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present

2010 Seoul G20 Summit Interim Compliance Report

13 November 2010 to 8 June 2011

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Preface

Since 2009, the G20 Research Group at the University of Toronto and the International Organizations Research Institute of National Research University Higher School of Economics (IORI HSE) in Moscow have produced reports on the G20's progress in implementing the priority commitments issued at each summit. These reports monitor each country's efforts on a carefully chosen selection of the many commitments announced at the end of each summit. The reports are offered to the general public and to policy makers, academics, civil society, the media and interested citizens around the world in an effort to make the work of the G20 more transparent, accessible and effective, and to provide scientific data to enable the meaningful analysis of the impact of this important informal international institution. Previous reports are available at the G20 Information Centre at www.g20.utoronto.ca/analysis.

The G20 Research Group is an independent scholarly group that grew out of the G8 Research Group, which has been following the work of the G20 finance ministers and central bank governors since they began meeting in 1999. Founded as a separate group in 2008, the G20 Research Group is an international network of scholars, professionals and students with a mission to serve as the leading independent source of information and analysis on the G20. It is responsible for the G20 Information Centre, which publishes, free of charge, research on the G20 and the official documents issued by the G20. The G20 Research Group in Toronto has been working with a team at IORI HSE since HSE IORI initiated this G20 compliance research in 2009, after the G20 leaders met at Washington for the first time in November 2008. That initial report, covering only one commitment, tested the compliance methodology developed by the G8 Research Group and adapted it to the G20.

For the Seoul Summit the G20 Research Group is introducing its first interim report, assessing performance at the halfway mark between the 2010 Seoul Summit, hosted by Korea on 11-12 November 2010, and the 2011 Cannes Summit, hosted in France on 3-4 November 2011. The Seoul Interim Compliance Report covers priority commitments selected from all the commitments made by the G20 members at Seoul and assesses compliance with those commitments as of 8 June 2011.

To make its assessments, the G20 Research Group relies on publicly available information, documentation and media reports. To ensure accuracy, comprehensiveness and integrity, we encourage comments. Indeed, scores can be recalibrated if new material becomes available. All feedback remains anonymous. Responsibility for this report's contents lies exclusively with the authors and analysts of the G20 Research Group and its partners at IORI HSE.

The work of the G20 Research Group would not be possible without the steadfast dedication of many people around the world. This report is the product of a team of energetic, hard-working analysts led by Netila Demneri, chair of the 2010-11 student executive, and Sarah Ellis, Ivana Jankovic and Mila Khodskaya. It would also not be possible without the support of Dr. Ella Kokotsis, director of compliance, and Jenilee Guebert, former director of research of the G20 Research Group. We are especially indebted to our HSE colleagues: Professor Marina Larionova, Mark Rakhmangulov and Yuriy Zaytsev. We are also grateful for the contribution of Dr. Alan Alexandroff, co-director of the G20 Research Group and director of online research at the Munk School of Global Affairs and a member of the new Digital20 Project at the University of Toronto.

Professor John Kirton
Co-director, G20 Research Group

Introduction and Summary

The G20 2010 Seoul Interim Compliance Report, prepared by the G20 Research Group at the University of Toronto and the International Organizations Research Institute of National Research University Higher School of Economics (IORI HSE), analyzes compliance by G20 members with a selection of 13 priority commitments made at the Seoul Summit on 11-12 November 2010. The report covers actions taken by the G20 members during the period of 13 November 2010 to 8 June 2011. This timeframe allows for an assessment of compliance approximately at the midpoint between the 2010 Seoul Summit and the Cannes Summit, which will be hosted by France on 3-4 November 2011.

Methodology and Scoring System

This report draws on the methodology developed by the G8 Research Group, which has been monitoring G8 compliance since 1996. The use of this existing methodology builds cross-institutional and cross-member consistency and also allows compatibility with compliance assessments produced by the G8 Research Group.

The methodology uses a scale from -1 to +1, where +1 indicates full compliance with the stated commitment, -1 indicates a failure to comply or action taken that is directly opposite to the stated goal of the commitment, and 0 indicates partial compliance or work in progress, such as initiatives that have been launched but are not yet near completion and whose results can therefore not be assessed. Each member assessed receives a score of -1, 0 or +1 for each commitment. For convenience, the scores in the tables have been converted to percentages, where -1 equals 0% and +1 equals 100%.¹

Commitment Breakdown

The G20 made a total of 153 commitments at the Seoul Summit (the full list is available at www.g20.utoronto.ca/analysis).² These commitments are drawn from the official G20 Seoul Summit Leaders' Declaration and the Seoul Summit Document. They cover 14 issue areas ranging from finance to summit institutionalization. Most commitments fall in the realms of economics and development: 28 commitments (18%) address macroeconomic issues; 24 commitments (16%) relate to finance; 22 commitments (14%) fall under development; 17 commitments (11%) focus on trade; and 16 (10%) commitments cover IFI reform (see Annex for the complete breakdown).

Selection of Commitments

Because a communiqué contains so many commitments, it is difficult to measure compliance with each one. Therefore, for each compliance cycle (that is, the period between summits), the research team selects commitments that reflect the breadth of the G20 agenda and also reflect the priority of the summit's hosts, while balancing the selection to allow for comparison with past and future summits, following the methodology developed by the G8 Research Group.³ The selection also replicates the breakdown of issue areas and proportion of commitments in each

¹ The formula to convert a score into a percentage is $P=50 \times (S+1)$, where P is the percentage and S is the score.

² A commitment is defined as a discrete, specific, publicly expressed, collectively agreed statement of intent; a promise by summit members that they will undertake future action to move toward, meet or adjust to an identified target. More details are contained in the G8 Commitment/Compliance Coding and Reference Manual (available at www.g8.utoronto.ca/evaluations/compliancemanual-090909.pdf).

³ Guidelines for choosing priority commitments, as well as other applicable considerations, are available in the G8 Commitment/Compliance Coding and Reference Manual.

one. Primary criteria consider the comprehensiveness and relevance to the summit, the G20 and the world, as well as individual and collective pledges. Selected commitments must also meet secondary criteria of performance measurability and ability to commit within a year, as well as tertiary criteria of significance as identified by scientific teams and relevant stakeholders in the host country.

For the 2010 G20 Seoul Interim Compliance Report, 13 priority commitments listed in Table 1 were selected from the 153 commitments made at the Seoul Summit.

The Interim Compliance Scores

The assessment is based on relevant and publicly available information relating to action taken between 13 November 2010 to 8 June 2011. The interim compliance scores are contained in Table 2. Country rankings are listed in Table 3.

For the period from 13 November 2010 to 8 June 2011, G20 members achieved an average interim compliance score of +0.40, which translates to 70% on the percentage scale. This interim compliance score is a significant increase from the 2010 G20 Toronto Summit Final Compliance Score of 64% on the commitments G20 leaders made at the Toronto Summit in June 2010.

For comparative purposes, the final scores for compliance with commitments made at previous G20 summits are included in Table 4.

Compliance by Member

The United Kingdom and Australia hold first place with a score of +0.77, followed by Canada at +0.69, the European Union at +0.66, Mexico at +0.54 Korea, Japan and Italy at +0.54, and Russia at +0.50 (see Table 3). Turkey is at +0.17, Saudi Arabia at -0.17 and Argentina at -0.25.

The Compliance Gap Between Members

The difference between the highest and lowest G20 member compliance scores is 1.02. This is a moderate decrease compared to the Toronto Summit final compliance gap of 1.07.

G20 members that are also members of the G8 achieved a cumulative score of 0.54 (77%), whereas non-G8 members achieved a cumulative score of 0.29 (65%). This difference of 0.25 points has significantly decreased since 2009 as the performance of non-G8 members has increased. The gaps in compliance between G8 and non-G8 members have been narrowing steadily, if slowly: 0.55 for the London Summit in April 2009, 0.52 for the Pittsburgh Summit in September 2009 and 0.46 for the Toronto Summit in June 2010.

Compliance by Commitment

Overall compliance by commitment has been high, with scores almost uniformly distributed from 0 to +1. This is an improvement to the 2010 G20 Toronto Summit Final Compliance Report, where one commitment – corruption – had achieved a negative score. Of the 13 commitments assessed for the G20 Seoul Summit, eight scored between 0 and +0.50 and five scored above +0.50, with one achieving a score of +1. The Toronto report featured no 100% compliant commitments.

The highest scores were in the field of macroeconomics with a score of +1.0 on the commitment on fiscal consolidation and +0.80 on the socioeconomic commitment (see Table 2). The lowest scores were on the commitments on Basel III (+0.25) and the phase-out of fossil fuels (+0.1). The commitments on systemically important financial institutions (SIFIs) and international cooperation were assessed at 0, indicating partial compliance or work in progress.

Table 1: 2010 G20 Seoul Summit Selected Commitments for Compliance

Priority Area	Commitments
Macro economy	[40] We will move toward more market-determined exchange rate systems and enhance exchange rate flexibility to reflect underlying economic fundamentals and refrain from competitive devaluation of currencies.
	[48] Advanced economies will formulate and implement clear, credible, ambitious and growth-friendly medium-term fiscal consolidation plans in line with the Toronto commitment, differentiated according to national circumstances.
Finance	[51] In particular, we will implement fully the new bank capital and liquidity standards.
	[83] We endorsed the policy framework, work processes, and timelines proposed by the FSB to reduce the moral hazard risks posed by systemically important financial institutions (SIFIs) and address the too-big-to-fail problem.
	[90] [We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on] OTC derivatives
	[92] We reaffirmed the importance of fully implementing the FSB's standards for sound compensation.
Socioeconomic	[61] [We will implement a range of structural reforms to boost and sustain global demand, foster job creation, contribute to global rebalancing, and increase our growth potential, and where needed undertake:] Investment in infrastructure to address bottlenecks and enhance growth potential.
Trade	[96] We therefore reaffirm the extension of our standstill commitments until the end of 2013 as agreed in Toronto.
Development	[122] We also reaffirm our respective ODA pledges and commitments to assist the poorest countries and mobilize domestic resources made following on from the Monterrey Consensus and other fora.
Energy	[127] We reaffirm our commitment to rationalize and phase-out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption, with timing based on national circumstances, while providing targeted support for the poorest.
	[135] We will take steps to create, as appropriate, the enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies, including policies and practices in our countries and beyond, including technical transfer and capacity building.
Corruption	[143] We will lead by example in key areas as detailed in the Anti-Corruption Action Plan, including: to accede or ratify and effectively implement the UN Convention against Corruption and promote a transparent and inclusive review process.
International Cooperation	[152] We will increase our efforts to conduct G20 consultation activities in a more systematic way, building on constructive partnerships with international organizations, in particular the UN, regional bodies, civil society, trade unions and academia.

Note: Number in square brackets refers to the list of total commitments available on the G20 Information Centre website at <http://www.g20.utoronto.ca/analysis>.

Table 2: 2010 G20 Seoul Summit Interim Compliance Scores

Commitment	ARG	AUS	BRA	CAN	CHI	FRA	GER	IND	INDN	ITA	JPN	MEX	KOR	RUS	S.AR	S.AF	TUR	UK	US	EU	AVG
1 Macroeconomy: Exchange Rates [40]	0	1	0	1	0	1	1	1	0	1	1	1	0	1	0	0	0	1	1	1	0.6
2 Macroeconomy: Fiscal Consolidation [48]	n/a	1	n/a	1	n/a	1	1	n/a	n/a	1	1	n/a	1	n/a	n/a	n/a	n/a	1	1	1	1.00
3 Finance: Basel III [51]	-1	1	0	1	0	0	0	0	1	1	0	0	0	0	-1	1	0	1	1	0	0.25
4 Socioeconomic [61]	1	1	1	1	1	1	1	1	0	1	1	1	0	1	1	-1	1	1	1	1	0.80
5 Finance: SIFIs [83]	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
6 Finance: OTC Derivatives [90]	0	1	1	1	1	1	1	1	n/a	1	1	1	1	0	-1	0	-1	1	1	1	0.58
7 Finance: Sound Compensation [92]	-1	1	0	1	1	0	1	0	0	0	0	1	1	0	0	0	0	1	0	1	0.40
8 Trade [96]	-1	1	-1	1	-1	0	0	1	0	0	1	1	1	-1	1	1	1	1	0	0	0.25
9 Development [122]	-1	1	0	1	1	1	1	0	0	1	1	-1	1	1	0	0	0	1	1	0	0.50
10 Energy: Inefficient Fossil Fuels [127]	0	1	1	1	-1	0	-1	0	0	-1	0	1	0	1	0	1	-1	1	0	-1	0.10
11 Energy: Clean Energy Technologies [135]	0	1	1	0	1	1	1	1	0	1	1	1	1	1	-1	0	0	1	1	1	0.65
12 Corruption [143]	0	0	1	0	1	0	-1	0	1	1	-1	1	1	1	-1	1	1	1	0	1	0.40
13 International Cooperation [152]	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0.05
Country Average	-0.25	0.77	0.33	0.69	0.33	0.46	0.38	0.33	0.18	0.54	0.53	0.58	0.54	0.50	-0.17	0.25	0.17	0.77	0.46	0.54	0.40

Note: Number in square brackets refers to the list of total commitments available on the G20 Information Centre website at <http://www.g20.utoronto.ca/analysis>. n/a means not available.

Table 3: 2010 G20 Seoul Summit Compliance Members' Ranking

Rank	Member	Average Compliance Score	
1	United Kingdom	0.77	89%
	Australia		
2	Canada	0.69	85%
3	European Union	0.66	83%
4	Mexico	0.58	79%
5	Korea	0.54	77%
	Japan		
	Italy		
6	Russia	0.50	75%
7	France	0.46	73%
	United States		
8	India	0.42	71%
9	Germany	0.38	69%
10	China	0.33	67%
	Brazil		
	India		
11	South Africa	0.25	63%
12	Indonesia	0.18	59%
13	Turkey	0.17	5%
14	Saudi Arabia	-0.17	42%
15	Argentina	-0.25	38%

Table 4: G20 Compliance by Member, 2008-2010

G20 Member	Washington	London	Pittsburgh	Toronto	Seoul (interim)
Argentina	0	-0.60	-0.13	0.00	-0.25
Australia	n/a	0.60	0.50	0.56	0.77
Brazil	1.0	0.20	-0.63	0.29	0.33
Canada	1	0.60	0.63	0.78	0.69
China	0	-0.40	0.13	0.38	0.33
France	1	0.80	0.63	0.56	0.46
Germany	1	0.80	0.63	0.56	0.38
India	0	-0.40	-0.38	-0.29	0.42
Indonesia	n/a	-0.40	-0.63	-0.13	0.18
Italy	1	0	0.13	0.56	0.54
Japan	1	0.20	0.50	0.56	0.54
Korea	n/a	0	0.75	0.56	0.54
Mexico	1	0	0.25	-0.14	0.58
Russia	0	0.40	0.38	0.13	0.50
Saudi Arabia	n/a	0.20	-0.13	-0.13	-0.17
South Africa	1	0.40	0.63	-0.14	0.25
Turkey	n/a	0.20	-0.25	-0.14	0.17
United Kingdom	1	1	0.5	0.78	0.77
United States	0	0.4	1	0.33	0.46
European Union	1	0.6	0.38	0.57	0.66
G20 average	0.67	0.23	0.24	0.28	0.40

Considerations and Limitations

Several elements affect the findings contained in this report.

Regarding the commitment on fiscal consolidation, the text holds accountable the “advanced economies” of the G20. The G20 has identified those as Australia, Canada, France, Germany, Italy, Japan, Korea, the United Kingdom, the United States and the European Union. The average for this commitment was thus calculated based on this group of 10 and not the G20 as a whole. An argument can be made that this does not reflect compliance of the full G20. Nonetheless, all the members of the G20, regardless of the status of their economy, agreed to this commitment.

With regard to the commitment on SIFIs, each member has received a score of 0 for work in progress. The commitment calls for the endorsement of the policy framework, work processes and timelines proposed by the Financial Stability Board (FSB) to reduce the risk of moral hazard. However, neither the FSB’s recommendations nor the results of national supervisors’ assessments were made available between 13 November 2010 and 8 June 2011.

Similarly, with regard to over-the-counter (OTC) derivatives, one of the recommendations includes the production and publication of a roadmap with implementation milestones. However, the FSB did not release this material during the period under review.

Moreover, Indonesia declared that it has no OTC derivative market in its September 2010 response of Indonesia to an FSB survey on implementation of G20 financial regulatory reforms. It has only an “exchange derivatives market.”⁴ An April 2011 FSB report on OTC derivatives markets noted that derivatives markets in Indonesia are less developed than in many other jurisdictions, and “consideration of approaches to implementing OTC derivatives market regulation is at an early stage.”⁵ As a result, Indonesia cannot be assessed for this commitment.

Preliminary Conclusions

The G20 compliance performance has been improving incrementally since the April 2009 London Summit (0.23) through the September 2009 Pittsburgh Summit (0.24) to the June 2010 Toronto Summit (0.28) and now to the interim point for the November 2010 Seoul Summit (0.40) (see Table 4). There are two possible factors to consider with regard to this substantial increase for the Seoul Summit. One factor is that the G20 is transforming from a crisis management group into a steering committee for new global order. Another is that the G20 has gathered momentum for collaboration, with strengthened peer pressure and reputational sources of accountability. If the G20 can continue to improve its performance on delivering on its promises, it can validate its claim for legitimacy as a global governance institution.

Future Research and Reports

The information contained in this report provides G20 members and other stakeholders with an indication of their compliance in the period immediately following the Seoul Summit. This draft has been produced as an invitation for others to provide additional or more complete information on compliance before the finished interim report will be published in the coming weeks. In addition the 2010 Seoul Summit Final Compliance Report will be released before the Cannes Summit. Feedback should be sent to g20@utoronto.ca.

⁴ FSB-G20-Monitoring Progress – Indonesia September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401j.pdf

⁵ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board, 15 April 2011. Date of Access 25 April 2011. http://www.financialstabilityboard.org/publications/r_110415b.pdf

Annex: Breakdown of 2010 G20 Seoul Summit Commitments

Issue Area	Number of Commitments	Percentage of Commitments
Macroeconomics	28	18
Finance	24	16
Development	22	14
Trade	17	11
Reform of international financial institutions	16	11
Energy	14	9
Corruption	9	6
Climate change	8	5
Socioeconomics	6	4
Accountability	4	3
Food and agriculture	2	1
Environment	1	1
International cooperation	1	1
Summit institutionalization	1	1

1. Macroeconomy: Exchange Rates

Commitment [#40]:

“We will move toward more market-determined exchange rate systems and enhance exchange rate flexibility to reflect underlying economic fundamentals and refrain from competitive devaluation of currencies.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina		0	
Australia			+1
Brazil		0	
Canada			+1
China		0	
France			+1
Germany			+1
India			+1
Indonesia		0	
Italy			+1
Japan			+1
Korea		0	
Mexico			+1
Russia			+1
Saudi Arabia		0	
South Africa		0	
Turkey		0	
United Kingdom			+1
United States			+1
European Union			+1
Average Score		+0.7	

Commitment Features:

This commitment requires G20 member states to avoid devaluing their currencies and instead to allow their markets to have more influence in setting their respective foreign exchange rates. Countries generally devalue their currencies in order to increase exports and domestic employment. The commitment calls for an end to a “currency war,” in which countries devalue their currencies and commits the G20 members to promote policies that enhance exchange rate flexibility. Members pledged to be vigilant against excess volatility and disorderly movements in exchange rates.⁶ During the Seoul Summit, G20 leaders agreed to the Seoul Action Plan, which promoted a move towards more market-determined exchange rates.⁷

⁶ Asia-Pacific leaders promise to refrain from competitive currency devaluation, Japan Times (Kyodo) 15 November 2010. Date of Access: 25 January 2011. <http://search.japantimes.co.jp/cgi-bin/nb20101115a1.html>

⁷ G20 Leaders Agree to Refrain from 'Devaluing' Currency, Business World (Seoul) 12 November 2010. Date of Access: 27 December 2010. http://www.businessworld.in/bw/2010_11_12_G20_Agree_To_Refrain_From_Devaluing_Currency.html

Market-determined exchange rate or a floating exchange rate: An exchange rate with no government or central bank action to keep it stable. In a pure or “clean” float there is no government or central bank intervention at all in the foreign exchange market, and determination of the exchange rate is left to market forces.⁸

Devaluation: Officially announced lowering in the value of the domestic currency relative to foreign currencies, usually as a means of correcting balance of payment deficit, at least temporarily.⁹

Scoring Guidelines:

-1	Member does not make progress in moving toward a more market-determined exchange rate AND does not refrain from competitive devaluation of its currency.
0	Member makes progress in moving toward a more market-determined exchange rate OR member refrains from competitive devaluation of its currency.
+1	Member moves toward a more market-determined exchange rate AND refrains from competitive devaluation of its currency.

Argentina: 0

Argentina has partially complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency. Argentina has made progress in moving toward a market-determined exchange rate system and has refrained from competitive devaluation of its currency.

The Argentine Central Bank’s Inflation Report for the second quarter of 2011 notes, “the Central Bank of Argentina (BCRA) is implementing a monetary and exchange rate policy that, on the one hand, regulates the means of payment and seeks to reduce the exchange rate volatility and, on the other, promotes international reserves accumulation, with the purpose of deepening monetization levels and bank lending.”¹⁰ This policy involves the use of sterilization of capital inflows through the sale of bonds and other financial instruments; in the second quarter of 2011, the Argentine Central Bank sterilized over US 10.9 billion in funds to balance currency supply and demand.¹¹

However, the second quarter Inflation Report also notes that the Argentine Central Bank has avoided using nominal appreciation of the peso to counterbalance inflationary pressure from rising commodity and food prices, due to potential macroeconomic consequences.¹² The report noted that Argentina, like many Latin American economies, faces a dilemma with respect to using monetary policy to counteract inflationary pressure, since increased interest rates might attract speculative and destabilizing capital inflows.¹³

⁸ John Black, Nigar Hashimzade, Gareth D. Myles. Oxford Dictionary of Economics. Oxford University Press US, 2009. Page 174.

⁹ John Black, Nigar Hashimzade, Gareth D. Myles. Oxford Dictionary of Economics. Oxford University Press US, 2009. Page 115

¹⁰ Inflation Report – First Quarter 2011, [Argentina] March 2011. Date of Access: March 30th 2011. http://www.bcra.gov.ar/index_i.htm → Click Inflation Report → Select: 2nd Quarter of 2011 → Click See.

¹¹ Inflation Report – First Quarter 2011, [Argentina] March 2011. Date of Access: March 30th 2011. http://www.bcra.gov.ar/index_i.htm → Click Inflation Report → Select: 2nd Quarter of 2011 → Click See.

¹² Inflation Report – First Quarter 2011, [Argentina] March 2011. Date of Access: March 30th 2011. http://www.bcra.gov.ar/index_i.htm → Click Inflation Report → Select: 2nd Quarter of 2011 → Click See.

¹³ Inflation Report – First Quarter 2011, [Argentina] March 2011. Date of Access: March 30th 2011. http://www.bcra.gov.ar/index_i.htm → Click Inflation Report → Select: 2nd Quarter of 2011 → Click See

Thus Argentina has been awarded a score of 0 for partial compliance with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

Analyst: Nayma Hasan

Australia: +1

Australia has complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

On 5 May 2011, the Reserve Bank of Australia (RBA) released a Statement on Monetary Policy. The central bank stated that further tightening of monetary policy is “likely to be required at some point for inflation to remain consistent with the 2-3 percent medium-term target.” The RBA announced that it would prepare for the expected “challenging” economic environment by setting policy to ensure a continuation of the low and stable inflation that has made an important contribution to Australia’s strong economic performance over the past two decades.¹⁴ The RBA has kept the cash rate on hold at 4.75% since it was last raised by a quarter of a percentage point in November 2010.¹⁵

Thus Australia has been awarded a score of +1 for full compliance with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

Analyst: Ivana Jankovic

Brazil: 0

Brazil has partially complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency. Brazil has partially fulfilled its commitment to move toward a market-determined exchange rate system and has refrained from competitive devaluation of its currency.

Brazil adopted a floating exchange rate in 1999. Since then, Brazil’s economy has grown rapidly and capital inflows have increased, leading to inflationary pressure as well as upward pressure on the Brazilian real, by some estimates up to 40% in the past two years.¹⁶

In a 16 April 2011 statement to the International Monetary and Financial Committee in Washington D.C., Brazilian Finance Minister Guido Mantega pointed to advanced economies’ expansionary monetary policy and export-driven economic recovery plans as factors that lead emerging economies like Brazil to use capital controls to protect themselves from volatile capital flows and overvalued exchange rates.¹⁷ Minister Mantega insisted that “Brazil, for one, is doing

¹⁴ Statement on Monetary Policy: Overview. Reserve Bank of Australia. 3 February 2011. Date of Access: 10 April 2011. <http://www.rba.gov.au/publications/smp/2011/may/pdf/overview.pdf>

¹⁵ Dollar higher, bonds weaker at noon. Herald Sun. 13 May 2011. Date of Access: 15 May 2011. <http://www.heraldsun.com.au/business/australian-dollar/dollar-higher-bonds-weaker-at-noon/story-fh7j1bhl-1226055354369>

¹⁶ Brazil Imposes Tax to Restrain the Real, Financial Times (London) 29 March 2011. Date of Access 7 June 2011. <http://www.ft.com/intl/cms/s/0/30d6e586-5a4b-11e0-8367-00144feab49a.html#axzz1Oc3ugGZE>

¹⁷ Statement by Mr. Guido Mantega Minister of Finance of Brazil On Behalf of the Constituency comprising Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname and Trinidad and Tobago, International Monetary and Finance Committee (Washington) 14 April 2011. Date of Access 7 June 2011. <http://www.imf.org/External/spring/2011/imfc/statement/eng/bra.pdf>

and will continue to do whatever it thinks is necessary and adequate to its circumstances to face the challenges arising from large and volatile capital flows.”¹⁸

In the past year, Brazil has taken active policy action to slow the appreciation of the real. On 29 March, the Brazilian government announced an increase – to 6% – in taxes on international bond sales and loans with average minimum one-year maturities.¹⁹ In January 2011 The Brazilian central bank set reserve requirements for Brazilian banks’ holdings of short dollar positions and also purchased dollars in foreign exchange markets for the first time in twenty-one months.²⁰

Thus Brazil has been awarded a score of 0 for partial compliance with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

Analyst: Kenson Tong

Canada: +1

Canada has complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

On 17 March 2011, the G7 Finance Ministers and Central Bank Governors released a statement to address the dramatic events in Japan. The finance ministers expressed solidarity with the Japanese people. In response to the movements in the exchange rate of the yen resulting from the tragic events, the authorities of the United States, the United Kingdom, Canada, and the European Central Bank announced that they would join with Japan, on 18 March 2011, in concerted intervention in exchange markets. They said, “As we have long stated, excess volatility and disorderly movements in exchange rates have adverse implications for economic and financial stability. We will monitor exchange markets closely and will cooperate as appropriate.”²¹

On 26 March 2011, Bank of Canada Governor Mark Carney presented at the Annual Meeting of the Inter-American Development Bank in Alberta. Governor Carney proposed a global code of conduct for capital flows. He said, “our long-term objective should be a well-functioning international monetary system that delivers sufficient nominal stability in exchange rates and domestic prices, with timely adjustment to shocks and structural change.”²²

¹⁸ Statement by Mr. Guido Mantega Minister of Finance of Brazil On Behalf of the Constituency comprising Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname and Trinidad and Tobago, International Monetary and Finance Committee (Washington) 14 April 2011. Date of Access 7 June 2011. <http://www.imf.org/External/spring/2011/imfc/statement/eng/bra.pdf>

¹⁹ Brazil Imposes 6% Tax on International Bonds Due to Curb Real Appreciation, Bloomberg (New York) 29 March 2011. Date of Access 7 June 2011. <http://www.bloomberg.com/news/2011-03-29/brazil-imposes-6-tax-on-international-bond-sales-to-curb-real-s-advance.html>

²⁰ Brazil Imposes 6% Tax on International Bonds Due to Curb Real Appreciation, Bloomberg (New York) 29 March 2011. Date of Access 7 June 2011. <http://www.bloomberg.com/news/2011-03-29/brazil-imposes-6-tax-on-international-bond-sales-to-curb-real-s-advance.html>

²¹ Statement of G7 Finance Ministers and Central Bank Governors. Bank of Canada. 17 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/statement-of-g7-finance/>

²¹ Bank of Canada Governor Mark Carney discusses Challenges Posed by Globalization, Proposes Global Code of Conduct for Capital Flows. Bank of Canada. 26 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/governor-mark-carney-discusses-challenges/>

²² Bank of Canada Governor Mark Carney discusses Challenges Posed by Globalization, Proposes Global Code of Conduct for Capital Flows. Bank of Canada. 26 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/governor-mark-carney-discusses-challenges/>

Governor Carney proposed a code of conduct for capital flows that included four elements: a clear objective to promote a sustainable and effective flow of private capital; a decision framework that recognizes that capital controls should not be the first option; principles to guide the design of temporary, targeted and transparent measures; and, recognition of the responsibilities of capital-exporting countries to monitor risks.

Thus Canada has been awarded a score of +1 for full compliance with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

Analyst: Ivana Jankovic

China: 0

China has partially complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency. China has made progress toward fulfilling its commitment to move toward a market-determined exchange rate system and has refrained from competitive devaluation of its currency.

On 27 May 2011 the United States Treasury Department of the Treasury released a Report to Congress on International Economic and Exchange Rate Policies, which included a report on Chinese exchange rate policy. The report noted that China has allowed the yuan to appreciate against the dollar roughly 9% in real terms since it announced its intention to do so before the Toronto G20 Summit in June 2010.²³ However, the report also noted “a more rapid pace of nominal appreciation would enable China to achieve the needed adjustment in the real value of its currency, while simultaneously reducing inflationary pressures in its economy.”²⁴

From 18-21 January 2011, President Hu Jintao met with United States President Barack Obama in Washington. The meeting produced the “China-U.S Joint Statement” which outlines several commitments by each country, including a commitment to build a comprehensive and mutually beneficial economic partnership. China committed to “continue to promote RMB exchange rate reform, enhance RMB exchange rate flexibility, and promote the transformation of its economic development model.”²⁵

China’s central bank has recently used monetary policy to address rising inflation, indicating that it is willing to adopt a more flexible monetary and exchange policy. On 30 May 2011 the yuan traded at a record high rate for the third day in a row, indicating a potential new round of appreciation by Chinese authorities.²⁶ The yuan previously hit a 32-month high rate in March 2011.²⁷

²³ Report to Congress on International Economic and Exchange Rate Policies, United States Treasury Department (Washington) 27 May 2011. Date of Access 7 June 2011. <http://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/FX%20Report%20Final%205-27-11.pdf>

²⁴ Report to Congress on International Economic and Exchange Rate Policies, United States Treasury Department (Washington) 27 May 2011. Date of Access 7 June 2011. <http://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/FX%20Report%20Final%205-27-11.pdf>

²⁵ China-U.S. Joint Statement (Washington). Ministry of Foreign Affairs of the People’s Republic of China. 20 January 2011. Date of Access: 22 April 2011. <http://www.fmprc.gov.cn/eng/zxxx/t788173.htm>

²⁶ Yuan hits record high on central bank guidance, Reuters 30 May 2011. Date of Access 7 June 2011. <http://www.reuters.com/article/2011/05/30/markets-china-yuan-midday-idUSL3E7GU09N20110530>

²⁷ Yuan hits record high on central bank guidance, Reuters 30 May 2011. Date of Access 7 June 2011. <http://www.reuters.com/article/2011/05/30/markets-china-yuan-midday-idUSL3E7GU09N20110530>

Over recent months, China has introduced a number of additional measures as part of the incremental easing of restrictions on the convertibility of the renminbi and its use by foreigners: exporters are able to keep foreign exchange income offshore without converting it back into renminbi; and, under a pilot scheme announced by the People's Bank of China, mainland enterprises can conduct direct overseas investment using renminbi. At the same time, domestic banks are now required to maintain a minimum foreign exchange position set at the level held on 8 November 2010.²⁸

However, Chinese officials have released statements that indicate that exchange rate reform will be gradual and in line with Chinese economic objectives. On 14 January 2011, Cui Tiankai, a vice foreign minister reiterated that China will not concede to foreign demands for faster gains in the yuan and will instead continue its gradualist approach to currency reform. Tiankai noted that, "reform of the exchange rate formation mechanism for the renminbi ... is based on China's own developmental interests and needs, and is not in response to demands from another country."²⁹

Thus China has been awarded a score of 0 for partially complying with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

Analyst: Kenson Tong & Ivana Jankovic

France: +1

France has complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

France is a member of the European Union, the economic and political alliance of 27 European member states. The EU prohibits the devaluation of currencies thus France is unable to engage in the process without risking its membership in the organization.³⁰ The European Central Bank manages the foreign exchange reserves and can intervene in foreign exchange markets to influence the exchange rate of the euro.³¹

On 18 March 2011, France, as a member of the G7, agreed to intervene in global currency markets to prevent undue appreciation of the yen in an effort coordinated by G7 finance ministers to stabilize the Japanese economy in the wake of the earthquake and tsunami in early March. In a statement, G7 Finance Ministers declared, "excess volatility and disorderly movements in exchange rates have adverse implications for economic and financial stability. We will monitor exchange markets closely and will cooperate as appropriate."³²

²⁸ China Yuan Down Late After Central Bank Guides Currency Lower, The Wall Street Journal (Shanghai) 12 May 2011. Date of Access: 12 May 2011. <http://online.wsj.com/article/BT-CO-20110512-706443.html>

²⁹ China defends Yuan policy ahead of Hu's U.S. trip. Reuters (Beijing). 14 January 2011. Date of Access: 22 April 2011. <http://www.reuters.com/article/2011/01/14/us-china-usa-hu-idUSTRE70D16E20110114>

³⁰ Euro, New York Times Topics (New York). 5 February 2011. Date of Access: 27 February 2011. <http://topics.nytimes.com/top/reference/timestopics/subjects/c/currency/euro/index.html?scp=1&sq=italy%20currency%20devaluation&st=cse>

³¹ Foreign Exchange Operations, European Central Bank (EU). Date of Access: 27 March 2011. <http://www.ecb.int/ecb/orga/tasks/html/foreign-exchange.en.html>

³² Statement of G7 Finance Ministers and Central Bank Governors. Bank of Canada. 17 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/statement-of-g7-finance/>

³² Bank of Canada Governor Mark Carney discusses Challenges Posed by Globalization, Proposes Global Code of Conduct for Capital Flows. Bank of Canada. 26 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/governor-mark-carney-discusses-challenges/>

On 18-19 February 2011, France hosted the G20 finance ministers and heads of the central banks of the G20 member states. During the meeting, President Nicolas Sarkozy reiterated France's commitment to market-determined exchange rates. President Sarkozy noted that his priorities as host of the 2011 G8 and G20 Summits include "moving toward more market-determined exchange rate systems, enhancing exchange rate flexibility to reflect underlying economic fundamental and refraining from competitive devaluation of currencies and assessing the state of global financial imbalances."³³

Thus France has been awarded a score of +1 for complying with its commitment to move toward a market-determined exchange rate and to refrain from competitive devaluation of its currency.

Analyst: Ivana Jankovic

Germany: +1

Germany has complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

On 18 March 2011, Germany, as a member of the G7, agreed to intervene in global currency markets to prevent undue appreciation of the yen in an effort coordinated by G7 finance ministers to stabilize the Japanese economy in the wake of the earthquake and tsunami in early March. In a statement, G7 Finance Ministers declared, "excess volatility and disorderly movements in exchange rates have adverse implications for economic and financial stability. We will monitor exchange markets closely and will cooperate as appropriate."³⁴

Germany is a member of the European Union, the economic and political alliance of 27 European member states. The EU prohibits the devaluation of currencies thus Germany is unable to engage in the process without risking its membership in the organization.³⁵ The European Central Bank manages the foreign exchange reserves and can intervene in foreign exchange markets to influence the exchange rate of the euro.³⁶

Thus Germany has been awarded a score of +1 for complying with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

Analyst: Jason Li

India: +1

India has complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

³³ Nicolas Sarkozy's Speech to the G20 Ministers of Finances, French G8-G20 Presidency (Paris) 18 February 2011. Date of Access 7 June 2011. <http://www.g20-g8.com/g8-g20/g20/english/for-the-press/speeches/nicolas-sarkozy-s-speech-to-the-g20-ministers.971.html>

³⁴ Statement of G7 Finance Ministers and Central Bank Governors. Bank of Canada. 17 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/statement-of-g7-finance/>

³⁴ Bank of Canada Governor Mark Carney discusses Challenges Posed by Globalization, Proposes Global Code of Conduct for Capital Flows. Bank of Canada. 26 March 2011. Date of Access: 22 February 2011. <http://www.bankofcanada.ca/2011/03/press-releases/governor-mark-carney-discusses-challenges/>

³⁵ Euro, New York Times Topics (New York). 5 February 2011. Date of Access: 27 February 2011. <http://topics.nytimes.com/top/reference/timestopics/subjects/c/currency/euro/index.html?scp=1&sq=italy%20currency%20devaluation&st=cse>

³⁶ Foreign Exchange Operations, European Central Bank (EU). Date of Access: 27 March 2011. <http://www.ecb.int/ecb/orga/tasks/html/foreign-exchange.en.html>

On 10 May 2011, Reserve Bank of India Governor Duvvuri Subbarao said that the exchange rate of the Indian rupee has been flexible over the past two years and that the central bank has not intervened in the currency market.³⁷ Governor Subbarao said that the RBI's policy of foreign exchange management has permitted the exchange rate to act as a buffer in that it depreciates to help the economy when it is weak and appreciate to reduce excess demand when it is strong. Governor Subbarao also stated, "the policy has also minimized the danger that foreign inflows would be attracted by 'one-way bets' on appreciation, or that domestic firms would borrow excessively from abroad without hedging their exposure."³⁸

Governor Subbarao also affirmed that the choice to nurture a floating exchange rate is in India's "collective interests."³⁹ Further, the Reserve Bank of India vowed to "not be part of currency wars" and to have exchange rates "determined by market fundamentals."⁴⁰

Thus India has been awarded a score of +1 for complying with its commitment to move toward a more market-determined exchange rate and refrain from competitive devaluation of its currency.

Analyst: Natasha Britto

Indonesia: 0

Indonesia has partially complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency. Indonesia has made progress toward fulfilling its commitment to move toward a market-determined exchange rate system and has refrained from competitive devaluation of its currency.

The Bank of Indonesia's main functions are to maintain "a stable rupiah for goods and services, reflected by the inflation rate and also exchange rate stability against other foreign currencies, which is reflected by rupiah performance against other foreign currencies."⁴¹ Since the Seoul Summit, the Bank of Indonesia has implemented several new policies intended to control short-term foreign capital flows, including placing limits on Indonesian banks' short-term external borrowing to no more than 30% of the banks' capital.⁴²

³⁷India's Capital Inflow Concerns East, The Wall Street Journal. 10 May 2011. Date of Access: 20 May 2011.

http://online.wsj.com/article/SB10001424052748703864204576314762448606074.html?mod=WSJ_topics_obama

³⁸India's Capital Inflow Concerns East, The Wall Street Journal. 10 May 2011. Date of Access: 20 May 2011.

http://online.wsj.com/article/SB10001424052748703864204576314762448606074.html?mod=WSJ_topics_obama

³⁹India Will Not Be Part of Currency Wars, The Times of India (Mumbai) 25 February 2011. Date of Access: 15 March 2011. <http://timesofindia.indiatimes.com/business/india-business/India-will-not-be-part-of-currency-wars-Subbarao/articleshow/7566505.cms>.

⁴⁰India Will Not Be Part of Currency Wars, The Times of India (Mumbai) 25 February 2011. Date of Access: 15 March 2011. <http://timesofindia.indiatimes.com/business/india-business/India-will-not-be-part-of-currency-wars-Subbarao/articleshow/7566505.cms>.

⁴¹Status of the Bank of Indonesia. Bank of Indonesia. Date of Access: 24 March 2011. <http://www.bi.go.id/web/id/>

⁴²2010 Economic Report on Indonesia, Bank of Indonesia (Jakarta) 6 May 2011. Date of Access 8 June 2011. <http://www.bi.go.id/NR/rdonlyres/365FA82B-A53E-40C6-A609-436E8D5BB2AF/22918/ChapterIV1.zip>

Thus Indonesia has been awarded a score of 0 for partially complying with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

Analyst: Gaston Alegre

Italy: +1

Italy has complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

Italy is a member of the European Union, the economic and political alliance of 27 European member states. The EU prohibits the devaluation of currencies thus Italy is unable to engage in exchange rate intervention without risking its membership in the organization.⁴³

On 18 March 2011, Italy, as a member of the G7, agreed to intervene in global currency markets to prevent undue appreciation of the yen in an effort coordinated by G7 finance ministers to stabilize the Japanese economy in the wake of the earthquake and tsunami in early March. In a statement, G7 Finance Ministers declared, “excess volatility and disorderly movements in exchange rates have adverse implications for economic and financial stability. We will monitor exchange markets closely and will cooperate as appropriate.”⁴⁴

Thus Italy has been awarded a score of +1 for complying its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

Analyst: Irene Noemy-Magharian

Japan: +1

Japan has complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

On 27 May 2011 the United States Treasury Department of the Treasury released a Report to Congress on International Economic and Exchange Rate Policies, which included a report on Japanese exchange rate policy. The report notes that “Japan maintains a floating exchange rate regime, but its authorities have intervened in the past, both individually and jointly with the G7 to counter disorderly conditions in the market. Japanese authorities recently have intervened twice in foreign exchange markets, once alone on September 15, 2010, and jointly with the G7 on March 18, 2011.”⁴⁵

On 18 March 2011, Japan requested assistance from G7 finance ministers to prevent undue appreciation of the yen in the wake of the earthquake and tsunami in early March. In response, G7 finance ministers organized a coordinated intervention in foreign currency markets to stabilize the yen. In a statement, G7 Finance Ministers declared, “excess volatility and disorderly

⁴³ Euro, New York Times Topics (New York). 5 February 2011. Date of Access: 27 February 2011. <http://topics.nytimes.com/top/reference/timestopics/subjects/c/currency/euro/index.html?scp=1&sq=italy%20currency%20devaluation&st=cse>

⁴⁴ Statement of G7 Finance Ministers and Central Bank Governors. Bank of Canada. 17 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/statement-of-g7-finance/>

⁴⁴ Bank of Canada Governor Mark Carney discusses Challenges Posed by Globalization, Proposes Global Code of Conduct for Capital Flows. Bank of Canada. 26 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/governor-mark-carney-discusses-challenges/>

⁴⁵ Report to Congress on International Economic and Exchange Rate Policies, United States Treasury Department (Washington) 27 May 2011. Date of Access 7 June 2011. <http://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/FX%20Report%20Final%205-27-11.pdf>

movements in exchange rates have adverse implications for economic and financial stability. We will monitor exchange markets closely and will cooperate as appropriate.”⁴⁶

The Bank of Japan continues to maintain a loose monetary policy, with interest rates ranging between 0 and 0.1. This policy is likely to continue until the current trend of low levels of inflation begins to improve. Furthermore, the Japanese central bank has engaged in USD265 billion in open market operations to calm markets since the earthquake and tsunami in early March. Japanese Minister of Finance Yoshihiko Noda has acknowledged that Japan’s loose monetary policy could weaken the yen but this is not competitive devaluation but currency depreciation in response to underlying market conditions.⁴⁷

Thus Japan has been awarded a score of +1 for complying its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

Analyst: Gaston Alegre

Korea: 0

Korea has partially complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency. Korea has made progress toward fulfilling its commitment to move toward a market-determined exchange rate system and has refrained from competitive devaluation of its currency.

On 27 May 2011 the United States Treasury Department of the Treasury released a Report to Congress on International Economic and Exchange Rate Policies, which included a report on Korean exchange rate policy. The report notes that “Korea officially maintains a market-determined exchange rate, and its authorities intervene with the stated objective of smoothing won volatility.”⁴⁸ The report also noted that the results of a 2010 IMF consultation with Korea indicated that the won was 5 to 20% undervalued relative to its real equilibrium level.⁴⁹

Korean officials have actively intervened against appreciation of the won in the months since the Seoul Summit. In December 2010, Korea introduced a new tax on foreign borrowing by Korean

⁴⁶ Statement of G7 Finance Ministers and Central Bank Governors. Bank of Canada. 17 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/statement-of-g7-finance/>

⁴⁶ Bank of Canada Governor Mark Carney discusses Challenges Posed by Globalization, Proposes Global Code of Conduct for Capital Flows. Bank of Canada. 26 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/governor-mark-carney-discusses-challenges/>

⁴⁷ Bank of Japan Adds 5 Trillion Yen Through One-Day Operation, Bloomberg Business. 16 March 2011. Date of Access: 20 March 2011. <http://www.businessweek.com/news/2011-03-16/bank-of-japan-adds-5-trillion-yen-through-one-day-operation.html>

⁴⁸ Report to Congress on International Economic and Exchange Rate Policies, United States Treasury Department (Washington) 27 May 2011. Date of Access 7 June 2011. <http://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/FX%20Report%20Final%205-27-11.pdf>

⁴⁹ Report to Congress on International Economic and Exchange Rate Policies, United States Treasury Department (Washington) 27 May 2011. Date of Access 7 June 2011. <http://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/FX%20Report%20Final%205-27-11.pdf>

banks in an effort to curb appreciation of the won.⁵⁰ Moreover, by March 10th 2011 Korean foreign reserves had hit a record value of US 296 billion.⁵¹

However, Korea has balanced its goal of curbing currency appreciation with policies targeting inflation. On 14 January 2011, the Bank of Korea followed Chinese, Taiwanese, and Thai central banks by raising interest rates by a quarter percent in an effort to address inflation.⁵²

Thus Korea has been awarded a score of 0 for partially complying with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

Analyst: Gaston Alegre

Mexico: +1

Mexico has complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

On 10 February 2011, Mexican Finance Minister Ernesto Cordero stated that, “in Mexico we respect the rules of the foreign exchange market. We do not intervene in it and we will remain like that... Mexico’s exporting strength does not depend on our currency.”⁵³ This comment was a response to complaints from Mexican exporters lobbying for a weaker peso. As Mexico continues to grapple with various economic challenges such as ‘surging money inflows,’ it continues to abide by free trade principles established in the North American Free Trade Agreement.. Specifically, NAFTA investment rules “prohibit the use of capital controls, based on the notion that the free trade market should rule the international financial system.”⁵⁴

On 21 March 2011, Cordero again reiterated Mexico’s commitment to market-determined exchange rates when he stated that, “we’re not intervening in the market... Mexico is opposed to capital controls.”⁵⁵ In a report released on 17 March 2011 by the Credit Suisse Group, Chief Latin American economist Alonso Cervera wrote that, “Mexico will likely continue to stand out as a country that is unwilling to fight aggressively with current market forces.”⁵⁶

Cordero was present on 27 March 2011 at the Inter- American Development Bank annual meeting in Canada. The IADB is a unique bank whose shareholders include 48 countries

⁵⁰ SKorea announces levy on bank foreign borrowing, Agence-France Presse 19 December 2010. Date of Access 7 June 2011. <http://www.google.com/hostednews/afp/article/ALeqM5gBGVOBhG7Y0i-QNNZCk4Og1Eo9iA?docId=CNG.e152c6d2ed379078cb131dadb3e4b27a.6e1>

⁵¹ World Business Quick Take, Taipei Times. 4 March 2011. Date of Access: 20 April 2011. <http://www.taipeitimes.com/News/biz/archives/2011/03/04/2003497295>

⁵² South Korea raises interest rates: Enter the "war on inflation, The Economist. 14 January 2011. Date of Access: 1 May 2011. http://www.economist.com/blogs/asiaview/2011/01/south_korea_raises_interest_rates

⁵³ Update 1- Mexico finance minister rules out FX intervention, Reuters (New York). 10 February 2011. Date of Access: 27 March 2011. <http://www.reuters.com/article/2011/02/10/mexico-economy-cordero-idUSN1029338520110210>

⁵⁴ Mexico’s Hot Money Challenge, Epoch Times (New York). 6 March 2011. Date of Access: 27 March 2011. <http://www.theepochtimes.com/n2/opinion/mexicos-hot-money-challenge-52467.html>

⁵⁵ Mexico Considers Raising Frequency, Amount of Dollar Options, Cordero Says, Bloomberg (New York). 21 March 2011. Date of Access: 27 March 2011. <http://www.bloomberg.com/news/2011-03-21/mexico-considers-raising-frequency-amount-of-dollar-options-cordero-says.html>

⁵⁶ Mexico Considers Raising Frequency, Amount of Dollar Options, Cordero Says, Bloomberg (New York). 21 March 2011. Date of Access: 27 March 2011. <http://www.bloomberg.com/news/2011-03-21/mexico-considers-raising-frequency-amount-of-dollar-options-cordero-says.html>

(including Mexico) that seek creative poverty reduction policies through various developmental schemes in Latin America and the Caribbean.⁵⁷ During the meeting Cordero announced that “we [Mexico] haven’t imposed any type of capital control, nor will we.”⁵⁸

Thus Mexico has been awarded a score of +1 for complying its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

Analyst: Irene Noemy-Magharian

Russia: +1

Russia has complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

On 12 November 2010, the Bank of Russia board of directors approved the Guidelines for the Single State Monetary Policy in 2011 and for 2012 and 2013. According to this document, the Bank of Russia will scale down its intervention in the exchange rate determination process and prepare economic agents for floating exchange rate conditions. Moreover, the Central bank will not hamper the development of market-based exchange rate trends caused by fundamental changes in the economy.⁵⁹

On 1 March 2011, the Russian Central bank widened the floating band for its bi-currency basket to 5 rubles from 4 rubles and cut the maximum currency intervention volume within the floating band to USD600 million from USD650 million.⁶⁰

Russian authorities have refrained from competitive devaluation of the ruble. From 1 November 2010 to 1 July 2011 Russian ruble exchange rate to the US dollar increased by 10.8%⁶¹ and by 6% to the euro.⁶²

On 23 December 2010, the Chairman of the Russian Central bank said that the Central bank interventions mechanism is designed only for preventing sharp fluctuations of the ruble’s exchange rate.⁶³

⁵⁷ About the Inter-American Development Bank, Inter-American Development Bank (Washington). Date of Access: 27 March 2011. <http://www.iadb.org/en/about-us/about-the-inter-american-development-bank,5995.html>

⁵⁸ Mexico Finance Minister: Sees US Interest Rates Holding Steady, FoxBusiness (Calgary). 27 March 2011. Date of Access: 27 March 2011. <http://www.foxbusiness.com/industries/2011/03/27/mexico-finance-minister-sees-rates-holding-steady/>

⁵⁹ Guidelines for the Single State Monetary Policy in 2011 and for 2012 and 2013, Bank of Russia (Moscow) 12 November 2010. Date of Access: 4 April 2011. http://cbr.ru/eng/today/publications_reports/on_11-eng.pdf

⁶⁰ On Implementation of the Exchange Rate Policy of the Bank of Russia, Bank of Russia (Moscow) 1 March 2011. Date of Access: 4 April 2011. http://cbr.ru/Press/Archive_get_blob.asp?doc_id=110301_1813501.htm

⁶¹ RUB/USD Basic Chart, Yahoo! Finance. Date of Access: 4 April 2011. <http://finance.yahoo.com/q/bc?s=RUBUSD=X&t=1y>

⁶² RUB/EUR Basic Chart, Yahoo! Finance. Date of Access: 4 April 2011. <http://finance.yahoo.com/q/bc?s=RUBEUR=X&t=1y>

⁶³ Interview of the Bank of Russia chairman Sergey Ignatiev to Kommersant Newspaper, Bank of Russia (Moscow), 23 December 2010. Date of Access: 4 April 2011. http://www.cbr.ru/search/print.asp?File=/press/press_centre/ignatiev_kommersant-23122010.htm

Thus Russia has been awarded a score of +1 for taking measures to make its exchange-rate system more flexible, and has avoided competitive devaluation of the ruble.

Analyst: Andrey Sheleпов

Saudi Arabia: 0

Saudi Arabia has partially complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency. Saudi Arabia has made progress toward fulfilling its commitment to move toward a market-determined exchange rate system and has refrained from competitive devaluation of its currency.

On 16 February 2011, Muhammad Al Jasser, head of Saudi Arabian Monetary Agency, stated that the riyal has been pegged to the dollar, and will continue to remain that way as foreign exchange reserves are an important part of Saudi Arabia's countercyclical policy, and the government draws down on the reserves to increase spending when the economy faces a downturn.⁶⁴

On the requirements set by the Supreme Council of the GCC countries [in Bahrain December 2000], Saudi Arabia continues to keep its currency pegged to the US dollar as an anchor, in preparation of creating a unified currency.⁶⁵

Thus Saudi Arabia has been awarded a score of 0 for partially complying with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

Analyst: Nayman Hassan

South Africa: 0

South Africa has partially complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency. South Africa has made progress toward fulfilling its commitment to move toward a market-determined exchange rate system and has refrained from competitive devaluation of its currency.

South Africa's current exchange rate is determined by forces in the exchange market; this policy is supported by the South African Reserve Bank.⁶⁶ On 10 February 2011, South African President Jacob Zuma addressed the South African Parliament. In his speech, the President stated, "Concerns about the exchange rate have been taken to heart. Exchange rate control reforms...are being implemented."⁶⁷

South African Finance Minister Pravin Gordhan followed up on the President's statement in the 28 February 2011 Budget Speech, where he outlined the policies announced and implemented by

⁶⁴ Dollar peg serves Saudi Arabia well – c.bank governor, Reuters Africa (Oxford) 16 February 2011. Date of Access: 30 March 2011.

<http://af.reuters.com/article/energyOilNews/idAFLDE71F2KY20110216?sp=true>.

⁶⁵ Saudi Arabian Monetary Agency – Forty Sixth Annual report (Saudi Arabia) August 2010. Date of Access: 29 March 2011.

http://www.sama.gov.sa/sites/samaen/ReportsStatistics/ReportsStatisticsLib/5600_R_Annual_EN_2010_11_14.pdf

⁶⁶ IMF SA supports flexible exchange rates, BusinessLive. 24 November 2010. Date of Access: 27 March 2011. http://www.businesslive.co.za/southafrica/sa_markets/2010/11/24/imf-sa-rep-supports-flexible-exchange-rates

⁶⁷ State of the National Address by President Jacob Zuma, (Cape Town). 10 February 2011. Date of Access 27 March 2011. <http://southafricahouseuk.com/documents/statnat.pdf>

the South African Reserve Bank since October 2010 to protect the rand from destabilizing capital flows:

“Recognising the impact of rand strength on the manufacturing industry, in particular, we announced measures in October to moderate the potential effect of capital inflows. Foreign exchange regulations were amended to permit greater foreign investment by South African institutions. Stepped up foreign exchange purchases by the Reserve Bank have partially offset upward pressures on the rand. As a result of these policy adjustments, and in line with shifts in investor sentiment globally, the rand depreciated from December 2010 to mid- February 2011 by about 10 percent against the US dollar, the euro and sterling.”⁶⁸

Gordhan also noted that rapid currency depreciation can be disruptive to macroeconomic stability and industrial capacity, and insisted that South African currency policy aims primarily to prevent exchange rate fluctuation.⁶⁹

However, as recently as February 2011, South Africa, among other developing G20 nations such as Brazil, has continued to discuss advantages of competitive devaluation as means of continuing economic growth.⁷⁰ There appears to be a reversal of this position in late February 2011 as Brazil and South Africa contend that a stronger currency is useful in combating increasingly higher inflation rates.⁷¹

Thus South Africa has been awarded a score of 0 for partially complying with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

Analyst: Irene Noemy-Magharian

Turkey: 0

Turkey has partially complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency. Turkey has made progress toward fulfilling its commitment to move toward a market-determined exchange rate system and has refrained from competitive devaluation of its currency.

On 22 April 2011, Turkey’s central bank governor Erdem Basci announced the bank’s decision to keep Turkey’s interest rate at a record low.⁷²

On 28 April 2011, the central bank released a Summary of the Monetary Policy Committee Meeting. The central bank stated that Turkey’s monetary policy would continue to focus on price

⁶⁸ National Budget Speech, South African National Treasury (Pretoria) 28 February 2011. Date of Access 7 June 2011. <http://www.treasury.gov.za/documents/national%20budget/2011/speech/speech2011.pdf>

⁶⁹ National Budget Speech, South African National Treasury (Pretoria) 28 February 2011. Date of Access 7 June 2011. <http://www.treasury.gov.za/documents/national%20budget/2011/speech/speech2011.pdf>

⁷⁰ Has inflation put an end to currency wars? The Voice of Russia (Moscow). 2 March 2011. Date of Access: 27 March 2011. <http://english.ruvr.ru/2011/03/02/46832615.html>

⁷¹ Currency wars retreat as fighting inflation makes emerging markets winners, Bloomberg (New York). 28 February 2011. Date of Access: 27 February 2011. <http://www.bloomberg.com/news/2011-02-28/currency-wars-retreat-as-fighting-inflation-makes-emerging-markets-winners.html>

⁷² Turkish Central Bank Holds Rate at Record Low, The Wall Street Journal (Istanbul) 22 April 2011. Date of Access: 1 May 2011. http://online.wsj.com/article/SB10001424052748704071704576277040019296486.html?mod=googlenews_wsj

stability. It noted, “Strengthening the commitment to fiscal discipline and structural reform agenda in the medium term would support the improvement of Turkey’s sovereign risk, and Thus facilitate macroeconomic and price stability.” The report also went on the state that “sustaining the fiscal discipline will also provide more flexibility for monetary policy and support social welfare by keeping interest rates permanently at low levels.” The report concluded by noting that the implementation of the structural reforms envisaged by the European Union accession process remains “to be of utmost importance.”⁷³

The central bank has moved to accelerate reserve accumulation to contribute to financial stability in order to “be able to adapt to the rapidly changing structure of capital flows.”⁷⁴ Moreover, the central bank successfully terminated the fees of Turkish lira required reserves and effectively redrew “the operational structure of liquidity management⁷⁵ to direct capital inflows driven by global fiscal expansion to “investment instruments with longer maturities.”⁷⁶ The objective was to “continue to implement the floating exchange rate regime in 2011.”⁷⁷

Thus Turkey has been awarded a score of 0 for partially complying with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

Analyst: Natasha Britto

United Kingdom: +1

The United Kingdom has complied with its commitment to move toward a more market-determined exchange rate system and to refrain from competitive devaluation of its currency.

The United Kingdom releases monthly press notices detailing movements in the UK’s official holdings on international reserves, which consist of gold, foreign currency assets and International Monetary Fund assets. These reserves are used to intervene to support the Sterling and the Bank’s monetary policy objectives. In its press notices for December 2010,⁷⁸ January 2011⁷⁹ and February 2011,⁸⁰ the Bank announced that no intervention operations were undertaken.

⁷³ Summary of the Monetary Policy Committee. Central Bank of the Republic of Turkey. 28 April 2011. Date of Access: 28 April 2011. www.tcmb.gov.tr/yeni/eng/

⁷⁴ Monetary and Exchange Rate Policy for 2011, Central Bank of the Republic of Turkey (Ankara) 21 December 2010. Date of Access: 15 March 2011. http://www.tcmb.gov.tr/yeni/announce/2010/Mon_Exc_Pol_2011.pdf.

⁷⁵ Monetary and Exchange Rate Policy for 2011, Central Bank of the Republic of Turkey (Ankara) 21 December 2010. Date of Access: 15 March 2011. http://www.tcmb.gov.tr/yeni/announce/2010/Mon_Exc_Pol_2011.pdf.

⁷⁶ Monetary and Exchange Rate Policy for 2011, Central Bank of the Republic of Turkey (Ankara) 21 December 2010. Date of Access: 15 March 2011. http://www.tcmb.gov.tr/yeni/announce/2010/Mon_Exc_Pol_2011.pdf.

⁷⁷ Monetary and Exchange Rate Policy for 2011, Central Bank of the Republic of Turkey (Ankara) 21 December 2010. Date of Access: 15 March 2011. http://www.tcmb.gov.tr/yeni/announce/2010/Mon_Exc_Pol_2011.pdf.

⁷⁸ UK Official Holdings of International Reserves February 2011, HM Treasury (United Kingdom) 3 March 2011. Date of Access: 26 March 2011. http://www.hm-treasury.gov.uk/d/pn_26_11.pdf

⁷⁹ UK Official Holdings of International Reserves February 2011, HM Treasury (United Kingdom) 3 March 2011. Date of Access: 26 March 2011. http://www.hm-treasury.gov.uk/d/pn_26_11.pdf

⁸⁰ UK Official Holdings of International Reserves February 2011, HM Treasury (United Kingdom) 3 March 2011. Date of Access: 26 March 2011. http://www.hm-treasury.gov.uk/d/pn_26_11.pdf

On 18 March 2011, the United Kingdom, as a member of the G7, agreed to intervene in global currency markets to prevent undue appreciation of the yen in an effort coordinated by G7 finance ministers to stabilize the Japanese economy in the wake of the earthquake and tsunami in early March. In a statement, G7 Finance Ministers declared, “excess volatility and disorderly movements in exchange rates have adverse implications for economic and financial stability. We will monitor exchange markets closely and will cooperate as appropriate.”⁸¹

Thus the UK was awarded a score of +1 for complying with its commitment to move toward a more market-determined exchange rate and refrain from competitive devaluation of its currency.

Analyst: Jason Li

United States: +1

The United States has fully complied with its commitment to move toward a more market-determined exchange rate system and to refrain from competitive devaluation of its currency.

The Treasury announced that in January 2011, the dollar declined by 1.1 against other major currencies and 0.3% against the OITP currencies.⁸² The decline of the dollar was attributed to growing foreign economies. The Monetary Policy Report to the Congress, released 1 March 2011, also states the stabilization of Europe’s financial situation as a reason for the dollar’s weakening.⁸³

On 25 February 2011, the Vice Chair of the Board of Governors of the Federal Reserve System, Janet L. Yellen, attended the University of Chicago Booth School of Business U.S. Monetary Forum. She said that monetary policies, namely to keep nominal interest rates low, deployed by the Federal Open Market Committee (FOMC) put “moderate downward pressure on the foreign exchange value of the dollar.”⁸⁴

On 26 April 2011, Treasury Secretary Timothy F. Geithner reiterated the United States’ commitment to avoiding devaluation of the dollar. Secretary Geithner stated that the U.S is committed to a “strong dollar” and that it won’t weaken its currency in an effort to gain an advantage over its partners. Secretary Geithner said, “Our policy has been and will always be, as long as at least I’m in this job, that a strong dollar is in our interest as a country...we will never embrace a strategy of trying to weaken our currency to try to gain economic advantage.”⁸⁵

⁸¹ Statement of G7 Finance Ministers and Central Bank Governors. Bank of Canada. 17 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/statement-of-g7-finance/>

⁸¹ Bank of Canada Governor Mark Carney discusses Challenges Posed by Globalization, Proposes Global Code of Conduct for Capital Flows. Bank of Canada. 26 March 2011. Date of Access: 22 April 2011.

⁸² Report to Congress on International Economic and Exchange Rate Policies, U.S. Department of the Treasury Office of International Affairs (United States) February 2011. Date of Access: 26 March 2011. <http://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/Foreign%20Exchange%20Report%20February%202011.pdf>

⁸³ Monetary Policy Report to the Congress, Board of Governors of the Federal Reserves System (United States) 1 March 2011. Date of Access: 26 March 2011. http://www.federalreserve.gov/monetarypolicy/files/20110301_mprfullreport.pdf

⁸⁴ Unconventional Monetary Policy and Central Bank Communications, Board of Governors of the Federal Reserves System (United States) 25 February 2011. Date of Access: 26 March 2011. <http://www.federalreserve.gov/newsevents/speech/yellen20110225a.htm>

⁸⁵ Geithner Says U.S. Will Never Weaken Dollar to Gain an Advantage in Trade, Bloomberg. 26 April 2011. Date of Access: 29 April 2011. <http://www.bloomberg.com/news/2011-04-26/geithner-says-u-s-will-never-weaken-dollar-to-gain-an-advantage-in-trade.html>

On 27 April 2011, Federal Reserve Chairman Ben S. Bernanke said that the federal government has decided to end its USD600 billion bond-buying program. The economic support program is scheduled to end in June. However, the Federal Reserve announced that it would continue a separate aid program: it is reinvesting about USD17 billion/month in proceeds from its portfolio of mortgage securities to buy Treasury debt.⁸⁶

On 18 March 2011, the United States, as a member of the G7, agreed to intervene in global currency markets to prevent undue appreciation of the yen in an effort coordinated by G7 finance ministers to stabilize the Japanese economy in the wake of the earthquake and tsunami in early March. In a statement, G7 Finance Ministers declared, “excess volatility and disorderly movements in exchange rates have adverse implications for economic and financial stability. We will monitor exchange markets closely and will cooperate as appropriate.”⁸⁷

Thus the United States has been awarded a score of +1 for its full compliance with its commitment to move toward a more market-determined exchange rate and refrain from competitive devaluation of its currency.

Analyst: Jason Li

European Union: +1

The European Union has fully complied with its commitment to move toward a more market-determined exchange rate system and refrain from competitive devaluation of its currency.

On 12 May 2011, European Central Bank Executive Board member Juergen Stark said Europe’s recovery is strong enough to continue without additional support from governments and the region’s central bank. He stated, “The economy no longer needs fiscal or monetary policy support ... Growth is increasingly self sustaining and is broad based and the first quarter was significantly stronger than expected.”⁸⁸

On 18 March 2011, the European Union, as a member of the G7, agreed to intervene in global currency markets to prevent undue appreciation of the yen in an effort coordinated by G7 finance ministers to stabilize the Japanese economy in the wake of the earthquake and tsunami in early March. In a statement, G7 Finance Ministers declared, “excess volatility and disorderly movements in exchange rates have adverse implications for economic and financial stability. We will monitor exchange markets closely and will cooperate as appropriate.”⁸⁹

⁸⁶ Fed says \$600B bond program to end in June, Associated Press (Washington) 27 April 2011. Date of Access: 29 April 2011. http://news.yahoo.com/s/ap/20110427/ap_on_bi_ge/us_federal_reserve

⁸⁷ Statement of G7 Finance Ministers and Central Bank Governors. Bank of Canada. 17 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/statement-of-g7-finance/>

⁸⁷ Bank of Canada Governor Mark Carney discusses Challenges Posed by Globalization, Proposes Global Code of Conduct for Capital Flows. Bank of Canada. 26 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/governor-mark-carney-discusses-challenges/>

⁸⁸ Stark Says Euro Economy No Longer Needs Fiscal, Monetary Support, Bloomberg. 13 May 2011. Date of Access: 13 May 2011. <http://www.bloomberg.com/news/2011-05-13/stark-says-euro-economy-no-longer-needs-fiscal-monetary-support.html>

⁸⁹ Statement of G7 Finance Ministers and Central Bank Governors. Bank of Canada. 17 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/statement-of-g7-finance/>

⁸⁹ Bank of Canada Governor Mark Carney discusses Challenges Posed by Globalization, Proposes Global Code of Conduct for Capital Flows. Bank of Canada. 26 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/governor-mark-carney-discusses-challenges/>

Thus the European Union has been awarded a score of +1 for its compliance with its commitment to move toward a more market-determined exchange rate and refrain from competitive devaluation of its currency.

Analyst: Ivana Jankovic

2. Macroeconomy: Fiscal Consolidation

Commitment [#48]:

“Advanced economies will formulate and implement clear, credible, ambitious and growth-friendly medium-term fiscal consolidation plans in line with the Toronto commitment, differentiated according to national circumstances.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Australia			+1
Canada			+1
France			+1
Germany			+1
Italy			+1
Japan			+1
Korea			+1
United Kingdom			+1
United States			+1
European Union			+1
Average Score		+1	

Background:

The G20 leaders, finance ministers, and central bank governors’ have underscored the importance of sustainable public finances since the G20 Finance Ministers and Central Bank Governors’ Meeting in Washington in April 2010. Under G20 Framework for Strong, Sustainable, and Balanced Growth, it was agreed that sustainable growth should be based on sustainable public finances.⁹⁰ During the G20 Finance Ministers and Central Bank Governors’ Meeting in Busan, Korea in June 2010, the leaders solidified their commitment to and the need for fiscal consolidation and stated that recent economic events highlighted the need for sustainable public finances and the need to “deliver fiscal sustainability, sustainability, differentiate for and tailored to national circumstances.”⁹¹

In the Toronto Communiqué, the leaders affirmed that “Sound fiscal finances are essential to sustain recovery, provide flexibility to respond to new shocks, ensure the capacity to meet the challenges of aging populations, and avoid leaving future generations with a legacy of deficits and debt.”⁹² The leaders established that fiscal plans have to be “credible, clearly communicated, differentiated to national circumstances, and focused on measures to foster economic growth.” In

⁹⁰ G20 Finance Ministers and Central Bank Governors’ Communiqué, G20 Finance Ministers and Central Bank Governors’ Meeting (Washington) 23 April 2010. Date of Access: 14 October 2010.

<http://www.g20.utoronto.ca/2010/g20finance100605.html>

⁹¹ G20 Finance Ministers and Central Bank Governors’ Communiqué, G20 Finance Ministers and Central Bank Governors’ Meeting (Busan) 5 June 2010. Date of Access: 14 October 2010.

<http://www.g20.utoronto.ca/2010/g20finance100605.html>

⁹² The G20 Toronto Summit Declaration, G20 Toronto Summit (Toronto) 27 June 2010. Date of Access: 17 October 2010. http://g20.org/Documents/g20_declaration_en.pdf

addition, the leaders have also warned that “failure to implement consolidation where necessary would undermine confidence and hamper growth.”⁹³

During the G20 Seoul Summit the leaders formulated specific medium term fiscal consolidation strategies and policy actions tailored to their individual national circumstances under the *Policy Commitments by G20 Members* document.⁹⁴ The commitment calls on advanced economies to formulate and implement clear, credible, ambitious, and growth-friendly medium-term fiscal consolidation plans in line with the Toronto commitment. According to *The G20 Toronto Summit Declaration*, the leaders agreed that fiscal consolidation plans by advanced economies will “need to begin in 2011, and earlier for countries experiencing significant fiscal challenges at present.”⁹⁵

Commitment Features:

The commitment is composed of two distinguished features. First, advanced economies are called on to formulate clear, credible, ambitious and growth friendly medium-term consolidation plans. Second, advanced economies are called on to implement the stated consolidation plans. Given that the first feature has been fulfilled through the *Policy Commitments by G20 Members* document, members are required to implement policy goals as outlined under their national medium-term fiscal consolidation plan, in order to register full compliance.

Given that the G20 has first emphasized the importance of fiscal prudence in April 2010 during the G20 Finance Ministers and Central Bank Governors’ Meeting in Washington members could have announced fiscal consolidation strategies as early as April 2010 to register full compliance.

Advanced economies as identified by the G20 are: Australia, Canada, France, Germany, Italy, Japan, Korea, United Kingdom, United States, and the European Union.⁹⁶

Scoring Guidelines:

-1	Member does not implement any policy plans, in line with its G20 differentiated approach to fiscal consolidation.
0	Member partially implements its G20 differentiated approach to fiscal consolidation.
+1	Member fully implements its G20 differentiated approach to fiscal consolidation.

Australia: +1

Australia has fully complied with its commitment to both formulate and implement clear, credible, and ambitious and growth-friendly medium-term consolidation plans.

Australia entered the Toronto Summit with almost no net government debt and in strong fiscal standing. According to market outlook, Australia is expected to return the budget to surplus by 2012-13.⁹⁷

⁹³ The G20 Toronto Summit Declaration, G20 Toronto Summit (Toronto) 27 June 2010. Date of Access: 17 October 2010. http://g20.org/Documents/g20_declaration_en.pdf

⁹⁴ Policy Commitments by G20 Members, G20 Information Centre (Toronto) 12 November 2010. Date of Access: 13 March 2011. <http://www.g20.utoronto.ca/2010/g20seoul-commitments.pdf>

⁹⁵ The G20 Toronto Summit Declaration, G20 Information Centre (Toronto) 27 June 2010. Date of Access: 13 March 2011. <http://www.g20.utoronto.ca/2010/to-communicue.html>

⁹⁶ The G20 Toronto Summit Declaration, G20 Toronto Summit (Toronto) 27 June 2010. Date of Access: 17 October 2010. <http://www.g20.utoronto.ca/2010/g20seoul-commitments.pdf>

⁹⁷ A G20 Summit Primer, BMO Capital Markets (Toronto) 23 June 2010. Date of Access: 17 October 2010 www.bmonesbittburns.com/economics/reports/20100623/sr100623.pdf

Based on comprehensive actions outlined in the 2010/11 National Budget, Australia expects to reap savings of more than AUD30 billion by 2014, starting immediately in 2010.⁹⁸

According to the 2010-2011 Australian National Budget, the government has maintained its commitment to consolidate spending to improve its fiscal outlook by keeping a 2% cap on spending.⁹⁹

According to the IMF Fiscal Monitor, as at November 2010, Australia is considered a low deficit country and Australia's budget deficit is expected to shrink from 4.6% to 2.5% between 2010 and 2011 in line with its commitment to fiscal consolidation.¹⁰⁰

Due to both successful policy formulation and implementation, Australia has been awarded a score of +1.

Analyst: Faiyyad Hosein

Canada: +1

Canada has fully complied with its commitment to both formulate and implement clear, credible, and ambitious and growth friendly medium-term consolidation plans.

Canada entered the Toronto Summit with a federal deficit of about 3% of GDP and the combined provincial deficit of around 2% of GDP.¹⁰¹ On the 4 March 2010 Finance Minister James Flaherty released the 2010 National Budget also known as Year 2 of its Economic Action Plan.¹⁰² The 2010 Budget charts a course to bring Canada's finances back to balance over the medium term.¹⁰³ The budget aimed to wind down previous stimulus measures, restrain spending through targeted measures, create CAD17.6 billion in savings over five years, and the government plans to take a comprehensive review of government administrative functions and overhead costs to improve savings.¹⁰⁴

On 22 March 2011, Finance Minister Honourable James Flaherty delivered Budget 2011 to the House of Commons.¹⁰⁵ The main focus of the budget is on job creation, growth, and low tax planning. Under the budget, fiscal deficit in 2011 and 2012 is expected to decline by more than 0.5% and is expected to decline to CAD0.3 billion by 2015.¹⁰⁶ Fiscal year 2015-16 is projected to

⁹⁸ Appendix F: Major Savings in the 2010 – 2011 budget, Australian Government (Canberra) July 2010.

Date of Access: 17 October 2010. www.budget.gov.au/2010-11/content/overview/html/overview_36.htm

⁹⁹ Statement 3: Fiscal Strategy & Outlook in the 2010 – 2011 budget, Australian Government (Canberra)

July 2010. Date of Access: 24 February 2011 [http://www.budget.gov.au/2010-](http://www.budget.gov.au/2010-11/content/bp1/html/bp1_bst3-03.htm)

[11/content/bp1/html/bp1_bst3-03.htm](http://www.budget.gov.au/2010-11/content/bp1/html/bp1_bst3-03.htm)

¹⁰⁰ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

¹⁰¹ A G20 Summit Primer, BMO Capital Markets (Toronto) 23 June 2010. Date of Access: 17 October

2010 www.bmonesbittburns.com/economics/reports/20100623/sr100623.pdf

¹⁰² Budget in Brief, Department of Finance Canada (Ottawa) 4 March 2010. Date of Access: 17 October

2010. www.budget.gc.ca/2010/glance-apercu/brief-bref-eng.html

¹⁰³ Budget in Brief, Department of Finance Canada (Ottawa) 4 March 2010. Date of Access: 17 October

2010. www.budget.gc.ca/2010/glance-apercu/brief-bref-eng.html

¹⁰⁴ Budget in Brief, Department of Finance Canada (Ottawa) 4 March 2010. Date of Access: 17 October

2010. www.budget.gc.ca/2010/glance-apercu/brief-bref-eng.html

¹⁰⁵ Annex 1, Responsible Spending, Department of Finance Canada (Ottawa) 22 March 2011. Date of

Access: 24 March 2011 <http://www.budget.gc.ca/2011/plan/anx1-eng.html>

¹⁰⁶ Annex 1, Responsible Spending, Department of Finance Canada (Ottawa) 22 March 2011. Date of

Access: 24 March 2011 <http://www.budget.gc.ca/2011/plan/anx1-eng.html>

see a surplus of CAD4.2 billion.¹⁰⁷ As part of the Government's plan to return to balanced budgets over the medium term and in order to restrain the growth in spending, the Government will undertake a one-time Strategic and Operating Review to be conducted across all of government in 2011–12. The Government's careful approach to spending will remain a key feature of its fiscal management strategy.¹⁰⁸

The Government of Canada has engaged in Strategic reviews in order to accumulate savings as mandated by the 2010 national budget.¹⁰⁹ The round of strategic reviews combined with targeted restraint in the growth of National Defense spending will yield savings of close to CAD1.6 billion in 2013–14, amounting to 4.9% of the review base on an ongoing basis. Together with measures to restrain the growth in National Defense spending, the first cycle of strategic reviews has resulted in CAD11 billion of savings over seven years and more than CAD2.8 billion in ongoing savings.¹¹⁰

Hence Canada has been awarded a score of +1.

Analyst: Faiyyad Hosein

France: +1

France has fully complied with its commitment to both formulate and implement clear, credible, and ambitious and growth friendly medium-term consolidation plans.

France entered the Toronto Summit with a budget deficit of 8% of GDP.¹¹¹ Under the its recent budget consolidation measures, France's government forecasts a deficit of 7.7% of GDP in 2010, 6% in 2011, and hopes to hit 3% by 2013.¹¹² Cuts in expenditure will come from the following areas, Frances retirement age will be pushed to 62 from 60, allowing more than 30,000 civil service staff retire without replacing them, replace of only 50% of existing bureaucrats and tax breaks worth 10 billion Euros will be withdrawn, but no new taxes will be implemented.¹¹³

According to the IMF Fiscal Monitor Nov. 2010 France's deficit is now projected to decline by 2 percentage points in 2011 due to these new revenue measures. In terms of containing healthcare spending, France slashed reimbursement rates for a large number of drugs and imposed price caps on generics. There has also been substantial pension reform by France which will improve the

¹⁰⁷ Annex 1, Responsible Spending, Department of Finance Canada (Ottawa) 22 March 2011. Date of Access: 24 March 2011 <http://www.budget.gc.ca/2011/plan/anx1-eng.html>

¹⁰⁸ Annex 1, Responsible Spending, Department of Finance Canada (Ottawa) 22 March 2011. Date of Access: 24 March 2011 <http://www.budget.gc.ca/2011/plan/anx1-eng.html>

¹⁰⁹ Annex 1, Responsible Spending, Department of Finance Canada (Ottawa) 22 March 2011. Date of Access: 24 March 2011 <http://www.budget.gc.ca/2011/plan/anx1-eng.html>

¹¹⁰ Annex 1, Responsible Spending, Department of Finance Canada (Ottawa) 22 March 2011. Date of Access: 24 March 2011 <http://www.budget.gc.ca/2011/plan/anx1-eng.html>

¹¹¹ A G20 Summit Primer, BMO Capital Markets (Toronto) 23 June 2010. Date of Access: 17 October 2010 www.bmonesbittburns.com/economics/reports/20100623/sr100623.pdf

¹¹² French Budget Aims to Cut Deficit, BBC News (London) 29 September 2010. Date of Access: 29 October 2010. www.bbc.co.uk/news/business-11434531

¹¹³ French Budget Aims to Cut Deficit, BBC News (London) 29 September 2010. Date of Access: 29 October 2010. www.bbc.co.uk/news/business-11434531

long term fiscal baseline of this country.¹¹⁴ France has passed the law increasing the retirement age from 60 – 62 years in line with their fiscal consolidation plan.¹¹⁵

Due to both successful policy formulation and implementation by France, France has been awarded a score of +1.

Analyst: Faiyyad Hosein

Germany: +1

Germany has fully complied with its commitment to both formulate and implement clear, credible, ambitious, and growth friendly medium-term consolidation plans. The German budget deficit for 2010 stood at 3.5%. While it was one of the lowest in the euro zone it exceeded the reference value of 3% set by the European Stability and Growth pact.¹¹⁶

On 2 July 2010 the German government implemented the Austerity Program to control the budget deficit with imposing new tax measures and radical savings in areas including defense to take effect starting 2011.¹¹⁷ The spending cuts and tax hikes are part of Chancellor Merkel's pledge to foster a new culture of stability in Europe by helping to reduce the burden of public debt.¹¹⁸

The above plan was announced in July 2010; however successful policy implementation has led to a deficit reduction. The Ministry had anticipated a shortfall of EUR117.5 billion, by the end of November 2010 and this gap has decreased to a current EUR94.5 billion. The finance ministry expects the deficit to fall further to EUR92 billion showing a clear implementation of the German Austerity Program.¹¹⁹

According to the IMF Fiscal Monitor, as at November 2010, Germany is considered a low deficit country and Germany's fiscal deficit is projected to fall from 4.5% to 3.7% from 2010 to 2011 in line with its plan of fiscal consolidation. Germany has had a high focus on social transfer cuts and a reduction in defense spending is being considered. Germany has also adopted new green taxes as a revenue measure in reducing the deficit.¹²⁰ Germany's reform proposals on healthcare include a three-year freeze on prices of pharmaceutical covered by statutory health insurance and increased the rebate that drug manufacturers are expected to pay.¹²¹

¹¹⁴ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

¹¹⁵ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

¹¹⁶ Germany closes 2010 budget accounts, Federal Ministry of Finance, Germany (Berlin) 13 January 2011. Date of Access: 24 March 2011. http://www.bundesfinanzministerium.de/nr_103442/EN/Topics/Fiscal-policy/Articles/13012011-NKA.html?_nnn=true

¹¹⁷ Berlin Budget Deficit Much Lower than Expects, Spiegel Online (Berlin) 22 June 2010. Date of Access: 17 October 2010. www.spiegel.de/international/business/0,1518,702114,00.html

¹¹⁸ Germany Austerity Program offers chance for new beginning, Spiegel Online (Berlin) 2 June 2010. Date of Access: 17 October 2010. www.spiegel.de/international/germany/0,1518,698378,00.html

¹¹⁹ Federal Ministry of Finance, Germany – 13 January 2011. Date of Access: 24 March 2011. http://www.bundesfinanzministerium.de/nr_103442/EN/Topics/Fiscal-policy/Articles/20101210-Successful-policy-leads-to-deficit-reduction.html?_nnn=true

¹²⁰ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

¹²¹ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

Germany is constitutionally expected to consolidate via its new debt brake law which limits the amount of the debt the country can have, the starting value for the structural deficit has to be reduced in equal steps from 2011 to 2016, after which it may not exceed 0.35% of GDP.¹²²

Due to both successful policy formulation and implementation, Germany has been awarded a score of +1.

Analyst: Faiyyad Hosein

Italy: +1

Italy has fully complied with its commitment to both formulate and implement clear, credible, and ambitious and growth friendly medium-term consolidation plans.

