



**GROWTH AND RESPONSIBILITY IN THE
WORLD ECONOMY**

DRAFT Summit Declarations – February 2007



G8 AGENDA FOR BALANCED GLOBAL GROWTH AND STABILITY

1. We have reviewed our G8 strategy for addressing global imbalances. We have taken stock of the progress made to date and discussed the further challenges lying ahead. We strongly agree that open markets and competition remain pivotal for a stable adjustment and continued growth.

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. Global imbalances took a long time to build. Likewise, their unwinding is likely to be a gradual process, entailing a medium-term re-balancing of savings and investment across countries. Fast growing emerging economies are increasingly part of the process. In cooperation with them, we will continue to monitor developments closely and support adjustment with policies that foster sustained and balanced growth, both within and 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 in the US, while domestic demand has strengthened in Europe and remains supported by robust investment in Japan. Lower energy prices if sustained will help unwind some of the widening of global imbalances associated with earlier price increases.

4. We have made progress in implementing our joint policy strategy:

- The United States has lent support to national savings by reducing the federal budget deficit.
- In Europe, domestic demand has strengthened thanks to buoyant corporate profits and an improved labour market. The recent growth performance reflects corporate restructuring, prudent macroeconomic policies and a pay-off from structural reforms.
- In Japan, the upswing has been broad-based for some time helped by prior structural reform efforts, particularly in the financial sector.
- In Russia, there was a marked take-off in investment growth and imports have increased substantially.

5. Outside of our group, China has 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. A number of 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.

6. While policies and the economic environment are conducive to an adjustment at present, such a development will nevertheless take time. In the meantime, the situation is not without risks. An abrupt and potentially disorderly unwinding is a remote, but potentially very costly possibility which merits attention. More acutely, global imbalances can contribute to a rise in protectionist sentiment. We are determined to join our efforts to ensure a successful outcome of the Doha trade talks.

7. Our policy efforts to promote an orderly adjustment of global imbalances are first and foremost in each of our own best interests. We are committed to pursuing these policies further. [Text in brackets to be added/corrected by the countries concerned]:

- [The United States intends to balance the federal budget by 2012]
- Europe will continue its structural reform efforts guided by the Lisbon strategy to promote growth and employment. [France]. [Italy]. [UK]. Germany is committed to further pursuing fiscal consolidation and to improving the framework conditions for investment and innovation by reforming business taxation, reducing administrative costs and following a new high-tech strategy.
- [Japan]
- [Russia]

8. We encourage a contribution from the emerging market countries towards reducing imbalances. Further efforts are crucial of countries with large and persistent current account surpluses, particularly China, to move towards a more flexible and market-based exchange rate system along with continued reforms to rebalance growth more towards domestic demand, thus enhancing its sustainability. Oil-producing countries should continue accelerating investment in capacity and economic diversification.

FREEDOM OF INVESTMENT, INVESTMENT ENVIRONMENT AND SOCIAL RESPONSIBILITY

1. We, the G8 Heads of State and/or Government, recognize that cross-border direct investment is a major driver of globalization. Provided appropriate framework conditions are in place, such inflows make a major contribution to economic growth, social and ecological 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 industrialized and newly industrialized countries,
- maximizing the benefits and sustainability for developing countries,
- ensuring social responsibility.

Freedom of investment and "new investment protectionism"

2. We will work together to strengthen liberal investment frameworks 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. Freedom of investment is a crucial pillar for economic growth, prosperity and employment.
- that restrictions to market access for foreign investment should only apply to exceptional cases where national security is at stake. The general principles to be followed in such cases are the principle of proportionality –the appropriateness, necessity and proportionality of the measures in question – and the principle of non-discrimination. Applicable treaties relating to investment remain unaffected. We support the OECD to continue its work on these issues and to develop more specific criteria and standards on the basis of these general principles. Within this format, we see the need to reach a clear understanding of transparency criteria in the case of cross-border investment by public-sector companies.

