, emerging economies and developing countries. We are strongly committed to use these opportunities for the benefit of our citizens and global growth. At the same time, we will address various political, economic and social challenges for extending globalization's benefits to all.

4. We invite international organizations, in particular the World Bank, the International Monetary Fund (IMF), the World Trade Organization (WTO), the International Labor Organization (ILO) and the Organisation for Economic Co-operation and Development (OECD), to enhance their cooperation and to improve coherence.

Trade and Investment

5. We will resist protectionist pressures against international trade and investment in all its manifestations.

A successful conclusion of an ambitious, balanced and comprehensive WTO Doha agreement is critical to economic growth and development. Given the crucial stage of negotiations, we reiterate our determination to work as a matter of urgency toward the conclusion of the negotiations and call on all WTO Members to make substantial contributions with a view to establishing modalities for Agriculture and NAMA (Non-Agricultural Market Access) and achieving positive and tangible results on Services. We welcome the convening of a ministerial meeting starting on 21 July. We also support the holding of a Signaling Conference on Trade in Services on the same occasion.

For the purpose of striking an overall balance, we stress the need for making progress and delivering meaningful outcomes in all the areas within the single undertaking.

6. Open trade and investment policies strengthen economies. All countries should take steps to develop, maintain and promote regimes that welcome foreign investment, guarantee non-discriminatory treatment for foreign investment, and ensure freedom to transfer capital and returns from investment. Any foreign investment restrictions should be very limited, focusing primarily on national security concerns, and should adhere to the principles of transparency and predictability, proportionality, and accountability. Furthermore, we note the importance of high standards of investment protection in international agreements including fair and equitable treatment, prompt, adequate and effective compensation in the event of expropriation, and access to international arbitration to resolve disputes. We are equally committed to high liberalization standards, such as national treatment and most-favored-nation treatment, in bilateral agreements in relation to investment.

7. Open and competitive capital markets can promote economic growth. We encourage actions by financial markets regulators through various approaches that can facilitate cross-border capital markets services, including through the ongoing discussion of mutual recognition of comparable securities regimes.

8. Sovereign wealth funds (SWFs) are increasingly important participants in the world economy and we welcome recent commitments by some SWFs to greater transparency. We encourage the work of the IMF and the OECD to identify best practices for SWFs and recipient countries respectively, and in this context, welcome the Declaration on Sovereign Wealth Funds and Recipient Country Policies at the OECD Ministerial Council Meeting.

9. Reaffirming our Heiligendamm commitments, we will promote Corporate Social Responsibility (CSR) including through encouragement of voluntary adherence to the relevant international instruments, standards and principles by companies from all countries. We recognize and commend efforts by private businesses for undertaking socially responsible investments. We will encourage good corporate governance practices.

10. We welcome the joint statement of the G8 Business Summit held in April, and are determined to enhance our cooperation with all stakeholders including business communities, consumer associations, workers and trade unions in tackling various challenges we face.

Energy Security

11. We reaffirm our commitment to the St. Petersburg Global Energy Security Principles and the implementation of its Plan of Action and invite other countries to embrace these Principles. We therefore compiled national reports, with the assistance of the International Energy Agency (IEA), evaluating our efforts to adhere to those principles and welcome the corresponding overview provided by the IEA. We are committed to updating our reports for 2009 Summit.

12. We have strong concerns about the sharp rise in oil prices, which poses risks to the global economy. Concerted efforts are needed to address the underlying causes for the benefit of all. On the supply side, production and refining capacities should be increased in the short term. Joint efforts are also necessary to expand upstream and downstream

investment in the medium term. Oil-producing countries should ensure transparent and stable investment environments conducive to increasing the production capacity needed to meet rising global demand. On the demand side, it is important to make further efforts to improve energy efficiency as well as pursue energy diversification.

In reconfirming the shared interest and responsibility of energy producing and consuming countries in promoting global energy security, we will enhance further dialogue and partnership. In this regard, as a follow-up to the recent Jeddah Energy Meeting, we look forward to the meeting to be held in London later this year. Also, we encourage major countries that are not IEA members to deepen their dialogue with the IEA, including through active participation in IEA programs, as appropriate.

13. To enhance energy security, we propose holding an energy forum to focus on energy efficiency and new technologies, which could also contribute to dialogue between producers and consumers.