Italy entered the Toronto Summit with a budget deficit of around 5% and with debt-to-GDP ratio at over 100% of GDP.¹²³

On 26 May 2010 Prime Minister Silvio Berlusconi announced EUR24.9 billion of budget cuts. Italy's cuts include a three-year wage freeze for civil servants, a 10% budget cut for ministries, EUR4.5 billion in reduced transfers to regional governments, a partial amnesty on illegal construction and a crackdown on tax evasion.¹²⁴ This EUR25 billion austerity budget also known as the stability plan was subsequently approved by the Italian government showing a firm and comprehensive plan to reduce their budget deficit.¹²⁵

According to the IMF Fiscal Monitor Report Nov. 2010, the budget deficit is projected to fall from 5.1% to 4.3% from 2010 to 2011 in line with its goal of fiscal consolidation. Italy has maintained its sector wage freeze for public servants and they are also planning to enhance their tax revenue administrations to decrease tax evasion going forward.¹²⁶ Italy has also introduced a permanent tax on bonuses and stock options paid to managers and independent professionals in the financial sector.¹²⁷

Due to both successful policy formulation and implementation, Italy has been awarded a score of +1.

Analyst: Faiyyad Hosein

¹²² Federal Ministry of Finance, Germany – 6 July 2010. Date of Access: 24 March 2011.

http://www.bundesfinanzministerium.de/nr_103388/sid_46DC2F2230E26443E7FC3B38F78F7A43/EN/Topics/Fiscal-policy/Articles/20100816-Debt-rule-compels-consolidate.html?_nnn=true

¹²³ A G20 Summit Primer, BMO Capital Markets (Toronto) 23 June 2010. Date of Access: 17 October 2010

www.bmonesbittburns.com/economics/reports/20100623/sr100623.pdf

¹²⁴ Berlusconi says \$30 billion of budget cuts needed to save Euro, Bloomberg Businessweek (New York) 26 May 2010. Date of Access: 17 October 2010. [www.businessweek.com/news/2010-05-26/berlusconisays-](http://www.businessweek.com/news/2010-05-26/berlusconisays-30-billion-of-budget-cuts-needed-to-save-euro.html)

[30-billion-of-budget-cuts-needed-to-save-euro.html](http://www.businessweek.com/news/2010-05-26/berlusconisays-30-billion-of-budget-cuts-needed-to-save-euro.html)

¹²⁵ Italy OKs 2011 Austerity Budget, Pledges growth push, Wall Street Journal (New York) 14 October 2010. Date of Access: 17 October 2010. online.wsj.com/article/BT-CO-20101014-706639.html

¹²⁶ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

¹²⁷ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

Japan: +1

Japan has fully complied with its commitment to both formulate and implement clear, credible, and ambitious and growth friendly medium-term consolidation plans.

On 22 June 2010, the Japanese government established the Fiscal Management Strategy and unveiled its fiscal plan that aims to reduce budget deficit.¹²⁸ The fiscal plan calls for bringing the primary budget balance into surplus by 2020/21 and lowering the debt-to-GDP ratio from 2021/22.¹²⁹

According to the highlights of the Japanese budget for financial year 2011, there has been a clear implementation of fiscal consolidation policies.¹³⁰ Japanese authorities ensured fiscal discipline and government bond issuance was limited to 44 trillion. Other implementation measures include the reduction of 10-20% of road improvement and flood control projects, as well as a reduction of subsidies by about 20% to support the introduction of photovoltaic power generation devices in private houses.¹³¹

According to IMF Fiscal Monitor, as at November 2010, Japan is considered a high deficit country and Japan's deficit is project to decrease from 2010 to 2011 from 9.6% of GDP to 8.9% of GDP. The deficit is declining due to lower fiscal stimulus and an enhanced recovery in Japan.¹³²

Due to both successful policy formulation and implementation by Japan, Japan has been awarded a score of +1.

Analyst: Faiyyad Hosein

Korea: +1

Korea has fully complied with its commitment to both formulate and implement clear, credible, and ambitious and growth friendly medium-term consolidation plans.

Korea entered the Toronto Summit with a balanced budget and maintained stable balances at the Seoul Summit.¹³³ On 27 September 2010, the Ministry of Strategy and finance proposed 2011 Budget to the parliament that aims to raise spending to ensure recovery yet will lower fiscal deficit by targeting higher revenues.¹³⁴ Deficit reduction will partly come from a cut in spending

¹²⁸ FACTBOX-Budget deficits of richer G20 nations, Reuters (Washington) 27 June 2010. Date of Access: 27 October 2010. www.reuters.com/article/idUSN2412302520100627

¹²⁹ FACTBOX-Budget deficits of richer G20 nations, Reuters (Washington) 27 June 2010. Date of Access: 27 October 2010. www.reuters.com/article/idUSN2412302520100627

¹³⁰ Highlights of the budget for FY2011, Ministry of Finance, Japan (Tokyo) December 2010. Date of Access: 24 March 2011. <http://www.mof.go.jp/english/budget/e20101224a.pdf>

¹³¹ Highlights of the budget for FY2011, Ministry of Finance, Japan (Tokyo) December 2010. Date of Access: 24 March 2011. <http://www.mof.go.jp/english/budget/e20101224a.pdf>

¹³² IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

¹³³ A G20 Summit Primer, BMO Capital Markets (Toronto) 23 June 2010. Date of Access: 17 October 2010 www.bmonesbittburns.com/economics/reports/20100623/sr100623.pdf

¹³⁴ South Korea proposes higher 2011 budget vs 2010, Reuters Online (New York) 28 September 2010. Date of Access 1 April 2011. <http://www.reuters.com/article/2010/09/28/korea-economy-budget-idUSBJL00207020100928>

on infrastructure by 3.2% that was increased earlier to boost economic recovery.¹³⁵ Fiscal deficit is expected to decrease by 0.7 percentage points to 2% of the annual GDP in 2011.¹³⁶

According to the IMF Fiscal Monitor Report as at November 2010, Korea is considered a low deficit country and the government has announced the adoption or extension of Green Taxes in line with their policy formulation.¹³⁷ Korean government also plans to enhance revenue administration processes to reduce tax evasion.¹³⁸ The medium-term projections by the IMF assume that the government will resume its consolidation plans and balance the budget, excluding social security funds, in 2014.¹³⁹

Due to both successful policy formulation and implementation by government authorities, Korea has been awarded a score of +1.

Analyst: Faiyyad Hosein

United Kingdom: +1

The United Kingdom has fully complied with its commitment to both formulate and implement clear, credible, and ambitious and growth friendly medium-term consolidation plans.

On 20 October 2010, the UK Treasury released the Comprehensive Spending review 2010. The spending review plans to reduce the budget deficit by raising tax revenue by an estimated GBP7 billion by 2014-2015 by combating tax fraud, evasion and avoidance.¹⁴⁰ The government will also look at the potential sale of public sector assets to raise revenue and cut administration budgets across all of Whitehall to save GBP5.9 billion a year until 2014 — 2015. The spending review also outlines a plan for public sector net debt as a percentage of GDP to fall at fixed date of 2015-2016.¹⁴¹

According to the IMF Fiscal Monitor Report as at November 2010, the UK's deficit was projected to decrease by 2 percentage points which is 1¼ percentage points lower than was expected in May 2010.¹⁴² The United Kingdom has complemented its revenue measures with VAT increases to work towards fiscal consolidation. The United Kingdom has also announced a

¹³⁵ South Korea proposes higher 2011 budget vs 2010, Reuters Online (New York) 28 September 2010. Date of Access 1 April 2011. <http://www.reuters.com/article/2010/09/28/korea-economy-budget-idUSBJL00207020100928>

¹³⁶ South Korea proposes higher 2011 budget vs 2010, Reuters Online (New York) 28 September 2010. Date of Access 1 April 2011. <http://www.reuters.com/article/2010/09/28/korea-economy-budget-idUSBJL00207020100928>

¹³⁷ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

¹³⁸ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

¹³⁹ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

¹⁴⁰ Spending Review 2010, HM Treasury (London) 20 October 2010: Date of Access: October 21 2010. cdn.hm-treasury.gov.uk/sr2010_completereport.pdf

¹⁴¹ Spending Review 2010, HM Treasury (London) 20 October 2010: Date of Access: October 21 2010. cdn.hm-treasury.gov.uk/sr2010_completereport.pdf

¹⁴² IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

sector wage freeze to decrease its wage bill. It has also set out proposal to reduce future defence spending by 8 percent from 2011-2012 and 2014-2015.¹⁴³

The 2011 United Kingdom Budget was delivered on 23 March 2011.¹⁴⁴ Key measures in the budget include increases in the personal tax allowance, cuts in corporation tax, a cut in fuel duty.¹⁴⁵ Under the plan, national debt is forecasted to be 60% of national income and to rise to 71% in 2012 before falling to 69% by 2015. There is a planned total consolidation by the government of GBP126 billion a year by 2015-16. This is composed of a net increase in taxation of GBP30 billion and spending reductions of GBP95 billion.¹⁴⁶ According to the Treasury, the Public Sector Net Borrowing is forecasted to decline steadily as a share of national income due to lower spending on social services and social security showing successful policy implementation by the UK government.¹⁴⁷ As opposed to the 2010 Budget the 2011 Budget did not focus solely on deficit reduction but on economic reform, job creation, and growth.¹⁴⁸

The budget falls within the guidelines of clear, credible, ambitious and growth-friendly medium-term fiscal consolidation plans that is differentiated according to national circumstances.

Hence the United Kingdom has been awarded a score of +1.

Analyst: Faiyyad Hosein

United States: +1

The United States has fully complied with its commitment to both formulate and implement clear, credible, ambitious and growth-friendly medium-term fiscal consolidation plans. The United States entered the Toronto Summit with a budget deficit of USD1.3 trillion, about 9% of GDP.¹⁴⁹

On 14 February 2011, the US President Barack Obama submitted a federal budget to the Congress for fiscal year 2012.¹⁵⁰ One of the main focuses of the budget is deficit reduction. The budget plans for USD1 trillion in deficit reduction of which two thirds will come from reduction in spending and mainly from changes to taxation, entitlement programs, defense spending, and research funding.¹⁵¹ The deficit is projected to move from USD1.645 trillion in 2011 at 10.9% of GDP to USD627 billion and 3.0% of GDP in 2017 due to the comprehensive fiscal plan.¹⁵²

¹⁴³ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

¹⁴⁴ 2011 Budget Documents, HM Treasury (London) 23 March 2011. Date of Access: 27 March 2011.

http://www.hm-treasury.gov.uk/2011budget_documents.htm

¹⁴⁵ Osborne's Budget 'to fuel growth', BBC UK (London) 23 March 2011. Date of Access: 27 March 2011.

<http://www.bbc.co.uk/news/uk-politics-12824055>

¹⁴⁶ 2011 Budget Documents, HM Treasury (London) 23 March 2011. Date of Access: 27 March 2011.

http://www.hm-treasury.gov.uk/2011budget_documents.htm

¹⁴⁷ Economic and Fiscal Outlook, Office for Budgetary Responsibility HM Treasury (London) 11 March 2011. Date of Access: 24 March 2011.

http://cdn.budgetresponsibility.independent.gov.uk/economic_and_fiscal_outlook_23032011.pdf

¹⁴⁸ Osborne's Budget 'to fuel growth', BBC UK (London) 23 March 2011. Date of Access: 27 March 2011.

<http://www.bbc.co.uk/news/uk-politics-12824055>

¹⁴⁹ A G20 Summit Primer, BMO Capital Markets (Toronto) 23 June 2010. Date of Access: 17 October 2010 www.bmonesbittburns.com/economics/reports/20100623/sr100623.pdf

¹⁵⁰ Federal Budget 2012 Overview, the White House Office of Management and Budget (Washington) 14 February 2011. Date of Access: 27 March 2011. <http://www.whitehouse.gov/omb/overview>

¹⁵¹ Federal Budget 2012 Overview, the White House Office of Management and Budget (Washington) 14 February 2011. Date of Access: 27 March 2011. <http://www.whitehouse.gov/omb/overview>

¹⁵² Federal Budget 2012 Overview, the White House Office of Management and Budget (Washington) 14 February 2011. Date of Access: 27 March 2011. <http://www.whitehouse.gov/omb/overview>

The FY2012 budget has identified 120 terminations, reductions and savings that will save approximately \$20 billion a year. Some of the terminations include the termination of the Adolescent family life program, C-17 Air Transport Reduction Program & Deep Underground and Engineering Laboratory Program among many others.¹⁵³ Total of USD400 billion in savings will come from a five-year non-security discretionary spending freeze over the next ten years. The budget also sets out for exclusion of war savings. Tax measures include the end of 2001 and 2003 tax cuts for high-income earners.

According to the IMF Fiscal Monitor Report as at November 2010, the US fiscal deficit is projected to fall from 11.1% to 9.7% from 2010 to 2011 in line with its goal of fiscal consolidation.

On 12 February 2010, the US Government also enacted the *Pay-As-You-Go Act*. The Act requires any future bills that earmark for revenue reductions must be fully offset by cuts in mandatory programs or by revenue increases and that any planned increases in expenditures must be offset by revenue increases or cuts in mandatory programs.¹⁵⁴ The Act will require that all new legislation changing taxes, fees, or mandatory expenditures, taken together, will not increase projected deficits.¹⁵⁵

Due to both successful policy formulation and implementation of clear, credible, ambitious and growth-friendly medium-term fiscal consolidation plans, the United States has been awarded a score of +1.

Analyst: Faiyyad Hosein

¹⁵³ Fiscal Year 2012 Terminations, Reductions & Savings: Budget of the US Government, the White House Office of Management and Budget (Washington) 14 February 2011. Date of Access: 27 March 2011.

<http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/trs.pdf>

¹⁵⁴ Statutory Pay As You Go Act of 2010: The White House Office of Management and Budget (Washington) 12 February 2010. Date of Access: 27 March 2011.

http://www.whitehouse.gov/omb/paygo_description

¹⁵⁵ Statutory Pay As You Go Act of 2010: The White House Office of Management and Budget (Washington) 12 February 2010. Date of Access: 27 March 2011.

http://www.whitehouse.gov/omb/paygo_description

3. Finance: Basel III

Commitment [#51]:

“In particular, we will implement fully the new bank capital and liquidity standards.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina	-1		
Australia			+1
Brazil			
Canada			+1
China		0	
France		0	
Germany		0	
India		0	
Indonesia			+1
Italy			+1
Japan		0	
Korea		0	
Mexico		0	
Russia		0	
Saudi Arabia			+1
South Africa			+1
Turkey		0	
United Kingdom			+1
United States			+1
European Union		0	
Average Score		0.25	

Background:

Basel III framework on new bank capital and liquidity standards is a continuation of Basel I and Basel II initiatives of the Basel Committee on Banking Supervision (BCBS). The BCBS proposed the Basel III framework as a response to the financial crisis that hit the G8 capital markets. The framework aims to strengthen global capital and liquidity regulation in order to instill prudent practices in capital markets and foster a resilient international financial system (see Table 5).¹⁵⁶

Basel III reforms work on two tiers, the bank level, which aims to help raise the resilience of individual banking institutions to periods of stress, and the macroprudential level, which aims to mitigate procyclical amplification of system-wide risks that build up across the banking sector. Key elements of the new framework require financial institutions to strengthen the capital requirements for counterparty credit risk exposures arising from derivatives, repos, and securities financing activities; increase transparency of the capital; adopt a leverage ratio that will help contain the build up of excessive leverage in the banking system, adopt countercyclical capital

¹⁵⁶ Strengthening the resilience of the banking sector, Basel Committee on Banking Supervision (Basel) December 2009. Date of Access: 23 March 2011. <http://www.bis.org/publ/bcbs164.htm>

framework that will allow for build up of capital buffers in good times that can be drawn upon in periods of stress, as well as adopt a global minimum liquidity standard.¹⁵⁷

During the G20 Finance Ministers and Central Bank Governors meeting in Busan, Korea, on 5 June 2010, the dignitaries called on the BCBS to “propose internationally agreed rules to improve both quantity and quality of bank capital and to discourage excessive leverage and risk taking by the November 2010 Seoul Summit.”¹⁵⁸ The official Basel III framework was put forth by the BCBS to the international community on 26 July 2010.¹⁵⁹ During the G20 Seoul Summit, 11-13 *The Seoul Summit Document* outlined the leaders’ commitment to translate the framework into national laws and regulations to be “implemented starting on January 1, 2013, and fully phased in by January 1, 2019.”

Table 5: Basel III Requirements for Risk-Weighted Assets (%)

Capital Requirements							Macroprudential Overlay	
Common Equity			Tier 1 Capital		Total Capital		Counter-cyclical buffer	Additional loss absorbing capacity for SIFIs
Min	Conservation Buffer	Required	Min	Required	Min	Required	Range	
4.5	2.5	7.0	6	8.5	8	10.5	0 – 2.5	Yet to be defined

Commitment Features:

The commitment consists of two components. First, members are required to translate the framework into national laws and regulations. Second, members will have to implement policies to align with the new capital and liquidity standards, beginning in 2013.

Thus in order to comply fully with the commitment, members are required to start taking actions that will translate the new bank capital and liquidity standards into national laws and regulations, as per the Basel III accords. Such action would include announcements of a public consultation, review process, stress tests, and any announcements of progress in completing new policies as per Basel III accords. Given that the framework has been put forth in 2009 prior to the G20 Seoul Summit, actions taken by G20 members prior to the summit will be counted towards the final score.

Scoring Guidelines:

-1	Member fails to take any action or to declare intent to take action to translate the new bank capital and liquidity standards into national laws and regulations, as per the Basel III accords.
0	Member declares intent to take action to translate new bank capital and liquidity standards into national laws and regulations.
+1	Member takes action to translate the new bank capital and liquidity standards into national laws and regulations, as per the Basel III accords.

¹⁵⁷ Strengthening the resilience of the banking sector, Basel Committee on Banking Supervision (Basel) December 2009. Date of Access: 23 March 2011. <http://www.bis.org/publ/bcbs164.htm>

¹⁵⁸ Communiqué – Meeting of Finance Ministers and Central Bank Governors, Presidential Committee For G20 Summit 5 June 2010. Date of Access: 20 April 2010. http://www.g20.org/Documents/201006_Communique_Busan.pdf

¹⁵⁹ The Group of Governors and Heads of Supervision reach broad agreement on Basel Committee capital and liquidity reform package, Basel Committee on Banking Supervision (Basel) 27 July 2010. Date of Access: 19 April 2011. <http://www.bis.org/press/p100726.htm>

Argentina: -1

Argentina has failed to fully implement the new bank capital and liquidity standards. The Argentinean authorities have not announced any plans to implement Basel III reforms and have not made any public statements on the matter.¹⁶⁰

Hence Argentina registers a score of -1 for failing to take any action or to declare intent to take action to translate the new bank capital and liquidity standards into national laws and regulations, as per the Basel III accords.

Analyst: Robin Elliott

Australia: +1

Australia has complied with its commitment to implement the new bank capital and liquidity standards in compliance with Basel III requirements. The Australian regulating authorities have not only actively discussed the reforms but have adapted them onto the domestic financial legislature and provided Australian banks with the means to begin complying with Basel III.

On 17 December 2010, the Australian Prudential Authority and the Reserve Bank of Australia jointly released details of their plan of action to allow Australian banks to meet new global liquidity standards. Banks will be allowed to establish committed secure liquidity facilities with the RBA, where they can store adequate capital to meet their potential needs under a financial stress situation.¹⁶¹ The standard is expected to come into effect 1 January 2015.

On 28 February 2011, the Australian Prudential Regulation Authority released further details on the kind of assets would be accepted for holding in the secure liquidity facilities at the RBA.¹⁶² Assets that qualify as Level 1 under Basel III rules are limited to cash, balances held with the RBA, and Commonwealth Government and semi-government securities. No assets will qualify as Level 2.

On 23 March 2011, the Reserve Bank of Australia released its semi-annual financial stability review, wherein it stated that Australian banks have, on average, Basel III Tier 1 capital ratios of approximately 3.5% of liabilities, less than the required levels.¹⁶³

Hence Australia registers a score of +1 for stating its intent to comply with Basel III, taking regulatory steps to enable domestic bank participation in Basel III, and conducting an examination of the financial health of its banks.

Analyst: Robin Elliott

Brazil: 0

Brazil has partially complied with its commitment to implement the new bank capital and liquidity 3 of the Basel III framework. The Bank stated that it intends to implement Basel III

FSB – G20 Monitoring Progress – Argentina September 2010 (with updates), Financial Stability Board (Basel) 1 April 2011. Date of Access: 10 April 2011

http://www.financialstabilityboard.org/publications/r_110401a.pdf

¹⁶¹ Australian implementation of global liquidity standards, Australian Prudential Authority (Canberra) 17 December 2010. Date of Access: 2 April 2011. http://www.apra.gov.au/media-releases/10_27.cfm

¹⁶² APRA Clarifies Implementation of Global Liquidity Standards in Australia, Australian Prudential Authority (Canberra) 28 February 2011. Date of Access: 2 April 2011. http://www.apra.gov.au/media-releases/11_03.cfm

¹⁶³ Financial Stability Review March 2011, Australian Prudential Authority (Canberra) 23 March 2011. Date of Access: 2 April 2011. <http://www.rba.gov.au/publications/fsr/2011/mar/pdf/0311.pdf>

recommendations on the quality of capital, implementation of countercyclical capital, and leverage ratios two years ahead of the BCBS schedule. The Bank intends to release specific regulations starting in 2011.¹⁶⁴

Given public the public announcement and the development of an implementation timeline, Brazil receives a score of 0.

Analyst: Robin Elliott

Canada: +1

Canada has fully complied with its commitment to implement the new bank capital and liquidity standards in compliance with Basel III requirements. The Office of the Superintendent of Financial Institutions (OSFI) has made Basel III part of its supervisory framework, and has also conducted a Quantitative Impact Study on the Canadian banking sector.¹⁶⁵

On 12 January 2011, Finance Minister Jim Flaherty, during a speech delivered at the Woodrow Wilson Institute, stated that the Canadian regulatory authorities were well positioned to transition to the new Basel III standards on capital and leverage “ahead of the deadline.”¹⁶⁶

On 1 February 2011, the Office of the Superintendent of Financial Institutions Canada sent a letter to Canadian financial institutions with general details of the regulatory changes it intended to make to as a result of the new Basel III requirements.¹⁶⁷ On 3 February 2011, the OSFI released the results of its consultation with financial industry members, conducted in early 2010.¹⁶⁸ Further, the OFSI released a supplementary advisory clarifying its intended treatment of non-qualifying capital instruments under a new Basel III-compliant supervisory scheme.¹⁶⁹

On 24 February 2011, the OSFI released a new Supervisory framework that details the process the OSFI uses to supervise federally regulated financial institutions and its approach to adopting the Basel III framework.¹⁷⁰

¹⁶⁴ Banco Central Do Brazil: Comunicado N. 020615, Central Bank of Brazil (Brazilia) 17 February 2011, Date of Access: 1 April 2011.

<https://www3.bcb.gov.br/normativo/detalharNormativo.do?method=detalharNormativo&N=111011733>

¹⁶⁵ Basel III Implementation – Capital Adequacy and Liquidity Requirements, Office of the Superintendent of Financial Institutions (Ottawa) 1 February 2011. Date of Access: 2 April 2011. http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/guidelines/capital/advisories/cptlq_e.pdf

¹⁶⁶ Speech by the Honourable Jim Flaherty, Minister of Finance, at a Director’s Forum co-sponsored by the Woodrow Wilson International Center for Scholars’ Canada Institute and the Program on America and the Global Economy, Ministry of Finance (Ottawa) 12 January 2011. Date of Access: 2 April 2011. http://www.fin.gc.ca/n11/11-001_1-eng.asp

¹⁶⁷ Basel III Implementation – Capital Adequacy and Liquidity Requirements, Office of the Superintendent of Financial Institutions (Ottawa) 1 February 2011. Date of Access: 2 April 2011. http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/guidelines/capital/advisories/cptlq_e.pdf

¹⁶⁸ Overview of the Financial Institutions Survey Findings, Office of the Superintendent of Financial Institutions (Ottawa) 3 February 2011. Date of Access: 2 April 2011. http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/osfi/FIS_let_e.pdf

¹⁶⁹ Non-Viability Contingent Capital, Office of the Superintendent of Financial Institutions (Ottawa) 4 February 2011. Date of Access: 2 April 2011. http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/guidelines/capital/advisories/nvcc_dft_e.pdf

¹⁷⁰ Supervisory Framework, Office of the Superintendent of Financial Institutions (Ottawa) 24 February 2011. Date of Access: 2 April 2011. http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/practices/supervisory/sframew_e.pdf

Thus Canada has been awarded a score of +1 for its announcement of intent to enact Basel III, for its inclusion of Basel III into its financial supervisory framework, and its analysis of the financial health of its banking sector.

Analyst: Robin Elliott

China: 0

China has partially complied with its commitment to implement the new bank capital and liquidity standards in accordance with Basel III requirements. The regulatory authorities have investigated the health of its banks and have announced its intention to implement the Basel III framework onto the domestic legislature.

On 18 February 2011, the China Banking Regulatory Committee stated that China's commercial banks had a weighted average capital adequacy ratio of 12.2%, and a weighted average core capital adequacy ratio of 10.1%. At the end of 2010, all commercial banks exceeded the minimum capital adequacy ratio of 8%.¹⁷¹

In March 2011, the CRBC issued its Annual Report 2010, in which CRBC Chair Liu Minkang stated that the CRBC had developed roadmaps for the implementation of Basel II and Basel III frameworks.¹⁷² The report also stated that the CRBC had required commercial banks to retain a capital conservation buffer, and maintain a minimum capital adequacy ratio of 8%.¹⁷³

Thus China has been awarded a score of 0 for its examination of its financial sector and its declaration of intent to enact Basel III.

Analyst: Robin Elliott

France: 0

France has partially complied with adopting the Basel III framework on new capital and liquidity standards. France undertook part in the European stress tests in 2010.

On 23 July 2010, the Bank of France announced that it had completed its part of the EU-wide banking stress tests, and stated that "French banks are among the strongest in Europe."¹⁷⁴

Under the auspices of the European Union, France will be subject to Capital Requirements Directive 4 (CRD 4), adopted in October 2010, a comprehensive supervisory framework for the financial services industry on capital standards and measurements, that will require the new

¹⁷¹ The CBRC: Banking Capital Adequacy Ratio Keeps Steady Growth, China Banking Regulatory Commission (Beijing) 18 February 2011. Date of Access: 1 April 2011. <http://www.cbrc.gov.cn/english/home/jsp/docView.jsp?docID=20110308B5A5B4736A3CED0CFE7390614AC6C00>

¹⁷² China Banking Regulatory Commission, Annual Report 2010, China Banking Regulatory Commission (Beijing) March 2011. Date of Access: 1 April 2011. <http://zhuanti.cbrc.gov.cn/subject/subject/nianbao2010/english/zxzc.pdf>, at p.8.

¹⁷³ China Banking Regulatory Commission, Annual Report 2010, China Banking Regulatory Commission (Beijing) March 2011. Date of Access: 1 April 2011. <http://zhuanti.cbrc.gov.cn/subject/subject/nianbao2010/english/5.pdf>, at p.66.

¹⁷⁴ Press release – Results of the EU-wide stress test: "French banks among the strongest in Europe," Bank of France (Paris) 23 July 2010. Date of Access: 2 April 2011. <http://www.banque-france.fr/acp/stress-tests/20100723-communique-gb-results.pdf>

capital and liquidity standards to be adopted with due regard to the economic cycle and ongoing economic recovery.¹⁷⁵

Hence France receives a score of 0.

Analyst: Robin Elliott

Germany: 0

Germany has partially complied with adopting the Basel III framework on new capital and liquidity standards. Germany undertook part in the European stress tests in 2010.

On 23 July 2010, the Bundesbank and the Federal Financial Supervisory Authority announced that they had completed Germany's part of the EU-wide banking stress tests.¹⁷⁶

Under the auspices of the European Union, Germany will be subject to Capital Requirements Directive 4 (CRD 4), adopted in October 2010, a comprehensive supervisory framework for the financial services industry on capital standards and measurements, that will require the new capital and liquidity standards to be adopted with due regard to the economic cycle and ongoing economic recovery.¹⁷⁷

Hence since Germany took part in the EU-wide banking stress tests, it receives a score of 0.

Analyst: Robin Elliott

India: 0

India has partially complied with adopting the Basel III framework on new capital and liquidity standards. Indian regulatory authorities have announced that they are evaluating Basel III implementation, and have conducted stress testing and financial health examinations on its banking sector.

On 3 December 2010, Reserve Bank of India Governor Dr. Duvvuri Subbarao stated that India was well-positioned to comply with Basel III capital requirements.¹⁷⁸ The majority of Indian banks already complies with the requirements. As of 30 June 2010, Indian banks' capital to risk weighted assets ratio was 11.7%, versus the 10.5% required; their Tier 1 capital represented 9% of risk-adjusted assets, versus the 8.5% required; their common equity represented 7.4% of risk-

¹⁷⁵ European Parliament resolution of 7 October 2010 on Basel II and revision of the Capital Requirements Directives (CRD 4), European Parliament (Brussels) 7 October 2011. Date of Access: 30 March 2011. <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0354+0+DOC+XML+V0//EN&language=EN>

¹⁷⁶ Results of the EU-wide stress test for Germany, Bundesbank (Frankfurt am Main) 23 July 2010. Date of Access: 2 April 2011. http://www.bundesbank.de/download/bankenaufsicht/pdf/cebs/stresstest/20100723.pn_stresstest_os.en.pdf

¹⁷⁷ European Parliament resolution of 7 October 2010 on Basel II and revision of the Capital Requirements Directives (CRD 4), European Parliament (Brussels) 7 October 2011. Date of Access: 30 March 2011. <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0354+0+DOC+XML+V0//EN&language=EN>

¹⁷⁸ Five Frontier Issues in Indian Banking: Inaugural Address by Dr. Duvvuri Subbarao, Governor, Reserve Bank of India at 'BANCON 2010' in Mumbai on December 3, 2010, Reserve Bank of India (New Delhi) 3 December 2010. Date of Access: April 1 2011. http://www.rbi.org.in/scripts/BS_SpeechesView.aspx?Id=539

adjusted assets, versus the 7% required. Dr. Subbarao stated that those few banks that were not already compliant should have no difficulty meeting Basel III standards by 2019.¹⁷⁹

On 30 December 2010, the Reserve Bank of India released the quarterly results of their stress-testing of the Indian banking sector. They reiterated that they will continue to carry out stress testing on a continuous basis.¹⁸⁰ On 7 January 2011, Dr. Subbarao stated that the Reserve Bank of India was “in the process of evaluating the impact of Basel III on Indian banks.”¹⁸¹

Given that India has investigated the financial health of its banks and has stated that it is in the process of evaluating Basel III, it receives a score of 0.

Analyst: Robin Elliott

Indonesia: +1

Indonesia has fully complied with adopting the Basel III framework on new capital and liquidity standards. The regulating authorities have stated that they are enacting Basel III, and made some regulatory changes compliant with it, and have examined financial health of its banks.

On 15 September 2010, Bank of Indonesia Deputy Governor Halim Alamsyah stated that the Indonesian banking sector was on average already above the capital requirements set out in Basel III, with an average core capital ratio of between 14 and 16%.¹⁸²

On 1 April 2011 the Financial Stability Board published comments from the Indonesian government, in which the latter stated that Basel III regulations were “on [sic] the pipeline” and that they would be adopted in a time frame “consistent with Indonesian banking sector conditions.” It further stated that it has put in place a new risk-based bank rating system that takes Basel III leverage ratios into account.¹⁸³

Given that Indonesia has checked the status of its banks, has declared that it intends to adopt Basel III and has already begun to take some aspects of the new Basel framework into its domestic regulations, it receives a score of +1.

Analyst: Robin Elliott

Italy: +1

Italy has fully complied with its commitment to fully implement the new bank capital and liquidity standards in accordance with the Basel III framework. Italy has undertaken part in EU

¹⁷⁹ Five Frontier Issues in Indian Banking: Inaugural Address by Dr. Duvvuri Subbarao, Governor, Reserve Bank of India at ‘BANCON 2010’ in Mumbai on December 3, 2010, Reserve Bank of India (New Delhi) 3 December 2010. Date of Access: April 1 2011.

http://www.rbi.org.in/scripts/BS_SpeechesView.aspx?Id=539

¹⁸⁰ Financial Stability Report Chapter VI : Resilience of Indian Banking Sector, Reserve Bank of India (New Delhi) 30 December 2010. Date of Access: 3 April 2011.

<http://rbi.org.in/scripts/PublicationReportDetails.aspx?UrlPage=&ID=607>

¹⁸¹ Dilemmas in Central Bank Communication Some Reflections Based on Recent Experience: Second Business Standard Annual Lecture delivered by Dr. Duvvuri Subbarao, Governor, Reserve Bank of India, at New Delhi on January 7, 2011, Reserve Bank of India (New Delhi) 7 January 2011. Date of Access: 2 April 2011. http://www.rbi.org.in/SCRIPTS/BS_SpeechesView.aspx?Id=544

¹⁸² Banks Well-Prepared for Basel III, BI Says, Jakarta Post (Jakarta) 15 September 2010. Date of Access: 1 April 2011. <http://www.thejakartapost.com/news/2010/09/15/banks-well-prepared-basel-iii-bi-says.html>

¹⁸³ FSB – G20 Monitoring Progress – Indonesia September 2010 (with updates), Financial Stability Board (Basel) 1 April 2011. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_110401j.pdf

wide stress tests, has begun to make systemic changes to its banking sector in order to reduce future risk, has announced plans for moving towards further reforms, and has set up assistance for Italy's banks to transition to Basel III capital and liquidity standards.

On 23 July 2010, the Bank of Italy announced that it had completed its part of the EU-wide banking stress tests.¹⁸⁴ On 26 February 2011, Bank of Italy governor Mario Draghi gave a speech regarding the health of the Italian financial system. He announced that the Bank had "identified many of the perverse incentives that encouraged excessive risk-taking – in banks' executive compensation systems, in the role of rating agencies and in the accounting rules – and begun to rectify them." Mr. Draghi also stated that the Bank would draw up parameters for identifying global SIFIs by mid-year. He further remarked that a map of non-bank intermediaries (the "shadow banking system") would be drawn up in order to better regulate such institutions. Finally, Mr. Draghi disclosed that Italy's smaller banks already have capitalization levels in line with the Basel III requirements, and that the top five banks had, as of the end of September 2010, Tier 1 capital ratios of 9%, and core Tier 1 capital ratios of 7.9% of risk assets.¹⁸⁵

On 9 March 2011, the Bank of Italy announced its intention to assist Italian banks in making the transition towards the new Basel III standards. To this end it created a "Basel III Helpdesk" to respond to industry questions.¹⁸⁶

Thus for its actions in reducing perverse incentives, its participation in stress testing, its investigation of its banks' financial health, and its assistance of the industry in transitioning towards Basel III, Italy receives a score of +1.

Analyst: Robin Elliott

Japan: 0

Japan has partially complied with this commitment to fully implement the new bank capital and liquidity standards in accordance with the Basel III framework. The government has stated that it will implement Basel III.

On 1 April 2011, the Financial Stability Board published a report wherein the Bank of Japan and the Financial Services Authority jointly commented that they intend to implement Basel III rules in a fashion that will not deter banks' lending activities.¹⁸⁷

In September 2010, an official of Japan's Financial Services Agency announced that the Japanese banking system will be able to achieve Basel III standards through management efforts.¹⁸⁸

¹⁸⁴ EU-wide bank stress test, Bank of Italy (Rome) 23 July 2010. Date of Access: 1 April 2011.

http://www.bancaditalia.it/vigilanza/stress_test;internal&action= setlanguage.action?LANGUAGE=en

¹⁸⁵ Speech by the Governor of the Bank of Italy Mario Draghi, Bank of Italy (Rome) 26 February 2011. Date of Access: 2 April 2011. http://www.bancaditalia.it/interventi/integov/2011/forex-26022011/en_Draghi_260211.pdf

¹⁸⁶ Comunicazione del 9 marzo 2011 – Funzione di supporto interpretativo al sistema in merito alla riforma della regolamentazione prudenziale ("Basilea 3"), Bank of Italy (Rome) 9 March 2011. Date of Access: 2 April 2011.

http://www.bancaditalia.it/vigilanza/pubblicazioni/bollvig/2011/03_11/provv_cg/bi_cg/20110309_III.pdf

¹⁸⁷ FSB – G20 – Monitoring Progress – Japan September 2010 (with updates), Financial Stability Board (Basel) 1 April 2011. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_110401j.pdf

¹⁸⁸ Japan confident banks can handle Basel III, France 24 (Paris) 13 September 2010. Date of Access: 10 May 2011. <http://www.france24.com/en/20100913-japan-confident-banks-can-handle-basel-iii#>

Japan is awarded a score of 0 for declaring its intention to implement the Basel III reforms. However, no documentation has been observed that supports its implementation progress.

Analyst: Robin Elliott

Korea: 0

Korea has partially complied with its commitment to implement the new bank capital and liquidity standards in accordance with the Basel III framework. The Korean authorities have not taken steps to enact Basel III reforms but have tested the financial health of its banks against the Basel III criteria.

On 17 December 2010, the Financial Services Commission released its analysis of the results of the Basel Committee on Banking Supervision's Quantitative Impact Study. The results of the study have shown that the eight major Korean banks tested, capital ratios under Basel III rules would be on average above 10%, and leverage ratios would be 4.6%.¹⁸⁹

Korea has adopted the Basel II capital framework as of the end of 2008.¹⁹⁰ On 8 September 2010, Director General of Seoul's G20 Committee, Kim Yong-beom announced that Korean banks will not be required to shrink their assets or raise additional capital as they met Basel III capital-to-asset standards.¹⁹¹ However, he announced that Korean banks will need to take further measures to meet the liquidity ratio standards during the transition period.¹⁹²

Thus for having conducted financial health testing for major banks under Basel III rules, Korea receives a score of 0.

Analyst: Robin Elliott

Mexico: 0

Mexico has partially complied with its commitment to implement the new bank capital and liquidity standards in accordance with the Basel III framework. Mexican authorities have conducted stress tests of its banking system and it have declared that its readiness to implement Basel III.

On 23 September 2010, the Financial Stability Board released Mexico Country Peer Review. The report stated that the Bank of Mexico was conducting macro stress tests of banks using a recently developed macro model.¹⁹³ As of September 2010, Mexican banks had on average capitalization ratios above 14%, versus the Basel III requirements of 8%, that Mexican banks had on average risk-weighted asset percentages of at least 15%, and that Mexican banks had on average a ratio of assets-to-equity of at least 8.¹⁹⁴

¹⁸⁹ Basel III Quantitative Impact Study and Its Implications. Financial Services Commission (Seoul) 17 December 2010. Date of Access: 30 March 2011.

<http://www.fsc.go.kr/downManager?bbsid=BBS0048&no=72729>

¹⁹⁰ FSB – G20 Monitoring Progress – Korea, Financial Stability Board (Basel) 1 April 2011. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401o.pdf

¹⁹¹ 'Basel III will not affect Korean banks, Korea Times (Seoul) 8 September 2010. Date of Access: 10 May 2011. http://www.koreatimes.co.kr/www/news/biz/2010/09/123_72742.html

¹⁹² 'Basel III will not affect Korean banks, Korea Times (Seoul) 8 September 2010. Date of Access: 10 May 2011. http://www.koreatimes.co.kr/www/news/biz/2010/09/123_72742.html

¹⁹³ Country Review of Mexico: Peer Review Report, Financial Stability Board (Basel) 23 September 2011. Date of Access: 1 April 2011. http://www.financialstabilityboard.org/publications/r_100927.pdf

¹⁹⁴ Country Review of Mexico: Peer Review Report, Financial Stability Board (Basel) 23 September 2011. Date of Access: 1 April 2011. http://www.financialstabilityboard.org/publications/r_100927.pdf

On 10 January 2011, in a joint press release regarding a new IMF loan, Bank of Mexico Governor Agustin Carstens and Treasury Secretary Ernesto Arroyo stated that Mexico was preparing for the implementation of Basel III.¹⁹⁵ The FSB has reported that at January 2011, the average Total Capital Ratio of the banking system was 17% and the Tier 1 capital was 15% and all banking institutions registered a level of above 10%.¹⁹⁶

On 1 April 2011, the Financial Stability Board published a report wherein the government of Mexico stated that its financial authorities were working on the implementation of Basel III guidelines.¹⁹⁷

Hence Mexico is awarded a score of 0 for conducting stress tests of its banks and having declared its readiness towards Basel III implementation.

Analyst: Robin Elliott

Russia: 0

Russia has partially complied with the commitment on implementing new bank capital and liquidity standards. Russian authorities have stated their intention to adopt Basel III and have launched a review process and public consultations.

On 12 January 2011, Russian Central bank started public consultations with the Russian banks, credit associations and experts on Sound Practices for the Management and Supervision of Operational Risk issued by the Basel Committee.¹⁹⁸

On 5 April 2011, the Russian Government and the Russian Central Bank adopted the Strategy of Russian Banking Sector Development for the Period up to 2015.¹⁹⁹ The strategy provides for the beginning of Basel III standards introduction in Russia in 2011 and their complete adoption in 2018.²⁰⁰

Hence Russia registers a score of 0.

Analyst: Andrey Sheleпов

Saudi Arabia: +1

¹⁹⁵ El Directorio Ejecutivo del FMI aprobó hoy la Línea de Crédito Flexible, de alrededor de 72 mil millones de dólares para México por dos años, Bank of Mexico (Mexico City) 10 January 2011. Date of Access: 4 April 2011.

http://www.shcp.gob.mx/documentos_recientes_biblioteca/comunicado_comision_de_cambios_10ene11.pdf

¹⁹⁶ FSB – G20 Monitoring Progress – Mexico, Financial Stability Board (Basel) 1 April 2011. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401m.pdf

¹⁹⁷ FSB – G20 – Monitoring Progress – Mexico September 2010 (with updates), Financial Stability Board (Basel) 1 April 2011. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_110401m.pdf

¹⁹⁸ About the Press Release of the Basel Committee on Banking Supervision, Bank of Russia (Moscow) 12 January 2011. Date of Access: 4 April 2011.

http://cbr.ru/Press/Archive_get_blob.asp?doc_id=110112_130157bazel.htm

¹⁹⁹ Strategy of Russian Banking Sector Development for the Period up to 2015, Ministry of Finance of the Russian Federation (Moscow) 13 April 2011. Date of Access: 26 May 2011. <http://www1.minfin.ru/ru/official/index.php?id4=12478>.

²⁰⁰ Strategy of Russian Banking Sector Development for the Period up to 2015, Ministry of Finance of the Russian Federation (Moscow) 13 April 2011. Date of Access: 26 May 2011.

<http://www1.minfin.ru/ru/official/index.php?id4=12478>.

According to an Economic Research briefing on Saudi Arabia by Al Rajhi Capital, Saudi Arabia's transition to Basel III capital requirements will be smooth due to the country's already-high capital requirements for banks. According to the report, "Although adoption of the proposed measures will require banks to maintain both higher capital ratios and better-quality capital, the transition for the well-capitalized Saudi banks is likely to be smooth."²⁰¹

Saudi Arabia appears to be on track for implementation of Basel III capitalization requirements within the recommended timeline, earning a score of +1.

Analyst: Robin Elliott

South Africa: +1

South Africa has fully complied with its commitment on adopting Basel III framework onto the national legislature. It has investigated the financial health of its banks, and has drafted amendments to its financial laws to improve stability.

On 23 February 2011, the South African National Treasury released a report on the South African financial sector, which outlined both its financial health, and the Treasury's progress on Basel III reforms. The Treasury stated that the banks' current leverage ratio was far more conservative than that required by Basel III. Consequently, there was no requirement for South African banks to either raise capital or deleverage, even to meet the new capital conservation buffer requirement. The Treasury further revealed that it had already sent three drafts of proposed amendments to the Banks Act out for comments. After receiving comments, the Treasury expects that the amended regulations will be submitted to the Finance Ministry for approval by mid-2011.²⁰²

Hence given that South Africa has examined the state of its financial sector, and has taken steps to translate the Basel III framework into national laws and regulations, it receives a score of +1.

Analyst: Robin Elliott

Turkey: 0

Turkey has partially complied with its commitment on adopting Basel III framework onto the national legislature. It has investigated the health of its financial sector to see whether it would be Basel III compliant.

On 29 November 2010, the Banking Regulation and Supervision Agency of Turkey published a report entitled "Questions on Basel III." It stated that Turkey's banking sector would easily be able to meet the new Basel III requirements, with a current capital ratio of 9.9%. It furthermore stated that as of June 2010, the Turkish banking sector had a capital adequacy ratio of 19.9%, and concluded that Turkish banking reforms carried out in 2006 what had made domestic banks largely Basel III-compliant already.²⁰³

Thus Turkey receives a compliance score of 0.

Analyst: Robin Elliott

²⁰¹ Economic Research – Saudi Arabia, Al Rajhi Capital (Saudi Arabia) 27 September 2010. Date of Access 12 August 2010. http://www.alrajhi-capital.com/NR/rdonlyres/F69FC23A-3BDC-47D3-8A40-8E0EFBEBD199/1106/Basel3Apracticalapproach_English.pdf

²⁰² A Safer Financial Sector to Serve South Africa Better, South African National Treasury (Pretoria) 23 February 2011. Date of Access: 5 April 2011. http://www.treasury.gov.za/documents/national_budget/2011/A_safer_financial_sector_to_serve_South_Africa_better.pdf

²⁰³ Sorularla Basel III, Banking Regulation and Supervision Agency of Turkey (Ankara) 29 November 2010. Date of Access: 4 April 2010. http://www.bddk.gov.tr/WebSitesi/turkce/Basel/8742sorularla_basel_iii_29_11_2010_.pdf

United Kingdom: +1

The United Kingdom has fully complied with its commitment to fully implement the new bank capital and liquidity standards in accordance with the Basel III framework. It has conducted banking stress tests, has stated that it intends to strengthen financial regulations, and has adopted Basel III standards into its supervisory framework.

On 23 July 2010, the UK Financial Services Authority announced that it had completed its part of the EU-wide banking stress tests.²⁰⁴

On 16 February 2011, FSA Chairman Adair Turner announced that for 2011, “a key policy objective ... is to ensure that Financial Stability Board (FSB) decisions on SIFIs result in higher than Basel III equity requirements for our most systemically important banks.” He further stated that the Financial Stability Board was developing recommendations on how regulators should monitor and if necessary regulate shadow bank activities.²⁰⁵

On 17 March 2011 the FSA published its Prudential Risk Outlook 2011, wherein it stated that until the Basel III framework had been passed into law, both domestically and through the EU, it planned to keep in place an interim capital framework with certain features that mirror the Basel III requirements. These include an increase in the minimum common equity capital ratio to 4.5% of risk-weighted assets, phased in between 2013 and 2015; the addition of a capital conservation buffer of 2.5% of risk-weighted assets to be phased in between 2016 and 2019; a minimum Tier 1 capital ratio of 6% and a minimum total capital ratio of 8%, phased in between 2013 and 2015.²⁰⁶

Thus the United Kingdom has conducted stress tests, improved its financial regulation, and expressed intent to go further; it receives a score of +1.

Analyst: Robin Elliott

United States: +1

The United States has fully complied with its commitment on adopting Basel III framework onto the national legislature. The US has enacted a financial sector reform bill, and has declared that it is committed to incorporating Basel III into its domestic law.

On 21 July 2010, President Barack Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act into law. S.165(i)(1)(A) of the Dodd-Frank Act requires regulators to carry out yearly stress tests for nonbank financial institutions. It also obliges these same companies to carry out semi-annual stress tests. Section 171 sets out some general rules regarding bank capital requirement, but does not define actual required levels of Tier 1 capital. The Dodd-Frank Act does not make transposition of the Basel III agreement mandatory.²⁰⁷

²⁰⁴ FSA Statement on the Publication of CEBS Stress Tests, Financial Services Authority (London) 23 July 2010. Date of Access: 2 April 2011.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/125.shtml>

²⁰⁵ Leverage, Maturity Transformation and Financial Stability: Challenges Beyond Basel III, Financial Services Authority (London) 16 February 2011. Date of Access: 2 April 2011.

http://www.fsa.gov.uk/pubs/speeches/031611_at.pdf

²⁰⁶ FSA Prudential Risk Outlook 2011, Financial Services Authority (London) 17 March 2011. Date of Access: 2 April 2011. <http://www.fsa.gov.uk/pubs/other/pro.pdf>

²⁰⁷ Dodd-Frank Wall Street Reform and Consumer Protection Act, US Government (Washington, DC) 21 July 2010. Date of Access: 1 April 2011. <http://www.sec.gov/about/laws/wallstreetreform-cpa.pdf>

On 17 February 2011, before the Senate Committee on Banking, Housing, and Urban Affairs, Federal Reserve Chairman Ben Bernanke stated: “We are committed to adopting the Basel III framework in a timely manner. In December 2010, we requested comment with the other U.S. banking agencies on proposed rules that would implement the 2009 trading book reforms, and we are already working to incorporate other aspects of the Basel III framework into U.S. regulations.”²⁰⁸

On 17 March 2011, at the AIMA Policy and Regulatory Forum 2011 in Brussels, Belgium, Deputy Assistant Secretary for International Monetary and Financial Policy Mark Sobel remarked that “U.S. agencies are working on domestic rulemaking to incorporate Basel III into their rules and guidance, and [US Treasury Secretary Timothy Geithner] has repeatedly stated that the United States is committed to implementing Basel III requirements on the agreed schedules.”²⁰⁹

Hence the United States registers a score of +1 for declaring its commitments to enacting Basel III, and having enacted a financial sector reform bill that will reduce systemic risk.

Analyst: Robin Elliott

European Union: 0

The European Union has partially complied with adopting the Basel III framework on new capital and liquidity standards. The regulatory authorities have declared its support for the enactment of Basel III and have created a new financial regulator to detect systemic risks.

On 7 October 2010, the European Parliament adopted Capital Requirements Directive 4 (CRD 4), a comprehensive supervisory framework for the financial services industry on capital standards and measurements, that will require the new capital and liquidity standards “to be adopted with due regard to the economic cycle and ongoing economic recovery,” and that the Parliament “supports the initiative to increase the quality and level of capital in response to the crisis.”²¹⁰

On 16 December 2010, the European Commission legislation establishing European Systemic Risk Board entered into force.²¹¹ The ESRB is an independent and supervisory body charged with identifying systemic risks across the European financial system and responsible for the macroprudential oversight of the financial system within the EU.²¹² The ESRB will be tasked

²⁰⁸ Statement by Ben S. Bernanke, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, United States Senate, Washington, D.C., February 17, 2011, US Senate (Washington, DC) 17 February 2011. Date of Access: 1 April 2011. http://banking.senate.gov/public/index.cfm?FuseAction=Files.View&FileStore_id=f4634ef7-1297-44e8-95b6-608d259e1df7

²⁰⁹ Remarks by Deputy Assistant Secretary for International Monetary and Financial Policy Mark Sobel at the AIMA Policy and Regulatory Forum 2011, US Treasury (Washington, DC) 17 March 2011. Date of Access: 1 April 2011. <http://www.treasury.gov/press-center/press-releases/Pages/tg1107.aspx>

²¹⁰ European Parliament resolution of 7 October 2010 on Basel II and revision of the Capital Requirements Directives (CRD 4), European Parliament (Brussels) 7 October 2011. Date of Access: 30 March 2011. <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0354+0+DOC+XML+V0//EN&language=EN>

²¹¹ 16 December 2010: The legislation establishing the ESRB enters into force, European Systemic Risk Board (Frankfurt am Main) 16 December 2010. Date of Access: 30 March 2011. <http://www.esrb.europa.eu/home/html/index.en.html>

²¹² 16 December 2010: The legislation establishing the ESRB enters into force, European Systemic Risk Board (Frankfurt am Main) 16 December 2010. Date of Access: 30 March 2011. <http://www.esrb.europa.eu/home/html/index.en.html>

with identifying and issuing recommendations for remedial action in response to the risks identified.²¹³

Thus the European Union has been awarded a score of 0 for strengthening its regulatory structure against future crises.

Analyst: Robin Elliott

²¹³ 16 December 2010: The legislation establishing the ESRB enters into force, European Systemic Risk Board (Frankfurt am Main) 16 December 2010. Date of Access: 30 March 2011.
<http://www.esrb.europa.eu/home/html/index.en.html>

4. Socioeconomic

Commitment [#61]:

“[We will implement a range of structural reforms to boost and sustain global demand, foster job creation, contribute to global rebalancing, and increase our growth potential, and where needed undertake:] Investment in infrastructure to address bottlenecks and enhance growth potential.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina			+1
Australia			+1
Brazil			+1
Canada			+1
China			+1
France			+1
Germany			+1
India			+1
Indonesia		0	
Italy			+1
Japan			+1
Korea		0	
Mexico			+1
Russia			+1
Saudi Arabia			+1
South Africa	-1		
Turkey			+1
United Kingdom			+1
United States			+1
European Union			+1
Average Score		+0.80	

Background:

At the G20 Summit in London in April 2009, the G20 leaders first emphasized the importance of sustainable growth and committed to rebalancing the financial and banking systems.²¹⁴ At the Toronto Summit, the G20 leaders made joint commitments, focusing more on sources of growth.²¹⁵ The socioeconomic commitment made at the Seoul Summit is thus a logical development of this series of measures to improve national economies and to minimize the impact of crisis measures.

Commitment Features:

This is a two-part commitment. It calls for the G20 to invest in infrastructure, in order to (1) address bottlenecks and (2) to enhance growth potential. A bottleneck is a phenomenon where the

²¹⁴ Global Plan for Recovery and Reform, G20 Information Centre (London) April 2, 2009. Date of Access: June 6, 2011. <http://www.g20.utoronto.ca/2009/2009communique0402.html#growth>.

²¹⁵ The G20 Toronto Summit Commitments, G20 Information Centre (Toronto) June 27, 2010. Date of Access: June 6, 2011. <http://www.g20.utoronto.ca/analysis/commitments-10-toronto.html>.

performance or capacity of an entire system is limited by a single or limited number of components or resources.²¹⁶

Examples of infrastructure investment from the Policy Commitments by G20 Members made at the Seoul Summit:²¹⁷

Addressing bottlenecks:

1. The Professional Services Law of Spain, aimed at reducing the restrictions hampering the provision of professional services.
2. Reducing bureaucracy and improving regulation in Germany.

Enhancing growth potential:

1. Australian health reform package to improve efficiency and quality of the health care system.
2. Mexican initiatives aimed at increasing the growth potential of the economy, emphasizing measures in labour and product markets, together with higher trade openness and a program to reduce the regulatory burden on the economy.

Scoring Guidelines:

-1	Member does not invest in any infrastructure to address bottlenecks OR enhance growth potential.
0	Member invests in infrastructure that addresses only bottlenecks OR enhances growth potential.
+1	Member invests in infrastructure that addresses both bottlenecks AND enhances growth potential.

Argentina: +1

Argentina has fully complied with its commitment to invest in infrastructure and encourage investment from other sources.

On 21 December 2010, the President of Argentina inaugurated a new highway, Rosario-Córdoba. The road is important as it links the cities of Buenos Aires, Santa Fe and Cordoba, as well as it enhances the transportation infrastructure for the MERCOSUR. The investment exceeded ARS3 billion.²¹⁸

On 11 January 2011, an auction was called to construct the first of the five dams for the new hydro electric power station on the Rio Grande in the province of Mendoza. The dam will have the capacity of 210 MW and will require USD493 million of investment on the part of the national government.²¹⁹

²¹⁶ Economics of a Bottleneck, Journal of Urban Economics 27, (Kingston) January 1990. [Date of Access: June 6, 2011. http://www.sciencedirect.com/science/article/pii/009411909090028L.](#)

²¹⁷ Policy Commitments by G20 Members. G20 Information Centre (Toronto) 27 June 2010. Date of Access: 6 June 2011. [http://www.g20.utoronto.ca/2010/g20seoul-commitments.pdf.](#)

²¹⁸ La Presidenta inauguró la Autopista Rosario-Córdoba, Presidencia de la Nación Argentina (Buenos Aires) 21 December 2010. Date of Access: 7 April 2011. [http://www.argentina.ar/_es/pais/C5946-la-presidenta-inaugura-la-autopista-rosario-cordoba.php](#) .

²¹⁹ Anuncian la construcción de nueva represa hidroeléctrica en Mendoza, Presidencia de la Nación Argentina (Buenos Aires) 11 January 2011. Date of Access: 6 April 2011. [http://www.caserosada.gov.ar/index.php?option=com_content&task=view&id=7986&Itemid=66](#)

On 28 January 2011, a new water purifying plant was launched in the city of El Calafate that will benefit 60,000 people.²²⁰

On 4 February 2011, the Digital TV Transmission Station was inaugurated in the city of Mar del Plata.²²¹

On 4 February 2011, a bid for the construction of the gas pipeline in the North-East of Argentina (Gasoducto Noreste Argentino – NEA) was launched. The project will require an investment of USD24,746 million and will transport gas from Bolivia to Misiones, Corrientes, Formosa and Chaco provinces of Argentina.²²²

On 12 February 2011, Central Water Power Station Yacyretá started to operate at the level of 83 metres over the sea and reached its full capacity of 20,700 GW/year. Yacyretá is a joint project of Argentina and Paraguay on the river Parana that was initiated by signing the Treaty of Yacyretá on 3 December 1973. Yacyretá produces up to 60% of the national hydroelectric power in Argentina.²²³

On 18 February 2011, the President of Argentina initiated the third circular high way “Juan Domingo Perón” around the city of Buenos Aires. The highway will connect the roads of Buen Ayre, Northern Way, Oeste, Riccheri and Buenos-Aires La Plata and will be accessible to 6 million people.²²⁴

On 25 February 2011, Argentina and Uruguay signed a treaty to increase gas provision for both countries of up to 10 million cubic metres a day. The project, which is an investment of ARS70 million, features the set up of a floating regasification plant 12 km off the coast of Uruguay that will be operational in 2013.²²⁵

On 16 March 2011, the Bicentenario Stadium was inaugurated in San Juan. The project was a USD87 million in investment. It involved adjacent infrastructure development: water dam and

²²⁰ Cristina Fernández inauguró una planta potabilizadora de agua en El Calafate, Presidencia de la Nación Argentina (Buenos Aires) 28 January 2011. Date of Access: 8 April 2011.

http://www.casarosada.gov.ar/index.php?option=com_content&task=view&id=8029&Itemid=66

²²¹ La presidenta inauguró obras en Mar del Plata y puso en marcha una nueva planta de transmisión de TV Digital Abierta, Presidencia de la Nación Argentina (Buenos Aires) 4 February 2011. Date of Access: 7 April 2011.

http://www.casarosada.gov.ar/index.php?option=com_content&task=view&id=8047&Itemid=66

²²² La jefa de Estado abrió la licitación para la construcción del Gasoducto Noreste Argentino, Presidencia de la Nación Argentina (Buenos Aires) 4 February 2011. Date of Access: 4 April 2011.

http://www.casarosada.gov.ar/index.php?option=com_content&task=view&id=8045&Itemid=66

²²³ La Presidenta dejó inaugurada en su cota máxima la represa Yacyretá, Presidencia de la Nación Argentina (Buenos Aires) 25 February 2011. Date of Access: 6 April 2011.

http://www.casarosada.gov.ar/index.php?option=com_content&task=view&id=8094&Itemid=66

²²⁴ La Presidenta anunció las obras de la autopista Juan Domingo Perón en Merlo y la compra de netbooks, Presidencia de la Nación Argentina (Buenos Aires) 18 February 2011. Date of Access: 4 April 2011.

http://www.casarosada.gov.ar/index.php?option=com_content&task=view&id=8072&Itemid=66

²²⁵ Argentina y Uruguay firmaron un convenio para la ampliación de la provisión de gas, Presidencia de la Nación Argentina (Buenos Aires) 25 February 2011. Date of Access: 6 April 2011.

http://www.casarosada.gov.ar/index.php?option=com_content&task=view&id=8091&Itemid=66

energy generation, paving of National Road N 150, new housing and public services development in the province with the overall investment of more than USD4,500 million.²²⁶

On 18 March 2011, President Christina Fernandez de Kirchner initiated a project on the construction of a 228-km highway on the National Road N 18. The project will require USD1,997 million of investment.²²⁷

On 6 April 2011, projects on accessible digital TV, sewage-cleaning, new aqueduct system, thermal power plant expansion and new gas pipeline were inaugurated in the province of Cordoba. Digital TV installations will have an impact on potentially more than 1.5 million citizens.

On 29 November 2010, Aerolineas Argentinas joined the Skyteam Alliance, which has enabled the company to expand its operations worldwide and provide airline service to 898 destinations in 169 countries. Aerolineas Argentinas is the first company in the Latin American region to become a member of the Skyteam Alliance conglomerate.²²⁸

On 12 January 2011, a treaty was signed by President Christina Fernandez de Kirchner and the representatives of the International Bank for Reconstruction and Development to finance the construction of the plant for the disposal of urban waste in Mar del Plata. The project involves more than ARS80 million and will be partly funded through a credit granted by the IBRD.²²⁹

On 14 March 2011, the new terminal of cruise ships “Quinquela Martín” in the port of Buenos Aires was inaugurated. The terminal can accommodate two 300 metre cruise ships and up to 4,000 people. The project was financed by the Dubai Ports World. An additional project of USD300 million is targeted at the expansion of the container capacity in the port of Buenos Aires.²³⁰

Argentina has invested in infrastructure that addresses bottlenecks and enhances growth potential and has taken measures to attract investment from other sources. Thus it is awarded a score of +1.

Analyst: Polina Arkhipova

Australia: +1

Australia has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential.

²²⁶ La jefa de Estado dejó inaugurado el Estadio del Bicentenario de San Juan, Presidencia de la Nación Argentina (Buenos Aires) 16 March 2011. Date of Access: 3 April 2011.

http://www.casarosada.gov.ar/index.php?option=com_content&task=view&id=8137&Itemid=66

²²⁷ La Presidenta dio inicio a las obras de la autovía Paraná – Concordia, en Entre Ríos, Presidencia de la Nación Argentina (Buenos Aires) 18 March 2011. Date of Access: 3 April 2011.

http://www.casarosada.gov.ar/index.php?option=com_content&task=view&id=8142&Itemid=66

²²⁸ Aerolíneas Argentinas ingresó a la Alianza Skyteam, Presidencia de la Nación Argentina (Buenos Aires) 29 November 2010. Date of Access: 5 April 2011.

http://www.casarosada.gov.ar/index.php?option=com_content&task=view&id=7853&Itemid=66

²²⁹ La Presidenta firmó un convenio para realizar obras de saneamiento ambiental en Mar del Plata, Presidencia de la Nación Argentina (Buenos Aires) 11 January 2011. Date of Access: 6 April 2011.

http://www.casarosada.gov.ar/index.php?option=com_content&task=view&id=7989&Itemid=66

²³⁰ Cristina Fernández inauguró la terminal de cruceros más importante de América del Sur, Presidencia de la Nación Argentina (Buenos Aires) 14 March 2011. Date of Access: 3 April 2011.

http://www.casarosada.gov.ar/index.php?option=com_content&task=view&id=8128&Itemid=66

On 15 December 2010, the Minister for Climate Change and Energy Efficiency Combet announced that AUD51 billion would be awarded to schools as Federal Government grants to install solar and other renewable power systems, rainwater tanks and to help implement a range of energy efficiency measures.²³¹

On 7 January 2011, the Government decided to provide AUD135 million in Federal funding to rebuild and modernise the Western Australia's Grain Rail Network, in partnership with the Government of Western Australia. Once completed, the upgraded rail network will lower transport costs for farmers. It will also deliver wider community benefits such as cutting the number of trucks on the State's roads.²³²

On 17 January 2011, three National Broadband Network (NBN) equipment contracts totalling AUD1.6 billion were signed. The NBN is an Australian government initiative launched in May 2010 to deliver high-speed broadband to all Australians. It is the largest infrastructure project undertaken by the Australian government, an investment of up to AUD43 billion over eight years is planned.²³³

In addition, the Government launched two projects of AUD2.6 billion, within the framework Bruce Highway Extension program (Safety Package²³⁴ and Intelligent Transport System),²³⁵ which is a part of the Australian National Highway and the busiest highway in Queensland, Australia.

On 10 May 2011, the Government adopted 2011-2012 budget and committed for AUD36 billion investment in infrastructure.²³⁶ A record AUD4.5 billion over the next year will be spent to renovate and extend the road, rail and aviation infrastructure across Regional Australia.²³⁷

Australia has also tapped into private financing as a supplemental funding source for infrastructure development.

²³¹ More schools go solar with Federal Government grants, Minister for Climate Change and Energy Efficiency (Canberra) 15 December 2010. Date of access: 3 April 2011.

www.climatechange.gov.au/en/minister/greg-combet/2010/media-releases/December/mr20101215a.aspx

²³² Federal Funding To Help Rebuild WA's Grain Rail Network, Minister for Infrastructure and Transport (Canberra) 7 January 2011. Date of access: 2 April 2011.

www.minister.infrastructure.gov.au/aa/releases/2011/January/AA002_2011.htm

²³³ Creating 400 Australian Jobs as We Move to Connect the Nation, Minister for Innovation, Industry, Science and Research (Canberra) 17 January 2011. Date of access: 2 April 2011.

minister.innovation.gov.au/Carr/MediaReleases/Pages/creating400australianjobsaswemovetconnectthenation.aspx

²³⁴ More Federal Dollars on the Way for the Bruce Highway, Minister for Infrastructure and Transport (Canberra) 1 December 2010. Date of access: 27 March 2011.

www.minister.infrastructure.gov.au/aa/releases/2010/December/AA483_2010.htm

²³⁵ Intelligent Transport System to Improve Safety Over the Cardwell Range, Minister for Infrastructure and Transport (Canberra) 16 December 2010. Date of access: 27 March 2011.

www.minister.infrastructure.gov.au/aa/releases/2010/December/AA501_2010.htm

²³⁶ Budget at a Glance, Australian Government 10 May 2011. Date of access: 18 July 2011.

www.budget.gov.au/2011-12/content/at_a_glance/html/at_a_glance.htm

²³⁷ Labor's Regional Nation Building Agenda, Minister for Infrastructure and Transport (Canberra) 10 May 2011. Date of access: 5 July 2011.

www.minister.infrastructure.gov.au/aa/releases/2011/May/AA075_2011.htm

On 23 November 2010, Innovation Minister Senator Kim Carr announced a new Rail Industry Supplier Continuous Improvement Program, under which the businesses that support Australia's rail industry would be given a competitive edge.²³⁸ Enterprise Connect, a consulting wing of Department of Innovation, Industry, Science and Research, will advise the major rail suppliers and 30 small and medium size enterprises on how to streamline their supply chain processes and increase businesses efficiency. Firms can then apply for matched funding of up to AUD20,000 to help implement the recommendations. The program is expected to encourage the companies to deliver better quality products to the rail industry and improve railway services throughout the country.²³⁹

On 24 February 2011, Prime Minister Julia Gillard outlined the Government's plan to cut pollution, tackle climate change and deliver the economic reform that plans to move Australia to a "clean energy future." The two-stage plan for a carbon price mechanism will start with a fixed price period for three to five years (beginning in 1 July 2012) before transitioning to an emissions trading scheme. This regulatory incentive is designed to encourage private investments in 'green' infrastructure.²⁴⁰

Australia has invested in infrastructure that addresses both bottlenecks and enhances growth potential. Thus it is awarded a score of +1.

Analyst: Ekaterina Maslovskaya

Brazil: +1

Brazil has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential.

Brazil has invested in infrastructure itself and has taken measures to attract investment from other sources.

On 16 February 2011, Brazil developed program "The Growth Acceleration Program (PAC) – Large City Mobility" in accordance with which large cities will get USD10.8 billion public transport investment. The program is aimed at improvement of public transportation infrastructure and purchase of equipment designed to integrate, control and modernize these systems.²⁴¹

On 17 February 2011, Jeffrey Immelt, CEO of General Electric, during the meeting with the President of Brazil Dilma Rousseff, declared plans to invest USD500 billions into the

²³⁸ On the Right Track to Improving the Rail Industry, Minister for Innovation, Industry, Science and Research (Canberra) 23 November 2010. Date of access: 2 April 2011.

²³⁹ New program to improve rolling stock supply chain, Rail Express (Canberra) 23 March 2011. Date of access: 18 April 2011. www.railexpress.com.au/archive/2011/march/march-23rd-2011/top-stories/new-program-to-improve-rolling-stock-supply-chain

²⁴⁰ Climate change framework announced, Minister for Climate Change and Energy Efficiency (Canberra) 24 February 2011. Date of access: 3 April 2011. www.climatechange.gov.au/en/minister/greg-combet/2011/media-releases/February/mr20110224.aspx

²⁴¹ Large Cities to Get US\$ 10.8 Billion Public Transport Investment, Portal Brasil (Rio-de-Janeiro) 18 February 2011. Date of Access: 10 April 2011. <http://www.brasil.gov.br/news/history/2011/02/18/large-cities-to-get-us-10.8-billion-public-transport-investment>.

construction of Research Center in Rio de Janeiro. The center will focus on advanced technologies for the oil and gas, renewable energy, mining, rail and aviation industries.²⁴²

On 6 May 2011, it was announced that infrastructure renovation works for the FIFA World Cup 2014 should receive investments of about BRL47 billion (approximately USD29.4 billion). Investments include modernization of airports, football stadiums, telecommunications, professional qualification, security, urban mobility, energy and health. The Minister of Sport of Brazil Orlando Silva explained that part of the resources would come from public money, but there will also be funds from the private sector.²⁴³ Moreover, on 29 June 2011, the Inter-American Development Bank (IDB) decided to provide USD12 billion for projects in Brazil by 2014. The President of the IDB, Luis Alberto Moreno, said he had held talks with state governments and the city halls in the 12 host cities for the 2014 World Cup with a focus on infrastructure projects, such as airports, city trains and basic sanitation.²⁴⁴

On 31 May 2011, the president of the country's state-owned development bank, BNDES, Luciano Coutinho said that Brazil was to invest BRL3.2 trillion (approximately USD2 trillion), about 23 % of its Gross Domestic Product (GDP) over the next four years. Luciano Coutinho considers this to be an "adequate figure to sustain long-term economic growth without inflationary pressure." This includes investments that are spread out, such as those made by small companies, in construction, industrial and infrastructure projects.²⁴⁵

Brazil has invested in infrastructure to address bottlenecks and enhances growth potential and encouraged investment from other courses. Thus it is awarded a score of +1.

Analyst: Pavel Zhdanov

Canada: +1

Canada has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential.

During this compliance period the Federal and Quebec Governments provided support to several regions for public transit and major infrastructure projects: CAD101,079,755 million to 67 municipalities in the Greater Outaouais region; with CAD71.1 million to 40 municipalities in the Mauricie Region, and CAD2,648,443 to the city of Saint.^{246,247,248} On 22 November 2010,

²⁴² GE Announce of Investment US\$ 500 Billion into the Building of Research Center in Rio-de-Janeiro, Ministry of Development, Industry and Foreign Trade (Rio-de-Janeiro)17 February 2011. Date of Access: 10 April 2011. <http://www.mdic.gov.br/sitio/interna/noticia.php?area=1¬icia=10434>.

²⁴³ World Cup May Have Indirect Impact of R\$ 185 Billion in the Economy, Portal Brasil 6 May 2011. Date of Access: 15 July 2011. <http://www.brasil.gov.br/news/history/2011/05/06/world-cup-may-have-indirect-impact-of-r-185-billion-in-the-economy>.

²⁴⁴ IDB Provides US\$ 12 Billion for Projects in Brazil, Portal Brasil 29 June 2011. Date of Access: 15 July 2011. <http://www.brasil.gov.br/news/history/2011/06/29/idb-provides-us-12-billion-for-projects-in-brazil>.

²⁴⁵ Brazil to Invest 23% of Its GDP Over Four Years, Portal Brasil 31 May 2011. Date of Access: 15 July 2011. <http://www.brasil.gov.br/news/history/2011/05/31/brazil-to-invest-23-of-its-gdp-over-four-years>.

²⁴⁶ The Federal and Quebec Governments Provide Support to 67 Municipalities of the Greater Outaouais Region for Infrastructure Projects, Infrastructure Canada (Ottawa) 29 November 2010. Date of Access: 28 April 2011. <http://www.infcc.gc.ca/media/news-nouvelles/gtf-fte/2010/20101129gatineau-eng.html>

²⁴⁷ The Federal and Quebec Governments Provided Support to 40 Municipalities of the Mauricie Region for Infrastructure Projects, Infrastructure Canada (Ottawa) 14 December 2010. Date of Access: 28 April 2011. <http://www.infcc.gc.ca/media/news-nouvelles/gtf-fte/2010/20101214troisrivieres-eng.html>

Minister of State for Canada Economic Development Denis Lebel announced that the City of Hudson will receive an additional CAD2,179,744 in joint government financial assistance for wastewater treatment and drinking water supply infrastructure works.²⁴⁹

On 26 November 2010, CAD589,442 were disbursed to the Municipality of L'Isle-Verte in joint government financial assistance to rebuild water supply and combined sewer systems and install a storm sewer system in the western sector of the Municipality.²⁵⁰

On 23 December 2010, four First Nations and four municipalities in Yukon had their Gas Tax Fund (GTF) infrastructure projects approved. The projects, worth over CAD1.6 million, will contribute to the overall GTF goals, including cleaner air and water, and reduced greenhouse gas emissions.²⁵¹

Some measures have been undertaken in Canada to facilitate infrastructure investments from other sources. On 25 February 2011, Minister of Finance and Senator Larry Smith announced that the Government of Canada will contribute up to CAD25 million through the PPP Canada Fund towards eligible costs of a new Maintenance Centre in Montreal, Quebec, for the Agence métropolitaine de transport (AMT). Partnering with the private sector to deliver this project will leverage private sector expertise, allow the transfer of design and construction risks to the private sector, and generate positive value for money compared to traditional procurement, to the benefit of taxpayers.²⁵²

Canada has invested in infrastructure that addresses both bottlenecks and enhances growth potential. Thus it is awarded a score of +1.

Analyst: Vitaly Nagornov

China: +1

China has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential and attract investment from other sources. China has actively invested in infrastructure.

On 5 March 2011, China announced its goals of building 235 million kilowatts of power generation capacity in clean energy in the next five years. From 2011 to 2015, China plans to launch nuclear energy projects with a combined generation capacity of 40 million kw. In addition to the construction of nuclear power plants in the coastal areas, new plants will be built in central regions, according to the government's draft 12th Five-Year Plan. The country also plans to build

²⁴⁸ The Federal and Quebec Governments Provide Support to the City of Saint-Colomban for Infrastructure Projects, Infrastructure Canada (Ottawa) 16 December 2010. Date of Access: 28 April 2011.

²⁴⁹ Additional investment of \$2,179,744 in Hudson for wastewater treatment, Canada Economic Development for Quebec Regions (Ottawa) 22 November 2010. Date of Access: 28 April 2011. <http://www.dec-ced.gc.ca/eng/media-room/news-releases/2010/11/2769.html>

²⁵⁰ Additional investment of \$589,442 in L'Isle-Verte for refurbishment of water and sewer systems, Canada Economic Development for Quebec Regions (Ottawa) 26 November 2010. Date of Access: 28 April 2011. <http://www.dec-ced.gc.ca/eng/media-room/news-releases/2010/11/2771.html>

²⁵¹ New Gas Tax Fund Projects Focused on Energy Efficiency, Waste Management and Indoor Air Quality, Infrastructure Canada (Ottawa) 23 December 2010. Date of Access: 28 April 2011. <http://www.infc.gc.ca/media/news-nouvelles/gtf-fte/2010/20101223whitehorse-eng.html>

²⁵² Governments of Canada and Quebec Join in Public-Private Partnership to Enhance Commuter Services and Create Jobs, PPP Canada (Ottawa) 25 February 2011. Date of Access: 28 April 2011. http://p3canada.ca/files/file/NR_Lachine%20Maintenance%20Centre_EN_FINAL.pdf

hydropower stations along major rivers such as the Jinsha River, Yalong River and Dadu River with an installed capacity of 120 million kw. At least 70 million kw of wind power capacity and 5 million kw of solar power capacity will be created in the next five years, according to the draft plan. Moreover, China will construct oil and gas pipelines of about 150,000 kilometers in the next five years. The pipelines include a gas pipeline to central Asia and oil pipelines to Kazakhstan and Myanmar.²⁵³

On 4 January 2011, Chinese Railways Minister Liu Zhijun said at a conference that the Beijing-Shanghai High-Speed Railway will be put into operation by the middle of June this year.²⁵⁴

On 23 March 2011, a spokesman for the Ministry of Transport said that China will double its investment in waterway construction to CNY200 billion (USD30.5 billion) over the next five years to increase the nation's river transport capacity. He said the central government will fund CNY45 billion (USD6.86 billion), more than one fifth of the total investment, while the rest will be raised by local governments or through social financing channels.²⁵⁵

China has also taken measures to attract investment from other sources.

On 24 February 2011, Chairman of China Development Bank Chen Yuan announced that the total number of government-subsidized housing for the Comfortable Housing Project will reach 45 million with an investment planned to total CNY6.75 trillion in the 12th Five Year Plan period.²⁵⁶

On 5 March 2011, the draft of China's 12th Five-Year Plan (2011-2015) was submitted to the National People's Congress. Key targets of the draft include, inter alia: expenditure on research and development to account for 2.2% GDP; construction and renovation of 36 million apartments for low-income families.²⁵⁷

On 23 March 2011, the Chinese Ministry of Finance (MOF) said that it has allocated subsidies worth CNY10 billion (USD1.52 billion) to help farmers renovate their dilapidated houses this year. Each eligible rural household will receive a subsidy of CNY6,000 from the central government, MOF said. Furthermore, poor rural families living near land border areas, and rural model households that meet building energy efficiency requirements in the northeast, northwest and northern regions, as well as Tibet Autonomous Region, will receive an extra allowance of CNY2,000 per household from the central government.²⁵⁸

²⁵³China announces ambitious clean energy plans for next five, Chinese Online Information Service (Beijing) 5 March 2011. Date of Access: 7 March 2011. <http://chinatibet.people.com.cn/96057/7310149.html>

²⁵⁴ High-speed rail linking Beijing, Shanghai to open in June, Government of China (Beijing)4 January 2011. Date of Access: 4 January 2011. http://english.gov.cn/2011-01/04/content_1778142.htm

²⁵⁵ China to spend 200 bln yuan overhauling waterways in next 5 years, Government of China (Beijing)23 March 2011. Date of Access: 23 March 2011. http://english.gov.cn/2011-03/23/content_1830343.htm

²⁵⁶ People's Livelihood Needs Financial Support, China Development Bank (Beijing)24 February 2011. Date of Access: 24 February 2011. <http://www.cdb.com.cn/english/NewsInfo.asp?NewsId=3574>

²⁵⁷ Key targets of China's 12th five-year plan, Government of China (Beijing)5 March 2011. Date of Access: 5 March 2011. http://english.gov.cn/2011-03/05/content_1816822.htm

²⁵⁸MOF funds renovation of unsafe rural homes, Chinese Online Information Service 23 March 2011. Date of Access: 25 March 2011. <http://chinatibet.people.com.cn/96056/7330743.html>

China has invested in infrastructure itself and attracted investment from other sources. Thus it is awarded a score of +1.

Analyst: Svetlana Nikitina

France: +1

France has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential.

On 9 December 2010, Secretary of State for Housing and President of the Social Economy Union for Access to Ownership signed a new agreement that will strengthen the program “Living Better” in the fight against Fuel Poverty.²⁵⁹

On 13 December 2010, Secretary of State for Transports and President of the French National Railway Corporation (SNCF) signed the Convention “Trains Balance of the Territory”. State agrees to pay an annual compensation of EUR210 million over three years for the 40 railway lines (Coral, Intercity, Teoz and Luneau). This measure balances the exploitation of these lines. The agreement provides for investing EUR300 million in the modernization of the railway rolling stock.²⁶⁰

On 26 January 2011, Minister for Ecology, Sustainable Development, Transport and Housing of France announced the commitment of the state to invest over EUR1 billion to upgrade public transport in Ile-de-France.²⁶¹

On 26 January 2011, the contract of postal coverage for 2011-2013 was signed by the ministers in charge of planning, economy and industry, the president of the Association des Maires de France and La Poste. The equalization fund has an estimated amount of EUR170 million per year.²⁶²

On 16 February 2011, France announced plans for “Digital City” and “Intelligent Transportation Systems” development. These projects are part of the government’s commitment to provide new digital services supported by a EUR2.25 billion “Digital Economy” investment program.²⁶³

On 3 March 2011, Réseau Ferré de France (RFF) and SNCF presented an investment plan of EUR40 million over 18 months to enhance the security of the national railway network.²⁶⁴

France has undertaken measures to facilitate infrastructure investments from other sources.

²⁵⁹ Signature d’une convention pour renforcer la lutte contre la précarité énergétique. Date of Access: 28 April 2011.

<http://www.developpement-durable.gouv.fr/Signature-d-une-convention-pour,19821.html>

²⁶⁰ L’Etat et la SNCF s’engagent pour moderniser 40 liaisons ferroviaires. Date of Access: 28 April 2011.

<http://www.developpement-durable.gouv.fr/L-Etat-et-la-SNCF-s-engagent-pour.html>

²⁶¹ Plus d’un milliard d’euros pour moderniser les transports en commun d’Ile-de-France. Date of Access: 28 April 2011.

<http://www.developpement-durable.gouv.fr/Plus-d-un-milliard-d-euros-pour.html>

²⁶² Contrat De Presence Postale Territoriale 2011 – 2013. Date of Access: 28 April 2011.

http://territoires.gouv.fr/sites/default/files/dossier_de_presse.pdf

²⁶³ France Announced Plans for "Digital City" and "Intelligent Transportation Systems" development. Invest in France Agency 16 February 2011. Date of Access: 28 April 2011.

<http://www.invest-in-france.org/us/news/france-is-investing-in-its-future.html>

²⁶⁴ Plan de sécurisation des voies ferrées pour prévenir des vols de câbles. Date of Access: 28 April 2011.

<http://www.developpement-durable.gouv.fr/Plan-de-securisation-des-voies.html>

On 18 January 2011, Under the Investment for the Future a Project, call “mobility” was launched. Its goal is to bring innovative projects for the development of tomorrow’s mobility, particularly commuting and transporting goods.²⁶⁵

On 3 February 2011, on the occasion of the visit of Minister of Industry, Energy and the Digital Economy Eric Besson, France Telecom announced plans to equip approximately 10 million homes with fiber optic cable. EUR2 billion is the sum that the operator plans to invest to support the installation of fiber optics.²⁶⁶

On 25 March 2011, the Ministry of Industry and Energy together with the Department of Sustainability and Syntec Engineering launched the 4th Grand National Prize for Engineering 2011 contest.²⁶⁷

On 28 March 2011, President of France chaired the Strategic Attractiveness Council (SAC). Council assessed the impact of reforms to improve competitiveness and stimulate innovation including investments in infrastructure.²⁶⁸

France has invested in infrastructure that addresses both bottlenecks and enhances growth potential. Thus it is awarded a score of +1.