The global investment environment

3. Furthermore we note that 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 need to find the same open investment environment as companies from such countries investing in G8 countries.
- We underscore, that market-driven technology transfer is an important globalisation catalyst. Neither state action nor institutions should press for technology transfer.
- We encourage the major newly industrialized countries to subscribe to the WTO's Government Procurement Act (GPA).
- We invite the major newly industrialized countries to participate in a structured High Level Dialogue on investment conditions in industrialized and newly industrialized countries. A stocktaking exercise, an examination of best practices and peer review mechanisms to promote an open and efficient investment environment should be a good start. We invite the OECD to host such a dialogue.

Investment in developing countries

4. We note, that unlike industrialized and emerging economies, many less advanced developing countries often reap only inadequate benefits from FDI. Hence there is a clear need to improve those parameters in developing countries that ensure FDI has a larger positive impact on development. Economic, social and ecological aspects of sustainability are crucial in order to maximize the FDI benefits for developing countries.

- We support actively the OECD Policy Framework for Investment and UNCTAD Investment Policy Reviews as a good start in defining a shared understanding of an investment-friendly environment in newly industrialized and developing countries. The OECD Policy Framework for Investment could be translated into national practices and development strategies. OECD, UNCTAD and other organisations should provide the necessary support for this purpose.
- We ask the United Nations Conference on Trade and Development, UNCTAD, to develop best practices for creating an institutional environment conducive to growth, investment and sustainable development as well as initiating an intensified dialogue between industrialized, newly industrialized and developing countries aimed at improving the environment for growth and investment, at the twelfth UN Conference on Trade and development (UNCTAD XII) planned for summer 2008.

Investment and responsibility – the social dimension of globalization

5. Globalization and technological progress have resulted in rapid structural change in certain regions and sectors. Open markets need political acceptance and social inclusion of all actors, including women. In order to address the social dimension of the globalisation process, we identify three areas of action:

6. *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 Decent Work Agenda with its four pillars of equal importance: The effective implementation of social 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.

7. Strengthening the principles of Corporate Social Responsibility

In this respect, we

- commit ourselves to actively promote and to appeal to the private corporations and the business organizations to adhere to the OECD guidelines for multinational enterprises;
- encourage newly industrialized as well as developing countries to associate themselves with the values and standards contained in these guidelines and to invite the major newly industrialized countries to a High Level Dialogue on social responsibility issues at the OECD;
- stress in particular the UN Global Compact as an important CSR initiative, invite corporations from the G8 countries, from emerging nations and developing countries to participate actively in the Global Compact and to support the worldwide dissemination of this initiative.

8. *Investing in social protection systems:* Social protection is an investment in a country's economic future including appropriate protection against life's major risks as well as basic education skills which are essential for labour market participation. Given the very different political, economic and social conditions and histories of the industrialised and emerging economies, there can be no one-size-fits all model of social development. We therefore reaffirm our shared understanding that social protection systems should be based on social standards and universal values such as social justice, equity, solidarity, subsidiarity, participation as well as self-responsibility and accountability. We believe that social security systems require further development and extension of coverage.



PROMOTING INNOVATION – PROTECTING INNOVATION

1. 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, for industrialized and developing countries alike. We will undertake to create an international economic and political environment that promotes and protects innovation.

Innovation for Sustainable Growth

2. 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, the translation of research into innovative products also involves economic policy. Both tasks require the engagement of national governments. International cooperation and exchange can supply a substantial impetus major impulses in the shaping of national policy.

3. Because we strive to provide scientific and technical leadership we also recognize our responsibility to agree on a long-term research agenda that will focus on the largest possible concentration of scientific potential and 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.

- In this respect we support the launching of an initiative at the Organisation of Economic Cooperation and Development (OECD) to develop an Research Agenda for the next decade utilizing and reinforcing the work of the Global Science Forum as the moderator of this process.
- We expect the Research Agenda for the next decade to identify a list of priorities concerning reinforced research efforts leading to the implementation of joint initiatives and programmes on those priorities. Possible areas of cooperation will be sustainable use of water and land and research in the field of energy efficiency as well as the promotion of environmentally-related innovations in the business sec-

tor. We would welcome the future development of roadmaps to guide the global research infrastructures.

