

G8 Summit 2007
Heiligendamm



**GROWTH AND RESPONSIBILITY IN THE
WORLD ECONOMY**

Summit Declaration (7 June 2007)



G8 AGENDA FOR GLOBAL GROWTH AND STABILITY

1. We have agreed on a policy agenda to promote a smooth adjustment of global imbalances which should take place in the context of sustained robust global economic growth. We have taken stock of the progress made to date and discussed further challenges lying ahead. Our agenda builds on discussions at the IMF and other international fora. Open markets and competition are crucial elements, as are our efforts to promote freedom of investment and the dynamics of innovation described hereafter.

2. We note that the world economy is in good condition and economic developments are now more conducive to an adjustment than in the past, not least because we have made progress in implementing our joint strategy. However, further efforts will be required to better rebalance global demand. Global imbalances took a long time to build. Likewise, their unwinding is likely to be a gradual process, entailing a medium-term rebalancing of demand growth across countries.

3. The economic environment has developed in a direction which favours the adjustment of global imbalances. Growth is now more balanced across regions, as it has moderated to a more sustainable pace in the US, while domestic demand has strengthened in Europe and remains supported by robust investment in Japan. We have made progress in implementing our joint policy strategy:

- The United States has lent support to national savings by quickly and substantially reducing the federal budget deficit.
- In Canada, domestic demand has been strong, supported by robust employment growth. Governments have significant ongoing budget surpluses.
- In Europe, domestic demand has strengthened and the recent growth performance reflects prudent macroeconomic policies and a pay-off from structural reforms, including an improved labour market.
- In Japan, as strenuous structural reform efforts continue, the upswing has proceeded and is becoming broader based. Fiscal consolidation is progressing, which is indispensable to reinforce confidence in the economy and to ensure sustainable, solid growth.
- Russia has been enjoying seven consecutive years of robust economic growth based on strong domestic consumption, a take-off in investment and a disciplined macroeconomic and financial management.

4. Outside of our group, a number of countries in emerging Asia have taken first steps on the road towards a more flexible exchange rate regime and a strengthening of the financial sector, a move which would support this adjustment. Oil producing countries have increased investment in oil production capacity and many have made prudent use of their additional export revenues to promote the diversification of their economies and employment. Their import growth has accelerated substantially.

5. Global imbalances have been showing some signs of stabilisation more recently and deficits have been relatively easily financed. An orderly adjustment, which is in the interest of the world economy, will take time. We are committed to implementing domestic policies to promote this. They are first and foremost in each of our own best interests:

- The United States is targeting the elimination of its federal budget deficit by 2012. Policies also have been proposed to strengthen long-term fiscal sustainability through entitlement and health care reform, tax incentives to promote private saving, and proposals have been made to boost the use of alternative fuels and enhance energy efficiency. The United States will continue to follow pro-growth economic policies.
- Europe will continue its structural reform efforts guided by the Lisbon strategy to promote growth and employment.
- Japan will continue its effort to enhance growth potential by implementing the comprehensive program for boosting productivity growth announced in this April. Fiscal reform will be steadily implemented to meet the targets committed by the government, namely achieving surplus in the primary balance of the combined central and local governments by 2011 as a first step for reducing the debt-to-GDP ratio in a stable manner by the mid-2010s.
- Russia is committed to pursue a sound macroeconomic policy framework and prudent financial policies along with a range of structural reforms facilitating its transition to self-sustaining, investment- and innovation-led growth.
- Canada is committed to continuing to reduce government debt and has set an objective of eliminating total government net debt in a generation. Canada is also committed to continuing to lower taxes on persons and business and to reducing regulatory burdens, as well as promoting knowledge creation and investing in infrastructure.

6. We encourage a contribution from the emerging market countries towards reducing imbalances. Continued reforms to rebalance growth towards domestic demand, thus enhancing its sustainability, are key to reducing imbalances while sustaining the robust global expansion. In emerging economies with large and growing current account surpluses, it is crucial that their effective exchange rates move so that necessary adjustments will occur. Oil-producing countries should continue accelerating investment in capacity and economic diversification.

**SYSTEMIC STABILITY AND TRANSPARENCY
OF FINANCIAL MARKETS / HEDGE FUNDS**

7. We discussed recent developments in global financial markets, including hedge funds, which, along with the emergence of advanced financial techniques and products, such as credit derivatives, have contributed significantly to the efficiency of the financial system. Nevertheless, the assessment of potential systemic and operational risks associated with these activities has become more complex and challenging. Given the strong growth of the hedge fund industry and the increasing complexity of the instruments they trade, we reaffirm the need to be vigilant.

8. In this context, we welcome the Financial Stability Forum's (FSF) update of its 2000 Report on Highly Leveraged Institutions and support its recommendations. The global hedge fund industry should review and enhance existing sound practices benchmarks for hedge fund managers; in particular in the areas of risk management, valuations and disclosure to investors and counterparties in the light of expectations for improved practices set out by the official and private sectors. Counterparties and investors should act to strengthen the effectiveness of market discipline, including, by obtaining accurate and timely portfolio valuation and risk information. Supervisors should act so that core intermediaries continue to strengthen their counterparty risk management practices. In the exercise of their supervision of hedge funds counterparties, relevant authorities should monitor developments and cooperate among themselves. We welcome that the Financial Stability Forum (FSF) will report to finance ministers as from October of this year on the progress and actions taken in respect of these recommendations.

FREEDOM OF INVESTMENT, INVESTMENT ENVIRONMENT AND SOCIAL RESPONSIBILITY

9. We recognize that the increase of cross-border direct investment is a major factor shaping the world's economy. Provided appropriate framework conditions are in place, such inflows make a major positive contribution to economic growth, social and environmental development. We note four areas for action in order to maximize the benefits from cross-border investment:

- reinforcing our G8 commitment to the freedom of investment,
- promoting an open investment environment in industrialised countries and emerging economies,
- enabling greater benefits from and sustainability of foreign direct investments (FDI) for developing countries,
- promoting and strengthening corporate and other forms of social responsibility.

Freedom of investment

10. We will work together to strengthen open and transparent investment regimes and to fight against tendencies to restrict them. Erecting barriers and supporting protectionism would result in a loss of prosperity. We therefore agree on the central role of free and open markets for the world economy, respecting sustainability concerns, and the need to maintain open markets to facilitate global capital movements. We reaffirm that freedom of investment is a crucial pillar of economic growth, prosperity and employment. We call on all developed countries, major emerging economies and others to critically assess their investment policies, the potential costs incurred from unnecessarily restrictive or arbitrary policies and the economic benefits of open investment regimes.

11. Against this background we remain committed to minimize any national restrictions on foreign investment. Such restrictions should apply to very limited cases which primarily concern national security. The general principles to be followed in such cases are non-discrimination, transparency and predictability. In any case, restrictive measures should not exceed the necessary scope, intensity and duration. Applicable treaties relating to investment remain unaffected. We encourage the OECD to continue its work on these issues, especially by identifying best practices and by further developing general principles. We will work with the OECD and other fora to develop further our common understanding of transparency principles for market-driven cross border investment of both private and state-owned enterprises.