Analyst: Vitaly Nagornov

Germany: +1

Germany has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential.

On 22 November 2010, Germany adopted the Freight, Transport and Logistics Action Plan. The Action Plan establishes new transport policy priorities. The plan states that the Federal Ministry of Transport, Building and Urban Development increases the transport budget estimate for 2011 to USD115 million. Involving 30 measures, the Action Plan is intended to provide guidance and to ensure that infrastructure and transport receive enough funding.²⁶⁹

²⁶⁵ Investissement d’avenir : lancement de l’appel à manifestations d’intérêt «mobilité». Date of Access: 28 April 2011. <http://www.developpement-durable.gouv.fr/Investissement-d-avenir-lancement,20406.html>

²⁶⁶ Fibre optique : raccorder 2 millions de foyers d’ici à la fin 2011. Date of Access: 28 April 2011. <http://www.gouvernement.fr/gouvernement/fibre-optique-raccorder-2millions-de-foyers-d-ici-a-la-fin-2011>

²⁶⁷ Grand Prix National de l’Ingenierie 2011. Date of Access: 28 April 2011. <http://www.industrie.gouv.fr/agora/manif/gp-ingen-2011.php>

²⁶⁸ Le conseil stratégique de l’attractivité a mesuré l’impact des réformes menées pour renforcer la compétitivité, stimuler l’innovation et alléger les contraintes administratives. Date of Access: 28 April 2011. <http://www.invest-in-france.org/Medias/Publications/1372/dossier-presse-conseil-strategique-attractivite-2011-afii-fr-en.pdf>

²⁶⁹ Transport Minister presents the Freight Transport and Logistics Action Plan, Federal Ministry of Transport, Building and Urban Development of Germany 22 November 2010. Date of Access: 10 April 2011. http://www.bmvbs.de/SharedDocs/EN/Pressemitteilung/2010/362-transport-minister-presents-freight-transport.html?linkToOverview=EN%2FPress%2FPressReleases%2Fpress-releases_node.html%3F

On 28 February 2011, a tunnel was opened as part of the construction of a bypass in German federal land Baden-Württemberg. The state invests USD230 million into the project. The infrastructure project is planned to be completed by 2013.²⁷⁰

On 11 March 2011, the construction of an important road project in German federal land Saxony-Anhalt was launched. USD331 million is invested by the state in the project. Construction works are planned to be completed in 3.5 years.²⁷¹

On 16 March 2011, the Federal Cabinet adopted the key figures for the 2012 federal budget. The funds for rail- and waterways and roads will reach more than USD14.4 billion each year in spite of budget consolidation measures. Additional USD1.4 billion are provided for continue railway projects over 2012 to 2015.²⁷²

On 22 March 2011, the construction of an important road project connecting the Eastern and Western parts of Germany was completed. The project is part of the National Plan “German Unity.” Germany invested USD2.2 billion in the project.²⁷³

On 22 November 2010, Germany adopted the the Freight, Transport and Logistics Action Plan. One of the key measures proposed by the plan is stimulating Public Private Partnerships in transport and infrastructure. The plan sets objectives for constructing high priority federal autobahns in the form of Public Private Partnerships.²⁷⁴

On 14 February 2011, the German Federal Minister of Transport, Building and Urban Development Peter Ramsauer presented the Project Plan for Road Transport Telematics in 2015. The paper comprises a total of 138 projects for the installation of traffic management systems, especially on very busy or accident-prone motorway sections. The key objective of the Plan is to tackle traffic congestions. The measures proposed by the Plan include projects for active strategic traffic management, junction control and congestion warning systems. The federal states are to implement the measures by 2015. For this purpose, the Ministry will provide USD432 million.²⁷⁵

²⁷⁰ Scheuer: Ortsumgehung Schwäbisch Gmünd kommt gut voran, Federal Ministry of Transport, Building and Urban Development of Germany 28 February 2011. Date of Access: 10 April 2011. <http://www.bmvbs.de/SharedDocs/DE/Pressemitteilungen/2011/028-scheuer-b29-ou-schw%C3%A4bisch-gm%C3%BCnd.html?view=renderDruckansicht&nn=35788>.

²⁷¹ B 6n wird bis zur A 9 verlängert, Federal Ministry of Transport, Building and Urban Development of Germany 11 March 2011. Date of Access: 10 April 2011. <http://www.bmvbs.de/SharedDocs/DE/Pressemitteilungen/2011/033-muecke-ou-koethen.html>.

²⁷² Eckwerte des Bundeshaushalts 2012 beschlossen, Federal Ministry of Transport, Building and Urban Development of Germany 16 March 2011. Date of Access: 10 April 2011. <http://www.bmvbs.de/SharedDocs/DE/Pressemitteilungen/2011/038-ramsauer-bundeshaushalt-2012.html>.

²⁷³ Vier Teilstücke der A 44 zwischen Kassel und Herleshausen in Bau, Federal Ministry of Transport, Building and Urban Development of Germany 22 March 2011. Date of Access: 10 April 2011. <http://www.bmvbs.de/SharedDocs/DE/Pressemitteilungen/2011/045-bomba-a44-kassel-herleshausen.html>.

²⁷⁴ Aktionsplan Güterverkehr und Logistik – Logistikinitiative für Deutschland, Federal Ministry of Transport, Building and Urban Development of Germany 22 November 2010. Date of Access: 10 April 2011. <http://www.bmvbs.de/cae/servlet/contentblob/61432/publicationFile/34319/aktionsplan-gueterverkehr-logistik.pdf>.

²⁷⁵ New traffic management systems and hard shoulder running on motorways, Federal Ministry of Transport, Building and Urban Development of Germany 14 February 2011. Date of Access: 10 April 2011. http://www.bmvbs.de/SharedDocs/EN/Pressemitteilung/2011/019-minister-ramsauer-anti-congestion-scheme.html?linkToOverview=EN%2Fpress%2FpressReleases%2Fpress-releases_node.html%3Fgtp%3D50278_list%25253D1%23id64280.

On 6 April 2011, the German Cabinet of Ministers adopted National Reform Programme for 2011. The measures contained in the German NRP for 2011 fully implement the European Strategy for Growth and Employment and the Euro Plus Pact. The priority areas include measures designed to boost internal demand through investment into energy and telecommunications infrastructure.²⁷⁶

Germany has invested in infrastructure that addresses both bottlenecks and enhances growth potential. Thus it is awarded a score of +1.

Analyst: Marina Klintsova

India: + 1

India has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential and takes measures to facilitate infrastructure investment from other sources.

On 28 February 2011, Indian Finance Minister Shri Pranab Mukherjee on United Budget Speech said that infrastructure was critical for development of India and an allocation of over USD48 billion would be made for this sector for 2011-2012, which is 23.3 per cent higher than previous year. This amounts to 48.5 per cent of the Gross Budgetary Support to plan expenditure.²⁷⁷

On 6 March 2011, Minister of Finance of Jammu and Kashmir Abdul Rahim Rather on his Budget Speech enumerated major initiatives for the development of infrastructure in Jammu and Kashmir and proposed to start work on 93 MWs New Gandarbal and 50 MW Lower Kalnai Hydro Electric Powers through J&K State Power Development Corporation during the next financial year.

Finance Minister of Jammu and Kashmir also proposed to black-top and macadamized about 2,000 kilometres length of roads during the next financial year. Finance minister of Jammu and Kashmir said that the number of bridges under execution was 442, out of them, 103 bridges would be completed in the current year and 100 additional bridges were expected to be completed during the next financial year. He also pronounced that investment of USD192 million would be proposed for Roads and Building Sector under the State Plan and additionally, USD202 million were expected to flow in the R&B Sector under the Central Schemes during the next financial year.²⁷⁸

Some measures have also been undertaken to facilitate infrastructure investments from other sources.

On 22 January 2011, in New-Delhi, in a bilateral meeting between Shri Anand Sharma, Indian Minister of Commerce & Industry and Dr. Craig Emerson, Trade Minister of Australia, the

²⁷⁶ Nationales Reformprogramm für Deutschland beschlossen, Federal Government of Germany 6 April 2011. Date of Access: 10 April 2011. <http://www.bundesregierung.de/Content/DE/Artikel/2011/04/2011-04-06-nationales-reformprogramm.html>.

²⁷⁷ Budget Speech by Finance Minister, Union Budget and Economic Survey 28 February 2011. Date of Access: 12 April 2011. <http://indiabudget.nic.in/ub2011-12/bs/bs.pdf>

²⁷⁸ Budget Speech by Finance Minister of Jammu and Kashmir, Government of jammu and Kashmir Finance Department 6 march 2011. Date of Access: 12 April 2011. <http://jakfinance.nic.in/BudgetSpeech2011.pdf>

Minister of Commerce & Industry of India expressed his opinion that there is a need for investments from Australia especially in the infrastructure sector.²⁷⁹

On 28 February 2011, Indian Finance Minister Shri Pranab Mukherjee on United Budget speech stated next measures to facilitate infrastructure investments, he said that the foreign institutional investors limit for investment in corporate bonds, with residual maturity of over five years issued by companies in infrastructure sector, would be raised by an additional limit of USD20 billion taking the limit to USD25 billion to enhance the flow of funds to the infrastructure sector. This will raise the total limit available to the foreign institutional investors for investment in corporate bonds to USD 40 billion.

He also added that since most of the infrastructure companies are organised in the form of SPVs, foreign institutional investors would also be permitted to invest in unlisted bonds with a minimum lock-in period of three years.

Indian Finance Minister said that Government had established India Infrastructure Finance Company Limited (IIFCL) to provide long term financial assistance to infrastructure projects and It was expected to achieve a cumulative disbursement target of USD4,5 billion by 31 March 2011, and USD5,5 billion by 31 March 2012. Mr. Mukherjee also proposed to allow tax free bonds of USD6,7 billion to be issued by various Government undertakings in the year 2011-2012 in order to give a boost to infrastructure development in railways, ports, housing and highways development. Also, during his speech Mr. Mukherjee proposed to create special vehicles in the form of notified infrastructure debt funds; subject interest payment on the borrowings of these funds to a reduced withholding tax rate of 5 per cent instead of the current rate of 20 per cent; exempt the income of the fund from tax to attract foreign funds for financing of infrastructure.²⁸⁰

India has invested in infrastructure that addresses both bottlenecks and enhances growth potential and has been awarded a score of +1

Analyst: Alexey Mironov

Indonesia: 0

Indonesia has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential.

On 15 March 2011, the representative of the Ministry of Communications announced that the government would build a new port in the region Tanjung Priok to enhance the movement of goods and passengers.²⁸¹

On 1 April 2011, Indonesian Chamber of Commerce and Industry (Kadin) asked the government to revive the defunct Indonesian Development Bank (Bapindo) to support the financing of infrastructure development projects. President of Indonesia, Susilo Bambang Yudhoyono, noted

²⁷⁹ Need For Australian Investments in Infrastructure Sector, Ministry of Commerce and Industry 24 January 2011. Date of Access: 12 April 2011.

http://commerce.nic.in/pressrelease/pressrelease_detail.asp?id=2719

²⁸⁰ Budget Speech by Finance Minister, Union Budget and Economic Survey 28 February 2011. Date of Access: 12 April 2011. <http://indiabudget.nic.in/ub2011-12/bs/bs.pdf>

²⁸¹ Republika OnLine. Breaking News. Ekonomi. Pemerintah akan Bangun Pelabuhan Baru Senilai Rp8.8 T 15 March 2011. Date of Access: 15 March 2011

<http://www.seasite.niu.edu/Indonesian/Percakapan/Indonesia/originals/LiveNewsFS.htm>

that the government was assessing the possibility of reopening Bapindo, alongside other means to finance infrastructure projects.²⁸²

On 4 March 2011 the Islamic Development Bank (IDB) expressed its readiness to provide a Rp405 billion loan to help build a fish port in West Sulawesi province this year. The project will be co-financed by the Indonesian Marine Affairs and Fisheries Ministry.²⁸³

On 11 March 2011 Chairman of the Indonesian Investment Coordination Agency (BKPM) Gita Wirjawan said that the Indonesian Parliament would pass by the third quarter of 2011 a bill regulating foreign ownership of the land and land clearance. It is expected to cut in half the time needed to start infrastructure projects.²⁸⁴

Indonesia has partially invested in infrastructure that addresses both bottlenecks and enhances growth potential. It has taken measures to facilitate infrastructure investments from other sources but no facts of its own infrastructure investments during the compliance period have been registered. Thus it is awarded a score of 0.

Analyst: Elena Martynova

Italy: +1

Italy has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential.

On 12 November 2010, the Ministry of Economic Development (MED) signed a decree authorizing realization of the 94 km long power line “Trino-Lacchiarella” between Piemonte and Lombardia, an electric infrastructure of strategic importance for Italy.²⁸⁵

On 18 November 2010, the Interministerial Committee for Economic Programming (CIPE) approved the modification of the Fund for Enterprise Investment Support (FRI). According to the resolution EUR785 million are available for supporting the projects on industrial and technological innovations.²⁸⁶

On 15 December 2010, CEO of the UniCredit, Federico Ghizzoni, and Italian Minister of Foreign Affairs, Franco Frattini, presented the project on creation of a logistical platform in the Upper Adriatic for the relaunch of Mediterranean maritime traffic and enhancement of Italian seaports.

²⁸² Kadin wants bank specializing on infrastructure financing, The Jakarta Post 1 April 2011 Date of Access: 5 April 2011 <http://www.thejakartapost.com/news/2011/04/01/kadin-wants-bank-specializing-in-infrastructure-financing.html>

²⁸³ IDB ready to finance fish port project in w Sulawesi 5 March 2011. Date of Access: 15 March 2011 <http://www.antaraneews.com/en/news/68777/idb-ready-to-finance-fish-port-project-in-w-sulawesi>

²⁸⁴ Foreigners Able To Own Property in Indonesia in 2011 11 March 2011 Date of Access: 5 April 2011 <http://www.consultingbali.com/blog/category/investment/>

²⁸⁵ Energia: procedimento positivo per elettrodotto “Trino-Lacchiarella,” Italian Ministry of Economic Development 12 November 2010. Date of Access: 24 March 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2015635:energia-procedimento-positivo-per-elettrodotto-trino-lacchiarella

²⁸⁶ MSE: via libera a 785 mln di euro per ricerca industriale, Italian Ministry of Economic Development 18 November 2010. Date of Access: 24 March 2011. Italian Ministry of Economic Development 12 November 2010. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2015695:m-se-via-libera-a-785-mln-di-euro-per-ricerca-industriale

The public-private partnership will be work on the basis of an agreement between the state and Friuli Venezia Giulia Region to provide the necessary legislative framework for the works.²⁸⁷

On 23 November 2010, the Minister of Economic Development participated in the signing of the agreement for interconnecting power line between the Italian company Terna S.p.A. and the Government of Montenegro. The investments for interconnection, with the total length of 415 km, amount to about EUR760 million. The construction of the power line that will provide Italian electricity system with an estimated cost reduction of EUR225 annually would be started in 2011 and finished at the beginning of 2015. Italy and Montenegro have also considered the collaboration in other fields such as railways, with the connection Belgrado-Bar.²⁸⁸

On 30 November 2010, the Minister of Economic Development, Paolo Romani, together with the Bulgarian Minister of Economy, Energy and Tourism, Traycho Traykov, took part in the signing of the agreement on the project of interconnection of the gas pipelines between Greece and Bulgaria (Igb). The project has also provisions for constructing the link of the gas pipeline Itgi (interconnection Turkey, Greece, Italy).²⁸⁹ The agreement has been concluded in Sofia (Bulgaria) by Italian company Edison, Greek state gas company Depa and Bulgarian Bec.²⁹⁰ On 1 December 2010, Paolo Romani met the Bulgarian Prime Minister, Bojko Borisov, to discuss the collaboration in the main areas with the particular attention to infrastructure, energy, technological innovation and digitalization.²⁹¹ On 7 December 2010, Azerbaijan gave the go-ahead to the accord with Italy, Greece and Turkey on cooperation in the energy sector, especially in terms of support for the Itgi project, a gas pipeline for the transit of Azerbaijani gas to Europe.²⁹²

On 13 January 2010, Italian Minister of Foreign Affairs visited Switzerland in order to discuss bilateral economic relations. The goals of the visit have included, inter alia, confirming Italy's

²⁸⁷ Unicredit and Foreign Ministry launch a new logistics platform for the Adriatic, Italian Ministry of Foreign Affairs 15 December 2010. Date of Access: 5 April 2011.
http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2010/12/20101215_Nuova_piattaforma_Adriatico.htm?LANG=EN

²⁸⁸ Italia-Montenegro: partnership con firma accord interconnessione elettrica 23 novembre 2010. Date of Access: 24 March 2011.

http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2015715:italia-montenegro-partnership-con-firma-accordo-interconnessione-elettrica-

²⁸⁹ Energia: sigliato accord a Sofia per bretellagasdotta ITGI, Italian Ministry of Economic Development 30 November 2010. Date of Access: 24 March 2011.

http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2015729:energia-sigliato-accordo-a-sofia-per-bretella-gasdotta-itgi

²⁹⁰ Romani a Sofia: energia e PMI al centro degli incontri, Italian Ministry of Economic Development 30 November 2010. Date of Access: 24 March 2011.

http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2015727

²⁹¹ Italia-Bulgaria: a Sofia vertice Romani-Borisov su cooperazione, Italian Ministry of Economic Development 1 December 2010. Date of Access: 24 March 2011.

http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2014911:italia-bulgaria-a-sofia-vertice-romani-borisov-su-cooperazione

²⁹² Mantica: green light from Azerbaijan on accord with Italy, Greece and Turkey on the ITGI gas pipeline, Italian Ministry of Foreign Affairs 7 December 2010. Date of Access: 5 April 2011.

http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2010/12/20101207_Mantica_Gasdotta.htm?LANG=EN

commitment to enhance cooperation between the two countries in strategic sectors such as rail links, energy and defence.²⁹³

On 18 January 2011, Italian and Slovenian Ministers of Infrastructure held a meeting where they discussed the development of the projects related to Corridor Vand, a project of the new rail communication between Trieste and Divaccia.²⁹⁴

On 31 May 2011, the Italian Embassy in Seoul promoted the first mission to Korea by INVITALIA, the national inward investment and business development agency. Its aim was to make the first structured presentation in Korea of Italy as a destination for quality investment and to promote specific opportunities to potential Korean partners. The meeting was focused on several sectors, including transportation and energy.²⁹⁵

Italy has invested in infrastructure that addresses both bottlenecks and enhances growth potential. Thus it is awarded a score of +1.

Analyst: Anna Vekshina

Japan: +1

Japan has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential.

On 14 December 2010, the Ministry of Internal Affairs and Communications approved a policy concerning the “Path of Light” concept which aims for broadband utilization in every household by approximately 2015, and worked out a timeline for the implementation of the concept.²⁹⁶

On 16 December 2010, the Ministry of Economy, Trade and Industry (METI) launched the ‘Hydrogen Highway Project’, a world’s first expressway service using fuel cell buses. Hydrogen stations will be constructed in Sugunami (Tokyo), Haneda, and Narita and used as hydrogen supply bases for the fuel cell expressway buses and vehicles.²⁹⁷

On 15 January 2011, the METI launched the ‘Hydrogen Town Project’, the second part of the ‘Hydrogen Energy Social Infrastructure Development Demonstration Project’, which aims at creation of a hydrogen society in the future. Through the project, hydrogen will be supplied via

²⁹³ Italy-Switzerland: Frattini in Berne (13 January), Italian Ministry of Foreign Affairs 12 January 2011. Date of Access: 5 April 2011.

http://www.esteri.it/MAE/EN/Sala Stampa/ArchivioNotizie/Approfondimenti/2011/01/20110112_ItaliaSvizzera.htm?LANG=EN

²⁹⁴ Italia-Slovenia: Matteoli incontraministroVlacic, Italian Ministry of Infrastructure and Transport 18 January 2011. Date of Access: 4 April 2011. <http://www.mit.gov.it/mit/site.php?p=cm&o=vd&id=1600>

²⁹⁵ Country System: In South Korea on a quest for investors, Italian Ministry of Foreign Affairs 31 May 2011. Date of Access: 15 July 2011.

http://www.esteri.it/MAE/EN/Sala Stampa/ArchivioNotizie/Approfondimenti/2011/05/20110531_SistemaPaese_CoreaDelSud.htm?LANG=EN

²⁹⁶ Announcement Regarding Timetable for Implementation of “Path of Light” Concept, Ministry of Internal Affairs and Communications 24 December 2010. Date of access: 10 April 2011.

www.soumu.go.jp/main_sosiki/joho_tsusin/eng/Releases/Telecommunications/101224_c.html

²⁹⁷ “Hydrogen Highway Project” to be launched under the “Hydrogen Energy Social Infrastructure Development Demonstration Project,” the Ministry of Economy, Trade and Industry 13 December 2010. Date of access: 5 March 2011. www.meti.go.jp/english/press/data/20101213_01.html

pipelines installed in urban districts and pure-hydrogen-type fuel cells will be operated for a full scale of a community as demonstration.²⁹⁸

On 2 May 2011, the Japanese Diet approved the first part of supplementary reconstruction budget totalling USD48.8 billion for the fiscal year 2011.²⁹⁹ On 16 July 2011, the second extra budget for the year in the amount of JPY2 trillion (USD25.3 billion) was submitted to the Diet and scheduled for review on 22 July 2011. The budgets are aimed to support survivors and finance infrastructure reconstruction in the quake- and tsunami-hit Tohoku region.³⁰⁰

The Japanese Government also plans to formulate an extra budget that will possibly exceed JPY4 trillion to finance infrastructure reconstruction in the quake- and tsunami-hit Tohoku region.³⁰¹ In addition to Government-funded projects, Japan also sought to cooperate with private companies and other countries.

On 13 January 2011, 13 private companies including, inter alia, Toyota, Nissan, and Honda, as well as energy producers, announced in a joint statement their intention to work together in order to expand the introduction of fuel-cell vehicles and develop the hydrogen supply network throughout Japan by 2015, and requested the Government to establish public-private partnership to back their efforts. The METI responded with the pledge to provide all the necessary support.³⁰²

At the Meeting of Information and Communications Cabinet Ministers from Japan and the 10 ASEAN countries held in Kuala Lumpur on 13 January 2011, the parties adopted the “ASEAN-Japan ICT Work Plan 2011,” and the “ASEAN-Japan Collaboration Framework on Information Security.”³⁰³ Japan also expressed interest in active cooperation with ASEAN member states, China and Korea on the information security framework and ICT infrastructure development.³⁰⁴

Japan has invested in infrastructure that addresses both bottlenecks and enhances growth potential. Thus it is awarded a score of +1.

Analyst: Ekaterina Maslovskaya

²⁹⁸ Launch of “Hydrogen Town Project” under the “Hydrogen Energy Social Infrastructure Development Demonstration Project,” the Ministry of Economy, Trade and Industry 13 January 2011. Date of access: 12 March 2011. www.meti.go.jp/english/press/2011/0113_02.html

²⁹⁹ Japan Enacts \$49 Billion Reconstruction Budget, the Journal of Commerce 2 May 2011. Date of access: 18 July 2011. www.joc.com/japan-disaster/japan-enacts-49-billion-reconstruction-budget

³⁰⁰ ¥2 trillion reconstruction budget submitted; July 22 passage seen, the Japan Times 16 July 2011. Date of access: 18 July 2011. search.japantimes.co.jp/cgi-bin/nn20110716a7.html

³⁰¹ Rebuilding budget may top ¥4 trillion: Edano, Japan Times 8 April 2011. Date of access: 10 April 2011. search.japantimes.co.jp/cgi-bin/nn20110408a6.html

³⁰² Joint statement by private companies concerning the introduction of fuel cell vehicles onto the domestic market and the development of hydrogen supply infrastructure, the Ministry of Economy, Trade and Industry 13 January 2011. Date of access: 10 April 2011. www.meti.go.jp/english/press/2011/0113_01.html

³⁰³ Joint Media Statement of the Tenth ASEAN Telecommunications and Information Technology Ministers Meeting (10th TELMIN) and Its Related Meetings with Dialogue Partners, ASEAN 14 January 2011. Date of access: 10 April 2011. www.aseansec.org/25748.htm

³⁰⁴ Japan Interested in Actively Cooperating in ASEAN ICT Masterplan, United Nations Public Administration Network 31 January 2011. Date of access: 10 April 2011. www.unpan.org/PublicAdministrationNews/tabid/115/mctl/ArticleView/ModuleID/1467/articleId/24144/default.aspx

Korea: 0

Korea has partially complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential.

On 8 December 2010, the Korean government presented a plan to invest KRW49 trillion (USD42.6 billion) in the country's power generation capacity by 2024.³⁰⁵

The Korea Information Technology Report stated that Korean IT spending would increase from USD16.9 billion in 2011 to around USD22.1 billion in 2015.³⁰⁶

On 18 January 2011, the Korean Ministry of Land, Transport and Maritime Affairs announced that Korea would invest KRW185 trillion (USD166 billion) over the next decade to upgrade transportation infrastructure, and to help to enhance the nation's overall logistics efficiency. The investment, which will be made under a revision to the transportation system, will focus on building or expanding roads, railways, airports, seaports and other infrastructure.³⁰⁷

Korea has invested in infrastructure that addresses both bottlenecks and enhances growth potential. Thus it is awarded a score of +1.

Analyst: Svetlana Nikitina

Mexico: +1

Mexico has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential and facilitate investment in infrastructure from other sources.

On 17 December 2010, Mexican President Felipe Calderón inaugurated the Saltillo General Hospital, the main health facility in the state of Coahuila. The Hospital is equipped with state-of-the-art technology and involves an investment of MXN450 mln.³⁰⁸

On 10 January 2011, José María Morelos y Pavón Children's Hospital and the IMSS-Oportunidades Rural Hospital were inaugurated in the municipality of San José del Rincón. Construction of the hospitals aims primarily at the high-risk zones in the state of Mexico and expands the coverage of primary and secondary health services for the benefit of the population living in marginalized and highly marginalized conditions.³⁰⁹

³⁰⁵ South Korea Infrastructure Report Q2 2011, Online Information Service 8 December 2010. Date of Access: 8 December 2010. <http://www.marketresearch.com/product/display.asp?productid=6134288>
<http://www.companiesandmarkets.com/Market-Report/south-korea-infrastructure-report-q1-2011-465206.asp>

³⁰⁶ South Korea Information Technology Report Q1 2011, Online Information Service 14 March 2011. Date of Access: 14 March 2011. <http://www.pr-inside.com/south-korea-information-technology-report-r2474858.htm>

³⁰⁷ S Korea to invest US\$166bil in Upgrading Transportation System, Online Information Service 18 January 2011. Date of access: 18 January 2011. <http://www.malaysiandigest.com/world/15479-s-korea-to-invest-us166bil-in-upgrading-transportation-system.html>

³⁰⁸ Inauguration of Saltillo General Hospital, Presidencia de la Republica, México 17 December 2010. Date of Access: 3 April 2011. <http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62198>

³⁰⁹ Inauguration of Saltillo General Hospital, Presidencia de la Republica, México 10 January 2011. Date of Access: 3 April 2011. <http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62488>

On 17 January 2011, Felipe Calderón announced the Electricity Service in the Valle de México Project aimed at replacing the electricity grid in the historic centre and benefiting 30,000 users with MXN700 mln of investment required. President also supervised the progress of the Federal Electricity Commission (CFE)'s operation in the center of the country, which served as the framework for the inauguration of 79 customer service centers, 282 CFEmáticos (payment centers), a Regional Call Center, 11 sub-stations, and 8 transmission lines.³¹⁰

On 3 March 2011, Felipe Calderón reported that four-year investments in the construction and modernization of the highways in the Federal Network reached MXN175 bln with nearly 15,500 km of highway built or modernized, e.g. Apatzingán-Nueva Italia stretch.

On 3 March 2011, the President inaugurated Boulevard Constituyentes de Apatzingán as part of the expansion of the Apatzingán-Nueva Italia Highway, which involves a cost of MXN600 mln and will benefit the municipalities of Apatzingán, Nueva Italia, Gabriel Zamora, Uruapan and Parácuaro among others.³¹¹

On 8 March 2011, Mexican President inaugurated La Caldera Pump Station, one of the largest water works in the east of the city that will benefit the municipalities of Chalco, Valle de Chalco, Ixtapaluca and Valle de Chalco-Solidaridad and prevent floods in the municipalities and Mexico City. The construction required an investment of MXN61 bln.³¹²

On 10 March 2011, Felipe Calderón inaugurated the expansion and modernization of the Caborca-Sonoyta highway, the only road to the northeast of the country. Modernization includes paving, drainage and complementary works aimed at reducing the risk of accidents, eliminating bottlenecks and decreasing travelling times, operating costs and pollutant emission levels.³¹³

On 19 March 2011, the Mexican President signed a decree modifying ban on the Balsas River Basin to make it accessible for human consumption. The modification will benefit the population of 340 municipalities from various Mexican states.³¹⁴

On 22 March 2011, Felipe Calderón visited the works of the Baluarte Bicentenario Bridge, one of the world's largest. The bridge is 1,200 meters long and its construction involves an investment of MXN19,369 mln. On the same day a stretch of the Durango-Mazatlán highway was inaugurated in Durango. The inter-oceanic axis will make Durango a major hub to transport

³¹⁰ Modernization of Electricity Service in Valle de México, Presidencia de la Republica, México 17 January 2011. Date of Access: 2 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62607>

³¹¹ 175,000 Million Pesos Invested In Highways In 4 Years: Fch, Presidencia de la Republica, México 3 February 2011. Date of Access: 5 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62998>

³¹² No More Catastrophic Floods, Presidencia de la Republica, México 8 March 2011. Date of Access: 5 April 2011. <http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=63743>

³¹³ Expansion And Modernization Of Caborca-Sonoyta Highway, Presidencia de la Republica, México 10 March 2011. Date of Access: 9 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=63839>

³¹⁴ Inhabitants Of 340 Municipalities Will Be Able To Use Balsas Water, Presidencia de la Republica, México 19 March 2011. Date of Access: 7 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=64071>

goods from the Asian Pacific and together with the Pan-American axis it will provide links to the center of Mexico, southern US and Canada.³¹⁵

Mexico has also taken measures to facilitate infrastructure investment from other sources.

On 28 January 2011, Felipe Calderón signed the National Tourism Agreement³¹⁶ and announced 2011 as a Year of Tourism in Mexico. The initiative has the objective to promote tourism in the country as an effective means of fight against poverty and infrastructure development.³¹⁷ As part of the strategy for promoting tourism, Mexican President discussed the opportunities with President of the Region of the Americas of the InterContinental Hotels Group (IHG) Jim Abrahamson who announced IHG's intention to invest additional USD500 million in Mexico over the next 3 years, which will translate into 47 hotels with 5,000 rooms.³¹⁸

Mexico has invested in infrastructure to address bottlenecks and enhances growth potential and encourage infrastructure investment from other sources. Thus it is awarded a score of +1.

Analyst: Polina Arkhipova

Russia: +1

Russia has fully complied with its commitment to invest in infrastructure and to take measure aimed at facilitating infrastructure from other sources.

On 22 November 2010, Russian President Dmitry Medvedev announced the creation of the first set of digital TV channels. Thus digital broadcasting will be available to over 20 million people in 16 of the Russian regions in 2011 and to the whole population by 2015.³¹⁹

On 13 December 2010, Russian President signed Federal Law on the Federal Budget for 2011 and the Budget Plan for 2012-2013.³²⁰ More than RUB26 billion are earmarked for the reconstruction of 38 airports, including projects in Sochi, Kazan and on the Kuril Islands, in accordance with this document.³²¹

On 13 January 2011, Russian Prime Minister Vladimir Putin stated a plan for the extension of the railway transport structural reform to 2015. Developing high-speed railway systems will be the priority of the state and RUB350 billion is to be spent for this purpose in 2011.³²²

³¹⁵ Tour Of States Of Durango And Sinaloa, Presidencia de la Republica, México 22 March 2011. Date of Access: 3 April 2011. <http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=64088>

³¹⁶ National Tourism Agenda, Presidencia de la Republica, México 28 February 2011. Date of Access: 5 April 2011. <http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=63572>

³¹⁷ 2011, Year Of Tourism In Mexico, Presidencia de la Republica, México 26 January 2011. Date of Access: 7 April 2011. <http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62803>

³¹⁸ Inter-Continental Group To Invest \$500 Million USD, Presidencia de la Republica, México 1 February 2011. Date of Access: 5 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62943>

³¹⁹ Meeting on television and radio broadcasting development, Office of the President of Russia (Moscow) 22 November 2010. Date of Access: 29 April 2011. <http://eng.kremlin.ru/news/1352>

³²⁰ Law on the federal budget for 2011 and the 2012-2013 budget plan, Office of the President of Russia (Moscow) 13 December 2010. Date of Access: 29 April 2011. <http://eng.kremlin.ru/news/1470>.

³²¹ Meeting of the Security Council "On State Policies in the Sphere of Aviation," Office of the President of Russia (Moscow) 1 April 2010. Date of Access: 29 April 2011. <http://kremlin.ru/transcripts/10794>.

³²² Prime Minister Vladimir Putin chaired the meeting of the Presidium of the Government of the Russian Federation, Government of Russia (Moscow) 13 January 2011. Date of Access 29 April 2011. <http://government.ru/docs/13850/>.

Sufficient steps to promote infrastructure investment have been taken in Russia. On 24 November 2010, Russian President Dmitry Medvedev charged the Government with developing measures aimed at encouraging investment in renewable energy sources.³²³

On 27 November 2010, the Russian Government issued a regulation³²⁴ aimed at lowering the cost of access to engineering facilities and improving the speed of this process. These new rules are expected to facilitate infrastructure investment.³²⁵

On 27 December 2010, the Russian Technologies State Corporation, OAO INTER RAO UES and General Electric signed a framework agreement on producing high-performance energy equipment.³²⁶

On 21 March 2011, Russian President proposed the establishment of a special fund to attract foreign investments to the Russian economy.³²⁷ On 1 June 2011, Russian Direct Investment Fund was formally established.³²⁸

On 2 April 2011, Russian President Dmitry Medvedev approved a list of instructions on priority measures aimed at improving the investment climate in Russia.³²⁹

Russia has made investment in infrastructure and managed to facilitate infrastructure investment from other sources. Thus it is awarded a score of +1.

Analyst: Andrey Shelepov

Saudi Arabia: +1

Saudi Arabia has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential and to facilitate infrastructure investment from other sources.

On 10 January, 2011 Prince Sultan bin Abdul Aziz, who is also the minister of defence, officially launched the construction of the new King Abdul Aziz International Airport, which would cost USD7.2 billion.³³⁰

³²³ On Implementation of the Presidential Instruction on Increasing Investment in Enhancing Energy Efficiency, Office of the President of Russia (Moscow) 24 November 2010. Date of Access 29 April 2011. <http://kremlin.ru/assignments/10057>

³²⁴ Regulation No. 940 of 27 November 2010, Government of Russia (Moscow) 27 November 2010. Date of Access: 29 April 2011. <http://government.ru/gov/results/13228/>.

³²⁵ On coming into force of the Regulation of the Government of the Russian Federation, Ministry of Economic Development of Russia (Moscow) 17 December 2010. Date of Access: 29 April 2011. http://www.economy.gov.ru/minec/about/structure/depogstarif/doc20101217_05

³²⁶ In the Presence of Russian Prime Minister V. Putin a Framework Agreement between General Electric, the Russian Technologies State Corporation and INTER RAO UES on Creating Joint Ventures Producing High-Tech Medical and Energy Equipment was Signed, Government of Russia (Moscow) 27 December 2010. Date of Access: 29 April 2011. <http://government.ru/docs/13630/>.

³²⁷ Meeting on Economic Issues, Office of the President of Russia (Moscow) 21 March 2010. Date of Access: 29 April 2011. <http://eng.kremlin.ru/news/1936>.

³²⁸ Founding of RDIF, Russian Direct Investment Fund 2011. Date of Access: 21 July 2011. http://rdif.ru/Eng_History/.

³²⁹ Presidential instructions on priority measures aimed at improving investment climate in Russia, Office of the President of Russia (Moscow) 2 April 2010. Date of Access: 29 April 2011. <http://eng.kremlin.ru/news/1999>

On 1 February, 2011 the Ministry of Hajj invested USD200 thousand towards new technology infrastructure, with aims of providing better services to the rising number of annual pilgrims to the Holy Cities of Makkah and Madinah and other sacred places in Saudi Arabia.³³¹

On 16 February, 2011 the Minister of Transport Dr. Jubarah Eid Al-Suraysiri, who is also Chairman of the Board of Directors of Saudi Railroads Organization, announced that 4 passengers stations at a cost of USD2,5 billion will be constructed for Al-Haramain High Speed Train during two and a half years from the start of its execution.³³²

On 30 March 2011, Al-Balad Al-Amin Company signed agreement with Ernst & Young for the flotation of the 180-km railway network project that covers all parts of the Makkah city. The new railway system with 88 stations is expected to bring about a qualitative change in the city's transport system. Mayor of Makkah City, Osama Al-Bar who is also chairman of the Al-Balad Al-Amin Company board of directors, said that the Makkah Metro project included construction of four railway networks linking all parts of the city and work on the new railway would start within a year.³³³

On 18 April 2011, Sami Mohsen Baroum, chairman of Knowledge Economic City Co. (KEC) signed USD81 million contract with Al-Rajhi Infrastructure Company to carry out the northern part of the economic city project. The work on the project started within a few weeks after signing. The infrastructure projects include construction of roads, setting up of electricity, telecommunication, water and sewage networks and rainwater drainage systems, planting of trees along roads and other smart infrastructure facilities.³³⁴

Some measures have been undertaken to facilitate infrastructure investments from other sources.

On 26 April 2011, Prince Mishaal bin Abdullah, governor of Najran Region and president of the Board of Investment in Najran, implemented a new plan, including strategies to activate investments and infrastructure projects in the region. The new deal to Najran comprises many important strategies, including building an attractive environment for investment, recommending a specific investment strategy, promoting administrative support to ensure sustainable investment and attract investors, and creating a system in consonance with the investment strategy of Najran. It also focuses on rebuilding the infrastructure for future economic growth by developing water and sanitation, solid waste, electricity, telecommunications, information technology, agricultural, tourism, and industrial and military facilities.³³⁵

³³⁰ Construction of 7.2 billion dollar airport to start, the Saudi Arabian Market Information Resource SAMIRAD 12 January 2011. Date of Access: 15 April 2011.

http://www.saudinf.com/display_news.php?id=5781

³³¹ Ministry of Hajj invests SR800,000 into new technology infrastructure, the Saudi Arabian Market Information Resource SAMIRAD 1 February 2011. Date of Access: 15 April 2011.

http://www.saudinf.com/display_news.php?id=5835

³³² Budget allocated for four Stations of Al-Haramain Train, the Saudi Arabian Market Information Resource SAMIRAD 16 February 2011. Date of Access: 15 April 2011.

http://www.saudinf.com/display_news.php?id=5881

³³³ Signing the Agreement for the Flotation of the 180-km Railway Network, Arab News 31 March 2011. Date of Access: 15 April 2011. <http://arabnews.com/saudiArabia/article336744.ece>

³³⁴ Knowledge Economic City steps up infrastructure work, Arab News 20 April 2011. Date of Access: 16 Mat 2011. <http://arabnews.com/economy/article368469.ece>

³³⁵ Najran launches new investment strategy, Arab News 20 April 2011. Date of Access: 15 May 2011. <http://arabnews.com/economy/article372612.ece>

Saudi-Arabia has invested in infrastructure that addresses both bottlenecks and enhances growth potential and has taken measures to attract investment from other sources. Thus it is awarded a score of +1.

Analyst: Alexey Mironov

South Africa: -1

South Africa has not complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential.

On 29 January 2011, the President of the South Africa Jacob Zuma reported on the progress of NEPAD Heads of State High Level Sub-Committee on Infrastructure to the AU Nepad Heads of State and Government Orientation Committee (HSGOC). He reported that the Sub-Committee sought endorsement by the HSGOC of the infrastructure projects identified and their respective champions and therefore their subsequent consideration and approval by the AU Assembly. In the regard, 7 projects were agreed.³³⁶

On 10 February 2011, at the Joint Sitting of Parliament in his state of the nation address Jacob G Zuma, President of the Republic of South Africa, declared that government would continue to participate in the revitalisation of the New Partnership for Africa's Development with specific focus on the implementation of its infrastructure programme, and the North-South infrastructure development corridor.³³⁷

South Africa has not invested in infrastructure that addresses bottlenecks or enhances growth potential. Thus it is awarded a score of -1.

Analyst: Yuriy Zaytsev

Turkey: +1

Turkey has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential and has taken measures to facilitate infrastructure investment from other sources.

On April 16 2011 the agreement to finalize the privatization of the Istanbul Ferry Lines (IDO), a subsidiary of the Istanbul Metropolitan Municipality, was signed between the winning consortium and municipality officials, thus closing the USD861 million deal.

“The income from the transaction will be used for new transportation projects in Istanbul,” said Ahmet Selamet, acting Mayor of Istanbul.³³⁸

³³⁶ Report of the NEPAD Heads of State High Level Sub-Committee on Infrastructure to the AU Nepad Heads of State and Government Orientation Committee by President Jacob Zuma, the official web site of the Departement for International Relations and Cooperation of the Republic of the South Africa, 29 January, 2011. Date of access: 28 April 2011. <http://www.dirco.gov.za/docs/speeches/2011/nepad0204.html>

³³⁷ State of the Nation Address By His Excellency Jacob G Zuma, President of the Republic of South Africa, at the Joint Sitting Of Parliament, Cape Town, the Department of International Relations and Cooperation of the Republic of the South Africa, 10 February 2011. Date of access: 28 April, 2011. <http://www.dirco.gov.za/docs/speeches/2011/jzum0210.html>

³³⁸ Star. Istanbul Ferry Services Privatization Complete, Investments Underway, Invest in Turkey 17 April 2011. Date of Access: 28 April 2011. <http://www.invest.gov.tr/EN-US/INFOCENTER/NEWS/Pages/170611-istanbul-ferry-services-privatization-complete.aspx>.

On May 3 2011 Turkish Energy Minister Taner Yildiz and Iranian Energy Minister Majid Namjou finalized and signed energy roadmap at promoting investment and cooperation between the two neighbors. The agreement will have a “promising prospect” for Iran-Turkey energy transactions, boosting the two countries' electricity transmission capacity from “the current 500 MW to 1000 MW,” Namjou said.³³⁹

On May 6 2011 Turkish Minister of Finance Mehmet Simsek stated that the government of Turkey would try to implement “more unique models” for socioeconomic development of one of the poorest region – province of Batman. Noting that the government will establish a “textile campus” on 24.7 acres owned by the Treasury, Simsek said a total of 18 different facilities were to be built there. “We will also develop the infrastructure of the campus. All kinds of support will be provided to facilities,” he said.³⁴⁰

On May 11 2011 Turkey’s Prime Minister Recep Tayyip Erdogan announced an ambitious program on Istanbul transformation. Building a shipping canal parallel to the Bosphorus strait is to be a key project. He also outlined another one: to build two new earthquake resistant urban centers in Istanbul.³⁴¹

On 1 June 2011 Prime Minister Recep Tayyip Erdogan unveiled government’s plans for Diyarbakır, which the prime minister said will boost tourism and employment in the predominantly Kurdish province. The prime minister announced a renovation project for Diyarbakır's Surici. “We will rebuild nearly 500 historic structures, remaining faithful to the original. Historic buildings will be visible. Diyarbakır will have a landscape the world will be eager to see. This project will also being about major urban transformation. Shanty houses in the region will be destroyed and replaced with new houses. No one will be victimized during this process. The Housing Development Administration of Turkey [TOKİ] has already contacted these people. A total of 1,272 more houses will be built,” he said.

The construction of the Silvan Dam is another Erdogan’s project for Diyarbakır. “The Silvan Dam will be used to irrigate an area of 2,450 square kilometers. We will enable our farmers in Diyarbakır to generate an additional annual income of TL735 million. The project will also provide employment to 318,000 people,” he added.³⁴²

Turkey has invested in infrastructure that addresses bottlenecks and enhances growth potential as well as attracted infrastructure investment from other sources. Thus it is awarded a score of +1.

United Kingdom: +1

The UK has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential and facilitate investment from other sources.

³³⁹ Iran, Turkey Finalize Energy Roadmap, PressTV 4 May 2011. Date of Access: 6 May 2011. <http://www.presstv.ir/detail/178172.html>.

³⁴⁰ Sismek Promises Unique Development Models, Hurriyet Daily News 6 May 2011. Date of Access: 8 May 2011. <http://www.hurriyetdailynews.com/n.php?n=simsek-promises-unique-development-models-2011-05-06>.

³⁴¹ Ayla Albayrak, Another “Crazy Project” for Istanbul, The Wall Street Journal 11 May 2011. Date of Access 15 May 2011. <http://blogs.wsj.com/emergingeuropa/2011/05/11/another-crazy-project-for-istanbul/>.

³⁴² Erdogan Reveals Projects to Boost Employment, Tourism in Diyarbakir, Today’s Zaman 1 June 2011. Date of Access: 10 June 2011. <http://www.todayszaman.com/news-245807-erdogan-reveals-projects-to-boost-employment-tourism-in-diyarbakir.html>.

On 23 March 2011, Chancellor George Osborne delivered the Coalition Government's budget for 2011 and launched the Government's "Plan for Growth."^{343,344} In this plan the Government allocated GBP200 billion of public and private infrastructure investments over the next five years.³⁴⁵ In the Plan for Growth" the Government committed to publish the UK's long-term forward view of infrastructural projects and programmes in autumn 2011 as part of the National Infrastructure Plan 2011 launched earlier in October 2010.³⁴⁶

On 21 December 2010, the UK Government published the report of an investigation into how to reduce the costs of infrastructure projects and on 31 March 2011, published a detailed programme of activity through 2011 and beyond, to effect change and realize the savings.³⁴⁷

Department for Business, Innovation and Skills is also currently reviewing regulations to promote growth of key economic sectors, working with Infrastructure UK – a separate unit within HM Treasury, providing advice on infrastructure issues.³⁴⁸ Department of Energy and Climate Change together with industry develop a national policy on grid infrastructure, including smart grid standards.³⁴⁹

As "Plan for Growth" assumes GBP200 billion of not only public but also private infrastructural investments over the next five years the Plan sets out a package of measures to support private sector investment, enterprise and innovation.³⁵⁰ Particularly, the Government will publish a binding set of principles of economic regulation to infrastructure, make changes to the planning system and publish a rolling two year programme of projects where public sector funding has been agreed to provide greater certainty for long-term investors in UK.³⁵¹

³⁴³ Chancellor Announces Budget for Growth, Prime Minister's Office (London) 23 March 2011. Date of Access: 9 April 2011. <http://www.number10.gov.uk/news/latest-news/2011/03/chancellor-announces-budget-for-growth-62331>

³⁴⁴ Growth Review, HM Treasury 23 March 2011. Date of Access: 9 April 2011. http://www.hm-treasury.gov.uk/ukecon_growth_index.htm

³⁴⁵ The Plan for Growth, HM Treasury (London) March 2011. Date of Access: 9 April 2011. http://cdn.hm-treasury.gov.uk/2011budget_growth.pdf

³⁴⁶ The Plan for Growth, HM Treasury (London) March 2011. Date of Access: 9 April 2011. http://cdn.hm-treasury.gov.uk/2011budget_growth.pdf

³⁴⁷ Infrastructure Cost Review, HM Treasury (London) March 2011. Date of Access: 9 April 2011. http://www.hm-treasury.gov.uk/iuk_cost_review_index.htm

³⁴⁸ Structural Reform Plan Monthly Implementation Update of Department for Business, Innovation and Skills, Prime Minister's Office (London) March 2011. Date of Access: 9 April 2011. <http://www.number10.gov.uk/wp-content/uploads/bis-mar11-srp-update.pdf>

³⁴⁹ Structural Reform Plan Monthly Implementation Update of Department of Energy and Climate Change, Prime Minister's Office (London) March 2011. Date of Access: 9 April 2011. <http://www.number10.gov.uk/wp-content/uploads/decc-mar11-srp-update.pdf>

³⁵⁰ Chancellor Announces Budget for Growth, Prime Minister's Office (London) 23 March 2011. Date of Access: 9 April 2011. <http://www.number10.gov.uk/news/latest-news/2011/03/chancellor-announces-budget-for-growth-62331>

³⁵¹ Structural Reform Plan Monthly Implementation Update of Department for Business, Innovation and Skills, Prime Minister's Office (London) March 2011. Date of Access: 9 April 2011. <http://www.number10.gov.uk/wp-content/uploads/bis-mar11-srp-update.pdf>

The UK also managed to attract the European Investment Bank funds to facilitate infrastructural development in the UK and on 6 May 2011 Simon Brooks, European Investment Bank Vice President, confirmed this commitment.³⁵²

The United Kingdom has invested in infrastructure that addresses both bottlenecks and enhances growth potential and attracted investment from other sources. Thus it is awarded a score of +1.

Analyst: Natalia Churkina

United States: +1

The United States has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential.

On 15 November 2010, the Commerce Department recommended to reallocate 115 MHz of spectrum for wireless broadband service within the next five years. This corresponds with President Obama's commitment to make available 500 megahertz of Federal and nonfederal spectrum over the next 10 years.³⁵³

On 27 January 2011, U.S. Transportation Secretary Ray LaHood announced a final rulemaking that would help economically and socially disadvantaged businesses participate in federally funded highway, transit and airport projects.³⁵⁴

On 9 February 2011, the Federal Communications Commission (FCC) announced a Broadband Acceleration Initiative aimed at expanding the reach and reducing the costs of broadband deployment. The initiative will reduce regulatory barriers to broadband build-out and bring together key stakeholders.³⁵⁵

On 14 February 2011, U.S. President Barack Obama unveiled his USD3.7 billion budget for 2012. Part of this budget is six-year transportation plan which will enable to implement innovative solutions in transportation. The President proposed to spend USD129 billion in the first year.³⁵⁶ Moreover, the budget provides for creating a USD556 billion infrastructure bank which is a funding mechanism for building roads, bridges, rail lines, etc.³⁵⁷ The bank would not add to the budget deficit since it is aimed at leveraging private-sector funds by offering loans to

³⁵² European Investment Bank Reinforces Engagement to Finance UK Infrastructure, European Union 6 May 2011. Date of access: 18 July 2011.

<http://europa.eu/rapid/pressReleasesAction.do?reference=BEI/11/59&type=HTML>

³⁵³ U.S. Department of Commerce Takes Major Step towards Unleashing the Wireless Broadband Revolution, National Telecommunications and Information Administration 15 November 2011, Date of Access: 8 April 2011. http://www.ntia.doc.gov/press/2010/SpectrumReports_11152010.html.

³⁵⁴ U.S. Transportation Secretary Ray LaHood Expands Program to Help Small Businesses Participate in Transportation Programs, United States Department of Transportation 27 January 2011, Date of Access: 8 April 2011. <http://www.dot.gov/affairs/2011/dot1011.html>.

³⁵⁵ The FCC's Broadband Acceleration Initiative: Reducing Regulatory Barriers to Spur Broadband Buildout, Federal Communications Commission 9 February 2011, Date of Access: 7 April 2011. <http://www.fr.com/FCC-Announces-Broadband-Acceleration/>.

³⁵⁶ U.S. Department of Transportation Budget Invests USD129 Billion in Restoring America's Economic Competitiveness, United States Department of Transportation 14 February 2011, Date of Access: 6 April 2011. <http://www.ttnews.com/articles/basetemplate.aspx?storyid=26117>.

³⁵⁷ Obama's USD3.7 Trillion Budget Sets Fight in Congress (Update3), Bloomberg 14 February 2011, Date of Access: 6 April 2011. <http://www.bloomberg.com/news/2011-02-14/obama-submits-a-3-7-trillion-budget-as-republicans-pledge-to-oppose-plan.html>.

selected projects. However the proposed budget will encounter problems in Congress, where both Democrats and Republicans are against it.

In March 2011 U.S. Transportation Secretary Ray LaHood announced that he is making available USD2.4 billion to states eager to develop high-speed rail corridors across the United States. President Obama's vision is to connect 80% of Americans to high-speed rail within the next 25 years.³⁵⁸

On 9 May 2011, U.S. Transportation Secretary Ray LaHood announced USD2 billion in high-speed rail awards providing an unprecedented investment to speed up trains in the Northeast Corridor and expand service in the Midwest.³⁵⁹

The U.S. has undertaken measures to facilitate infrastructure investment from other sources. On 27 January 2011, at a meeting between Chinese business leaders and the American and Chinese Presidents in Washington CEOs of key Chinese companies said they were considering stepped-up investment in the U.S., particularly into infrastructure.³⁶⁰

The United States has invested in infrastructure that addresses both bottlenecks and enhances growth potential. Thus it is awarded a score of +1.

Analyst: Tatyana Lanshina

European Union: +1

The European Union has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential.

On 21 February 2011, the European Commission announced its decision to grant EUR170 million to transport infrastructure projects across Europe. The grants will allow EU members build missing transport links, remove bottlenecks and increase the safety and security of transport.³⁶¹

On 1 March 2011, the European Commission launched consultations on the guarantee bonds issued by companies to fund large-scale infrastructure projects, such as transport, energy, Internet and telecommunications networks. The Commission would share the risks of the guarantees with the European Investment Bank (EIB). The bonds would be offered to investors including pension funds and insurance companies by private companies acting as mediators. EU-backed project bonds are to be available in 2014.³⁶²

³⁵⁸ U.S. Transportation Secretary Ray LaHood Makes USD2.4 Billion Available for High-Speed Rail Projects Across America, United States Department of Transportation 11 March 2011, Date of Access: 6 April 2011. <http://www.dot.gov/affairs/2011/dot2911.html>.

³⁵⁹ U.S. Transportation Secretary LaHood Announces \$2 Billion for High-Speed Intercity Rail Projects to Grow Jobs, Boost U.S. Manufacturing and Transform Travel in America, Federal Railroad Administration 9 May 2011, Date of Access: 30 June 2011. http://www.fra.dot.gov/roa/press_releases/fp_DOT_57-11.shtml

³⁶⁰ Chinese Firms Set Sights on U.S. Investments, The Wall Street Journal 27 January 2011, Date of Access: 7 April 2011. <http://online.wsj.com/article/SB10001424052748704062604576105952027426880.html>.

³⁶¹ EU grants €170 million to vital infrastructure projects across Europe, Europa, Gateway to the European Union 21 February 2011, Date of Access: 8 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/209&format=HTML&aged=0&language=EN&guiLanguage=en>.

³⁶² Attracting infrastructure investment, European Commission 1 March 2011, Date of Access: 10 April 2011. http://ec.europa.eu/news/economy/110301_1_en.htm.

The European Union has invested in infrastructure that addresses both bottlenecks and enhances growth potential. Thus it is awarded a score of +1.

Analyst: Tatyana Lanshina

5. Finance: Systemically Important Financial Institutions

Commitment [#83]:

“We endorsed the policy framework, work processes, and timelines proposed by the FSB to reduce the moral hazard risks posed by systemically important financial institutions (SIFIs) and address the too-big-to-fail problem.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina		0	
Australia		0	
Brazil		0	
Canada		0	
China		0	
France		0	
Germany		0	
India		0	
Indonesia		0	
Italy		0	
Japan		0	
Korea		0	
Mexico		0	
Russia		0	
Saudi Arabia		0	
South Africa		0	
Turkey		0	
United Kingdom		0	
United States		0	
European Union		0	
Average Score		0	

* Because FSB recommendations or the results of national supervisors’ self-assessments will not be available for review in time for the publication of the interim compliance report, for this report all G20 members receive a score of 0 for “work in progress.” These scores will be revised for the final compliance report, to be published in advance of the G20 Cannes Summit in November 2011.

Background:

The G20 identified systemically important financial institutions (SIFIs) as major sources of potential systemic risk during times of financial crisis, noting that these firms can lead to the ‘too-big-to-fail’ problem whereby governments are obliged to ‘bail out’ systemically important firms in order to prevent broader contagion and shareholder losses. At the Seoul Summit in November 2010, G20 leaders endorsed the FSB’s policy framework and timeline for addressing the moral hazard risks posed by these firms. G20 Finance Ministers and Central Bank Governors agreed at a

February 2011 meeting that the FSB should publish its recommendations in October 2011, a month earlier than the originally agreed-upon timeline of November 2011.³⁶³

A 10 April 2011 report by the Financial Stability Board (FSB) called Progress in the Implementation of the G20 Recommendations for Strengthening Financial Stability notes that the FSB and other standard-setting actors are working to formulate a set of recommendations on resolution regimes for SIFIs and for financial institutions that are important in a global context, or G-SIFIs, which will be published by October 2011.³⁶⁴ National supervisors are required to submit self-assessments of their ability to effectively supervise SIFIs in accordance with the Basel Core Principles by June 2011.³⁶⁵

Commitment Features:

In October 2010, the FSB published a policy framework for reducing the moral hazard posed by systemically important financial institutions (SIFIs), in order to prevent the necessity of states rescuing large or complex banks during a financial crisis.

According to the FSB report entitled “Reducing the Moral Hazard Posed by Systemically Important Financial Institutions,”³⁶⁶ the FSB policy framework demands action by G20 members and international financial institutions in five areas.

1. Improvements to resolution regimes to ensure that any financial institutions can be resolved without disruptions to the financial system and without taxpayer support.
2. That SIFIs, and in particular global SIFIs (G-SIFIs), have additional loss absorption capacity beyond the Basel III standards to reflect the greater risks that these institutions pose to the global financial system.
3. More intensive supervisory oversight for financial institutions which may pose systemic risk.
4. More robust standards for core financial infrastructure to reduce contagion risks from the failure of individual institutions.
5. Peer review by an FSB Peer Review Council of the effectiveness and consistency of national policy measures for G-SIFIs, beginning by end-2012.

The particular recommendation areas and deadlines in the report that fall under the jurisdiction of G20 are listed in Table 6.

³⁶³ Progress in the Implementation of the G20 Recommendations for Strengthening Financial Stability, Financial Stability Board (Basel) 10 April 2011. Date of Access: 26 April 2011. http://www.financialstabilityboard.org/publications/r_110219.pdf

³⁶⁴ Progress in the Implementation of the G20 Recommendations for Strengthening Financial Stability, Financial Stability Board (Basel) 10 April 2011. Date of Access: 26 April 2011. http://www.financialstabilityboard.org/publications/r_110219.pdf

³⁶⁵ Progress in the Implementation of the G20 Recommendations for Strengthening Financial Stability, Financial Stability Board (Basel) 10 April 2011. Date of Access: 26 April 2011. http://www.financialstabilityboard.org/publications/r_110219.pdf

³⁶⁶ Reducing the moral hazard posed by systemically important financial institutions, Financial Stability Board (Basel) 20 October 2010. Date of Access 26 January 2011. http://www.financialstabilityboard.org/publications/r_101111a.pdf

Table 6: Recommendations for SIFIs

Area	Recommended Action
Resolution	<p>By end-March 2011 all FSB members, using the BCBS Cross-border Bank Resolution Group recommendations and the FSB draft Key Attributes of Effective Resolution Regimes, will report their assessment of their capacity to resolve SIFIs operating in their jurisdictions under their existing resolution regimes and the legislative and other changes to national resolution regimes and policies needed to accomplish effective resolution.</p> <p>- The FSB is planning to set out by mid-2011 criteria for assessing the resolvability of SIFIs, which the G20 will take into account to determine the systemic risk of a G-SIFI, and the attributes of effective resolution regimes, including the minimum level of legal harmonisation and legal preconditions required to make cross-border resolutions effective. G20 members are supposed to use these criteria and attributes to set out their plans to address areas where legal or regulatory changes or improvements to their resolution policies are needed, by end-2011.</p> <p>- By end-2011, authorities should have drawn up institution-specific cooperation agreements that specify the respective roles and responsibilities of the authorities at all stages of a crisis for all G-SIFIs.</p>
Increased supervisory oversight for financial institutions which may pose systemic risk	<p>G20 members should conduct a self assessment against the relevant Core Principles, including essential and additional criteria, and identify deficiencies and corrective actions in a letter addressed to the FSB Chair, covering: supervisory mandates and independence; supervisory powers; and comprehensive consolidated supervision. These letters should be issued by mid-2011 for BCBS Core Principles and by early 2012 for IAIS Core Principles. Since the deadline for the IAIS Core Principles falls outside the current compliance cycle, the requirement that letters be issued for IAIS Core Principles will not apply for assessment of G20 member state compliance.</p>
Stronger robustness standards for core financial infrastructure*	<p>National authorities should implement: (i) the G20 commitments that all standardised OTC derivatives contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties (CCPs), and OTC derivatives contracts should be reported to trade repositories; and (ii) the recommendations set forth in the forthcoming report of the FSB OTC Derivatives Working Group.</p>

*For more information on G20 commitments on OTC derivatives see the separate report in this document.

In sum, G20 member states are expected to comply with three of the five aforementioned recommendation areas: resolution, increased supervisory oversight for financial institutions that might pose systemic risk, and stronger robustness standards for core financial infrastructure.

Definitions

SIFIs: Financial institutions whose disorderly failure, because of their size, complexity, and systemic interconnectedness, would cause significant disruption to the wider financial system and economic activity.³⁶⁷

367 <http://www.efinancialnews.com/story/2010-11-12/group-twenty-endorses-financial-stability-plan>

G-SIFIs: Financial institutions that are clearly systemic in a global context,” which must consequently have “higher loss-absorbency capacity than the minimum levels agreed in Basel III.”³⁶⁸ The FSB report also notes that G-SIFIs “must also be subject to more intensive co-ordinated supervision and resolution planning to reduce the probability and impact of their failure.”³⁶⁹

Scoring Guidelines:

-1	Member does not take any actions in compliance with the three FSB recommendation areas and associated timelines to reduce moral hazard posed by SIFIs and address the too-big-to-fail problem.
0	Member takes actions in compliance with at least one of the FSB recommendations areas and associated timelines to reduce moral hazard posed by SIFIs and address the too-big-to-fail problem.
+1	Member takes actions in compliance with all three FSB recommendation areas and associated timelines to reduce moral hazard posed by SIFIs and address the too-big-to-fail problem.

Argentina: 0

Argentina has made progress toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

In a report released in September 2010, the Central Bank of Argentina (BCRA) reiterated its commitment to the “series of proposals for reform designed to strengthen the international financial system.”³⁷⁰ The report notes, “financial system exposure to the private sector fell slightly” at the beginning of 2010.³⁷¹ The BCRA reiterates its commitment to “strengthen adherence to international prudential regulatory and supervisory standards.”³⁷²

In a 12 November 2010 report on progress in financial reform since the 2008 Washington Summit, the FSB reported that Argentine authorities have “signed MoUs with many other financial supervisors, for consolidated supervision and information sharing.” Progress is reported to be ongoing.³⁷³ Argentina has previously established “resolution procedures for all financial

³⁶⁸Reducing the moral hazard posed by systemically important financial institutions, Financial Stability Board (Basel) 20 October 2010. Date of Access 26 January 2011.

http://www.financialstabilityboard.org/publications/r_101111a.pdf

³⁶⁹Reducing the moral hazard posed by systemically important financial institutions, Financial Stability Board (Basel) 20 October 2010. Date of Access 26 January 2011.

http://www.financialstabilityboard.org/publications/r_101111a.pdf

³⁷⁰ Financial Stability Report, Second Half 2010, Central Bank of Argentina (Buenos Aires) September 2010. Date of Access: 10 April 2011. <http://www.bkra.gov.ar/pdfs/polmon/bef0210i.pdf>

³⁷¹ Financial Stability Report, Second Half 2010, Central Bank of Argentina (Buenos Aires) September 2010. Date of Access: 10 April 2011. <http://www.bkra.gov.ar/pdfs/polmon/bef0210i.pdf>

³⁷² FSB Report on Progress Since the Washington Summit; Argentina, Financial Stability Board 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_101111b.htm

³⁷³ FSB Report on Progress Since the Washington Summit; Argentina, Financial Stability Board 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_101111b.htm

institutions taking deposits... and for insurance companies in Argentina.”³⁷⁴ The National Securities Commission (CNV) is currently “working on initiatives in order to improve the bankruptcy process in futures and derivative markets.”³⁷⁵

Argentina has committed to use domestic resolution powers and tools already in existence “in a manner that preserves financial stability and are committed to implement the ten key recommendations on cross-border bank resolution issued by the BCBS in March 2010.” While this process is ongoing, steps have been taken to “review resolution regimes and bankruptcy laws in light of recent experience to ensure that they permit an orderly wind-down of large complex crossborder financial institutions.”³⁷⁶

Thus Argentina has been awarded a score of 0 for its commitment to reviewing and restructuring policy to reduce the risks associated with SIFIs.

Analyst: Kate Partridge

Australia: 0

Australia has made progress toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

The global financial crisis did not place as much of a burden on Australia as other countries because Australian financial institutions had, according to the Minister for Superannuation and Corporate Law Nick Sherry, “very little direct exposure to the US sub-prime sector.”³⁷⁷ However, Australian regulators are proposing and implementing multiple reforms to the Australian financial sector.

Australia implemented the Basel II Framework at the start of 2008.³⁷⁸ The Australian Prudential Regulation Authority (APRA) undertakes regular stress testing of regulated institutions in compliance with this framework. In addition to this, capital adequacy and liquidity management are also stress tested.³⁷⁹

³⁷⁴ FSB Report on Progress Since the Washington Summit; Argentina, Financial Stability Board 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_101111b.htm

³⁷⁵ FSB Report on Progress Since the Washington Summit; Argentina, Financial Stability Board 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_101111b.htm

³⁷⁶ FSB Report on Progress Since the Washington Summit; Argentina, Financial Stability Board 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_101111b.htm

³⁷⁷ Address by Minister for Superannuation and Corporate Law Nick Sherry at the European Australian Business Council Boardroom (Sydney) 10 October 2008. Date of Access: 7 April 2011.

<http://www.treasurer.gov.au/DisplayDocs.aspx?doc=speeches/2008/031.htm&pageID=005&min=njs&Year=&DocType=1>

³⁷⁸ The implementation of Basel II in Australia, The Australian Prudential Regulation Authority (Sydney) January 2008. Date of Access: 7 April 2011.

http://www.apra.gov.au/Insight/upload/Insight_Issue_2_2008_implementation_baselII_aust.pdf

³⁷⁹ Australia’s banks survive APRA stress test, The Wall Street Journal (New York) 9 June 2010. Date of Access: 7 April 2011. <http://www.theaustralian.com.au/business/industry-sectors/australias-banks-strong-apra-stress-test/story-e6frg976-1225877541994>

APRA is also making progress in implementing the Basel III requirements.³⁸⁰ In December 2010 APRA and the RBA announced together a proposal in which ADIs will be able to meet the BCBS liquidity coverage ratio requirements. These details will be subject to consultation in 2011-2012.³⁸¹ However, Australia does not include the same information as the BCBS in their Tier 1 Capital.³⁸²

Moreover, Australia is implementing new regulatory reforms for SIFIs. The Reserve Bank of Australia (RBA) and APRA participated in the Basel Committee on Banking Supervision (BCBS) and the Group of Central Bank Governors and Head of Supervision's (GHOS) discussions on introducing a leveraging ratio, and are now taking steps to implement it.³⁸³

Australia has been successful in creating cross-border supervisory organizations. In 2009 the AASB and FRC were instrumental in creating the Asia-Oceania Standards Setters Group, which promotes adoption, convergence, and application of IFRS in the region.³⁸⁴ Australia has been peer reviewed, in compliance with the G20 Seoul Commitment, by the Global Forum on Transparency and Exchange of Information for Tax Purposes.³⁸⁵ This report confirmed their compliance on multiple financial reforms.

In October 2010 the IASB issued the Financial Instruments – Classification and Measurement report, which declared that requirements to alleviate supervisory issues would be finalized by June 2011. This is to compliment the already released ASF industry standards on disclosure and reporting.³⁸⁶

In May 2008 Australia formed an OTC working group to discuss FSB-recommended OTC derivatives reforms.³⁸⁷ Furthermore, Australia monitors industry developments as representatives on the international steering group, 'OTC Derivatives Regulator's Forum'. The Australian working group announced APRA's intentions to implement the Basel III Rules related to counterparty credit risk including higher capital charges for non-centrally cleared OTC

³⁸⁰ Developments in the Financial System Architecture, the Reserve Bank of Australia (Sydney) March 2011. Date of Access: 7 April 2011. <http://www.rba.gov.au/publications/fsr/2011/mar/pdf/dev-fin-sys-arch.pdf>

³⁸¹ Developments in the Financial System Architecture, the Reserve Bank of Australia (Sydney) March 2011. Date of Access: 7 April 2011. <http://www.rba.gov.au/publications/fsr/2010/mar/html/dev-fin-sys-arch.html>

³⁸² Australian Bank Capital and the Regulatory Framework, the Reserve Bank of Australia (Sydney) September 2010. Date of Access: 7 April 2011. <http://www.rba.gov.au/publications/bulletin/2010/sep/pdf/bu-0910-6.pdf>

³⁸³ Reforming international financial regulation, The Institute of Chartered Accountants in Australia (Sydney) May 2010. Date of Access: 7 April 2011. http://www.charteredaccountants.com.au/~media/Files/News%20and%20media/Reports%20and%20insights/Reforming_international_financial_regulation.ashx

³⁸⁴ Asian-Oceania Standards Setters Group created, International Financial Reporting Standards (London) 10 June 2009. Date of Access: 7 April 2011. <http://www.ifrs.org/Archive/INSIGHT+journal/Asian-Oceanian+Standards+Setters+Group+created.htm>

³⁸⁵ Peer Review Report of Australia, Centre for Tax Policy and Administration (Paris) January 2011. Date of Access: 7 April 2011. <http://browse.oecdbookshop.org/oecd/pdfs/browseit/2311061E.PDF>

³⁸⁶ Securitisation: Looking ahead to a brighter 2010, Australian Banking and Finance (Sydney) 20 March 2010. Date of Access: 7 April 2011. <http://www.australianbankingfinance.com/capital-markets/securitisation-looking-ahead-to-a-brighter-2010/>

³⁸⁷ Survey of OTC Derivatives Market in Australia, Reserve Bank of Australia (Sydney) 22 May 2009. Date of access: 7 April 2011. <http://www.rba.gov.au/media-releases/2009/jmr-09-rba-apra-asic.html>

derivatives.³⁸⁸ In 2009 Australia established the G20 Reform Implementation Committee to coordinate domestic implementation of G20 commitments on financial sector reform.³⁸⁹

Thus Australia has been awarded a score of 0 for its commitment to reviewing and restructuring policy to reduce the risks associated with SIFIs.

Analyst: Lauren Millar

Brazil: 0

Brazil has made progress toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

The Central Bank of Brazil is currently analyzing a legislative proposal “to reduce the probability of failure of financial institutions and facilitate their orderly resolution.”³⁹⁰ All financial institutions are required to follow “standardized approaches for credit, market and operational risks as recommended by BCBS.”³⁹¹ Currently, Brazil has more conservative regulations than the international standard. As such, the adoption of stricter Basel III standards will be less stressful than for other countries.

In a 12 November 2010 report on progress in financial reform since the 2008 Washington Summit, the FSB reported that important financial institutions in Brazil will need to strengthen their capital bases and improve their ability to absorb losses in order to meet Basel III standards.³⁹² In the FSB self-assessment submitted in 2010, Brazil committed to “studying the implementation of regulatory adjustments from 1 July 2012.”³⁹³ This deadline is consistent with the ultimate implementation of Basel III by 1 January 2014.

The Central Bank of Brazil “participates in the Cross Border Resolution Group of BCBS and is committed to adopt the recommendations concerning contingency and resolution plans, once they are eventually approved.” The Central Bank has also proposed improvements to domestic resolution procedures, which are awaiting approval by the Federal Legislative Branch.³⁹⁴

³⁸⁸ Address by Assistant Governor (Financial System) Malcolm Edey, Basel III Conference 2011 (Sydney) 24 March 2011. Date of Access: 7 April 2011. <http://www.rba.gov.au/speeches/2011/sp-ag-240311.html>

³⁸⁹ International Financial Co-operation, Reserve Bank of Australia (Sydney) 2009. Date of Access: 7 April 2011. <http://www.rba.gov.au/publications/annual-reports/rba/2009/html/intl-fin-coop.html>

³⁹⁰ “Publications – FSB “FSB report on Progress since the Washington Summit in the Implementation of the G20 Recommendations for Strengthening Financial Stability”,” November 8, 2010, Date of Access: 9 April 2011. http://www.financialstabilityboard.org/list/fsb_publications/index.htm

³⁹¹ “Publications – FSB “FSB report on Progress since the Washington Summit in the Implementation of the G20 Recommendations for Strengthening Financial Stability”,” November 8, 2010, Date of Access: 9 April 2011. http://www.financialstabilityboard.org/list/fsb_publications/index.htm

³⁹² “Publications – FSB “FSB report on Progress since the Washington Summit in the Implementation of the G20 Recommendations for Strengthening Financial Stability”,” November 8, 2010, Date of Access: 9 April 2011. http://www.financialstabilityboard.org/list/fsb_publications/index.htm

³⁹³ “BC divulga orientações preliminares e cronograma de implementação das recomendações de Basileia III – BC announces preliminary guidelines and timetable for implementing the recommendations of Basel III,” February 17, 2011,

<http://www.bcb.gov.br/textonoticia.asp?codigo=2927&IDPAI=NOTICIAS>

³⁹⁴ FSB Report on Progress Since the Washington Summit; Brazil, Financial Stability Board 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_101111b.html

Thus Brazil has been awarded a score of 0 for its commitment to reviewing and restructuring policy to reduce the risks associated with SIFIs.

Analyst: Kate Partridge

Canada: 0

Canada has made progress toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

On 2 November 2010 Bank of Canada Governor Mark Carney announced “a series of concerted measures will be required to build resilient, continuously open funding and derivatives markets and to restore market discipline to financial institutions.”³⁹⁵ However, Canada’s Office of the Superintendent of Financial Institutions (OSFI) has repeatedly announced that it does not consider Canada’s banks to be G-SIFIs.³⁹⁶ The OSFI has also voiced concerns that “the public identification of SIFIs would create additional moral hazard” in the Canadian and global financial systems.³⁹⁷

On 24 February 2011, OSFI released the updated Supervisory Framework, the criteria used by OSFI to evaluate the safety and soundness of financial institutions, which included recommendations on improving the supervision of SIFIs.³⁹⁸ Finally, the Financial Consumer Agency of Canada (FCAC) has included high-level financial stability risk as a component to its market conduct risk assessment model.³⁹⁹

Thus Canada has been awarded a score of 0 for its commitment to reviewing and restructuring policy to reduce the risks associated with SIFIs.

Analyst: Vera Gavrilova

China: 0

China has made progress toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

During the 2008-2009 global financial crisis, China’s banking sector remained relatively unscathed since it had little exposure to US subprime debt or the sovereign debt of peripheral

³⁹⁵ Addressed by Mark Carney at the International Center for Monetary and Banking Studies, Bank of Canada (Ottawa) 9 November 2010. Date of Access: 12 April 2011. <http://www.bank-banque-canada.ca/en/speeches/2010/sp091110.html?style1=print>.

³⁹⁶ Canadian Bank Regulator Reiterates Top Five Not Globally Systemically Important, The Wall Street Journal (New York) 11 January 2011. Date of Access: 12 April 2011. <http://online.wsj.com/article/BT-CO-20110111-713545.html>.

³⁹⁷ Canadian Bank Regulator Reiterates Top Five Not Globally Systemically Important, The Wall Street Journal (New York) 11 January 2011. Date of Access: 12 April 2011. <http://online.wsj.com/article/BT-CO-20110111-713545.html>.

³⁹⁸ Supervisory Framework, Office of the Superintendent of Financial Institutions Canada (Ottawa) 24 February 2011. Date of Access: 12 April 2011. http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?ArticleID=4234.

³⁹⁹ Financial Stability Board Report on Progress since the Washington Summit Canada, Financial Stability Board (Basel) 12 November 2011. Date of Access: 12 April 2011. http://www.financialstabilityboard.org/publications/r_110401d.pdf.

euro-zone governments.⁴⁰⁰ However, following the state-directed lending boom in 2009-2010, there were concerns over the future health of the banking sector.⁴⁰¹ Over the years 2009-2010, the reduction in the non-performing loan ratio (NPL) reflected huge growth in the loan base.⁴⁰²

On 17-18 March 2011, China hosted the 5th CBRC-US Banking Supervisors' Bilateral Conference. At the Conference, senior officials from the CBRC and representatives from the Fed, the OCC, the FDIC, the Fed of New York and the Fed of San Francisco exchanged views on the following issues: (1) major risks in the global banking market; (2) supervision over the SIFIs; (3) impact of international financial reform and new international supervisory standards on China and the US; and (4) cross-border crisis management and supervisory cooperation, etc.⁴⁰³

China has also taken steps toward reducing the systemic risk posed by SIFIs and address the too-big-to-fail problem in compliance with the three FSB recommendation areas and associated timelines.

The People's Bank of China (PBC) began drawing proposals on establishing more stringent regulations on capital, leverage ratio, liquidity and risk provisions and on setting up clear settlement arrangements and risk resolution following the unveiling of the FSB framework for SIFIs in November 2010.⁴⁰⁴ The PBC is also working on establishing a clearly-layered risk resolution and payment arrangement for SIFIs which plans to: (1) strengthen responsibilities of institutions, shareholders and creditors, (2) quickening the establishment of deposit insurance mechanisms, and (3) giving full play of its supportive role as the central bank.⁴⁰⁵

On 21 February 2011, China's Banking Regulatory Commission (CBRC) confirmed to the China Securities Journal that it was drafting new rules to set tougher criteria for capital adequacy, provisions, leverage and liquidity conditions for lenders.⁴⁰⁶

⁴⁰⁰ China banks: subsector update, Economist Intelligence Unit (New York) 4 January 2011. Date of Access: 12 April 2011.

http://www.eiu.com/index.asp?layout=ib3Article&article_id=277795612&country_id=&pubtypeid=1132462498&industry_id=&company_id=470055047&channel_id=&rf=0

⁴⁰¹ China banks: subsector update, Economist Intelligence Unit (New York) 4 January 2011. Date of Access: 12 April 2011.

http://www.eiu.com/index.asp?layout=ib3Article&article_id=277795612&country_id=&pubtypeid=1132462498&industry_id=&company_id=470055047&channel_id=&rf=0

⁴⁰² China banks: subsector update, Economist Intelligence Unit (New York) 4 January 2011. Date of Access: 12 April 2011.

http://www.eiu.com/index.asp?layout=ib3Article&article_id=277795612&country_id=&pubtypeid=1132462498&industry_id=&company_id=470055047&channel_id=&rf=0

⁴⁰³ The 5th CBRC--U.S. Banking Supervisors' Bilateral Conference was held in Beijing, CBRC (Beijing) 17-18 March 2011. Date of Access: 12 April 2011.

<http://www.cbrc.gov.cn/english/home/jsp/docView.jsp?docID=2011032501C697BDE3D5D8C0FF8E9DB727FE6800>

⁴⁰⁴ FSB-G20 Monitoring Progress – Germany September 2010 [For Publication in March 2011], Financial Stability Board (Basel) 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁴⁰⁵ Progress since the Washington Summit in the Implementation of the G20 Recommendations for Strengthening Financial Stability, FSB (Basel) 8 November 2010. Date of Access: 11 April 2011.

<http://www.fsa.go.jp/inter/fsf/20101119/01.pdf>

⁴⁰⁶ CBRC to set new rules for banking sector, China Daily (Beijing) 23 February 2011. Date of Access: 12 April 2011. <http://www.cdeclips.com/en/business/fullstory.html?id=60976>

On 25 February 2011, the CBRC created a draft for a new set of capital requirement rules.⁴⁰⁷ Under the draft, China's SIFIs will be subject to a minimum capital adequacy ration (CAR) of 11.5% under 'normal conditions.'⁴⁰⁸

On 12 April 2011, the China Securities Journal reported that the CRBC would enhance scrutiny on commercial banks through monitoring their average daily would-to-deposit ratios starting from June.⁴⁰⁹ Also on 12 April 2011, Xinhua News' Economic Information Daily reported that China might raise its reserve requirement ratio by 50 basis points on 15 or 22 April 2011.⁴¹⁰

Thus China has been awarded a score of 0 for its commitment to reviewing and restructuring policy to reduce the risks associated with SIFIs.

Analyst: Hermonie Xie

France: 0

France has made progress toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

France has taken unilateral and multilateral (EU-led) actions to reduce moral hazard posed by SIFIs and address the too-big-to-fail problem.

On 21 January 2010, the French government announced the creation of the French Prudential Supervisory Authority (ACP) under the auspices of the Banque de France. ACP was formed from the merger of four licensing and supervisory authorities in order to establish a unified entity that could directly address the issue of financial stability.⁴¹¹ The purpose of ACP is to strengthen the stability of the financial system, improve consumer protection, and enhance international supervisory cooperation.⁴¹² As part of their action plan, ACP is urging France's major banks to expose their contingency funding plans, de-risking plans, and resolvability capacity developments.⁴¹³

⁴⁰⁷ CBRC to set new rules for banking sector, China Daily (Beijing) 23 February 2011. Date of Access: 12 April 2011. <http://www.cdclips.com/en/business/fullstory.html?id=60976>

⁴⁰⁸ China drafts new rules on bank capital requirements, International Business Times (New York) 25 February 2011. Date of Access: 12 April 2011. <http://uk.ibtimes.com/articles/116568/20110226/basel-iii-guidelines-china-banking-regulatory-commission-financial-institutions-capital-adequacy-rat.htm>

⁴⁰⁹ China Stocks: Baoshan Iron, China Construction, ICBC, Vanke, Bloomberg (New York) 12 April 2011. Date of Access: 12 April 2011. <http://www.bloomberg.com/news/2011-04-13/china-stocks-baoshan-iron-china-construction-icbc-vanke.html>

⁴¹⁰ China Stocks: Baoshan Iron, China Construction, ICBC, Vanke, Bloomberg (New York) 12 April 2011. Date of Access: 12 April 2011. <http://www.bloomberg.com/news/2011-04-13/china-stocks-baoshan-iron-china-construction-icbc-vanke.html>

⁴¹¹ On the Reform of Supervision of the Financial Institutions, Prudential Supervisory Authority (Paris) 21 January 2011. Date of Access: 12 April 2011. <http://www.iopsweb.org/dataocd/32/24/45563488.pdf>

⁴¹² The ACP: an Overview, Banque de France (Paris) December 2010. Date of Access: 12 April 2011. <http://www.banque-france.fr/acp/presentation-de-l-acp/201012-ACP-Overview.pdf>

⁴¹³ Financial Stability Board Report on Progress since the Washington Summit France, Financial Stability Board (Basel) 12 November 2010. Date of Access: 12 April 2011. http://www.financialstabilityboard.org/publications/r_110401f.pdf

On 20 October 2010, the European Commission published a communiqué on a EU framework for crisis management in the financial sector.⁴¹⁴ The communiqué describes a legal framework that the Commission intends to propose in the spring of 2011, which involves equipping authorities with tools and powers to tackle banking crises at the earliest possible moment and minimize costs for taxpayers.⁴¹⁵

Thus France has been awarded a score of 0 for its commitment to reviewing and restructuring policy to reduce the risks associated with SIFIs.