14. Greater transparency will lead to better functioning energy markets and hence a better balance between supply and demand. Therefore, we need to improve collection and timely reporting of market data on oil and develop shared analysis of oil market trends and outlook. We therefore continue to strongly support the Joint Oil Data Initiative (JODI) as a significant contribution in the efforts for information sharing including on oil stocks among energy producers and consumers. We support the efforts of the JODI partner organizations including the International Energy Forum (IEF) to realize further progress of JODI in terms of quality, completeness and timeliness of information. We stress the importance of energy markets which send undistorted price signals and are free from any political pressure. We welcome the G8 Finance Ministers' request to the IMF and the IEA to jointly carry out further analysis of real and financial factors behind the recent surge in oil and commodity prices, their volatility, and the effects on the global economy. We also welcome the efforts taken by relevant national authorities for increased transparency of commodity futures markets and encourage further cooperation between them.

Raw Materials

15. To promote improved transparency, accountability, good governance and sustainable economic growth in the extractive sector, and to address the natural resource dimensions of armed conflict and post-conflict situations, we:

- (a) continue to support initiatives such as the Extractive Industries Transparency Initiative (EITI) and call for its full implementation and for candidate countries to complete the validation process in a timely manner. We encourage emerging economies and their companies to support the initiative;
- (b) promote improved resource management including fiscal transparency and legislative oversight by resource-rich countries through supporting international financial institutions' efforts to develop international standards and codes to be voluntarily adopted by those countries, and technical assistance, as appropriate; and
- (c) support international efforts to respond more effectively to the natural resource dimensions of conflict and post-conflict situations, and would welcome additional analysis on the issue by the OECD Development Assistance Committee (DAC), the United Nations Secretary General, and the World Bank.

16. We affirm the importance of open raw materials markets as the most efficient mechanism for resources allocation. We call on our trading partners to strictly comply with WTO rules and to enhance the transparency and predictability of their measures in this area.

Protection of Intellectual Property Rights (IPR)

17. Effective promotion and protection of IPR are critical to the development of creative products, technologies and economies. We will advance existing anti-counterfeiting and piracy initiatives through, inter alia, promoting information exchange systems amongst our authorities, as well as developing non-binding Standards to be Employed by Customs for Uniform Rights Enforcement (SECURE) at the World Customs Organization. We encourage the acceleration of negotiations to establish a new international legal framework, the Anti-Counterfeiting Trade Agreement (ACTA), and seek to complete the negotiation by the end of this year. We will promote practical cooperation between our countries to develop tools to combat new techniques in counterfeiting and piracy and spread best practices. We reaffirm our commitment on government use of software in full compliance with the relevant international agreements and call on other countries to follow our commitment.

18. Firmly believing that an efficient and well-functioning IP system benefits countries at all stages of development, we:

- (a) reaffirm the importance of global patent harmonization and expanding international patent collaboration, including accelerated discussions on the Substantive Patent Law Treaty; and
- (b) welcome the progress achieved in the G8 technical assistance pilot plans as well as the launch of additional pilot plans and joint outreach programs for public awareness in these countries.

Corruption

19. We call for the ratification of the United Nations Convention against Corruption (UNCAC) by all countries and a strong and consistent follow-up of the Bali Conference by ensuring effective implementation of UNCAC, including the development of a review mechanism. Reaffirming our previous commitments, we will redouble our efforts to deny safe havens through our national laws to public officials found guilty of corruption and strengthen international cooperation on asset recovery including supporting initiatives of relevant international organizations such as the Stolen Asset Recovery (StAR) Initiative promoted by the World Bank and United Nations Office on Drugs and Crime (UNODC). We also recognize the importance of technical assistance to partner countries in their own efforts to implement the Convention.

We will also strengthen enforcement of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions with the commitment to continue effective monitoring through the implementation of a rigorous and permanent peer review mechanism and call for accession to the Convention by emerging countries. We endorsed an enhanced accountability report detailing actions of each G8 member to implement the anticorruption commitments we have undertaken in the G8, and agreed to update it annually.

Abuses of the Financial System

20. We urge all countries that have not yet fully implemented the OECD standards of transparency and effective exchange of information in tax matters to do so without further delay, and encourage the OECD to strengthen its work on tax evasion and report back in 2010.

Heiligendamm Process

21. We welcome the progress of the Heiligendamm Process, the topic-driven political dialogue on an equal footing between the members of the G8 and major emerging

economies to enhance mutual confidence and understanding and to develop a true partnership focusing on investment, innovation, energy efficiency and development. We look forward to discussing these issues reflected in the interim report with the leaders of Brazil, China, India, Mexico and South Africa on 9 July. We reiterate our commitment to the Process and look forward to receiving a comprehensive concluding report at the G8 Summit in 2009. We appreciate the OECD for providing organizational and technical support for the dialogue.