The global investment environment

12. Emerging economies benefit considerably from inward FDI while acting increasingly as countries of origin of FDI. We see the need and the opportunity to work towards a level playing field for all investors. Companies from G8 countries investing in emerging economies expect to find the same open investment environment as companies from such countries investing in G8 countries. Openness to investment is beneficial for all parties involved.

13. We underscore that market-driven technology transfer is an important globalisation catalyst. Governments have a role in establishing and maintaining the appropriate institutions and legal regulatory policy frameworks necessary to enable technology flows on a commercial basis and assuring the respect of intellectual property rights.

14. Open and transparent procurement markets are an important precondition for cross-border investments. We invite all our partners, in particular the major emerging economies, to create a level playing field for national and foreign tenderers. This may include considerations to join the WTO's Government Procurement Agreement (GPA).

15. We call on the emerging economies to adopt the OECD Declaration on International Investment and Multinational Enterprises. We invite the major emerging economies to participate in a structured High Level Dialogue on investment conditions in industrialised countries and emerging economies as part of the Heiligendamm Process. A stocktaking exercise, an examination of best practices and the implementation of peer review mechanisms to promote an open, efficient investment environment that aims to remove remaining barriers to investment should be a good start. We ask the OECD to provide a platform for such a dialogue.

Investment in developing countries

16. Unlike industrialized and emerging economies, many less advanced developing countries often reap only inadequate benefits from FDI. In shared responsibility with our developing country partners we want to enable quality FDI inflows to grow, inflows that help local infrastructure facilitate the operations of national and foreign investors that improve the skills of the local labour force and the advantages of transfers of management skills and technology that accrue from FDI increase, and that support the ability of domestic firms to supply inputs to foreign-invested companies or strengthen international value chains. Economic, social and environmental aspects of sustainability are crucial in order to maximize the FDI benefits for all developing countries, including least developed countries.

17. We support the regional and multilateral development banks (MDBs), including the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), in addressing the problem of poor business environments in their borrowing members and urge them to integrate efforts to address these impediments to investment in their country strategies and budgets.

18. We support the initiative of G8 Finance Ministers to foster the development of deeper, more liquid local bond markets in emerging economies. This can make an important contribution to reducing the vulnerability of individual countries to crises and to enhancing the financial stability of emerging countries as a whole.

19. We support the OECD Policy Framework for Investment and UNCTAD Investment Policy Reviews as valuable mechanisms in defining a shared understanding of healthy investment climates in emerging economies and developing countries. The OECD Policy Framework for Investment could be translated into national practices and development strategies, especially for countries under the New Partnership for African Development (NEPAD) and Asia Pacific Economic Cooperation (APEC) framework. We invite the OECD, UNCTAD and other organisations such as the World Bank to consider providing the necessary support for this purpose.

20. We invite UNCTAD and the OECD to jointly engage industrialized countries, emerging economies and developing countries in the development of best practices for creating an institutional environment conducive to increased foreign investment and sustainable development. Such a comprehensive process should be closely connected with the twelfth UN Conference on Trade and Development (UNCTAD XII) planned for 20th to 25th April 2008 in Accra (Ghana).

Investment and responsibility – the social dimension of globalization

21. Globalization and technological progress have resulted in rapid structural change in many regions and economic sectors. We acknowledge that structural change is the inevitable result of progress and that it brings dislocations along with opportunities. Open markets rest on political acceptance, social inclusion, gender equality and the integration of traditionally under-represented groups such as older workers, youth, immigrants and persons with disabilities. In order to address the social dimension of the globalisation process, we identify the four following areas of action.

22. Promoting and further developing social standards: We are convinced that a globalisation that is complemented with social progress will bring sustainable benefits to both industrial and developing countries. We recognize our responsibility for an active contribution towards this objective. Therefore, we support the International Labour Organization's (ILO) Decent Work Agenda with its four pillars of equal importance: the effective implementation of labour standards, especially the ILO core labour standards, the creation of more productive employment, further development of inclusive social protection systems and the support of social dialogue between the different stakeholders.

23. While stressing that labour standards should not be used for protectionist purposes, we invite the WTO members and interested international organizations, in close collaboration with the ILO, to promote the observance of internationally recognized core labour standards as reflected in the ILO declaration on Fundamental Principles and Rights and its follow-up. We also commit to promoting decent work and respect for the fundamental principles in the ILO Declaration in bilateral trade agreements and multilateral fora.

24. Strengthening the principles of Corporate Social Responsibility: In this respect, we commit ourselves to promote actively internationally agreed corporate social responsibility and labour standards (such as the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration), high environmental standards and better governance through OECD Guidelines' National Contact Points. We call on private corporations and business organizations to adhere to the principles in the OECD Guidelines for Multinational Enterprises. We encourage the emerging economies as well as developing countries to associate themselves with the values and standards contained in these guidelines and we will invite major emerging economies to a High Level Dialogue on corporate social responsibility issues using the OECD as a platform.

25. We stress in particular the UN Global Compact as an important CSR initiative; we invite corporations from the G8 countries, emerging nations and developing countries to participate actively in the Global Compact and to support the worldwide dissemination of this initiative.

26. In order to strengthen the voluntary approach of CSR, we encourage the improvement of the transparency of private companies' performances with respect to CSR, and clarification of the numerous standards and principles issued in this area by many dif-

ferent public and private actors. We invite the companies listed on our Stock Markets to assess, in their annual reports, the way they comply with CSR standards and principles. We ask the OECD, in cooperation with the Global Compact and the ILO, to compile the most relevant CSR standards in order to give more visibility and more clarity to the various standards and principles.

27. Reinforcing Corporate Governance: Corporate governance is a key element in improving economic efficiency and growth as well as enhancing investor confidence. Good corporate governance provides proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and facilitates effective monitoring and surveillance. While corporate governance challenges are present everywhere, they are particularly acute in emerging economies. We encourage the widest adherence to the OECD Corporate Governance Principles and support the continuation of the work of the OECD / World Bank Regional Corporate Governance Roundtables.

28. Investing in social protection systems: Social protection is an investment in a country's economic future and a cost-effective way of fighting poverty. It includes appropriate protection against life's major risks and appropriate coverage for everyone, aiming at improved education and health. Social protection has the capacity to contribute to individual employability and to ensure that those who can work obtain adequate support to find employment and to obtain skills demanded by the labour market.

29. Social protection systems contain some universal elements and should be based on values such as social equity, fairness, and justice in order to promote equal opportunities and participation. We believe that social security systems require further development and extension of coverage taking into account nations' abilities to provide such coverage given their varying states of economic growth and recognizing the fact that there can be no one size fits all model of social protection. We agree to keep this issue on our development policy agenda, encouraging relevant international organizations to work in close cooperation on this issue. We recognize that in conjunction with economic growth and active labour market policies, social security is an instrument for sustainable social and economic development.

PROMOTING INNOVATION – PROTECTING INNOVATION

30. Science, research and innovation today more than ever form the basis of economic growth and prosperity. Political and economic strategies to foster innovation are therefore key elements for the future development of industrialised countries, emerging economies and developing countries alike. We will undertake to bring forward an international economic and political environment that promotes and protects innovation.