Analyst: Vera Gavrilova

Germany: 0

Germany has made progress toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

Germany has taken unilateral and multilateral (EU-led) actions to reduce moral hazard posed by SIFIs and address the too-big-to-fail problem.

On 21 February 2008, the Bundesbank and Federal Financial Supervisory Authority (BaFin) published guidelines on carrying out and ensuring the quality of the ongoing monitoring of credit and financial services institutions.⁴¹⁶ According to the ongoing monitoring guideline, supervision of banking institutions will be more rigorous, with emphasis on detailed analyses of risks and repercussions on the institution's risk-bearing capacity.⁴¹⁷

On 27 July 2010, the German Federal Government enforced the Act to Prevent Abusive Securities and Derivatives Transactions.⁴¹⁸ The act stipulates a number of regulatory restrictions on certain securities and derivatives transactions that the German legislature believes may have contributed to the global financial crisis. The act includes restrictions contained in the general decrees issued by the BaFin on 18 May 2010, which prohibits: (1) short sales of certain companies' shares, (2) naked short sales of debt securities by EU member states within the

⁴¹⁴ Technical details of a possible EU framework for bank recovery and resolution, Norton Rose Group (London) 11 January 2011. Date of Access: 10 April 2011.

<http://www.nortonrose.com/knowledge/publications/2011/pub33460.aspx?lang=en-gb&page=all>

⁴¹⁵ An EU framework for Crisis Management in the Financial Sector – Frequently Asked Questions, Europa Communiqués de Presse RAPID (Brussels) 20 October 2010. Date of Access: 10 April 2011.

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/10/506&format=HTML&aged=0&language=FR&guiLanguage=fr>

⁴¹⁶ Guideline for carrying and ensuring the quality of the ongoing monitoring of credit and finances institutions by the Deutsche Bundesbank of 21 February 2008, BaFin (Bonn) 21 February 2008. Date of Access: 10 April 2011.

http://www.bafin.de/nr_720786/SharedDocs/Aufsichtsrecht/EN/Richtlinie/aufsichtsrichtlinie_en.html

⁴¹⁷ FSB-G20 Monitoring Progress – Germany September 2010 [For Publication in March 2011], Financial Stability Board (Basel) 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁴¹⁸ General Decree of the Federal Financial Supervisory Authority (BaFin) on the prohibition of naked short-selling transactions in debt securities of Member States of the EU whose legal currency is the euro of 18 May 2010 (revoked with effect from 27 July 2010), BaFin(Basel) 18 May 2010. Date of Access: 10 April 2011.

http://www.bafin.de/nr_722758/SharedDocs/Aufsichtsrecht/EN/Verfuegungen/vf_100518_leerverkauf_schuldtitel_en.css=big.html

eurozone, (3) some naked credit fault swaps. In addition, the act provides for further restraints on other kinds of securities and derivatives transactions and increases disclosure requirements.⁴¹⁹

On 20 October 2010, the European Commission published a communiqué on a EU framework for crisis management in the financial sector.⁴²⁰ The communiqué describes a legal framework that the Commission intends to propose in Spring 2011, which involves equipping authorities with tools and powers to tackle banking crises at the earliest possible moment and minimize costs for taxpayers.⁴²¹

On 25 August 2010, the German government adopted the Draft Restructuring Act (Restrukturierungsgesetz) aimed to establish a framework for resolving banks in distress.⁴²² The draft bill encompasses: (1) rules and mechanisms for the reorganization of banks, (2) introduction of instruments to resolve crises at systemically important banks, including the possibility for the Bundesbank and BaFin to transfer systemically relevant assets to public or private ‘bridge-banks,’ (3) establishment of a restructuring fund for credit institutions, and (4) extension of the limitation periods for management and supervisory board members’ liability towards stock corporations and banks.⁴²³ The finalized German Restructuring act came into force on 1 January 2011.⁴²⁴

Thus Germany has been awarded a score of 0 for its commitment to reviewing and restructuring policy to reduce the risks associated with SIFIs.

Analyst: Hermonie Xie

India: 0

India has made progress toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

On 4 March 2011, the first meeting of the Sub-Committee of the Financial Stability Development Council (FSDC) was held in the Reserve Bank of India with Dr. Subbarao, Governor of the

⁴¹⁹ General Decree of the Federal Financial Supervisory Authority (BaFin) on the prohibition of naked short-selling transactions in debt securities of Member States of the EU whose legal currency is the euro of 18 May 2010 (revoked with effect from 27 July 2010), BaFin(Basel) 18 May 2010. Date of Access: 10 April 2011.

http://www.bafin.de/nm_722758/SharedDocs/Aufsichtsrecht/EN/Verfuegungen/vf_100518_leerverkauf_schuldtitle_en.css=big.html

⁴²⁰ Technical details of a possible EU framework for bank recovery and resolution, Norton Rose Group (London) 11 January 2011. Date of Access: 10 April 2011.

<http://www.nortonrose.com/knowledge/publications/2011/pub33460.aspx?lang=en-gb&page=all>

⁴²¹ An EU framework for Crisis Management in the Financial Sector – Frequently Asked Questions, Europa Communiqués de Presse RAPID (Brussels) 20 October 2010. Date of Access: 10 April 2011.

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/10/506&format=HTML&aged=0&language=FR&guiLanguage=fr>

⁴²² FSB-G20 Monitoring Progress – Germany September 2010 [For Publication in March 2011], Financial Stability Board (Basel) 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁴²³ FSB-G20 Monitoring Progress – Germany September 2010 [For Publication in March 2011], Financial Stability Board (Basel) 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁴²⁴ FSB-G20 Monitoring Progress – Germany September 2010 [For Publication in March 2011], Financial Stability Board (Basel) 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_110401g.pdf

Reserve Bank of India, as its chairman.⁴²⁵ The mission of the Sub-Committee of the FSDC is to review developments in the macro economy and financial markets including “the global developments in respect of policies for SIFIs and their possible impact on financial institutions in India.”⁴²⁶ No report has thus far been published by the Sub-Committee on developments related to SIFIs and their impact on financial institutions in India.

On 6 March 2011, a senior Indian regulatory official stated that the issue of “additional regulatory and capital adequacy requirements for ‘too big to fail’ banking and other financial sector conglomerates in India” was currently being discussed by the top two Indian financial sector regulators, the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI), in consultation with the Union Finance Ministry of India.⁴²⁷ The official claimed that Indian regulators were very confident about the robustness of Indian financial institutions, but preferred to undertake the assessment “to avoid any sense of complacency.”⁴²⁸ The senior regulatory official also stated that India would wait for firm guidance from the international community before taking any action.⁴²⁹

There was no Report on Progress since the Washington Summit available for India on the Financial Stability Board website.⁴³⁰

Thus India has been awarded a score of 0 for its commitment to reviewing and restructuring policy to reduce the risks associated with SIFIs.

Analyst: Krystal Montpettit

Indonesia: 0

Indonesia has made progress toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

In its response to the FSB survey on progress toward G20 financial reforms, Indonesia noted that it is not a major financial centre. However, Bank Indonesia (BI), Indonesia’s largest bank, has acknowledged that “risk factors stemming from uncertainty surrounding the pace and strength of

⁴²⁵ Sub-Committee of the Financial Stability Development Council meets today, Reserve Bank of India (Mumbai) 4 March 2011. Date of Access: 9 April 2011.

http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=24016

⁴²⁶ Sub-Committee of the Financial Stability Development Council meets today, Reserve Bank of India (Mumbai) 4 March 2011. Date of Access: 9 April 2011.

http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=24016

⁴²⁷ ‘Too big to fail’ financial entities may face more scrutiny, Business Line (New Delhi) 6 March 2011. Date of Access: 9 April 2011. <http://www.thehindubusinessline.com/industry-and-economy/banking/article1514604.ece>

⁴²⁸ ‘Too big to fail’ financial entities may face more scrutiny, Business Line (New Delhi) 6 March 2011. Date of Access: 9 April 2011. <http://www.thehindubusinessline.com/industry-and-economy/banking/article1514604.ece>

⁴²⁹ ‘Too big to fail’ financial entities may face more scrutiny, Business Line (New Delhi) 6 March 2011. Date of Access: 9 April 2011. <http://www.thehindubusinessline.com/industry-and-economy/banking/article1514604.ece>

⁴³⁰ Report on Progress Since the Washington Summit, Financial Stability Board (Basel) 12 November 2010. Date of Access: April 7 2011. http://www.financialstabilityboard.org/publications/r_101111b.htm

the global economic recovery process” have implications for Indonesia. BI is accordingly “starting to step forward into Basel II/III regimes in 2011.”⁴³¹

BI also seeks to “strengthen risk management and good governance in the financial sector.”⁴³² To this end, BI “encourages [banks] to enhance the quality of their risk management and governance ... to meet Bank Indonesia’s regulations.”⁴³³

The Indonesian Bank Restructuring Agency (IBRA), a branch of the Department of Finance, in collaboration with BI is tasked with “restructuring and supervising banks” to ensure that resolution regimes are put in place.⁴³⁴

Indonesia has submitted a self-assessment to the FSB, in accordance with the commitment to facilitate greater supervisory insight for financial institutions that may pose systemic risk. The FSB report labels the process of instituting Basel III regulations as ongoing.⁴³⁵ BI has reiterated its commitment to more intensive supervision and to review the crisis management protocols. However, supervisory bodies have existed in Indonesia since 1998.

Indonesia has been participating in cross-border supervisory meetings and has made progress towards establishing formal cross-border cooperation and information sharing. Indonesia does not have an over-the-counter derivative market.⁴³⁶

Thus Indonesia has made progress toward complying with its commitment to reviewing and restructuring policy to reduce the risks associated with SIFIs.

Analyst: Kate Partridge

Italy: 0

Italy has made progress toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

⁴³¹ FSB Report on Progress Since the Washington Summit; Indonesia, Financial Stability Board. 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_101111b.html

⁴³² Bank Indonesia Financial Stability Review, Bank Indonesia (Jakarta) September 2010. Date of Access: 10 April 2011. <http://www.bi.go.id/NR/rdonlyres/2E21321D-2974-442D-A4AB-33826E1EDCF2/21990/FSRNo15Sep2010.pdf>

⁴³³ Bank Indonesia Financial Stability Review, Bank Indonesia (Jakarta) September 2010. Date of Access: 10 April 2011. <http://www.bi.go.id/NR/rdonlyres/2E21321D-2974-442D-A4AB-33826E1EDCF2/21990/FSRNo15Sep2010.pdf>

⁴³⁴ Bank Indonesia Financial Stability Review, Bank Indonesia (Jakarta) September 2010. Date of Access: 10 April 2011. <http://www.bi.go.id/NR/rdonlyres/2E21321D-2974-442D-A4AB-33826E1EDCF2/21990/FSRNo15Sep2010.pdf>

⁴³⁵ FSB Report on Progress Since the Washington Summit; Indonesia, Financial Stability Board. 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_101111b.html

⁴³⁶ FSB Report on Progress Since the Washington Summit; Indonesia, Financial Stability Board. 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_101111b.html

Italy has reaffirmed the importance of the structural stability of international firms.⁴³⁷ During the Seoul Summit, the Bank of Italy committed to accelerate the pace of implementation of financial reforms to avoid the emergence of new threats to financial stability.⁴³⁸

Italian financial institutions did well during the 2008 economic due to their reliance on a more traditional business model with a high reliance on lending, small trading activities and minimal exposure to toxic assets.⁴³⁹

The Bank of Italy already takes the systemic importance of an institution into account; however in October 2010 they reviewed the development of a framework for the recovery and resolution plans for SIFIs.⁴⁴⁰ Furthermore, on 11 November 2010 the Bank of Italy announced the development of an institutional apparatus to liquidate a systemically important firm while minimizing risk to the financial system.⁴⁴¹

The Bank of Italy in conjunction with the Italian Supervisory Authority for Private Insurance Companies (ISVAP) is in the process of overhauling supervisory oversight. Currently the Bank of Italy and ISVAP are home supervisors for numerous large Italian cross-border banking groups, the largest being Unicredit and Intesa Sanpaolo, established in 2006 and 2007 respectively.⁴⁴² In 2006, supervisors gained legal protection and were given an increase in supervisory resources including the ability to call meetings with executives. Furthermore they were given the ability to remove directors and senior officers that were considered to have become unfit for their positions.⁴⁴³

The ISVAP has also applied to become an International Association of Insurance Supervisors (IAIS) signatory of the Memorandum of Understanding (MoU). The completion of this process will further enhance cross-border supervisory cooperation.⁴⁴⁴

During autumn 2009 the Bank of Italy took part in the development of an action plan on the standardization of CDS markets and oversight for OTC derivatives.⁴⁴⁵ Furthermore, on 15 September 2010 a proposal for the Regulation of the European Parliament and of the Council on

⁴³⁷ Draghi: nuovo patto di stabilita, *Il Sole 24 Ore* (Italy) 4 May 2010. Date of Access: 11 April 2011. http://www.ilsole24ore.com/art/SoleOnLine4/Editrice/IlSole24Ore/2010/05/04/Economia%20e%20Lavoro/3_C.shtml?uuid=ca3a126c-573f-11df-b335-c4e158cb6808&DocRulesView=Libero

⁴³⁸ Draghi: subito le riforme finanziarie, *Il Sole 24 Ore* (Italy) 11 November 2010. Date of Access: 11 April 2011. <http://www.ilsole24ore.com/art/notizie/2010-11-11/draghi-subito-riforme-finanziarie-063702.shtml?uuid=AYFAljC&fromSearch>

⁴³⁹ Peer Review of Italy, Financial Stability Board (Switzerland) 27 January 2011. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110207b.pdf

⁴⁴⁰ Monitoring Progress—Italy September 2010, Financial Stability Board (Switzerland) 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401k.pdf

⁴⁴¹ Draghi: subito le riforme finanziarie, *Il Sole 24 Ore* (Italy) 11 November 2010. Date of Access: 11 April 2011. <http://www.ilsole24ore.com/art/notizie/2010-11-11/draghi-subito-riforme-finanziarie-063702.shtml?uuid=AYFAljC&fromSearch>

⁴⁴² Monitoring Progress—Italy September 2010, Financial Stability Board (Switzerland) 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401k.pdf

⁴⁴³ Monitoring Progress—Italy September 2010, Financial Stability Board (Switzerland) 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401k.pdf

⁴⁴⁴ Peer Review of Italy, Financial Stability Board (Switzerland) 27 January 2011. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110207b.pdf

⁴⁴⁵ Monitoring Progress—Italy September 2010, Financial Stability Board (Switzerland) 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401k.pdf

OTC derivatives, central counterparties and trade repositories was published by the European Commission. The Bank of Italy directly participated in and contributed to the proposal.⁴⁴⁶

During the Seoul Summit the Bank of Italy also announced they would add more stringent capital regulations for SIFIs. All large and cross-border firms would be required to maintain a minimum amount of capital in order to maintain basic functions during periods of high economic stress.⁴⁴⁷

Italy has made progress toward complying with its commitment to reduce the moral risks presented by SIFIs. Thus Italy has been awarded a score of 0.

Analyst: Enko Koceku

Japan: 0

Japan has made progress toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

On 29 December 2010, Japan's Financial Services Agency and the Bank of Japan reported that they had compiled a list of the top 60 systemically important financial institutions that should be subjected to additional requirements by the Financial Stability Board.⁴⁴⁸ While the Japanese regulators included the obvious Deutsche Bank, Goldman Sachs and JP Morgan Chase in the top 60, they also listed several Japanese institutions. They ranked Nomura Holdings 19th, Mitsubishi UFJ Financial Group 24th, Mizuho Financial Group 36th, and Daiwa Securities Group 48th.⁴⁴⁹

On 27 October 2010, Kiyohiko G. Nishimura, Deputy Governor of the Bank of Japan weighted in on the measures that should be implemented to tackle the problem of SIFIs. During his 27 October 2010 address at the Annual Conference of the International Association of Deposit Insurers (IADI), the Deputy Governor of the Bank of Japan first commanded the ongoing discussions to address the moral hazard problem caused by systemically important financial institutions.⁴⁵⁰

However, Nishimura then declared that each individual country – as opposed to the global Financial Stability Board – should respectively decide of the measures it deems most appropriate

⁴⁴⁶ Monitoring Progress—Italy September 2010, Financial Stability Board (Switzerland) 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401k.pdf

⁴⁴⁷ Draghi: subito le riforme finanziarie, Il Sole 24 Ore (Italy) 11 November 2010. Date of Access: 11 April 2011. <http://www.ilsole24ore.com/art/notizie/2010-11-11/draghi-subito-riforme-finanziarie-063702.shtml?uuid=AYFAljiC&fromSearch>

⁴⁴⁸ Japanese regulators make list of 60 systematically important financial institutions, Reuters (London) 29 December 2010. Date of Access: 6 April 2011. <http://in.reuters.com/article/2010/12/29/idINIndia-53826620101229>

⁴⁴⁹ Japanese regulators make list of 60 systematically important financial institutions, Reuters (London) 29 December 2010. Date of Access: 6 April 2011. <http://in.reuters.com/article/2010/12/29/idINIndia-53826620101229>

⁴⁵⁰ The Importance of Developing Financial Safety Nets and the Role of Central Banks, Address at the Annual Conference of the International Association of Deposit Insurers (IADI), Bank of Japan (Tokyo) October 27 2010. Date of Access: 7 April 2011. http://www.boj.or.jp/en/announcements/press/koen_2010/data/ko1010f.pdf

to deal with its national SIFIs.⁴⁵¹ Contending that the environment surrounding a financial system is country-specific, he stated that each state should be entitled to choose the best practice or combination of practices – capital surcharges, liquidity surcharges, strengthened supervision or improvements in resolvability – that best tackle the risks of SIFIs while respecting national specifics.⁴⁵²

In its Financial System Report published in September 2010, the Bank of Japan (BOJ), while expressing its support of regulatory reforms on SIFIs by international regulatory authorities to ensure the stability of the financial system, makes a point of stressing that the framework of crisis management differs significantly by country and region.⁴⁵³ It also emphasizes that appropriate policy options as measures to cope with SIFIs largely depend on SIFIs' business models.⁴⁵⁴ Furthermore, the BOJ Financial System Report endorses the June 2010 FSB report stating that there may be a case for a degree of national discretion in the management of SIFIs.⁴⁵⁵

Japan has taken concrete steps toward “consolidated supervision and regulation with high standards.” First, on 21 January 2010, the Japanese Financial Services Agency (FSA) published the “Development of Institutional Frameworks Pertaining to Financial and Capital Markets,” which introduced regulation and supervision on a consolidated basis for securities companies as well as prudential standards on a consolidated basis for insurance companies.⁴⁵⁶

The relevant draft bill was then submitted to the National Diet of Japan – Japan’s bicameral legislature – on 9 March 2010.⁴⁵⁷ The bill was enacted on 12 May 2010 and issued on 19 May 2010.⁴⁵⁸ Also, the Japanese Financial Services Agency is currently assessing a method of calculating the consolidated solvency margin ratio and aims to make this rule effective by March 2012.⁴⁵⁹

⁴⁵¹ The Importance of Developing Financial Safety Nets and the Role of Central Banks, Address at the Annual Conference of the International Association of Deposit Insurers (IADI), Bank of Japan (Tokyo) October 27 2010. Date of Access: 7 April 2011.

http://www.boj.or.jp/en/announcements/press/koen_2010/data/ko1010f.pdf

⁴⁵² The Importance of Developing Financial Safety Nets and the Role of Central Banks, Address at the Annual Conference of the International Association of Deposit Insurers (IADI), Bank of Japan (Tokyo) October 27 2010. Date of Access: 7 April 2011.

http://www.boj.or.jp/en/announcements/press/koen_2010/data/ko1010f.pdf

⁴⁵³ Financial System Report, Bank of Japan (Tokyo) September 2010. Date of Access: April 7 2011.

<http://www.boj.or.jp/en/research/brp/fsr/data/fsr10b.pdf>

⁴⁵⁴ Financial System Report, Bank of Japan (Tokyo) September 2010. Date of Access: April 7 2011.

<http://www.boj.or.jp/en/research/brp/fsr/data/fsr10b.pdf>

⁴⁵⁵ Financial System Report, Bank of Japan (Tokyo) September 2010. Date of Access: April 7 2011.

<http://www.boj.or.jp/en/research/brp/fsr/data/fsr10b.pdf>

⁴⁵⁶ Report on Progress Since the Washington Summit – Japan, Financial Stability Board (Basel) 12 November 2010. Date of Access: April 7 2011.

http://www.financialstabilityboard.org/publications/r_1104011.pdf

⁴⁵⁷ Report on Progress Since the Washington Summit – Japan, Financial Stability Board (Basel) 12 November 2010. Date of Access: April 7 2011.

http://www.financialstabilityboard.org/publications/r_1104011.pdf

⁴⁵⁸ Report on Progress Since the Washington Summit – Japan, Financial Stability Board (Basel) 12 November 2010. Date of Access: April 7 2011.

http://www.financialstabilityboard.org/publications/r_1104011.pdf

⁴⁵⁹ Report on Progress Since the Washington Summit – Japan, Financial Stability Board (Basel) 12 November 2010. Date of Access: April 7 2011.

http://www.financialstabilityboard.org/publications/r_1104011.pdf

In addressing “the development of resolution tools and frameworks for the effective resolution of financial groups to help mitigate the disruption of financial institution failures and reduce moral hazard in the future,” the Japanese Deposit Insurance Law and other related laws already provide for adequate resolution regimes that reduce moral hazard.⁴⁶⁰ Both the Financial Services Agency (FSA) and the Bank of Japan (BOJ) have nevertheless committed themselves to continue taking part in the discussion concerning SIFIs at the Basel Committee on Banking Supervision (BCBS) and the Financial Stability Board (FSB).⁴⁶¹

Japan has made progress toward complying with its commitment to reduce the systemic risk presented by SIFIs. Thus it has been awarded a score of 0.

Analyst: Krystel Montpetit

Korea: 0

Korea has made progress toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

The Financial Services Commission (FSC) of Korea has set up a Task Force for the purpose of “laying the ground” for implementation of the follow-up measures agreed at the G20 Seoul Summit in November 2010.⁴⁶² Composed of members from the Bank of Korea (BOK), Financial Supervisory Service (FSS), Korean Deposit Insurance Corporation (KDIC) and academic experts, the Task Force mainly aims to introduce policies on regulating systemically important financial institutions, and to build an infrastructure for OTC derivatives market.⁴⁶³

Following up on the agreement reached at the Seoul Summit to introduce a regulatory regime to deal with SIFIs more effectively, the Task Force plans to finalize legislations by the end of the year 2011 to strengthen the supervision of the soundness of the SIFIs.⁴⁶⁴ The Task Force also plans to push ahead with reforming the Financial Investment Service and Capital Markets Act in order to build infrastructure for central counterparties (CCP), and for the clearing of OTC derivatives.⁴⁶⁵

Korea has made progress toward complying with its commitment to reduce the systemic risks presented by SIFIs. Thus it has been awarded a score of 0.

Analyst: David Byun

⁴⁶⁰ Regulators aim for minimum big bank safeguards, Reuters (London) April 4 2011. Date of Access: 7 April 2011. <http://uk.reuters.com/article/2011/04/04/uk-fsb-banks-idUKTRE7333ON20110404>

⁴⁶¹ Regulators aim for minimum big bank safeguards, Reuters (London) April 4 2011. Date of Access: 7 April 2011. <http://uk.reuters.com/article/2011/04/04/uk-fsb-banks-idUKTRE7333ON20110404>

⁴⁶² South Korean authorities launch task force to follow up G20 requirements, Complinet, 14 March 2011. Date of access 6 April 2011. <http://www.complinet.com/global/news/news/article.html?ref=141979>

⁴⁶³ Financial Services Commission has launched a Task force to follow up with G20 agreement, Korea Financial Services Commission (Seoul), 10 March 2011. Date of Access 6 April 2011. <http://fscukorea.wordpress.com/tag/systemically-important-financial-institution/>

⁴⁶⁴ South Korean authorities launch task force to follow up G20 requirements, Complinet, 14 March 2011. Date of access 6 April 2011. <http://www.complinet.com/global/news/news/article.html?ref=141979>

⁴⁶⁵ Financial Services Commission has launched a Task force to follow up with G20 agreement, Korea Financial Services Commission (Seoul), 10 March 2011. Date of Access 6 April 2011.

Mexico: 0

Mexico has made progress toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

In July 2010, Mexico created the Financial System Stability Board (FSSB), which, as a coordination mechanism, would oversee the stability of its financial system.⁴⁶⁶ It also plans to promote financial deepening through regulator changes and measures to increase access to banking services.⁴⁶⁷ Furthermore, the FSSB plans to expand regulatory perimeter to cover systemic non-bank entities, and to strengthen framework for bank bankruptcies.⁴⁶⁸ As of April 2011, Mexico has completed an FSB peer review of its financial system and regulatory proposals.⁴⁶⁹

Mexico has made progress toward complying with its commitment to reduce the systemic risks presented by SIFIs. Thus it has been awarded a score of 0.

Analyst: David Byun

Russia: 0

Russia has made progress toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

Russian authorities have strengthened supervisory oversight for financial institutions, which may pose systemic risk. On 22 March 2011, the financial stability department was established as a structural body of the Russian Central Bank.⁴⁷⁰ The department will be responsible for, inter alia, oversight of financial institutions in the banking sector.⁴⁷¹

⁴⁶⁶ Seoul Summit Supporting Document, Canadainternational, 2010. Date of access 6 April 2011.
http://www.canadainternational.gc.ca/g20/assets/pdfs/2010%20%20Seoul%20Summit%20Supporting_Document.pdf

⁴⁶⁷ Seoul Summit Supporting Document, Canadainternational, 2010. Date of access 6 April 2011.
http://www.canadainternational.gc.ca/g20/assets/pdfs/2010%20%20Seoul%20Summit%20Supporting_Document.pdf

⁴⁶⁸ Seoul Summit Supporting Document, Canadainternational, 2010. Date of access 6 April 2011.
http://www.canadainternational.gc.ca/g20/assets/pdfs/2010%20%20Seoul%20Summit%20Supporting_Document.pdf

⁴⁶⁹ Seoul Summit Supporting Document, Canadainternational, 2010. Date of access 6 April 2011.
http://www.canadainternational.gc.ca/g20/assets/pdfs/2010%20%20Seoul%20Summit%20Supporting_Document.pdf

⁴⁷⁰ Rozhkov A., Central Bank is Going to Deal with Financial Stability, Vedomosti 22 March 2011. Date of Access: 4 April 2011.
http://www.vedomosti.ru/finance/news/1236253/centrobank_zajmetsya_finansovoj_stabilnostyu

⁴⁷¹ Rozhkov A., Central Bank is Going to Deal with Financial Stability, Vedomosti 22 March 2011. Date of Access: 4 April 2011.
http://www.vedomosti.ru/finance/news/1236253/centrobank_zajmetsya_finansovoj_stabilnostyu

Russia has taken measures to implement FSB stronger robustness standards for core financial infrastructure. On 7 February 2011, Russian President Medvedev signed a law, defining the procedure of clearing through central counterparties, which is also applied to OTC derivatives.⁴⁷²

In April 2011, the Russian Government and the Russian Central Bank adopted the Strategy of Russian Banking Sector Development for the period up to 2015, which provides for the opportunity to appoint employees of the Central Bank to SIFIs to control their activities starting in 2011.⁴⁷³

No facts of Russia's implementing measures to improve resolution regimes for SIFIs have been registered.

Russia has made progress toward complying with its commitment to reduce the systemic risks presented by SIFIs. Thus it has been awarded a score of 0.

Analyst: Andrey Shelepov

Saudi Arabia: 0

Saudi Arabia has made progress toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

In its 46th Annual Report on The Latest Economic Developments 1431H (2010G), the Saudi Arabian Monetary Agency (SAMA) supported the Basel Committee's review of the need for additional capital, liquidity or other supervisory measures to reduce the threat posed by systemically important institutions.⁴⁷⁴ The SAMA also expressed its confidence that the Basel Committee would be mindful of avoiding negative effects on bank lending activity that could impair the economic recovery while introducing new standards on SIFIs to reduce externalities.⁴⁷⁵ It also noted that the Basel Committee ought to put in place adequate phase-in measures for a sufficiently long period to ensure a smooth transition to the additional requirements on SIFIs.⁴⁷⁶

In an opening speech to the "Special Data Dissemination Standard and Monetary Statistics Workshop," Dr. Muhammad Bin Sulaiman Al-jasser, Vice Governor of the Saudi Arabian Monetary Agency (SAMA) reaffirmed SAMA's commitment to monitoring systemic risk originating from SIFIs.⁴⁷⁷ He stressed the need to fill existing data gaps in key statistical areas

⁴⁷² Federal Law of 7 February 2011 No. 7-FZ on Clearing and Clearing Activities, Office of the President (Moscow) 9 February 2011. Date of Access: 4 April 2011.

<http://text.document.kremlin.ru/SESSION/PILOT/loadfavorite.html?page=1&pid=12182694>.

⁴⁷³ Draft Strategy of Russian Banking Sector Development for the Period up to 2015, Ministry of Finance of the Russian Federation (Moscow) 3 March 2011. Date of Access: 4 April 2011.

<http://www.minfin.ru/common/img/uploaded/library/2011/03/Strategiya.zip>.

⁴⁷⁴ 46th Annual Report on The Latest Economic Developments 1431H (2010G), Saudi Arabian Monetary Agency (Riyad) July 2010. Date of Access: 8 April 2011.

⁴⁷⁵ 46th Annual Report on The Latest Economic Developments 1431H (2010G), Saudi Arabian Monetary Agency (Riyad) July 2010. Date of Access: 8 April 2011.

⁴⁷⁶ 46th Annual Report on The Latest Economic Developments 1431H (2010G), Saudi Arabian Monetary Agency (Riyad) July 2010. Date of Access: 8 April 2011.

⁴⁷⁷ Opening Speech of Dr. Muhammad Bin Sulaiman Al-jasser to the "Special Data Dissemination Standard and Monetary Statistics Workshop," (Riyad) 11 December 2010. Date of Access: 8 April 2011.

<http://www.sama.gov.sa/sites/samaen/News/Pages/SpecialDataDisseminationSpeech.aspx>

that can help authorities better measure the risks to the global financial system.⁴⁷⁸ He also identified the monitoring of SIFIs as a critical issue of and insisted on better compilation and dissemination of statistical data as a main area of improvement in supervising SIFIs.⁴⁷⁹

The FSB did not release a Report on Progress on G20 financial reform for Saudi Arabia.⁴⁸⁰

There is no other information available to assess Saudi Arabia's compliance with its commitment on systemically important financial institutions. Saudi Arabia however remains committed to the discussions concerning SIFIs at both the Financial Stability Board (FSB) and the Basel Committed on Banking Supervision (BCBS) levels.⁴⁸¹

Saudi Arabia has made progress toward complying with its commitment to reduce the systemic risks presented by SIFIs. Thus it has been awarded a score of 0.

Analyst: Krystel Montpetit

South Africa: 0

South Africa has taken steps toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

South Africa recovered more quickly from 2007/08 financial crisis than many other countries,⁴⁸² due to its limited exposure to toxic assets,⁴⁸³ its sound institutional regulations,⁴⁸⁴ and its "stable and well capitalized financial sector."⁴⁸⁵ The country did not witness the failure of any systemically important financial institutions during the crisis; however it is taking action to comply with FSB recommendations to reduce the moral hazard of systemically important institutions and mitigate their future risks to the financial sector.⁴⁸⁶

⁴⁷⁸ Opening Speech of Dr. Muhammad Bin Sulaiman Al-jasser to the "Special Data Dissemination Standard and Monetary Statistics Workshop," (Riyad) 11 December 2010. Date of Access: 8 April 2011. <http://www.sama.gov.sa/sites/samaen/News/Pages/SpecialDataDisseminationSpeech.aspx>

⁴⁷⁹ Opening Speech of Dr. Muhammad Bin Sulaiman Al-jasser to the "Special Data Dissemination Standard and Monetary Statistics Workshop," (Riyad) 11 December 2010. Date of Access: 8 April 2011. <http://www.sama.gov.sa/sites/samaen/News/Pages/SpecialDataDisseminationSpeech.aspx>

⁴⁸⁰ Report on Progress Since the Washington Summit, Financial Stability Board (Basel) 12 November 2010. Date of Access: April 7 2011. http://www.financialstabilityboard.org/publications/r_101111b.htm

⁴⁸¹ 46th Annual Report on The Latest Economic Developments 1431H (2010G), Saudi Arabian Monetary Agency (Riyad) July 2010. Date of Access: 8 April 2011.

⁴⁸² South Africa: Report on the Observance of Standards and Codes on Banking Supervision, Insurance Supervision and Securities' Regulation, International Monetary Fund (Washington) 8 December 2010. Date of Access: 7 April 2011. <http://www.imf.org/external/pubs/ft/scr/2010/cr10352.pdf>

⁴⁸³ Africa draws big powers, Times Live (Johannesburg) 9 November 2009. Date of Access: 8 April 2011. <http://www.timeslive.co.za/business/article183897.ece>

⁴⁸⁴ A Safer Financial Sector to Serve South Africa Better, National Treasury (Pretoria) 23 February 2011. Date of Access: 8 April 2011. <http://www.treasury.gov.za/documents/national%20budget/2011/A%20safer%20financial%20sector%20to%20serve%20South%20Africa%20better.pdf>

⁴⁸⁵ South Africa: Report on the Observance of Standards and Codes on Banking Supervision, Insurance Supervision and Securities' Regulation, International Monetary Fund (Washington) 8 December 2010. Date of Access: 7 April 2011. <http://www.imf.org/external/pubs/ft/scr/2010/cr10352.pdf>

⁴⁸⁶ S.Africa's cbank: financial system remains resilient, Reuters (Pretoria) 28 April 2010. Date of Access: 7 April 2011. <http://af.reuters.com/article/idAFJON00001620100428>

South Africa has taken steps to strengthen its resolution capacity in line with FSB recommendations. On 23 February 2011, the South African National Treasury released a policy document entitled “A Safer Financial Sector to Serve South Africa Better.” The report outlines proposed policy changes to reform South Africa’s financial sector to be implemented in coming years and identifies some of the steps South Africa is taking to meet FSB recommendations regarding systemically important financial institutions. So far South Africa has focused on strengthening its “financial crisis resolution framework” by increasing interagency coordination.⁴⁸⁷ The country plans to further strengthen its resolution framework, by implementing a joint review on crisis contingency frameworks followed by legal changes to ensure “authorities have all the appropriate tools available in the unlikely event of a crisis.”⁴⁸⁸

The South African government has also taken steps to increase supervision of financial institutions. From 15-31 March 2010, IMF and World Bank representatives, at the request of the South African government, conducted standard assessments on South Africa’s financial sector, including an assessment against Basel Core Principles covering the areas of supervisory independence, supervisory power and consolidated supervision.⁴⁸⁹ On 8 December 2010, the results of the assessment were published along with a list of recommended actions, which have been acknowledged by the South African government. The 23 February policy proposal contains provisions that address some of these recommendations, including provisions to create a new Council of Financial Regulators to increase supervisory consolidation between the FSB and the Supervisory division of the Reserve Bank, as well as proposals that introduce new legislation to increase supervisory independence and expand supervisory powers.⁴⁹⁰

South Africa has complied with the commitment to increase robustness standards for core financial infrastructure. It has moved towards meeting G20 regulations on centralized clearing of OTC contracts by enacting new legislation under the Financial Markets Bill to be introduced in 2011.⁴⁹¹ The country has also taken steps to increase regulation of the credit derivatives market by forming a task team composed of National Treasury representatives, FSB members and Johannesburg Stock Exchange representatives and has promised to introduce new legislation on credit derivative standardization following an upcoming review.⁴⁹²

⁴⁸⁷ A Safer Financial Sector to Serve South Africa Better, National Treasury (Pretoria) 23 February 2011. Date of Access 7 April 2011.

<http://www.treasury.gov.za/documents/national%20budget/2011/A%20safer%20financial%20sector%20to%20serve%20South%20Africa%20better.pdf>

⁴⁸⁸ A Safer Financial Sector to Serve South Africa Better, National Treasury (Pretoria) 23 February 2011. Date of Access: 8 April 2011.

<http://www.treasury.gov.za/documents/national%20budget/2011/A%20safer%20financial%20sector%20to%20serve%20South%20Africa%20better.pdf>

⁴⁸⁹ South Africa: Report on the Observance of Standards and Codes on Banking Supervision, Insurance Supervision and Securities' Regulation, International Monetary Fund (Washington) 8 December 2010. Date of Access: 7 April 2011. <http://www.imf.org/external/pubs/ft/scr/2010/cr10352.pdf>

⁴⁹⁰ A Safer Financial Sector to Serve South Africa Better, National Treasury (Pretoria) 23 February 2011. Date of Access: 8 April 2011.

<http://www.treasury.gov.za/documents/national%20budget/2011/A%20safer%20financial%20sector%20to%20serve%20South%20Africa%20better.pdf>

⁴⁹¹ FSB- G20 – Monitoring Progress – South Africa, Financial Stability Board (Basel), March 2011. Date of Access: 9 April 2011 http://www.financialstabilityboard.org/publications/r_110401s.pdf

⁴⁹² FSB- G20 – Monitoring Progress – South Africa, Financial Stability Board (Basel), March 2011. Date of Access: 9 April 2011 http://www.financialstabilityboard.org/publications/r_110401s.pdf

South Africa has made progress toward complying with its commitment to reduce the systemic risks presented by SIFIs. Thus it has been awarded a score of 0.

Analyst: Huda Abdi

Turkey: 0

Turkey has taken steps toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

The government of Turkey has recognized the importance of addressing the issue of financial stability, noting in a Strategy and Action Plan that “it is a priority matter that the existing structure in Turkey must be reinforced to ensure effective and sustained cooperation and coordination between regulatory and supervisory authorities and manage systemic risk.”⁴⁹³

In order to enhance prudential supervision, the government of Turkey established the Systemic Risk Coordination Committee that is mandated to monitor the country’s financial system.⁴⁹⁴ It has been identified that “the duties and functions of the current Systemic Risk Committee shall be reinforced in order to identify and prevent systemic risk and enhance horizontal coordination between regulatory and supervisory authorities in the financial sector.”⁴⁹⁵ The Committee is responsible for reporting negative developments in the financial system to the Council of Ministers.⁴⁹⁶

Turkey has made progress toward complying with its commitment to reduce the systemic risks presented by SIFIs. Thus it has been awarded a score of 0.

Analyst: Vera Gavrilova

United Kingdom: 0

The United Kingdom has taken steps toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

On 21 February 2009, the 2009 Banking Act came into force in the United Kingdom. The Banking Act provides a permanent regime to allow the Financial Services Authority (FSA), the UK Treasury and the Bank of England to resolve failing banks in the UK.⁴⁹⁷ Under the Banking Act, these authorities are given powers such as: (1) the power to issue share transfer orders to

⁴⁹³ Strategy and Action Plan for Istanbul International Financial Center, State Planning Organization (Ankara) October 2009. Date of Access: 12 April 2011.

http://www.dpt.gov.tr/DocObjects/View/5066/Strategy_and_Action_Plan_for_Istanbul_International.pdf.

⁴⁹⁴ Overview of Progress in the Implementation of G20 Recommendations for Strengthening Financial Stability: Report of the Financial Stability Board to G20 Leaders, Financial Stability Board (Basel) 18 June 2010. Date of Access: 12 April 2011. http://www.financialstabilityboard.org/publications/r_100627c.pdf.

⁴⁹⁵ Strategy and Action Plan for Istanbul International Financial Center, State Planning Organization (Ankara) October 2009. Date of Access: 12 April 2011.

http://www.dpt.gov.tr/DocObjects/View/5066/Strategy_and_Action_Plan_for_Istanbul_International.pdf.

⁴⁹⁶ Financial Stability Board Report on Progress since the Washington Summit Turkey, Financial Stability Board (Basel) 12 November 2010. Date of Access: 12 April 2011.

http://www.financialstabilityboard.org/publications/r_110401v.pdf.

⁴⁹⁷ Risk management supervision and regulation, Barclays (London) 2008. Date of Access: 12 April 2011. <http://www.barclaysannualreports.com/ar2008/index.asp?pageid=143>

transfer all or some of the securities issued by a bank to a commercial purchaser or Bank of England entity and (2) the power to transfer all or some of the property, rights and liabilities of the UK bank to a purchaser or Bank of England entity.⁴⁹⁸

On 18 March 2009, the FSA published the Turner Review and the associated Discussion Paper that included a comprehensive set of proposals aimed at addressing the risks posed by systemically important financial institutions.⁴⁹⁹ On 30 September 2009, the FSA published the Feedback Statement to The Turner Review that outlines the ongoing debate and consideration of Recovery and Resolution Plans (RRPs) or living wills.⁵⁰⁰ The FSA also proposed in the statement that all SIFIs be required to develop and submit RRP to the FSA for approval.⁵⁰¹

On 22 October 2009, the FSA published The Turner Review Conference Discussion Paper, which focused on two issues: (1) problems created by systemically important banks and relevant policy options including higher capital levels and RRP, and (2) assessing the cumulative impact of capital and liquidity reforms.⁵⁰²

On 27 November 2009, the British House of Commons Treasury Committee published a report on the banking crisis and regulation and supervision.⁵⁰³ In the report, the government voiced its support for the FSB to develop possible measures to address the ‘too big to fail’ problems associated with SIFIs by the end of October 2010, including the related work by the Basel Committee to assess merits of a capital surcharge to mitigate the risk of systemic banks.⁵⁰⁴

On 8 April 2010, the Financial Services Act received Royal assent.⁵⁰⁵ The Act allows for: (1) new powers for the FSA to enforce Remuneration Code of Practice and nullify firm’s remuneration agreements, (2) compulsory RRP for UK banks and building societies, (3) extensive information

⁴⁹⁸ Risk management supervision and regulation, Barclays (London) 2008. Date of Access: 12 April 2011. <http://www.barclaysannualreports.com/ar2008/index.asp?pageid=143>

⁴⁹⁹ The Will to Live: Recovery and Resolution Plans for UK Banks, Morrison and Foerster (London) 29 December 2009. Date of Access: 12 April 2011. <http://www.mofo.com/files/uploads/Images/091229TheWilltoLiveRecoveryandResolutionPlansforUKBank.s.pdf>

⁵⁰⁰ The Will to Live: Recovery and Resolution Plans for UK Banks, Morrison and Foerster (London) 29 December 2009. Date of Access: 12 April 2011. <http://www.mofo.com/files/uploads/Images/091229TheWilltoLiveRecoveryandResolutionPlansforUKBank.s.pdf>

⁵⁰¹ FSA publishes Turner Review Conference Discussion Paper, Lexology (London) 29 October 2009. Date of Access: 12 April 2011. <http://www.lexology.com/library/detail.aspx?g=a1b55ade-0266-47ee-8eda-156214d770ab>

⁵⁰² FSA publishes Turner Review Conference Discussion Paper, Lexology (London) 29 October 2009. Date of Access: 12 April 2011. <http://www.lexology.com/library/detail.aspx?g=a1b55ade-0266-47ee-8eda-156214d770ab>

⁵⁰³ The Will to Live: Recovery and Resolution Plans for UK Banks, Morrison and Foerster (London) 29 December 2009. Date of Access: 12 April 2011. <http://www.mofo.com/files/uploads/Images/091229TheWilltoLiveRecoveryandResolutionPlansforUKBank.s.pdf>

⁵⁰⁴ The Will to Live: Recovery and Resolution Plans for UK Banks, Morrison and Foerster (London) 29 December 2009. Date of Access: 12 April 2011. <http://www.mofo.com/files/uploads/Images/091229TheWilltoLiveRecoveryandResolutionPlansforUKBank.s.pdf>

⁵⁰⁵ International Reform of Financial Regulation Overview and Implementation Timetable, Linklaters (London) 1 January 2011. Date of Access: 10 April 2011. www.linklaters.com/pdfs/.../FR_Timetable_Download_version_FINAL.pdf

gathering powers from managers and owners of hedge funds and investment funds, (4) enhancement of FSA's rulemaking and disciplinary powers, and (5) establishment of Council for Financial Stability.⁵⁰⁶

On 22 June 2010, the UK Government announced the introduction of a bank levy to be charged on the worldwide-consolidated balance sheets of UK banks and building society groups, as well as UK subsidiaries of a foreign bank.⁵⁰⁷ The levy is based on the chargeable equity and liabilities of the group or entity to the extent that these exceed GBP 20 billion.⁵⁰⁸ On 9 December 2010, the government published revised draft legislation on the bank levy to be included in the Finance Bill 2011.⁵⁰⁹

On 20 October 2010, the European Commission published a communiqué on a EU framework for crisis management in the financial sector.⁵¹⁰ The communiqué describes a legal framework that the Commission intends to propose in Spring 2011, which involves equipping authorities with tools and powers to tackle banking crises at the earliest possible moment and minimize costs for taxpayers.⁵¹¹

On 14 February 2011, Her Majesty's Treasury (HM Treasury) published its second consultation document on regulatory reform.⁵¹² Under the reform, the FSA will cease to exist in its current form, and the Government will create two new focused financial regulators.⁵¹³ A new Prudential Regulation Authority (PRA) will be responsible for day-to-day supervision of financial institutions that are subject to significant prudential regulation.⁵¹⁴

On 11 April 2011, the UK Independent Commission on Banking (ICB) released its first interim report.⁵¹⁵ The UK government created the ICB to consider whether a structural reform of banks would make them more resilient and competitive, and to compile a final report with

⁵⁰⁶ Financial Services Bill, Linklaters (London) 13 April 2010. Date of Access: 11 April 2011. www.linklaters.com/.../FinancialServicesBill_Newsletter_091124.pdf

⁵⁰⁷ Budget: Bank levy to raise £8.3bn in four years, BBC News (London) 22 June 2010. Date of Access: 11 April 2011. <http://www.bbc.co.uk/news/10377429>

⁵⁰⁸ International Reform of Financial Regulation Overview and Implementation Timetable, Linklaters (London) 1 January 2011. Date of Access: 10 April 2011. www.linklaters.com/pdfs/.../FR_Timetable_Download_version_FINAL.pdf

⁵⁰⁹ Budget: Bank levy to raise £8.3bn in four years, BBC News (London) 22 June 2010. Date of Access: 11 April 2011. <http://www.bbc.co.uk/news/10377429>

⁵¹⁰ Technical details of a possible EU framework for bank recovery and resolution, Norton Rose Group (London) 11 January 2011. Date of Access: 10 April 2011. <http://www.nortonrose.com/knowledge/publications/2011/pub33460.aspx?lang=en-gb&page=all>

⁵¹¹ An EU framework for Crisis Management in the Financial Sector – Frequently Asked Questions, Europa Communiqués de Presse RAPID (Brussels) 20 October 2010. Date of Access: 10 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/10/506&format=HTML&aged=0&language=FR&guiLanguage=fr>

⁵¹² A new approach to financial regulation: building a stronger system, HM Treasury (London) 17 February 2011. Date of Access: 11 April 2011. http://www.hm-treasury.gov.uk/consult_finreg_strong.htm

⁵¹³ The structure of UK financial regulation, HM Treasury (London) 17 February 2011. Date of Access: 11 April 2011. http://www.hm-treasury.gov.uk/fin_stability_regreform_structure.htm

⁵¹⁴ The structure of UK financial regulation, HM Treasury (London) 17 February 2011. Date of Access: 11 April 2011. http://www.hm-treasury.gov.uk/fin_stability_regreform_structure.htm

⁵¹⁵ Independent Commission on Banking: publishing of Interim Report, The COI (London) 11 April 2011. Date of Access: 12 April 2011. <http://nds.coi.gov.uk/Content/detail.aspx?NewsAreaId=2&ReleaseID=419100&SubjectId=2>

recommendations to the Government by September 2011.⁵¹⁶ The interim report sets out the Commission's current and provisional views on the need for reform and on possible reform options.⁵¹⁷

The United Kingdom has made progress toward complying with its commitment to reduce the systemic risks presented by SIFIs. Thus it has been awarded a score of 0.

Analyst: Hermonie Xie

United States: 0

The United States has taken steps toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

On 21 July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law by U.S. President Barack Obama.⁵¹⁸ The act was described by United States President Barack Obama as “the most sweeping overhaul of financial regulation since the 1930s.”⁵¹⁹ The Volcker Rule, added in January 2010, is aligned with the 2010 Seoul Summit commitment to reform SIFIs. The document prohibits a bank or institution from participating in proprietary trading.⁵²⁰ However, recent steps have been made in both houses of the United States Congress to counteract both the Dodd-Frank Act and the Volcker Rule.⁵²¹

On 11 January 2011, the Office of the Comptroller of the Currency published a notice of proposed rulemaking (NPR) that would revise their market risk capital rules.⁵²² This is consistent with the July 2009 publication by the Basel Committee on Banking Supervision of ‘Revisions to the Basel II market risk framework.’⁵²³

Increased supervisory oversight is in the process of being implemented in the United States. New regulatory reforms have called for higher capitalization of major banks, following the implementation of the Supervisory Capital Assessment Program. This program includes the

⁵¹⁶ International Reform of Financial Regulation Overview and Implementation Timetable, Linklaters (London) 1 January 2011. Date of Access: 10 April 2011.

www.linklaters.com/pdfs/.../FR_Timetable_Download_version_FINAL.pdf

⁵¹⁷ Independent Commission on Banking: publishing of Interim Report, The COI (London) 11 April 2011. Date of Access: 12 April 2011.

<http://nds.coi.gov.uk/Content/detail.aspx?NewsAreaId=2&ReleaseID=419100&SubjectId=2>

⁵¹⁸ Bill Summary & Status H.R. 4173, The Library of Congress (Washington) 29 June 2010. Date of Access: 7 April 2011. <http://thomas.loc.gov/cgi-bin/bdquery/z?d111:HR04173:@@L&summ2=m&#major%20actions>

⁵¹⁹ Is Obama's Financial-Reform Plan Bold Enough?, Time Magazine (New York) 18 June 2009. Date of Access: 7 April 2011. <http://www.time.com/time/business/article/0,8599,1905314,00.html>

⁵²⁰ President Obama Calls for New Restrictions on Size and Scope of Financial Institutions to Rein in Excesses and Protect Taxpayers, Office of the Press Secretary (Washington) 21 January 2010. Date of Access: 7 April 2011. <http://www.whitehouse.gov/the-press-office/president-obama-calls-new-restrictions-size-and-scope-financial-institutions-rein-e>

⁵²¹ House panel majority ‘skeptical’ on Dodd-Frank, Pensions & Investments (Washington) 5 April 2011. Date of Access: 5 April 2011. <http://www.pionline.com/article/20110405/DAILYREG/110409948>

⁵²² Basel II Advanced Approaches Floor NPR, Office of the Comptroller of the Currency, US Department of the Treasury (Washington) 11 January 2011. Date of Access: 7 April 2011.

<http://www.occ.treas.gov/news-issuances/bulletins/2011/bulletin-2011-2.html>

⁵²³ Press Release, Board of Governors of the Federal Reserve System (Washington) 26 June 2008. Date of Access: 7 April 2011. <http://www.federalreserve.gov/newsevents/press/bcreg/20080626b.htm>

implementation of stress testing by 17 January 2012.⁵²⁴ However, the exact nature of these tests as well as the extent that disclosure of results will be mandated has not been agreed upon.⁵²⁵

The United States is also in the process of making policy changes to accommodate the Basel III requirements. The US already has a leverage ratio in accordance with the Basel Committees standards.⁵²⁶ Furthermore, the United States is participating in discussions with the Basel Committee to develop a set of international rules that would improve the global quantity and quality of bank capital, which would ultimately impact rules regarding G-SIFIs.⁵²⁷ The United States is strengthening adherence to international supervisory and regulatory standards by allowing the National Association of Insurance Commissioners to undergo review and allow the IMF to complete the U.S. Financial Sector Assessment Program.⁵²⁸

The United States is working towards stronger robustness standards for core financial infrastructure through the Dodd-Frank act, which gives the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC) jurisdiction over OTC Derivatives. The Federal Deposit Insurance Corporation, under Title II, can be appointed as receiver for nonbank financial forms, however, although the law is enacted, the FDIC is currently drafting regulations on the logistics of the implementation of its authority.⁵²⁹

The United States has made progress toward complying with its commitment to reduce the systemic risks presented by SIFIs. Thus it has been awarded a score of 0.

Analyst: Lauren Millar

European Union: 0

The European Union has taken steps toward complying with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

⁵²⁴ The Supervisory Capital Assessment Program: Design and Implementation, Board of Governors of the Federal Reserve System (Washington) 24 April 2009. Date of Access: 7 April 2011.

<http://www.federalreserve.gov/newsevents/press/bcreg/bcreg20090424a1.pdf>

⁵²⁵ Bank Stress Tests (Supervisory Capital Assessment Program), New York Times (New York) 8 May 2009. Date of Access: 7 April 2011.

http://topics.nytimes.com/topics/reference/timestopics/organizations/f/federal_reserve_system/supervisory_capital_assessment_program/index.html

⁵²⁶ The Leverage Ratio, The World Bank (Washington) December 2009. Date of Access: 7 April 2011.

<http://www.worldbank.org/financialcrisis/pdf/leverage-ratio-web.pdf>

⁵²⁷ Consultative proposals to strengthen the resilience of the banking sector announced by the Basel Committee, Bank for International Settlements (Basel) 17 December 2009. Date of Access: 7 April 2011.

<http://www.bis.org/press/p091217.htm>

⁵²⁸ United States: Publication of Financial Sector Assessment Program Documentation – Technical Note on Crisis Management Arrangements, International Monetary Fund, May 2010. Date of Access: 7 April 2011.

<http://www.imf.org/external/pubs/ft/scr/2010/cr10120.pdf>

⁵²⁹ Bill Summary & Status H.R. 4173, The Library of Congress (Washington) 29 June 2010. Date of Access: 7 April 2011. <http://thomas.loc.gov/cgi-bin/bdquery/z?d111:HR04173:@@L&summ2=m&#major%20actions>

On 20 October 2010, the European Commission stated its plans to build a new supervisory framework for a more effective crisis management in the financial sector.⁵³⁰ Recognizing that no financial institution should be considered as “too big to fail,” the communication calls for national resolution regimes with well-defined powers and processes, in order to ensure that financial authorities throughout Europe can resolve bank failures without having to use taxpayer money.⁵³¹ Such powers would include: preventative measures (such as a requirement for banks to prepare for recovery), early intervention powers (such as powers to demand the replacement of bank management), and resolution tools (such as powers to effect takeover of a failing financial institution by another); together, these tools would allow authorities to “ensure the continuity of essential services” and to “manage the failure in an orderly way.”⁵³²

On 6 January 2011, the European Commission published a consultation paper to work on the technical details of the aforementioned supervisory framework for resolution regimes.⁵³³ The Commission proposed that supervisory authorities, such as the European Banking Authority (EBA), be given considerable emergency powers and additional resolution tools over SIFIs in order to not only intervene at an early stage but also to resolve or restructure financial institutions without relying on taxpayer funds.⁵³⁴ Such resolution tools include: sale of business tool, bridge bank tool, asset separation tool, and debt write-down or conversion tool, all of which would strengthen the supervisory regime and its regulatory oversight over financial institutions under the Capital Requirements Directive (CRD).⁵³⁵ Furthermore, the Commission proposed to establish resolution colleges of supervisors to supervise cross-border SIFIs and to require its member states to set up a bank resolution fund to cover the costs of resolution tools.⁵³⁶ The Commission plans to adopt a legislation that incorporates these proposals in June 2011.⁵³⁷

⁵³⁰ Commission sets out its plans for a new EU framework for crisis management in the financial sector, European Commission (Brussels), 20 October 2010. Date of Access 7 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1353&format=HTML&aged=0&language=EN&guiLanguage=en>

⁵³¹ Bank Resolution Regimes, European Parliament (Brussels), March 2011. Date of Access: 7 April 2011 http://www.europarl.europa.eu/document/activities/cont/201103/20110316ATT15696/20110316ATT15696_EN.pdf

⁵³² Commission sets out its plans for a new EU framework for crisis management in the financial sector, European Commission (Brussels), 20 October 2010. Date of Access: 7 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1353&format=HTML&aged=0&language=EN&guiLanguage=en>

⁵³³ Commission seeks views on possible EU framework to deal with future bank failures, European Commission (Brussels), 6 January 2011. Date of Access 7 April 2011 <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/10&format=HTML&aged=0&language=EN&guiLanguage=en>

⁵³⁴ European Resolution and Recovery Framework for Financial Institutions, JDSupra, 17 February 2011. Date of Access: 7 April 2011 <http://www.jdsupra.com/post/documentViewer.aspx?fid=f0ec7db0-1c95-4613-9600-92fbf33c0f88>

⁵³⁵ European Resolution and Recovery Framework for Financial Institutions, JDSupra, 17 February 2011. Date of Access: 7 April 2011 <http://www.jdsupra.com/post/documentViewer.aspx?fid=f0ec7db0-1c95-4613-9600-92fbf33c0f88>

⁵³⁶ European Resolution and Recovery Framework for Financial Institutions, JDSupra, 17 February 2011. Date of Access: 7 April 2011 <http://www.jdsupra.com/post/documentViewer.aspx?fid=f0ec7db0-1c95-4613-9600-92fbf33c0f88>

⁵³⁷ European Resolution and Recovery Framework for Financial Institutions, JDSupra, 17 February 2011. Date of Access: 7 April 2011 <http://www.jdsupra.com/post/documentViewer.aspx?fid=f0ec7db0-1c95-4613-9600-92fbf33c0f88>

As of April 2011, the European Union has taken initiatives to establish a European systemic regulator and three European supervisory authorities as a part of its proposed supervisory package—together, these regulatory authorities are to monitor financial markets, safeguard financial stability, and improve supervision of cross border entities.⁵³⁸ It has also undertaken a comprehensive regulatory reform program in order to improve efficiency of financial markets and safeguard stability.⁵³⁹

The European Union has made progress toward complying with its commitment to reduce the systemic risks presented by SIFIs. Thus it has been awarded a score of 0.

Analyst: David Byun

⁵³⁸ Seoul Summit Supporting Document, Canadainternational, 2010. Date of access 6 April 2011.
http://www.canadainternational.gc.ca/g20/assets/pdfs/2010%20%20Seoul%20Summit%20Supporting_Document.pdf

⁵³⁹ Seoul Summit Supporting Document, Canadainternational, 2010. Date of access 6 April 2011.
http://www.canadainternational.gc.ca/g20/assets/pdfs/2010%20%20Seoul%20Summit%20Supporting_Document.pdf

6. Finance: Over-the-Counter Derivatives

Commitment [#90]:

“[We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on] OTC derivatives”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina		0	
Australia			+1
Brazil			+1
Canada			+1
China			+1
France			+1
Germany			+1
India			+1
Indonesia		n/a	
Italy			+1
Korea			+1
Japan			+1
Mexico			+1
Russia		0	
Saudi Arabia		-1	
South Africa		0	
Turkey		-1	
United Kingdom			+1
United States			+1
European Union			+1
Average Score		+0.58	

Background:

At the Pittsburgh Summit in 2009, G20 leaders announced that “All standardized OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties by end- 2012 at the latest. OTC derivative contracts should be reported to trade repositories. Non-centrally cleared contracts should be subject to higher capital requirements.”⁵⁴⁰ G20 leaders reaffirmed this commitment in the Seoul Summit Declaration, although the declaration did not explicitly commit to the end-2012 deadline and instead emphasized that reforms ought to be consistent between regulatory jurisdictions.

OTC Derivatives Market Reforms, Progress Report on Implementation, a 15 April 2011 report published by the Financial Stability Board (FSB), noted progress made so far by G20 members toward implementing FSB-proposed OTC derivatives reforms by the end of 2012. The FSB expressed “concern regarding many jurisdictions’ likelihood of meeting the G20 end-2012

⁵⁴⁰ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 15 April 2011. Date of Access 26 April 2011.

http://www.financialstabilityboard.org/publications/r_110415b.pdf

deadline, and believes that in order for this target to be achieved, jurisdictions need to take substantial, concrete steps toward implementation immediately.”⁵⁴¹

Commitment Features:

On 25 October 2010 FSB published a report on Implementing OTC Derivatives Market Reforms.⁵⁴² The report responded to calls from G20 leaders at the Pittsburgh and Toronto Summits to improve the functioning, transparency and regulatory oversight of over-the-counter (OTC) derivatives markets. The report set out recommendations to implement commitments related to OTC derivatives markets under the following four areas: standardization, central clearing, organized platform trading, and reporting to trade repositories.⁵⁴³ The specific timelines and processes associated with these four recommendation areas are outlined in Table 7.

Table 7: Recommendations for OTC Derivatives Markets

Area	Recommendations
Standardization	To achieve increased standardization of contractual terms and greater use of standardized operational processes the OTC Derivatives Supervisors Group ... (ODSG) should continue to secure ambitious commitments from the major OTC derivatives market participants. These commitments should include publishing a roadmap by 31 March 2011 with demanding implementation milestones for achieving greater standardization and, as an interim measure until mandatory clearing requirements are fully implemented, increasing volumes of centrally cleared transactions. The roadmap should set forth baseline metrics and forward-looking targets against which market participants will be measured.*
Central clearing	To help mitigate systemic risk in the OTC derivatives markets, the G20 Leaders agreed that all standardized derivatives contracts should be cleared through central counterparties by end-2012 at the latest.
Exchange or electronic platform trading	
Reporting to trade repositories	Authorities should ensure that trade repositories are established to collect, maintain, and report (publicly and to regulators) comprehensive data for all OTC derivative transactions regardless of whether transactions are ultimately centrally cleared. Authorities should establish a clear framework for the regulation of trade repositories based on their essential functions as a source of information to authorities, market participants and the public. Trade repositories should be subject to robust and consistently applied supervision, oversight and regulatory standards that, at a minimum, meet evolving international standards developed jointly by CPSS and IOSCO.

* UPDATE: The New York Federal Reserve Branch released a 31 May 2011 letter outlining a roadmap for standardization of OTC derivatives agreed upon by members of the G14 group of states as well as representatives of financial institutions. The letter can be found here: <http://www.newyorkfed.org/newsevents/news/markets/2011/SCL0331.pdf>

⁵⁴¹ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 15 April 2011. Date of Access 26 April 2011. http://www.financialstabilityboard.org/publications/r_110415b.pdf

⁵⁴² Implementing OTC Derivatives Market Reforms, Financial Stability Board (Brussels) 25 October 2010. Date of Access 26 January 2011. http://www.financialstabilityboard.org/publications/r_101025.pdf

⁵⁴³ Implementing OTC Derivatives Market Reforms, Financial Stability Board (Brussels) 25 October 2010. Date of Access 26 January 2011. http://www.financialstabilityboard.org/publications/r_101025.pdf

Scoring Guidelines:

-1	Member fails to take active steps to comply with applicable FSB recommendations to strengthen regulation and supervision of OTC derivatives markets in a non-discriminatory manner with respect to ANY the following recommendation areas: Standardization, Central Clearing, Exchange and Platform Trading, and Reporting to Trade Repositories.
0	Member takes active steps to comply with the applicable FSB recommendations to strengthen regulation and supervision of OTC derivatives markets in a non-discriminatory manner with respect to ONE or TWO of the following recommendation areas: Standardization, Central Clearing, Exchange and Platform Trading, and Reporting to Trade Repositories.
+1	Member takes active steps to comply with applicable FSB recommendations to strengthen regulation and supervision of OTC derivatives markets in a non-discriminatory manner with respect to at least THREE of the following recommendation areas: Standardization, Central Clearing, Exchange and Platform Trading, and Reporting to Trade Repositories.

Argentina: 0

Argentina has partially complied with its commitment to strengthen regulation of OTC derivatives markets by 1) increasing standardization; 2) establishing central counterparties for central clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

The Argentine government's response to a January 2011 FSB survey on OTC derivatives reforms noted that derivatives in Argentina are already centrally cleared and, in many cases, exchanged on an electronic platform. The subsequent April 2011 FSB progress report on implementation of OTC markets reforms noted that in Argentina "three-quarters of the [derivatives] market are centrally-cleared and either traded on exchange or on the Mercado Abierto Electrónico S.A. electronic platform, which is regulated by the Argentine market regulator."⁵⁴⁴

Argentina has taken steps toward compliance with two of the four FSB recommendation areas for OTC derivatives market reforms and has therefore earned a score of 0.

Analyst: Sarah Ellis

Australia: +1

Australia has partially complied with its commitment to strengthen regulation of OTC derivatives markets by 1) increasing standardization; 2) establishing central counterparties for central clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

On 22 July 2010 the Australian Securities and Investment Commission (ASIC) released REP 201, a review of disclosure for capital protected products and retail structured or derivative products which provides guidance and regulation for the over-the-counter derivative market.⁵⁴⁵ REP 201 also aims to provide a basis for greater standardization of OTC derivatives markets.⁵⁴⁶

⁵⁴⁴ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board, 15 April 2011. Date of Access 25 April 2011. http://www.financialstabilityboard.org/publications/r_110415b.pdf

⁵⁴⁵ REP 201 Review of disclosure for capital protected products and retail structured or derivative products, Australia Securities and Investments Commission (Australia) 22 July 2010. Date of Access: 20 October

According to the Australian government's September 2010 responses to an FSB survey on implementation of G20 financial regulatory reforms, on 21 September 2009 the International Swaps and Derivatives Association (ISDA) moved to adopt standardized trading coupons for CDS transactions in various markets including Australia.⁵⁴⁷

On 20 April 2010 ASIC released regulatory guidance on its recommended approach to the licensing and regulation of clearing and settlement facilities. This report serves to disclose the methods by which central clearing of all standardized contracts will be achieved.⁵⁴⁸

In May 2009, the Australian Prudential Regulation Authority (APRA), ASIC, and the Reserve Bank of Australia published a report on the OTC derivatives market in Australia that indicated that efforts were already underway to move trading to OTC derivatives to electronic platforms and to establish and increase the number of central counterparties for derivatives contracts.⁵⁴⁹

No information could be found on efforts by Australian regulators to establish trade repositories.

Australia has taken steps toward compliance with three of the four FSB recommendation areas for OTC derivatives market reforms and has therefore earned a score of +1.

Analyst: Faiyyad Hosein

Brazil: +1

Brazil has fully complied with its commitment to strengthen regulation of OTC derivatives markets by 1) increasing standardization; 2) establishing central counterparties for central clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

According to the Brazilian government's September 2010 responses to an FSB survey on implementation of G20 financial regulatory reforms, in Brazil "all OTC derivatives transactions involving financial institutions are mandatorily registered at a central registry."⁵⁵⁰ The government also reported that initiatives are underway to enhance the standardization and

2010. [http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/REP201-PDS-reviews-2010-7-14.pdf/\\$file/REP201-PDS-reviews-2010-7-14.pdf](http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/REP201-PDS-reviews-2010-7-14.pdf/$file/REP201-PDS-reviews-2010-7-14.pdf)

⁵⁴⁶ REP 201 Review of disclosure for capital protected products and retail structured or derivative products, Australia Securities and Investments Commission (Australia) 22 July 2010. Date of Access: 20 October 2010. [http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/REP201-PDS-reviews-2010-7-14.pdf/\\$file/REP201-PDS-reviews-2010-7-14.pdf](http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/REP201-PDS-reviews-2010-7-14.pdf/$file/REP201-PDS-reviews-2010-7-14.pdf)

⁵⁴⁷ FSB-G20-Monitoring Progress – Australia September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401b.pdf

⁵⁴⁸ Clearing & Settlement Facilities: Australian & Overseas Operators, Australian Securities & Investment Commission (Australia) April 2010. Date of Access: 9 April 2011. [http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/rg211.pdf/\\$file/rg211.pdf](http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/rg211.pdf/$file/rg211.pdf)

⁵⁴⁹ Survey of the OTC Derivatives Market in Australia, Australian Prudential Regulation Authority, Australian Securities and Investments Commission and the Reserve Bank of Australia (Australia) May 2009. Date of Access: 20 October 2010. [http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/REP158_SurveyOfTheDerivatives.pdf/\\$file/REP158_SurveyOfTheDerivatives.pdf](http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/REP158_SurveyOfTheDerivatives.pdf/$file/REP158_SurveyOfTheDerivatives.pdf)

⁵⁵⁰ FSB- G20 – Monitoring Progress – Brazil September 2010, Financial Stability Board, March 2011. Date of Access: 25 April 2011. http://www.financialstabilityboard.org/publications/r_110401c.pdf

transparency of derivatives contracts and to explore risk management strategies for OTC derivatives traded through central counterparties.⁵⁵¹

An April 2011 FSB report on OTC derivatives market reforms also noted the extent to which Brazilian derivatives markets meet the standards committed to by the G20. The report found that “In Brazil...it is estimated that approximately 90 percent of all derivatives are standardised, exchange traded and centrally cleared; since 1994, all OTC derivatives transactions are required to be registered with trade repositories that are self-regulatory organizations.”⁵⁵²

Brazil has taken steps toward compliance with all four of the FSB recommendation areas for OTC derivatives market reforms and has therefore earned a score of +1.

Analyst: Sarah Ellis

Canada: +1

Canada has fully complied with its commitment to strengthen regulation of OTC derivatives markets by (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

The Bank of Canada’s Financial System Review, published in December 2010, addressed Canadian regulators’ progress to date on G20 reform initiatives for OTC derivatives markets. The Financial System Review suggested that Canadian derivatives markets are sufficiently standardized due to headway in standardization through the International Swaps and Derivatives Association (iSDa). Some important achievements noted by the Financial System Review are improvements in the management of bilateral counterparty risk, standard definitions for all asset classes and standard agreements for facilitating trade confirmations.⁵⁵³

With respect to central clearing of OTC derivatives contracts in Canada, several important initiatives, such as best practices for risk management, effective oversight, and third-party clearing are still largely untested.⁵⁵⁴

In the area of electronic platform trading, the Financial System Review noted that the benefits and challenges of implementing measures aimed at increasing exchange and electronic trading for OTC derivatives are being evaluated by the IOSCO Task Force on OTC derivatives regulation.⁵⁵⁵

At present, there are three trade repositories in operation for OTC derivatives in Canadian financial markets: Warehouse Trust, a trade repository for credit default swaps operated by DTCC -Derivserv; Tri-Optima’s trade repository for interest rate derivatives; and DTCC’s trade repository for equity derivatives. The Government of Canada requires that all trades be reported, including non-centrally-cleared trades.⁵⁵⁶

⁵⁵¹ FSB- G20 – Monitoring Progress – Brazil September 2010, Financial Stability Board, March 2011. Date of Access: 25 April 2011. http://www.financialstabilityboard.org/publications/r_110401c.pdf

⁵⁵² OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board, 15 April 2011. Date of Access 25 April 2011. http://www.financialstabilityboard.org/publications/r_110415b.pdf

⁵⁵³ Financial System Review, Bank of Canada (Ottawa) December 2010. Date of Access: 9 April 2010. http://www.bankofcanada.ca/en/fsr/2010/fsr_1210.pdf

⁵⁵⁴ Financial System Review, Bank of Canada (Ottawa) December 2010. Date of Access: 9 April 2010. http://www.bankofcanada.ca/en/fsr/2010/fsr_1210.pdf

⁵⁵⁵ Financial System Review, Bank of Canada (Ottawa) December 2010. Date of Access: 9 April 2010. http://www.bankofcanada.ca/en/fsr/2010/fsr_1210.pdf

⁵⁵⁶ Financial System Review, Bank of Canada (Ottawa) December 2010. Date of Access: 9 April 2010.

Canada has taken steps toward compliance with three of the four FSB recommendation areas for OTC derivatives market reforms and has therefore earned a score of +1.

Analyst: Faiyyad Hosein

China: +1

China has fully complied with its commitment to strengthen regulation of OTC derivatives markets by 1) increasing standardization; 2) establishing central counterparties for central clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

According to the Chinese government's September 2010 responses to an FSB survey on implementation of G20 financial regulatory reforms, "China's OTC foreign exchange derivatives, OTC RMB interest rate derivatives and credit derivatives are traded on [an] electronic trading platform, and those derivatives not traded on the platform are reported to relevant departments."⁵⁵⁷

Furthermore, the Shanghai Clearing House, established in November 2009, has laid the groundwork for the future clearing of standardized OTC derivatives.⁵⁵⁸

China has taken steps toward compliance with three of the four FSB recommendation areas for OTC derivatives reform and has therefore earned a score of +1.

Analyst: Sarah Ellis

France: + 1

France has fully complied with its commitment to strengthen regulation of OTC derivatives by 1) increasing standardization; 2) establishing central counterparties for central clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

French financial market supervisors have demonstrated their support for the central clearing of OTC derivatives contracts, and they encouraged the ODSG to lay down and supervise industry targets for central clearing of interest rate derivatives, equity derivatives and credit default swaps by December 2009.⁵⁵⁹ LCH Clearnet SA, the French central clearing party, launched a clearing service for credit default swaps. Incentives for centrally clearing contracts with qualifying central clearing parties have been released for public consultation in December 2010 by the BCBS where the French supervisor is involved directly.⁵⁶⁰

In July 2009, the first central clearing institutions for credit default swaps went into operation at the level of the European Union.⁵⁶¹

http://www.bankofcanada.ca/en/fsr/2010/fsr_1210.pdf

⁵⁵⁷ FSB-G20-Monitoring Progress – China September 2010, Financial Stability Board, 12 November 2010.

Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401e.pdf

⁵⁵⁸ The Establishment of the Shanghai Clearing House in Shanghai, Shanghai Clearing House (Shanghai).

Date of Access: 24 October 2010. www.shclearing.com/English/ShowInfo.asp?InfoID=130

⁵⁵⁹ FSB-G20-Monitoring Progress – France September 2010, Financial Stability Board, 12 November 2010.

Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401f.pdf

⁵⁶⁰ FSB-G20-Monitoring Progress – France September 2010, Financial Stability Board, 12 November 2010.

Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401f.pdf

⁵⁶¹ FSB-G20-Monitoring Progress – Germany September 2010, Financial Stability Board, 12 November

2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401g.pdf

A repository for equity derivatives has been established for French derivatives by MarkitSERV in London and, and non-cleared derivatives are reported to either US DTCC (CDS) or Swedish Tri-Optima (rates).⁵⁶²

In September 2010, the European Commission, which covers France, adopted a proposal for the regulation of OTC derivatives, central counterparties and trade repositories.⁵⁶³ This proposal mandates standardization for central counterparties and trade repositories, clearing central clearing, reporting of standardized OTC derivatives contracts, and finally risk mitigation standards for OTC derivatives that are not cleared centrally.⁵⁶⁴ This proposal is in the process of being negotiated among the member states of the European Union and the European Parliament, and it is expected that the proposal will be adopted by the Parliament and the Council and come into force in the summer of 2011. All rules should therefore be in place by the end of 2012.⁵⁶⁵

On 20 September 2010, the European Commission (DG Internal Market and Services) held a public hearing on the review of the Markets in Financial Instruments Directive 2004/39/EC (MiFID) in Brussels.⁵⁶⁶ MiFID would provide harmonized regulation for investment services across the thirty member states of the European Economic Area, covering almost all tradable financial products, including commodity and other over-the counter derivatives. The public hearing covered proposed measures, such as derivative market reform and increasing trading on organized platforms, ensuring transparency and efficiency are balanced in the trading of financial instruments, changes in market structure and competition between trading venues, investor protection after the crisis, and improving market data consolidation.⁵⁶⁷

France has taken steps toward compliance with all four FSB recommendation areas for OTC derivatives reform and has therefore earned a score of +1.

Analyst: Faiyyad Hosein

Germany: +1

Germany has fully complied with its commitment to strengthen regulation of OTC derivatives markets by 1) increasing standardization; 2) establishing central counterparties for central clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

⁵⁶² FSB-G20-Monitoring Progress – France September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401f.pdf

⁵⁶³ Proposal for a regulation of the European Parliament and of the council on OTC Derivatives, Central Counterparties and trade repositories, European Commission (Brussels), 15 September 2010. Date of Access: 10 April 2010. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0484:FIN:EN:PDF>

⁵⁶⁴ FSB-G20-Monitoring Progress – European Union September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401o.pdf

⁵⁶⁵ OTC derivatives: financial stability challenges and responses from authorities, Banque De France, July 2010. Date of Access: 25 April 2011. http://www.banque-france.fr/gb/publications/telechar/rsf/2010/etude12_rsf_1007.pdf

⁵⁶⁶ Public Hearing on the —Review of the Markets in Financial Instruments Directive (MIFID), European Commission (Brussels), 30 September 2010. Date of Access: 18 October 2010. http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm

⁵⁶⁷ Public Hearing on the —Review of the Markets in Financial Instruments Directive (MIFID), European Commission (Brussels), 30 September 2010. Date of Access: 18 October 2010. http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm

In July 2009, the first central clearing institutions for credit default swaps went into operation at the level of the European Union. Eurex Credit Clear, one central clearing institution, provides an exchange trading platform for derivatives and is a business unit of Eurex Clearing, which is supervised by BaFin and is located in Frankfurt.⁵⁶⁸ On 13 December 2010, both German exchanges launched OTC derivatives trade repositories.⁵⁶⁹

In September 2010, the European Commission adopted a proposal for the regulation of OTC derivatives, central counterparties and trade repositories.⁵⁷⁰ This proposal mandates standardization for central counterparties and trade repositories, clearing central clearing, reporting of standardized OTC derivatives contracts, and finally risk mitigation standards for OTC derivatives that are not cleared centrally.⁵⁷¹ This proposal is in the process of being negotiated among the member states of the European Union and the European Parliament, and it is expected that the proposal will be adopted by the Parliament and the Council and come into force in the summer of 2011. All rules should therefore be in place by the end of 2012.⁵⁷²

On 20 September 2010, the European Commission (DG Internal Market and Services) held a public hearing on the review of the Markets in Financial Instruments Directive 2004/39/EC (MiFID) in Brussels.⁵⁷³ MiFID would provide harmonized regulation for investment services across the thirty member states of the European Economic Area, covering almost all tradable financial products, including commodity and other over-the-counter derivatives. The public hearing covered proposed measures, such as derivative market reform and increasing trading on organized platforms, ensuring transparency and efficiency are balanced in the trading of financial instruments, changes in market structure and competition between trading venues, investor protection after the crisis, and improving market data consolidation.⁵⁷⁴

Germany has taken steps toward compliance with all four FSB recommendation areas for OTC derivatives reform and has therefore earned a score of +1.

Analyst: Faiyyad Hosein

India: +1

⁵⁶⁸ FSB-G20-Monitoring Progress – Germany September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁵⁶⁹ German, Spanish Exchanges launch OTC repository, Reuters (London) 13 December 2010. Date of Access: 9 April 2011. <http://www.reuters.com/article/2010/12/13/exchanges-otcrepository-idUSLDE6BC0SQ20101213>

⁵⁷⁰ Proposal for a regulation of the European Parliament and of the council on OTC Derivatives, Central Counterparties and trade repositories, European Commission (Brussels), 15 September 2010. Date of Access: 10 April 2010. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0484:FIN:EN:PDF>

⁵⁷¹ FSB-G20-Monitoring Progress – European Union September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401o.pdf

⁵⁷² OTC derivatives: financial stability challenges and responses from authorities, Banque De France, July 2010. Date of Access: 25 April 2011. http://www.banque-france.fr/gb/publications/telechar/rsf/2010/etude12_rsf_1007.pdf

⁵⁷³ Public Hearing on the —Review of the Markets in Financial Instruments Directive (MIFID), European Commission (Brussels), 30 September 2010. Date of Access: 18 October 2010. http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm

⁵⁷⁴ Public Hearing on the —Review of the Markets in Financial Instruments Directive (MIFID), European Commission (Brussels), 30 September 2010. Date of Access: 18 October 2010. http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm

India has fully complied with its commitment to strengthen regulation of OTC derivatives by 1) increasing standardization; 2) establishing central counterparties for central clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

On 15 October 2010 the Securities and Exchange Board of India took up shared leadership of an IOSCO task force on creating globally consistent regulations for OTC derivatives. This initiative is in keeping with the G20 and FSB requirement that state-driven financial reform be internationally consistent.⁵⁷⁵

An April 2011 report on OTC derivatives reforms by the FSB noted that all trades in OTC derivatives in India are supervised by a central counterparty, the Clearing Corporation of India Limited, and must be reported within 30 minutes of the trade on a reporting platform.⁵⁷⁶ The FSB report also notes that the Indian central bank “has set up a working group to develop the modalities for a single-point reporting mechanism for all OTC interest rate and foreign exchange derivative transactions. It is intended to eventually clear all OTC derivatives transactions through the CCP.”⁵⁷⁷

India has taken steps toward compliance with three of the FSB’s recommendation areas for OTC derivatives market reforms and has therefore earned a score of +1.

Analyst: Sarah Ellis

Indonesia: N/A

According to the Indonesian government’s September 2010 responses to an FSB survey on implementation of G20 financial regulatory reforms, “There is no OTC derivative market in Indonesia. We only have [an] exchange derivatives market.”⁵⁷⁸ An April 2011 FSB report on OTC derivatives markets noted that derivatives markets in Indonesia are less developed than in many other jurisdictions, and “consideration of approaches to implementing OTC derivatives market regulation is at an early stage.”⁵⁷⁹ As a result, Indonesia cannot be scored for this commitment.