4. We recognise that lively interaction between science and business, as well as the combination of market-based entrepreneurship and science-based research are becoming increasingly decisive factors in promoting a globalized and competitive world economy. We also note the crucial importance of rapidly translating the latest research results into marketable and innovative products. In order to improve world-wide conditions for innovation and diffusion of knowledge and in view of the growing number of patent applications in emerging economies, we propose to engage the major newly industrialized countries in a positive dialogue within the OECD framework:

- This dialogue would address intellectual property rights as key elements to promote the effectiveness of market incentives for innovation and the diffusion of knowledge at the national level and would take into account recent developments in technology markets.
- We trust that this dialogue would help to build confidence by bringing forward a constructive exchange on the various measures undertaken by countries to facilitate and promote the business exploitation of patented research results, and by also taking into account the interest of small and medium sized enterprises. This also includes the issue of licensing as a major driver for the international transfer of technology.

Intellectual Property Protection as the Backbone of Innovation

5. We recognise that the results of innovative processes are increasingly threatened by flagrant infringements of intellectual property rights worldwide. We therefore strongly reaffirm our commitment to combat against piracy and counterfeiting. This efforts are in the interest of consumers in all countries at all levels of development.

We underscore the development dimension of this fight as health, safety and security of consumers in poorer countries are particularly endangered by counterfeited products. We therefore welcome the WHO initiative to implement the International Medicinal Products Anti-Counterfeit Taskforce (IMPACT).

6. We commit to enhance cooperation in this area among the G8 and other countries, particularly the newly industrialized economies, as well as competent international organizations, notably the World Intellectual Property Organization (WIPO), the World Trade Organization (WTO), the World Customs Organization (WCO), Interpol, the World

Health Organization (WHO), the Organization for Economic Cooperation and Development (OECD), and the Council of Europe.

7. We particularly welcome the joint Declaration of the Business Communities of all G8 countries on the "Strategies of Industry and Business to prevent Counterfeiting and Piracy" which focuses on the whole supply chain of producers, retailers and distribution networks, as well as merchandisers. Recognising the distinctive characteristics of the supply and demand side of counterfeiting the involvement of industry and business is a prerequisite for these efforts to be successful.

8. In light of the urgency to implement concrete measures which will improve and deepen cooperation among G8 partners we decide to undertake the following:

- 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 engage in encouraging OECD to further identify and target specific areas for concrete actions.
- We endorse a new Framework for Technical Assistance to interested developing countries within which we will continue to support with a view to building the capacity necessary to combat trade in counterfeited and pirated goods to strengthen intellectual property enforcement.
- We also endorse the Guidelines for Customs Cooperation which underline the need to improve our joint practical efforts to coordinate our national customs administrations. In this context we especially welcome the creation of a new information system in close cooperation with the WCO which will lead to improved electronic inter-linkage of appropriate enforcement authorities worldwide.
- We furthermore endorse the recommendations aimed at improving G8 member countries' cooperative actions to combat serious and organized intellectual property rights crimes and the best practices facilitating structured international cooperation regarding their prosecution.

9. We would like to invite the major newly industrialized countries to a follow up process in the framework of OECD with the aim of establishing a new international dialogue on intellectual property protection. We especially intend to initiate a positive exchange with the emerging economies on the crucial role and economic value of IPR protection and implementation as a central framework condition for the development of a future-oriented economy based on technological progress and innovation. The dialogue could ascertain whether the industrialized and newly industrialized countries can establish a common

basis for the effective implementation of intellectual property rights within their own territory and for the gradual approximation of standards of protection. The dialogue should also identify problem areas 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 AND ENERGY EFFICIENCY: CHALLENGE AND CHANCE FOR THE WORLD ECONOMY