Innovation for Sustainable Growth

31. Forward looking innovation policy is geared towards promoting the research community and towards translating ideas, the product of the research process, into innovative products and services. Whereas the promotion of research involves education and higher-education policy, economic policy can play a crucial role in promoting the translation of research into innovative products and in fostering an innovation-friendly business environment. Both tasks benefit from the engagement of national governments. International cooperation and exchanges can supply a substantial impetus in the shaping of national policy. Cooperation between advanced and developing countries in research activities in the field of science and technology should also be strengthened.

32. Because we strive to provide scientific and technical leadership we also recognize our responsibility for a long-term oriented research initiative that will focus on concentration of scientific research and improved technological capacity in order to be able to react most effectively to future global challenges. We recognize the increasing significance of many emerging economies in science and research and invite them to actively participate in this process by reinforcing already existing cooperative efforts in the OECD building also on the results of ongoing work promoted inter alia by the relevant UN bodies.

33. In this respect we support the engagement of the OECD to work on proposals for topical international collaborative efforts. Based on the work of the Global Science Forum (GSF), we recognize the value that the GSF will bring as the moderator of this process. We also support the sharing of information among the G8 and emerging economies on national research endeavours in order to identify priorities that could be enhanced by collaborative research efforts, joint initiatives and programmes on areas of common interest. Possible areas of cooperation could be sustainable use of water and

land and research in the field of energy efficiency as well as the promotion of environmentally-related innovations both in the public and in the business sector. We will work together to achieve more effective coordination and cooperation in our research efforts in these fields.

Intellectual Property Protection as the Backbone of Innovation

34. A fully functioning intellectual property system is an essential factor for the sustainable development of the global economy through promoting innovation. We recognize the importance of streamlining and harmonizing the international patent system in order to improve the acquisition and protection of patent rights world-wide.

35. The benefits of innovation for economic growth and development are increasingly threatened by infringements of intellectual property rights worldwide. We therefore strongly reaffirm our commitment to combat piracy and counterfeiting. Trade in pirated and counterfeit goods threatens health, safety and security of consumers worldwide, particularly in poorer countries. In this regard we welcome work on the WHO initiative to implement the International Medicinal Products Anti-Counterfeit Taskforce (IMPACT). Our common efforts in this combat are therefore in the interest of all countries at all levels of development.

36. We commit to strengthen cooperation in this critical area among the G8 and other countries, particularly the major emerging economies, as well as competent international organizations, notably the World Intellectual Property Organization (WIPO), WTO, the World Customs Organization (WCO), Interpol, the World Health Organization (WHO), the OECD, APEC, and the Council of Europe. We invite these organizations to reinforce their action in this field.

37. We welcome the joint Declaration of the business communities of all G8 countries on “Strategies of G8 Industry and Business to Promote Intellectual Property Protection and to Prevent Counterfeiting and Piracy” which highlights actions companies are taking to secure their intellectual property rights at home and abroad and to keep their global supply chains free of pirated and counterfeit goods – from producers and distributors, retailers and merchandisers. Industry and business have an essential role to play in protecting innovation, and we will engage our respective private sectors on effective solutions with regard to both the supply and the demand side of piracy and counterfeiting. We also welcome educational campaigns with the help of business communities in our countries directed at raising awareness of consumers with regards to the negative effects of counterfeiting and piracy.

38. In light of the urgency to implement concrete measures which will improve and deepen cooperation among G8 partners and deliver real enforcement results, we decide to undertake the following:

(a) We endorse the Guidelines for Customs and Border Enforcement Cooperation designed to strengthen cooperation and coordination among our national customs and law enforcement administrations. In this context we especially welcome the development of an effective information exchange system – where appropriate - in close association with the WCO which will lead to improved cooperation among the relevant enforcement authorities worldwide.

(b) We endorse new Guidelines for Technical Assistance on intellectual property rights protection to interested developing countries, as well as a mechanism to better coordinate and leverage existing G8 assistance to such countries with a view to building the capacity necessary to combat trade in counterfeited and pirated goods to strengthen intellectual property enforcement. In partnership with certain developing countries we agree to launch technical assistance pilot plans with a view to building the capacity necessary to combat trade in counterfeited and pirated goods to strengthen intellectual property enforcement. The progress on these pilot plans will be reviewed by the G8 in 2008.

(c) We endorse the recommendations aimed at improving G8 member countries' cooperative actions to combat serious and organized intellectual property rights crimes and the further work on their basis to facilitate structured international cooperation regarding the investigation and prosecution of those crimes.

(d) While appreciating the information contained in the OECD report estimating the economic impacts of counterfeiting and piracy on national economies and right holders, as well as public health and safety, we will encourage the OECD to work with member states to further identify and target in its report specific areas for concrete actions.

(e) We recognize the need for continued study by national experts of the possibilities of strengthening the international legal framework pertaining to IPR enforcement.

(f) We consider the establishment of an IPR Task Force focusing on anti-counterfeiting and piracy to look together at how best to improve the working of the international IPR protection and enforcement, and produce recommendations for action including improved peer review. The issue will also be considered in the Heiligendamm Process.

A New Dialogue on Innovation and Intellectual Property Protection

39. Lively interaction between science and business, strong protection and enforcement of intellectual property rights, and the combination of market-based entrepreneurship and science-based research are increasingly decisive factors in promoting economic growth and development around the world. We invite the major emerging economies to a follow up process using the OECD as a platform with the aim of establishing a new international dialogue on innovation and intellectual property protection as part of the Heiligendamm Process. Such a dialogue will provide a forum for the positive exchange on topics critical for growth of successful knowledge economies and the promotion of an innovation-friendly business environment also taking into account the needs of small and medium sized enterprises, including: (a) the crucial role and economic value of intellectual property protection and implementation as a central framework condition for the development of a future-oriented economy based on technological progress and innovation; (b) effective market incentives for innovation and the diffusion of knowledge at the national level taking into account recent developments in technology markets; and (c) the crucial importance of efficient innovation value chains that promote business commercialization of patented research results and exploit licensing as a major driver for the international transfer of technology. The dialogue could furthermore ascertain measures the industrialized countries and major emerging economies can take to achieve fully effective implementation and protection of intellectual property rights within their own territory. Fully respecting the mandate, function and role of the competent multilateral organizations, in particular the WTO and the WIPO, participants in the dialogue may also discuss initiatives aimed at strengthening intellectual property rights protection which should then be addressed in the appropriate international fora. The G8 Summit 2009 will take stock of the progress made by that date.



CLIMATE CHANGE, ENERGY EFFICIENCY AND ENERGY SECURITY - CHALLENGE AND OPPORTUNITY FOR WORLD ECONOMIC GROWTH

40. Humanity today faces the key interlinked challenges of avoiding dangerous climate change and ensuring secure and stable supplies of energy. Since we met in Gleneagles, science has more clearly demonstrated that climate change is a long term challenge that has the potential to seriously damage our natural environment and the global economy. We firmly agree that resolute and concerted international action is urgently needed in order to reduce global greenhouse gas emissions and increase energy security. Tackling climate change is a shared responsibility of all, and can and must be undertaken in a way that supports growth in developing, emerging and industrialised economies, while avoiding economic distortions.