Analyst: Sarah Ellis

Italy: +1

Italy has fully complied with its commitment to strengthen regulation of OTC derivatives markets by 1) increasing standardization; 2) establishing central counterparties for central clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

⁵⁷⁵ IOSCO forms Task Force on OTC Derivatives Regulation, International Organisation of Securities Commissioners (Madrid) 15 October 2010. Date of Access: 22 October 2010. www.iosco.org/news/pdf/IOSCONEWS191.pdf

⁵⁷⁶ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board, 15 April 2011. Date of Access 25 April 2011. http://www.financialstabilityboard.org/publications/r_110415b.pdf

⁵⁷⁷ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board, 15 April 2011. Date of Access 25 April 2011. http://www.financialstabilityboard.org/publications/r_110415b.pdf

⁵⁷⁸ FSB-G20-Monitoring Progress – Indonesia September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401j.pdf

⁵⁷⁹ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board, 15 April 2011. Date of Access 25 April 2011. http://www.financialstabilityboard.org/publications/r_110415b.pdf

The Bank of Italy and the Consob, Italy's financial market regulator, have worked with the OTC Derivatives Regulators' Forum, which was formed in September 2009.⁵⁸⁰ This forum has established a cooperative oversight framework for the Trade Information Warehouse (TIW), the global trade repository for credit default swaps.⁵⁸¹

In July 2009, the first central clearing institutions for credit default swaps went into operation at the level of the European Union.⁵⁸²

In September 2010, the European Commission adopted a proposal for the regulation of OTC derivatives, central counterparties and trade repositories.⁵⁸³ This proposal mandates standardization for central counterparties and trade repositories, clearing central clearing, reporting of standardized OTC derivatives contracts, and finally risk mitigation standards for OTC derivatives that are not cleared centrally.⁵⁸⁴ This proposal is in the process of being negotiated among the member states of the European Union and the European Parliament, and it is expected that the proposal will be adopted by the Parliament and the Council and come into force in the summer of 2011. All rules should therefore be in place by the end of 2012.⁵⁸⁵

On 20 September 2010, the European Commission (DG Internal Market and Services) held a public hearing on the review of the Markets in Financial Instruments Directive 2004/39/EC (MiFID) in Brussels.⁵⁸⁶ MiFID would provide harmonized regulation for investment services across the thirty member states of the European Economic Area, covering almost all tradable financial products, including commodity and other over-the counter derivatives. The public hearing covered proposed measures, such as derivative market reform and increasing trading on organized platforms, ensuring transparency and efficiency are balanced in the trading of financial instruments, changes in market structure and competition between trading venues, investor protection after the crisis, and improving market data consolidation.⁵⁸⁷

Italy has taken steps toward compliance with all four FSB recommendation areas for OTC derivatives reform and has therefore earned a score of +1.

Analyst: Faiyyad Hosein

⁵⁸⁰ FSB-G20-Monitoring Progress – Italy September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401k.pdf

⁵⁸¹ FSB-G20-Monitoring Progress – Italy September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401k.pdf

⁵⁸² FSB-G20-Monitoring Progress – Germany September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁵⁸³ Proposal for a regulation of the European Parliament and of the council on OTC Derivatives, Central Counterparties and trade repositories, European Commission (Brussels), 15 September 2010. Date of Access: 10 April 2010. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0484:FIN:EN:PDF>

⁵⁸⁴ FSB-G20-Monitoring Progress – European Union September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401o.pdf

⁵⁸⁵ OTC derivatives: financial stability challenges and responses from authorities, Banque De France, July 2010. Date of Access: 25 April 2011. http://www.banque-france.fr/gb/publications/telechar/rsf/2010/etude12_rsf_1007.pdf

⁵⁸⁶ Public Hearing on the —Review of the Markets in Financial Instruments Directive (MIFID), European Commission (Brussels), 30 September 2010. Date of Access: 18 October 2010. http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm

⁵⁸⁷ Public Hearing on the —Review of the Markets in Financial Instruments Directive (MIFID), European Commission (Brussels), 30 September 2010. Date of Access: 18 October 2010. http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm

Japan: +1

Japan has fully complied with its commitment to strengthen regulation of OTC derivatives markets by 1) increasing standardization; 2) establishing central counterparties for central clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

On 21 January 2010, the FSA, the Japanese securities regulator, published a report on the Development of Institutional Frameworks Pertaining to Financial and Capital Markets.⁵⁸⁸ The report noted that certain classes of OTC derivatives contracts would be subject to mandatory clearing by central counterparties.⁵⁸⁹ The report also calls for the collection of information about OTC derivatives contracts by trade repositories and CCPs.⁵⁹⁰ Reuters reported on 12 May 2010 that the Japanese parliament had voted to approve a bill that would mandate the clearing of some OTC derivatives as well as the reporting of information about OTC derivatives trades to Japanese authorities.⁵⁹¹ Under the revised Financial Instruments and Exchange Act (FIEA), the FSA designates trade repositories, and trade repositories are required to store and to submit trade information to the regulator. Also, CCP clearing is required for actively traded OTC derivatives, where the reduction of clearing and settlement risk through the use of CCPs would be deemed beneficial for the stability of the Japanese market.⁵⁹²

Japan is also a member of the OTC derivatives regulators forum, which is exploring options for financial market infrastructure such as central counterparties and trade repositories.⁵⁹³ This forum has worked on an outline for credit derivatives central counterparties and an outline for OTC derivatives trade repositories.⁵⁹⁴

The January 2010 FSA document entitled “Development of Institutional Frameworks Pertaining to Financial and Capital Markets,” enacted as a bill on 12 May 2010, outlined preliminary steps for the standardization of OTC derivatives, including increasing the volume of derivatives subject to central clearing and demanding greater information sharing between financial institutions and regulators.⁵⁹⁵ The Japanese government has continued to work with financial institutions to increase standardization, including working as part of the G14 group of states with the ODSG

⁵⁸⁸ FSB-G20-Monitoring Progress – Japan September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_1104011.pdf

⁵⁸⁹ Development of Institutional Frameworks Pertaining to Financial and Capital Markets, Financial Services Agency, 21 January 2010. Date of Access: 25 April 2011. <http://www.fsa.go.jp/en/news/2010/20100122-3/01.pdf>

⁵⁹⁰ FSB-G20-Monitoring Progress – Japan September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_1104011.pdf

⁵⁹¹ Japan Passes Bill to Tighten OTC Derivatives Rules. Reuters (Tokyo) 12 May 2010. Date of Access 12 May 2011. <http://www.reuters.com/article/2010/05/12/japan-derivatives-idUSTOE64B06W20100512?type=marketsNews>

⁵⁹² Outline of the Bill for Amendment of the Financial Instruments and Exchange Act, Financial Services Agency (Japan) 12 May 2010. Date of Access 12 August 2011. www.fsa.go.jp/en/news/2011/20110224-1/04.pdf

⁵⁹³ Authorities currently involved in the OTC Derivatives Regulators Forum, OTC Derivatives Regulators Forum. Date of Access: 25 April 2011. <http://www.otcdrf.org/about/members.htm>

⁵⁹⁴ Outline for Trade Repositories, OTC Derivatives Regulators Forum, 27 October 2010. Date of Access: 25 April 2011. <http://www.otcdrf.org/documents/trplsoutline.pdf>

⁵⁹⁵ SB-G20-Monitoring Progress – Japan September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_1104011.pdf

working group on drafting a roadmap to improving the regulation of OTC derivatives markets.⁵⁹⁶

Japan has taken steps toward compliance with three of the four FSB recommendation areas for OTC derivatives market reforms and has therefore been awarded a score of +1.

Analyst: Faiyyad Hosein

Korea: +1

Korea has fully complied with its commitment to strengthen regulation of OTC derivatives markets by 1) increasing standardization; 2) establishing central counterparties for central clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

In February 2010, Korea's Study Committee for OTC Derivatives Infrastructure announced its recommendations regarding implementation of new regulatory and supervisory infrastructure.⁵⁹⁷ In addition, the Korean government has set up a task force team consisting of academic and other agencies in order to develop strategies for implementing these and other FSB recommendations.⁵⁹⁸

According to IFLR 1000, as of 13 June 2010 amendments to Korean financial services and capital markets regulations allowed Korea's financial market regulator, the Korean Financial Investment Association, to set up the New Product Review Committee for reviewing and approving new OTC derivative products.⁵⁹⁹

The Korean Financial Services Commission has released a detailed overview of the potential for central counterparties for OTC derivatives in Korea. The overview states that frameworks for central clearing houses are in the process of being built and can be expected to be implemented by 2012.⁶⁰⁰ The overview also states that systems such as trade repositories and electronic trading platforms have yet to be built.⁶⁰¹

Korea is also a member of the OTC derivatives regulators forum, which is exploring options for financial market infrastructure such as central counterparties and trade repositories.⁶⁰² This forum

⁵⁹⁶ ODSG Participants' May 31 Letter, New York Federal Reserve (New York) 31 May 2011. Date of Access 15 August 2011. <http://www.newyorkfed.org/newsevents/news/markets/2011/SCL0331.pdf>

⁵⁹⁷ FSB-G20-Monitoring Progress – Korea September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401o.pdf

⁵⁹⁸ FSB-G20-Monitoring Progress – Korea September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401o.pdf

⁵⁹⁹ New OTC derivative product approval, IFLR 1000 (Seoul). Date of Access: 25 April 2011. <http://www.iflr1000.com/LegislationGuide/462/New-OTC-derivative-product-approval.html>

⁶⁰⁰ South Korean Derivatives to be reviewed starting next week, Bloomberg (New York) 9 June 2010. Date of Access: 25 April 2011. <http://www.businessweek.com/news/2010-06-09/south-korean-otc-derivatives-to-be-reviewed-starting-next-week.html>

⁶⁰¹ Central Counterparty (CCP): Regulatory Initiatives to Strengthen the OTC Derivatives Market, Korea Financial Services Commission (Seoul), 20 September 2010. Date of Access 25 October 2010. <http://fsckorea.wordpress.com/2010/09/20/central-counterparty-ccp-regulatory-initiatives-to-strengthen-the-otc-derivatives-market-infrastructure/>

⁶⁰² Authorities currently involved in the OTC Derivatives Regulators Forum, OTC Derivatives Regulators Forum. Date of Access: 25 April 2011. <http://www.otcdrf.org/about/members.htm>

has worked on an outline for credit derivatives central counterparties as well as an outline for OTC derivatives trade repositories.⁶⁰³

Korea has taken steps toward compliance in three of the four FSB recommendation areas on OTC derivatives market reform and has therefore been awarded a score of +1.

Analyst: Faiyyad Hosein

Mexico: +1

Mexico has partially complied with its commitment to strengthen regulation of OTC derivatives by 1) increasing standardization; 2) establishing central counterparties for central clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

According to the Mexican government's September 2010 responses to an FSB survey on implementation of G20 financial regulatory reforms, "There is work underway to analyze which OTC derivative contracts are subject to be standardized and whether it is feasible to trade those contracts on a regulated exchange or any other regulated trading platform, as well as to be cleared and settled through a central counterparty."⁶⁰⁴ There is also an effort underway to assess the potential implementation of a trade repository for OTC derivatives in Mexico.⁶⁰⁵

On 11 August 2010 the Mexican government established a Financial System Stability Council, which will begin the process of addressing risks posed to finance markets OTC derivatives by making recommendations and coordinating with financial authorities. The council will also advise the executive and yearly financial stability reports. The goals of the council will be to make recommendations on capital adequacy, evaluate differences in regulation between financial entities, analyze regulated and non-regulated financial bodies, and identify potential vulnerabilities in the financial system.⁶⁰⁶

Mexico has taken steps toward compliance in all four FSB recommendation areas on OTC derivatives market reform and has therefore been awarded a score of +1.

Analysts: Sarah Ellis and Glenn Asare

Russia: 0

Russia has partially complied with its commitment to strengthen regulation of OTC derivatives by 1) increasing standardization; 2) establishing central counterparties for central clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

Russian authorities have undertaken measures to achieve increased standardization of OTC derivatives contracts and the registration of derivatives to trade repositories. On 10 February

⁶⁰³ Outline for Trade Repositories, OTC Derivatives Regulators Forum, 27 October 2010. Date of Access: 25 April 2011. <http://www.otcdrf.org/documents/trplsoutline.pdf>

⁶⁰⁴ FSB-G20-Monitoring Progress – Mexico September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401m.pdf

⁶⁰⁵ FSB-G20-Monitoring Progress – Mexico September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401m.pdf

⁶⁰⁶ Se instaló hoy el Consejo de Estabilidad del Sistema Financiero, Office of the President (Mexico City, Mexico) 11 August 2010. Date of Access: 23 October 2010. www.presidencia.gob.mx/index.php?DNA=85&Contenido=59300

2011, the Russian Government adopted an executive order which provides for the obligatory registration of OTC derivatives transactions on commodity exchanges.⁶⁰⁷

On 10 February 2011, the Russian government approved a registration procedure for OTC derivatives transactions, in particular with commodities by commodity exchanges as well as keeping the register of such transactions.⁶⁰⁸

Russia has created a mechanism of clearing OTC derivatives contracts through central counterparties. On 7 February 2011, Russian President signed a law outlining central clearing procedures for OTC derivatives contracts.⁶⁰⁹

Russia has taken steps toward compliance with two of the four FSB recommendation areas for OTC derivatives market reforms and has therefore been awarded a score of 0.

Analyst: Mark Rakhmagulov

Saudi Arabia: -1

Saudi Arabia has partially complied with its commitment to strengthen regulation of OTC derivatives by 1) increasing standardization; 2) establishing central counterparties for central clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

On 9 June 2010 the Saudi Capital Markets Authority became a member of the International Organization of Securities Commissions, indicating that it is committed to IOSCO's Objectives and Principles of Securities Regulation.⁶¹⁰ An April 2011 FSB report on OTC derivatives market reforms noted that Saudi financial authorities "have embarked on an assessment of the derivatives markets operating within their jurisdictions and plan to decide upon future regulatory initiatives involving the implementation of the G20 commitments in the course of 2011."⁶¹¹

Saudi Arabia has failed to take steps toward compliance with any of the four FSB recommendation areas on OTC derivatives market reform and has therefore been awarded a score of -1.

Analyst: Sarah Ellis

South Africa: 0

South Africa has partially complied with its commitment to strengthen regulation of OTC derivatives by 1) increasing standardization; 2) establishing central counterparties for central clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

⁶⁰⁷ Government Executive Order No. 167-r of 10 February 2011, Government of Russia (Moscow) 10 February 2011. Date of Access: 4 April 2011. <http://government.ru/gov/results/14134/>.

⁶⁰⁸ Government Resolution No. 65 of 10 February 2011, Government of Russia (Moscow) 10 February 2011. Date of Access: 4 April 2011. <http://government.ru/gov/results/14189/>.

⁶⁰⁹ Federal Law of 7 February 2011 No. 7-FZ on Clearing and Clearing Activities, Office of the President (Moscow) 9 February 2011. Date of Access: 4 April 2011. <http://kremlin.ru/acts/10284>.

⁶¹⁰ IOSCO expands its global membership to include Iceland, the Maldives, Saudi Arabia and Syria, International Organization of Securities Commissions (Madrid, Spain), 9 June 2010. Date of Access: 22 October 2010. www.iosco.org/news/pdf/IOSCONEWS187.pdf

⁶¹¹ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board, 15 April 2011. Date of Access 25 April 2011. http://www.financialstabilityboard.org/publications/r_110415b.pdf

According to the South Africa government's September 2010 responses to an FSB survey on implementation of G20 financial regulatory reforms, South African regulators "will introduce appropriate legislation and amendments to legislation to, *inter alia*, allow for centralised clearing of OTC contracts."⁶¹² An April 2011 FSB report on OTC derivatives market reforms noted that South African financial authorities "have embarked on an assessment of the derivatives markets operating within their jurisdictions and plan to decide upon future regulatory initiatives involving the implementation of the G20 commitments in the course of 2011."⁶¹³

South Africa has taken steps toward compliance in one of the four FSB recommendation areas on OTC derivatives market reform and has therefore been awarded a score of 0.

Analysts: Sarah Ellis and Glenn Asare

Turkey: -1

Turkey has failed to comply with its commitment to strengthen regulation of OTC derivatives by 1) increasing standardization; 2) establishing central counterparties for central clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

The Turkish government did not respond to the portion of the FSB survey on G20 financial regulatory reforms related to OTC and credit derivatives market reforms.

As of 2007, OTC derivatives remained unregulated in Turkey, though the Capital Markets Board of Turkey had proposed amendments to its current regulatory policy which would outline systematic rules for valuing counterparty risk for OTC derivatives contracts, allowing for cross-border trade. However, the CMB remained opposed to further regulation, which might hinder financial growth in Turkey.⁶¹⁴ Currently, the CMB Regulations and Communiqué does not indicate that the Turkish government has supported the creation of central counterparties or electronic clearing platforms for OTC derivatives.⁶¹⁵

An April 2011 FSB report on OTC derivatives markets noted that derivatives markets in Turkey are less developed than in many other jurisdictions, and "consideration of approaches to implementing OTC derivatives market regulation is at an early stage."⁶¹⁶

Turkey has failed to take steps toward compliance with any of the four FSB recommendation areas on OTC derivatives market reform and has therefore been awarded a score of -1.

Analyst: Sarah Ellis

United Kingdom: +1

The United Kingdom has fully complied with its commitment to strengthen regulation of OTC derivatives by 1) increasing standardization; 2) establishing central counterparties for central

⁶¹² FSB-G20-Monitoring Progress – South Africa September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401s.pdf

⁶¹³ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board, 15 April 2011. Date of Access 25 April 2011. http://www.financialstabilityboard.org/publications/r_110415b.pdf

⁶¹⁴ Turkey: Over-the-Counter (OTC) Derivatives, Mondaq (New York) 13 March 2007. Date of Access 25 October 2010. www.mondaq.com/article.asp?articleid=46808&login=true&nogo=1

⁶¹⁵ CMB By-Law About the Establishment and Working Principles of Derivatives Exchanges, Capital Markets Board (Turkey) . Date of Access 25 October 2010.

www.cmb.gov.tr/regulations/regulations_index.html

⁶¹⁶ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board, 15 April 2011. Date of Access 25 April 2011. http://www.financialstabilityboard.org/publications/r_110415b.pdf

clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

The United Kingdom's Financial Services Authority is continuing to work with G14 dealers to increase standardization across derivative products and encourage them to expand central clearing of OTC derivatives contracts.⁶¹⁷ Furthermore, in the UK 96% of eligible trades for both interest rate and credit derivatives are submitted by the UK members of the G14 OTC derivative dealers to interest rate and equity derivative trade repositories.⁶¹⁸ Finally, according to UK regulators' responses to an FSB survey on progress on G20 commitments, electronic trading platforms are already being used to trade many standardized OTC derivatives.⁶¹⁹

In September 2010, the European Commission adopted a proposal for the regulation of OTC derivatives, central counterparties and trade repositories.⁶²⁰ This proposal mandates standardization for central counterparties and trade repositories, clearing central clearing, reporting of standardized OTC derivatives contracts, and finally risk mitigation standards for OTC derivatives that are not cleared centrally.⁶²¹ This proposal is in the process of being negotiated among the member states of the European Union and the European Parliament, and it is expected that the proposal will be adopted by the Parliament and the Council and come into force in the summer of 2011. All rules should therefore be in place by the end of 2012.⁶²²

The United Kingdom has fully complied with all four FSB recommendation areas for OTC derivatives reform and has therefore earned a score of +1.

United States: + 1

The United States has fully complied with its commitment to strengthen regulation of OTC derivatives markets by 1) increasing standardization; 2) establishing central counterparties for central clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law by US President Barack Obama in July 2010, gives the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC) authority to regulate OTC derivatives and central clearing facilities.⁶²³ The Dodd-Frank Act mandates that certain swaps and

⁶¹⁷ FSB-G20-Monitoring Progress – UK September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401w.pdf

⁶¹⁸ FSB-G20-Monitoring Progress – UK September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401w.pdf

⁶¹⁹ FSB-G20-Monitoring Progress – UK September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401w.pdf

⁶²⁰ Proposal for a regulation of the European Parliament and of the council on OTC Derivatives, Central Counterparties and trade repositories, European Commission (Brussels), 15 September 2010. Date of Access: 10 April 2010. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0484:FIN:EN:PDF>

⁶²¹ FSB-G20-Monitoring Progress – European Union September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401o.pdf

⁶²² OTC derivatives: financial stability challenges and responses from authorities, Banque De France, July 2010. Date of Access: 25 April 2011. http://www.banque-france.fr/gb/publications/telechar/rsf/2010/etude12_rs_f_1007.pdf

⁶²³ FSB-G20-Monitoring Progress – US September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401x.pdf

security-based swaps be cleared through regulated central counterparties and traded on exchanges or swap execution facilities. The Dodd-Frank Act requires that all OTC derivative transactions must be reported to a registered (security based) swap data repository (SDR). If no SDR exists to accept the details of the transaction, the details must be reported to the SEC or CFTC, as applicable.⁶²⁴

Moreover, the SEC and CFTC have continued to release new rules and recommendations for standardization, central clearing, and regulatory oversight of OTC derivatives markets. On 8 April 2011, the SEC and CFTC released a joint report to Congress on the feasibility of requiring industry members to use “standardized computer-readable algorithmic descriptions which may be used to describe complex and standardized financial derivatives.”⁶²⁵ If adopted, such an algorithm might serve as one method of standardizing OTC derivatives contracts.

On 2 March 2011, the SEC released a report proposing several additional rules on the oversight and regulation of central clearing facilities, including (but not limited to) rules on identifying minimum standards and requiring clearing agencies to identify all possible conflicts of interest.⁶²⁶

However, the process of implementing the rules proposed by the Dodd-Frank Act is not on track with many internally proposed timelines, according to the 1 June 2011 Davis-Polk Dodd-Frank Rulemaking Progress Report. The report notes that while 18 rulemaking targets were satisfied in May 2011, “it remains clear that regulators will not be able to meet the large number of rulemaking deadlines in July.”⁶²⁷ Several sources have raised concerns that key Dodd-Frank rules will not be completely written and/or implemented in time for the FSB-proposed 2012 deadline or the 2012 United States Presidential election.⁶²⁸

The United States has fully complied with all four FSB recommendation areas for OTC derivatives reform and has therefore earned a score of +1.

European Union: + 1

The European Union has fully complied with its commitment to strengthen regulation of OTC derivatives by 1) increasing standardization; 2) establishing central counterparties for central clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

⁶²⁴ FSB-G20-Monitoring Progress – US September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401x.pdf

⁶²⁵ Publication of Joint Study on the Feasibility of Mandating Algorithmic Descriptions for Derivatives, Securities and Exchange Commission (Washington) 8 April 2011. Date of Access 11 May 2011. <http://www.sec.gov/news/press/2011/2011-89.htm>

⁶²⁶ Proposed Rules on Clearing Agency Standards for Operation and Governance, Securities and Exchange Commission (Washington) 2 March 2011. Date of Access 11 May 2011. <http://www.sec.gov/rules/proposed/2011/34-64017.pdf>

⁶²⁷ Dodd-Frank Rulemaking Progress Report, Davis-Polk and Wardwell LLP 1 June 2011. Date of Access 7 June 2011. https://www.davispolk.com/files/uploads/FIG/June2011_ProgressReport.pdf

⁶²⁸ Financial Overhaul Is Mired in Detail and Dissent, The New York Times (Washington) 6 June 2011. Date of Access 7 June 2011. http://www.nytimes.com/2011/06/07/business/07derivatives.html?_r=2&ref=todayspaper

In September 2010, the European Commission adopted a proposal for the regulation of OTC derivatives, central counterparties and trade repositories.⁶²⁹ This proposal mandates standardization for central counterparties and trade repositories, clearing central clearing, reporting of standardized OTC derivatives contracts, and finally risk mitigation standards for OTC derivatives that are not cleared centrally.⁶³⁰ This proposal is in the process of being negotiated among the member states of the European Union and the European Parliament, and it is expected that the proposal will be adopted by the Parliament and the Council and come into force in the summer of 2011. All rules should therefore be in place by the end of 2012.⁶³¹

On 20 September 2010, the European Commission (DG Internal Market and Services) held a public hearing on the review of the Markets in Financial Instruments Directive 2004/39/EC (MiFID) in Brussels.⁶³² MiFID would provide harmonized regulation for investment services across the thirty member states of the European Economic Area, covering almost all tradable financial products, including commodity and other over-the counter derivatives. The public hearing covered proposed measures, such as derivative market reform and increasing trading on organized platforms, ensuring transparency and efficiency are balanced in the trading of financial instruments, changes in market structure and competition between trading venues, investor protection after the crisis, and improving market data consolidation.⁶³³

The European Union has fully complied with all four FSB recommendation areas for OTC derivatives reform and has therefore earned a score of +1.

⁶²⁹ Proposal for a regulation of the European Parliament and of the council on OTC Derivatives, Central Counterparties and trade repositories, European Commission (Brussels), 15 September 2010. Date of Access: 10 April 2010. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0484:FIN:EN:PDF>

⁶³⁰ FSB-G20-Monitoring Progress – European Union September 2010, Financial Stability Board, 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401o.pdf

⁶³¹ OTC derivatives: financial stability challenges and responses from authorities, Banque De France, July 2010. Date of Access: 25 April 2011. http://www.banque-france.fr/gb/publications/telechar/rsf/2010/etude12_rsf_1007.pdf

⁶³² Public Hearing on the —Review of the Markets in Financial Instruments Directive (MIFID), European Commission (Brussels), 30 September 2010. Date of Access: 18 October 2010. http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm

⁶³³ Public Hearing on the —Review of the Markets in Financial Instruments Directive (MIFID), European Commission (Brussels), 30 September 2010. Date of Access: 18 October 2010. http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm

7. Finance: Sound Compensation

Commitment [#92]:

“We reaffirmed the importance of fully implementing the FSB’s standards for sound compensation.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina	-1		
Australia			+1
Brazil		0	
Canada			+1
China			+1
France		0	
Germany			+1
India		0	
Indonesia		0	
Italy		0	
Japan			+1
Korea			+1
Mexico			+1
Russia		0	
Saudi Arabia		0	
South Africa		0	
Turkey		0	
United Kingdom			+1
United States		0	
European Union			+1
Average Score		+0.35	

Background:

During the 2009 G20 London Ministerial Meeting, G20 Finance Ministers and Central Bank Governors acknowledged the role that compensation strategies in significant financial institutions played in promoting the accumulation of risks that led to the global financial crisis and called on the Financial Stability Board to develop comprehensive proposals to develop framework on corporate governance and compensation practices. G20 Finance Ministers and Central Bank Governors have specifically urged that the practices should align with the following FSB principles:

- greater disclosure and transparency of the level and structure of remuneration for those whose actions have a material impact on risk taking;
- global standards on pay structure, including on deferral, effective clawback, the relationship between fixed and variable remuneration, and guaranteed bonuses, to ensure compensation practices are aligned with long-term value creation and financial stability; and

- corporate governance reforms to ensure appropriate board oversight of compensation and risk, including greater independence and accountability of board compensation committees.⁶³⁴

On 25 September 2009 the FSB released FSB Principles for Sound Compensation Practices – Implementation Standards document to submit to the Pittsburgh Summit for leaders for review.⁶³⁵

The FSB outlined seven main standards for implementation which include governance, compensation and capital, pay structure and risk alignment, disclosure, and supervisory oversight. Under the governance standard, the FSB advises that significant financial institutions should establish a remuneration committee to govern the structure and organisation of the compensation system’s design and operation on behalf of the board of directors. Under the compensation and capital standard, the FSB recommends that total variable compensation should not limit the firms’ abilities to strengthen their capital base and that national supervisors should set a limit on the percentage of variable compensation of the total net revenues when it is inconsistent with the maintenance of a sound capital base. The pay structure and risk alignment standard will require financial institutions to take into account for a range of risks when determining the size of the variable compensation pool and its allocation. Disclosure standard will require financial institutions to produce an annual report on compensation that shall be available to the public. And under the supervisory oversight standard, requires national supervisors to ensure effective implementation, monitoring, and oversight practices and to coordinate internationally to ensure that the standards are implemented across jurisdictions.⁶³⁶

At the G20 Pittsburgh Summit, leaders acknowledged that reforming compensation policies and practices is an essential part of increasing financial stability and resilience and called on firms across the nations to implement the sound compensation practices.⁶³⁷ During the G20 Toronto Summit, the leaders noted that implementation of the FSB standards for sound compensation was not yet complete and encouraged all countries and financial institutions to fully implement the FSB principles.⁶³⁸ In November 2010, the leaders reaffirmed their commitment to fully implementing the practices while at the G20 Seoul Summit.

Commitment Features:

The commitment calls for implementation of FSB standards for sound compensation. The FSB Principles for Sound Compensation Practices consist of seven implementation standards including governance, compensation and capital, pay structure and risk alignment, disclosure, and supervisory oversight.⁶³⁹ In order to fully implement the standards, members are required to approve new directives, regulations, laws, or amendments that enforce significant financial institutions to adopt the principles and standards.

⁶³⁴G20 Banking Statement, G20 Information Centre (Toronto) 5 September 2009. Date of Access: 9 February 2011 <http://www.g20.utoronto.ca/2009/2009banking0905.html>

⁶³⁵ FSB Principles for Sound Compensation Practices, Financial Stability Board (Basel) 25 September 2009. Date of Access: 9 February 2011. http://www.financialstabilityboard.org/publications/r_090925c.pdf?frames=0

⁶³⁶ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁶³⁷ G20 Leaders Statement: The Pittsburgh Summit, G20 Information Centre (Toronto) 24-25 September 2009. Date of Access: 9 February 2011. <http://www.g20.utoronto.ca/2009/2009communique0925.html>

⁶³⁸ The G20 Toronto Declaration, The G20 Research Group (Toronto) 26 June 2010. Date of Access: 9 February 2011. <http://www.g20.utoronto.ca/2010/to-communique.html>

⁶³⁹ FSB Principles for Sound Compensation Practices Financial Stability Board (Basel) 25 September 2009. Date of Access: 9 February 2011. http://www.financialstabilityboard.org/publications/r_090925c.pdf

Given that the commitment has been agreed upon back in 2009 and reiterated over the subsequent summits, members are required to fully implement all five standards in register a full compliance. Only new amendments that have been implemented post Seoul Summit will be scored. Members who have already implemented all standards will register a score of +1.

Scoring Guidelines:

-1	Member does not take any actions towards the implementation of the FSB’s standards for sound compensation OR takes actions that go against these standards.
0	Member partially implements the FSB standards for sound compensation by doing one of the following: (1) implements 3 of the 5 standards fully OR (2) implements components from all 5 standards.
+1	Member fully implements the 5 standards for sound compensation.

Argentina: -1

Argentina has not complied with its commitment to fully implement FSB standards for sound compensation, as reaffirmed in the G20 Seoul Summit in November 2010.

In March 2010 a preliminary review on compensation conducted by the Financial Stability Board indicated that Argentina had not yet implemented measures for the assessed Principles and Standards.⁶⁴⁰

On 6 May 2010, the Central Bank announced an agreement for the collaboration of the Superintendence of Financial and Exchange Entities (SEFyC) with the Argentine Federation of Professional Councils of Economic Sciences (FACPCE), in a Study Commission in order to develop a plan to implement the International Financial Reporting Standard.⁶⁴¹ The agreement also stated that a Technical Committee would be established, and that it would be responsible for elaborating and supervising the implementation of the standards.⁶⁴²

On 18-19 February 2011 in Paris, the representation of Argentina participated in the meeting of Finance Ministers and Central Bank Governors, where the joint communiqué was released by all members urging all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices agreed by the G20 Leaders in Pittsburgh” and called on the FSB “to undertake ongoing monitoring in this area and look forward to receiving the results of a second thorough FSB peer review midyear to identify remaining gaps.”⁶⁴³

The Central Bank of Argentina has not taken any concrete actions towards the implementation of FSB standards for sound compensation since the G20 Summit in November 2010. Therefore,

⁶⁴⁰ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 25 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁶⁴¹ Acuerdo de Colaboración Entre la Superintendencia de Entidades Financieras y Cambiaras (SEFyC) y la Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE), Central Bank of the Republic of Argentina (Buenos Aires) 6 May 2010. Date of Access: March 26 2011. http://www.bcra.gob.ar/pdfs/acuerdos/ACUERDO_FACPCE_SEFyC.pdf

⁶⁴² Acuerdo de Colaboración Entre la Superintendencia de Entidades Financieras y Cambiaras (SEFyC) y la Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE), Central Bank of the Republic of Argentina (Buenos Aires) 6 May 2010. Date of Access: March 26 2011. http://www.bcra.gob.ar/pdfs/acuerdos/ACUERDO_FACPCE_SEFyC.pdf

⁶⁴³ 2011 G20 Financial Ministerial Communiqué, G20 Information Center (Toronto) 19 February 2011. Date of Access: 26 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

Argentina has not fully complied with its commitment to continue implementing FSB standards for sound compensation and registers a score of -1.

Analyst: Nerin Ali

Australia: +1

Australia has received a score of +1 for fully implementing the five standards for sound compensation.

The Reserve Bank of Australia introduced a financial regulatory structure in July 1998, including the transfer of responsibility for the supervision of banks to a new integrated regulator, the Australian Prudential Regulation Authority (APRA), and the establishment of a Payments System Board in order to safeguard financial stability.⁶⁴⁴

On 30 March 2010, the Financial Stability Board issued a Peer Review Report of Principles and Standards endorsed by G20 leaders at the London Summit in April 2009 and Pittsburgh in September 2009. In terms of supervisory oversight, Australia was deemed to have performed “substantial supervisory activity to communicate to institutions expectations with respect to compliance with the Principles and Standards or the respective national rules, and to determine the status of compliance.”⁶⁴⁵ In terms of compensation and capital, Australia is “implementing the FSB Principles and Standards by way of a mix of enforceable rules and supervisory oversight” within the context of already-existing corporate governance standards; requiring “board attestations to be submitted to the relevant national authorities in their new rules as required under Standard 1.”⁶⁴⁶ In terms of pay structure and risk alignment, Australia has incorporated in their regulatory and supervisory frameworks the requirement that compensation be aligned with prudent risk-taking, with the “requirement that compensation outcomes be symmetric with risk outcomes is a regular feature of existing regulatory and supervisory frameworks on compensation”; allowing a transitional period in relation to existing labour contracts until such time as they are due for renewal, or the end of March 2013 depending on whichever is sooner.⁶⁴⁷ In terms of disclosure, Australia has introduced new rules to implement Principle 9 and Standard 15 on top of existing public disclosure requirements, including compensation rules.⁶⁴⁸

On 15 February 2011, the FSB released a Report of the Financial Stability Board to G20 Finance Ministers and Central Bank Governors, indicating the progress in implementation of G20 recommendations for strengthening financial stability. Australia has a country peer review scheduled for 2011, further strengthening the country’s adherence to international supervisory and regulatory standards.⁶⁴⁹

⁶⁴⁴ About Financial Stability, Reserve Bank of Australia (Sydney) 2011. Date of Access: 31 March 2011. <http://www.rba.gov.au/fin-stability/about.html>.

⁶⁴⁵ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁶⁴⁶ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁶⁴⁷ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁶⁴⁸ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁶⁴⁹ Progress in the Implementation of the G20 Recommendations for Strengthening Financial Stability, Financial Stability Board (Basel) 15 February 2011. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_110219.pdf

On 18-19 February 2011 in Paris, Australia under the auspices of G20 Finance Ministers and Central Bank Governors urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices agreed by the G20 Leaders in Pittsburgh” and called on the FSB “to undertake ongoing monitoring in this area and look forward to receiving the results of a second thorough FSB peer review midyear to identify remaining gaps.”⁶⁵⁰

Hence Australia has been awarded +1 for full implementation of FSB standards.

Analyst: Vanessa Cheng

Brazil: 0

Brazil has received a score of 0 for partially implementing the FSB standards for sound compensation.

In September 2010 the G20 Commitments Progress Table issued by the European Commission indicated that Brazil has begun implementing Basel II in 2005, noting that full implementation should not take place later than 2012. There is no Deposit Guarantee Scheme or insurance arrangement, but there is a draft law on cross-border crisis management in place.⁶⁵¹ In terms of compensation, the banking supervisor is currently considering issuing recommendations on compensation, with regulations expected to be proposed by the end of 2010. As for accounting standards, Brazilian listed companies and banks are required to publish their financial statements starting with reporting periods ending in 2010.⁶⁵²

On 30 March 2010 the Financial Stability Board issued a Peer Review Report of Principles and Standards endorsed by G20 leaders at the London Summit in April 2009 and Pittsburgh in September 2009. In terms of supervisory oversight, Brazil has had close dialogue with the industry and reviews of firms’ practices, including on-site visits.⁶⁵³ In regards to payout structures, Brazil had incorporated specific minimum expectations for amounts to be deferred, as well as specified the deferral period under Principle 7.⁶⁵⁴ Brazil’s proposed regulations are along the lines of deferred compensation to be “dependent on the firm’s long-term value creation,” and for the compensation awarded in either shares or something else in equal standing to represent “at least 50% of the total amount of variable compensation awarded to the professionals.”⁶⁵⁵

In 2001 and 2009, reforms of the Corporations Law improved minority shareholders rights as well as standards for disclosures, while in December the Securities and Exchange Commission established a wide-ranging set of disclosure rules with Instruction No. 480 taking effect in

⁶⁵⁰ 2011 G20 Financial Ministerial Communiqué, G20 Information Center (Toronto) 19 February 2011. Date of Access: 26 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

⁶⁵¹ G20 Commitments Progress Table, European Commission (Brussels) September 2010. Date of Access: 1 April 2011. http://ec.europa.eu/commission_2010-2014/barnier/docs/news/2010/g20_roadmap/101001-impl-table_en.pdf.

⁶⁵² G20 Commitments Progress Table, European Commission (Brussels) September 2010. Date of Access: 1 April 2011. http://ec.europa.eu/commission_2010-2014/barnier/docs/news/2010/g20_roadmap/101001-impl-table_en.pdf.

⁶⁵³ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁶⁵⁴ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁶⁵⁵ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

January 2010. All these acts were expected to result in “monumental” reform corporate governance practices in Brazil.⁶⁵⁶

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, Brazil, under the auspices of the G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”⁶⁵⁷

Hence Brazil has been awarded a score of 0 for partial implementation of FSB standards.

Analyst: Vanessa Cheng

Canada: +1

Canada has fully complied with its commitment to fully implement the FSB standards and principles for sound compensation into the domestic compensation practices.⁶⁵⁸ According to the Financial Stability Peer Review, Canadian Securities Administrators (CSA) administer supervisory guidance and oversight to implement the FSB sound compensation principles and standards in all five areas including governance, compensation, and capital, pay structure and alignment, disclosure, and supervisory oversight into national regulation.⁶⁵⁹

In regards to institutional coverage, Canada applies all five FSB principles to all financial institutions and all five principles and fifteen standards to six large banking institutions and three insurance conglomerates.⁶⁶⁰

On 19 November 2010, the Canadian Securities Administrators (CSA) proposed amendments to Form 51-102F6 *Statement of Executive Compensation* that are to take effect for 2012 proxy season, requiring companies to comply for financial years ending on or after 31 October 2011.⁶⁶¹ The proposed amendments will require companies to provide disclosure of the fair value of share-based awards, explain how compensation policies take risk into account, limit circumstances in which companies can avoid disclosing performance targets, disclose risk accounted for in compensation practices, the level of compensation expertise that the Compensation Committee members have, whether executives and directors are permitted to hedge their equity-based compensation and other securities, and disclose fees paid to compensation consultants for

⁶⁵⁶ Brazil Principles of Corporate Governance, Financial Standards Foundation (New York) May 2010. Date of Access: 1 April 2011. <http://www.estandardsforum.org/brazil/standards/principles-of-corporate-governance>.

⁶⁵⁷ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

⁶⁵⁸ Thematic Review on Compensation – Peer Review, Financial Stability Board (Basel) 30 March 2010. Date of Access: 20 March 2010. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁶⁵⁹ Thematic Review on Compensation – Peer Review, Financial Stability Board (Basel) 30 March 2010. Date of Access: 20 March 2010. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁶⁶⁰ Thematic Review on Compensation – Peer Review, Financial Stability Board (Basel) 30 March 2010. Date of Access: 20 March 2010. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁶⁶¹ CSA propose amendments to executive compensation disclosure, Canadian Securities Law (Toronto) 19 November 2010. Date of Access: 20 March 2011. <http://www.canadiansecuritieslaw.com/2010/11/articles/continuous-timely-disclosure/csa-propose-amendments-to-executive-compensation-disclosure/>

executive compensation.⁶⁶² The members of the Compensation Committee are also required to be independent and non-executive directors.⁶⁶³

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, Canada, under the auspices of the G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”⁶⁶⁴

Hence Canada receives a score of +1 for fully adopting the FSB principles on sound compensation and taking a proactive stance on encouraging all jurisdictions to adhere to FSB principles.

Analyst: Kamil Wolski

China: +1

China has fully complied with its commitment to implement FSB standards for sound compensation. Chinese authorities have implemented the FSB standards for sound compensation in regards to governance, pay structure and risk alignment compensation and capital, disclosure, and supervisory oversight.

In April 2010, the China Banking Regulatory Commission (CBRC) issued *Supervisory Guidelines on Compensation Practices of Commercial Banks* requiring banking industry to adopt new regulation.⁶⁶⁵ The Supervisory Guidelines closes align with the principles and standards outlined by the FSB. Under Article 5 of the Supervisory Guidelines, the CBRC limits variable compensation to a fixed amount so as to not limit any firm’s capital base.⁶⁶⁶ Article 22 of the Supervisory Guidelines provides for banks to report their disclosure practices, fully in compliance with FSB standards.⁶⁶⁷ The FSB has noted the Supervisory Guidelines include specific guidelines regarding deferral amounts and deferral periods, as per the FSB requirements.⁶⁶⁸

According to the 2010 FSB Report on Progress since the Washington Summit, the CBRC has conducted two ad hoc assessments on implementation of *Principles for Sound Compensation Practices by Small & Medium-Sized Commercial Banks* and urged every bank to comply with the

⁶⁶² Changes to Executive Compensation Disclosure in Canada, Thompson Reuters (New York) 7 December 2010. Date of Access: 20 March 2011. <http://www.complinet.com/dodd-frank/news/analysis/article/changes-to-executive-compensation-disclosure-in-canada.html>

⁶⁶³ Executive Compensation Principles, Canadian Coalition for Good Governance (Toronto) 2009. Date of Access: 20 March 2011

http://www.ccg.ca/site/ccgg/assets/pdf/2009_Executive_Compensation_Principles.pdf

⁶⁶⁴ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

⁶⁶⁵ G20 Commitments Progress Table, European Commission (Brussels) September 2010. Date of Access: 24 March 2011. http://ec.europa.eu/commission_2010-2014/barnier/docs/news/2010/g20_roadmap/101001-impl-table_en.pdf

⁶⁶⁶ Supervisory Guidelines on Compensation Practices, China Banking Regulatory Commission (Beijing) 10 April 2010. Date of Access: 22 March 2011. <http://www.cbrc.gov.cn/english/home/jsp/docView.jsp?docID=20100318BF85212411002720FF85059A28185100>

⁶⁶⁷ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 23 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁶⁶⁸ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 23 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

Principles.⁶⁶⁹ Additionally, the CSRC encourages the establishment of appropriate and effective performance assessment and incentive mechanisms, and has issued the *Code of Corporate Governance for Securities Firms (Provisional)* and the *Regulations on Supervision over Securities Firms*, which stipulate the remuneration system of securities and futures financial institutions in line with the FSB *Principles for Sound Compensation Practices and Implementation Standards*. The CIRC has adopted a series of measures to regulate the compensation management procedures and performance assessment in insurance companies.⁶⁷⁰

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, China, under the auspices of the G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”⁶⁷¹

Hence China is awarded a score of +1 for full compliance.

Analyst: Brandon Bailey

France: 0

France has partially complied with its commitment to implement the Financial Stability Board’s standards for sound compensation.

The FSB Thematic Peer Review of April 2011 on G20 Progress indicates that France is working towards implementation of the FSB principles and standards on sound compensation in the banking sector, insurance sector, and the asset management sector.⁶⁷² The Review indicates that has undertaken a regulatory approach to adopting the FSB principles and standards on sound compensation. On the European level, France is subject to Capital Requirements Directive III (CRD III) and is subject to its remuneration requirements that go beyond the FSB principles and standards.⁶⁷³

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, France, under the auspices of the G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”⁶⁷⁴

Thus France receives a score of 0.

Analyst: Mila Khodskaya

⁶⁶⁹ FSB-G20 Monitoring Progress – China September 2010, Financial Stability Board (Basel) March 2011. Date of Access: 1 April 2011. http://www.financialstabilityboard.org/publications/r_110401e.pdf

⁶⁷⁰ FSB-G20 Monitoring Progress – China September 2010, Financial Stability Board (Basel) March 2011. Date of Access: 1 April 2011. http://www.financialstabilityboard.org/publications/r_110401e.pdf

⁶⁷¹ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

⁶⁷² FSB-G20 Monitoring Progress – France, Financial Stability Board (Basel) 11 April 2011. Date of Access: 14 May 2011. http://www.financialstabilityboard.org/publications/r_110401f.pdf

⁶⁷³ FSB-G20 Monitoring Progress – France, Financial Stability Board (Basel) 11 April 2011. Date of Access: 14 May 2011. http://www.financialstabilityboard.org/publications/r_110401f.pdf

⁶⁷⁴ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

Germany: +1

Germany has fully complied with its commitment to implement the Financial Stability Board's standards for sound compensation.

The FSB Thematic Peer Review of April 2011 on G20 Progress indicates that Germany has implemented the FSB principles and standards on sound compensation. Further, in December 2009, the Federal Financial Supervisory Authorities (BaFin) published new requirements for remuneration policies of banks and insurers for the banking and the insurance sector.⁶⁷⁵ The new provisions incorporate the FSB principles for sound compensation.⁶⁷⁶

The legislative amendments allowed the Ministry of Finance to transform the BaFin circulars into ministerial ordinances and the new law implements FSB-Standard 3 which allows the supervisory authority to limit variable compensation when it is inconsistent with the maintenance of a sound capital base.⁶⁷⁷

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, Germany, under the auspices of the G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”⁶⁷⁸

Thus Germany receives a score of +1.

Analyst: Mila Khodskaya

India: 0

India has partially complied with its commitment to implement the Financial Stability Board's standards for sound compensation.

FSB Thematic Review states that regulatory or supervisory guidance for standards implementation in India is currently under consideration.⁶⁷⁹ Requirements with respect to board members' compensation have been incorporated into law for all listed companies in India.⁶⁸⁰ India is also considering incorporating Standard 14 on hedging strategies and insurance in their compensation regulations and supervisory activities.⁶⁸¹

⁶⁷⁵ FSB-G20 Monitoring Progress – Germany, Financial Stability Board (Basel) 11 April 2011. Date of Access: 14 May 2011. http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁶⁷⁶ FSB-G20 Monitoring Progress – Germany, Financial Stability Board (Basel) 11 April 2011. Date of Access: 14 May 2011. http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁶⁷⁷ FSB-G20 Monitoring Progress – Germany, Financial Stability Board (Basel) 11 April 2011. Date of Access: 14 May 2011. http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁶⁷⁸ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

⁶⁷⁹ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁶⁸⁰ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁶⁸¹ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

In December 2009, the Ministry of Corporate Affairs in India proposed corporate governance voluntary guidelines.⁶⁸² In relation to remuneration, the guidelines dictated that while remunerations should be high enough to attract the quality of directors required, the remuneration packages should still be balanced and reflect short and long-term performance objectives. In addition it proposed that companies have a separate remunerations committee to determine remunerations for all executive directors.⁶⁸³

On 2 July 2010, the Reserve Bank of India (RBI) published guidelines stating Head Offices of foreign banks should submit to the RBI an annual declaration that the compensation structure of their Indian branches is in line with FSB Principles.⁶⁸⁴ The annual increase in fixed pay of directors should not generally exceed 10-15%. If variable pay constitutes a substantial portion of total pay, 40-60% of the variable pay must be deferred for a minimum of three years.⁶⁸⁵

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, India, under the auspices of the G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”⁶⁸⁶

Hence India receives a score of 0 for taking a proactive stance on adopting the FSB standards onto the national framework.

Analyst: Shyama Talukdar

Indonesia: 0

Indonesia has partially complied with its commitments to reaffirm the importance of fully implementing the Financial Stability Board’s standards for sound compensation.

According to the FSB Thematic Review as at March 2010, regulations or supervisory guidance and possible implementation initiatives are under consideration in Indonesia.⁶⁸⁷ The Review also indicates that alignment of compensation with prudent risk-taking has not been addressed by Indonesian authorities.⁶⁸⁸ Additionally, hedging strategies and insurance in compensation regulation and supervisory activities are under consideration.⁶⁸⁹

⁶⁸² Speech of Sri R.Bandyopadhyay, Ministry of Corporate Affairs (Mumbai) 14 December 2010 . Date of Access: 5 April 2011. http://www.mca.gov.in/Ministry/secy_icw2010.html

⁶⁸³ Speech of Sri R.Bandyopadhyay, Ministry of Corporate Affairs (Mumbai) 14 December 2010 . Date of Access: 5 April 2011. http://www.mca.gov.in/Ministry/secy_icw2010.html

⁶⁸⁴ Guidelines on Compensation of Whole Time Directors/Chief Executive Officers/Risk takers and Control function staff, Reserve Bank of India (Mumbai) 2 July 2010 . Date of Access: 5 April 2011. http://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=2223

⁶⁸⁵ Guidelines on Compensation of Whole Time Directors/Chief Executive Officers/Risk takers and Control function staff, Reserve Bank of India (Mumbai) 2 July 2010 . Date of Access: 5 April 2011. http://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=2223

⁶⁸⁶ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

⁶⁸⁷ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁶⁸⁸ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁶⁸⁹ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, Italy, under the auspices of the G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”⁶⁹⁰

Thus Indonesia registers a score of 0 for lack of action on implementing the FSB standards for sound compensation.

Analyst: Shyama Talukdar

Italy: 0

Italy has partially complied with its commitment to implement FSB standards for sound compensation.

Prior to the Seoul Summit, the Financial Stability Board (FSB) noted that Italy had made steps toward implementing a financial oversight model that includes enforceable regulation and supervisory oversight.⁶⁹¹ The FSB’s 27 January 2011 peer review of Italy noted that Italian policy priority has recently emphasized oversight and monitoring of liquidity and funding risks. The FSB has noted Italy has implemented a “prudent regulatory and supervisory stance.”⁶⁹²

In a general overview of sound compensation implementation leading up to the Seoul Summit, the FSB had noted Italy had conducted a review of significant financial institutions against FSB principles and standards and made recommendations for improvement where necessary.⁶⁹³

Italian law does not provide supervisors the authority to limit variable compensation.⁶⁹⁴ Italian supervisors have not limited variable compensation as required by the FSB. However, financial stress tests in the EU have shown that the five largest Italian banking groups have a strong capital base.⁶⁹⁵ While the FSB urges that the share of compensation that is variable be “substantial,” Italy does not specify or enforce that a particular share of compensation be variable.⁶⁹⁶

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, Italy, under the auspices of the G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”⁶⁹⁷

⁶⁹⁰ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

⁶⁹¹ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 23 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf.

⁶⁹² Peer Review of Italy, Financial Stability Board (Basel) 27 January 2011. Date of Access: 24 March 2011. http://www.financialstabilityboard.org/publications/r_110207b.pdf.

⁶⁹³ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 23 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf.

⁶⁹⁴ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 23 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf.

⁶⁹⁵ Peer Review of Italy, Financial Stability Board (Basel) 27 January 2011. Date of Access: 24 March 2011. http://www.financialstabilityboard.org/publications/r_110207b.pdf.

⁶⁹⁶ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 23 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf.

⁶⁹⁷ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

On 24 February 2011, the Commissione Nazionale per le Società e la Borsa (CONSOB) issued a set of interim recommendations regarding disclosure on remuneration.⁶⁹⁸ This followed an Italian Legislative Decree, issued on 30 December 2010, that called for a “systematic definition of the regulation on transparency of remuneration.”⁶⁹⁹ As of now, a long-term systematic implementation plan has yet to be prepared or applied.

Italy has made efforts to coordinate supervisory practices internationally, particularly within the EU and with the permission of the European Council.⁷⁰⁰ However, the Bank of Italy has not been given authority to remove directors or senior officers, which falls short of implementing suggestions from the Capital Requirements Directive III on remuneration policies of banks.⁷⁰¹

Italy has demonstrated partial compliance. It has implemented the FSB standards for sound compensation in regards to governance, compensation and capital. It has taken steps toward implementing standards for pay structure and risk alignment, disclosure, and supervisory oversight. Therefore, Italy is awarded a score of 0 for partial compliance.

Analyst: Brandon Bailey

Japan: +1

Japan has fully complied with its commitment to implement the FSB Principles and Standards. This is confirmed in the FSB peer review report that was published in March 2010.

The National Diet of Japan carried out policies in line with all five FSB standards before the Seoul Summit.^{683,684} Japanese firms are required to have a supervisory board composed mostly of non-executive members to ensure conformity to the FSB and Japan’s Financial Services Agency (FSA).

On 26 March 2010, the FSA also took steps to change the pay structure of large firms.⁶⁸⁶ No real numbers have been released, but the Japanese government has stated that a “substantial portion” of variable compensation for executives must be awarded in shares. It is also inducing firms to increase the deferred portion of variable compensation where it was below 40-60%.⁶⁸⁷

There is a view among FSB members that numerical elements of the FSB implementation standards 6 – 9, regarding pay structure and risk alignment, are not binding criteria but just examples. With this recognition, the FSB peer review report on compensation in 2010 mentioned that Japan already took supervisory approach to implement the FSB standards 6 – 9.⁷⁰²

⁶⁹⁸ Communication n. DEM/11012984, Commissione Nazionale per le Società e la Borsa (Rome) 24 February 2011. Date of Access: 19 March 2011. <http://www.consob.it/mainen/documenti/english/resolutions/c11012984e.pdf>.

⁶⁹⁹ Communication n. DEM/11012984, Commissione Nazionale per le Società e la Borsa (Rome) 24 February 2011. Date of Access: 19 March 2011. <http://www.consob.it/mainen/documenti/english/resolutions/c11012984e.pdf>.

⁷⁰⁰ Peer Review of Italy, Financial Stability Board (Basel) 27 January 2011. Date of Access: 24 March 2011. http://www.financialstabilityboard.org/publications/r_110207b.pdf.

⁷⁰¹ Peer Review of Italy, Financial Stability Board (Basel) 27 January 2011. Date of Access: 24 March 2011. http://www.financialstabilityboard.org/publications/r_110207b.pdf.

⁷⁰² Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

On 31 March 2010, Japan's FSA also implemented new regulations for the disclosure of remuneration. Any companies with executives making over YEN100 million or USD1.1 million must disclose a yearly report with the details on compensation.⁶⁸⁹

On 1 April 2010, the FSA implemented its revised supervisory guidelines, which refer specifically to the supervision of all Japanese financial institutions, including international firms. They focus on the clarification of management policies, responsibility allocation, risk management, and compensation structure.⁶⁹¹

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, Japan, under the auspices of the G20 members, urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”⁶⁹²

Japan has completely implemented the FSB Standards for Sound Compensation.⁶⁹³ Thus Japan has been awarded of a score of +1.

Analyst: Enko Koceku

Korea: +1

Korea has fully complied with its commitments to fully implement the Financial Stability Board's standards for sound compensation.

According to the FSB Thematic Review as at 30 March 2010, FSB principles and standards are applied to all financial institutions, including insurance companies, investment firms and asset management companies in Korea.⁷⁰³ Korea utilizes primarily a supervisory approach to FSB principles and standards on sound compensation which includes principles and guidance to the financial institutions. Principles apply insurance companies and investment firms and asset management companies.⁷⁰⁴ The Thematic Review also states that Korea have introduced new rules to implement on disclosure and will require firms to release annual reports on compensation to the public on a timely basis.⁷⁰⁵

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, Russia, under the auspices of the G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”⁷⁰⁶

Therefore, Korea receives a score of +1.

Analyst: Shyama Talukdar

Mexico: +1

Mexico has fully complied with the commitment to fully implement FSB standards for sound compensation, as reaffirmed in the G20 Seoul Summit in November 2010.

⁷⁰³ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011.

http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁷⁰⁴ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011.

http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁷⁰⁵ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011.

http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁷⁰⁶ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

Prior to the Seoul Summit, Mexico had already implemented measures in compliance with the FSB standards. On 28 July 2010 the President of Mexico Felipe Calderón established the Financial System Stability Council in direct compliance with the G20 commitment.⁷⁰⁷

On 6 October 2010 the Bank of Mexico's financial stability board formally began operations.⁷⁰⁸ Its functions include identifying risks to the system, making recommendations on macroprudential policies and regulations to maintain stability, as well as, "actively participating in international groups working under the aegis of the Financial Stability Board."⁷⁰⁹

On 18 November 2010 the Governor of the Central Bank of Mexico Agustín Carstens reiterated the importance of the role of the Financial System Stability Council as a "structure through which you could have formal coordination of policy between the financial authorities."⁷¹⁰ The council is made up of "members of the Bank of Mexico, Ministry of Finance, Deposit Insurance Institute, Pension Fund Supervisor, Insurance Supervisor and the Banking and Securities Supervisor who will meet at least once a quarter."⁷¹¹

On 18-19 February 2011, during the 2011 G20 Finance Ministerial Meeting, the Finance Ministers and Central Bank Governors reaffirmed commitment to FSB standards.⁷¹² Mexico has continued to implement the initiatives and measures established prior to the G20 Summit in November in compliance to FSB standards.

Therefore, Mexico has fully complied with its commitment to continue implementing FSB standards for sound compensation, which it reaffirmed in the G20 Seoul Summit.

Analyst: Nerin Ali

Russia: 0

Russia has partially complied with the commitment on implementing the FSB's standards for sound compensation.

⁷⁰⁷México Presenta Consejo de Estabilidad, CNN Expansión.com (Mexico City) 28 July 2010. Date of Access: 25 March 2011. <http://www.cnnexpansion.com/economia/2010/07/28/mexico-economia-calderon-estabilidad-cnn>

⁷⁰⁸ Interview with Agustín Carstens, Central Banking Publications (London) 18 November 2011. Date of Access: 27 March 2011. <http://www.banxico.org.mx/publicaciones-y-discursos/discursos-y-presentaciones/discursos/%7B99C0013D-9603-4C9A-2F5C-E9B872C4D955%7D.pdf>

⁷⁰⁹ Interview with Agustín Carstens, Central Banking Publications (London) 18 November 2011. Date of Access: 27 March 2011. <http://www.banxico.org.mx/publicaciones-y-discursos/discursos-y-presentaciones/discursos/%7B99C0013D-9603-4C9A-2F5C-E9B872C4D955%7D.pdf>

⁷¹⁰ Interview with Agustín Carstens, Central Banking Publications (London) 18 November 2011. Date of Access: 25 March 2011. <http://www.banxico.org.mx/publicaciones-y-discursos/discursos-y-presentaciones/discursos/%7B99C0013D-9603-4C9A-2F5C-E9B872C4D955%7D.pdf>

⁷¹¹ Interview with Agustín Carstens, Central Banking Publications (London) 18 November 2011. Date of Access: 27 March 2011. <http://www.banxico.org.mx/publicaciones-y-discursos/discursos-y-presentaciones/discursos/%7B99C0013D-9603-4C9A-2F5C-E9B872C4D955%7D.pdf>

⁷¹²2011 G20 Financial Ministerial Communiqué, G20 Information Center (Toronto) 19 February 2011. Date of Access: 26 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

On 5 January 2011, Russian President signed a law requiring state enterprises to create supervisory boards overseeing compensation systems' design and usage of companies' profits for paying compensations.⁷¹³ This action is in line with the FSB recommendations on governance.

On 17 February 2010, Russian President charged the Government to make decisions aimed at aligning of compensation systems in banks and companies with the government participation in accordance with the FSB standards.⁷¹⁴

Following this instruction, on 22 December 2010, the Russian Government approved general approaches to developing compensation systems in banks and companies with the government participation, implying limitations on compensation in such institutions during financial distress and obliging such institutions to include information about compensations in their annual reports.⁷¹⁵

On 30 December 2008, the Russia Central Bank issued the ordinance requiring setting the procedure for credit institutions to present to the Bank authorized representatives information about their compensation practices.⁷¹⁶ This action is in line with the FSB recommendations on supervisory oversight.

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, Russia, under the auspices of the G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”⁷¹⁷

Russia has taken measures to implement 4 of the 5 FSB's standards for sound compensation. Thus it has been awarded a score of 0.

Analyst: Andrey Shelepov

South Africa: 0

South Africa has partially complied with its commitment to implement the FSB standards for sound compensation, as reaffirmed in the G20 Seoul Summit in November, 2010.

The FSB Thematic Review indicates that regulatory or supervisory guidance is still in the preparatory stage in South Africa as at March 2010.⁷¹⁸ The Review also indicates that South

⁷¹³ Law to improve efficacy and transparency of state corporations, Office of the President (Moscow) 5 January 2011. Date of Access: 4 April 2011. <http://eng.kremlin.ru/acts/1594>.

⁷¹⁴ The List of Instructions following the Meeting of the Presidential Council for the Financial Market Development is Approved, Office of the President (Moscow) 17 February 2010. Date of Access: 4 April 2011. <http://kremlin.ru/news/6889>.

⁷¹⁵ On Approval of General Approaches to Unification of Remuneration Systems in Banks and Companies with Governmental Stake by the Government of the Russian Federation, Russian Ministry of Economic Development (Moscow) 19 January 2011. Date of Access: 4 April 2011. http://www.economy.gov.ru/minec/activity/sections/instdev/doc20110119_06.

⁷¹⁶ The Bank of Russia Bulletin №8 (1099), Bank of Russia (Moscow) 9 February 2009. Date of Access: 4 April 2011. <http://cbr.ru/Publ/Vestnik/ves090220011.zip>.

⁷¹⁷ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

⁷¹⁸ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

Africa is planning a self-assessment with respect to the Principles and Standards.⁷¹⁹ Additionally, South Africa has not incorporated hedging strategies and insurance in its compensation regulation activities.⁷²⁰

Hence South Africa receives a score of 0 for taking steps towards adopting initiatives in line with the FSB principles and standards on sound compensation.

Analyst: Mila Khodskaya

Saudi Arabia: 0

Saudi Arabia has partially complied with its commitment to implement the FSB standards for sound compensation, as reaffirmed in the G20 Seoul Summit in November, 2010.

In March 2010 a preliminary review on compensation conducted by the Financial Stability Board indicated that Saudi Arabia had implemented some regulatory or supervisory measures for the assessed Principles and Standards.⁷²¹

On 31 October 2010, the Governor of the Saudi Arabian Monetary Agency Mohammed Bin Sulaiman Al Jassar reiterated the importance of remuneration reforms in the banking sector as addressed by the FSB agenda, and cited the longstanding “proactive attitude of the Saudi Arabian Monetary Agency.”⁷²² He referred specifically to measures such as “capping the remunerations for boards of directors and their audit committees, encouraging banks to set remuneration committees.”⁷²³

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, Saudi Arabia, under the auspices of the G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”⁷²⁴

Saudi Arabia has continued to implement the initiatives and measures established prior to the G20 Summit in November in compliance to FSB standards. Therefore, Saudi Arabia has partially complied with the commitment and receives a score of 0.

Analyst: Nerin Ali

Turkey: 0

Turkey has received a score of 0 for partially implementing the FSB standards for sound compensation.

⁷¹⁹ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁷²⁰ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁷²¹ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 25 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁷²² Speech of H.E. Dr. Mohammed Bin Sulaiman Al Jassar Governor of SAMA at the Kuwait Financial Forum, Saudi Arabian Monetary Agency (Riyadh) October 31 2010. Date of Access: March 27 2011. <http://www.sama.gov.sa/sites/samaen/News/Pages/SpeechAtKuwait.aspx>

⁷²³ Speech of H.E. Dr. Mohammed Bin Sulaiman Al Jassar Governor of SAMA at the Kuwait Financial Forum, Saudi Arabian Monetary Agency (Riyadh) October 31 2010. Date of Access: March 27 2011. <http://www.sama.gov.sa/sites/samaen/News/Pages/SpeechAtKuwait.aspx>

⁷²⁴ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

On 30 March 2010 the Financial Stability Board issued a Peer Review Report of Principles and Standards endorsed by G20 leaders at the London Summit in April 2009 and Pittsburgh in September 2009. In terms of payout structures, Turkey intends on addressing this area in their regulation and supervisory activities as they currently do not do so.⁷²⁵ In terms of payout structures, deferral arrangements are also under consideration.⁷²⁶ As for the compensation framework, Turkey's banks' compensation programs currently do not have any guaranteed bonuses, or they have been limited to one year.⁷²⁷

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, Turkey, under the auspices of the G20 members urged all jurisdictions to "fully implement the FSB principles and standards on sounder compensation practices" and called on the FSB to "undertake ongoing monitoring in this area."⁷²⁸

Hence Turkey has been awarded a score of 0 for partial implementation of FSB standards.

Analyst: Vanessa Cheng

United Kingdom: +1

The United Kingdom has fully complied with its commitment to implement FSB standards for sound compensation.

Prior to the Seoul Summit, the UK Financial Services Authority (FSA)'s Remuneration Code applied to only the largest banks and building societies.⁷²⁹ On 17 December 2010 the FSA published an updated Remuneration Code applying to 2700 firms including all banks and building societies.⁷³⁰ The updated Remuneration Code aims to align remuneration policies in the EU to apply practices that are 'consistent with effective risk management' and includes guaranteed bonuses in line with FSB standards.⁷³¹

As dictated by the FSB guidelines, the FSA Remuneration Code directs that at least 50% of variable remuneration should consist of shares and be subject to an appropriate retention period.⁷³²

⁷²⁵ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0, 12.

⁷²⁶ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0, 12.

⁷²⁷ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0, 12.

⁷²⁸ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

⁷²⁹ FSA publishes revise Remuneration Code, Financial Services Authority (London) 17 December 2010. Date of Access: 19 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/180.shtml>.

⁷³⁰ FSA publishes revise Remuneration Code, Financial Services Authority (London) 17 December 2010. Date of Access: 19 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/180.shtml>.

⁷³¹ FSA publishes revise Remuneration Code, Financial Services Authority (London) 17 December 2010. Date of Access: 19 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/180.shtml>.

⁷³² FSA publishes revise Remuneration Code, Financial Services Authority (London) 17 December 2010. Date of Access: 19 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/180.shtml>.

Under the updated Remuneration Code firms are required to submit a detailed annual report on compensation including remuneration and pay-outs. The most important firms are mandated to submit their first report before December 2011.⁷³³ In November 2010 the FSA released a set of proposals designed to adhere to the Capital Requirements Directive and FSB standards.⁷³⁴ On 16 November 2010 the FSA announced changes to mortgage sales requiring the prominent disclosure of how intermediaries are paid.⁷³⁵

On 13 December 2010 FSA CEO Hector Sants outlined the creation of the Prudential Regulation Authority (PRA) and other reforms to supervisory practices.⁷³⁶ The PRA requires supervisors to consider risk, capital, and liquidity in making judgments.⁷³⁷ In their 2011-2012 Business Plan, the FSA announced plans to “embed” their supervisory approach by enforcing new requirements on risk governance and controls beginning in May 2011 and by ensuring the revised European Code on remuneration has been rigorously applied since its implementation on 1 January 2011.⁷³⁸

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, The United Kingdom, under the auspices of the G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”⁷³⁹

The United Kingdom has implemented the FSB standards for sound compensation in regards to governance, compensation and capital, pay structure and risk alignment, disclosure, and supervisory oversight. Therefore, the United Kingdom is awarded a score of +1 for full compliance.

Analyst: Brandon Bailey

United States: 0

The United States has partially complied with its commitment to implement the FSB standards for sound compensation. The commitments to these principles have been reaffirmed but not much has been done to progress and actively enforce these standards.

⁷³³ FSA publishes revise Remuneration Code, Financial Services Authority (London) 17 December 2010. Date of Access: 19 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/180.shtml>.

⁷³⁴ Implementing CRD3 requirements on the disclosure of remuneration, Financial Services Authority (London) November 2010. Date of Access: 21 March 2011. http://www.fsa.gov.uk/pubs/cp/cp10_27.pdf.

⁷³⁵ FSA recommends changes to mortgage sales to achieve a sustainable mortgage market, Financial Services Authority (London) 16 November 2010. Date of Access: 19 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/164.shtml>.

⁷³⁶ FSA Chief Executive outlines progress in reforming supervisory practices, Financial Services Authority (London) 13 December 2010. Date of Access: 21 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/174.shtml>.

⁷³⁷ FSA Chief Executive outlines progress in reforming supervisory practices, Financial Services Authority (London) 13 December 2010. Date of Access: 21 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/174.shtml>.

⁷³⁸ Business Plan 2011/12, Financial Services Authority (London) 2011. Date of Access: 21 March 2011. http://www.fsa.gov.uk/pubs/plan/pb2011_12.pdf.

⁷³⁹ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

The United States has continued to put into effect the reforms and principles set out in the Dodd-Frank Wall Street Reform and Consumer Protection Act of July 2010. On the U.S. Securities and Exchange Commission website, there is a list of numerous accomplishments which have been achieved to date.⁷⁴⁰ These include corporate governance and disclosure, auditing, oversight of investment advisers and broker-dealers, and other categories of recent accomplishments. In addition, there are various planned steps which are outlined for subsequent months in 2011, showing a commitment to continue implementing the standards set out in the Dodd-Frank Act.⁷⁴¹

In a report on 8 November 2010, the Financial Stability Board highlighted “Progress since the Washington Summit in the Implementation of the G20 Recommendations for Strengthening Financial Stability.” In this report, it was noted that some FSB members are currently examining the features of United States legislative changes in order to ensure that they can successfully propose “harmonizing legislative changes in their jurisdictions,” or rely on the suggestions of the FSB to determine whether or not legislative changes are necessary.⁷⁴²

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, the United States, under the auspices of the G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”⁷⁴³

Although meaningful steps have been taken to incorporate the Dodd-Frank Act into the financial reporting system, there are still many more aspects of the FSB standards for sound compensation which need to be implemented in the United States. Therefore, the United States has been given a score of 0 with regards to its commitment to apply all of the FSB standards for sound compensation.

Analyst: Tara Stankovic

European Union: +1

The European Union has fully complied with its commitment to implement the FSB standards and principles for sound compensation into the EU legislation in respect of compensation practices.

The EU took a regulatory approach by preparing the Directive 2010/76/EU of the European Parliament and the Council that amended previous directives (2006/48/EC and 2006/49/EC) in regards to supervisory of remuneration policies.⁷⁴⁴ The final legislative act was prepared on 24 November 2010 and published in Official Journal on 14 December 2010 entering into force on 15

⁷⁴⁰ Implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act, U.S. Securities and Exchange Commission (Washington D.C.) 18 March 2011. Date of Access: 26 March 2011.

<http://www.sec.gov/spotlight/dodd-frank.shtml>

⁷⁴¹ Implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act – Accomplishments, U.S. Securities and Exchange Commission (Washington D.C.) 18 March 2011. Date of Access: 26 March 2011. <http://www.sec.gov/spotlight/dodd-frank/accomplishments.shtml>

⁷⁴² Progress since the Washington Summit in the Implementation of the G20 Recommendations for Strengthening Financial Stability: Report of the Financial Stability Board to G20 Leaders, Financial Stability Board (Washington D.C.) 8 November 2011. Date of Access: 26 March 2011.

http://www.financialstabilityboard.org/publications/r_101111b.pdf

⁷⁴³ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

⁷⁴⁴ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

December 2010. Its official purpose is to strengthen rules for capital requirements and remuneration in credit institutions and investment firms.⁷⁴⁵

The Directive 2010/76/EU (the Directive) introduces a requirement that the remuneration policies of financial institutions be subject to supervisory oversight.⁷⁴⁶ This obliges supervisory authorities to perform regular compliance checks in regards to remuneration policies for the risk management of financial institutions. Moreover, supervisors may request financial institutions to take actions in order to rectify identified issues. In cases of non-compliance, they have the power to penalise financial institutions or impose other measures for breach of the Directive.⁷⁴⁷

It also validly obliges credit institutions and investment firms to develop and practise compensation policies that are in line with sound and effective risk management, that do not encourage excessive risk-taking and that value their long-term goals.⁷⁴⁸

Variable part of remuneration should constitute a balanced and flexible portion of total compensation. Its substantial portion should be deferred in time and must not only be in cash but also consist of shares, share-linked instruments or other equivalent non-cash instruments. Guaranteed bonuses should be prohibited as they are inconsistent with pay-for-performance rule.

According to the Directive, financial institutions must make sure the total variable remuneration does not adversely impact the strength of their capital base. In cases of exceptional government intervention, priority has to be directed towards enhancing sound nature of their capital base and any variable remuneration elements should remain in line with the idea of strong capital.⁷⁴⁹

The Directive also strengthens the requirements of disclosure and imposes transparency towards the market in relation to remuneration within credit institutions and investments firms. E.g. information regarding remuneration practices and compensation of staff whose professional activities have a material impact on the risk profile should be disclosed to all stakeholders (shareholders, employees, general public etc).⁷⁵⁰

Moreover, on 18-19 November 2011 in Paris, the representation of European Institutions participated in the meeting of Finance Ministers and Central Bank Governors, where the joint communiqué was released by all members (including the EU): “We urge all jurisdictions to fully implement the FSB principles and standards on sounder compensation practices agreed by the G20 Leaders in Pittsburgh and call on the FSB to undertake ongoing monitoring in this area and

⁷⁴⁵ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

⁷⁴⁶ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

⁷⁴⁷ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

⁷⁴⁸ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

⁷⁴⁹ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

⁷⁵⁰ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

look forward to receiving the results of a second thorough FSB peer review midyear to identify remaining gaps.”⁷⁵¹

Therefore, the European Union has been awarded a score of +1 for taking active steps in implementing the FSB standards and thus complying with the G20’s and FSB’s principles on sound compensation.

Analyst: Kamil Wolski

⁷⁵¹ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

8. Trade

Commitment [#96]:

“We therefore reaffirm the extension of our standstill commitments until the end of 2013 as agreed in Toronto.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina	-1		
Australia			+1
Brazil	-1		
Canada			+1
China	-1		
France		0	
Germany		0	
India			+1
Indonesia		0	
Italy		0	
Japan			+1
Mexico			+1
Korea			+1
Russia	-1		
Saudi Arabia			+1
South Africa			+1
Turkey			+1
United Kingdom		0	
United States		0	
European Union		0	
Average Score		+0.25	

Background:

Since the beginning of the General Agreement on Tariffs and Trade (GATT), and especially since the formation of the WTO, G20 members have made significant progress in reducing barriers to global trade in goods and services as well as other trade-distorting mechanisms. However, states have historically tended to resort to protectionism in times of economic uncertainty, and the recent global financial crisis raised concerns that major economic actors would raise barriers to trade and investment.⁷⁵² Commitments pledging to “refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate trade” have been made at each G20 leaders’ summit since the initial summit in Washington in 2008.⁷⁵³

⁷⁵² G20 governments refrain from extensive use of restrictive measures, but some slippage evident, World Trade Organization (Geneva) 14 September 2009. Date of Access: 1 November 2009.

www.wto.org/english/news_e/news09_e/trdev_14sep09_e.htm

⁷⁵³ Declaration: Summit on Financial Markets and the World Economy, G20 Summit (Washington) 15 November 2008. Date of Access: 1 November 2009.

<http://www.g20.utoronto.ca/2008/2008declaration1115.html>

At the Toronto Summit, G20 leaders requested that “the WTO, OECD and UNCTAD ... continue to monitor the situation within their respective mandates, reporting publicly on these commitments on a quarterly basis.” The WTO has accordingly assessed G20 members’ trade and trade-related activities in quarterly reports, with the most recent report, covering May to October 2010, being released in November 2010.⁷⁵⁴ The OECD and UNCTAD have also been active in tracking protectionism among G20 members, having released their most recent report on G20 investment measures, covering the same period, in early November 2010.⁷⁵⁵ In a joint statement drafted by the heads of the WTO, OECD, and UNCTAD, all three organizations declared that they were optimistic about G20 members’ success in avoiding undue protectionism, though they warned that several factors, including persistent unemployment and restrictive measures taken in the wake of the global financial crisis, enhanced the risk that G20 members might turn to protectionism in coming months.⁷⁵⁶

Commitment Features:

This commitment refers to protectionist policies enacted after the Seoul Summit in the form of barriers to investment or trade in goods and services, export restrictions, or WTO-inconsistent measures to stimulate exports. To achieve full compliance, a G20 member is required to refrain from imposing any new measures that fall under any of these categories. To differentiate partial compliance from non-compliance, a per-country average is calculated using the number of protectionist measures recorded by analysts (see Table 8). For a score of 0 for partial compliance, a member must not have exceeded the per-country average level of protectionist measures. A member that has exceeded the per-country average level of protectionist measures is awarded a score of -1 for non-compliance.

The methodology reflects an emphasis on determining compliance based on policy actions, rather than the outcomes of those actions. For this reason, compliance to this commitment is determined by the number of protectionist policies imposed by an individual member relative to an average of the number imposed by all G20 members. The measure is internally valid and can be used to determine relative compliance across G20 summits. The measure also allows for a clear distinction between partial compliance and non-compliance that is not based on an arbitrary threshold, but is instead based on the average rate of non-compliance among G20 members.

This methodology is distinct from that employed by the World Trade Organization (WTO), the Organisation of Economic Co-operation and Development (OECD) and the United Nations Convention on Trade and Development (UNCTAD). The WTO assesses changing levels of aggregate protectionism among G20 members by calculating G20 import restrictions as a share of total G20 imports. It creates an internally valid statistic that can be measured over time in order to determine broad trends, but it implicitly measures the outcome of G20 members’ protectionist policies rather than the policies themselves. The OECD/UNCTAD report does not directly measure aggregate investment measures across the G20. Instead, it reports on changes in flows of foreign direct investment (FDI) to G20 members as one indicator of global investment activity,

⁷⁵⁴ Report on G20 Trade Measures (May 2010 to October 2010), World Trade Organization (Geneva) 4 November 2010. Date of Access 6 March 2011.

http://www.wto.org/english/news_e/news10_e/g20_wto_report_nov_e.doc#declaration.pdf

⁷⁵⁵ Fourth Report on G20 Investment Measures, OECD and UNCTAD (Geneva) 3 November 2010. Date of Access 6 March 2011. http://www.wto.org/english/news_e/news10_e/g20_oecd_unctad_report_e.doc

⁷⁵⁶ Joint Summary on G20 Trade and Investment Measures, OECD, WTO, and UNCTAD (Geneva) 2 November 2010. Date of Access 6 March 2011.

http://www.wto.org/english/news_e/news10_e/g20_joint_summary_nov10_e.doc

which is influenced in part by the extent of barriers to investment among G20 members. The WTO, OECD, and UNCTAD reports also list the number and nature of new trade and investment measures in their respective annexes, which this report considers when analyzing the number of protectionist policies imposed by G20 members since the Seoul Summit.

This report considers all tariffs, export restrictions, investment restrictions, and WTO-inconsistent subsidies, anti-dumping measures and investigations, and countervailing measures initiated after the Toronto Summit as instances of protectionism, which is consistent with the methodology employed by the WTO.

Table 8: Barriers to Trade in G20 Members

Country	New Barriers Imposed	Compliance Score
Argentina	8	-1
Australia	0	+1
Brazil	3	-1
Canada	0	+1
China	2	-1
France	1	0
Germany	1	0
India	0	+1
Indonesia	1	0
Italy	1	0
Japan	0	+1
Korea	0	+1
Mexico	0	+1
Russia	1	0
South Africa	0	+1
Saudi Arabia	0	+1
Turkey	0	+1
United Kingdom	1	0
United States	1	0
European Union	1	0
Average	1.05	0.3

Definitions

The following definitions apply to the terms used for this commitment.

Barriers to investment or trade in goods and services: “Tariffs, non-tariff measures, subsidies and burdensome administrative procedures regarding imports.”⁷⁵⁷

Export restrictions: Voluntary or imposed restrictions on a country’s exports, often intended to prevent goods being exported in the face of a domestic shortage or in order to manipulate current-account balances.

WTO-inconsistent measures to stimulate exports: The WTO Agreement on Subsidies and Countervailing Measures outlines five broad measures that unfairly stimulate exports: 1)

⁷⁵⁷ G20 governments refrain from extensive use of restrictive measures, but some slippage evident, World Trade Organization (Geneva) 14 September 2009. Date of Access: 1 November 2009. www.wto.org/english/news_e/news09_e/trdev_14sep09_e.htm

Domestic subsidies that require recipients to meet certain export targets; 2) Subsidies that require recipients to use domestic goods instead of imported goods; 3) Domestic subsidies that hurt an industry in an importing country; 4) Domestic subsidies in one country that hurt exporters trying to compete in the subsidizing country's domestic market; 5) Domestic subsidies that hurt rival exporters from another country when the two compete in third markets.⁷⁵⁸

Scoring Guidelines:

-1	G20 member imposes new protectionist measures AND the number of instances exceeds the average number of protectionist measures imposed by G20 members.
0	G20 member imposes new protectionist measures BUT the number of instances does not exceed the average number of protectionist measures imposed by G20 members.
+1	G20 member does not impose any new protectionist measures.

Argentina: -1

Argentina has failed to comply with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

Argentina has imposed eight non-tariff barriers to trade by reference pricing. Such products subject to this reference pricing are as follows: certain glass fibres imported from various Asian countries, as of 28 March 2011;⁷⁵⁹ imports of apples and pears from various countries as of 28 March 2011;⁷⁶⁰ imports of water and other juice dispensing machines from various Asian countries as of 11 March 2011;⁷⁶¹ imports of natural honey from various countries as of 3 March 2011;⁷⁶² imports of certain electrical machines from various Asian countries on 3 March 2011;⁷⁶³ imports of certain 'long pile' fabrics from various Asian countries on 14 December 2010;⁷⁶⁴ imports on certain woven fabrics of artificial fibres from various Asian countries on 25 November

⁷⁵⁸ Understanding the WTO – Anti-dumping, subsidies, safeguards: contingencies, etc (Geneva) 1 January 2005. Date of Access: 1 November 2009.

www.wto.org/english/thewto_e/whatis_e/tif_e/agrm8_e.htm#subsidies.

⁷⁵⁹ BOLETIN OFICIAL N° 32.117, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3024. 28 March 2011. Date of Access: April 8 2011.

http://www.iqom.com.mx/documents/0311/BO%20ARG_28%20mar_1.pdf

⁷⁶⁰ BOLETIN OFICIAL N° 32.109, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3058. 14 March 2011. Date of Access: April 8 2011.

<http://www.iqom.com.mx/documents/0311/DOF%2014%20mar.pdf>

⁷⁶¹ BOLETIN OFICIAL N° 32.108, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3057. 11 March 2011. Date of Access: April 8 2011.

<http://www.iqom.com.mx/documents/0311/DOF%2011%20mar-surtidoras%20de%20agua.pdf>

⁷⁶² BOLETIN OFICIAL N° 32.104, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3052. 3 March 2011. Date of Access: April 8 2011.

<http://www.iqom.com.mx/documents/0311/DOF%203mar11.pdf>

⁷⁶³ BOLETIN OFICIAL N° 32.104, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3051. 3 March 2011. Date of Access: April 8 2011.

<http://www.iqom.com.mx/documents/0311/DOF%203mar11.pdf>

⁷⁶⁴ BOLETIN OFICIAL N° 32.047, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 2993. 14 December 2010. Date of Access: April 8 2011.

<http://www.iqom.com.mx/documents/1210/DOF%2014%20dic-val.%20criterio.pdf>

2010;⁷⁶⁵ and lastly, imports of electric irons from various Asian and Latin American countries on 11 November 2010.⁷⁶⁶

On 15 March 2011 the government of Argentina imposed anti-dumping duties of 17.67% on the import of certain hypodermic needles from China, following an investigation which started on 20 January 2011.⁷⁶⁷ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has not yet called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

Argentina has introduced more than the G20 average number of barriers to trade and has therefore been awarded a score of -1.

Analyst: Geoffrey Wylde

Australia: +1

No information was found indicating the imposition of new protectionist measures by Australia in this compliance cycle.⁷⁶⁸ Therefore, Australia has fully complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions or implementing WTO inconsistent measures to stimulate exports.