1. Mankind today faces two central challenges intertwined: that of avoiding dangerous climate change and that of ensuring secure supplies of energy at affordable prices. Climate change is speeding up and will seriously damage our common natural environment and severely weaken global economy with implications for international security. We underline that tackling climate change is an imperative not a choice. We firmly agree that resolute and concerted international action is urgently needed in order to reduce global greenhouse gas emissions and sustain our common basis of living. We are committed to take strong leadership in combating climate change. To this end we will, in the face of the UN Climate Change Conference at the end of this year, send a clear message on the further development of international climate protection policy.

2. We confirm our determination to work on global solutions to reconcile the fight against climate change with growth and economic development while sharing the burden fairly throughout the world. We therefore commit ourselves to implement a strategy which optimally combines effective climate protection with a stable and secure energy supply.

3. 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 (3R-Initiative) following the Evian and Sea Island Summits, the Gleneagles G8-Action Plan dealt intensively with clean energy. During the Russian Presidency we adopted groundbreaking decisions on energy security, including a commitment to support the principles of the Energy Charter.

4. Against this background we will focus our efforts on energy efficiency and thereby make an effective contribution towards meeting global climate and energy supply challenges. Improving energy efficiency worldwide is the fastest, the most sustainable and the cheapest way to reduce greenhouse gas emissions and enhance energy security.

CLIMATE CHANGE

5. We are deeply concerned about the latest scientific findings confirmed unequivocally by the Intergovernmental Panel on Climate Change (IPCC). Global warming caused largely by human activities is accelerating. We will have to face severe impacts caused by climate change in any event, but beyond a temperature increase of 2° C risks from climate change will be largely unmanageable.

Fighting Climate Change

6. We are committed to taking strong and early action to tackle climate change in order to contribute our fair share to limit global warming to 2° C. This will require global greenhouse gas emissions to peak within the next 10 to 15 years, followed by substantial global emission reductions of around 50% by 2050 compared to 1990 levels.

7. As climate change is a global problem, the response to it needs to be international. 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.

8. We stress that further action should be based on the principle of common but differentiated responsibilities and respective capabilities. We acknowledge that the efforts of developed economies will not be sufficient and that new approaches for fair contributions by other countries are needed. We recognise that developed economies have to play a leading role in emissions reductions so that other countries will also enter into effective climate commitments tailored to their particular situations. We reaffirm, as G8 leaders, our responsibility to act.

9. 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 launch negotiations on a comprehensive agreement at the UN Climate Change Conference in Indonesia in December 2007. We jointly agree that a flexible, fair and effective framework will provide important orientation for the necessary future investment decisions.

Technology

10. Technology is a key to mastering climate change as well as ensuring stable and secure energy supply. We have to deploy sustainable and climate friendly technologies in all areas of energy use. We have to develop and bring to markets new climate friendly technologies, such as carbon capture and storage, offshore-windpower, 2nd generation biofuels or innovative engine concepts. Furthermore, to ensure sustainable investment decisions worldwide, we need an expanded approach to transfer climate friendly technologies to newly industrialising and developing countries.

Therefore, we will

- support a clear and predictable policy framework to stimulate development, deployment and transfer of technologies,
- expand international partnerships and co-operations for technology transfer to newly industrialising and developing countries,
- scale up research and innovation activities and
- determine roadmaps with clear innovation targets to bring new technologies to markets as soon as possible.

We will report on progress at the G 8 summit in 2008.

Carbon Markets

11. Carbon markets deliver a crucial economic incentive to deploy and develop climate-friendly technologies. A global carbon price will integrate climate change into investment decisions, advance technology transfer and decisively contribute to the needed technology revolution.

Therefore, we will

- strengthen and extend carbon markets, e.g. by new rules for transparency and linking of trading schemes,
- support a framework for a global carbon market providing the business community with a predictable and long-term perspective.

We will report on progress at the G 8 summit in 2008.