41. We recognise the important opportunities offered by effective action addressing climate change, in particular for innovation, technological development as well as poverty reduction. Strong economies together with a wide range of policy instruments such as market-based mechanisms, including emissions-trading, tax incentives, and regulatory measures as well as technology cooperation and a shared long-term vision, are key to guide investment decisions, to generate technology commercialisation, to enhance energy security, to promote sustainable development and to slow, stabilize and then significantly cut global emissions of greenhouse gases.

42. We are committed to take strong leadership in combating climate change. We confirm our determination to work among ourselves and with the global community on global solutions that address climate change while supporting growth and economic development. We commit ourselves to implement approaches which optimally combine effective climate protection with energy security. To this end, we are committed to the further development of the international regime to combat climate change, especially in the run-up to the UN Climate Change Conference in Indonesia at the end of this year. Addressing climate change is a long term issue that will require global participation and a diversity of approaches to take into account differing circumstances.

43. Energy is a fundamental driver of growth and development around the world, and the use of energy has been steadily expanding along with the world's populations and economies. Our ability to provide secure access to clean, affordable and safe sources of energy to maintain global economic growth complements our desire to protect our environment. Addressing the challenge of energy security will require unprecedented international cooperation in several areas, including market transparency, enhancing energy efficiency, diversifying energy supplies and developing and deploying new and transformational technologies.

44. Energy has been a major field of action for the G8, not least in recent years. We recall that after focusing on resource efficiency in a broader sense (in particular the 3R-Initiative) following the Evian and Sea Island Summits, the Gleneagles G8-Action Plan dealt intensively with clean energy. At the St. Petersburg Summit we adopted groundbreaking decisions on energy security and committed ourselves to a set of agreed areas of cooperation, inter alia to increase transparency, predictability and stability of global energy markets, improving investment climate in the energy sector, enhance energy efficiency, diversify the energy mix, ensure the security of critical energy infrastructure, reduce energy poverty and address climate change. To maintain the momentum of those achievements we herewith strongly reaffirm our commitment to Global Energy Security Principles, including our commitment to enhance dialogue on relevant shareholders' perspectives on growing interdependence, security of supply and demand issues, facilitate diversification of different types of contracts, including market-based long-term and spot contracts, promote investment in upstream and downstream assets internationally, support the principles of the Energy Charter and the efforts of the participating countries to improve international energy co-operation.

45. To maintain the momentum of that groundbreaking achievement, we

- invite China, Brazil, India, Mexico and South Africa and other major emerging economies to adopt these Global Energy Security Principles,
- will prepare national reports, with the assistance of the IEA, evaluating G8 member states' efforts to adhere to those principles, for delivery at the 2008 G8 summit, and
- note the importance of government-controlled strategic oil reserves, to lessen the impact of sudden and severe natural or man-made disruptions to oil supplies,

and encourage the IEA to further assist major emerging oil consuming countries to adopt best practices with regard to building, maintaining and coordination the release of strategic oil reserves.

46. This year we have focussed our discussions on energy efficiency in order to make an effective contribution towards meeting global climate and energy security challenges. Improving energy efficiency worldwide is the fastest, the most sustainable and the cheapest way to reduce greenhouse gas emissions and enhance energy security.

47. We welcome the progress made so far at the meetings of the Gleneagles Dialogue on Climate Change, Clean Energy and Sustainable Development, held in the United Kingdom in 2005 and Mexico in 2006. We also welcome the intentions of Germany and Japan to host the Dialogue meetings during their G8 Presidencies. We look forward to receiving a report of the Dialogue at the G8 Summit next year under the Japanese G8 Presidency.

CLIMATE CHANGE

48. We take note of and are concerned about the recent UN Intergovernmental Panel on Climate Change (IPCC) reports. The most recent report concluded both, that global temperatures are rising, that this is caused largely by human activities and, in addition, that for increases in global average temperature, there are projected to be major changes in ecosystem structure and function with predominantly negative consequences for biodiversity and ecosystems, e.g. water and food supply.

Fighting Climate Change

49. We are therefore committed to taking strong and early action to tackle climate change in order to stabilize greenhouse gas concentrations at a level that would prevent dangerous anthropogenic interference with the climate system. Taking into account the scientific knowledge as represented in the recent IPCC reports, global greenhouse gas emissions must stop rising, followed by substantial global emission reductions. In setting a global goal for emissions reductions in the process we have agreed today involving all major emitters, we will consider seriously the decisions made by the European Union, Canada and Japan which include at least a halving of global emissions by 2050.

We commit to achieving these goals and invite the major emerging economies to join us in this endeavour.

50. As climate change is a global problem, the response to it needs to be international. We welcome the wide range of existing activities both in industrialised and developing countries. We share a long-term vision and agree on the need for frameworks that will accelerate action over the next decade. Complementary national, regional and global policy frameworks that co-ordinate rather than compete with each other will strengthen the effectiveness of the measures. Such frameworks must address not only climate change but also energy security, economic growth, and sustainable development objectives in an integrated approach. They will provide important orientation for the necessary future investment decisions.

51. We stress that further action should be based on the UNFCCC principle of common but differentiated responsibilities and respective capabilities. We reaffirm, as G8 leaders, our responsibility to act. We acknowledge the continuing leadership role that developed economies have to play in any future climate change efforts to reduce global emissions, so that all countries undertake effective climate commitments tailored to their particular situations. We recognise however, that the efforts of developed economies will not be sufficient and that new approaches for contributions by other countries are needed. Against this background, we invite notably the emerging economies to address the increase in their emissions by reducing the carbon intensity of their economic development. Action of emerging economies could take several forms, such as sustainable development policies and measures, an improved and strengthened clean development mechanism, the setting up of plans for the sectors that generate most pollution so as to reduce their greenhouse gas emissions compared with a business as usual scenario.

52. We acknowledge that the UN climate process is the appropriate forum for negotiating future global action on climate change. We are committed to moving forward in that forum and call on all parties to actively and constructively participate in the UN Climate Change Conference in Indonesia in December 2007 with a view to achieving a comprehensive post 2012-agreement (post Kyoto-agreement) that should include all major emitters.

53. To address the urgent challenge of climate change, it is vital that major economies that use the most energy and generate the majority of greenhouse gas emissions agree

on a detailed contribution for a new global framework by the end of 2008 which would contribute to a global agreement under the UNFCCC by 2009.

We therefore reiterate the need to engage major emitting economies on how best to address the challenge of climate change. We embrace efforts to work with these countries on long term strategies. To this end, our representatives have already met with the representatives of Brazil, China, India, Mexico and South Africa in Berlin on 4 May 2007. We will continue to meet with high representatives of these and other major energy consuming and greenhouse gas emitting countries to consider the necessary components for successfully combating climate change. We welcome the offer of the United States to host such a meeting later this year. This major emitters' process should include, inter alia, national, regional and international policies, targets and plans, in line with national circumstances, an ambitious work program within the UNFCCC, and the development and deployment of climate-friendly technology.