Brazil: -1

Brazil has failed to comply with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 1 March 2011 the Brazilian Government passed Resolution 8/2011 imposing anti-dumping duties against certain glassware products from Argentina, China and Indonesia of \$0.15 per kilogram, \$1.70 per kilogram and \$0.15 per kilogram for those respective countries. The duties were imposed following an investigation which was initiated on 28 October 2009.⁷⁶⁹ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 9 December 2010 the Brazilian Government passed Resolution 86/2010 imposing anti-dumping duties against polypropylene resin, copolymer and homopolymer from the United States of USD82.77 per tonne. The duties were imposed following an investigation which was initiated

⁷⁶⁵ BOLETIN OFICIAL N° 32.036, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 2970. 26 November 2010. Date of Access: April 8 2011.

<http://www.iqom.com.mx/documents/1110/DOF%20Argentina%2026nov2010.pdf>

⁷⁶⁶ BOLETIN OFICIAL N° 32.026, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 2956. 11 November 2010. Date of Access: April 8 2011.

<http://www.iqom.com.mx/documents/1110/DOF%2011%20de%20nov%20p%2026.pdf>

⁷⁶⁷ BOLETIN OFICIAL N° 32.110. Resolución 89/2011. 15 March 2011. Date of Access: April 8 2011.

<http://www.iqom.com.mx/documents/0311/DOF%2015%20mar%201.pdf>

⁷⁶⁸ Tariff Updates. Australian Customs and Border Protection Services Agency. Date of Access 8 April 2011. <http://www.customs.gov.au/site/page5800.asp>

⁷⁶⁹ Diário Oficial da Uniao – Secao 1. No 42, terca-feira. Reolucao 8/2011.1 March 2011. Date of Access 8 April 2011. <http://www.iqom.com.mx/documents/0211/DOU%201%20marzo.pdf>

on 23 June 2009.⁷⁷⁰ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 27 December 2010 the Brazilian Government passed Resolution 92/2010 increasing ad valorem tariff to 35% for certain toys originating from China, Denmark, Hong Kong, Indonesia, Malaysia and the United States.⁷⁷¹ The tariff is to remain in effect for 12 months.

On 27 December 2010 the Brazilian Government passed Resolution 91/2010 removing tariff exemptions for pigments and dyes relating to the manufacture of titanium dioxide. Such products are subject to a tariff of 12%. Affected countries include China, Finland, Mexico, the United Kingdom and the United States.⁷⁷² The tariff is to remain in effect for twelve months.

On 14 December 2010 the Brazilian Government increased ad valorem tariffs for the import of tools for pressing, stamping and punching to 25% and tools for injection moulding or compression to 30%.⁷⁷³

Brazil has introduced more than the G20 average number of barriers to trade and has therefore been awarded a score of -1.

Canada: +1

No information was found indicating the imposition of new protectionist measures by Canada in this compliance cycle. Therefore, Canada has fully complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions or implementing WTO inconsistent measures to stimulate exports.

It is worth noting that Canada's Industry Minister exercised a provision in the Investment Canada Act to refuse a bid by BHP Billiton (a mining company headquartered in Australia) to acquire Potash Corporation of Saskatchewan Inc. (a Canadian mining company) because the Minister deemed the transaction unlikely to be of a 'net benefit' to Canada.⁷⁷⁴ Without further clarification and transparency regarding how a transaction is deemed to create a 'net benefit' for the country, this clause in the Investment Canada Act can be exercised by the government to deny foreign direct investment in the country.

⁷⁷⁰ Resolucao No 86, De 8 De Dezembro de 2010. MINISTROS DA CÂMARA DE COMÉRCIO EXTERIOR. 8 December 2010. Date of Access 8 April 2011.
<http://www.iqom.com.mx/documents/1210/Res.%2086-2010.pdf>

⁷⁷¹ Resolucao No 92, de 27 De Dezembro de 2010. 27 December 2010. MINISTROS DA CÂMARA DE COMÉRCIO EXTERIOR. Date of Access 8 April 2011.
http://www.mdic.gov.br/arquivos/dwnl_1293629707.pdf

⁷⁷² Resolucao No 91, de 27 De Dezembro de 2010. MINISTROS DA CÂMARA DE COMÉRCIO EXTERIOR. 27 December 2010. Date of Access 8 April 2011.
http://www.mdic.gov.br/arquivos/dwnl_1293629736.pdf

⁷⁷³ CAMEX – Resolucao no 87/2010. Legislação. 16 December 2010. Date of Access 8 April 2011.
<http://legislacaoemgeral.blogspot.com/2010/12/camex-resolucao-n-872010.html>

⁷⁷⁴ Minister of Industry Confirms Notice Sent to BHP Billiton Regarding Proposed Acquisition of Potash Corporation. Industry Canada News Releases. 3 November 2010. Accessed 8 April 2010.
<http://www.ic.gc.ca/eic/site/ic1.nsf/eng/06031.html>

China: -1

China has failed to comply with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 25 January 2011 the Chinese Ministry of Commerce imposed anti-dumping duties against Caprolactam, a type of synthetic polymer, originating from the EU and the US. The duties were imposed following an investigation which was initiated on 22 April 2010.⁷⁷⁵ The duties are levied against specific companies and range from 6.6% to 25.5%. Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 18 February 2011 the Chinese Ministry of Commerce imposed anti-dumping duties against certain optical fibres originating from the EU and the US. The duties were imposed following an investigation initiated on 22 April 2010.⁷⁷⁶ The duties are levied against specific companies and range from 6.8% to 29.1%. Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

The Chinese Ministry of Finance cut the permitted export quota of rare earths by approximately 35% on 28 December 2010. Rare earths are used in the manufacture of many electronic goods. China is the world's leading supplier of rare earths and the quota change will impact global prices of the minerals.⁷⁷⁷ There is speculation that the US and other countries may file a WTO challenge, arguing that the quota will give Chinese high-tech and defence industry manufacturers an unfair advantage over global competitors.⁷⁷⁸

The Chinese Ministry of Finance raised the export tax on certain fertilizers by approximately to between 110% on 2 December 2010. The export tariffs are meant to limit the amount of export, ensure sufficient domestic supplies for the growing season and combat rising food prices. The tariff hikes could impact global fertilizer and food prices.⁷⁷⁹

China has introduced more than the G20 average number of barriers to trade and has therefore been awarded a score of -1.

⁷⁷⁵ Announcement No.3, 2011 of the Ministry of Commerce of the People's Republic of China on Releasing the Preliminary Ruling on Anti-dumping Investigation on CPL. 25 January 2011. Date of Access 8 April 2011. <http://english.mofcom.gov.cn/aarticle/policyrelease/domesticpolicy/201102/20110207402277.html>

⁷⁷⁶ Announcement No.4, 2011 of the Ministry of Commerce of the People's Republic of China on Releasing the Preliminary Ruling on Anti-dumping Investigation on Dispersion Unshifted Single-Mode Optical Fiber. 6 January 2011. Date of Access 8 April 2011.

<http://english.mofcom.gov.cn/aarticle/policyrelease/domesticpolicy/201102/20110207402287.html>
⁷⁷⁷ China Cuts Export Quotas for Rare Earths by 35%. Bloomberg News. 29 December 2010. Date of Access 8 April 2011. <http://www.bloomberg.com/news/2010-12-28/china-cuts-first-round-rare-earth-export-quotas-by-11-correct.html>

⁷⁷⁸ Juliane von Reppert-Bismarck. "WTO Opens China to Rare Earth Challenge." Reuters, 1 March 2011. Date of Access 8 April 2011. <http://af.reuters.com/article/metalsNews/idAFLDE72029E20110301?pageNumber=1&virtualBrandChannel=0>

⁷⁷⁹ Zhang Qi. Fertilizer Export Levy Imposed. China Daily. 2 December 2010. Date of Access 8 April 2011. http://www.chinadaily.com.cn/bizchina/2010-12/02/content_11641906.htm

France: 0

France has failed to comply with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 29 January the European Commission announced additional import duties on certain types of refined sugar, raw sugar and syrups. These additional duties come on top of those duties first enacted as through regulation 951/2006 on 30 June 2006.⁷⁸⁰

France has introduced fewer barriers to trade than the G20 average has therefore been awarded a score of 0.

Germany: 0

Germany has failed to comply with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 29 January the European Commission announced additional import duties on certain types of refined sugar, raw sugar and syrups. These additional duties come on top of those duties first enacted as through regulation 951/2006 on 30 June 2006.⁷⁸¹

Germany has introduced fewer barriers to trade than the G20 average and has therefore been awarded a score of 0.

India: +1

No information was found indicating the imposition of new protectionist measures by India in this compliance cycle. Therefore, India has fully complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions or implementing WTO inconsistent measures to stimulate exports.

Indonesia: 0

Indonesia has failed to comply with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

In January 2011 the Indonesian agricultural ministry set an import quota of 500,000 head of cattle.⁷⁸² The restrictions will impact cattle exporting countries, particularly its neighbour Australia, and to a lesser extent New Zealand and Canada.⁷⁸³ The Ministry has stated that the restrictions are part of an effort to build self-sufficiency in food supplies.

⁷⁸⁰ EC: Additional import duties for certain products in the sugar sector. Global Trade Alert (London). 24 February 2011. Date of Access 8 April 2011.

<http://globaltradealert.org/measure/ec-additional-import-duties-certain-products-sugar-sector>

⁷⁸¹ EC: Additional import duties for certain products in the sugar sector. Global Trade Alert (London). 24 February 2011. Date of Access 8 April 2011.

<http://globaltradealert.org/measure/ec-additional-import-duties-certain-products-sugar-sector>

⁷⁸² Anonymous. "A Row Over Cows: Indonesia Curbs Beef Imports." The Economist. 17 February 2011. Date of Access 8 April 2011. http://www.economist.com/node/18185742?story_id=18185742

⁷⁸³ Yayat Supriatna. "Indonesia Plans Import Quota on Beef, Live Cattle." AFX News. 24 June 2010. Date of Access 8 April 2011. <http://www.finanznachrichten.de/nachrichten-2010-06/17241523-indonesia-plans-import-quota-on-beef-live-cattle-020.htm>

Indonesia has introduced fewer barriers to trade than the G20 average and has therefore been awarded a score of 0.

Italy: 0

Italy has failed to comply with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, impose new export restrictions, or implement WTO inconsistent measures to stimulate exports.

On 29 January the European Commission announced additional import duties on certain types of refined sugar, raw sugar and syrups. These additional duties come on top of those duties first enacted as through regulation 951/2006 on 30 June 2006.⁷⁸⁴

Italy has introduced fewer barriers to trade than the G20 average and has therefore been awarded a score of 0.

It should be noted that Italy has recently launched a new law delaying the renewal of board members in corporate governance.⁷⁸⁵ This new law was passed in response to a number of takeovers bids by French companies for Italian companies. For example, the new law will impact the change of control of the Italian dairy company Parmalat.⁷⁸⁶ This law is creates an administrative barrier to investment and could be used to protect Italian companies from foreign takeovers and competition.

Japan: + 1

No information was found indicating the imposition of new protectionist measures by Japan in this compliance cycle. Therefore, Japan has fully complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions or implementing WTO inconsistent measures to stimulate exports.

Mexico: +1

No information was found indicating the imposition of new protectionist measures by Mexico in this compliance cycle. Therefore, Mexico has fully complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions or implementing WTO inconsistent measures to stimulate exports.

It should be noted that on 24 February 2011 the Mexican Ministry of Economy adopted anti-dumping duties on imports of seamless steel pipe originating from the People's Republic of China. The duties are calculated by reference pricing of USD1,772 per metric tonne up to a maximum of 56% of the ad valorem price declared at customs. The duties are levied following an investigation which began on 25 June 2009. Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has not called on the Body to explore the above

⁷⁸⁴ EC: Additional import duties for certain products in the sugar sector. Global Trade Alert (London). 24 February 2011. Date of Access 8 April 2011.

<http://globaltradealert.org/measure/ec-additional-import-duties-certain-products-sugar-sector>

⁷⁸⁵ Consiglio dei Ministri n.133 del 23/03/2011. 23 March 2011. Date of Access 8 April 2011.

<http://www.governo.it/Governo/ConsiglioMinistri/dettaglio.asp?d=62916>

⁷⁸⁶ Rachel Sanderson, Guy Dinmore in Rome and Nikki Tait. Italy increases drive against foreign takeovers. Financial Times. 23 March 2011. Date of Access 8 April 2011.

<http://www.ft.com/cms/s/0/2219810a-557f-11e0-a2b1-00144feab49a.html#axzz1JJRN61Ze>

measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

Korea: +1

No information was found indicating the imposition of new protectionist measures by Korea in this compliance cycle. Therefore, Korea has fully complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions or implementing WTO inconsistent measures to stimulate exports.

Russia: -1

Russia has failed to comply with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 14 October 2011 the Customs Union of Russia, Belarus and Kazakhstan introduced a 5% tariff on certain agricultural equipment. The tariff was introduced following an investigation started 27 November 2009.⁷⁸⁷

On 19 December 2010, the Customs Union of Russia, Belarus and Kazakhstan increased export tariff on copper cathode from 0% to 10%.⁷⁸⁸ On 24 February 2011, the Customs Union of Russia, Belarus and Kazakhstan increased import tariffs on certain types of nonwoven fabric from 0% to 10%.⁷⁸⁹

Russia has introduced more barriers to trade than the G20 average and has therefore been awarded a score of -1.

Saudi Arabia: + 1

No information was found indicating the imposition of new protectionist measures by Saudi Arabia in this compliance cycle. Therefore, Saudi Arabia has fully complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions or implementing WTO inconsistent measures to stimulate exports.

South Africa: +1

No information was found indicating the imposition of new protectionist measures by South Africa in this compliance cycle. Therefore, South Africa has fully complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions or implementing WTO inconsistent measures to stimulate exports. It is worth noting that South Africa has actively imposed a number of anti-dumping duties during this compliance cycle as noted below; however, these anti-dumping duties have not yet been deemed to be in violation of WTO rules.

On 17 February 2011 the International Trade Administration Commission of South Africa recommended that anti-dumping duties on acetaminophen from the People's Republic of China

⁷⁸⁷ Resolution 507. Custom Union of Russia, Belarus and Kazakhstan. 14 October 2010. Date of Access 8 April 2011. http://www.tsouz.ru/KTS/KTS22/Pages/R_507.aspx

⁷⁸⁸ Report to the TPRB from the Director-General on Trade-Related Developments, WTO 9 June 2011. Date of Access: 22 July 2011. http://www.wto.org/english/news_e/sppl_e/sppl196_e.htm.

⁷⁸⁹ Decision № 546, Customs Union Commission 28 January 2011. Date of Access: 22 July 2011. http://www.tsouz.ru/KTS/KTS23/Pages/R_546.aspx.

and USA be extended. The duties are 2573c/kg for imports from China and 2371c/kg for imports from the USA. The duties were set to expire on 14 July 2010.⁷⁹⁰ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 11 February 2011 the International Trade Administration Commission of South Africa recommended that anti-dumping duties on Unframed Mirrors from India be extended. The duties are 68.74%. The duties were set to expire on 13 December 2010.⁷⁹¹ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 17 February 2011 the International Trade Administration Commission of South Africa recommended that anti-dumping duties on polyethylene terephthalate from Chinese Taipei, Korea and India be extended. The duties are 75% for Chinese Taipei, 19.7% Korea and 54.1% for India. The duties were set to expire on 6 October 2010.⁷⁹² Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

Turkey: + 1

No information was found indicating the imposition of new protectionist measures by Turkey in this compliance cycle. Therefore, Turkey has fully complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions or implementing WTO inconsistent measures to stimulate exports

United Kingdom: 0

The United Kingdom has failed to comply with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 29 January the European Commission announced additional import duties on certain types of refined sugar, raw sugar and syrups. These additional duties come on top of those duties first enacted as through regulation 951/2006 on 30 June 2006.⁷⁹³

⁷⁹⁰ Report No. 364: Sunset review of the anti-dumping duties on Acetaminophenol originating in or Imported from The People's Republic of China (PRC) and the United States of America (USA): Final Determination. International Trade Administration Commission of South Africa. 17 February 2011. Date of Access 8 April 2011. <http://www.itac.org.za/docs/Report%20No.%20364.PDF>

⁷⁹¹ Report No. 360: Sunset review of the anti-dumping duties on Unframed Mirrors originating in or Imported from India: Final Determination. International Trade Administration Commission of South Africa. 11 February 2011. Date of Access 8 April 2011. <http://www.itac.org.za/docs/Report%20No%20360.pdf>

⁷⁹² Report No. 3641 Sunset review of the anti-dumping duties on Polyethylene Terephthalate originating in or Imported from Chinese Taipei, Korea, and India: Final Determination. International Trade Administration Commission of South Africa. 17 February 2011. Date of Access 8 April 2011. <http://www.itac.org.za/docs/Report%20No.%20361.PDF>

⁷⁹³ EC: Additional import duties for certain products in the sugar sector. Global Trade Alert (London). 24 February 2011. Date of Access 8 April 2011. <http://globaltradealert.org/measure/ec-additional-import-duties-certain-products-sugar-sector>

The United Kingdom has introduced fewer barriers to trade than the G20 average and has therefore been awarded a score of 0.

United States: 0

The United States has failed to comply with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 1 February 2011 the USA imposed an anti-dumping duty of 3.08% on polyvinyl alcohol imported from Chinese Taipei. The duties were imposed following two much earlier investigations starting on 1 July 2003.⁷⁹⁴ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that Chinese Taipei has not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 2 January 2011 the government of the USA ratified H.R. 847, the James Zadroga 9/11 Health and Compensation Act of 2010. This health plan for emergency workers impacted by the tragic events of 9/11 is funded by a new 2% tax on foreign procurement of goods and services by the Federal Government. The new tax 'shall be applied in a manner consistent with United States obligations under international agreements.'⁷⁹⁵ Any countries not part of the WTO or other multi-lateral or bi-lateral trade agreements with the USA will be affected by the tax, which are mainly developing or least-developed nations.

The USA has introduced fewer barriers to trade than the G20 average and has therefore been awarded a score of 0.

European Union: 0

The EU has failed to comply with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 29 January the European Commission announced additional import duties on certain types of refined sugar, raw sugar and syrups. These additional duties come on top of those duties first enacted as through regulation 951/2006 on 30 June 2006.⁷⁹⁶

The EC has introduced fewer barriers to trade than the G20 average has therefore been awarded a score of 0.

⁷⁹⁴ Polyvinyl Alcohol From Taiwan: Final Determination of Sales at Less Than Fair Value. DEPARTMENT OF COMMERCE, International Trade Administration [A-583-841]. 1 February 2011. Date of Access 8 April 2011. <http://ia.ita.doc.gov/frn/2011/1102frn/2011-2194.txt>

⁷⁹⁵ James Zadroga 9/11 Health and Compensation Act of 2010. H.R. 847. 5 January 2010. Date of Access 8 April 2011. <http://www.gpo.gov/fdsys/pkg/BILLS-111hr847enr/pdf/BILLS-111hr847enr.pdf>

⁷⁹⁶ EC: Additional import duties for certain products in the sugar sector. Global Trade Alert (London). 24 February 2011. Date of Access 8 April 2011. <http://globaltradealert.org/measure/ec-additional-import-duties-certain-products-sugar-sector>

9. Development

Commitment [#122]:

“We also reaffirm our respective ODA [official development assistance] pledges and commitments to assist the poorest countries and mobilize domestic resources made following on from the Monterrey Consensus and other fora.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina	-1		
Australia			+1
Brazil		0	
Canada			+1
China			+1
France			+1
Germany			+1
India		0	
Indonesia		0	
Italy			+1
Japan			+1
Korea			+1
Mexico	-1		
Russia			+1
Saudi Arabia		0	
South Africa		0	
Turkey			+1
United Kingdom			+1
United States		0	
European Union			+1
Average Score		+0.50	

Background:

ODA pledges comprise contributions of donor government agencies from all levels to developing countries from the OECD Development Co-operation Directorate (DAC) List of ODA Recipients (“bilateral ODA”) and to multilateral institutions. According to the Monterrey Consensus, which was the outcome of the UN International Conference on Financing for Development held on 22 March 2002 in Monterrey, countries have to allocate 0.7% of their GNP to ODA towards developing countries by 2015 and must reach the level of at least 0.5% of GNP for ODA by 2010 – including the specific target of contributing 0.15 to 0.20% of GNP to ODA towards the least developed countries.⁷⁹⁷

On 21 and 22 March 2002, in Monterrey, the heads of states and governments, who participated in the International Conference on Financing for Development agreed that the Monterrey

⁷⁹⁷ Doha Declaration on Financing for Development, United Nations (Qatar) 29 November – 2 December, 2008. Date of Access: 25 April 2011.

http://www.un.org/esa/ffd/doha/documents/Doha_Declaration_FFD.pdf.

Consensus focus on key actions that mobilize domestic financial resources for development. These actions are:

- a) enhancing the efficacy, coherence and consistency of macroeconomic policies;
- b) pursuing appropriate policy and regulatory frameworks to encourage public and private initiatives, including at the local level, and foster a dynamic and well functioning business sector;
- c) fighting corruption at all levels;
- d) avoiding inflationary distortions and abrupt economic fluctuations that negatively affect income distribution and resource allocation;
- e) securing efficient tax systems and administration, as well as improvements in public spending that do not crowd out productive private investment;
- f) supporting investments in basic economic and social infrastructure, social services and social protection, including education, health, nutrition, shelter and social security programmes;
- g) encouraging the orderly development of capital markets through sound banking systems and other institutional arrangements aimed at addressing development financing needs, including the insurance sector and debt and equity markets, that encourage and channel savings and foster productive investments;
- h) supporting microfinance and credit for micro-, small and medium-sized enterprises, including in rural areas, particularly for women, as well as national savings schemes;
- i) capacity building in such areas as institutional infrastructure, human resource development, public finance, mortgage finance, financial regulation and supervision, basic education in particular, public administration, social and gender budget policies, early warning and crisis prevention, and debt management.⁷⁹⁸

Since the International Conference on Financing for Development held in Monterrey, the members of international community have reaffirmed and have made new commitments on domestic resources mobilization in the context of other forums. Annex 2 of the G8 Muskoka Accountability Report encompasses the list of the G8 summits and commitments relevant to domestic resources mobilization made after International Conference on Financing for Development in Monterrey.⁷⁹⁹

Commitment features:

This commitment consists of two parts. The first part calls for G20 members to meet their ODA pledges for assisting developing countries. Members will achieve compliance by contributing new ODA funding. The second part of the commitment calls the G20 to mobilize domestic resources of partner countries.

⁷⁹⁸ Monterrey Consensus of the International Conference on Financing for Development, United Nations (Monterrey) 18-22 March 2002. Date of Access: 6 June 2011.

www.un.org/esa/ffd/monterrey/MonterreyConsensus.pdf

⁷⁹⁹ Muskoka Accountability Report, G8 Research Centre (Toronto) 26 June 2010. Date of Access: 6 June 2011. Date of Access: 6 June 2011.

<http://www.g8.utoronto.ca/summit/2010muskoka/accountability/index.html>

Scoring Guidelines:

-1	Member does not meet its ODA pledges AND does not comply with its commitments to mobilize domestic resources made following on from Monterrey Consensus and other fora.
0	Member meets its ODA pledges OR complies with its commitments to mobilize domestic resources made following on from Monterrey Consensus and other fora.
+1	Member meets its ODA pledges AND complies with its commitments to mobilize domestic resources made following on from Monterrey Consensus and other fora.

Argentina: -1

Argentina has not complied with its ODA commitment.

On 15 November 2010, a meeting was held between the United Nations Development Programme Associate Administrator, the Under Secretary General Rebeca Grynspan and President of Argentina Christina Fernandez de Kirchner. Rebeca Grynspan emphasized Argentina's inclusion into the global agenda and acknowledged the country's input into the achievement of the Millennium Development Goals, fight against climate change, interregional development and South-South cooperation.⁸⁰⁰

However, no facts of Argentina allocating new ODA funding or fostering mobilization of domestic resources have been registered during this monitoring period. Thus Argentina is awarded a score of -1.

Analyst: Polina Arkhipova

Australia: +1

Australia has fully complied with its ODA commitment.

The Australian government has contributed new funds towards ODA.

On 13 April 2011, during a visit to the Ho Chi Minh City Orthopaedic and Rehabilitation Centre, Foreign Affairs Minister Kevin Rudd announced AUD4 million (USD4.37 million) over four years for the work of the International Committee of the Red Cross (ICRC) Special Fund for the Disabled in Vietnam and other mine affected countries.⁸⁰¹

On 16 December 2011, the Australian Foreign Minister Kevin Rudd committed to broader and deepened engagement with Latin America and announced AUD100 million (USD109.24 million) over four years as Australian development assistance to Latin America. "From financial literacy training for the women of Peru, through to post-graduate study in Australia for Bolivians, the Australian Government is working with Latin America to meet the Millennium Development Goals," Mr. Rudd said.⁸⁰² Within the initiative the Australia Americas Awards scholarship

⁸⁰⁰ PNUD destacó las políticas sociales del gobierno, Presidencia de la Nación Argentina (Buenos Aires) 15 November 2010. Date of Access: 2 April 2011.

http://www.caserosada.gov.ar/index.php?option=com_content&task=view&id=7814&Itemid=66

⁸⁰¹ Australia assists landmine victims in Vietnam and Laos, Australian Minister for Foreign Affairs, 13 April 2011. Date of access: 18 April, 2011.

http://www.foreignminister.gov.au/releases/2011/kr_mr_110413.html

⁸⁰² Australia commits to deeper engagement with Latin America, Australian Minister for Foreign Affairs, 17 December 2010. Date of access: 18 April, 2011.

http://www.foreignminister.gov.au/releases/2010/kr_mr_101216.html

program will offer an additional 200 scholarships to primarily post-graduate students in the region. There will also be an additional 110 scholarships for students from the Caribbean.⁸⁰³

On 14 December 2010, the Foreign Minister Kevin Rudd announced that Australian support would continue to help the Palestinian people gain access to health, education, housing and social services. According to the Minister, Australia will provide three years of predictable base funding of up to AUD18 million (USD19.66 million) to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), to support Palestinian refugees residing in the West Bank, Gaza, Jordan, Lebanon and Syria.⁸⁰⁴

On 3 December 2010, the Australian government reaffirmed its commitment to improving the lives of people with disability by announcing AUD11.6 million (USD12.67 million) for four new partnerships — UNICEF, the Government of Papua New Guinea, the Pacific Island Forum Secretariat and World Health Organisation.⁸⁰⁵

On 9 December 2010 the Australian Foreign Minister Kevin Rudd announced an allocation of AUD45 million (USD49.15 million) to Indonesia as part of Australia's AUD599 million (USD654.35 million) fast start climate change financing.⁸⁰⁶

On 12 December 2010, in a meeting with Queen Rania of Jordan, Mr Rudd announced AUD100,000 (USD109,240) support for an education partnership with UNICEF and the Madrasati initiative in Jordan. Australia will also provide an additional AUD250,000 (USD273,099) to the United Nations Development Program to support efforts to clear landmines in Jordan's Northern border, allowing communities to return to their fields and again cultivate their land.⁸⁰⁷

The Australian Government has also undertaken relevant measures to foster mobilization of domestic resources of the partner countries.

On 21 March 2011, the 3-day Leadership for Development Conference started in Canberra as part of the Leadership for Development Program. The program offers Australian Leadership Awards (ALA) Scholarships, which allow postgraduate study opportunities in Australia to exemplary scholars from developing nations. Recipients of the Awards receive up to USD25,000 for further professional development.⁸⁰⁸ The initiative aims at human resources development within the developing countries.

⁸⁰³ Australia Americas Awards, Australian Minister for Foreign Affairs, 18 December 2010. Date of access: 18 April, 2011. http://www.foreignminister.gov.au/releases/2010/kr_mr_101219a.html

⁸⁰⁴ Australian assistance to Palestinians, Australian Minister for Foreign Affairs, 14 December 2010. Date of access: 18 April, 2011. http://www.foreignminister.gov.au/releases/2010/kr_mr_101214.html

⁸⁰⁵ Australian aid improving the lives of people with disability, Australian Minister for Foreign Affairs, 3 December, 2010. Date of access: 18 April, 2011. http://foreignminister.gov.au/releases/2010/kr_mr_101203.html

⁸⁰⁶ Strengthening Australia's climate change partnership with Indonesia, 9 December, 2010, Australian Minister for Foreign Affairs, 4 April 2011. Date of access: 18 April, 2011. http://www.foreignminister.gov.au/releases/2010/kr_mr_101209.html

⁸⁰⁷ Australia strengthens Jordan ties, Australian Minister for Foreign Affairs, 12 December, 2010. Date of access: 18 April, 2011. http://foreignminister.gov.au/releases/2010/kr_mr_101212b.html

⁸⁰⁸ Australia Awards supporting future leaders of developing countries, Parliamentary Secretary for Pacific Island Affairs, 21 March 2011. Date of access: 18 April, 2011. http://ministers.dfat.gov.au/marles/releases/2011/rm_mr_110321.html

On 4 April 2011, International Day for Mine Awareness, Foreign Minister Rudd announced a four year AUD20 million (USD27.31 million) Australian investment in cleaning Afghanistan farm land from mines. It is Australia's largest ever mine activity, and will clear more than 7.8 million square metres of land, beginning in the Provinces of Khost, Kandahar and Ghor and moving to other high priority areas.⁸⁰⁹ The cleaned territories will become available for productive farming.

Australia has complied with both parts of the commitment, having provided new ODA funding and having fostered domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Yuriy Zaytsev

Brazil: 0

Brazil has partially complied with its ODA commitment.

On 11 February 2011, Brazil donated USD7.1 million to Haiti for vaccines and equipment to improve its epidemiological system and to strengthen its immunization program.⁸¹⁰

On 13 February 2011, the Government of Brazil contributed USD300 thousands to UNDP in support of the second round of legislative and president elections of Haiti, which took place on 20 March.⁸¹¹

During the monitoring period no facts indicating the Brazilian government's activity on mobilization of domestic resources of the partner countries have been registered.

Brazil has contributed new funds towards ODA but no facts are registered of Brazil helping to mobilize domestic resources of the partner countries. Thus for partial compliance with this commitment Brazil receives a score of 0.

Analyst: Pavel Zhdanov

Canada: +1

Canada has fully complied with its ODA commitment.

Canada has contributed new funds towards ODA.

On 17 November 2010, Minister of International Cooperation Beverley J. Oda announced Canada's support to assist five severely earthquake-affected municipalities in Haiti to better recover from the impact of the January earthquake. This project is aligned with Haiti's Action Plan for National Recovery and Development. The Government of Canada will provide more than CAD7.2 million (CAD1 approximately equals to USD1) over three years for this project.⁸¹²

On 19 November 2010, Minister of International Cooperation announced additional support to fight the growing cholera epidemic in Haiti. Canada, through Canadian International

⁸⁰⁹ Action on Landmines in Afghanistan, Australian Minister for Foreign Affairs, 4 April 2011. Date of access: 18 April, 2011. http://www.foreignminister.gov.au/releases/2011/kr_mr_110404.html

⁸¹⁰ Haiti Gets US\$ 7.1 Million from Brazil to Buy Vaccines and Equipment, Portal Brasil 11 February 2011. Date of Access: 10 April 2011. <http://www.brasil.gov.br/news/history/2011/02/11/haiti-gets-us-7.1-million-from-brazil-to-buy-vaccines-and-equipment>.

⁸¹¹ Brazil Gives \$300,000 to Support Elections in Haiti, United Nation Development Programme 13 February 2011. Date of Access: 17 April 2011. <http://content.undp.org/go/newsroom/2011/february/brazil-gives-300000-to-support-elections-in-haiti.en>

⁸¹² Canada Helps Haitian Municipalities Rebuild, Canadian International Development Agency 17 November 2010. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAT-111715333-RJA>

Development Agency (CIDA), will provide a further CAD4 million in addition to the CAD1 million to respond to the outbreak. Of this total contribution, CAD2.45 million will support the continuing work of the Pan-American Health Organization (PAHO) in its coordination efforts involving close to 70 health organizations in Haiti and the distribution of tens of thousands of liters of chlorinated water to affected areas and health facilities. CAD2 million from today's announcement will assist UNICEF in increasing access to safe drinking water and ensuring that children and adults receive life-saving treatments.⁸¹³ In addition, on 3 December 2010, CAD2 million was donated for fighting cholera in Haiti.⁸¹⁴

On 25 November 2010, Minister of International Cooperation announced Canada's support to the Canadian Red Cross's First Responder Initiative. Canada will provide up to CAD17 million in funding to the Canadian Red Cross Society over three years for the First Responder Initiative. The initiative comprises three components: a rapid deployment of Red Cross field hospital based in the Americas; the recruitment and training of a core team of Canadian experts in emergency and disaster management; and strengthened disaster management capacity for Red Cross National Societies in the Americas.⁸¹⁵

On 11 January 2011, Minister of International Cooperation reinforced Canada's commitment to Haiti and announced support for eight new initiatives in the country. These initiatives will improve Haiti's health services and increase access to life-saving healthcare for mothers and children. They will also place more Haitian children in schools, improve Haiti's farming sector with new financing tools, and increase Haiti's food production. The announcement totals CAD93.1 million.⁸¹⁶

On 21 January 2011, Minister of International Cooperation, announced Canada's support for new initiatives that will secure a better future for children and the people of Bangladesh. CIDA's support for these two projects amounts to CAD40 million.⁸¹⁷

On 26 January 2011, Canadian Prime Minister Stephen Harper announced support for new development projects that will save the lives and improve the health of mothers and children in Bangladesh, Ethiopia and Mozambique. The support is part of Canada meeting the 5-year, CAD2.85 billion commitment that it made at the 2010 G8 Summit under the Muskoka Initiative.⁸¹⁸

⁸¹³ Canada expands its response to cholera outbreak in Haiti, Canadian International Development Agency 19 November 2010. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/HEL-111910177-KXA>

⁸¹⁴ Canada increases support for cholera treatment and prevention, Canadian International Development Agency 3 December 2010. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/HEL-123131255-PD6>

⁸¹⁵ Government of Canada supports first disaster rapid response field hospital based in the Americas, Canadian International Development Agency 25 November 2010. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/HEL-11258549-JBF>

⁸¹⁶ Canada Continues to Make a Difference in Haiti, Canadian International Development Agency 11 January 2011. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAT-111122552-NFQ>

⁸¹⁷ Canada supports progress in Bangladesh, Canadian International Development Agency 21 January 2011. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/FRA-120211756-4QA>

⁸¹⁸ PM announces new maternal, newborn and children health initiatives, Prime Minister of Canada 26 January 2011. Date of Access: 28 April 2011. <http://www.pm.gc.ca/eng/media.asp?category=1&featureId=6&pageId=26&id=3909>

On 28 January 2011, Canada's Parliamentary Secretary Deepak Obhrai announced that Canada would support Ethiopia's agricultural sector and the country's goal of increased food security. CIDA's funding of CAD18.75 million over five years will benefit an estimated 126,000 households.⁸¹⁹

On 24 February 2011, Member of Parliament for Burlington Mike Wallace announced support for a water and sanitation project in 10 northern Ugandan communities. CIDA will provide CAD500,000 to improve access to clean water, upgrade sanitation services for marginalized communities, and improve public awareness of health issues related to water.⁸²⁰

On 25 February 2011, Member of Parliament for Mississauga-Erindale and Honourable Senator Salma Atallah announced the Government of Canada continued support for people affected by the devastating floods in Pakistan. The announcement of CAD27.8 million, combined with a previously announced CAD19 million, totals the CAD46.8 million in the Pakistan Flood Relief Fund.⁸²¹

On 2 March 2011, Minister of International Cooperation reinforced Canada's commitment to Haiti and announced support for 15 new reconstruction and recovery initiatives. In line with the objectives of the Interim Haiti Recovery Commission (IHRC), CIDA will strengthen the housing, disaster preparedness, education, health, and agricultural sectors in Haiti with new initiatives to improve the livelihoods of the Haitian population. The announcement totals CAD29.9 million.⁸²²

On 14 March 2011, Minister of International Cooperation announced Canada's support for those affected by flooding in Sri Lanka and Colombia. CIDA supports the efforts of CHF (formerly the Canadian Hunger Foundation) Partners in Rural Development, World Vision Canada, and the United Nations World Food Programme (WFP) to assist Sri Lankan families. In Colombia, Canada, through CIDA, is supporting the efforts of Oxfam-Québec, Save the Children Canada, and the Canadian Red Cross to provide emergency assistance to flood-affected people. Canada's assistance for flood-affected people in Sri Lanka totals CAD1.5 million.⁸²³

Canada has also undertaken measures to foster mobilization of partner countries' domestic resources.

On 30 November 2010, Minister of International Cooperation announced 36 projects that would provide vocational training for African youth and help to establish strong technical and vocational

⁸¹⁹ Canada announces project to enhance agricultural development in Ethiopia, Canadian International Development Agency 28 January 2011 Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAD-128112120-M7D>

⁸²⁰ Harper Government Helping Improve Water in Uganda, Canadian International Development Agency 24 February 2011. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAT-22413354-P7H>

⁸²¹ Government of Canada Helps Millions Affected By Pakistan's Floods, Canadian International Development Agency 25 February 2011. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAT-22592527-JWY>

⁸²² Minister Oda announces Canada's continued support for Haiti, Canadian International Development Agency 2 March 2011. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAD-329207-JTN>

⁸²³ Canada aids flood-affected people in Sri Lanka and Colombia, Canadian International Development Agency 14 March 2011. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAD-314153145-QWE>

education and training systems in Mozambique, Senegal and Tanzania. The Government of Canada is contributing CAD20 million to the Association of Canadian Community Colleges (ACCC) for its Education for Employment (EFE) program in Africa, which is part of CIDA's Skills for Employment initiative.⁸²⁴

On 9 December 2010, Minister for International Cooperation underlined Canada's ongoing commitment to fighting for accountability and supporting good governance by announcing two projects that will improve accountability in 16 developing countries. CIDA has committed CAD14 million over five years to support the Parliamentary Centre in Africa's project, and CAD2.1 million over three years to Transparency International.⁸²⁵

On 16 March 2011, Minister of Foreign Affairs announced that the Government of Canada will contribute CAD11 million over five years toward the creation of economic opportunities for young Egyptians and for the development of democratic institutions in Egypt and the broader Middle East and North Africa region.⁸²⁶

Canada has complied with both parts of the commitment, having provided new ODA funding and having fostered domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Vitaly Nagornov

China: +1

China has fully complied with its ODA commitment.

On 14 November 2010, the Chinese government at the first high-level meeting of the stakeholders of the UN fund stated that it would donate a total of USD3 million from 2010 to 2012.⁸²⁷

On 20 December 2010, China donated eight mobile clinics with a total value of almost USD2 million to the Philippines.⁸²⁸

On 5 January 2011, Fiji received 24 pieces of new machinery worth USD2.2 million from China, which is expected to assist the island nation's rural development programs.⁸²⁹

⁸²⁴ Government of Canada Supports Skills for Employment Training Programs in Africa, Canadian International Development Agency 30 November 2010. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/HEL-1130131519-PEM>

⁸²⁵ Canada Committed to Fighting for Global Accountability, Canadian International Development Agency 9 December 2010. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAD-129161158-SV2>

⁸²⁶ Canada Announces \$11-Million Assistance Package for Egypt and Middle East-North Africa Region, Foreign Affairs and International Trade Canada 16 March 2011. Date of Access: 28 April 2011. <http://www.international.gc.ca/media/aff/news-communiqués/2011/107.aspx?lang=eng>

⁸²⁷ China donates 1 million dollars to UN peacebuilding fund, Chinese Online Information Service 14 November 2010. Date of Access: 14 November 2010. http://news.xinhuanet.com/english2010/world/2010-12/23/c_13660500.htm

⁸²⁸ China donates 8 mobile clinics to Philippines, Chinese Online Information Service 20 December 2010. Date of Access: 20 December 2010. http://news.xinhuanet.com/english2010/indepth/2010-12/20/c_13656698.htm

⁸²⁹ Fiji receives machines from China for development projects, Chinese Online Information Service 5 January 2011. Date of Access: 5 January 2011. http://news.xinhuanet.com/english2010/world/2011-01/05/c_13677442.htm

On 21 November 2010, China Development Bank (CDB) chairman Chen Yuan told in Luanda, that during the Angola visit of Chinese vice president Xi, CDB concluded a USD400 million loan agreement with the Ministry of Finance of Angola to address food security issues and promote urban infrastructure construction in the country. Furthermore, CDB and Angola's African Investment Bank signed a USD100 million SME loan agreement.⁸³⁰

On 21 December 2010, China and Nigeria signed a USD900 million credit agreement for rail and communications projects. The agreement between the Nigerian government and the Export-Import Bank of China comprises the Abuja rail project worth USD500 million and a national public security communications project worth USD400 million.⁸³¹

On 23 December 2010, China pledged to extend its loan support for African nations to improve their backward infrastructure, a bottleneck that hinders the development in the continent. The Chinese government will provide USD100 billion of preferential loans to Africa between 2010 and 2012.⁸³²

On 24 December 2010, the Association for Economic Cooperation and Trade Promotion between Yunnan and Southeast and South Asia signed an investor facilitation cooperation agreement with Chinese Chamber of Commerce in Cambodia, aimed at enhancing business opportunities in the country.⁸³³

On 21 February 2011, Cambodia and China signed six agreements on bilateral cooperation, aiming at assisting Cambodia to develop its economy and to alleviate poverty, said officials. The agreements were signed during the 2nd China-Cambodia Strategic Economic Dialogue, co-chaired by Anu Porn Moniroth, Secretary of State of the Ministry of Economy and Finance of Cambodia and Fu Ziyong, Chinese Vice Commerce Minister. The grant and loan agreements included a grant to Cambodian Ministry of Economy and Finance; a donation of air-conditioners and desktop computers to the Senate; a project to dispatch Chinese experts to study the feasibility of the construction of agricultural laboratory in Cambodia; a loan agreement for the construction of a 22 kilovolt electricity transmission line of 1.9 km length in the provinces of Kampong Speu, Preah Sihanouk, Prey Veng and Kampong Cham.⁸³⁴

On 28 February 2011, a series of agreements were signed between Fu Ziyong, Vice Minister of Commerce of China and Rameshore Prasad Khanal, Secretary of the Ministry of Finance on behalf of their respective governments in Kathmandu. According to the agreements, China through the Export-Import Bank of China agreed to provide a loan assistance of CNY640 million

⁸³⁰ CDB will Continue to Support China-Africa Pragmatic Cooperation, China Development Bank 21 November 2010. Date of Access: 21 November 2010. <http://www.cdb.com.cn/english/NewsInfo.asp?NewsId=3479>

⁸³¹ China, Nigeria sign \$900 mln credit agreement for rail, communications project construction, Government of China 21 December 2010. Date of Access: 21 December 2010. http://english.gov.cn/chinatoday/2010-12/21/content_1769967.htm

⁸³² China to continue loan support for Africa to improve infrastructure, Chinese Online Information Service 23 December 2010. Date of Access: 23 December 2010. http://news.xinhuanet.com/english2010/china/2010-12/23/c_13661681.htm

⁸³³ China's Yunnan businesses seek investment in Cambodia, Chinese Online Information Service 24 December 2010. Date of Access: 24 December 2010. http://news.xinhuanet.com/english2010/china/2010-12/24/c_13663748.htm

⁸³⁴ China to help Cambodia boost social, economic development, Chinese Online Information Service 21 February 2011. Date of Access: 21 February 2011. http://news.xinhuanet.com/english2010/china/2011-02/21/c_13742242.htm

for the construction of Upper Trisuli 3A Hydropower Project of Nepal. The project capacity of 60 MW is expected to help reduce power deficit from the present power crisis across the country and the construction work is expected to be completed within four years. The Chinese government also agreed to provide CNY50 million assistance to the government of Nepal to promote the economic and technical cooperation between the two countries.⁸³⁵

On 21 March 2011, Cambodia broke ground for the construction of a China-funded 176-kilometer- road in the Northwestern part in order to facilitate travelling and trucking agricultural products to markets. According to the master-plan, the construction of the road will cost USD89.9 million, which is the soft loan from the government of China. It will take 48 months to complete.⁸³⁶

On 22 March 2011, Chinese ambassador to Ecuador Yuan Guisen said that China would invest about USD2.5 million in Ecuador on projects in telecommunication, technology, agriculture and clean energy projects.⁸³⁷

On 9 May 2011, Cambodia signed to receive the soft loan of USD52 million from the Export-Import Bank of China in order to develop Stung Sreng reservoir in western part of Cambodia. The agreement was signed between Cambodian Deputy Prime Minister and Minister of Economy and Finance Keat Chhon and visiting Vice President of the Export-Import Bank of China Zhu Hongjie.⁸³⁸

On 2 June 2011, the Chinese Embassy in Addis Ababa, Ethiopia made a donation to a school, namely Tinbite-Ermias Primary School. The donation includes, among others, desks, chairs, radios, computers, TV sets, projector, and soccer-balls.⁸³⁹

China has complied with both parts of the commitment, having provided new ODA funding and having fostered partner countries domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Svetlana Nikitina

France: +1

France has fully complied with its ODA commitment. France has contributed new funding towards ODA.

On 13 December 2010, The French Development Agency (AFD) approved a substantial amount of ODA projects and donated EUR1.7 billion to support development.⁸⁴⁰

⁸³⁵ China agrees to provide assistance to Nepal for different projects, Chinese Online Information Service 28 February 2011. Date of Access: 28 February 2011. http://news.xinhuanet.com/english2010/china/2011-02/28/c_13754461.htm

⁸³⁶ Cambodia starts to build Chinese-funded road in northwest, Chinese Online Information Service 21 March 2011. Date of Access: 21 March 2011. http://news.xinhuanet.com/english2010/china/2011-03/21/c_13790525.htm

⁸³⁷ China to invest 2.5 mln USD in projects for Ecuador, Government of China 22 March 2011. Date of Access: 23 March 2011. http://www.gov.cn/misc/2011-03/23/content_1830109.htm

⁸³⁸ Cambodia to develop irrigation with 52 mln USD loan from China, the ASEAN-China Centre May 2011. Date of Access: 25 May 2011. http://www.asean-china-center.org/english/2010-06/23/c_13364828.htm

⁸³⁹ Chinese Embassy makes donation to school in Ethiopia's capital, Xinhua News Agency 2 June 2011. Date of Access: 3 June 2011. http://news.xinhuanet.com/english2010/china/2011-06/03/c_13908976.htm

On 19 February 2011, French Cooperation Minister visited Madagascar. The Minister announced that the AFD was preparing EUR9 million for providing aid to this country.⁸⁴¹

On 19 February 2011, the AFD adopted its budget for 2011 which provides for over EUR180 million as development assistance to Cameroon, Congo, Guinea and China.⁸⁴²

On 23 March 2011, the French Global Environment Facility (FGEF) has joined efforts with the Government of Mozambique, the AFD and WWF to finance a project totaling EUR8,4 million aimed at guaranteeing sustainable livelihoods for local populations that earn their living from the natural resources of the Quirimbas National Park.⁸⁴³

On 1 April 2011, three new agreements totaling MGA259 million (EUR91,000) were signed under the FGEF Small Initiatives Program.⁸⁴⁴ Three grants have been allocated to support the projects of the NGOs CETAMADA, FAMA and Missouri Botanical Garden (MBG) for whale protection, reforestation and community management of natural resources.

On 14 April 2011, the AFD disbursed over EUR550 million as the development assistance to Côte d'Ivoire, Mozambique, Dominican Republic and Mexico.⁸⁴⁵ Some measures aimed at fostering mobilization of partner countries' domestic resources have been undertaken by France.

On 1 April 2011, the Awoshie-Pokuase Road & Urban Development project in Ghana was launched. Out of a total project cost of EUR100 million, the African Development Bank (AfDB) is providing EUR63 million, while France, through AFD, is contributing EUR30 million and the Government of Ghana – EUR7 million.⁸⁴⁶

⁸⁴⁰ AFD's last Board of Directors meeting of the year approves a vast amount of projects and deploys some €1.7 billion to support development. Date of Access: 28 April 2011.

http://www.afd.fr/jahia/Jahia/cache/bypass/lang/en/home/ctnscroll_ActualitesList/6_18?engineName=search&requestedCategories=tech_news_home_site_afd

⁸⁴¹ French Cooperation Minister, Henri de Raincourt, visits Madagascar.

http://www.afd.fr/jahia/Jahia/cache/bypass/lang/en/home/ctnscroll_ActualitesList/6_12?engineName=search&requestedCategories=tech_news_home_site_afd

⁸⁴² AFD adopts budget and deploys over €180 million for development. Date of Access: 28 April 2011.

http://www.afd.fr/jahia/Jahia/cache/bypass/lang/en/home/ctnscroll_ActualitesList/6_6?engineName=search&requestedCategories=tech_news_home_site_afd

⁸⁴³ Mozambique: natural resources working for local populations at Quirimbas National Park. Date of Access: 28 April 2011.

http://www.afd.fr/jahia/Jahia/cache/bypass/lang/en/home/ctnscroll_ActualitesList/6_6?engineName=search&requestedCategories=tech_news_home_site_afd

⁸⁴⁴ French GEF and AFD support projects led by three Malagasy environmental protection NGOs. Date of Access: 28 April 2011.

http://www.afd.fr/jahia/Jahia/cache/bypass/lang/en/home/ctnscroll_ActualitesList/6_0?engineName=search&requestedCategories=tech_news_home_site_afd

⁸⁴⁵ AFD deploys over €550m for development. Date of Access: 28 April 2011.

http://www.afd.fr/jahia/Jahia/cache/bypass/lang/en/home?engineName=search&requestedCategories=tech_news_home_site_afd

⁸⁴⁶ Sod-cutting ceremony of the Awoshie-Pokuase road and urban development project. Date of Access: 28 April 2011.

http://www.afd.fr/jahia/Jahia/cache/bypass/lang/en/home/ctnscroll_ActualitesList/6_0?engineName=search&requestedCategories=tech_news_home_site_afd

France has complied with both parts of the commitment, having provided new ODA funding and having fostered domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Vitaly Nagornov

Germany: +1

Germany has fully complied with its commitment on official development assistance (ODA).

Various measures have been taken by Germany to contribute to ODA funding

On 26 November 2010, the German Bundestag adopted the 2011 budget, according to which, funding for development and cooperation is increased by 4.5 % compared to 2010.⁸⁴⁷

On 17 February 2011, several development projects financed by the Regional Development Fund of German Federal Ministry for Cooperation and Development were launched in Afghanistan, province of Kunduz. The projects include constructing roads and building a school.⁸⁴⁸

On 22 February 2011, the German Federal Ministry for Cooperation and Development in Afghanistan agreed to provide USD191.5 million for development support in Afghanistan. The next funding, which could reach up to USD107 million is planned to be adopted in summer 2011. The key areas of support include energy, water supply, education and good governance.⁸⁴⁹

Germany also took steps to foster mobilization of partner countries' domestic resources

On 9 February 2011, the German Federal Ministry of Economics and Technology introduced its 10-point action plan for North Africa. One of the measures of the plan is to press forward Germany's partnership with Morocco, Algeria and Egypt. The objective of these partnerships is to provide assistance in building transparent and efficient administrative structures.⁸⁵⁰

On 18 February, 2011 Parliamentary State Secretary Gudrun Kopp during her visit to Kenya announced that Germany would support promotion of good governance in Kenya and set up a fund comprising USD20, 2 million. The main objectives of the fund are tackling corruption and promoting transparency.⁸⁵¹

⁸⁴⁷ Bundshaushalt 2011– Sollbericht, Federal Ministry of Finance of Germany March 2011. Date of Access: 10 April 2011.

http://www.bundesfinanzministerium.de/nr_124886/DE/BMF_Startseite/Aktuelles/Monatsbericht_des_BMF/2011/03/analysen-und-berichte/b01-bundshaushalt2011-sollbericht/node.html?_nnn=true.

⁸⁴⁸ Newsletter – Deutsche Entwicklungszusammenarbeit mit Afghanistan, Federal Government of Germany March 2011. Date of Access: 10 April 2011.

http://www.bundesregierung.de/Content/DE/_Anlagen/2011/03/2011-03-18-bmz-newsletter-afg.property=publicationFile.pdf.

⁸⁴⁹ Newsletter – Deutsche Entwicklungszusammenarbeit mit Afghanistan, Federal Government of Germany March 2011. Date of Access: 10 April 2011.

http://www.bundesregierung.de/Content/DE/_Anlagen/2011/03/2011-03-18-bmz-newsletter-afg.property=publicationFile.pdf.

⁸⁵⁰ 10-point action plan for North Africa, Federal Ministry of Economics and Technology of Germany 9 February 2011. Date of Access: 10 April 2011.

http://www.bmwi.de/English/Navigation/external-economic-policy_did=382182.htmlKOn.

⁸⁵¹ BMZ helps strengthen good governance in Kenya, Federal Ministry for Cooperation and Development 18 February 2011. Date of Access: 10 April 2011.

http://www.bmz.de/en/press/aktuelleMeldungen/2011/February/20110218_pm_27_kenia/index.html.

On 1 March 2011, the German Federal Minister for Economic Cooperation and Development Dirk Niebel presented the draft concept for Germany's first ever holistic education strategy on development policy. The strategy for German development policy addresses the education sector as a whole. The German Federal Ministry of Cooperation and Development elaborated the strategy together with its partners in developing countries, civil society, the private sector and academia, and with other German ministries and the state implementing organisations for development cooperation.⁸⁵²

On 9 March 2011, the German-Algerian Economic Commission signed a Protocol promoting German-Algerian Cooperation in the fields of energy, investment, business cooperation, transport, infrastructure and rural development. The Protocol creates new basis for bilateral economic relations.⁸⁵³

Germany has complied with both parts of the commitment, having provided new ODA funding and having fostered partner countries domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Marina Klintsova

India: 0

India has partially complied with its ODA commitment.

On November 27, 2010 Indian External Affairs Minister, Shri S.M. Krishna said at Inauguration of Works for the Reconstruction of Northern Railway that as part of Government's effort to reconstruct Northern Sri Lanka, the Government of India had pledged a line of credit of USD800 million at significantly concessional rates for the Northern Railway project, including reconstruction of railway lines, installation of signalling and telecom systems and the procurement of rolling stock.⁸⁵⁴

On February 18, 2011 Indian External Affairs Minister, Shri S.M. Krishna at the India-Least Developed Countries (LDCs) Ministerial Conference declared that additional 5 scholarships would be granted every year under the Indian Technical and Economic Cooperation Programme for each Least Developed Country. Mr. Krishna also said that a special fund of USD5 million over the next five years would be established and a USD500 million credit line facility over the next five years would be used for projects in Least Developed Countries.⁸⁵⁵

On March 29, 2011 Shri Anand Sharma, Minister for Commerce and Industry, in a bilateral meeting with Welshman Ncube, the Minister of Industry & Commerce of Zimbabwe, said that

⁸⁵² Federal Minister Dirk Niebel presents first ever draft concept for a holistic education strategy in German development policy, Federal Ministry for Cooperation and Development of Germany 1 March 2011. Date of Access: 10 April 2011.

http://www.bmz.de/en/press/aktuelleMeldungen/2011/March/20110228_pm_35_bildungsstrategie/index.html.

⁸⁵³ First meeting of German-Algerian Joint Economic Commission creates new basis for bilateral economic relations, Federal Ministry of Economics and Technology of Germany 9 March 2011. Date of Access: 10 April 2011. <http://www.bmwi.de/English/Navigation/Press/press-releases,did=383250.html>.

⁸⁵⁴ EAM's remarks at Inauguration of Works for the Reconstruction of Northern Railway Lines, Ministry of External Affairs 27 November 2010. Date of Access: 12 April 2011.

<http://meaindia.nic.in/mystart.php?id=530116726>

⁸⁵⁵ Inaugural Address by External Affairs Minister at India-Least Developed Countries (LDCs) Ministerial Conference, Ministry of External Affairs 18 February 2011. Date of Access: 12 April 2011.

<http://meaindia.nic.in/mystart.php?id=530117194>

Indian Government were planning to set up a Vocational Training Centre (VTC) in Zimbabwe to further develop skills and capacity in Zimbabwe. Mr. Shri Sharma noted the possibilities in cooperation in science and technology between India and Zimbabwe, particularly in appropriate technologies in agriculture, agro-processing and renewable energy. He stated that Indo-Zimbabwean interest in education and capacity building programmes in Africa and in Zimbabwe in particular, was evident in Indian sponsoring Zimbabweans for study programmes. Mr. Shri Sharma added that India had increased scholarships from 40 in 2008-09 to 90 for 2010-11 and he hoped to cross 100 in 2011-12.⁸⁵⁶

No facts of Indonesia's fostering mobilization of partner countries' domestic resources during the compliance period have been registered. Thus India has been awarded a score of 0.

Analyst: Alexey Mironov

Indonesia: 0

Indonesia has partially complied with its ODA commitment.

On 3 January 2011 Indonesia sent a humanitarian aid to the Palestinians living in the Gaza Strip. The aid reached approximately IDR750 million (USD83 thousand). The aid in the form of medical equipment was provided by the Indonesian Committee for Solidarity with Palestine (KISPA), Amuntai Community (South Kalimantan), Indonesian Health Department and from the Indonesian citizens in Egypt.⁸⁵⁷

No facts of Indonesia's fostering mobilization of partner countries' domestic resources during the compliance period have been registered. Thus Indonesia has been awarded a score of 0.

Analyst: Elena Martynova

Italy: +1

Italy has fully complied with its ODA commitment.

According to the Budget Law n. 221 of 13 December 2010, the Italian government committed EUR237 million as ODA to be managed by the Ministry of Foreign Affairs (MFA) for 2011 and EUR240.5 million for 2012 and 2013.⁸⁵⁸ Though it is more than 33% reduction in comparison with the budget for 2010 (EUR356 million),⁸⁵⁹ Italy has undertaken a range of measure allocating new ODA funding.

On 9 March 2011, Italy offered a diversified package of development aid to the North Africa/Middle East countries. It includes donations (EUR50 million), ODA loans (EUR641

⁸⁵⁶ India-Zimbabwe to Cooperate in Mining, Power Generation, Agricultural Sector for BIPA, Ministry of Commerce and Industry 29 March 2011. Date of Access: 12 April 2011.

http://commerce.nic.in/PressRelease/pressrelease_detail.asp?id=2753

⁸⁵⁷ Indonesian People Donated Rp.750 Million for Palestine, Ministry of Foreign Affairs Republic Of Indonesia 3 January 2011 Date of Access: 5 April 2011

<http://www.deplu.go.id/Pages/News.aspx?IDP=4314&l=en>

⁸⁵⁸ Legge 13 dicembre 2010, n. 221. Bilanci di previsione dello Stato per l'anno finanziario 2011 e per il triennio 2011-2013, Allegato 1, Portal of the Laws in force NORMATTIVA. Date of Access: 9 April 2011.

<http://www.normattiva.it/dispatcher?service=213&fromurn=yes&datagu=2010-12-21&annoatto=2010&numeroatto=221&task=ricercaatti&elementiperpagina=50&redaz=010G0239&newsearch=1&classeprv=1&paginadamostrare=1&tmstp=1302345920513>

⁸⁵⁹ Legge 23 dicembre 2009, n. 192. Bilancio di previsione dello Stato per l'anno finanziario 2010 e bilancio pluriennale per il triennio 2010-2012, Allegato 1, Portal of the Laws in force NORMATTIVA. Date of Access: 9 April 2011. <http://www.normattiva.it>

million) and debt conversion mechanisms (EUR302 million) – that amounted to nearly one billion euro in benefits to Egypt, Tunisia, Algeria, Morocco, Syria, Jordan, and Palestinian Territories. The aim is not simply to add to an already substantial amount of aid on the basis of the needs of individual nations, but rather to redirect its use in function of the need to facilitate the transition to democracy over the short-term and trigger a virtuous process of development over the medium and long terms.⁸⁶⁰

On 31 May 2011, Italy signed a debt cancellation agreement with the Democratic Republic of Congo (DRC) in order to support the country's economic development.⁸⁶¹

In late May 2011, Italy and Jordan signed a EUR16 million Debt Conversion Agreement for the purpose of promoting bilateral cooperation between the two countries and alleviating Jordan's debt burden.⁸⁶²

Italy also has taken several steps to foster mobilization of domestic resources of the partner countries.

On 24 November 2010, Ambassador of Italy in Addis Ababa, Renzo Mario Rosso, and Ethiopian Finance Minister, Ato Ahmed Shide, have signed a bilateral accord on a project to contribute to the Ethiopian 2010-2012 healthcare sector development plan through a donation of EUR8.2 million by the Italian Cooperation. The goal is to expand healthcare coverage and upgrade services and treatment, and also to boost the capacity to generate and use strategic information.⁸⁶³

On 29 November 2010, Italian Ambassador to South Africa, ElioMenzione, and Thomas Auf der Heyde, Deputy Director General for International Cooperation of the Department of Science and Technology of South Africa, signed the fourth Executive Programme of Scientific and Technological Cooperation, valid for the 2011-2013 triennial. The Programme identifies seven priority areas of research: astrophysics and radio astronomy, information and communication technologies, physics, biotechnologies, nanotechnologies and advanced matters, medicine and health, energy and environment. Six projects of "major importance" have been selected for co-financing by Italy.⁸⁶⁴

⁸⁶⁰ North Africa/Middle East crisis: Italy's commitment to development aid, Italian Ministry of Foreign Affairs 9 March 2011. Date of Access: 8 April 2011.

http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/03/20110309_Crisi_NordAfrica_MedioOriente.htm?LANG=EN

⁸⁶¹ Cooperation: debt cancelled for the Democratic Republic of Congo, Italian Ministry of Foreign Affairs 6 June 2011. Date of Access: 16 July 2011.

http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/06/20110606_Cooperazione_RepubblicaDemocraticaCongo.htm?LANG=EN

⁸⁶² Cooperation: Jordan, debt conversion agreement, Italian Ministry of Foreign Affairs 16 June 2011. Date of Access: 16 July 2011.

http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/06/20110616_CooperazioneGiordania.htm?LANG=EN

⁸⁶³ Cooperation: Ethiopia, over EUR8 million for healthcare, Italian Ministry of Foreign Affairs 24 November 2010. Date of Access: 5 April 2011.

http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2010/11/20101124_CooperazioneEtiopia.htm?LANG=EN

⁸⁶⁴ Executive Programme of Scientific and Technological Cooperation for the 2011-2013 triennial signed in South Africa, Italian Ministry of Foreign Affairs 30 November 2010. Date of Access: 5 April 2011.

http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2010/11/20101130_sudafrica.htm?LANG=EN

On 1 February 2011, the Italy launched an initiative aimed at to reducing environmental and nutritional risks in Guatemala recently battered by a tropical storm. To this end, a fund of EUR1.8 million was set up at the Italian Embassy in Guatemala City, earmarked for agriculture, food security, healthcare, water and the environment, management of natural resources, risk reduction and lowering of management costs.⁸⁶⁵

On 17 February 2011, Italy allocated EUR1 million for the emergency programme “Improved basic services for the Somali population in Kenyan’s Dadaab refugee camps” to help Somali refugees in Kenya.⁸⁶⁶

On 8 March 2011, the Italian Development Cooperation has confirmed the commitment of Italy’s entire “country system” to support and encourage Tunisia’s economic recovery and has extended a new credit line worth EUR73 million for Tunisian SMEs.⁸⁶⁷

On 12 April 2011, Italian Minister of Economic Development signed with the Afghan Minister of Foreign Affairs, Minister of Industry, and Minister of Economy the MOU in order to promote an efficient cooperation in several industries: hydrocarbons and mineral resources, energy generating equipment, infrastructure, marble production, textile industry, agriculture, trenchless technologies.⁸⁶⁸

On 6 May 2011, the Directorate General for Development Cooperation (DGDC) approved a new financing of EUR 800,000 in favour of the World Health Organization to continue the fight against tuberculosis in Western Afghanistan.⁸⁶⁹

On 7 May 2011, the authorities of the Province of Trento, Italian Ambassador in Mozambique and the Governor of Sofala Province signed the agreement on opening a new hospital in Caia (Mozambique). Italian Directorate General for Development Cooperation would provide

⁸⁶⁵ Cooperation: Guatemala, Italy reaches out to the victims of hurricane “Agatha,” MFA 1st February 2011. Date of Access: 5 April 2011.

http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/02/20110202_Cooperazione_Guatemala.htm?LANG=EN

⁸⁶⁶ Cooperation: Kenya, Support for Somali refugees, MFA 17 February 2011. Date of Access: 5 April 2011.

http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/02/20110217_Cooperazione_Kenya.htm?LANG=EN

⁸⁶⁷ Cooperation: Credit line worth 73 million euros extended to Tunisia for small- and medium-sized enterprises, MFA 8 March 2011. Date of Access: 5 April 2011.

http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/03/20110308_CooperazioneTunisia.htm?LANG=EN

⁸⁶⁸ Italia-Afghanistan: Romani firma protocollo per collaborazione economica, Italian Ministry of Economic Development 12 April 2011. Date of Access: 17 July 2011.

http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=1&idarea1=593&idarea2=0&idarea3=0&idarea4=0&andor=AND§ionid=0&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2263&id=2018631

⁸⁶⁹ Cooperazione: rinnovato sostegno all’Oms per la lotta alla tubercolosi in Afghanistan, Italian Ministry of Foreign Affairs 6 May 2011. Date of Access: 17 July 2011.

http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/05/20110506_omsafg.htm?LANG=EN

EUR250,000 towards medical supply purchases and the construction of accommodation for hospital staff. Trento Province would provide about 390,000 euros for staff training.⁸⁷⁰

Italy has complied with both parts of the commitment, having provided new ODA funding and having fostered domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Anna Vekshina

Japan: +1

Japan has fully complied with its ODA commitment.

On 29 November 2010, the Prime Minister of Japan, Naoto Kan announced that Japan intended to extend approximately USD400 million in the form of an ODA Loan to Bangladesh for the Padma Multipurpose Bridge Project. The project is expected to substantially contribute towards the economic development and poverty alleviation of Bangladesh through improved communication between its capital area and its east and southwest regions.⁸⁷¹

Japan extended assistance to the Palestinian Authority that amounts to around USD 100 million in the fiscal year 2010, in line with what Prime Minister Kan pledged at the meeting with Prime Minister Fayyad of the Palestinian Authority in Tokyo on 24th November 2010. Japan also extended non-project grant aid of JPY 1 billion (approximately USD 12.5 million) in June 2011 to improve financial conditions of the Palestinian Authority.⁸⁷²

On 9 February 2011, in Joint Statement between Japan and the Republic of Uzbekistan, Prime Minister Kan pledged to provide an ODA loan of up to JPY 18 billion (USD 227.8 million) for the implementation of the Karshi-Termez Railway Electrification Project, and also support 18 projects this year in the form of Grant Assistance for Grassroots Human Society.⁸⁷³

On 28 January 2011, Japan decided to extend an ODA Loan of up to JPY41 billion (USD519 million) to Philippines to pave and improve the existing roads across the Philippines (about 1,380 km) and to strengthen the road maintenance performance.⁸⁷⁴

Over the period from 13 November 2010 to 18 July 2011, Japan provided assistance in a total amount of JPY 102 billion (USD 1.3 billion) in grant aid and JPY 632 billion (USD 8 billion) in

⁸⁷⁰ Cooperation: New hospital in Mozambique soon to open its doors, Italian Ministry of Foreign Affairs 10 May 2011. Date of Access: 17 July 2011.

http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/05/20110510_Cooperazione_Mozambico.htm?LANG=EN

⁸⁷¹ Japan-Bangladesh Joint Statement Enhancement of a Strong Partnership towards Peace and Prosperity in the International Community and the South Asian Region, Prime Minister of Japan and His Cabinet 29 November 2010. Date of access: 5 March 2011.

www.kantei.go.jp/foreign/kan/statement/201011/29nichibangladesh_e.html

⁸⁷² Japan's Assistance to the Palestinians (Factsheet), the Ministry of Foreign Affairs of Japan June 2011. Date of access: 2 April 2011. http://www.mofa.go.jp/region/middle_e/palestine/pdfs/factsheet.pdf

⁸⁷³ Joint Statement between Japan and the Republic of Uzbekistan, Prime Minister of Japan and His Cabinet 9 February 2011. Date of access: 5 March 2011.

www.kantei.go.jp/foreign/kan/statement/201102/09uzbekistan_e.html

⁸⁷⁴ Exchanges of Notes for Japanese ODA Loan for the Republic of the Philippines ("Road Upgrading and Preservation Project"), the Ministry of Foreign Affairs 28 January 2011. Date of access: 2 April 2011.

www.mofa.go.jp/announce/announce/2011/1/0128_03.html

Loan Aid to Viet Nam, India, Afghanistan, Kenya, and dozens of other countries.⁸⁷⁵ In addition, on 12 January 2011, Foreign Minister Seiji Maehara reiterated Japan's 2008 pledge to double their ODA to African countries by 2012.⁸⁷⁶

To mobilize domestic resources of the partner countries Japan has launched several public-private partnerships with developing countries in the area of infrastructure development.

On 14 February 2011, the 2nd PPP Council for Overseas Road and Water Infrastructure was held in Tokyo under the auspices of METI, Ministry of Land, Infrastructure, Transport and Tourism and Ministry of Health, Labour and Welfare. For this meeting, delegates from Asian governments, namely Cambodia, Indonesia, Malaysia, Philippines, Sri Lanka and Vietnam, were invited to share their status of road and water infrastructure needs with the Japanese companies interested in PPP business abroad.^{877,878}

On 18 February 2011, Japan's Foreign Affairs Minister Maehara said that Japan intended to extend ODA loans equivalent to USD100 million for Indonesia's Third Infrastructure Reform Sector Development Program, a program to develop the investment environment with a main focus on public-private partnership (PPP) projects.⁸⁷⁹

Japan has complied with both parts of the commitment, having provided new ODA funding and having fostered domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Ekaterina Maslovskaya

Korea: +1

Korea has fully complied with its ODA commitment.

After visiting Ethiopia with the Economic Cooperation Delegation to Africa in January 2011, Mr. Kim Eun-seok, Ambassador for Energy and Resources of Korea proposed to help Ethiopia strengthen its capability through various means, such as by providing technology support, using Korea's environmentally-friendly, sustainable mineral resources development model, to draw up a detailed geological map and proposed cooperative ways to implement a joint exploration project. The delegation launched negotiations on establishing agreements between the two countries to promote and protect investments, and prevent double taxation, also the officials of both countries discussed energy cooperative projects in the areas of hydropower and other

⁸⁷⁵ List of Exchange of Notes, Ministry of Foreign Affairs 10 April 2011. Date of access: 10 April 2011. www.mofa.go.jp/policy/oda/note/index.html

⁸⁷⁶ Africa told ODA to double by 2012, Japan Times 13 January 2011. Date of access: 10 April 2011. search.japantimes.co.jp/cgi-bin/nn20110113a7.html

⁸⁷⁷ Brief Summary of Outcomes and Official Information Materials of the Second "PPP Council for Overseas Road Infrastructure," Ministry of Land, Infrastructure, Transport and Tourism 16 February 2011. Date of access: 10 April 2011. www.mlit.go.jp/report/press/sogo07_hh_000130.html

⁸⁷⁸ Simultaneous Announcement with the Ministry of Health, Labour and Welfare and METI of the Brief Summary of Outcomes and Official Information Materials of the Second "PPP Council for Overseas Water Infrastructure," Ministry of Land, Infrastructure, Transport and Tourism 16 February 2011. Date of access: 10 April 2011. www.mlit.go.jp/report/press/sogo07_hh_000131.html

⁸⁷⁹ Japan-Indonesia Foreign Ministers' Meeting (First Ministerial-Level Strategic Dialogue), the Ministry of Foreign Affairs 18 February 2011. Date of Access: 2 April 2011. www.mofa.go.jp/announce/announce/2011/2/0218_01.html

resources and various ways to implement cooperative projects in the fields of textile, agriculture and infrastructure building.⁸⁸⁰

On 20 January 2011 Korea International Cooperation Agency (KOICA), a government agency responsible for Korea's grant aid programs, announced that it had selected new joint projects with six international organizations such as UNEP, UNESCAP, the United Nations Industrial Development Organization (UNIDO), the International Maritime Organization (IMO), WHO, and the World Bank as part of the East Asia Climate Partnership (EACP). The six new projects have been selected for 2010 and 2011 with a total budget of KRW5.5 billion (USD4.95 million), they place a greater focus on transferring green technology and knowhow so that developing countries can independently address climate change and respond to climate change and encourage sustainable growth in the region.⁸⁸¹

On 23 December 2010, the Korea International Cooperation Agency (KOICA) reported it was engaged in facilitating the return of the internally displaced people (IDP) in Pakistan by addressing the basic needs of the IDPs such as water, access to roads, schools and community infrastructure.⁸⁸²

Korea has complied with both parts of the commitment, having provided new ODA funding and having fostered domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Arina Shadrikova

Mexico: -1

No evidence of contributing funds towards development assistance or mobilizing domestic resources was found during this monitoring cycle.

Thus Mexico is awarded a score of -1.

Analyst: Polina Arkhipova

Russia: +1

Russia has fully complied with its ODA commitment.

On 8 December 2010, the Russian Government allocated USD28.4 million for implementation of the L'Aquila Food Security Initiative (AFSI) in 2010-2014. USD22.5 million will be allocated to the World Bank for a joint Russia-World Bank program on agriculture development and food security and RUB177.1 million (approximately USD5.9 million) will be allocated to the Moscow State University for establishment of an institute on food security and sustainable agriculture issues.⁸⁸³ According to the Ministry of Finance the Russia-World Bank program includes

⁸⁸⁰ Korea and Ethiopia Agree to Launch a Joint Project on the Exploration and Development of Precious Minerals, Ministry of Foreign Affairs and Trade of Republic of Korea January 23, 2011. Date of Access: 10 April 2011 <http://www.mofat.go.kr/english/press/pressrelease/index.jsp>

⁸⁸¹ Press Release January 20, 2011, East Asia Climate Partnership. Date of access: 10 April 2011 <http://eacp.koica.go.kr/news/0202.jsp>.

⁸⁸² KOICA and UN-HABITAT facilitates the return of IDPs, KOICA 23 December 2010. Date of Access: 10 April 2011 http://www.koica.go.kr/english/resources/news/1240390_1962.html.

⁸⁸³ Executive Order No. 2226, Government of Russia (Moscow) 8 December 2010. Date of Access: 10 January 2011. <http://government.ru/gov/results/13560/>.

assisting the development of small farmers and sharing new technologies with the CIS and other neighboring countries.⁸⁸⁴

On 27 December 2010, the Russian Government announced a contribution of SDR115.5 million (about USD176 million) to the 16th replenishment of the International Development Association for 2011-2019.⁸⁸⁵

On 18 March 2011, the Russian Prime Minister stated that “the terms of a USD30 million interest-free loan” to Kyrgyzstan were in the process of negotiation.⁸⁸⁶

On 23 March 2011, Deputy Foreign Minister G. Karasin confirmed that during the last several months Russia had allocated USD30 million of aid to Kyrgyzstan.⁸⁸⁷

On 23 March 2011, Deputy Foreign Minister G. Karasin participated in the conference on strengthening interregional cooperation between Kyrgyzstan and Russia for ensuring sustainable economic development. Indicating the importance of relations between regions of Russia and Kyrgyzstan he supported creation of a sub-commission on interregional cooperation in the Russian-Kirghiz intergovernmental commission on trade, economic, scientific, technical and humanitarian cooperation.⁸⁸⁸

Russia has complied with both parts of the commitment, having provided new ODA funding and having fostered domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Mark Rakhmangulov

Saudi Arabia: 0

Saudi Arabia has partially complied with its ODA commitment.

Saudi Arabia has pledged to Egypt a USD4 billion aid package, including a USD1 billion deposit at the Central Bank of Egypt and USD500 million in bond purchases, USD500 million for general budget support and a USD500 million soft loan. Another part of the package contains USD500 million in soft loans for development programs from the Saudi Fund for Development and a grant of USD200 million to be placed with the fund or in a current account to finance projects such as small and medium-sized enterprises. Another USD750 million would be extended as a line of

⁸⁸⁴ A.Bokarev: “It is Important to Reach New Quality Standards of Russia’s Development Assistance Programmes,” RCICD.org 27 April 2010. Date of Access: 29 April 2010. http://rcicd.org/news/minfin_press_conference/.

⁸⁸⁵ Executive Order No. 2406-r of 27 December 2010, Government of Russia (Moscow) 27 December 2010. Date of Access: 10 January 2010. <http://government.ru/gov/results/13739/>.

⁸⁸⁶ Prime Minister Vladimir Putin meets with Kyrgyz Prime Minister Almazbek Atambayev, Prime Minister of Russia (Moscow) 18 March 2011. Date of Access: 7 April 2011. <http://premier.gov.ru/eng/events/news/14526/>.

⁸⁸⁷ Statetement of the Russian Deputy Minister of Foreign Affairs on 23 March 2011, Ministry of Foreign Affairs of Russia (Moscow) 25 March 2011. Date of access: 7 April 2011. http://www.mid.ru/brp_4.nsf/0/7051EA6541112D23C325785E0032D257.

⁸⁸⁸ Statetement of the Russian Deputy Minister of Foreign Affairs on 23 March 2011, Ministry of Foreign Affairs of Russia (Moscow) 25 March 2011. Date of access: 7 April 2011. http://www.mid.ru/brp_4.nsf/0/7051EA6541112D23C325785E0032D257.

credit to finance Saudi exports to Egypt.⁸⁸⁹

The Arab Authority for Agricultural Investment and Development (AAAID) is planning to invest USD750 million in projects in the next four years that include help for agriculture, food and poultry projects in Saudi Arabia, a number of deals would also be done to encourage the production of cereals across the Arab World. In particular, the AAAID plans to establish a firm for agricultural and poultry products in the UAE, and to set up a soy and clover production unit in Egypt.⁸⁹⁰

The Islamic Development Bank (IDB), Al Baraka banking group and other Saudi investors have formed a joint investment company for Bosnia, said Saudi Arabia's Sheikh Saleh Kamel, the chairman of the Islamic Chamber of Commerce and Industry: "The USD50 million will be our investment by the next forum to enhance the development and investment in Bosnia."⁸⁹¹

The agriculture ministries of Vietnam and Saudi Arabia have agreed to set up a working group to speed up bilateral cooperation and increase the exchange of cooperative delegations, in order to devise concrete projects. Saudi Arabia is one of Vietnam's largest trade partners in the Middle East, with two-way trade reaching USD744 million in 2010, a year-on-year rise of 64%, and USD125 million in the first two months of 2011. The visit was aimed at implementing the initiative of King Abdullah, Custodian of the Two Holy Mosques, and carrying out cooperation agreement between the two countries in agriculture, trade, and industry.⁸⁹²

Saudi Star Agricultural Development Plc, a food company owned by Sheikh Mohammed Al-Amoudi, said it plans to invest USD2.5 billion by 2020 developing a rice-farming project in Ethiopia to develop the lowland area and make Ethiopia self-sufficient in food.⁸⁹³ Also, Saudi Arabia is encouraging its private sector to develop farming projects in Sudan.⁸⁹⁴

Saudi Arabia will allocate nearly USD130 billion in new energy investment during 2011-2015 period, retaining its leading role in the sector among the pan-Arab countries, taking in the account

⁸⁸⁹ Kingdom aid to Egypt includes USD1 billion central bank deposit, The Saudi Gazette 23 May 2011. Date of Access: 19 July 2011.

<http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=20110523101336&archiveisupdate=23/05/2011>

⁸⁹⁰ Arab agricultural firm plans poultry projects in Kingdom, The Saudi Gazette 9 April 2011. Date of Access: 6 June 2011.

<http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2011040997840&archiveisupdate=09/04/2011>

⁸⁹¹ Saudi business groups in JV to invest in Bosnia, The Saudi Gazette 9 April 2011. Date of Access: 6 June 2011.

<http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2011040997842&archiveisupdate=09/04/2011>

⁸⁹² Vietnam, Saudi Arabia foster agricultural ties, The Saudi Gazette 27 March 2011. Date of Access: 10 April 2011. <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2011032796810>

⁸⁹³ Al-Amoudi to invest \$2.5b in Ethiopia farm, The Saudi Gazette 24 March 2011. Date of Access: 10 April 2011.

<http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2011032496586&archiveisupdate=24/03/2011>

⁸⁹⁴ Kingdom boosts Sudan agriculture investment, The Saudi Gazette 9 December 2010. Date of Access: 10 April 2011.

<http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2010120988887&archiveisupdate=09/12/2010>

that nearly 70% of the investments are located in five countries – Saudi Arabia, UAE, Qatar, Algeria and Egypt.⁸⁹⁵

Saudi Arabia and Morocco signed two memoranda of understandings for cooperation in the fields of constructional development and diplomatic studies. The first MoU aims at enhancing the current relations between the two countries through activating and coordinating the efforts and exchange of information and cooperation in the field of comprehensive constructional development that matches the environmental, social and economic specifications of the two countries.⁸⁹⁶

Arab leaders at the summit of the Arab League 2nd Economic Forum in Sharm El-Sheikh committed to a proposed USD2 billion program to boost faltering economies that have propelled crowds into the streets to protest against high unemployment, rising prices and rampant corruption. Saudi Arabia has promised to pay USD500 million.⁸⁹⁷

Delegates at the two-day Gulf-Africa Investment Conference 2010, held under the patronage of King Abdullah Bin Abdul Aziz, Custodian of the Two Holy Mosques, adopted a series of recommendations aimed at fostering economic relations between GCC and sub-Saharan African countries. In particular, Saudi Arabia enjoys strong relations with a number of African countries, which is evident through the level of financial activity supported by the Saudi Fund for Development, Abdullah Bin Ahmed Zainal Alireza, Minister of Trade and Industry said. Moreover, Saudis have taken the initiative of investing in into agricultural development in a number of African states.⁸⁹⁸

Thus Saudi Arabia has partially complied with the development commitment and has been awarded a score of 0 for allocating new ODA.

Analyst: Arina Shadrikova

South Africa: 0

South Africa has partially complied with its ODA commitment.

On 8 March 2011, the Minister of External Affairs of the Republic of India, Mr. S. M. Krishna, the Minister of External Relations of the Federative Republic of Brazil, H.E. Ambassador Antonio de Aguiar Patriota, and the Minister of International Relations and Cooperation of South Africa, Maite Nkoana-Mashabane, met in New Delhi for the VII India Brazil South Africa (IBSA) Trilateral Ministerial Commission. They reiterated their commitment to contribute at least USD1 million per year to the IBSA Trust Fund (a fund created by the IBSA countries to enhance

⁸⁹⁵ Kingdom invests \$130b in new energy projects, The Saudi Gazette 20 February 2011. Date of Access: 10 April 2011.