Reducing Emissions from Deforestation

12. We are determined to assist in reducing emissions from deforestation, especially in developing countries, and in the long-term halt them as a significant and cost-effective contribution towards mitigating greenhouse gas emissions and towards pre-serving biological diversity, promoting sustainable forest management and security of livelihoods. To this end, we will

- commit ourselves to support the establishment of a Forest Carbon Partnership dedicated to create and test performance-based instruments to reduce emissions from deforestation in developing countries. We therefore invite the World Bank, in close cooperation with the G8, developing countries, the private sector, NGOs and other partners, to develop and implement in due time respective PPP-pilot activities, taking into consideration the preservation of biodiversity and the securing of livelihoods within the framework of the Forest Carbon Partnership. We emphasize the importance of harnessing market forces to maximize funding and to successfully implement the Partnership's policy goals,
- continue to support existing processes to combat illegal logging. Illegal logging is one of the most difficult obstacles to further progress in realizing 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 Forest Partnership. Good results and good practice in international cooperation have also been achieved with the Brazilian Pilot Program to conserve the tropical rain forests.

Adapting to Climate Change

13. We stress that even implementing the deep cuts described above will not avoid serious climate impacts, especially in developing countries which are most vulnerable to climate change. Postponing mitigation, however, will exacerbate the need for adaptation and ultimately render any adaptation impossible. We emphasize our willingness to continued and enhanced cooperation with and support for developing countries in adapting to climate change, in particular those most vulnerable to the negative impacts of climate change including through mainstreaming adaptation into our bilateral and multilateral development co-operation activities starting 2008.

ENERGY EFFICIENCY

14. 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.

15. We recognise that enhanced international cooperation offers enormous opportunities. Against this background we are committed to further strengthening and increasing our efforts of cooperation, 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 Action Plan, thereby retaining and supporting the IEA's close involvement
- encourage the World Bank and other IFIs to further broaden and improve their financial framework for energy efficiency and clean energy.
- [support the EU's proposal for an international agreement on energy efficiency by entering into negotiations and inviting other countries with significant energy needs to join us]
- report on progress in the policies and measures on energy efficiency outlined below at the G 8 summit in 2008.

16. We note that, in view of their high energy needs, industrialised and newly industrialised countries have a fundamental joint interest in reducing the rise in energy demand with effective countermeasures.

17. Against this background we commit ourselves to a Leitbild of efficient energy systems and call on other countries with high energy demand, including the newly industrialised countries, to join us in this endeavour. To increase energy efficiency means to decouple economic growth from energy use, to have a highly efficient and competitive economy. Therefore we will increase the energy efficiency of our economies so that energy consumption by 2020 will be at least 20 % lower, compared to a business-as-usual scenario. 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 consumption labelling, information campaigns aimed at consumers and industry, 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 support our national efforts by appropriate advice and make proposals for effective international co-operation.

We will, furthermore work together with the newly industrialised countries 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 newly industrialised countries on more efficient energy policies and develop guidance mechanisms.

Sustainable Buildings

18. The chances for making buildings more efficient are enormous. Following the success of the EU/G8 ministerial 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 newly industrialising countries. 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,
- invite the IEA having a central role in creating this network,
- work to increase energy efficiency in the building sector, by 2020, by at least 20% compared to 2005 and to reach a considerable expansion of renewable energies in this area. To this end we will actively support the energy efficient technologies and the use of renewable energies by developing market mechanisms, promotion instruments and framework legislation, as well as through public-private-partnership initiatives. 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

19. 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 by 2020 by at least 20% compared to 2005. 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 in the transport sector, including *inter alia* innovative engine concepts, alternative fuels, city planning measures, public transport, best possible inter-linkage of transport methods using telematics or logistic concepts as well as fiscal or financial incentives such as road-use tolls,

- increase the share of alternative fuels (biomass, hydrogen, LPG/CNG) in total fuel consumption to 15% by 2020; fuel diversification, for example synthetic biofuels and CO₂-free hydrogen, particularly in combination with the fuel cell, will be decisive in reducing transport CO₂ emissions,
- 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 standards in biomass cultivation. We invite the Global Bioenergy Partnership (GBEP) to take forward efforts for the elaboration of international criteria and certification systems, together with UNEP, other producer countries as well as civil society and the business sector;
- 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.