This dialogue will support the UN climate process and report back to the UNFCCC.

Technology

54. Technology is a key to mastering climate change as well as enhancing energy security. We have urgently to develop, deploy and foster the use of sustainable, less carbon intensive, clean energy and climate-friendly technologies in all areas of energy production and use. We have to develop and create supportive market conditions for accelerating commercialisation of new less carbon intensive, clean-energy and climate-friendly technologies. Furthermore, to ensure sustainable investment decisions worldwide, we need an expanded approach to collaboratively accelerate the widespread adoption of clean-energy and climate-friendly technologies in emerging and developing economies. Therefore, we will

- stimulate global development, commercialisation, deployment and access to technologies,
- promote major emerging and developing economies' participation in international technology partnerships and collaborations,
- scale up national, regional and international research and innovation activities and

- undertake strategic planning and develop technology roadmaps to strengthen the role of advanced technology in addressing climate change.

Market Mechanisms

55. Private sector investment is and will remain the primary means of technology deployment and diffusion. Strong economies and a wide range of policy instruments are required to develop, deploy and foster climate-friendly technologies. Market mechanisms, such as emissions-trading within and between countries, tax incentives, performance-based regulation, fees or taxes, and consumer labelling can provide pricing signals and have the potential to deliver economic incentives to the private sector. Fostering the use of clean technologies, setting up emissions-trading systems and, as many of us are doing, linking them are complementary and mutually reinforcing approaches.

Therefore, we will share experience on the effectiveness of the different policy instruments in order to

- better provide the international business community with a predictable and long-term perspective, and
- strengthen and extend market mechanisms by, inter alia, developing and extending existing programmes, taking into account the appropriate metrics for such systems.

Reducing Emissions by Curbing Deforestation

56. We are determined to assist in reducing emissions from deforestation, especially in developing countries. Reducing, and in the long term halting deforestation provides a significant and cost-effective contribution toward mitigating greenhouse gas emissions and toward conserving biological diversity, promoting sustainable forest management and enhancing security of livelihoods. To this end, we will

- encourage the establishment of a pilot project dedicated to building capacity, creating and testing performance-based instruments to reduce emissions from deforestation in developing countries, in support of and without prejudice to ongoing UN climate change discussions. We therefore encourage the World Bank, in close cooperation with the G8, developing countries, the private sector, NGOs

and other partners, to develop and implement such a forest carbon partnership as soon as possible.

- continue to support existing processes to combat illegal logging. Illegal logging is one of the most difficult obstacles to further progress in realising sustainable forest management and thereof, in protecting forests worldwide,
- remain engaged in supporting developing countries to achieve their self-commitments for halting forest loss and to implement sustainable forest management, as stated in various regional initiatives, i.e. the Congo Basin and the Asia Forest Partnerships. Good results and good practice in international cooperation have also been achieved through ITTO projects and the Brazilian Pilot Program to conserve the tropical rain forests.

57. At the St. Petersburg Summit, we agreed to enhance international co-operation in the area of sustainable forest management. We welcome the recent agreement at the UN Forum on Forests on a non-legally binding instrument on the sustainable management of all types of forests. We note that the effectiveness of this instrument will be reviewed by the UN Forum on Forests in 2015. Building on these initiatives, we are determined and urge the international community to strengthen co-operation and the sharing of best practices at all levels. Consideration of additional actions on sustainable forest management could be a possible next step for parties willing to expand on their commitments.

Adapting to Climate Change

58. We acknowledge that even implementing the ambitious mitigation steps described above will not avoid further climate impacts, especially in those developing countries and regions which are most vulnerable to climate change. We are committed to enhancing resiliency to climate variability and climate change in a way that fully supports our common goal of sustainable development. We welcome the adoption of the Nairobi work programme on impacts, vulnerability, and adaptation to climate change. We also note the importance of the UN adaptation funds in helping developing countries mainstream adaptation into policies and programming. We emphasise our willingness to continue and enhance cooperation with and support for developing countries in adapting to climate change and enhancing their resilience to climate variability, in particular those most vulnerable to the negative impacts of climate change. We also emphasise our will-

ingness to work with developing countries on the costs and benefits of climate change adaptation measures to help integrating them in national development planning. We reaffirm our commitment to assist with climate research and risk assessments including through helping developing countries benefit from satellite observation systems.

59. We will also endeavour under the Montreal Protocol to ensure the recovery of the ozone layer by accelerating the phase-out of HCFCs in a way that supports energy efficiency and climate change objectives. In working together toward our shared goal of speeding ozone recovery, we recognize that the Clean Development Mechanism impacts emissions of ozone-depleting substances. We will continue to exercise leadership in the development of the Global Earth Observation System of Systems (GEOSS).

60. We will report on the progress achieved in the areas mentioned above at the G8 Summit in 2008.

Biodiversity

61. We emphasise the crucial importance of the conservation and the sustainable use of biodiversity as an indispensable basis for the provision of vital ecosystem services and the long term provision of natural resources for the global economy. We acknowledge the "Potsdam Initiative – Biological Diversity 2010" presented at the G8 Environmental Ministerial meeting in March 2007 and will increase our efforts for the protection and sustainable use of biological diversity to achieve our agreed goal of significantly reducing the rate of loss of biodiversity by 2010.

ENERGY EFFICIENCY

62. The global potential for saving energy is huge. According to the International Energy Agency, successfully implemented energy efficiency policies could contribute to 80% of avoided greenhouse gases while substantially increasing security of supply.

63. We recognise that enhanced international cooperation offers enormous opportunities. Against this background we are committed to further strengthening and increasing our efforts of co-operation, both at inter-state level as well as within the framework of the respective international fora and organisations.

To this end, we will

- continue and further substantiate our energy-efficiency dialogue begun at Evian;
- move forward with implementing the Gleneagles and St. Petersburg Action Plans, thereby retaining and supporting the IEA's close involvement;
- take forward the concrete recommendations on energy efficiency presented by the IEA and consider drawing on these when preparing national energy efficiency plans;
- encourage the World Bank and other IFIs to further broaden and improve their financial framework for energy efficiency and clean energy;
- note the EU's proposal for an international agreement on energy efficiency and ask the Gleneagles Dialogue on Climate Change, Clean Energy and Sustainable Development and the IEA to explore the most effective means to promote energy efficiency internationally, including through the exchange of best practices, sharing methodologies and further cooperation and by inviting other countries with significant energy needs to join;
- promote international research, encourage investment and development co-operation aimed at energy efficient technologies and other greenhouse gas mitigation options;
- report on progress in the policies and measures on energy efficiency outlined below at the G 8 summit in 2008.

64. We note that, in view of their high energy needs, industrialised and emerging economies have a fundamental joint interest in taking measures to encourage the most effective use of their energy.