<http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2011022094188&archiveissueupdate=20/02/2011>

⁸⁹⁶ Kingdom, Morocco sign MoUs, The Saudi Gazette 12 February 2011. Date of Access: 10 April 2011. <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2011021293539&archiveissueupdate=12/02/2011>

⁸⁹⁷ Arab leaders approve \$2 billion fund, The Saudi Gazette 9 December 2010. Date of Access: 10 April 2011. <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2011012091691&archiveissueupdate=20/01/2011>

⁸⁹⁸ Gulf-African Investment Conference concludes with series of recommendations, The Saudi Gazette 6 December 2010. Date of Access: 10 April 2011. <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2010120688704&archiveissueupdate=06/12/2010>

South-South cooperation by funding projects in developing countries). The Ministers also underscored the importance of sustaining long-term capital flows to developing countries to stimulate investment, especially in infrastructure, to address the development deficit and increase global demand. The Ministers furthermore endorsed the decision of the 15th IBSA Focal Points meeting to review the guidelines and to discuss ways and means for IBSA Member States to ensure that there is greater effectiveness, visibility and greater utilization of their own resources wherever possible. They also decided to support the construction of a Center for People with Special Needs in Nablus, Palestine.⁸⁹⁹

South Africa has only partially complied with the ODA commitment. Thus it is awarded a score of 0.

Analyst: Yuriy Zaytsev

Turkey: 0

Turkey has partially complied with its ODA commitment.

On 30 March 2011, Turkish Ambassador in Kosovo attended the groundbreaking ceremony of the new Turkey sponsored school building in Municipality of Prizren. Building is planned to become operational in September, nearly a thousand students are expected to study there.⁹⁰⁰

On 25 March 2011 Turkish Cooperation and Development Agency reported that recently it had been actively engaged in a wide scope of activities providing agricultural assistance to nearly 20,000 families from 12 communities of Darfur due to drought.⁹⁰¹

On 25 March 2011 Turkish Cooperation and Development Agency reported on recent signing of the memorandum of intent with Pakistani authorities concerning health care and water purification assistance.⁹⁰²

On 4 May 2011 the Turkish Prime Ministry's Disaster and Emergency Management Unit on Wednesday announced that nearly 11.5 tons of aid have been sent to Libya. Also the statement said that nearly 2,000 tons of aid have been delivered to Libya so far.⁹⁰³

On 12 May 2011, Recep Tayyip Erdogan, Prime Minister of the Republic of Turkey, announced that Turkey would allocate to LDCs USD200 million annually, starting in 2012, for technical cooperation projects and programs as well as scholarships to developing countries. Moreover Erdogan announced Turkey's commitment to provide scholarships to 1,000 students from Least

⁸⁹⁹ India-Brazil-South Africa Dialogue Forum, Seventh Trilateral Commission Meeting, Ministerial Communiqué, 8th March 2011, the web site of the Department for International Relations and cooperation of the Republic of South Africa, 8 March. Date of Access: 27 April, 2011.
<http://www.dirco.gov.za/docs/2011/ibsa0309.html>

⁹⁰⁰ Türk Okulu Mehmet Akif Koleji? Ne Yeni Bina, HABERLER.COM 30 March 2011. Date of Access: 04 April 2011. <http://www.haberler.com/turk-okulu-mehmet-akif-koleji-ne-yeni-bina-2624722-haberi/>

⁹⁰¹ DARFURLU İHTİYAÇ SAHİBİ ÇİFTÇİLERE TOHUM DESTEĞİ SAĞLANDI, Turk isbirliği ve Kalkınma idaresi Başkanlığı 25 March 2011. Date of Access: 03 April 2011.
http://www.tika.gov.tr/TR/Icerik_Detay.asp?Icerik=1566

⁹⁰² PAKİSTAN'IN PENCAP EYALETİ'NDE YAPILACAK OLAN HASTANE İÇİN İLK ADIM ATILDI, Turk isbirliği ve Kalkınma idaresi Başkanlığı 25 March 2011. Date of Access: 03 April 2011.
http://www.tika.gov.tr/TR/Icerik_Detay.asp?Icerik=1565

⁹⁰³ Turkey sends 11.5 tons of humanitarian aid to Libya, Sundays Zaman 4 May 2011. Date of Access 6 May 2011. http://www.sundayszaman.com/sunday/newsDetail_getNewsById.action?newsId=242787

Developed Countries over the next 10 years in particular on postgraduate studies in the fields of agriculture, engineering and medicine.⁹⁰⁴

On 13 May 2011, Ahmet Davutoglu, Minister of Foreign Affairs of the Republic of Turkey pointed out that Turkish government aims to increase the level of direct investment into LDCs, in particular by the Turkish private sector, to a total of USD5 billion by 2015 and to \$10 billion by 2020. It is also said that Turkey would grant USD5 million for the purpose of monitoring of the Istanbul Program Action implementation.⁹⁰⁵

On 13 May 2011, Foreign Minister of the Republic of Turkey Ahmet Davutoglu has said that Turkey plans to graduate as many countries as possible via the Istanbul Action Plan on the Least Developed Countries and envisages nearly UDD3 billion in contributions through trade and investment in agriculture, health and education.⁹⁰⁶

On 4 June 2011 it is reported that Turkish International Cooperation and Development Agency (TIKA) has sent medical supplies and equipment to Uzbekistan. The ultrasound devices, laptops, furniture and other materials provided by TIKA were delivered to Uzbek officials with a ceremony held in capital Tashkent on Saturday.⁹⁰⁷

Some steps have been taken to foster mobilization of domestic resources of partner countries.

On May 18 2011 the Sudanese and Turkish sides concluded a session of the joint political consultation committee, co-chaired by Undersecretary of the Ministry of Foreign Affairs Ambassador Rahmatullah Mohammed Osman and his Turkish counterpart. The Sudanese delegation met with the Director of the Turkish Red Crescent Society who affirmed continuity of medical assistance to Sudan. The Sudanese delegation also met with the Director of Turkish International Cooperation and Development Agency, saying that the two sides agreed to expand the projects being implemented in Sudan, particularly in aspects of development and exchange of expertise.⁹⁰⁸

Turkey has allocated new ODA funding but no facts on fostering mobilization of partners' domestic resources have been registered. Thus it has been awarded a score of 0.

Analyst: Victor Kobyletskiy

United Kingdom: +1

The UK has fully complied with its ODA commitment.

⁹⁰⁴ Turkey's Economic and Technical Cooperation Package for the LDCs for the Next Decade as Announced by H.E. Recep Tayyip Erdogan, Prime Minister of the Republic of Turkey, Istanbul Newsletter, 12 May 2011. Date of access: 20 May 2011. http://ldc4istanbul.org/uploads/special_supplement120511.pdf.

⁹⁰⁵ Istanbul, Closing Statement by H.E. Ahmet Davutoglu, Minister of Foreign Affairs of the Republic of Turkey, Fourth United Nations Conference on the Least Developed Countries, 13 May 2011. Date of access: 20 May 2011. <http://www ldc4istanbul.org/icerik.php?no=56>.

⁹⁰⁶ Davutoglu says countries agree on Istanbul Action Plan despite hard bargains, Today's Zaman, 13 May 2011. Date of access: 20 May 2011. <http://www.todayszaman.com/news-243755-davutoglu-says-countries-agree-on-istanbul-action-plan-despite-hard-bargains.html>.

⁹⁰⁷ Turkey Extends Medical Support to Uzbekistan, World Bulletin 4 June 2011. Date of Access: 14 June 2011. <http://www.worldbulletin.net/?aType=haber&ArticleID=74654>.

⁹⁰⁸ Sudan Govt and Turkey to Boost Bilateral Relations, Economic Cooperation, AllAfrica.com 18 May 2011. Date of Access: 28 May 2011. <http://allafrica.com/stories/201105190293.html>.

On 30 March 2011, the Department for International Development (DFID) of the UK has published provisional statistics on UK ODA as a proportion of GNI in 2010. UK ODA increased in 2010 and accounted at GBP8.354 billion (USD5 billion) or 0.56% of UK GNI is the highest level of UK ODA ever recorded.⁹⁰⁹

By April 2012, the UK is going to enshrine in law its commitment to spend 0.7% of national income on ODA starting from 2013.⁹¹⁰ Further by March 2015, the UK has to develop and implement an ODA monitoring strategy to ensure all departments meet agreed contributions to UK ODA targets.⁹¹¹

The UK is also making more focus on mobilization of domestic resources of the partner countries in its programmes. On 1 March 2011, the International Development Secretary Andrew Mitchell announced the new strategy of Britain's aid programme which will provide 50 million people with the means to help work their way out of poverty. The Secretary of State stated that increased help is linked to key in-country reforms. Pakistan could by 2015 become the UK's biggest aid recipient but increased support will be linked to the Government of Pakistan's progress particularly in building a more dynamic economy and tackling corruption. He also has made clear that UK is ready to offer more help to Zimbabwe in case of free and fair elections.⁹¹²

In February 2011, the UK also launched a new African free trade initiative (AFTi) to boost African trade through reduced bureaucracy, improved transport infrastructure and more efficient border crossings.⁹¹³

On 11 April 2011, the UK Government committed GBP7 million (USD4.1 million) supported the World Bank's Partnership for Market Readiness to help developing countries set up their own carbon trading systems to cut emissions.

On 12 April 2011, the UK announced it would help more than half-a-million people in Pakistan recovering from last year's floods by building flood-resistant homes, restoring vital irrigation and drainage systems, creating jobs, replacing animals and fodder, as well as providing seeds, tool, and fertilizers ahead of the upcoming planting season.

The United Kingdom has complied with both parts of the commitment, having provided new ODA funding and having fostered domestic resources mobilization. Thus it is awarded a score of +1.

⁹⁰⁹ Provisional UK Official Development Assistance as a Proportion of Gross National Income, 2010, Department for International Development 30 March 2011. Date of Access: 9 April 2011. <http://www.dfid.gov.uk/Media-Room/Press-releases/2011/Statistical-Release-Provisional-UK-Official-Development-Assistance-as-a-proportion-of-Gross-National-Income-2010/>

⁹¹⁰ Structural Reform Plan Monthly Implementation Update of Department for International Development, Minister's Office March 2011. Date of Access: 9 April 2011. <http://www.number10.gov.uk/wp-content/uploads/dfid-mar11-srp-update.pdf>

⁹¹¹ Structural Reform Plan Monthly Implementation Update of Department for International Development, Minister's Office March 2011. Date of Access: 9 April 2011. <http://www.number10.gov.uk/wp-content/uploads/dfid-mar11-srp-update.pdf>

⁹¹² Mitchell Redraws Aid Map to Transform Lives of Millions, Department for International Development 1 March 2011. Date of Access: 9 April 2011. <http://www.dfid.gov.uk/Media-Room/Press-releases/2011/Mitchell-redraws-aid-map-to-transform-lives-of-millions/>

⁹¹³ Trading in Africa to Be Ramped Up Through New UK Government Initiative, Department for International Development 9 February 2011. Date of Access: 9 April 2011. <http://www.dfid.gov.uk/Media-Room/Press-releases/2011/Trading-in-Africa-to-be-ramped-up-through-new-UK-Government-Initiative/>

United States: 0

The United States has fully complied with its ODA commitment.

In 2010 most of the U.S. Agency for International Development (USAID) donations were made in the fourth quarter – 78.8% of all donations in 2010 or USD14.8. Top benefiting countries included Afghanistan, Pakistan and Haiti, top international organizations – World Food Program, Global Fund, Development Alternatives, Inc.⁹¹⁴

In 2011 the United States intended to expand its USD3.5 billion Feed the Future program. This program, together with the Global Health Initiative, is a cornerstone of President Obama's Global Development Policy.⁹¹⁵

On 5 April 2011 the United States donated 4,000 metric tons of food worth USD6.5 million to the World Food Program (WFP). Overall the United States has contributed USD340 million to the WFP since January 2011.⁹¹⁶

The US remains the biggest spender with a total of USD30.2 billion, the largest aid disbursement ever recorded by a single donor. But proportional to the US gross national income, aid remained unchanged at 0.21%.⁹¹⁷

The United States has allocated new ODA funding but has not fostered mobilization of domestic resources of the partner countries. Thus it is awarded a score of 0.

Analyst: Tatyana Lanshina

European Union: +1

The EU has fully complied with its ODA commitment.

Over the compliance period the EU has undertaken a wide range of measures to provide new ODA funding. On 6 April 2011, Commissioner for Development Andris Piebalgs presented the 2010 preliminary figures on official development aid. Overall, EU aid represents 0.43% of EU Gross National Income, in spite of the fact that the EU promised to collectively reach 0.56% of ODA/GNI by 2010. Substantial collective effort is still needed in order to achieve the goal of 0.7% by 2015. Although the EU missed its target for 2010, it still made positive progress despite the economic downturn.⁹¹⁸

⁹¹⁴ Where does USAID money go? USAID 30 September 2011, Date of Access: 11 April 2011.

<http://www.usaid.gov/policy/budget/money/>

⁹¹⁵ Statement by U.S. Deputy Representative to ECOSOC John Sammis at the First LDC IV Intergovernmental Preparatory Committee, United States Mission 10 January 2011, Date of Access: 11 April 2011. <http://usun.state.gov/briefing/statements/2011/154233.htm>.

⁹¹⁶ United States Donates Food For WFP To Feed Children And Vulnerable People, World Food Programme 5 April 2011, Date of Access: 13 April 2011. <http://www.wfp.org/news/news-release/united-states-donates-food-wfp-feed-children-and-vulnerable-people>.

⁹¹⁷ Aid from OECD countries – who gives the most and how has it changed? Guardian 6 April 2011. Date of Access: 8 April 2011. <http://www.guardian.co.uk/news/datablog/2011/apr/06/aid-oecd-given>.

⁹¹⁸ Commissioner Piebalgs calls for EU to maintain its leadership on official development aid as new figures reveal it spent a record EUR53.8 billion in 2010, Europa Press Release Rapid, 6 April. Date of access: 27 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/410&format=HTML&aged=0&language=EN&guiLanguage=en>

On 12 April 2011, during the Foreign Affairs Council's discussions on Ivory Coast, Commissioner Piebalgs announced that Commission would prepare a first comprehensive recovery package of EUR180 million in cooperation with the government of Ivory Coast. The EU recovery package will notably provide support to ensure basic social needs, such as health, water and sanitation; and the agriculture sector.⁹¹⁹

During his visit to Timor-Leste from 7 to 10 March Commissioner Andris Piebalgs confirmed EU support to the country and the determination to assist Timor-Leste in climbing up the development ladder. He signed a package of four strategic programmes for a total amount of EUR39 million to support democratic governance, development of the rural areas, and the role of civil society.⁹²⁰

On 31 January 2011, the European Commissioner for Development Andris Piebalgs met the Ethiopian Prime Minister Meles Zenawi and other members of the national government in Addis Ababa. The parties discussed the ways to support the government's five-year "Growth and transformation" national strategy and signed an agreement for the implementation of the Global Climate Change Alliance in Ethiopia. Agreement provides for EUR13.7 million grant, that will be an important step in helping Ethiopia to build a climate-resilient economy.⁹²¹

The EU has also undertaken relevant measures to foster mobilization of domestic resources of the partner countries.

To mark World Water Day on 22 March 2011, whose focus was "Water for Cities – Responding to the Urban Challenge," the EU Commissioner for Development Andris Piebalgs announced the launch of a pooling mechanism in the framework of the African, Caribbean and Pacific (ACP)-EU Water Facility. EUR40 million have been made available under this mechanism, which has been created to blend grants from the European Development Fund (EDF) with loans from the EU multilateral and bilateral finance institutions to finance projects for access to water and sanitation services in African, Caribbean and Pacific (ACP) countries. This financial instrument should increase the leverage effect of the financial aid and will trigger private sector participation.⁹²² Thus the action contributed to domestic resources mobilization.

⁹¹⁹ Commissioner for Development Andris Piebalgs announces a recovery package of €180 million for Ivory Coast, Europa Press Release Rapid, 12 April 2011. Date of access: 27 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/241&format=HTML&aged=0&language=EN&guiLanguage=en>

⁹²⁰ Commissioner Piebalgs launches programmes worth EUR39 million to support Timor-Leste on its way to stable democracy and sustainable development, Europa Press Release Rapid, 7 March 2011. Date of access: 27 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/262&format=HTML&aged=0&language=EN&guiLanguage=en>

⁹²¹ Commissioner Piebalgs to visit Ethiopia to discuss strengthened relationship and sign EUR13.7 million climate change project, Europa Press Release Rapid, 28 January 2011. Date of access: 27 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/103&format=HTML&aged=0&language=EN&guiLanguage=en>

⁹²² World Water Day: Commission launches EUR40 million to improve access to water in Africa, Caribbean and Pacific, Europa Press Release Rapid, 21 March 2011. Date of access: 27 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/338&format=HTML&aged=0&language=EN&guiLanguage=en>

On 15 December 2011, following the Cancún Climate Change Conference, Andris Piebalgs, Commissioner for Development and Tuiloma Neroni Slade, Secretary General of the Pacific Islands Forum Secretariat, launched a “Joint Pacific-EU Initiative on Climate Change.” The objective is to mobilize EU Member States and international partners to join efforts to reinforce Pacific Countries’ capacity to address the impacts of climate change more efficiently. The Commission is leading the EU’s efforts to support the Pacific Islands to tackle climate change effects, with a overall dedicated envelope of EUR90 million over 2008-2013.⁹²³

The EU has complied with both parts of the commitment, having provided new ODA funding and having fostered domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Yuriy Zaytsev

⁹²³ Commissioner Piebalgs and Pacific Islands Forum Secretary General Slade launch a Joint Initiative on Climate Change, Europa Press Release Rapid, 15 December 2010. Date of access: 27 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1722&format=HTML&aged=1&language=EN&guiLanguage=en>

10. Energy: Fossil Fuels

Commitment [#127]:

“We reaffirm our commitment to rationalize and phase-out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption, with timing based on national circumstances, while providing targeted support for the poorest.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina		0	
Australia			+1
Brazil			+1
Canada			+1
China	-1		
France		0	
Germany	-1		
India		0	
Indonesia		0	
Italy	-1		
Japan		0	
Korea		0	
Mexico			+1
Russia			+1
Saudi Arabia		0	
South Africa			+1
Turkey	-1		
United Kingdom			+1
United States		0	
European Union		N/A	
Average Score		+0.16	

Background:

The commitment to rationalize and phase-out inefficient fossil fuel subsidies over the medium term was first introduced at the 2009 G20 Pittsburgh Summit. During the Pittsburgh Summit, leaders agreed that inefficient fossil fuel subsidies “encourage wasteful consumption, distort markets, impede investment in clean energy sources and undermine efforts to deal with climate change.”⁹²⁴ In response, members agreed to rationalize and phase out, over the medium term, inefficient fossil fuels that encourage wasteful consumption. At the same time, the G20 members recognized the importance of providing developing countries with essential energy services through various mechanisms.

At the Pittsburgh Summit, energy and finance ministers committed to assess their respective national circumstances in order to develop implementation strategies and timeframes and to report back to the G20 leaders at the Toronto Summit. Further, G20 members asked four

⁹²⁴G20 Leaders Statement: The Pittsburgh Summit, G20 Information Centre (Toronto) 24-25 September 2009. Date of Access: 27 December 2010. <http://www.g20.utoronto.ca/2009/2009communique0925.html>

intergovernmental organizations (IGO-4) (the International Energy Agency [IEA], the Organization of Petroleum Exporting Countries [OPEC], the Organization for Economic Co-operation and Development [OECD] and World Bank) to provide “analysis of the scope of energy subsidies and suggestions for the implementation of this initiative”⁹²⁵ and to report their findings during the Toronto Summit.

At the G20 Toronto Summit in June 2010, 13 of the G20 countries provided implementation strategies for phasing out selected fossil-fuel subsidies. The remaining countries (Australia, Brazil, France, Japan, Saudi Arabia, South Africa and the United Kingdom) stated that they did not have inefficient fossil-fuel subsidies. During the summit, the IGO-4 released their report, which included suggestions for G20 countries on how to implement their phasing out strategies.⁹²⁶ In response to this report, G20 members stated, “We also encourage continued and full implementation of country-specific strategies and will continue to review progress towards this commitment at upcoming summits.”⁹²⁷

At the Seoul Summit, G20 members re-committed to rationalizing and phasing-out over the medium term inefficient fossil fuel subsidies. The IGO-4 also released another report outlining data on fossil fuel consumption subsidies for 2009 and provided a strategy for phasing out fossil fuel subsidies.

Commitment Features:

This commitment requires G20 members to rationalize and phase-out over the medium term inefficient fossil fuels according to their national circumstances and to provide targeted support for the poorest.

At the G20 Toronto Summit in June 2010, 13 of the G20 countries provided outlined implementation strategies for phasing out selected fossil-fuel subsidies (see Table 9). The remaining countries (Australia, Brazil, France, Japan, Saudi Arabia, South Africa and the United Kingdom) stated that they do not have inefficient fossil-fuel subsidies and thus have not formulated implementation strategies.

Compliance will be evaluated based on individual implementation goals. Members that have specified they do not have inefficient fossil fuels subsidies will not be evaluated on their efforts to implement their implementation strategies, but they will be evaluated on their efforts to provide target support to the poorest.

⁹²⁵ G20 Leaders Statement: The Pittsburgh Summit, G20 Information Centre (Toronto) 24-25 September 2009. Date of Access: 27 December 2010. <http://www.g20.utoronto.ca/2009/2009communique0925.html>

⁹²⁶ Analysis of the Scope of Energy Subsidies and Suggestions for the G20 Initiative. IEA, OPEC, OECD, World Bank Joint Report (Toronto) 16 June 2010. Date of Access: 27 December 2010. http://www.opec.org/opec_web/static_files_project/media/downloads/publications/OPECIEA_OECDWB_Joint_Report.pdf

⁹²⁷ Draft G20 Toronto Summit Declaration, G20 Information Centre (Toronto) 27 June 2010. Date of Access: 27 December 2010. <http://www.g20.utoronto.ca/2010/to-leakedcommunique.html>

Table 9: Member-Specific Implementation Strategies

G20 Member with Fossil Fuel Subsidies	Implementation Strategy
Canada	Proposes to implement recently released draft legislation to phase out the accelerated capital cost allowance for oil sands assets over the 2011-15 period. Previously phased out other tax preferences applying to fossil fuel producers.
Germany	Proposes to discontinue subsidized coal mining in a socially acceptable manner by the end of 2018.
Russia	Proposes to implement the commitment to rationalize and phase out inefficient fossil fuel subsidies through national economic and energy policy, within the framework of its Energy Strategy 2030 and the Concept of Long-Term Social and Economic Development, as well as in the context of its joining the WTO.
Argentina	Proposes to reduce household subsidy for propane gas consumption as natural gas access is expanded.
China	Proposes to gradually reduce the urban land use tax relief for fossil fuel producers
India	Proposes to work out implementation strategies and timetables for rationalizing and phasing out inefficient fossil fuel subsidies based on the recommendation of the Empowered Group of Ministers that has been constituted.
Indonesia	Proposes to phase out inefficient fossil fuel subsidies in a gradual manner in parallel through managing the demand side by adopting measures that will reduce fossil fuel energy consumption and by gradually narrowing the gap between domestic and international prices.
Italy	Proposes to continue with planned expiration of subsidy for certain cogeneration plants, and negotiate on a voluntary basis with private operators of these plants on the timing of their recess from the subsidy scheme.
Korea	Proposes to phase out subsidies to anthracite coal and briquette producers.
Mexico	By continuing current policies and based on current market conditions, subsidies to gasoline, diesel and LP gas are expected to disappear in the medium term.
Turkey	Proposes to work on a restructuring plan to rationalize the inefficient producer subsidies transferred to a stated-owned hard coal producing enterprise.
United States	Proposes to pass legislation to eliminate twelve preferential tax provisions related to the production of coal, oil, and natural gas.

Scoring Guidelines:

-1	Member takes no action towards the implementation of the proposed strategy or takes actions that go against the proposed strategy AND provides no support for the poorest.
0	Member takes no action towards the implementation of the proposed strategy but provides support for the poorest OR member takes no action towards the implementation of the proposed strategy but does not provide support for the poorest.
+1	Member has no inefficient fossil fuel subsidies OR member takes tangible actions towards the implementation of its proposed strategy AND provides support for the poorest.

Argentina: 0

Australia has partially complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

On 13 December 2010, Argentina's state regulatory agency, Enargas approved plans for a pipeline to transport natural gas from Bolivia to Argentina's northeast, which will reduce the country's reliance on fuel oil, diesel, and LPG. Argentine Energy Secretary Daniel Cameron stated that the creation of the pipeline would allow Argentina's northeastern provinces to use 3 million to 4 million cubic meters/day of Bolivian gas, which would reduce consumption of diesel, fuel oil, and LP.⁹²⁸

On 21 April 2011, the Argentinean initiative to install a wind turbines plan in Chorriaca as part of the Development and Use of Neuquén Wind power Program progressed as the country accepted the tenders of two bidding companies. The initiative to install a wind farm in Chorriaca is part of the Development and Use of Neuquén Wind Resource Program, which aims to install and operate a wind farm for a 30 years term.⁹²⁹

Thus Argentina has been awarded a score of 0. Argentina has complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies, however it has not provided targeted support for the poorest since the G20 Seoul Summit.

Analyst: Ivana Jankovic

Australia: +1

Australia has fully complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

On 24 February 2011, Prime Minister Julia Gillard announced that the government would seek to implement a carbon tax from 1 July 2012.⁹³⁰ This carbon tax proposal is a step towards the introduction of a full emissions trading scheme.⁹³¹ Approximately 10% of the revenue collected from the proposed carbon tax would be used to fulfill Australia's commitment to the new Green Climate Fund, established at the Climate Change United Nations Framework Convention on Climate Change (UNFCCC) conference in Cancun. This fund would provide support for

⁹²⁸ Pipeline would transport Bolivian gas to Argentina's northeast. Oil & Gas Financial Journal. 13 December 2010. Date of Access: 20 April 2011. <http://www.ogfj.com/index/article-display/1873162109/articles/oil-gas-financial-journal/midstream-news/pipeline-would-transport.html>

⁹²⁹ Wind energy in Argentina – The Chorriaca wind farm is progressing. Regulacion Eolica con Vehiculos Electricos. 21 April 2011. Date of Access: 22 April 2011. http://www.evwind.es/noticias.php?id_not=11285

⁹³⁰ Australia plans carbon tax on polluters from 2012, Associated Press (Canberra) 24 February 2011. Date of Access: 26 March 2011. <http://finance.yahoo.com/news/Australia-plans-carbon-tax-on-apf-3014577049.html?x=0&.v=1>.

⁹³¹ Gillard plans FY13 carbon price, Business Spectator (Australia) 24 February 2011. Date of Access: 26 March 2011. <http://www.businessspectator.com.au/bs.nsf/Article/Carbon-price-set-from-July-1-2012-Gillard-pd20110224-ED2X9?OpenDocument&src=rab>.

underdeveloped states to mitigate and adapt to climate change.⁹³² The Commitment to Phase Out Fossil Fuel Subsidies recognized the need to “provide targeted support for the poorest.”⁹³³

On 17 December 2010, AUSAid announced that Australia would allocate AUD17.5 million to support Caribbean efforts to adapt to climate change and the impacts of natural disasters that result from it. This funding is a part of the AUD60 million package of development assistance commitment to the Caribbean, made in November 2009. A portion of the AUD599 million climate change foreign aid program established in June 2010 will also fund this commitment.⁹³⁴

On 9 December 2010, the Minister of Foreign Affairs, Kevin Rudd, and the Minister for Climate Change and Energy Efficiency, Greg Combet, announced a new allocation of AUD45 million to support Indonesia’s efforts to address climate change. While AUD30 million is specifically committed to forest preservation, AUD15 million was allocated to support Indonesia’s adaptation to climate change, including support for “the development and implementation of local adaptation responses.”⁹³⁵ These allocation announcements are also a part of a AUD599 million climate change foreign aid program, established in June 2010.

On 14 November 2010, Australia, as a member of APEC, reaffirmed its commitments to rationalizing and phasing out inefficient fossil fuel subsidies, and providing “those in need with essential energy services, and review progress toward this goal on a voluntary basis.”⁹³⁶ APEC has further prioritized the elimination of fossil fuel subsidies as a priority in 2011.⁹³⁷

Thus Australia has been awarded a +1. It has committed monetary aid to help underdeveloped states mitigate and adapt to climate change more broadly and has strengthened strategic coordination to provide climate change support for the poor through participation in multilateral institutions. It has also taken the first steps towards the implementation of a carbon tax system that would provide a source of revenue for fulfilling multilateral funding commitments.

Analyst: Jessica Soedirgo

⁹³² Carbon tax billions to help poor nations, *The Western Australian* (Perth) 28 February 2011. Date of Access: 25 March 2011. <http://au.news.yahoo.com/thewest/a/-/latest/8916664/carbon-tax-billions-to-help-poor-nations/>.

⁹³³ The Seoul Summit Document, G20 Seoul Summit 2010 (Seoul) 12 November 2010. Date of Access: 24 March 2011. http://media.seoulsummit.kr/contents/dlobo/E2_Seoul_Summit_Document.pdf.

⁹³⁴ Australia supports climate change action in the Caribbean, AUSAid (Canberra) 20 December 2010. Date of Access: 26 March 2011. http://www.ausaid.gov.au/hottopics/topic.cfm?ID=5932_2381_1893_4536_8051&From=HT.

⁹³⁵ Strengthening Australia’s Climate Change Partnership with Indonesia, Office of the Australian Minister of Foreign Affairs (Bali, Cancun) 9 December 2010. Date of Access: 26 March 2011. http://www.foreignminister.gov.au/releases/2010/kr_mr_101209.html.

⁹³⁶ 2010 Leaders’ Declaration (Yokohama Vision), Asia-Pacific Economic Cooperation (Yokohama) 14 November 2010. Date of Access: 26 March 2011. http://www.apec.org/Meeting-Papers/Leaders-Declarations/2010/2010_aelm.aspx.

⁹³⁷ APEC USA 2011: Outlook, Asia-Pacific Economic Cooperation (Washington) 28 January 2011. Date of Access: 26 March 2011. http://www.apec.org/en/Press/Features/2011/0128_usa.aspx.

Brazil: +1

Brazil has fully complied with its commitment to provide targeted support for the poorest. Brazil has not identified any inefficient subsidy regarding either the production or consumption of fossil fuels.⁹³⁸

In March 2011, Brazil President Luiz Inácio Lula da Silva announced that the government would commit USD526 billion in public and private investments over 2011-2014. The commitment marks the second phase of the government's Growth Acceleration Program (PAC 2).⁹³⁹ PAC 2 focuses on investments to "secure reliable supply of energy through a mix of clean, renewable sources" with a specific focus on electricity, oil, natural gas, shipbuilding, renewable fuels, energy efficiency, and mineral research.⁹⁴⁰

In an effort to provide support to those who were negatively affected by PAC initiative, the government established the Transnational Housing Grant Program. On 26 April 2011, Tião Viana, a Brazilian governor, provided 60 families with new houses.⁹⁴¹ The Acting Secretary of Housing Wolven Camargo stated, "Also in April we will deliver 88 more at Ilson Ribeiro and 19 homes in Alto Alegre. There are units to be delivered during the entire month of May, including Sena Madureira." On 29 April 2011, Tião Viana provided 107 houses to Amazonian residents. Governor Viana stated that the government would provide two thousand residences by the end of 2011. He stated, "We will work to deliver four thousand homes in the coming year."⁹⁴² At present, at least 36 000 families are registered with the housing of the State Government.⁹⁴³

Thus Brazil has been awarded a score of +1 for its commitment to provide support for residents who were most vulnerable to changes to its shift to energy policies.

Analyst: Ivana Jankovic

Canada: +1

Canada has fully complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

⁹³⁸ Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group (Seoul) 11 June 2010. Date of Access 27 March 2011.

http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

⁹³⁹ Brazil Announces Phase Two of the Growth Acceleration Program. The Secretariat for Social Communication (SECOM), Government of Brazil). 30 March 2010. Date of Access: 20 April 2011.

<http://blogs.worldbank.org/growth/node/8715#secom>

⁹⁴⁰ Brazil Announces Phase Two of the Growth Acceleration Program. The Secretariat for Social Communication (SECOM), Government of Brazil). 30 March 2010. Date of Access: 20 April 2011.

<http://blogs.worldbank.org/growth/node/8715#secom>

⁹⁴¹ Tião Viana delivers 60 houses in the residential Aroeira. State Government of Acre. 26 April 2011. Date of Access: 26 April 2011.

http://www.agencia.ac.gov.br/index.php?option=com_content&task=view&id=15452&Itemid=26

⁹⁴² Tião Viana delivers 60 houses in the residential Aroeira. State Government of Acre. 26 April 2011. Date of Access: 26 April 2011.

http://www.agencia.ac.gov.br/index.php?option=com_content&task=view&id=15452&Itemid=26

⁹⁴³ Tião Viana delivers 60 houses in the residential Aroeira. State Government of Acre. 26 April 2011. Date of Access: 26 April 2011.

http://www.agencia.ac.gov.br/index.php?option=com_content&task=view&id=15452&Itemid=26

According to the G20 Initiative on Rationalizing and Phasing out Inefficient Fossil Fuel Subsidies, Canada will continue to phase out the Accelerated Capital Cost allowance for tangible oil sand assets between 2011 and 2015.⁹⁴⁴

The 2011 Government of Canada budget proposed the deduction of rates for intangible capital expenses in oil sands projects.⁹⁴⁵ According to the budget, “these changes will improve fairness and neutrality of the taxation of oil sands relative to other sectors of the economy.”⁹⁴⁶ Furthermore, eligibility for accelerated CCA will be expanded to promote clean energy generation and energy efficient equipment, in order to promote the use of green energy and “displace the use of fossil fuels for generation of electricity.”⁹⁴⁷

The Canadian government will invest CAD400 million during the 2011-2012 year in the ecoENERGY retrofit program. According to the Budget plan, this investment will “help homeowners make their homes more energy efficient and reduce the burden of high energy costs.”⁹⁴⁸

Thus Canada has been awarded a score of +1 for its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

Analyst: Cloe Bilodeau

China: -1

China has not complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

On 18 January 2011, China’s Minister of Science and Technology Wan Gang attended the U.S.-China Cooperation on Clean Energy Research and Technology forum. During the forum he stated that the United States and China share common interests in regards to clean energy. Minister Gang stated, “I’m sure this is one of the best points of convergence and cooperation between our two countries, and will be one of the bright spots in our future cooperation.” During the forum, officials from the United States and Chinese governments unveiled plans to continue joint research and development in clean energy, including work on electric vehicles, clean coal and energy efficient buildings through the US-China Clean Energy Research Center.⁹⁴⁹ However,

⁹⁴⁴ Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group (Seoul) 11 June 2010. Date of Access 27 March 2011.

http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

⁹⁴⁵ The Next Phase of Canada’s Economic Action Plan. A Low Tax Plan for Jobs and Growth, Honourable James M. Flaherty, P.C., M.O. Minister of Finance (Ottawa), March 22 2011. Date of access 27 March 2011. <http://www.budget.gc.ca/2011/plan/Budget2011-eng.pdf>

⁹⁴⁶ The Next Phase of Canada’s Economic Action Plan. A Low Tax Plan for Jobs and Growth, Honourable James M. Flaherty, P.C., M.O. Minister of Finance (Ottawa), March 22 2011. Date of access 27 March 2011. <http://www.budget.gc.ca/2011/plan/Budget2011-eng.pdf>

⁹⁴⁷ The Next Phase of Canada’s Economic Action Plan. A Low Tax Plan for Jobs and Growth, Honourable James M. Flaherty, P.C., M.O. Minister of Finance (Ottawa), March 22 2011. Date of access 27 March 2011. <http://www.budget.gc.ca/2011/plan/Budget2011-eng.pdf>

⁹⁴⁸ The Next Phase of Canada’s Economic Action Plan. A Low Tax Plan for Jobs and Growth, Honourable James M. Flaherty, P.C., M.O. Minister of Finance (Ottawa), March 22 2011. Date of access 27 March 2011. <http://www.budget.gc.ca/2011/plan/Budget2011-eng.pdf>

⁹⁴⁹ Clean energy seen as 'bright spot' for U.S.-China relations. Reuters (Washington) 19 January 2011. Date of Access: 20 April 2011.

China has not demonstrated any evidence of progress towards its original commitment to “gradually reduce the urban land use tax relief for fossil fuel producers.” Thus China has been awarded a score of -1.

Analyst: Ivana Jankovic

France: 0

France has partially complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies, with targeted support for the poorest. France declared that it does not have any inefficient fossil fuel subsidies and therefore does not require an implementation strategy. It has put in progress plans to provide support for the poorest to help them to cope with any increased energy costs that result from eliminating fossil fuel subsidies.⁹⁵⁰

On 7 March 2011, under the Investment for the Future Program, the Minister for Ecology, Sustainable Development, Transportation and Housing, the Minister of Economy, Finance and Industry, the Minister of Agriculture, Food, Fisheries, Rural Affairs and Planning, the Minister of Economy, Finance and Industry in charge of Industry, Energy and the Digital Economy, Secretary of State for Transport, and the Commissioner General of Investment called for expressions of interest, led by Agence de l'Environnement et de la Maîtrise de l'Energie (ADEME) to support the production of advanced biofuels.⁹⁵¹ In addition to helping to address fuel costs, this program reconciles the need for energy security with food security. In light of this, research focuses on obtaining biofuel from non-food crop sources, such as lignocellulosic biomass.⁹⁵² This project provides targeted support for the poorest on two levels: it will help offset the increased cost of energy caused by the elimination of fossil fuel subsidies, and it will ensure that food security is not compromised, which may have negative effects on the underprivileged and hungry.

On 24 February 2011, the Minister for Ecology, Sustainable Development, Transportation and Housing, the Minister of Economy, Finance and Industry, the Minister of Agriculture, Food, Fisheries, Rural Affairs and Planning, and the Minister for Industry, Energy, and the Digital Economy announced a new support scheme to help consumers deal with increasing energy costs. They have taken two measures to achieve this: the first involves injecting networks of natural gas

http://www.reuters.com/article/2011/01/19/us-usa-china-energy-idUSTRE70H5WB20110119?feedType=RSS&feedName=GCA-GreenBusiness&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+reuters%2FUSgreenbusinessNews+%28News+%2F+US+%2F+Green+Business%29

⁹⁵⁰ Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group (Seoul) 11 June 2010. Date of Access 27 March 2011.

http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

⁹⁵¹ Investment for the Future: Launching the Call for Expressions of Interest "Advanced Biofuels," Ministère de l'Economie, des Finances et de l'Industrie (Paris) 7 March 2011. Date of Access: 25 March 2011. http://www.economie.gouv.fr/discours-presse/discours-communiqués_finances.php?type=communiqué&id=5154&rub=1

⁹⁵² Investment for the Future: Launching the Call for Expressions of Interest "Advanced Biofuels," Ministère de l'Economie, des Finances et de l'Industrie (Paris) 7 March 2011. Date of Access: 25 March 2011. http://www.economie.gouv.fr/discours-presse/discours-communiqués_finances.php?type=communiqué&id=5154&rub=1

with biogas produced by anaerobic respiration.⁹⁵³ The second provides for “the purchase rate for electricity produced from biogas [to be] upgraded by the end of April, to become comparable to existing rate in Germany, The revaluation in 2020 will increase about 1% of the electricity bill of consumers, corresponding to a support of 300 million EUR/year.”⁹⁵⁴ This support will aid the poorest in dealing with their energy costs.

Thus France has been awarded a score of 0 for its commitment to provide targeted support for the poorest. They have put into motion plans that will help consumers deal with rising energy costs, which resulted from the elimination of inefficient fossil fuels. However, these plans have yet to be fully realized.

Analyst: Emily Evangelista

Germany: -1

Germany has not complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

Germany proposed to discontinue subsidized coal mining in a socially acceptable manner by the end of 2018. However, since the 2010 G20 Seoul Summit, the German government has shown no progress towards this commitment.⁹⁵⁵

Thus Germany has been awarded a score of -1.

Analyst: Ivana Jankovic

India: 0

India has partially complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

On 24 March 2011, the Parliament of India approved Finance Minister Pranab Mukherjee’s plan to “cut petroleum subsidies on fuel” in its 2011-2012 Union Budget.⁹⁵⁶

On 28 February 2011, in a speech to the Parliament of India, Minister of Finance Pranab Mukherjee presented the Union Budget for 2011-12 and announced that “the Government will move towards direct transfer of cash subsidy to people living below the poverty line in a phased

⁹⁵³ N. Kosciusko-Morizet, C. Lagarde, B. Mayor and E. Besson Specify the New Framework to Support Digestion and Binding Consultation on the New Framework, Ministère de l'Economie, des Finances et de l'Industrie (Paris) 24 February 2011. Date of Access: 26 March 2011.

http://www.economie.gouv.fr/discours-presse/discours-communiqués_finances.php?type=communiqué&id=5110&rub=1

⁹⁵⁴ N. Kosciusko-Morizet, C. Lagarde, B. Mayor and E. Besson Specify the New Framework to Support Digestion and Binding Consultation on the New Framework, Ministère de l'Economie, des Finances et de l'Industrie (Paris) 24 February 2011. Date of Access: 26 March 2011.

http://www.economie.gouv.fr/discours-presse/discours-communiqués_finances.php?type=communiqué&id=5110&rub=1

⁹⁵⁵ Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group (Seoul) 11 June 2010. Date of Access 27 March 2011.

http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

⁹⁵⁶ India Parliament Approves Annual Budget Seeking to Lower Taxes, Unni Krishnan, Bloomberg News (New York) 24 March 2011. Date of Access: 31 March 2011. <http://www.bloomberg.com/news/2011-03-24/india-parliament-approves-annual-budget-seeking-to-lower-taxes.html>

manner” in order “to ensure greater efficiency, cost effectiveness and better delivery for both kerosene and fertilizers.” Minister Pranab Mukherjee also announced that a “task force headed by Shri Nandan Nilekani has been set-up to work out the modalities for the proposed system of direct transfer of subsidy for kerosene, LPG and fertilizers” and that an “interim report of the task force is expected by June 2011” with the system proposed to be put in place by March 2012.⁹⁵⁷

India has followed the recommendations of the Empowered Group of Ministers that was created following the Dr. Kirit Parikh Committee. Subsidies on two fossil fuels, PDS Kerosene and Domestic LPG, are not included in India’s country specific strategy to reduce inefficient fossil fuel subsidies in order to provide targeted support for the poor.⁹⁵⁸

Thus India has been awarded a score of 0 for partially complying with its commitment to implement its country-specific plan to reduce fossil fuel subsidies while providing targeted support for the poorest.

Analyst: Nehal Tolia

Indonesia: 0

Indonesia has partially complied with its commitment to phase out inefficient fossil fuel subsidies in a gradual manner through managing the demand side by adopting measures that will reduce fossil fuel energy consumption and by gradually narrowing the gap between domestic and international prices.

On 2 December 2010, Ibrahim Hasyim, a committee member of petroleum regulator BPHilir Migas, announced that the government was preparing a program to limit the use of subsidized fuels from 1 January 2011.⁹⁵⁹ On 14 December 2010, the Indonesian House of Representatives approved a government proposal to disallow the use of subsidized fuels for private cars. Under this proposed policy, access to subsidized fuels would be limited to motorcycles, public transportation vehicles and fishermen. However, arguing that the state-owned Pertamina energy firm lacked capacity, parliament delayed the start of the program in Jakarta and its surrounding suburbs from January until the end of March, with the program gradually rolled out across the rest of the country by 2013.⁹⁶⁰ On 21 March 2011, the House of Representatives approved a motion to indefinitely postpone the implementation to restrict access to subsidized fuels. Although feasibility studies and trials have been completed, the government stated the necessity of delaying program implementation due to the lack of infrastructure capacity and the fluctuating global oil prices due to the popular mobilizations in the Middle East.⁹⁶¹

⁹⁵⁷ Union Budget 2011-2012 Speech by Honourable Finance Minister Pranab Mukherjee, Ministry of Finance, Government of India (Delhi) 28 February 2011. Date of Access: 31 March 2011. <http://indiabudget.nic.in/bspeecha.asp>

⁹⁵⁸ Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group (Seoul) 11 June 2010. Date of Access 31 March 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

⁹⁵⁹ Indonesia Preparing Options to Limit Subsidized Fuels, Bloomberg News (Jakarta) 2 December 2010. Date of Access: 27 March 2011. <http://www.bloomberg.com/news/2010-12-02/indonesia-preparing-options-to-limit-subsidized-fuels-update1-.html>.

⁹⁶⁰ Indonesia parliament approves fuel subsidy cuts, delays to March, Reuters (Jakarta) 14 December 2010. Date of Access: 27 March 2011. <http://www.reuters.com/article/2010/12/14/indonesia-economy-fuel-idUSL3E6NE0C520101214>.

⁹⁶¹ House approves plan to delay fuel restriction, The Jakarta Post (Jakarta) 22 March 2011. Date of Access: 27 March 2011. <http://www.thejakartapost.com/news/2011/03/22/house-approves-plan-delay-fuel-restriction.html>.

On 14 February 2011, Indonesia, represented by the Director General for New Renewable Energy and Energy Conservation Luluk Sumiarso, and Finland signed a bilateral agreement to create the Energy and Environment Partnership (EEP) program. The EEP aimed to reduce greenhouse gas emissions by promoting the use of new renewable energy, targeting the provinces of Riau and West Kalimantan. This initiative is part of the government's plan to increase the utilization of renewable energy sources from the current 5% of Indonesia's energy consumption to 17% by the year 2025.⁹⁶² Indonesia committed to adopt measures that would reduce fossil fuel energy consumption in order to manage demand for fossil fuels.⁹⁶³

On 25 March 2011, Maryam Ayuni, Director of Energy Conservation at the Energy and Mineral Resources Ministry urged all high-consuming energy firms to undergo an energy audit. These calls were made to highlight a 2009 government regulation that required companies that were high-energy consumers to regularly audit their energy consumption.⁹⁶⁴ However, there was no mention of new resources that would facilitate the conducting of audits or programs to help companies make their companies more energy efficient.⁹⁶⁵

On 14 November 2010, Indonesia, as a member of APEC, reaffirmed its commitments to rationalizing and phasing out inefficient fossil fuel subsidies, and providing "those in need with essential energy services, and review progress toward this goal on a voluntary basis."⁹⁶⁶ APEC has further prioritized the elimination of fossil fuel subsidies as a priority in 2011.⁹⁶⁷

Thus Indonesia has been awarded a 0 for its implementation and application of the principles in the Commitment to Phase Out Fossil Fuel Subsidies. It has conducted trials and feasibility studies towards implementing a program that would limit access to subsidized fuels and has strengthened strategic coordination for reducing inefficient fossil fuel subsidies through multilateral and bilateral partnerships. However, Indonesia must implement the proposed plans to narrow the gap between domestic and international fuel prices and to implement measures that would reduce fossil fuel consumption across all provinces in the archipelago to be fully in compliance.

Analyst: Jessica Soerdigo

Italy: -1

Italy has failed to comply with its commitment towards eliminating its inefficient fossil fuel subsidies and has not provided support for the poorest.

⁹⁶² Agreement signed on renewable energy, The Jakarta Post (Jakarta) 16 February 2011. Date of Access: 27 March 2011. <http://www.thejakartapost.com/news/2011/02/16/agreement-signed-renewable-energy.html>.

⁹⁶³ The Seoul Summit Document, G20 Seoul Summit 2010 (Seoul) 12 November 2010. Date of Access: 24 March 2011. http://media.seoulsummit.kr/contents/dlobo/E2_Seoul_Summit_Document.pdf.

⁹⁶⁴ Govt renews call for a reduction in rice intake, The Jakarta Post (Jakarta) 14 October 2010. Date of Access: 25 October 2010. <http://www.thejakartapost.com/news/2010/10/14/govt-renews-call-a-reduction-rice-intake.html>.

⁹⁶⁵ Energy-thirsty firms must undergo audit: Ministry, The Jakarta Post (Jakarta) 25 March 2011. Date of Access: 27 March 2011. <http://www.thejakartapost.com/news/2011/03/25/energy-thirsty-firms-must-undergo-auditing-ministry.html>.

⁹⁶⁶ 2010 Leaders' Declaration (Yokohama Vision), Asia-Pacific Economic Cooperation (Yokohama) 14 November 2010. Date of Access: 26 March 2011. http://www.apec.org/Meeting-Papers/Leaders-Declarations/2010/2010_aelm.aspx.

⁹⁶⁷ APEC USA 2011: Outlook, Asia-Pacific Economic Cooperation (Washington) 28 January 2011. Date of Access: 26 March 2011. http://www.apec.org/en/Press/Features/2011/0128_usa.aspx.

In January 2011, Italy introduced a new three-year 2011-2013 Strategic Plan of the Italian Energy Regulatory Authority, which outlines seven objectives including the promotion of energy efficiency and universal energy service.⁹⁶⁸ However, the policy does not address the issue of inefficient fossil fuel subsidies. One of the objectives of the Strategic Plan provides for the universal service and protection for consumers, however it does not outline targeted support for the poorest.

Thus Italy has been assigned a score of -1 for failing to rationalize and phase-out over the medium term inefficient fuel subsidies that encourage wasteful consumption.

Analyst: Nadia Bucciarelli

Japan: 0

Japan has partially complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

On 19 June 2010, during the ninth meeting of APEC Energy Ministers, Japan and other APEC countries pledged their support for energy efficient strategies and commended the Peer Review on Energy Efficiency (PREE).⁹⁶⁹ The report also mentions contributions made by Japan to the APEC support Fund to promote energy efficient activities.⁹⁷⁰

Japan has continued to pledge commitment to energy efficiency and sustainable growth but has consistently stated it does not have inefficient subsidies.⁹⁷¹

Thus Japan has received a score of 0. Although Japan does not have inefficient fossil fuel subsidies, it has not worked towards providing support to the poorest.

Analyst Victoria Cho

Korea: 0

Korea has partially complied with its commitment to phase out subsidies to anthracite coal and briquette producers.

In 2007, the Ministry of Commerce, Industry and Energy (MOCIE) announced plans to phase out subsidies to briquette producers by 2011.⁹⁷² According to the G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies, Korea planned to retract its subsidy for anthracite coal production by the end of 2010 and phase out its subsidy for briquette production by gradual

⁹⁶⁸ Energy: the strategic plan was approved. Seven guidelines were adopted for the period 2011-2013. 10 January 2011. Date of Access 28 March 2011.

http://www.autorita.energia.it/it/inglese/press_releases/11/110110.htm

⁹⁶⁹ Fukui Declaration on Low Carbon Paths to Energy Security: Cooperative Energy Solutions for a Sustainable APEC, Ninth Meeting of APEC Energy Ministers (FUKUI) 19 June 2010. Date of Access: 31 March 2011 http://www.mofa.go.jp/policy/economy/energy/pdfs/emm_declaration201006.pdf

⁹⁷⁰ Fukui Declaration on Low Carbon Paths to Energy Security: Cooperative Energy Solutions for a Sustainable APEC, Ninth Meeting of APEC Energy Ministers (FUKUI) 19 June 2010. Date of Access: 31 March 2011 http://www.mofa.go.jp/policy/economy/energy/pdfs/emm_declaration201006.pdf

⁹⁷¹ Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group (Seoul) 11 June 2010. Date of Access 27 March 2011.

http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

⁹⁷² Subsidies on Briquettes to Be Phased Out by 2011, Korea Times (Seoul) 23 May 2007. Date of Access: 31 March 2011 http://www.koreatimes.co.kr/www/news/art/2010/06/143_3379.html

price increase.⁹⁷³ According to World Energy Outlook 2010, Korea had an average subsidization rate of 0.1% in 2009.⁹⁷⁴

On 8 March 2011, the Ministry of Knowledge Economy released a Long-Term Coal Industry Plan (2011~2015).⁹⁷⁵ Government aid for briquette pricing decreased from KRW277.5 billion in 2009 to KRW186.5 billion in 2010.⁹⁷⁶ The Plan sets deadlines to reduce coal production from 210 million tonnes in 2010, to 200 tonnes in 2015, and finally to 150 tonnes in 2020.⁹⁷⁷ The reduction in supply would reduce consumption of coal and briquettes and in turn eliminate the need for government subsidies. While committing to this long-term plan, the government also intends to continue to control price and introduce subsidy cuts gradually in order to regulate demand and prevent sudden pressure on farmers and household consumers of briquettes.⁹⁷⁸

Thus Korea has been awarded a score of 0 for its partial compliance.

Analyst: Victoria Cho

Mexico: +1

Mexico has fully complied with its commitment to phase out inefficient fossil fuel subsidies over the medium term by continuing their current policies, while providing targeted support for the poorest. It has implemented and abided by policies that will eliminate inefficient fossil fuel subsidies within the target time frame, and they have provided targeted support for the poor in the past, however they have not taken further action since the Seoul summit.

Mexico's implementation strategy requires that they continue their current financial and energy policies, which will eliminate subsidies to gasoline, diesel, and liquefied petroleum gas. At the outset of his presidency Felipe Calderon launched Vision Mexico 2030, which includes the Energy Sector Program 2007-2012.⁹⁷⁹ This program has three major goals, one of which is the promotion of renewable energy sources to offset the use of fossil fuels.⁹⁸⁰ Within these goals, the program lists objectives for every sector, including setting prices at levels that will cover the production costs of energy, and ensuring the operation of the hydrocarbon sector complies with

⁹⁷³ Annex of G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies, G20 Energy Experts Group. Date of Access: 29 March 2011
http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

⁹⁷⁴ Fossil-fuel consumption subsidy rates as a proportion of the full cost of supply, 2009, IEA World Energy Outlook 2010. Date of Access: 31 March 2011 <http://www.iea.org/subsidy/index.html>

⁹⁷⁵ Gradual Long-Term Increase of Coal Prices.Reduction and Elimination of Subsidies, Asia Economy (Seoul) 09 March 2011. Date of Access: 29 March 2011
<http://www.asiae.co.kr/news/view.htm?idxno=2011030913484003454>

⁹⁷⁶ Long-Term Coal Industry Plan ('11~'15), Ministry of Knowledge Economy (Seoul) 8 March 2011. Date of Access: 31 March 2011 <http://www.kocoal.or.kr/board/download.php?table=1004&number=1211>

⁹⁷⁷ Gradual Long-Term Increase of Coal Prices..Reduction and Elimination of Subsidies, Asia Economy (Seoul) 09 March 2011. Date of Access: 29 March 2011
<http://www.asiae.co.kr/news/view.htm?idxno=2011030913484003454>

⁹⁷⁸ Gradual Long-Term Increase of Coal Prices..Reduction and Elimination of Subsidies, Asia Economy (Seoul) 09 March 2011. Date of Access: 29 March 2011
<http://www.asiae.co.kr/news/view.htm?idxno=2011030913484003454>

⁹⁷⁹ Energy Sector Program 2007-2012, Secretariat of Energy and Technology Development Planning, (Mexico City) 28 November 2007. Date of Access: 26 March 2010.
http://www.energia.gob.mx/webSener/portal/programa_sectorial_de_energia_2007-2012.html

⁹⁸⁰ Energy Sector Program 2007-2012, Secretariat of Energy and Technology Development Planning, (Mexico City) 28 November 2007. Date of Access: 26 March 2010.
http://www.energia.gob.mx/webSener/portal/programa_sectorial_de_energia_2007-2012.html

international standards of efficiency and transparency.⁹⁸¹ The Energy Sector Program remains in effect until 2012.

Mexico's current energy policies involve the increase of national fossil fuel prices that are expected to phase out whatever subsidies exist in the energy market.⁹⁸² Furthermore the government of Mexico has begun phasing out motor fuel subsidies.⁹⁸³ These policies are in line with their commitments to the G20, and their Energy Sector Program.

Recognizing the increased burden higher energy prices place on the poorest members of society, the Mexican government conducted, "a household-level census of fuel consumption that will allow the government to implement a well-targeted support program to compensate low-income households."⁹⁸⁴ It can therefore be expected that this support will be forthcoming in the near future.

Thus Mexico has been awarded a +1 for its compliance to its commitment to phase out inefficient fossil fuel subsidies in the medium term. Mexico's implementation strategy required that it maintain its current policies of reducing subsidies and raising domestic costs, which it has continued to do. Mexico has also embarked on an effort to provide targeted support to the poorest to compensate for these increased energy costs, but it has not taken any new action.

Analyst: Emily Evangelista

Russia: +1

Russia has fully complied with the commitment on inefficient fossil fuel subsidies.

According to the Energy Strategy for the Period until 2030 by the end of the first phase of the Strategy's implementation (2013-2015) domestic gas and electricity markets will be completely liberalized. By 2030 the share of energy resources traded at exchanges is to be no less than 15-20%.⁹⁸⁵

According to the Rules of the Wholesale Electric Energy Market from 1 January 2011 all Russian electric energy market, except supplies for individual consumers, was fully liberalized (unregulated price formation).⁹⁸⁶

⁹⁸¹ Energy Sector Program 2007-2012, Secretariat of Energy and Technology Development Planning, (Mexico City) 28 November 2007. Date of Access: 26 March 2010.

http://www.energia.gob.mx/webSener/portal/programa_sectorial_de_energia_2007-2012.html

⁹⁸² Report to Leaders on the G20 Commitment to Rationalize and Phase Out Inefficient Fossil Fuel Subsidies, G20 Energy Experts Group. Date of Access: 26 March 2011.

[http://www.g20.org/Documents2010/expert/Report to Leaders_G20 Inefficient Fossil Fuel Subsidies.pdf](http://www.g20.org/Documents2010/expert/Report%20to%20Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf)

⁹⁸³ G20 Seoul Summit Fact Sheet on Energy Issues, Office of the Press Secretary (Washington) 12 November 2010. Date of Access: 26 March 2011. <http://www.america.gov/st/texttrans-english/2010/November/20101112131330su0.4250256.html>

⁹⁸⁴ G20 Seoul Summit Fact Sheet on Energy Issues, Office of the Press Secretary (Washington) 12 November 2010. Date of Access: 26 March 2011. <http://www.america.gov/st/texttrans-english/2010/November/20101112131330su0.4250256.html>

⁹⁸⁵ Energy Strategy for 2030, Ministry of Energy 13 November 2009. Date of Access 3 April 2010. <http://minenergo.gov.ru/activity/energostrategy>

⁹⁸⁶ Government resolution No. 205 of 7 April 2007, Government of Russia 7 April 2007. Date of Access 3 April 2010. <http://government.consultant.ru/page.aspx?8411;908519>

The Energy Strategy for the Period until 2030 also provides for development of mechanisms to minimize negative impacts caused by price growth on the most vulnerable groups of energy consumers, first of all, the impacts on household consumers.⁹⁸⁷

On 17 February 2011, the Russian Prime Minister instructed relevant agencies to take measures to keep down price for electric power for consumers. On 1 March 2011, the Russian Ministry of Energy presented its proposals, including non-applying of adjustment for inflation to electricity payment. Another part of the proposition is lowering investments for nuclear power plants and hydropower plants for redistribution of the saved funding in favor of the households.⁹⁸⁸

Russia has taken actions to implement its strategy of rationalization and phasing-out inefficient fossil fuel subsidies and to provide support for the poorest. Thus Russia has been awarded a score of +1.

Analyst: Andrey Shelepov

Saudi Arabia: 0

Saudi Arabia has partially complied with its commitment to provide targeted energy support to the poorest, a pledge that was reaffirmed at the Seoul Summit. Saudi Arabia has committed to increasing transparency between energy producing and consuming countries and has pledged to respond to potential oil shortages in the Middle East. However, Saudi Arabia has not announced any concrete plans to deliver energy support to developing countries.

On 22 February 2011, Saudi Arabia hosted the Extraordinary International Energy Forum (IEF) Ministerial Meeting in Riyadh.⁹⁸⁹ At the meeting, 87 ministers signed an energy charter intended to “create[s] an enhanced framework for dialogue between energy producing and energy consuming countries.” IEF Secretary-General Noe van Hulst noted that increased transparency in communication is “vital to the future of energy security.” Furthermore, Saudi Minister of Petroleum and Mineral Resources Ali Al-Naimi added that “the agreement strengthens cooperation in the energy sector ‘for the benefit of future generations.’”⁹⁹⁰

On the same day, Minister Al-Naimi also announced that “OPEC is prepared to meet any shortage of supplies due to unrest in the Middle East and that its members have spare capacity to do so.” This was in response to concerns over potential shortages in oil supplies in the region.⁹⁹¹

Thus Saudi Arabia has been awarded a score of 0 for partial compliance to its commitment to provide targeted energy support to the poorest.

Analyst: Samir Siddiqui

⁹⁸⁷ Energy Strategy for 2030, Ministry of Energy 13 November 2009. Date of Access 3 April 2010. <http://minenergo.gov.ru/activity/energostrategy>

⁹⁸⁸ Russian Ministry of Energy makes proposals to keep down price for electric power for consumers, Ministry of Energy 2 March 2011. Date of Access 3 April 2010. http://minenergo.gov.ru/press/min_news/6952.html

⁹⁸⁹ Extraordinary IEF Ministerial Meeting, International Energy Forum (Riyadh) 22 February 2011. Date of Access: 25 March 2011. <http://www.ief.org/whatsnew/Pages/ExtraordinaryIEFMinisterialMeeting,22February2011,Riyadh.aspx>.

⁹⁹⁰ IEF hails energy charter signed in Saudi Arabia, New Europe (Brussels) 27 February 2011. Date of Access: 25 March 2011. <http://www.neurope.eu/articles/104947.php>.

⁹⁹¹ Saudi- OPEC ready to meet any shortage supply, Middle East North Africa Financial Network (Amman) 23 February 2011. Date of Access: 25 March 2011. http://www.menafn.com/qn_news_story_s.asp?storyid=1093395220.

South Africa: +1

South Africa has fully complied with its commitment to rationalize and phase-out inefficient fossil fuel subsidies and to provide targeted support for the poorest.

On 23 March 2011, South Africa cut its proposed subsidies for renewable energy. A review paper published in March 2011 showed that the South African government revised subsidies for several types of energy sources downward by between 7 to 40%.⁹⁹²

To support groups vulnerable to inflation and high-energy prices, South Africa offers free electricity of 50 kWh per household per month for the poorest households through the Free Basic Electricity Programme.⁹⁹³ However, this policy was instituted in 2003 and no new policies aimed to support the poorest since the 2010 G20 Summit has been established.

Thus South Africa has been awarded a score of +1 because it has complied with its commitment to provide support for the poorest.

Analysts: Cloe Bilodeau & Ivana Jankovic

Turkey: – 1

Turkey has not complied with its commitment to take action towards the implementation of its proposed strategy and has provided no support for the poorest.

Turkey's strategy includes a restructuring plan that rationalizes inefficient fossil fuel subsidies transferred to the state-owned hard coal producing enterprise, the Turkish Hard Coal Company.⁹⁹⁴ Turkish Hard Coal Company's work is labour intensive due to its geological location and the selling price does not cover the commercial costs.⁹⁹⁵ As a result, the Turkish government transfers capital to the company.⁹⁹⁶ The Turkish government plans to rationalize inefficient subsidies for the Turkish Hard Coal Company through a restructuring plan.⁹⁹⁷

⁹⁹²South Africa cuts proposed green energy subsidies. Reuters (Johannesburg) 23 March 2011. Date of Access: 20 April 2011. <http://www.reuters.com/article/2011/03/23/us-safrica-tariffs-idUSTRE72M6XS20110323>

⁹⁹³ Electricity Basic Services Support Tariff (Free Basic Electricity) Policy for the Republic of South Africa, Department of Minerals and Energy (Pretoria), 4 July 2003, Date of Access 27 March 2011, <http://www.energy.gov.za/files/policies/Free%20Basic%20Electricity%20Policy%202003.pdf>

⁹⁹⁴ Annex- G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies: Implementation Strategies & Timetables, (Toronto) July 2010. Date of Access: 27 March 2011. www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

⁹⁹⁵ Annex- G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies: Implementation Strategies & Timetables, (Toronto) July 2010. Date of Access: 27 March 2011. www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

⁹⁹⁶ Annex- G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies: Implementation Strategies & Timetables, (Toronto) July 2010. Date of Access: 27 March 2011. www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

⁹⁹⁷ Annex- G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies: Implementation Strategies & Timetables, (Toronto) July 2010. Date of Access: 27 March 2011. www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

However, Turkey has not taken action to rationalize its inefficient fossil fuel subsidies for the Turkish Hard Coal Company through a restructuring plan and has not provided the developing countries with essential energy services.

Thus Turkey has been awarded a score of -1 for not rationalizing its inefficient fossil fuel subsidies and providing targeted support for the poorest.

Analyst: Mina Akrami

United Kingdom: +1

The United Kingdom has fully complied with its commitment to provide targeted energy support to the poorest, a pledge that was reaffirmed at the Seoul Summit. The UK has initiated plans to deliver renewable energy in Asia and Africa, and has broadly committed to expand its efforts in providing clean energy to developing countries.

On 18 November 2010, International Development Secretary Andrew Mitchell announced that the UK “is working on two new public-private partnership projects to generate renewable energy in developing countries.” One of the public-private partnership funds “will target low carbon and adaptation investments in Asia,” and “could generate 5 gigawatts of new renewable energy” over 25 years. In addition, the project could “create 60,000 jobs while removing 150 million tonnes of carbon dioxide from the atmosphere.” Furthermore, a second potential partnership fund could generate “up to 500 megawatts of new renewable energy per year” in Africa from 2015, “enough to provide electricity for over four million rural households.”⁹⁹⁸

In the same speech, Secretary Mitchell also announced that the “Coalition Government is committed to ensuring that UK Trade and Investment and the Export Credits Guarantee Department become champions for British companies that develop and export innovative green technologies around the world, instead of supporting investment in dirty fossil-fuel energy production.” This pledge falls in line with the UK’s focus on generating more efficient energy usage and achieving energy-security worldwide.⁹⁹⁹

Furthermore, on 18 January 2011, Secretary Mitchell suggested that reforms be made to the Commonwealth Development Corporation (CDC) – “Britain’s investment fund for developing countries” – in an attempt to better address poverty alleviation. Secretary Mitchell recommended that the CDC “refocus its attention on development,” and called for increased investment in the area of clean energy.¹⁰⁰⁰

Thus the United Kingdom has been awarded a score of +1 for full compliance on its commitment to provide targeted energy support to the poorest. This fulfills the UK’s pledge, reaffirmed at the Seoul Summit, as a G20 member that has no inefficient fossil-fuel subsidies.

Analyst: Samir Siddiqui

⁹⁹⁸ Mitchell: UK to help drive low carbon revolution in poorest countries, Department for International Development (London) 18 November 2010. Date of Access: 25 March 2011.

<http://www.dfid.gov.uk/Media-Room/Press-releases/2010/Mitchell-UK-to-help-drive-low-carbon-revolution-in-poorest-countries/>.

⁹⁹⁹ Speech by Andrew Mitchell, International Development Secretary, at a Climate and Development Knowledge Network event at British Council on 18 November 2010, Department for International Development (London) 18 November 2010. Date of Access: 25 March 2011.

<http://www.dfid.gov.uk/Media-Room/Speeches-and-articles/2010/Climate-change/>.

¹⁰⁰⁰ Private sector-led reform ‘key to CDC’s future’ says Andrew Mitchell, The Guardian (London) 19 January 2011. Date of Access: 25 March 2011. <http://www.guardian.co.uk/global-development/2011/jan/19/commonwealth-development-corporation-private-sector>

United States: 0

The United States has partially complied with its commitment to implement its country specific strategy to reduce inefficient fossil fuel subsidies that encourage wasteful consumption, while providing targeted support for the poorest.

On 30 March 2011 President Barack Obama released “The Obama Administration’s Blueprint for a Secure Energy Future” affirming its G20 commitment to reduce wasteful use of fossil fuels and “to work under the auspices of the G20 to prompt policies that increase transparency and efficiency of international gas markets.”¹⁰⁰¹ According to the Blueprint for a Secure Energy Future “in addition to phasing out inefficient fossil subsidies, the United States is also working with partners including Japan, the United Kingdom, France, and Germany, to catalyze both the use of natural gas and hybrid-diesel buses and expansion of mass transit in developing countries” and will support “transport programs in Egypt, Mexico, Philippines, Thailand, Vietnam and Colombia” as part of the “Clean Technology Fund” to “reduce demand for oil and help to catalyze similar efforts in other developing countries.”¹⁰⁰²

On 14 February 2011 President Barack Obama released the United State’s 2012 Fiscal Year Budget. The 2012 Budget proposal includes a commitment to eliminate “inefficient fossil fuel subsidies that impede investment in clean energy sources and undermine efforts to address the threat of climate change”¹⁰⁰³ through elimination of US\$46 billion in tax subsidies for fossil fuel production, with President Obama proposing to use “these funds to support clean energy innovation.”¹⁰⁰⁴

The United States has failed to maintain the level of targeted support for the poorest alongside its efforts to reduce inefficient fossil fuel subsidies through its Low Income Home Energy Assistance Program (LIHEAP) which helps “struggling families make ends meet by offsetting some of their home heating and cooling costs.” The 2012 Budget included a “50 percent funding reduction” in the LIHEAP program and “does not re-propose the creation of a LIHEAP funding trigger included in previous budget requests.”¹⁰⁰⁵

The United States has partially complied with its commitment to implement its country specific strategy to reduce inefficient fossil fuel subsidies that encourage wasteful consumption. However, because proposed cuts to the Low Income Home Energy Assistance Program (LIHEAP) in the 2012 Budget removes support for the poor in meeting their energy needs, the United States has received a score of 0.

Analyst: Nehal Tolia

¹⁰⁰¹ The Obama Administration’s Blueprint for a Secure Energy Future, Heather Zichal, White House Blog (Washington) 30 March 2011. Date of Access: 31 March 2011.

<http://www.whitehouse.gov/blog/2011/03/30/obama-administration-s-blueprint-secure-energy-future>

¹⁰⁰² The Obama Administration’s Blueprint for a Secure Energy Future, Heather Zichal, White House Blog (Washington) 30 March 2011. Date of Access: 31 March 2011.

<http://www.whitehouse.gov/blog/2011/03/30/obama-administration-s-blueprint-secure-energy-future>

¹⁰⁰³ Department of Energy, Office of Management and Budget (Washington) 14 February 2011. Date of Access: 31 March 2011. www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/energy.pdf

¹⁰⁰⁴ The Obama Administration’s Blueprint for a Secure Energy Future, Heather Zichal, White House Blog (Washington) 30 March 2011. Date of Access: 31 March 2011.

<http://www.whitehouse.gov/blog/2011/03/30/obama-administration-s-blueprint-secure-energy-future>

¹⁰⁰⁵ Giving a Hand Up to Low-Income Families: The Federal Budget Fiscal Year 2012, The White House, Office of Management and Budget (Washington) 14 February 2011. Date of Access: 31 March 2011.

<http://www.whitehouse.gov/omb/factsheet/giving-a-hand-up-to-low-income-families>

European Union: N/A

The European Union has been omitted from scoring for this commitment. The European Union did not indicate specific fossil fuel subsidies to be suspended in the Appendix to the G20 Summit Declaration. Though the EC did commit to review environmentally harmful and unsustainable subsidies, no evidence has been found to confirm that this review process is underway.

Analyst: Ivana Jankovic

11. Energy: Clean Energy Technologies

Commitment [#135]:

“We will take steps to create, as appropriate, the enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies, including policies and practices in our countries and beyond, including technical transfer and capacity building.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina		0	
Australia			+1
Brazil			+1
Canada		0	
China			+1
France			+1
Germany			+1
India			+1
Indonesia		0	
Italy			+1
Japan			+1
Korea			+1
Mexico			+1
Russia			+1
Saudi Arabia	-1		
South Africa		0	
Turkey		0	
United Kingdom			+1
United States			+1
European Union			+1
Average Score		+0.65	

Background:

Commitments to develop and diffuse energy efficiency and clean energy in all areas of energy production have been a staple of G8 Summits. Historically, the G8’s focus on innovations in energy-producing technology has been motivated by a desire to curtail global energy insecurity and reduce the environmental impact of conventional modes of energy production.

The G20 made its first commitment to develop energy efficiency and clean energy technologies at the London Summit, on 2 April 2009. At the summit in Pittsburg in 2009, the G20 leaders reiterated their commitment to stimulate investment in clean energy, renewables, and energy efficiency and provide financial and technical support for such projects in developing countries. This commitment was reinforced at the Seoul Summit.

Commitment Features:

This is a two-part commitment asking for action on two levels: facilitation of the diffusion or transfer of energy efficiency and/or clean energy technologies by G20 member in their countries and beyond. To achieve full compliance, a member must take action in both of these areas.

Examples of policy and regulatory measures that could provide incentives for the private sector to adopt and develop energy efficiency and/or clean technologies are: establishment of an emission trading mechanism that would enable private companies to sell carbon credits they gained from investing in clean energy technology research and development; implementation of credits and tax credits for private investment in clean energy technology research and development; establishment of privileged loans for energy efficiency and clean technology research and development; and setting up a certification system for companies that invest in energy efficiency and clean energy technology research and development.

For full compliance with this commitment, a member must conduct joint research projects and build capacity or undertake other actions to facilitate the diffusion or transfer of energy efficiency and/or clean energy technology at national and international levels, unilaterally as well as in cooperation with other G20 countries.

Scoring Guidelines:

-1	Member does not take steps to create the enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies, including policies and practices in its own country AND beyond, including technical transfer and capacity building.
0	Member takes steps to create the enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies, including policies and practices in its own country OR beyond, including technical transfer and capacity building.
+1	Member takes steps to create the enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies, including policies and practices in its own country AND beyond, including technical transfer and capacity building.

Argentina: 0

Argentina has partially complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

As of 23 March 2011, 23 billion of low energy consumption bulbs were distributed among 6.5 million households, which equals 600-750 MW of saved energy or 3% of the total energy production capacity in Argentina. The initiative is undertaken in the framework of the National Programme of Rational and Efficient Use of Energy (PRONUREE).¹⁰⁰⁶

According to the Ministry of Planning, the country is on the way to achieve the target of generating 8% of the energy consumption by 2016 from the renewable sources of energy.¹⁰⁰⁷

On 30 May 2011, a new resolution on energy efficiency (Resolution 198/2011 of Ministry for Energy) established energy efficiency standards for domestic refrigerators and electric appliances.¹⁰⁰⁸

¹⁰⁰⁶ [Ya Son 23 Millones Las Lámparas De Bajo Consumo Entregadas A 6,5 Millones De Hogares](http://www.minplan.gov.ar/notas/333-argentina-dispondr-un-8--energias-renovables--2016) Ministry of Planning (Buenos Aires) 23 March 2011. Date of access: 17 April 2011.

¹⁰⁰⁷ [ARGENTINA DISPONDRÁ DE UN 8% DE ENERGÍAS RENOVABLES EN 2016](http://www.minplan.gov.ar/notas/328-ya-son-23-millones-las-lmparas-consumo-entregadas-65-millones-hogares), Ministry of Planning 27 March 2011. Date of access: 17 April 2011. <http://www.minplan.gov.ar/notas/328-ya-son-23-millones-las-lmparas-consumo-entregadas-65-millones-hogares>

Argentina has taken steps to promote and deploy clean energy technologies within its borders but has not developed energy efficiency in other countries and thus is awarded a score of 0.

Analyst: Polina Arkhipova

Australia: +1

Australia has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

On 24 March 2011, legislation to underpin the Carbon Farming Initiative (CFI) was introduced to Parliament. The CFI aims to give farmers, forest growers and landholders access to domestic and international carbon markets, providing an investment incentive for environmental conservation and greenhouse gas emission reduction.¹⁰⁰⁹

On 26 November 2010, the Australian Carbon Trust (a company set up by the Australian Government in 2010) signed a multi-million dollar financial agreement with six major companies aimed at financing energy efficiency projects and leveraging significant private sector finance to achieve cost-effective energy efficiency improvements.¹⁰¹⁰

On 15 December 2010, the Minister for Climate Change and Energy Efficiency Combet announced that AUD51 billion (AUD1 approximately equals to USD1) would be awarded to schools as Federal Government allocates funds to install solar and other renewable power systems, rainwater tanks and to help implement a range of other energy efficiency measures.¹⁰¹¹

On 20 January 2011, the Australian Government's Automotive Transformation Scheme was launched to help vehicle and component makers get cleaner and greener products to market. This AUD3.4 billion scheme for the period up to 2020 is the centerpiece of the Australian Government's New Car Plan for a Greener Future.¹⁰¹²

On 24 February 2011, the Prime Minister Julia Gillard outlined the Government's plan to cut pollution, tackle climate change and deliver the economic reform Australia needs to move to a "clean energy future." The two-stage plan for a carbon price mechanism will start with a fixed

¹⁰⁰⁸ Nueva resolución de Eficiencia Energética - Res. SE n° 198/2011, Ministry of Planning (Buenos Aires) 30 May 2011. Date of access: 18 July 2011.

<http://energia3.mecon.gov.ar/contenidos/verpagina.php?idpagina=3410>

¹⁰⁰⁹ Carbon Farming Initiative, Department of Climate Change and Energy Efficiency 24 March 2011. Date of access: 18 April 2011. www.climatechange.gov.au/cfi

¹⁰¹⁰ First Energy Efficiency Program investments announced, Minister for Climate Change and Energy Efficiency 26 November 2010. Date of access: 4 April 2011. www.climatechange.gov.au/minister/greg-combet/2010/media-releases/November/mr20101126.aspx

¹⁰¹¹ More schools go solar with Federal Government grants, Minister for Climate Change and Energy Efficiency 15 December 2010. Date of access: 3 April 2011. www.climatechange.gov.au/en/minister/greg-combet/2010/media-releases/December/mr20101215a.aspx

¹⁰¹² New Automotive Transformation Scheme Hits the Road Running, Minister for Innovation, Industry, Science and Research 20 January 2011. Date of access: 2 April 2011. minister.innovation.gov.au/Carr/MediaReleases/Pages/newautomotivetransformationschemehitstheroadrunning.aspx

price period for three to five years (beginning in 1 July 2012) before transitioning to an emissions trading scheme.¹⁰¹³

At the international level, Australia has launched several initiatives to spread clean energy technologies worldwide.

On 9 December 2010, Minister for Climate Change and Energy Efficiency Combet announced an allocation of additional AUD45 million to support Indonesia's efforts to address climate change as part of Australia's AUD599 million climate change fast-start funding which was announced in June 2010. AUD30 million will be invested to accelerate joint work on Indonesia's National Carbon Accounting System.¹⁰¹⁴

On 16 March 2011, Minister for Innovation, Industry, Science and Research Kim Carr signed the Memorandum of Understanding (MoU) between the Australian Solar Institute (ASI) and the Deutsches Zentrum für Luft- und Raumfahrt (DLR) – Germany's national research centre for aeronautics and space. The MoU aims to foster cooperation in solar energy research and deployment.¹⁰¹⁵

Thus Australia deserves a score of +1 for stepping up efforts to introduce and disseminate green energy technologies domestically and abroad.

Analyst: Ekaterina Maslovskaya

Brazil: +1

Brazil has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

On 5 January 2011, one of Brazil's state-owned banks, Brazil's National Economic and Social Development Bank (BNDES), has given BRL588.9 million (about USD360 million) for the construction of nine wind farms in the state of Bahia.¹⁰¹⁶

On 21 February 2011, The Brazilian Electricity Regulatory Agency (ANEEL) issued several publications aiming to inform the society on topics relating to the electricity sector.¹⁰¹⁷ The

¹⁰¹³ Climate change framework announced, Minister for Climate Change and Energy Efficiency 24 February 2011. Date of access: 3 April 2011. www.climatechange.gov.au/en/minister/greg-combet/2011/media-releases/February/mr20110224.aspx

¹⁰¹⁴ Strengthening Australia's climate change partnership with Indonesia, Minister for Climate Change and Energy Efficiency 9 December 2010. Date of access: 4 April 2011. www.climatechange.gov.au/minister/greg-combet/2010/media-releases/December/mr20101209.aspx

¹⁰¹⁵ Australia and Germany Strengthen Solar Research Ties, Minister for Innovation, Industry, Science and Research 16 March 2011. Date of access: 2 April 2011.

minister.innovation.gov.au/Carr/MediaReleases/Pages/australiaandgermanystrengthensolarresearchties.aspx

¹⁰¹⁶ BNDES Approves Finance for Construction of Nine Wind Farms in Bahia, Portal Brasil 5 January 2011. Date of Access: 10 April 2011. <http://www.brasil.gov.br/news/history/2011/01/05/bndes-approves-finance-for-construction-of-nine-wind-farms-in-bahia>.

¹⁰¹⁷ Pamphlets Explain ANEEL Operations and Give Tips on Saving Power, Brazilian Electricity Regulatory Agency 21 February 2011. Date of Access: 10 April 2011. http://www.aneel.gov.br/aplicacoes/noticias_area/dsp_detalheNoticia.cfm?idNoticia=3764&idAreaNoticia=347.

collection consists of six small booklets containing illustrated tips on saving and efficient use of electricity. The task of the booklets is to teach Brazilians to save energy resources.¹⁰¹⁸

On 4 December 2010, at the 6th UN Conference on Climate Change (COP 16) and at the World Climate Summit (WCS) Brazil presented its experience of using biofuel. Biofuel usage in Brazil helped to avoid the emission of more than 600 million tons of CO₂ over the last three decades.¹⁰¹⁹

On 19 March 2011, Brazil and the USA announced that they launched a Partnership for the Development of Aviation Biofuels. The goals of this partnership are development of sustainable biofuels for aviation as an important means of reducing aviation greenhouse gas emissions and coordinating efforts towards the establishment of common standards for aviation biofuels. Within the partnership cooperative activities include: exchanges of experts and non-proprietary data as well as analysis by national research labs and joint engagement in multilateral fora.¹⁰²⁰

On 26 March 2011, The Brazilian Development Bank (BNDES) and the Japan Bank for International Cooperation (JBIC) entered into a financing agreement in the amount of USD300 million within the scope of the Green Line. The Green Line (Global Action for Reconciling Economic Growth and Environmental Preservation) is aimed at supporting projects that benefit the global preservation of the environment, fostering the reduction of greenhouse gas emissions, energy efficiency and the use of renewable energy.¹⁰²¹

Brazil has developed and deployed energy efficiency and energy technologies in the country and in partnership with countries. Thus Brazil has been given a score of +1.

Analyst: Pavel Zhdanov

Canada: 0

Canada has partially complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

Some measures have been undertaken to develop and deploy energy efficiency and clean energy technologies in Canada.

On 24 January 2011, Minister of State (Sport) Gary Lann announced CAD3.9 million (CAD1 approximately equals to USD1) in support of the Clean Energy Fund for the City of Colwood's community-scale solar project. This funding is part of the Government's action to improve economic and environmental performance in the country.¹⁰²²

¹⁰¹⁸ Pamphlets Energy Day by Day, Brazilian Electricity Regulatory Agency 21 February 2011. Date of Access: 10 April 2011. <http://www.aneel.gov.br/area.cfm?idArea=551&idPerfil=6>.