Power Generation

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

21. We firmly agree, that 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 policy framework. By this we aim to increase average power plant efficiencies in each of our countries by at least 20 % by 2020 compared to 2005.
- 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.

22. Being aware that the centre of gravity of global energy demand is continuously shifting towards the newly industrialised countries, 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 and particularly newly industrialised countries in order to foster the diffusion and adoption of best practices at 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.

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

- supporting the initiatives taken by IEA and Carbon Sequestration Leadership Forum (CSLF),
- work in co-operation with industry as well as national and international research programmes towards clarifying and improving the technical and political overall conditions for CCS,
- 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.



RESPONSIBILITY FOR RAW MATERIALS: TRANSPARENCY AND SUSTAINABLE GROWTH

1. Raw materials are an indispensable prerequisite for sustainable growth in industrialised, newly industrialised and developing countries. It is in our common global interest that resource wealth be used responsibly so as to help reduce poverty, prevent conflicts and improve the security of resource supply. We firmly agree that significant and lasting progress in this area can only be achieved on the basis of transparency. Against this background, we are committed to further enhancing transparency with regard both to mineral extraction and the subsequent trade and financial flows. In doing so, we will work closely together with resource rich as well as important raw-material consuming newly industrialised countries.

2. Free, transparent and open markets are a fundamental prerequisite for 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 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.

3. Mineral resources have a great potential to contribute to poverty alleviation and sustainable development. In many cases, nonetheless, extraction and processing of resources are associated with 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 adhering to the guiding principles of sustainable development and good governance. To this end we will foster sustainable mining practices through the provision of financial, technical and capacity building support to developing countries for the mining, processing and trading of minerals.

4. 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, newly industrialised and developing countries.

5. We believe that certification systems are particularly suitable instruments for increasing transparency in the extraction and processing of raw materials and to reduce environmental impacts and resolutely counter illegal resource extraction. Therefore, we

- reaffirm our support for existing initiatives such as the Kimberley Process, Green Lead, Metals Mining and Sustainable Development or the Cyanide Codex, and encourage the adaptation of the respective principles of corporate social responsibility by those involved in the extraction and processing of resources,
- agree to pilot a certification system which strives, on the basis of the existing principles and guidelines, to ensure compliance with internationally recognised minimum standards by verifying the process of resource extraction and trading. In taking this initiative we will work in partnership with governments from resource rich countries as well as industry on the basis of their voluntary commitments. Based on the results of the pilot study we will work co-operatively to support the implementation of the designed certification system. We invite the newly industrialised countries to work with us on this issue.

6. 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 the Extractive Industry Transparency Initiative (EITI), and we

- commit to provide continuous assistance to strengthen EITI, through financial, technical and political means. Equally, we invite all stakeholders to provide financing for the EITI-governance structure,
- call on signatories of EITI to implement the Initiative and comply with their disclosure commitments. Equally we encourage further resource-rich countries to participate in EITI,
- welcome the fact that an independent validation-process has been initiated to monitor the national implementation measures. We encourage the development of an EITI Index which allows for the comparing of national implementation efforts,

- encourage the extension of EITI-principles to other sectors,
- request EITI, in view of the multitude of initiatives taken by UN, OECD, EU, IFI's and the private sector, to assume the role of a coordinating body,
- welcome the fact that a number of large banks have already signed the UNEP Finance Initiative and the Equator Principles. We call on further major banks to follow suit and implement the IFC standards, this applies particularly to 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 newly industrialised countries to enlist the governments and especially the state-owned companies domiciled in these countries as participants in EITI.