65. Against this background we commit ourselves to a model of efficient energy systems and call on other countries with high energy demand, including the major emerging economies, to join us in this endeavour. Our goal of building less energy intensive economies will also advance economic growth and competitiveness. To this end, we will promote the appropriate policy approaches and instruments, including inter alia economic incentives and sound fiscal policies, minimum standards for energy efficiency, sound and ambitious energy performance labelling, information campaigns aimed at

consumers and industry that enhance national awareness, sector-based voluntary commitments agreed with industry, investment in research and development and guidelines for public procurement. We will develop and implement national energy efficiency programmes and advance international cooperation on energy efficiency, notably on efficiency standards. We ask the IEA to continue to support our national efforts by appropriate advice and make proposals for effective international co-operation.

66. We will furthermore work together with the major emerging economies towards a reduction in energy consumption in priority sectors. To this end we will invite the IEA, its members and their respective industries to increase the dialogue with the major emerging economies on more efficient energy policies and develop guidance mechanisms.

Sustainable Buildings

67. The opportunities for making buildings more efficient are enormous. Following the EU/G8 conference on energy efficiency, held in Berlin in April 2007, we will

- set up a "Sustainable Buildings Network", involving the G8 and open for participation of the major emerging economies. The network will develop practical instruments for assessing and advising on the implementation of energy efficiency in buildings and the use of renewable energies, especially for cooling and heating, taking into due consideration the different situations of new and existing buildings, and development and deployment of low and zero-carbon buildings,
- invite the IEA to take a central role in creating this network,
- work to increase energy efficiency in the building sector, and to reach a considerable expansion of renewable energies in this area. To this end we will consider the role of nationally determined targets in sustainable buildings and their importance for energy efficiency in the medium to long term. We will actively support the energy efficient technologies and the use of renewable energies by employing market mechanisms, promotion instruments and framework legislation, as well as through public-private-partnership initiatives to move towards low or zero-energy buildings. Instruments to this end include consumer information such as energy performance certificates ("building passports") and individual energy standards – which also consider renewable energies - for new buildings, modernisation or household equipment.

Transportation

68. Today there are 600 million motor vehicles around the globe, a figure which is projected to double by 2020. With this in mind, we will

- work to increase energy efficiency in the transport sector. To this end we will ask our governments to foster a large number of possible measures and various instruments that can clearly reduce energy demand and CO₂ emissions in the transport sector, including inter alia innovative engine concepts, alternative fuels, city planning measures, public transport, best possible inter-linkage of transport methods, increase the share of alternative fuels and energy carriers (biofuels, hydrogen, LPG/CNG, electricity, hybrid, etc.) in total fuel consumption; fuel diversification, for example synthetic and cellulosic biofuels and CO₂-free hydrogen, particularly in combination with the fuel cell, will be decisive in reducing transport CO₂ emissions, provided that second generation biofuel technologies become commercially available,
- step up coordination on development of international biofuel quality standards from various feedstocks to achieve optimal interoperability and emission profiles,
- avoid possible negative side-effects in biofuel development, particularly in developing countries in order to prevent competition between different forms of land uses, and promote sustainability in biomass cultivation. We invite the Global Bioenergy Partnership (GBEP) to continue its work on biofuel best practices and take forward the successful and sustainable development of bioenergy,
- monitor the implementation of the necessary measures and discuss progress at two-year intervals during the Environmentally Friendly Vehicles Conference the results of which shall be reported to G8-leaders,
- introduce energy efficiency labels for new cars along the lines of those already on some white goods.

Power Generation

69. Over the next 25 years, fossil fuels will remain the world's dominant source of energy. Making power generation more efficient, climate friendly and sustainable is therefore crucial.

70. Current innovations in power station design bear significant saving potential. Therefore, we will

- stimulate investments in high efficient power plants and grids and promote refurbishment of existing ones by an appropriate national policy framework. By this we aim to increase average power plant efficiencies in each of our countries.
- continue and expand national and international research and development efforts to further advance modern power station technologies, with the aim of achieving higher efficiency levels
- adopt instruments and measures to significantly increase the share of combined heat and power (CHP) in the generation of electricity.

71. The centre of gravity of global energy demand is continuously shifting towards the emerging economies. We will

- enhance energy co-operation with those countries as a priority issue, including by actively supporting co-operative research, voluntary technology partnerships and private investment in clean technologies,
- work in close partnership with industry, science and with governments of other industrialised countries and, in particular, of major emerging economies in order to foster the diffusion and adoption of best practices along the entire fossil fuel process chain with a focus on fuel treatment as well as new and existing power plants. We particularly underline the need to promote capacity building and technology transfer on plant renovation and modernisation. To achieve these goals we will invite the IEA to take a central role in guiding our joint efforts.

72. In recognition of the increasingly urgent needs to achieve longer term greenhouse gas abatement, we will work on accelerating development and deployment of carbon capture and storage (CCS), including by

- prioritising national and international research and development efforts and en-

couraging international research and technology cooperation, to minimise efficiency losses of the different carbon capture technologies and to clarify geo-technical conditions for secure CO₂ storage,

- encourage research, development and deployment of clean coal technologies in both developed and emerging economies with the highest energy needs,
- supporting national and international geoscientific and political efforts in the field of CCS on ensuring security of storage and the provision of necessary legal frameworks to create a stable investment climate, thereby working in co-operation with industry as well as national and international research programmes,
- reinforcing our commitment made under the Gleneagles and St. Petersburg Plans of Action to support the initiatives taken by IEA and Carbon Sequestration Leadership Forum (CSLF),
- encouraging our governments to design mechanisms to stimulate the construction and operation of a growing number of large-scale demonstrations of sustainable fossil fuels technologies in commercial power generation.
- encouraging industry to consider the concept of capture ready when developing new fossil fuel power plant

73. We reaffirm our support of the efforts of the Global Gas Flaring Reduction Partnership (GGFR) and we commit ourselves to reduce to minimal levels natural gas flaring, and to encourage all oil producing states and private sector stakeholders to do likewise.

Industry

74. Over the next 25 years, global energy consumption in the industrial sector is projected to increase significantly. There is a considerable potential for improving energy efficiency. Therefore, we will

- cooperate more closely with major emerging economies and leading industries on improving energy efficiency in energy intensive industries utilising on-going work of the IEA for developing sector energy efficiency indicators and combining good practices.
- encourage the introduction of cost-effective technology as well as promote re-

search and development for further innovation for breakthrough of the technology in such areas as iron, steel and cement.

Energy Diversification

75. Diversification of energy sources, markets, transportation routes and means of transport and types of energy is essential to energy security and to a low-carbon energy path. Increasing and varying our sources of energy helps to defuse the risks of disruption from any one source. Increasing the use of alternative sources of energy can over time greatly relieve pressure on markets for conventional fossil fuels and reduce the adverse environmental impacts of energy use.

76. Underlining the importance of energy diversification, and recognising that G8 members will choose different ways to achieve their energy diversity goals, we

- will continue to develop and implement the policy frameworks needed to support our intensive commitment to the global use of all clean fuels, including clean coal, renewable energy sources (wind, solar, geothermal, bioenergy, hydro power). We will make efforts to integrate renewables into the power grid,
- reaffirm our pledge at former summits regarding the peaceful use of nuclear energy. Those of us who have or are considering plans relating to the use and/or development of safe and secure nuclear energy believe that its development will contribute to global energy security, while simultaneously reducing harmful air pollution and addressing the climate change challenge.
- reaffirm our commitment to work towards the reduction or, where appropriate, the elimination of tariff and non-tariff barriers to environmental goods and services through the WTO Doha negotiations, which will also help us to address our shared energy security and climate goals,
- welcome concerted global action to promote renewable energy and the support of interested parties for initiatives and partnerships such as the Renewable Energy Policy Network for the 21st Century (REN21), the Renewable Energy and Energy Efficiency Program (REEEP), the Global Bio-Energy Partnership (GBEP) and the Mediterranean Renewable Energy Partnership (MEDREP),

- take note of national and international initiatives to go along with the further development of a peaceful use of nuclear energy including the Global Nuclear Energy Partnership (GNEP), the Russian initiative on multinational centres to provide nuclear fuel cycle services, the Six party proposal of a standing mechanism for reliable access to nuclear Fuel, the Japanese initiative on IAEA standby arrangements system for the assurance of nuclear fuel supply, and the German initiative for an enrichment centre under the exclusive control of the IAEA as well as ongoing debate on other multilateral approaches to a nuclear fuel cycle for a reliable fuel supply program, the work of the International Project on Innovative Nuclear Reactors and Fuel Cycles (INPRO), and advanced nuclear energy research under the Generation IV International Forum (GIF).

77. We are committed to the paramount importance of safety, security and non proliferation in using nuclear power. We reiterate common interest to continuously improve nuclear safety, radiation protection, waste management, nuclear security and nuclear liability in our respective countries, and we call upon all other states to do the same. IAEA standards and recommendations form a good basis for the continuous improvement of nuclear safety and security, as well as national nuclear regulatory systems. We underline the need for effective national regulatory infrastructures, in particular the importance for national regulatory body to have sufficient authority, independence, and competence.

We remain committed to a robust regime for assuring nuclear non-proliferation as well as a reliable safety and security system for nuclear materials, radioactive wastes and nuclear facilities. We ensure full implementation of the international conventions and treaties in force today which are a prerequisite for a high level of nuclear safety and security as well as a basis to achieve a peaceful and proliferation-resistant nuclear energy use. The responsibility of all nations to support the work of the IAEA and all measures to implement these conventions and treaties in these fields is emphasized.

78. Considering the above mentioned challenges, the G8 Nuclear Safety and Security Group (NSSG) will continue in its work to consider nuclear safety and security issues.

79. In recognition of the Chernobyl accident in 1986 we reaffirm our commitments – under former G7/G8 Summit declarations and memoranda of understanding and through Chernobyl Shelter Funds (CSF) and Nuclear Safety Account (NSA) pro-

grammes – to undertake joint efforts with Ukraine to convert the damaged reactor unit site into safe conditions.



RESPONSIBILITY FOR RAW MATERIALS: TRANSPARENCY AND SUSTAINABLE GROWTH

80. Raw materials produced by the extractive sector are a key factor for sustainable growth in industrialised, emerging and developing economies. They are a particularly valuable asset for sustaining growth and reducing poverty in many of the poorest countries in the world. It is in our common global interest that resource wealth be used responsibly so as to help reduce poverty, prevent conflicts and improve the sustainability of resource production and supply. We firmly agree that significant and lasting progress in this area can only be achieved on the basis of transparency and good governance. Against this background, we support increased transparency with regard both to the extractive sector and the subsequent trade and financial flows. In doing so, we will work closely together with resource rich economies as well as important raw-material consuming emerging economies.

81. Free, transparent and open markets are fundamental to global growth, stability and sustainable development. We therefore,

- reaffirm our strong commitment to the principles of free trade and to a further strengthening of the multilateral trading system.
- will work to promote global applicability of and compliance with WTO rules, also with regard to trade in primary and secondary mineral raw materials.
- call on our trading partners to refrain from restraints on trade and distortion of competition in contravention of WTO rules and to observe market economy principles.

82. Mineral resources have a great potential to contribute to poverty alleviation and sustainable development. In some cases, nonetheless, extraction and processing of resources are associated with misuse of revenues, environmental destruction, armed conflict and state fragility. We firmly agree on the need to further enhancing the contribution of mineral resources to sustainable growth and will continue to support resource rich

countries in their efforts to further expand their resource potential while promoting sustainable development and good governance. To this end we will build capacity for good governance of mineral resources consistent with social and environmental standards and sound commercial practices by reducing barriers to investment and trade, through the provision of financial, technical and capacity building support to developing countries for the mining, processing and trading of minerals. Based on sound life cycle analyses, we will also encourage conservation, recycling and substitution of raw materials, including rare metals, for sustainable growth.

83. Increased transparency in the extractive sector, is of crucial importance for achieving accountability, good governance and sustainable economic growth worldwide. We welcome the proposal of the G8-Presidency to convene in 2007 a global conference on transparency in the extractive sector with the participation of governments, business, civil society and science from industrialised, emerging and developing economies.

84. The development of a consolidated set of principles and guidelines that apply to the international mining sector in developing countries would help ensure that the sector contributes to development while at the same time providing a clear and more predictable set of expectations for investors. It is important that all stakeholders be involved in a process to build consensus around a set of recognised principles and guidelines in the mining sector. In order to encourage such a consensus among key stakeholders we:

- reaffirm our support of the OECD Guidelines for Multinational Enterprises as important international benchmark for corporate social responsibility,
- will promote wider understanding of and support for the following standards, tools and best practices for the mining sector: the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones, the Voluntary Principles on Security and Human Rights and the International Finance Corporation (IFC) Performance Standards,
- encourage active engagement of mining sector companies with the UN Global Compact,
- encourage mining sector companies to undertake regular reporting using inter alia the Global Reporting Initiative (GRI) framework, and welcome the adaptation of this instrument for small and medium enterprises as well as to the specific needs of the mining sector,

- will support the work of the UN Special Representative of the Secretary General for Business and Human Rights.

85. Certification systems can be a suitable instrument in appropriate cases for increasing transparency and good governance in the extraction and processing of mineral raw materials and to reduce environmental impacts, support the compliance with minimum social standards and resolutely counter illegal resource extraction. Therefore, we reaffirm our support for existing initiatives such as the Kimberley Process, Green Lead, the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development, the International Council on Mining and Metals or the International Cyanide Management Code, and encourage the adaptation of the respective principles of corporate social responsibility by those involved in the extraction and processing of mineral resources,

86. The artisanal and small-scale mining sector provides important livelihoods to many people in developing countries, and also contributes to global production of minerals. We are concerned that these activities often are conducted in an informal manner and do not meet minimum social and environmental standards which apply to the extractive sector. In order to better support the development of sustainable livelihoods and positive developmental impacts associated with artisanal and small-scale mineral production, we

- encourage collaborative partnerships between public, civil society and private actors in the mining sector in order to develop systems for the transparent use of funds for local development from mining companies and donors, consistent with aid effectiveness principles,
- support a pilot study, in co-operation with the World Bank and its initiatives, concerning the feasibility of a designed certification system for selected raw materials. In taking this initiative we will focus on the artisanal and small scale mining sector and work in close partnership with governments from mineral resource rich developing countries as well as industry on the basis of their voluntary commitments. The pilot study shall strive on the basis of the existing principles and guidelines, in order to comply with internationally recognised minimum standards by verifying the process of mineral resource extraction and trading. We invite major emerging economies to work with us on this issue,
- encourage support for the Communities and Small-scale Mining (CASM) initiative, housed at the World Bank, and for the multistakeholder Diamond Devel-

opment Initiative (DDI), which emerged from the Kimberley Process to strengthen the developmental impacts associated with artisanal diamond mining in Africa,

- support efforts to develop techniques to limit pollution associated with artisanal mining, such as education and training to encourage the use for example of safer retorts for gold extraction.

87. We emphasise our determination to fight corruption and mismanagement of public resources in both revenue raising and expenditures. As part of our ongoing efforts to foster transparency with regard to resource-induced payment flows, we will continue to support good governance and anti-corruption initiatives, such as the Extractive Industry Transparency Initiative (EITI), and we

- commit to provide continuous assistance to strengthen EITI, as appropriate through financial, technical and political means. Equally, we invite all stakeholders to provide support for the implementation of the EITI,
- call on implementing countries and companies participating in EITI to implement the Initiative and comply with their disclosure commitments. Equally, we encourage further countries to participate in EITI as appropriate,
- welcome the fact that an independent validation-process has been initiated to monitor the national implementation measures. We encourage prompt application and further development of the validation methodology,
- welcome the fact that a number of large banks have already signed the United Nations Environmental Program (UNEP) Finance Initiative and the Equator Principles. We call on further major banks to follow suit to adopt the Equator Principles for project finance and implement the International Finance Corporation (IFC) standards, particularly those standards that relate to transparent payments and contracts in the extractive sector, and finally
- initiate, within the framework of the 2007 global conference on transparency, a dialogue with the major emerging economies to enlist the governments and especially the state-owned companies domiciled in these countries as participants in EITI.



FIGHT AGAINST CORRUPTION

88. Promoting the fight against corruption, both at the national and international levels, remains one of the most important tasks of the G8. We are aware of their leadership role in setting examples in the fight against corruption, and are taking concerted action to live up to their commitments and responsibilities. We are committed to full implementation of their obligations under existing international agreements created to combat corruption, particularly those of the United Nations and the Organisation for Economic Cooperation and Development (OECD). This includes the partners commitment to effective investigation and prosecution of domestic and foreign bribery cases.

89. We will intensify their common efforts to effectively combat corruption worldwide. This includes:

- Supporting the ratification of the UN Convention against Corruption (UNCAC) by all countries;
- Coordinating closely to promote effective implementation of the UNCAC, particularly related to developing effective review mechanisms, strengthening international measures on asset recovery, and encouraging provision of technical assistance;
- Supporting the work of the United Nations Office of Drugs and Crime (UNODC), Interpol, the OECD and other international bodies to coordinate the implementation of UNCAC;
- Ensuring that developing countries can access and develop technical expertise to help them recover illicitly-obtained assets;
- Reaffirming a shared commitment to effective monitoring through the implementation of a continuous, rigorous and permanent peer review mechanism under the OECD Anti Bribery Convention, and strategic advancement of the Convention through continued engagement with non-party emerging economies;

- Supporting International Financial Institutions' efforts to combat corruption, including the implementation of the World Bank's Governance and Anti-Corruption Strategy to increase assistance to countries to strengthen governance and reduce corruption;
- Denying safe havens through our national laws to individuals found guilty of corruption and the return of illicitly-acquired assets with high priority and developing additional measures to prevent such individuals from gaining access to the fruits of their criminal activities in our financial systems;
- Urging all financial centers to implement the highest international standards of transparency, exchange of information and the fight against money laundering;
- Supporting the efforts of the private sector in combating and preventing corruption, including through promoting greater accountability and transparency of payments in key sectors;
- Providing assistance to countries that show willingness and ability to use funds effectively;
- Welcoming the entry into force of the AU Convention on preventing and combating corruption and encouraging all AU Countries to ratify and implement it.

90. We will continue to develop concrete strategies and best practices regarding specific aspects of combating corruption; for example, this will include implementing regional G8 workshops on the recovery of illicitly-obtained assets. We will also provide developing countries with enhanced capacity building assistance.

91. We are aware of the increasing role of investments from emerging countries and will keep this topic on the agenda. Emerging countries are encouraged to meet the international anticorruption standards and are invited to adhere to international anticorruption instruments.

92. Building on the St. Petersburg Statement of 17 July 2006, we will focus on preventing corruption and of raising public awareness, in collaboration with civil society. We agree that corruption should be combated most effectively by measures which reduce the vulnerability of the public sector to corruption. We will work actively to promote appropriate preventive measures, particularly in the government and administration, inter

alia through transparent public procurement and will also provide support to other States in working up best practices in this area.

93. We understand the critical relationship that exists between providing a stable, transparent, and corruption-free business climate, and the ability to attract much needed foreign direct investment. Potential investors look at a range of issues in making investment location decisions, and a corruption-free environment is high among those determinants.

**THE “HEILIGENDAMM PROCESS” WITH MAJOR EMERGING ECONOMIES –
HIGH LEVEL DIALOGUE BETWEEN G8 MEMBER COUNTRIES
AND BRAZIL, CHINA, INDIA, MEXICO AND SOUTH AFRICA**

94. At the Heiligendamm Summit we discussed with the leaders of Brazil, China, India, Mexico and South Africa the major challenges that have arisen in the world economy. Neither the G8 countries nor major emerging economies will be able to cope with these challenges individually. Against the background of our respective responsibilities, common solutions need to be developed. Both the G8 countries and the major emerging economies have the chance to define a new partnership responding to these world economic challenges.

95. Building on our discussions, we decided to launch a new form of specific cooperation with major emerging economies in order to discuss substantive topics in a comprehensive follow-up process with the aim of reaching tangible results in two years.

96. We will initiate a new form of a topic-driven Dialogue in a structured manner based on this new partnership. We agreed to address four issues:

- Promoting and protecting innovation,
- Enhancing freedom of investment through an open investment environment including strengthening corporate social responsibility principles,
- Defining common responsibilities for development with special regard to Africa,
- Sharing knowledge for improving energy efficiency and technology cooperation with the aim to contribute to reducing CO₂-emissions, consistent with the G8-egales Dialogue on Climate Change, Clean Energy and Sustainable Development, and the St. Petersburg Plan of Action on Global Energy Security,

97. We ask the OECD to provide a platform for this new dialogue process, with the IEA being the relevant organisation in the field of energy efficiency. The dialogue process will begin in the second half of 2007. The G8 Summit in Japan in 2008 will receive an interim report on the progress made and at the G8 Summit in Italy in 2009 a final report on the outcomes of the Dialogue Process will be presented.