¹⁰¹⁹ Brazilian Experience in Clean, Renewable Energy Discussed at COP 16, Portal Brasil 4 December 2010. Date of Access: 10 April 2011. <http://www.brasil.gov.br/news/history/2010/12/04/brazilian-experience-in-clean-renewable-energy-discussed-at-cop-16>.

¹⁰²⁰ Partnership for Development of Aviation Biofuels, Portal Brasil 19 March 2011. Date of Access: 10 April 2011. <http://www.brasil.gov.br/news/history/2011/03/19/partnership-for-development-of-aviation-biofuels>.

¹⁰²¹ BNDES Enters into \$300 Million Agreement with JBIC, The Brazilian Development Bank (BNDES) 6 April 2011. Date of Access: 10 April 2011. http://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/Press/Destaques_Primeira_Pagina/20110406_BNDES_JBIC.html.

¹⁰²² Government of Canada Invested in B.C. Solar Energy Project, Natural Resources Canada 24 January 2011. Date of Access: 28 April 2011. <http://www.nrcan-rncan.gc.ca/media/newcom/2011/201111-eng.php>

On 22 March 2011, Minister of Finance Jim Flaherty tabled a new federal budget. The investment of almost CAD870 million for Canada's Clean Air Agenda, CAD97 million to renew funding for technology and innovation in the areas of clean energy and energy efficiency and CAD8 million to renew funding to promote the deployment of clean energy technologies in Aboriginal and Northern communities is expected to be made over two years in accordance with this document.¹⁰²³

Thus Canada has been awarded a score of 0 for taking steps towards the development and deployment of energy efficiency and clean energy technologies domestically but failing to promote these initiatives abroad.

Analyst: Vitaly Nagornov

China: +1

China has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

On 19 January 2011, the Second U.S.-China Strategic Forum on Clean Energy Cooperation concluded in Washington with a series of big clean energy deals signed and companies from both countries having discovered shared goals and interests.¹⁰²⁴

On 3 March 2011, Premier Wen Jiabao announced plans to slash energy consumption and carbon dioxide emissions for each unit of economic growth by 16% and 17% respectively. The country also aims to increase the use of clean energy by raising the percentage of non-fossil fuels in its energy mix to 11.4% from 8.3% in 2010. The targets are part of the country's wider plan to reduce carbon intensity by 40 to 45% by 2020 from 2005 levels as a key part of the fight against climate change, a pledge made by the Premier. In 2011, China aims to reduce both carbon and energy intensity by about 3.5% compared with the previous year. The five-year blueprint also sets a target to slash emissions of major pollutants by 8 to 10% by 2015.¹⁰²⁵

On 3 March 2011, Chinese Premier Wen Jiabao said the goals for 2011-2015 are generally in line with China's plan to cut carbon intensity – or carbon dioxide emission per unit of GDP – by 40 to 50% by 2020 from 2005's levels. China has vowed to lift the portion of non-fossil fuels in overall primary energy use to 15% by 2020.¹⁰²⁶

On 5 March 2011, the draft of China's 12th Five-Year Plan (2011-2015) was submitted to the National People's Congress, where the key targets of the draft include: Non-fossil fuel to account

¹⁰²³ Federal Government Released New Budget, 28 March 2011. Date of Access: 28 April 2011.

<http://www.cleanenergyandtechnologyblog.com/canada-federal/federal-government-releases-new-budget/>

¹⁰²⁴ China, U.S. clean energy forum concludes with big deals signed, Government of China 19 January 2011. Date of Access: 19 January 2011. http://www.gov.cn/misc/2011-01/20/content_1789242.htm

¹⁰²⁵ New Energy Targets to Produce A Greener Nation, Ministry of Environmental Protection of the People's Republic of China 3 March 2011. Date of Access: 7 March 2011.

<http://websearch.mep.gov.cn/was40/detail?record=2&channelid=24398&searchword=energy+efficiency+>

¹⁰²⁶ China more energy efficient, Ministry of Commerce People's Republic of China 28 March 2011. Date of Access: 29 March 2011.

<http://english.mofcom.gov.cn/aarticle/newsrelease/counselorsoffice/westernasiaandafricareport/201103/20110307471773.html>

for 11.4% of primary energy consumption; Energy consumption per unit of GDP to be cut by 16%; carbon dioxide emission per unit of GDP to be cut by 17%.¹⁰²⁷

On 5 March 2011, China announced goals of building 235 million kilowatts of power generation capacity of clean energy in the next five years, in an effort to trim the country's heavy reliance on fossil fuels. From 2011 to 2015, China plans to launch nuclear energy projects with a combined generation capacity of 40 million kw. In addition to boosting the construction of nuclear power plants in the coastal areas, new plants will be planned in central regions, according to the government's draft 12th Five-Year Plan. The country also plans to build hydropower stations along major rivers such as the Jinsha River, Yalong River and Dadu River with an installed capacity of 120 million kw. At least 70 million kw of wind power capacity and 5 million kw of solar power capacity will be created in the next five years, according to the draft plan. Moreover, China will construct oil and gas pipelines of about 150,000 kilometers in the next five years. The pipelines include a gas pipeline to central Asia and oil pipelines to Kazakhstan and Myanmar.¹⁰²⁸

On 28 March 2011, Zhou Changyi, director of energy conservation and comprehensive utilization department with the Ministry of Industry and Information Technology said at a conference in Nanjing, capital of eastern Jiangsu Province, that China aims to reduce energy use and carbon emissions per unit of industrial value-added output by 4% this year. Water use per unit of industrial value-added output will be slashed by 7% this year, he said. The cuts are part of the country's wider plan to reduce energy consumption and carbon emissions per unit of industrial value-added output by 18% by 2015, said MIIT deputy minister Su Bo. The government also pledged a 30% reduction in water consumption per unit of industrial value-added output by 2015, he added.¹⁰²⁹

On 28 March 2011, Su Bo, Vice Minister of the Ministry of Industry and Information Technology, said at a meeting in Nanjing that compulsory targets for the 18% cuts of energy consumption for per unit of industrial output, the minimum reduction of 18% for carbon dioxide emission and 30% slash of water consumption, as well as a increasing the utilization of industrial solid wastes to 72% by 2015 from the level of the end of 2010.¹⁰³⁰

On 29 March 2011, the National Development and Reform Commission announced that the country intends to reduce its energy consumption per unit of gross domestic product by 3.5% compared to 2010, and the water consumption per CNY10.000 of industrial value-added output is set to see a 7% year-on-year dip.¹⁰³¹

On 28 February 2011, a series of agreements were signed between Fu Ziyang, Vice Minister of commerce of China and Rameshore Prasad Khanal, Secretary of the Ministry of Finance on behalf of their respective governments in Kathmandu. According to the agreements, China

¹⁰²⁷Key targets of China's 12th five-year plan, Government of China 5 March 2011. Date of Access: 5 March 2011. http://english.gov.cn/2011-03/05/content_1816822.htm

¹⁰²⁸ China announces ambitious clean energy plans for next five, Chinese Online Information Service 5 March 2011. Date of Access: 7 March 2011. <http://chinatibet.people.com.cn/96057/7310149.html>

¹⁰²⁹ China announces targets for carbon emission, energy cuts for 2011, Ministry of Commerce People's Republic of China 28 March 2011. Date of Access: 29 March 2011. <http://english.mofcom.gov.cn/aarticle/newsrelease/counseloroffice/westernasiaandaficareport/201103/20110307471773.html>

¹⁰³⁰ China sets higher goals for energy use, gas emissions, Chinese Online Information Service 28 March 2011. Date of Access: 28 March 2011. <http://english.people.com.cn/90001/90778/90860/7333296.html>

¹⁰³¹ China releases green goals for 2011, Chinese Online Information Service 29 March 2011. Date of Access: 30 March 2011. <http://english.people.com.cn/90001/90778/90862/7335510.html>

through the Export-Import Bank of China has agreed to provide a loan assistance of CNY640 million (USD96 million) for the construction of Upper Trisuli 3A Hydropower Project of Nepal. The project capacity of 60 MW is expected to help reduce power deficit from the present power crisis across the country and the construction work is expected to be completed within four years.¹⁰³²

China has been awarded a score of +1 for taking steps for development and deployment of energy efficiency and clean energy technologies within the country and implementing some measures for promoting these initiatives in other countries.

Analyst Svetlana Nikitina

France: +1

France has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

On 26 December 2010, Minister of Sustainable Development and the Minister of Economy, Finance and Industry announced changes to the environment bonus-malus.¹⁰³³ In France, cars are taxed (malus) or credited (bonus) if their carbon emissions are above or below certain targets.

On 29 December 2010, Minister of Economy, Finance and Industry and Minister of Industry, Energy and Digital Economy launched the third contest for eco-industries' projects.¹⁰³⁴

On 30 December 2010, Minister of Economy, Finance and Industry and Minister of Industry, Energy and Digital Economy launched a new stage of the system providing certificates for energy savings.¹⁰³⁵

On 7 March 2011, the Government adopted the new regulatory framework for photovoltaic development.¹⁰³⁶

On 9 December 2010, French Prime Minister Francois Fillon and Russian Prime Minister Vladimir Putin signed an agreement to create a centre that will address problems of energy conservation and energy efficiency. Electricity of France (EDF) and Inter RAO UES established a joint venture to promote high-tech and energy efficient services in the Russian market.¹⁰³⁷

¹⁰³² China agrees to provide assistance to Nepal for different projects, Chinese Online Information Service 28 February 2011. Date of Access: 28 February 2011. http://news.xinhuanet.com/english2010/china/2011-02/28/c_13754461.htm

¹⁰³³ Evolution du bonus-malus écologique en 2011. Date of Access: 28 April 2011. <http://www.developpement-durable.gouv.fr/Evolution-du-bonus-malus.html>

¹⁰³⁴ Lancement de l'appel à projets éco-industrie 2011. Date of Access: 28 April 2011. <http://www.developpement-durable.gouv.fr/Lancement-de-l-appel-a-projets-eco.html>

¹⁰³⁵ Une nouvelle étape pour les certificats d'économies d'énergie. Date of Access: 28 April 2011. <http://www.developpement-durable.gouv.fr/Une-nouvelle-periode-d-economies-d.html>

¹⁰³⁶ Le Gouvernement met en place le nouveau cadre de régulation du photovoltaïque. <http://www.developpement-durable.gouv.fr/Le-Gouvernement-met-en-place-le.html>

¹⁰³⁷ Prime Minister Vladimir Putin and French Prime Minister Francois Fillon chair the 15th meeting of the Russian-French Commission on Bilateral Cooperation, 9 December 2010. Date of Access: 28 April 2011. <http://premier.gov.ru/eng/events/news/13311/>

France has been awarded a score of +1 for taking steps for development and deployment of energy efficiency and clean energy technologies within the country and implementing some measures for promoting these initiatives in other countries.

Analyst: Vitaly Nagornov

Germany: +1

Germany has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

On 14 March 2011, following the nuclear accident in Japan, the Federal Government of Germany imposed a three-month moratorium on the extension of the operating lives of Germany's seven oldest nuclear power plants agreed on 8 December. German Chancellor Angela Merkel announced that the government would be increasing the pace at which Germany moves towards the age of renewables.¹⁰³⁸

On 8 December 2010, two acts concerning energy came into force. The Nuclear Fuel Tax Act, according to which a tax is imposed on nuclear-energy producers from 1 January 2011 to 31 December 2016. Tax revenues will be used to promote alternative energy sources in Germany and to finance the "Energy and Climate Fund."¹⁰³⁹ Secondly, establishing Energy and Climate Fund on 1 January 2011 was approved. The fund is designed to finance the development of renewable energy sources in Germany.¹⁰⁴⁰

On 17 December 2010, the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety granted EUR1.2 million (USD1.68 million) under the Environmental Innovation Programme for an energy efficiency project, which deals with expanding the use of biomass energy.¹⁰⁴¹

On 16 February 2011, The German Federal Cabinet adopted a draft amendment to the Greenhouse Gas Emissions Trading Act (TEHG). The amendment to the Act transposes comprehensive amendments to the EU Emissions Trading Directive into national law. The TEHG amendment serves the purpose of incorporating the rules of EU emissions trading into the German legal system and regulates the enforcement of the Act. The competences of the federal and state governments regarding the enforcement are defined more clearly than before. For

¹⁰³⁸ German government imposes three-month moratorium on extension of nuclear power plant operations, Federal Government of Germany 14 March 2011. Date of Access: 10 April 2011. http://www.bundesregierung.de/Content/EN/Artikel/_2011/03/2011-03-14-moratorium-kernkraft-deutschland_en.html.

¹⁰³⁹ Kernbrennstoffsteuergesetz, Federal Ministry of Finance 13 December 2010. Date of Access: 10 April 2011. http://www.bundesfinanzministerium.de/nn_67366/DE/BMF_Startseite/Aktuelles/Aktuelle_Gesetze/Gesetze_Verordnungen/001.html?_nn=true.

¹⁰⁴⁰ Energie- und Klimafonds, Federal Government of Germany 26 November 2010. Date of Access: 10 April 2011. http://www.bundesregierung.de/nn_1524/Content/DE/Artikel/2010/09/2010-09-28-energie-klimafonds.html.

¹⁰⁴¹ Aus Biomasse wird Strom und Wärme, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety of Germany 17 December 2010. Date of Access: 10 April 2011. http://www.bmu.de/pressemitteilungen/aktuelle_pressemitteilungen/pm/46844.php.

example, in future emissions monitoring will be a responsibility of the German Emissions Trading Authority (DEHSt) at the Federal Environment Agency.¹⁰⁴²

On 15 March 2011, the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety approved the adoption of better conditions for the Market Incentive Programme in Germany. The programme has been implemented since March 2008 and is aimed at achieving a share of 14 % of renewable energies in the heating market till 2020. The new conditions comprise providing extended renewable energy subsidies, including subsidies for developing solar and biomass energy.¹⁰⁴³

On 21 March 2011, the German Federal Minister of Economics and Technology Rainer Brüderle presented the key points of Grid Expansion Acceleration Act. The Act aims at advancing the expansion of the power grid, which is a precondition for the ambitious expansion of renewable energies. One of the objectives of the Act is to reduce the duration of authorisation procedures. The act is regarded to be vitally important for expanding the use of renewable energy sources.¹⁰⁴⁴ From 17 to 25 January 2011, the Afghan Minister for Energy and Water Ismail Khan along with a delegation from the Afghanistan Ministry for Energy and Water visited Germany to consult with Germany's major experts in energy from waste and visit Germany's enterprises producing energy from waste. The visit was held under the German Federal Programme Renewable Energy Supply for Rural Areas.¹⁰⁴⁵

On 9 February 2011, the German Federal Ministry of Economics and Technology introduced its 10-point action plan for North Africa. As stated in the plan, the Ministry is increasing its support for cooperative ventures between German and North African companies within the framework of its Renewable Energy Export Initiative. Planned activities include information events in Morocco, Algeria, Tunisia and Egypt on the topics of wind power, solar thermal energy, biogas and photovoltaics. These events will be held in cooperation with Germany's chambers of industry and commerce and the foreign trade and inward investment agency of the Federal Republic of Germany, Germany Trade and Invest.¹⁰⁴⁶

On 22 February 2011, largest-ever photovoltaic system in sub-Saharan Africa started operating in Nairobi, Kenya. The system was based on German solar technology built by the German company Energiebau Solarstromsysteme GmbH. The project was supported by the German Federal Ministry of Economics and Technology through its Renewable Energy Export Initiative

¹⁰⁴² Federal Cabinet adopts draft act revising emissions trading, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety of Germany 16 February 2011. Date of Access: 10 April 2011. http://www.bmu.de/english/current_press_releases/pm/47039.php.

¹⁰⁴³ Verbesserte Förderkonditionen für erneuerbare Energien im Marktanzreizprogramm treten in Kraft, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety of Germany 15 March 2011. Date of Access: 10 April 2011. http://www.bmu.de/pressemitteilungen/aktuelle_pressemitteilungen/pm/47109.php.

¹⁰⁴⁴ Brüderle: "Grid expansion at the very top of my agenda", Federal Ministry of Economics and Technology of Germany 21 March 2011. Date of Access: 10 April 2011. <http://www.bmwi.de/English/Navigation/Press/press-releases.did=384500.html>.

¹⁰⁴⁵ Newsletter – Deutsche Entwicklungs Zusammenarbeit mit Afghanistan, Federal Government of Germany March 2011. Date of Access: 10 April 2011. http://www.bundesregierung.de/Content/DE/_Anlagen/2011/03/2011-03-18-bmz-newsletter-afg.property=publicationFile.pdf.

¹⁰⁴⁶ 10-point action plan for North Africa, Federal Ministry of Economics and Technology of Germany 9 February 2011. Date of Access: 10 April 2011. <http://www.bmwi.de/English/Navigation/external-economic-policy.did=382182.htmlKOn>.

and by German Federal Ministry for Cooperation and Development through a development partnership with the private sector under its develoPPP.de programme.¹⁰⁴⁷

Germany has taken measures to develop green energy both in Germany and other countries. Thus Germany was awarded a score of +1.

Analyst: Marina Klintsova

India: +1

India has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

India has taken steps to develop and deploy domestic energy efficient and clean energy technologies.

On 25 November 2010, the State owned power generator, National Thermal Power Corporation (NTPC), Asian Development Bank and Kyuden International Corporation of Japan have signed a joint venture (JV) agreement to develop renewable power projects in the country. The JV will set up 500 MW of non-conventional power generation capacity in India over 3 years. NTPC and its partner companies will develop wind power and small hydro electricity projects. They may also enter other areas of renewable power generation. NTPC has set a target for developing at least 1000 MW of renewable energy capacity based on solar, wind, geothermal and small hydro sources. The companies have already approved the proposal to establish 301 MW of solar power generation capacity.¹⁰⁴⁸

On 10 December 2010 the Central Government has allocated projects of 505MW capacity to Rajasthan out of the total shortlisted projects of 630 MW. The State is set to tap the immense potential of solar energy in this part of the country and make an investment of USD1.4 billion in the solar energy sector in the first phase of Jawaharlal Nehru National Solar Mission.¹⁰⁴⁹

On January 12, 2011 the Government of Gujarat and the Hindustan Construction Company (HCC) signed a memorandum of understanding (MoU) for setting up a renewable energy park. The estimated investment is USD2.7 billion covering 600 acres of land and would create around 17,000 jobs. The park will offer a platform for global leaders looking to set up research, development, consultancy and manufacturing of components businesses in India in the renewable energy segments such as solar, geothermal, wind and biomass.¹⁰⁵⁰

On March 6, 2011 Minister of Finance of Jammu and Kashmir Abdul Rahim Rather in the budget speech proposed to earmark USD500 thousand in the next year's budget for supplying solar panels and equipments at highly subsidized prices to public buildings like hospitals, educational institutions and cultural complexes.¹⁰⁵¹

¹⁰⁴⁷ http://www.bmz.de/en/press/aktuelleMeldungen/2011/February/20110222_pm_29_solar/index.html

¹⁰⁴⁸ Renewable Energy Achay Uria Volume 4 Issue 2-3, Ministry of New and Renewable Energy December 2011. Date of Access: 12 April 2011. <http://www.mnre.gov.in/akshayurja/nov-dec2010e.pdf>

¹⁰⁴⁹ Renewable Energy Achay Uria Volume 4 Issue 2-3, Ministry of New and Renewable Energy December 2011. Date of Access: 12 April 2011. <http://www.mnre.gov.in/akshayurja/nov-dec2010e.pdf>

¹⁰⁵⁰ Renewable Energy Achay Uria Volume 4 Issue 4, Ministry of New and Renewable Energy February 2011. Date of Access: 12 April 2011. <http://www.mnre.gov.in/akshayurja/jan-feb2011e.pdf>

¹⁰⁵¹ Budget Speech by Finance Minister of Jammu and Kashmir, Government of Jammu and Kashmir Finance Department 6 march 2011. Date of Access: 12 April 2011.

<http://jakfinance.nic.in/BudgetSpeech2011.pdf>

On 5 April 2011, India proposed to set up an international centre on energy access to boost the provision of energy to remote and inaccessible areas. This centre is planned to serve as Centre of Excellence in the field of energy access through the use of renewable energy.¹⁰⁵²

Development and deployment of energy efficiency and clean energy technologies in other countries

On 10 March 2011, International Finance Corporation (IFC) and Gujarat Energy Research and Management Institute (GERMI) started development of renewable energy projects in South Asia. The projects, including solar installation, are expected to reduce greenhouse gas emissions by about 6,000 tonnes a year and mobilise about USD 20 million in private sector investment.¹⁰⁵³

On 5 April 2011, Indian Minister for New and Renewable Energy Farooq Abdullah offered to host an international conference on energy access later this year and announced the scaling up of India's international programme on capacity building and sharing expertise and best practices with developing countries¹⁰⁵⁴

India has taken measures to develop green energy both in India and other countries. Thus India has been awarded a score of +1.

Analyst: Alexey Mironov

Indonesia: 0

Indonesia has partially complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

On 30 January 2011, Minister of Energy and Mineral Resources Darwin Zahedy Saleh said the Government encouraged companies that generate electricity from waste. "The government would give awards to the companies which work in the field of conservation and diversification of such energy," Darwin said.¹⁰⁵⁵

On 10 February 2011 Minister of Energy and Mineral Resources Darwin Zahedy Saleh said that Indonesia will reduce carbon dioxide emissions by 26% till 2020. One of the measures to fulfill this goal is research in the sphere of clean energy.¹⁰⁵⁶

¹⁰⁵² India to Host International Centre on Energy Access: Dr Abdullah, Ministry of New and Renewable Energy 05 April 2011. Date of Access: 19 May 2011.

<http://pib.nic.in/newsite/PrintRelease.aspx?relid=71469>

¹⁰⁵³ IFC, Gujarat Energy body in pact for solar power project, moneycontrol.com 10 March 2011. Date of Access: 20 May 2011. http://www.moneycontrol.com/news/business/ifc-gujarat-energy-bodypact-for-solar-power-project_528774.html

¹⁰⁵⁴ India to Host International Centre on Energy Access: Dr Abdullah, Ministry of New and Renewable Energy 05 April 2011. Date of Access: 19 May 2011.

<http://pib.nic.in/newsite/pmreleases.aspx?mincode=28>

¹⁰⁵⁵ Pemerintah Dorong Industri Hasilkan Listrik Sendiri 30 January 2011. Date of Access: 15 March 2011

http://www.djlpe.esdm.go.id/modules.php?mod=news&sub=news_media

¹⁰⁵⁶ KESDM Optimis Bantu Kurangi Emisi Karbon 10 February 2011. Date of Access: 15 March 2011

http://www.djlpe.esdm.go.id/modules.php?mod=news&sub=news_media

No facts of Indonesia's development and deployment of energy efficiency and clean energy technologies in other countries during this monitoring period were registered. Thus Indonesia has been awarded a score of 0.

Analyst: Elena Martynova

Italy: +1

Italy has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

Various measures have been undertaken to create enabling environment for the development and deployment of energy efficiency and clean energy technologies in Italy.

On 13 December 2010, the Ministry of Economic Development (MED), Enel Distribution and the regions Calabria, Campania, Puglia and Sicily have signed four Conventions on realization of structural interventions for distribution network development aimed at providing connection of equipment supplied with renewable sources.¹⁰⁵⁷

On 21 December 2010, the National Committee for management of the directive 2003/87/CE and for management support of the Kyoto protocol project has approved the deliberation n. 30/2010 of the Emission Trading Committee on the EU's project NER300. NER300 supposes financing of the projects on production of energy from renewable sources on national territory.¹⁰⁵⁸

On 22 February 2011, the Ministry of Economic Development has allocated EUR64.5 million (USD96.75 million) for competition on industrial innovation in the context of the initiative "Industry 2015: Made in Italy, Sustainable Mobility and Energy Efficiency." In 2010 37 projects were facilitated as a result of the competition Energy Efficiency that involved 241 companies and 89 research units.¹⁰⁵⁹

On 4 March 2011, the Council of Ministers has approved the Decree on photovoltaic¹⁰⁶⁰ to give incentive to the energy production from renewable sources. The Minister of Economic Development, Paolo Romani, has outlined that the Decree is in line with the national energy objective: to reduce energy costs for enterprises and citizens that are about 30% higher than in

¹⁰⁵⁷ Rinnovabili: accordo MSE, regioni, Enel distribuzione, , Italian Ministry of Economic Development 13 December 2010. Date of Access: 24 March 2011.

http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2015779:rinnovabili-accordo-mse-regioni-enel-distribuzione

¹⁰⁵⁸ Comitato emission Tradingsul NER300: approvatadeliberazione, Italian Ministry of Economic Development 23 December 2010. Date of Access: 24 March 2011.

http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2015821:comitato-emission-trading-sul-ner300-approvata-deliberazione

¹⁰⁵⁹ Industria 2015: 64,5mln euro per progetti di innovazione industriale, Italian Ministry of Economic Development 23 February 2011. Date of Access: 29 March 2011.

http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2017207:industria-2015-645-mnl-euro-per-progetti-di-innovazione-industriale

¹⁰⁶⁰ Oggetto: conto energia per il fotovoltaico, Italian Ministry of Economic Development 4 March 2011. Date of Access: 29 March 2011.

<http://www.sviluppoeconomico.gov.it/images/stories/energia/decretoenergia.pdf>

other European countries.¹⁰⁶¹ The Minister has announced also that with the Decree on photovoltaic the Ministry finally triggered the stabilization of energy market by renewable sources.¹⁰⁶² On 18 and 23 March 2011, he met the main protagonists interested in the field – banks, labour associations and unions, enterprises – to discuss the new incentives for renewable sources.¹⁰⁶³

On 23 March 2011, the Decree n.15 from 16.02.2011 executing the Direction 2009/125/CE on establishing the framework for elaborating specifications for eco-compatible planning of energy related products came into effect.^{1064,1065}

On 7 April 2011, in the framework of the initiative of the Interregional operative programme Renewable Energy and Energy Saving 2007-2012 EUR20 million (USD30 million) was allocated for financing innovation projects for manufacturing equipment for generating energy from renewable sources in public buildings.¹⁰⁶⁶ The initiative is addressed to Ministers, Universities, Regions, Provinces, Municipalities of Campania, Calabria, Puglia and Sicily.¹⁰⁶⁷

¹⁰⁶¹ Rinnovabili, Romani: nuova stagione per l'energia pulita, Italian Ministry of Economic Development 3 March 2011. Date of Access: 29 March 2011.

http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2017605:rinnovabili-romani-nuova-stagione-per-lenergia-pulita

¹⁰⁶² Rinnovabili, Romani incontra banche ed imprese interessate al settore, Italian Ministry of Economic Development 4 March 2011. Date of Access: 29 March 2011.

http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2017675:rinnovabili-romani-incontra-banche-ed-imprese-interessate-al-settore

¹⁰⁶³ Rinnovabili, Romani: Tavoli tecnici, Governo procederà in fretta per dare certezze, Italian Ministry of Economic development 18 March 2011. Date of Access: 24 March 2011.

http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2018205:rinnovabili-romani-prossima-settimana-tavoli-tecnici-governo-procedera-in-fretta-per-dare-certezze and

Rinnovabili: Romani e Prestigiacocono incontrano I Sindacati, Italian Ministry of Economic development 23 March 2011. Date of Access: 24 March 2011.

http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2018287:rinnovabili-romani-e-prestigiacocono-incontrano-i-sindacati

¹⁰⁶⁴ Decreto legislativo 16 febbraio 2011, n. 15, Italian Ministry of Economic Development 16 February 2011. Date of Access: 29 March 2011.

http://www.sviluppoeconomico.gov.it/images/stories/Dip_Internazionalizzazione/NormativaInternazionalizzazione/dlgs_ecocom.pdf

¹⁰⁶⁵ Consumo energetico: immissione sul mercato, messa in servizio e la libera circolazione prodotti connessi all'energia, Italian Ministry of Economic Development 10 March 2011. Date of Access: 29 March 2011.

http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2017791:consumo-energetico-immissione-sul-mercato-messa-in-servizio-e-la-libera-circolazione-prodotti-connessi-allenergia

¹⁰⁶⁶ <http://www.poienergia.it/>

¹⁰⁶⁷ POI Energia: stanziati 20 mln euro per progetti innovativi, Italian Ministry of Economic Development 7 April 2011. Date of Access: 8 April 2011.

http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=1&idarea1=593&idarea2=0&idarea3=0&idarea4=0&andor=AND§ionid=0&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2263&id=2018571

On 5 May 2011, Minister of Economic Development Paolo Romani and Minister for Environment, Stefania Prestigiacomo signed the Ministerial Decree that defined a new incentive scheme for production of energy from photovoltaic equipment by citizens and enterprises.¹⁰⁶⁸

Italy has also taken steps to develop and deploy energy efficiency abroad.

On 25 January 2011, Italian Minister of Economic Development, Paolo Romani, and Egyptian Minister of Industry, Mohamed Rachid, discussed bilateral cooperation in the spheres of infrastructure, renewable energy, the role of SME, communication and transport.¹⁰⁶⁹

On 26 April – 4 May 2011, the Italian-Latin American Institute and Italian Directorate General for Development Cooperation were on a joint mission to Havana (Cuba) in the framework of the declaration of understanding signed in Havana on 11 March 2011 by the two governments. The aim was, inter alia, to define a number of cooperation initiatives in the sector of renewable energy.¹⁰⁷⁰

On 26 May 2011, Italy started development of 57 sites selected for the installation of solar energy panels in Lebanon. The installation is part of the “Mitigation of Climate Change – Renewable Energy” initiative funded by the Italian Directorate General for Development Cooperation for a total of EUR1 million.¹⁰⁷¹

Italy has been awarded a score of +1 for taking steps to develop and deploy energy efficient and clean energy technologies within the country and implementing scarce measures for promoting these initiatives in other countries.

Analyst: Anna Vekshina

Japan: +1

Japan has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

On 24 January 2011, the Energy Efficiency Standards Subcommittee at its 16th meeting decided to add three-phase induction motors (which account for over 50% of the total power consumption

¹⁰⁶⁸ Fotovoltaico, al via nuovo regime incentivi, Italian Ministry of Economic Development 5 May 2011. Date of Access: 16 July 2011.

http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=1&idarea1=593&idarea2=0&idarea3=0&idarea4=0&andor=AND§ionid=0&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2263&id=2018913

¹⁰⁶⁹ Italia-Egitto, incontro Ministri Romani-Rachid, Italian Ministry of Economic Development 25 January 2011. Date of Access: 24 March 2011.

http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2016207:italia-egitto-incontro-ministri-romani-rachid

¹⁰⁷⁰ Development Cooperation: cultural assets and renewable energy - technical mission to Cuba, Italian Ministry of Foreign Affairs 29 April 2011. Date of Access: 16 July 2011.

http://www.esteri.it/MAE/EN/Sala Stampa/ArchivioNotizie/Approfondimenti/2011/04/20110429_Cooperazione_Cuba.htm?LANG=EN

¹⁰⁷¹ Cooperation: Lebanon, betting on renewable energy, Italian Ministry of Foreign Affairs 27 May 2011. Date of Access: 16 July 2011.

http://www.esteri.it/MAE/EN/Sala Stampa/ArchivioNotizie/Approfondimenti/2011/05/20110527_LibanoEnergieRinnovabili.htm?LANG=EN

in Japan) to the list of devices to be subjected to the Top Runner standard, the key energy efficiency program in Japan.¹⁰⁷² The Subcommittee also agreed new and higher target values for commercial refrigerators and freezers to be achieved by FY16, and decided to review energy consumption standards for computers and magnetic disks.¹⁰⁷³

On 11 March 2011, the Ministry of Economy, Trade and Industry of Japan decided to submit a “Bill to Partially Amend the Electricity Business Act and the Gas Business Act” and a “Bill on Special Measures Concerning Procurement of Renewable Energy Sourced Electricity by Electric Utilities” to the 177th session of the Diet. The former bill is aimed at rationalizing utility regulations in a manner that helps increase the use of renewable energy,¹⁰⁷⁴ while the latter responds to this task by setting forward a new feed-in tariff scheme.¹⁰⁷⁵

Japan has also attached utmost importance to international cooperation on the way to a worldwide deployment of energy efficient technologies.

On 13 November 2010, the US and Japan launched several initiatives on further cooperation in the areas of clean energy and innovation. U.S.-Japan Clean Energy Policy Dialogue will bring together U.S. and Japanese experts to discuss policies on the development and deployment of clean energy technologies.¹⁰⁷⁶ Under the Energy-Smart Communities Initiative the two countries will support energy-efficient buildings, transport, and electric power grids in the Asia-Pacific region which will be open to other APEC economies’ participation.¹⁰⁷⁷ On 3 June 2011, Japan and the US agreed to cooperate on the smart grid demonstration project in Hawaii, aimed at establishing a smart community model powered with clean energy.¹⁰⁷⁸

On 11-12 December 2010, at the Japan-Arab Economic Forum, the two sides announced 40 new projects including several cooperation projects related to renewable energy and energy efficiency technologies with Tunisia and Algeria and a solar energy project, in collaboration with Tunisia and Morocco.¹⁰⁷⁹

¹⁰⁷² Top Runner Program searches for the most efficient model on the market and then stipulates that the efficiency of this top runner model should become the standard within a certain number of years.

¹⁰⁷³ Results of the 16th Meeting of the Energy Efficiency Standards Subcommittee, the Ministry of Economy, Trade and Industry 24 January 2011. Date of access: 5 March 2011. www.meti.go.jp/english/press/2011/0124_01.html

¹⁰⁷⁴ Bill to Partially Amend the Electricity Business Act and the Gas Business Act, the Ministry of Economy, Trade and Industry 11 March 2011. Date of access: 27 March 2011. www.meti.go.jp/english/press/2011/0311_02.html

¹⁰⁷⁵ Bill on Special Measures Concerning Procurement of Renewable Energy Sourced Electricity by Electric Utilities, the Ministry of Economy, Trade and Industry 11 March 2011. Date of access: 27 March 2011. www.meti.go.jp/english/press/2011/0311_03.html

¹⁰⁷⁶ Summary of the First Japan-U.S. Clean Energy Policy Dialogue, the Ministry of Economy, Trade and Industry 14 February 2011. www.meti.go.jp/english/press/2011/0214_02.html

¹⁰⁷⁷ Japan and the United States Launched New Initiatives, the Ministry of Economy, Trade and Industry 13 November 2010. Date of access: 5 March 2011. www.meti.go.jp/english/press/data/20101113_01.html

¹⁰⁷⁸ Hawaii-Okinawa Partnership on Clean and Efficient Energy Development and Deployment, the Ministry of Economy, Trade and Industry 3 June 2011. Date of access: 18 July 2011. www.meti.go.jp/english/press/2011/0603_01.html

¹⁰⁷⁹ Results of the Second Japan-Arab Economic Forum for Trade Promotion and Cooperation, the Ministry of Economy, Trade and Industry 11 December 2010. Date of access: 5 March 2011. www.meti.go.jp/english/press/data/20101216_01.html

On 13 December 2010, Japan and the Kingdom of Morocco signed a Memorandum on Comprehensive Cooperation for Collaborative Projects in the Solar Energy Field. Japan will facilitate technology cooperation to achieve Morocco's plan to introduce at least 2,000 MW of solar energy by 2019.¹⁰⁸⁰ Agreements on environmental cooperation were also signed with Thailand and Singapore.^{1081,1082}

On 14 December 2010, Japan hosted a Forum for the Promotion of Public-Private Cooperation in the Mekong Region, where the parties discussed the ways to expand the existing public-private cooperation, inter alia, in the fields of renewable energy.¹⁰⁸³

On 22 May 2011, at the Fourth Japan-China-Korea Trilateral Summit Meeting the parties agreed to cooperate in promotion of policies and programs that advance renewable energy technology and energy efficiency domestically and globally.¹⁰⁸⁴

On 28 May 2011, at the joint press statement following the 20th Japan-EU Summit Meeting the parties expressed their intention to strengthen their dialog on energy policy and, inter alia, deepen information exchange on approaches to promote energy efficiency and renewable energy, as well as joint research in these fields, and lead international efforts in green economy.¹⁰⁸⁵

Thus Japan has achieved a score of +1 for enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

Analyst: Ekaterina Maslovskaya

Korea: +1

Korea has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

On 24 March 2011, the Ministry of Environment, local governments and the Korea Environment Corporation agreed to promote 'environmental infrastructure carbon neutrality program' to reduce GHG and expand production of clean and renewable energy. The ministry plans to invest

¹⁰⁸⁰ Japan and the Kingdom of Morocco Sign Memorandum on Comprehensive Cooperation for Collaborative Projects in the Solar Energy Field, New Energy and Industrial Technology Development Organization 13 December 2010. Date of access: 2 April 2011.

www.nedo.go.jp/english/pressrelease/pr20101213_1.pdf

¹⁰⁸¹ NEDO and the Ministry of Industry of the Kingdom of Thailand Agree to Cooperate in the Environment and Energy Efficiency Fields, New Energy and Industrial Technology Development Organization 21 December 2010. Date of access: 2 April 2011.

www.nedo.go.jp/english/pressrelease/pr20101221.pdf

¹⁰⁸² Cooperation Agreements in Energy and Environment Areas Signed with Singapore Governmental Organizations, New Energy and Industrial Technology Development Organization 17 November 2010.

www.nedo.go.jp/english/pressrelease/pr20101117.pdf

¹⁰⁸³ The Chair's Summary on the Forum for the Promotion of Public-Private Cooperation in the Mekong Region, the Ministry of Foreign Affairs 14 December 2010. Date of access: 2 April 2011.

www.mofa.go.jp/region/asia-paci/mekong/fppp1012/pdfs/cs.pdf

¹⁰⁸⁴ Cooperation Toward Sustainable Growth Through Promotion of Renewable Energy and Energy Efficiency, the Ministry of Foreign Affairs 22 May 2011. Date of access: 18 July 2011.

www.mofa.go.jp/region/asia-paci/jck/summit1105/energy.html

¹⁰⁸⁵ EU-Japan Cooperation Following the Great East Japan Earthquake and the Accident at the Fukushima-Daiiti Nuclear Power Plant (Annex to Joint Press Statement), the Ministry of Foreign Affairs 28 May 2011. Date of access: 17 July 2011. www.mofa.go.jp/region/europe/eu/pdfs/annex1105.pdf

about KRW1.8 trillion (USD1.8 billion) from 2011 to 2020 in producing 565GWh of new and renewable energy per year and reducing 360,000 tons of GHG.¹⁰⁸⁶

On 10 March 2011, the Ministry of Environment agreed to support four large construction companies and their 40 partner firms in energy efficiency improvement.¹⁰⁸⁷

On 25 January 2011, the Ministry of Environment and the Korea Chamber of Commerce & Industry hold a meeting on environmental policies the ministry gave a presentation on significance of emission trading system and necessity of introducing it and collect opinions from the industry.¹⁰⁸⁸

On 5 January 2011, the Ministry of Environment made an official announcement of guidelines on greenhouse gas and energy target management system for the public sector.¹⁰⁸⁹

On 14 March 2011, President Lee Myung-bak won the Zayed International Prize for the Environment for global leadership in environment at Dubai International Convention Center. The judging committee of the Zayed Prize said President Lee's vision and leadership created a significant opportunity for Korea to become a green economy of low carbon high efficiency.¹⁰⁹⁰

On 30 November 2010, under the auspices of the Ministry of Environment of Korea Korea-Africa environmental cooperation forum was held in Seoul to contribute to reinforcement of Korea-Africa environmental cooperation foundation through sharing Korea's experience and technology on green growth policies including clean energy.¹⁰⁹¹

¹⁰⁸⁶ MOU on Carbon Neutrality Program for Environmental Infrastructure Signed, Ministry of Environment of Republic of Korea 25 March 2011. Date of Access: 9 April 2011.

http://eng.me.go.kr/board.do?method=view&docSeq=9175&bbsCode=new_news¤tPage=2&searchType=&searchText=&categoryCode

¹⁰⁸⁷ MOE and Construction Companies Make an Agreement on Green Management, Ministry of Environment of Republic of Korea 10 March 2011. Date of Access: 9 April 2011.

http://eng.me.go.kr/board.do?method=view&docSeq=9148&bbsCode=new_news¤tPage=2&searchType=&searchText=&categoryCode

¹⁰⁸⁸ MOE has a Meeting with CEOs on Environmental Policies, Ministry of Environment of Republic of Korea 25 January 2011. Date of Access: 9 April 2011.

http://eng.me.go.kr/board.do?method=view&docSeq=9065&bbsCode=new_news¤tPage=4&searchType=&searchText=&categoryCode

¹⁰⁸⁹ Public Sector Takes the Lead in Greenhouse Gas Reduction, Ministry of Environment of Republic of Korea 6 January 2011. Date of Access: 9 April 2011.

http://eng.me.go.kr/board.do?method=view&docSeq=8986&bbsCode=new_news¤tPage=4&searchType=&searchText=&categoryCode

¹⁰⁹⁰ President Lee Wins the Zayed Prize for Global Leadership in Environment, Ministry of Environment of Republic of Korea 25 March 2011. Date of Access: 9 April 2011.

http://eng.me.go.kr/board.do?method=view&docSeq=9176&bbsCode=new_news¤tPage=1&searchType=&searchText=&categoryCode

¹⁰⁹¹ Korea-Africa Environmental Cooperation Forum Held, Ministry of Environment of Republic of Korea 30 November 2010. Date of Access: 9 April 2011.

http://eng.me.go.kr/board.do?method=view&docSeq=8925&bbsCode=new_news¤tPage=6&searchType=&searchText=&categoryCode

In November and December 2010, representatives of the Ministry of Environment of Korea visited Kazakhstan and Uzbekistan to share information on natural gas vehicle (NGV) and each nation's policies to distribute NGV.^{1092,1093}

On 2-4 March 2011, Korea and nine countries including Bangladesh, Cambodia, Kenya, Laos, Malaysia, Mozambique, Peru and Vietnam met to present each nation's infrastructure for GHG reduction and made an agreement to realize cooperative projects such as joint researches and trainings and have a meeting twice a year. Financial resources will be provided mainly by Korea.¹⁰⁹⁴

Korea has held several other forums facilitating partnership and clean technologies transfer among countries, for example, the 33rd International Exhibition on Environmental Technology & Green Energy on 6-8 June 2011¹⁰⁹⁵, Asia Green Business Partnership Forum on 21 June 2011¹⁰⁹⁶ and the 6th Policy Consultation Forum of the Seoul Initiative Network on Green Growth on 4-6 July 2011¹⁰⁹⁷.

Korea is actively developing and deploying energy efficiency and clean energy technologies both in the country and beyond. Thus it has been awarded a score of +1.

Analyst: Natalia Churkina

Mexico: +1

Mexico has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

On 26 November 2010, Mexican President Felipe Calderón led the inauguration of the Biodiesel Plant Chiapas, an environmentally friendly plant that is based on modifying the heating process through solar energy. The plant forms part of the Center for Biodiesel Research and Production

¹⁰⁹² Korea and Kazakhstan Make an Agreement on NGVs Policy and Technology, Ministry of Environment of Republic of Korea 25 December 2010. Date of Access: 9 April 2011.

http://eng.me.go.kr/board.do?method=view&docSeq=8947&bbsCode=new_news¤tPage=5&searchType=&searchText=&categoryCode

¹⁰⁹³ Korea-Uzbekistan Natural Gas Vehicle Forum Held in Tashkent, Ministry of Environment of Republic of Korea 25 November 2010. Date of Access: 9 April 2011.

http://eng.me.go.kr/board.do?method=view&docSeq=8914&bbsCode=new_news¤tPage=6&searchType=&searchText=&categoryCode

¹⁰⁹⁴ Meeting is Held to Discuss an International Forum on Greenhouse Gas Reduction Model, Ministry of Environment of Republic of Korea 2 March 2011. Date of Access: 9 April 2011.

http://eng.me.go.kr/board.do?method=view&docSeq=9127&bbsCode=new_news¤tPage=3&searchType=&searchText=&categoryCode

¹⁰⁹⁵ The largest environmental exhibition of Korea, ENVEX 2011 Ministry of Environment of Republic of Korea 6 June 2011. Date of Access: 9 April 2011.

http://eng.me.go.kr/board.do?method=view&docSeq=9370&bbsCode=new_infocus¤tPage=1&searchType=&searchText=

¹⁰⁹⁶ Asia green business partnership event held in Seoul, Ministry of Environment of Republic of Korea 21 June 2011. Date of Access: 18 July 2011.

http://eng.me.go.kr/board.do?method=view&docSeq=9388&bbsCode=new_infocus¤tPage=1&searchType=&searchText=

¹⁰⁹⁷ The 6th Policy Consultation Forum of SINGG held, Ministry of Environment of Republic of Korea 4 July 2011. Date of Access: 18 July 2011.

http://eng.me.go.kr/board.do?method=view&docSeq=9406&bbsCode=new_infocus¤tPage=1&searchType=&searchText=

Technology established between Government of the State of Chiapas and the Colombian Corporation of Agricultural Research. The biodiesel will be produced with jatropha curcas, palm and recycled oil and has an initial production capacity of 20,000 litres a day with a versatility of expansion of up to 10 times its initial capacity.¹⁰⁹⁸

On 28 November 2010, Felipe Calderón inaugurated the Cancún Air Generator, to provide approximately 3,000 MW-hour of clean energy during the 16th Conference of the Parties of the United Nations Framework Convention on Climate Change (COP16) in Cancún.¹⁰⁹⁹ On 10 December 2010, a Low CO2 Emission Pavilion built with the participation of the governments of China and Mexico was inaugurated at the Technological University of Cancún.¹¹⁰⁰

From 29 November to 10 December 2010, Mexico hosted the 16th Conference of the Parties of the United Nations Framework Convention on Climate Change in Cancún.¹¹⁰¹ Delegates established a goal of maintaining the increase in average global temperatures below two degrees centigrade, formalized the transfer of an initial package of USD30 bln for actions from now until 2012, adopted measures to reduce carbon dioxide emissions above the levels agreed at Kyoto and established a Green Fund for mobilizing USD100 billion a year as from 2020 for mitigation in developing countries.¹¹⁰² The aim of the Green Fund proposed by Felipe Calderón is to expand the participation of all the countries undertaking actions to achieve clean development and to support, both financially and technologically, measures for mitigation and adaptation to global warming.¹¹⁰³

On 7 December 2010, Felipe Calderón reiterated the responsibility of the public and private sectors to deal with climate change in his address to the audience of government officials and top executives of national and international companies. He stressed the need to begin a new era of effective government-business climate cooperation and sustainable economic growth and urged the attendees to share the sense of urgency and ideas required to combat global warming in their home countries.¹¹⁰⁴

On 7 December 2010, Felipe Calderón met with the Special Envoy for Energy and Climate Change from the United Arab Emirates and Executive Director of Masdar (Abu Dhabi Future Energy Company specializing in development, commercialization and implementation of

¹⁰⁹⁸ Biodiesel Plant, Mexico's Commitment In Fight Against Climate Change, Presidencia de la Republica, México 26 November 2010. Date of Access: 3 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=61705>

¹⁰⁹⁹ Inauguration Of Cancún Electric Airgenerator, Presidencia de la Republica, México 28 November 2010. Date of Access: 4 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=61734>

¹¹⁰⁰ Inauguration Of Low Co2 Emission Pavilion, Presidencia de la Republica, México 10 December 2010. Date of Access: 3 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62062>

¹¹⁰¹ COP 16 (Cancun). Date of Access: 3 April 2011. <http://www.cc2010.mx/en/>

¹¹⁰² President Reports On Achievements And Results Agreed At Cop16, Presidencia de la Republica, México 14 December 2010. Date of Access: 3 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62118>

¹¹⁰³ Delegates Agree Green Fund At Cop16, Presidencia de la Republica, México 12 December 2010. Date of Access: 7 April 2011. <http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62079>

¹¹⁰⁴ President Calderón Participates In Top Level Meeting On Climate Change Solutions, Presidencia de la Republica, México 7 December 2010. Date of Access: 7 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=61958>

renewable energy and clean technology solutions) Sultan Al Jaber to strengthen bilateral links between the two nations, especially in energy issues.¹¹⁰⁵

On 8 December 2010, Mexico was granted a loan of USD700 million from the World Bank to support the climate change policies and avant-garde initiatives regarding climate change that are being implemented, e. g. efforts to replace all the incandescent bulbs in the country with energy-saving bulbs over the next three years as well as the Domestic Appliance Replacement Program, which offers financial support to families with fewer resources to purchase refrigerators and air conditioners with more efficient energy consumption.¹¹⁰⁶

On 17 January 2011, the Federal Electricity Commission (CFE) presented intelligent, self-reading meters that will enable users to read their electricity consumption as part of an ambitious modernization program launched by CFE in the center of the country.¹¹⁰⁷

On 27 January 2011, at the World Economic Forum Annual Meeting 2011 in Davos Mexican President Felipe Calderón highlighted the importance of coordinating efforts between the world's countries to ensure that the commitments made at the 16th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP16) in Cancún are met.¹¹⁰⁸

On 27 January 2011, Felipe Calderón met with President of the Spanish firm Iberdrola Ignacio S. Galán to discuss the two projects that the company would realize in Mexico: a cogeneration plant and a wind park. The former project was awarded to Iberdrola through an international bidding in December 2010 and the construction is scheduled to begin in the second half of 2011 in Salamanca, Guanajuato, whereas the latter will take place in Oaxaca and is expected to generate over 20 MW of electricity. Overall investment will reach USD365 million. According to ProMéxico's investment portfolio,¹¹⁰⁹ sustainable energy sector has registered significant growth in Mexico: 6 investment projects with a focus on wind sector for USD1.503 billion were confirmed in 2010.¹¹¹⁰

¹¹⁰⁵ President Felipe Calderón Meets With Directors Of Green Energy Producing Firms, Presidencia de la Republica, México 7 December 2010. Date of Access: 7 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=61952>

¹¹⁰⁶ President Calderón Meets With President Of World Bank, Robert Zoellick, Presidencia de la Republica, México 8 December 2010. Date of Access: 9 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62012>

¹¹⁰⁷ Modernization Of Electricity Service In Valle De México, Presidencia de la Republica, México 17 January 2011. Date of Access: 9 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62607>

¹¹⁰⁸ Mexico And South Africa Confirm Climate Change Commitment, Presidencia de la Republica, México 27 January 2011. Date of Access: 7 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62847>

¹¹⁰⁹ ProMexico is the Mexican Government institution in charge of strengthening Mexico's participation in the international economy. The institution was established on 13 June 2007 through Presidential Decree as a sectoral public trust under the Ministry of the Economy to support the export activity of companies established in the country and coordinate actions to attract foreign direct investment to the national territory. ProMexico 12 January 2011. Date of Access: 3 April 2011.

http://www.promexico.gob.mx/wb/Promexico/about_us

¹¹¹⁰ IBERDROLA ANNOUNCES 365 MILLION USD INVESTMENT IN MEXICO, Presidencia de la Republica, México 27 January 2011. Date of Access: 7 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62841>

In February 2010, Under-Secretary of Urban Development and Territorial Organization Sara Topelson presented the concept of Sustainable Integral Urban Developments (SIUD)¹¹¹¹ in London and New York during the Mexican Housing Day.¹¹¹² Ministry of Social Development (SEDESOL) believes in the feasibility of creating sustainable, integral cities and promotes the construction of SIUDs in the country. Four SIUDs have currently been approved in Mexico: “Valle de San Pedro” in Tijuana, Baja California; “El Rehilete” in Villagrán, Guanajuato; “Puerta de Anza” in Nogales, Sonora; and “El Cielo” in Villahermosa, Tabasco.¹¹¹³

On 10 March 2011, Felipe Calderón inaugurated the Holcim Apasco Cement Factory in the municipality of Hermosillo. The complex has an installed capacity enabling it to produce 1,600,000 tons of high quality cement annually and is designed to make optimal use of electric and thermal energy, with minimal water consumption. The administrative buildings were constructed using the concept of sustainable development, using sunlight for illumination and heat, and recycling all water for refrigeration and irrigation. The factory involved over USD400 million of investment.¹¹¹⁴

Mexico has taken steps to create the enabling environment to promote and deploy clean energy technologies within its borders and in other countries and is thus awarded a score of +1.

Analyst: Polina Arkhipova

Russia: +1

Russia has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

Various measures have been undertaken to create the enabling environments for the development and deployment of energy efficiency in Russia.

On 24 November 2010, the President of Russia approved measures taken by the Russian Government to develop energy efficiency by using local and renewable energy sources.¹¹¹⁵

On 21 December 2010, a bilateral partnership between the Center of Energy Efficiency and Climate Change under the Kurchatov Institute and Moscow State Institute of International Relations (MGIMO-University), and the United Nations Economic Commission for Europe was

¹¹¹¹ More than houses. Better Integrated communities. Opportunities for better business. Mexican Housing Day 10-14 February 2011. Date of access: 9 April 2011.

<http://mexicanhousingday.com/downloads/SEDESOL.pdf>

¹¹¹² Mexican Housing Day. Date of Access: 7 April 2011. <http://mexicanhousingday.com/>

¹¹¹³ Sedesol To Present Strategies For Compact, Integral Cities For Mexico, Presidencia de la Republica, México 3 February 2011. Date of Access: 3 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=63018>

¹¹¹⁴ Inauguration Of Holcim-Apasco Cement Factory, Presidencia de la Republica, México 10 March 2011. Date of Access: 3 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=63826>

¹¹¹⁵ On Executing the Assignment of the President Concerning Measures aimed at Increasing Investment in Enhancing Energy Efficiency, Office of the President of Russia (Moscow) 24 November 2010. Date of Access 26 April 2011. <http://kremlin.ru/assignments/10057>.

discussed. This partnership will foster the “development of the renewable energy sector in the Russian Federation.”¹¹¹⁶

On 27 December 2010, the Russian Government approved the State Programme on Energy Conservation and Energy Efficiency for the Period up to 2020.¹¹¹⁷ One of the anticipated results of its implementation is a reduction of energy intensity in the Russian economy by 40% in ten years. This will be achieved by promoting energy efficiency and implementing new technologies in energy generation and transmission, infrastructure, industry, agriculture, transportation and housing.¹¹¹⁸

On 27 December 2010, the Commission for Modernisation and Technological Development of Russia’s Economy considered the measures aimed at creating incentives for the production of high-performance energy equipment in Russia.¹¹¹⁹

On 30 December 2010, the Russian Ministry of Economic Development approved the list of 18 clean energy projects realized under Article 6 of the Kyoto Protocol in such spheres as oil extraction, public utilities, hydro energy, waste processing and others.¹¹²⁰

On 25 January 2011, the Russian Government issued the regulation setting new energy efficiency requirements to buildings and installations.¹¹²¹

Russia has also taken steps to develop and deploy energy efficiency abroad.

On 9 December 2010, Russian Prime Minister Vladimir Putin and French Prime Minister Francois Fillon at the 15th session of the Russian-French commission on bilateral cooperation agreed to construct a joint energy efficiency centre, which will develop and introduce conservation technologies.¹¹²²

On 10 December 2010, several documents have been signed in the presence of Russian Prime Minister Vladimir Putin and Finnish Prime Minister Mari Kiviniemi. Among them were Memorandum of Understanding on energy efficiency and renewable energy between the Russian Energy Agency (REA) under the Ministry of Energy and the Finnish association, the Russian-

¹¹¹⁶ On Cooperation between the Center of Energy Efficiency and Climate Change and the United Nations Economic Commission for Europe, Ministry of Foreign Affairs of Russia (Moscow) 23 December 2010.

Date of Access: 26 April 2011. http://www.mid.ru/brp_4.nsf/0/DB2C9247F280073AC32578020034308A.

¹¹¹⁷ Executive Order No. 2446-r of 27 December 2010, Government of Russia (Moscow) 27 December 2010. Date of Access: 26 April 2011. <http://government.ru/gov/results/13912/>.

¹¹¹⁸ State Programme on Energy Conservation and Energy Efficiency for the Period up to 2020, Government of Russia (Moscow) 27 December 2010. Date of Access: 26 April 2011.

<http://government.ru/media/2011/1/20/38402/file/2446.doc>.

¹¹¹⁹ On Executing the Assignment of the President on Developing Measures aimed at Stimulating High-Performance Energy Equipment Production, Office of the President of Russia (Moscow) 27 December 2010. Date of Access 26 April 2011. <http://kremlin.ru/assignments/10627>.

¹¹²⁰ Order of the Russian Ministry of Economic Development No. 709 of 30 December 2010, Russian Ministry of Economic Development (Moscow) 30 December 2010. Date of Access: 26 April 2011. <http://merit.consultant.ru/doc.asp?ID=15130>.

¹¹²¹ Regulation No. 18 of 25 January 2011, Government of Russia (Moscow) 25 January 2010. Date of Access: 27 April 2011.

¹¹²² Russian Prime Minister Vladimir Putin and French Prime Minister Francois Fillon hold a joint news conference after the 15th session of the Russian-French commission on bilateral cooperation, Government of Russia (Moscow) 9 December 2010. Date of Access: 27 April 2011.

<http://government.ru/eng/docs/13315/>.

Finnish Energy Club, and Memorandum of Understanding on energy efficiency and innovations between the REA and the Fortum Corporation.¹¹²³

On 27 April 2011, Russian Prime Minister Vladimir Putin and Swedish Prime Minister Fredrik Reinfeldt at their joint press conference discussed a draft project of a Russian-Swedish centre on innovation and energy efficiency creation.¹¹²⁴

Russia has undertaken considerable measures both in the country and abroad to promote energy efficiency and clean energy technologies. Thus it has been rewarded a score of +1.

Analyst: Andrey Shelepov

Saudi Arabia: -1

Saudi Arabia has not complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

From 7 February 2011 to 8 February 2011, the second meeting of the International Advisory Council (IAC) of the King Abdullah Petroleum Studies and Research Center (KAPSARC) was held in Riyadh. The meeting was chaired by Saudi Minister of Petroleum and Mineral Resources Ali L-Naimi. One of the aims of the meeting was to present an overview and report on the progress of the four research projects undertaken in the Research Center: Solar Energy Market Incentives for the Kingdom, Review of National Energy Efficiency Initiatives, Framework for Carbon Capture Sequestration Program in the Kingdom of Saudi Arabia, and Oil Price Drivers and Movements.¹¹²⁵

On 4 April 2011, the 3rd Saudi Solar Energy Forum was hosted by King Abdullah City for Atomic and Renewable Energy (KA-CARE), Saudi Arabia. At the meeting, Dr. Khalid Al-Sulaiman, Vice-President of the King Abdullah City for Atomic and Renewable Energy stressed the importance for the Kingdom to increase its power generating capacity while reducing the amount of fossil fuels used to produce electricity. Participants of the forum were representatives of the public and the private sector, including leading international energy firms and investors. The forum's agenda was to discuss ways to use solar energy to help diversify Saudi Arabia's energy.¹¹²⁶ Though these steps are considered to be part of the Kingdom's efforts to explore ways and means for the development of sustainable and alternative energy, no other facts of Saudi Arabia's efforts in developing energy efficiency and clean energy technologies have been recorded.

No facts of Saudi Arabia's steps to develop energy efficiency and clean energy technologies in other countries during the compliance period have been registered.

¹¹²³ A series of documents have been signed in the presence of Prime Minister Vladimir Putin and Finnish Prime Minister Mari Kiviniemi, Government of Russia (Moscow) 10 December 2010/ Date of Access: 27 April 2010. <http://government.ru/eng/docs/13353/>.

¹¹²⁴ Prime Minister Vladimir Putin and Swedish Prime Minister Fredrik Reinfeldt hold joint press conference following talks, Government of Russia (Moscow) 27 April 2011. Date of Access: 21 July 2011. <http://government.ru/eng/docs/15024/>.

¹¹²⁵ Second International Advisory Council (IAC) Meeting, King Abdullah Petroleum Studies and Research Center 2 February 2011. Date of Access: 16 April 2011. <http://kapsarc.org/imagegallery/SecondInternationalAdvisoryCouncilIACMeetingFebruary2011>.

¹¹²⁶ 3rd Saudi Solar Energy Forum opens, Saudi Gazette 4 April 2011. Date of Access: 10 April 2011. <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2011040497498>.

Saudi Arabia has neither developed energy efficiency in the country, nor contributed to its development abroad . Thus it has been awarded a score of -1.

Analyst: Marina Klintsova

South Africa: 0

South Africa has partially complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

The Deputy Minister of International Relations and Cooperation of the Republic of South Africa, Marius Fransman, and the Secretary of State for Foreign Affairs of the Kingdom of Spain, Mr. Juan Antonio Yáñez-Barnuevo, led the 7th Session of the South Africa-Spain Annual Consultations held in Pretoria from 1 to 2 February 2011. The parties paid special attention to the potential for cooperation existing in certain priority sectors including renewable energy.¹¹²⁷

On 10 February 2011, in his state of the nation address at the Joint Sitting of Parliament Jacob G Zuma, President of the Republic of South Africa declared that the government of the South Africa would start generating energy from renewable energy power producers, which will demonstrate the commitment to renewable energy development.¹¹²⁸

Minister of External Relations of the Federative Republic of Brazil, Antonio de Aguiar Patriota, and the Minister of International Relations and Cooperation of South Africa, H.E. Ambassador Maite Nkoana-Mashabane, met in New Delhi on 8th March 2011 for the VII IBSA Trilateral Ministerial Commission. The Ministers noted that energy is an area of great mutual interest for cooperation under IBSA. They welcomed the signing of a MoU for cooperation on solar energy at the 4th IBSA Summit in April 2010. They welcomed the holding of a Workshop on Biofuels Production Technologies to be organized by the Indian Government, during the VI Energy WG Meeting.¹¹²⁹

On 2 – 3 March 2011, on the occasion of the State Visit to France of the President of the Republic of South Africa, Mr. Jacob G Zuma, at the invitation of the President of the French Republic, Mr. Nicolas Sarkozy, the two Heads of State in their Joint Communiqué pledged to enhance their cooperation in the field of energy and have reaffirmed their shared commitment to an innovative, broad-based and dynamic partnership, especially in the field of renewable energy and civil nuclear energy. The meeting in Paris in February 2011 of the French and South African Ministers of Energy in the framework of the bilateral Cooperation Agreement on Energy represents a

¹¹²⁷ Joint Communiqué: Seventh Annual Consultations between the Republic of South Africa and the Kingdom of Spain, Pretoria, 2 February 2011, the Department of International Relations and Cooperation of the Republic of South Africa, 3 February 2011, Date of access: 28 April 2011.

<http://www.dirco.gov.za/docs/2011/spai0203.html>

¹¹²⁸ State of the Nation Address By His Excellency Jacob G Zuma, President of the Republic of South Africa, at the Joint Sitting Of Parliament, Cape Town, the Department of International Relations and Cooperation of the Republic of South Africa, 10 February 2011. Date of access: 28 April 2011.

<http://www.dirco.gov.za/docs/speeches/2011/jzum0210.html>

¹¹²⁹ India-Brazil-South Africa Dialogue Forum, Seventh Trilateral Commission Meeting, Ministerial Communiqué, the Department of International Relations and Cooperation of the Republic of South Africa, 8 March 2011. Date of access: 28 April 2011. <http://www.dirco.gov.za/docs/2011/ibsa0309.html>

significant milestone. In follow-up to this meeting, the parties have agreed to conclude a Road Map on Energy to guide future cooperation in this field.¹¹³⁰

Thus South Africa has undertaken a wide range of measures related to cooperation with other countries in clean energy technologies development. However, no facts were registered related to measures to develop clean energy technologies domestically. Thus South Africa is awarded a score of 0.

Analyst: Yuriy Zaytsev

Turkey: 0

Turkey has partially complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

On 29 December 2010, Grand National Assembly of Turkey adopted amendments on the law previously issued on 10 May 2005 concerning Renewable Energy Resources for Electricity Generation.¹¹³¹ The Renewable Energy Law aims to encourage energy production from renewables by providing incentives for the generation of energy from sources such as wind, solar power, biomass, hydropower and geothermals. The legislative framework adjusts the prices for the sale of electricity to the state according to the generation method.¹¹³²

On 11 January 2011, Turkey's Energy Market Regulatory Authority (EMRA) President Hasan Koktas stated a total of USD4.5 billion will be invested in Turkey's electricity and natural gas sector in 2011. Koktas said that for the first time in Turkey's history, over half the share of energy investments will go towards renewable energy generation.¹¹³³

On 22 February 2011, the Grand National Assembly of Turkey ratified a Law on International Renewable Energy Agency status.¹¹³⁴

On 15 March 2011, Turkey's Undersecretariat of Treasury and the European Bank for Reconstruction and Development signed a memorandum of understanding. In the memorandum both sides outlined their intention to develop and implement measures aimed at building a more energy efficient economy and strengthening Turkey's competitiveness through the increased use of green technologies. The action plan outlines key areas for cooperation between the EBRD and Turkey for investments and policy initiatives in renewable energy and energy efficiency projects

¹¹³⁰ Joint Communiqué on the occasion of the State Visit to France by the President of the Republic of South Africa, the Department of International Relations and Cooperation of the Republic of South Africa, 2 – 3 March 2011. Date of access: 28 April 2011. <http://www.dirco.gov.za/docs/2011/fran0303.html>

¹¹³¹ Kanun No. 6094 of 29 December 2010, Yenilenebilir Enerji Kaynaklarının Elektrik Enerjisi Üretimi Amaçlı Kullanımına İlişkin Kanunda Değişiklik Yapılmasına Dair Kanun, Türkiye Büyük Millet Meclisi 29 December 2010. Date of Access: 29 March 2011. <http://www.tbmm.gov.tr/kanunlar/k6094.html>.

¹¹³² Turkish parliament approves renewable energy law, Invest in Turkey 30 December 2010. Date of Access: 9 April 2011. <http://www.invest.gov.tr/en-US/infocenter/news/Pages/301210-turkish-renewable-energy-law-approved.aspx>.

¹¹³³ 2011 to see nearly TRY 7 billion investment in energy market, Invest in Turkey 11 January 2011. Date of Access: 09 April 2011. <http://www.invest.gov.tr/en-US/infocenter/news/Pages/110111-turkish-energy-sector-usd-7-billion-investments.aspx>.

¹¹³⁴ Kanun No. 6122 of 22 February 2011, Uluslararası Yenilenebilir Enerji Ajansının Statüsünün Onaylanmasının Uygun Bulduğuna Dair Kanun, Türkiye Büyük Millet Meclisi 22 February 2011. Date of Access: 29 March 2011. <http://www.tbmm.gov.tr/kanunlar/k6122.html>.

in various sectors including power and energy, industry, municipal and environmental infrastructure, transport, and agriculture.¹¹³⁵

Turkey has partially fulfilled its commitment on development and deployment of energy efficiency and clean energy technologies in the country. However, no facts of Turkey's activities in the field in other countries during the compliance period have been registered. Thus it has been awarded a score of 0.

Analyst: Victor Kobyletskiy

United Kingdom: +1

The UK has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

The UK Department of Energy and Climate Change is designing primary legislation provisions for a new obligation on energy companies to support energy efficiency measures for their customers. It works with the Department for Business, Innovation and Skills to establish a Green Investment Bank to support private investment in clean energy and green technologies.¹¹³⁶ Establishment of the Green Investment Bank is already included into the Plan for Growth launched on 23 March 2011 by HM Treasury.¹¹³⁷

On 10 March 2011, the details of the new Renewable Heat Incentive (RHI) were announced by Chris Huhne, Secretary of State for Energy and Climate Change. The RHI will for the first time provide long-term guaranteed financial support for renewable heat installations as organisations using renewable heat will receive a quarterly payments for 20 years from the date they enter the scheme.¹¹³⁸

The Department of Energy and Climate Change also outlined proposals to increase support for farm-scale anaerobic digestion.¹¹³⁹ The UK Department of Energy and Climate Change is launching new energy dialogues with China and Brazil and is planning to agree an action plan for cooperation with Norway on renewables, to design a new international Green Fund with international partners, to use the Advisory Group on Climate Finance proposals (to raise USD100 billion by 2020) to drive international agreement on innovative sources of finance for climate change and to establish the Capital Markets Climate Initiative to use private sector expertise to

¹¹³⁵ Anthony Williams. EBRD and Turkey Sign Sustainable Energy Action Plan, European Bank for Reconstruction and Development 16 March 2011. Date of Access: 29 March 2011. <http://www.ebrd.com/english/pages/news/press/2011/110316.shtml>.

¹¹³⁶ Structural Reform Plan Monthly Implementation Update of Department of Energy and Climate Change, Prime Minister's Office March 2011. Date of Access: 9 April 2011. <http://www.number10.gov.uk/wp-content/uploads/decc-mar11-srp-update.pdf>

¹¹³⁷ The Plan for Growth, HM Treasury March 2011. Date of Access: 9 April 2011. http://cdn.hm-treasury.gov.uk/2011budget_growth.pdf

¹¹³⁸ Renewable Heat Incentive: Written Ministerial Statement by Chris Huhne, Secretary of State for Energy and Climate Change, Department of Energy and Climate Change 10 March 2011. Date of Access: 9 April 2011. http://www.decc.gov.uk/en/content/cms/news/rhi_wms/rhi_wms.aspx

¹¹³⁹ Greg Barker Outlines Proposals to Protect Green Electricity Scheme, Department of Energy and Climate Change 18 March 2011. Date of Access: 9 April 2011. http://www.decc.gov.uk/en/content/cms/news/pn11_027/pn11_027.aspx

test new and innovative instruments for leveraging private finance to tackle climate change in developing countries.¹¹⁴⁰

On 10 January 2011, the Memorandum of Understanding was signed between the UK and China to develop a new partnerships scheme for promoting low-carbon growth at provincial and city level in China, including low-carbon planning and use of market mechanisms to encourage low-carbon development and energy efficiency.¹¹⁴¹

On 18 November 2010, International Development Secretary Andrew Mitchell also announced that the UK was working on two new public-private partnership projects to generate renewable energy in developing countries in Asia and Africa.¹¹⁴²

The United Kingdom is developing and deploying energy efficiency and clean energy technologies both in its own country and in other countries. Thus it has been awarded a score of +1.

Analyst: Natalia Churkina

United States: +1

The United States has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

On 16 December 2011, U.S. Department of Energy (DOE) announced a partial loan guarantee for a USD1.3 billion loan to support the world's largest wind farm – the Caithness Shepherds Flat, an 845-megawatt wind generation facility located in eastern Oregon.¹¹⁴³

On 16 December 2011, DOE announced its intention to fund up to USD50 million to test and demonstrate innovative technologies that will lead to cost-competitive solar energy technologies.¹¹⁴⁴

On 19 January 2011, U.S. Energy Secretary Steven Chu announced new efforts to promote clean energy in tribal communities. In 2011 up to USD10 million will be available through DOE's

¹¹⁴⁰ Structural Reform Plan Monthly Implementation Update of Department of Energy and Climate Change, Prime Minister's Office March 2011. Date of Access: 9 April 2011. <http://www.number10.gov.uk/wp-content/uploads/decc-mar11-srp-update.pdf>

¹¹⁴¹ UK and China Join Forces to Strengthen Low Carbon Growth, Department of Energy and Climate Change 10 January 2011. Date of Access: 9 April 2011. http://www.decc.gov.uk/en/content/cms/news/PN11_002/PN11_002.aspx

¹¹⁴² Mitchell: UK to Help Drive Low Carbon Revolution in Poorest Countries, Department for International Development 18 November 2010. Date of Access: 9 April 2011. <http://www.dfid.gov.uk/Media-Room/Press-releases/2010/Mitchell-UK-to-help-drive-low-carbon-revolution-in-poorest-countries/>

¹¹⁴³ Department of Energy Finalizes Loan Guarantee to Support World's Largest Wind Project, U.S. Department of Energy 16 December 2010, Date of Access: 11 April 2011. <http://www.energy.gov/news/9915.htm>.

¹¹⁴⁴ DOE to Fund up to USD50 Million to Demonstrate Innovative, Cost-Competitive Solar Energy Technologies, U.S. Department of Energy 16 December 2010, Date of Access: 12 April 2011. <http://www.energy.gov/news/9912.htm>.

Tribal Energy Program to support the evaluation, development and deployment of energy efficiency and renewable energy projects on tribal lands.¹¹⁴⁵

On 24 February 2011, Energy Secretary Steven Chu announced that the U.S. Department of Energy finalized a USD96.8 million Recovery Act supported loan guarantee to a project sponsored by U.S. Geothermal, Inc. to construct a 23 megawatt (net) geothermal power project in Malheur County, in southeastern Oregon. The project would use first-of-a-kind technology that could expand geothermal resource development.¹¹⁴⁶

On 3 March 2011, U.S. Energy Secretary Steven Chu announced the offer of a conditional commitment to Record Hill Wind LLC for a USD102 million loan guarantee which will support a 50.6 megawatt wind power plant and an eight mile transmission line and associated interconnection equipment near the town of Roxbury, Maine.¹¹⁴⁷

On 29 March 2011, U.S. Energy Secretary Steven Chu announced the “America’s Next Top Energy Innovator” challenge. The initiative would let start-ups license technologies developed by the National Laboratories for USD1,000 and build successful businesses.¹¹⁴⁸

On 5 April 2011, DOE announced USD112.5 million funding over five years for development of advanced solar photovoltaic (PV)-related manufacturing processes throughout the United States.¹¹⁴⁹ On 5 April 2011, DOE also announced USD26.6 Million in Funding for development of advanced hydropower technologies that can produce power more efficiently.¹¹⁵⁰

On 6 April 2011, the U.S. and Qatar signed agreement to strengthen cooperation on clean energy. The two countries agreed to promote collaboration on the development and deployment of cost-effective and sustainable clean energy technologies.¹¹⁵¹

On 12 April 2011, DOE announced the offer of a conditional commitment for a USD1.187 billion loan guarantee to support the California Valley Solar Ranch project which includes the construction of a 250 megawatt alternating current photovoltaic (PV) solar generating facility.¹¹⁵²

¹¹⁴⁵ Secretary Chu Announces New Efforts to Promote Clean Energy in Tribal Communities, U.S. Department of Energy 19 January 2011, Date of Access: 11 April 2011.

<http://www.energy.gov/news/9978.htm>.

¹¹⁴⁶ Department of Energy Finalizes USD96.8 Million Loan Guarantee for Oregon Geothermal Project, U.S. Department of Energy 24 February 2011, Date of Access: 11 April 2011.

<http://www.energy.gov/news/10094.htm>.

¹¹⁴⁷ Department of Energy Offers Conditional Commitment for a Loan Guarantee to Support Maine Wind Project, U.S. Department of Energy 3 March 2011, Date of Access: 11 April 2011.

<http://www.energy.gov/news/10161.htm>.

¹¹⁴⁸ Department of Energy Launches "America's Next Top Energy Innovator", U.S. Department of Energy 29 March 2011, Date of Access: 12 April 2011. <http://www.energy.gov/news/10202.htm>.

¹¹⁴⁹ Secretary Chu Announces Over USD110 Million in SunShot Projects to Advance Solar Photovoltaic Manufacturing in the U.S., U.S. Department of Energy 5 April 2011, Date of Access: 12 April 2011.

<http://www.energy.gov/news/10256.htm>.

¹¹⁵⁰ Departments of Energy and Interior Announce USD26.6 Million in Funding to Develop Advanced Hydropower Technologies, U.S. Department of Energy 5 April 2011, Date of Access: 12 April 2011.

<http://www.energy.gov/news/10255.htm>

¹¹⁵¹ U.S. Department of Energy and Qatar Sign Agreement to Strengthen Cooperation on Clean Energy, U.S. Department of Energy 6 April 2011, Date of Access: 12 April 2011.

<http://www.energy.gov/news/10257.htm>.

On 20 April 2011, U.S. Energy Secretary Steven Chu announced that up to USD130 million from the Advanced Research Projects Agency-Energy (ARPA-E) would be made available to develop five new program areas in clean energy technologies.¹¹⁵³

On 8 June 2011, in support of President Obama's goal of generating 80% of the country's electricity from clean energy sources by 2035, U.S. Department of Energy announced the availability of up to USD70 million in new funding over three years for technology advancements in geothermal energy.¹¹⁵⁴

The United States has taken steps to create the enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies within the country and beyond. Therefore the score is +1.

Analyst: Tatyana Lanshina

European Union: +1

The EU has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

Several measures have been undertaken to promote energy efficiency and clean energy technologies in the EU.

On 31 January 2011, the European Commission presented its Communication on the progress of renewable energy in the EU. It shows that the 2020 renewable energy policy goals are likely to be met and exceeded if Member States fully implement their national renewable energy action plans and ensure a doubling annual capital investments in renewable energy from EUR35 billion per year to EUR70 billion.¹¹⁵⁵

On 8 March 2011, the European Commission adopted a plan for saving more energy through energy efficiency standards for public sector and public procurement, renovation process in private buildings, improvement of the efficiency of power and heat generation, energy efficiency requirements for industrial equipment, improved information provision for small and medium-sized enterprises and energy audits and energy management systems for large companies.¹¹⁵⁶

¹¹⁵² Department of Energy Offers Conditional Commitment for USD1.187 Billion Loan Guarantee to Support California Solar Generation Project, U.S. Department of Energy 12 April 2011, Date of Access: 12 April 2011. <http://www.energy.gov/news/10264.htm>.

¹¹⁵³ Secretary Chu Announces \$130 Million for Advanced Research Projects, U.S. Department of Energy 20 April 2011, Date of Access: 1 July 2011. <http://www.energy.gov/news/10283.htm>.

¹¹⁵⁴ Department of Energy Announces up to \$70 Million to Advance Technology and Reduce Cost of Geothermal Energy, U.S. Department of Energy 8 June 2011, Date of Access: 1 July 2011. <http://www.energy.gov/news/10354.htm>.

¹¹⁵⁵ Renewable Energy Targets: Commission Calls on Member States to Boost Cooperation, The European Union 31 January 2011. Date of Access: 9 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/113&format=HTML&aged=0&language=EN&guiLanguage=en>

¹¹⁵⁶ European Energy Efficiency Plan: Commission Gears up for More Savings with Renovation and Smart Meters, The European Union 8 March 2011. Date of Access: 9 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/271&format=HTML&aged=0&language=EN&guiLanguage=en>

The EU has taken steps to develop and deploy energy efficiency and clean energy technologies in other countries.

On 22 November 2010, the Coordinators of the EU – Russia Energy Dialogue, the Commissioner Günther H. Oettinger and Minister Sergey Shmatko, organised a high-level conference to mark the 10th anniversary of the EU-Russia Energy Dialogue where both sides agreed to cooperate in the development of new technologies and energy efficiency.¹¹⁵⁷

On 24 January 2011, the Memorandum of Understanding on cooperation in the field of energy, including renewable energy, energy efficiency and modern clean technologies, between the EU and the Republic of Uzbekistan was signed in Brussels.¹¹⁵⁸

On 2 February 2011, the European Commission co-organized an expert roundtable conference on the topic “Engaging China on Climate Change: Crossroads of 21st-century Foreign Policy” in Brussels.¹¹⁵⁹

The European Union has taken actions to develop and deploy energy efficiency and clean energy technologies both in the EU and in other countries. Thus it has been awarded a score of +1.

Analyst: Natalia Churkina

¹¹⁵⁷ 10th Anniversary of the EU-Russia Energy Dialogue, European Commission 22 November 2011. Date of Access: 9 April 2011.

http://ec.europa.eu/energy/international/events/2010_11_22_eu_russia_anniversary_en.htm

¹¹⁵⁸ Memorandum of Understanding on Cooperation in the Field of Energy between the European Union and the Republic of Uzbekistan, European Commission 24 January 2011. Date of Access: 9 April 2011.

http://ec.europa.eu/energy/international/international_cooperation/doc/2011_01_24_uzbekistant_mou.pdf

¹¹⁵⁹ Conference on China and Climate Change, the European Union 1 February 2011. Date of Access: 9 April 2011.

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/119&format=HTML&aged=0&language=EN&guiLanguage=en>

12. Corruption

Commitment [#143]:

“We will lead by example in key areas as detailed in the Anti-Corruption Action Plan, including: to accede or ratify and effectively implement the UN Convention against Corruption and promote a transparent and inclusive review process.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina		0	
Australia		0	
Brazil			+1
Canada		0	
China			
France		0	
Germany	-1		
India		0	
Indonesia			+1
Italy			+1
Japan	-1		
Korea			+1
Mexico			+1
Russia			+1
Saudi Arabia	-1		
South Africa			+1
Turkey			+1
United Kingdom			+1
United States		0	
European Union			+1
Average Score		+0.35	

Background:

The G20 has promoted the United Nations Convention against Corruption (UNCAC) as one of the key instruments for combating corruption. The UNCAC sets out standards as well as legal and regulatory systems, designed to prevent and punish corruption, and to facilitate “international cooperation and technical assistance in the prevention of and fight against corruption, including asset recovery.”¹¹⁶⁰

On 28 January to 1 February 2008, the the Bali Conference to Strengthen Integrity and Fight Corruption took place in Indonesia, in the attendance of over 100 UNCAC member states.¹¹⁶¹ The Bali Conference emphasized the responsibility states have to each other in the fight against

¹¹⁶⁰ United Nations Convention against Corruption. United Nations Office on Drugs and Crime (Vienna) September 2004. Date of Access: 1 November 2009.

http://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf

¹¹⁶¹ Bali Conference to Strengthen Integrity and Fight Corruption. United Nations Office on Drugs and Crime (Vienna) 15 January 2008. Date of Access: 1 November 2009.

<http://www.unodc.org/unodc/en/press/releases/2008-01-15.html>.

corruption and highlighted the need for further international cooperation.¹¹⁶² During the Conference, Antonio Maria Costa, Executive Director of the United Nations Office on Drugs and Crime, highlighted the importance of the proposed review mechanism, stating: “An effective review mechanism will ensure that this powerful piece of international law lives up to its potential.”¹¹⁶³

The UNCAC review mechanism was proposed in 2006, at the first session of the Conference of States Parties to the UNCAC in Amman, Jordan, to help members assess their progress in implementing the treaty.¹¹⁶⁴ The leaders established an intergovernmental working group that since 2006 has met several times, and reported back to the Second Conference of States Parties to the UNCAC early in 2008. The working group met again in September and December of 2008, as well as in May 2009.¹¹⁶⁵ The third session of the Conference of States Parties to the UNCAC was held in Doha, Qatar from 9 to 13 November 2009.¹¹⁶⁶ After a week of negotiations, member states agreed to a mechanism to monitor the implementation of the UNCAC and issued the Doha Resolutions as an unofficial document that is not edited yet.¹¹⁶⁷

Table 10 shows the G20 members’ commitment to the UNCAC.

Commitment Features:

This is a two-part commitment calling G20 members to (1) ratify the UNCAC, have they already not done so, and (2) promote a transparent and inclusive UNCAC implementation review process. Since ratifying the UNCAC is not an incremental process, but a one-off action, ratifications that took place before the Seoul Summit are counted as compliance. Thus for full compliance, the G20 members must ratify (or have already ratified) the UNCAC and promote a transparent and inclusive UNCAC implementation review process.

For countries, that have not ratified the UNCAC, its ratification should be considered as compliance. For countries that have already ratified the UNCAC, only the adoption of an effective, transparent, and inclusive mechanism during the third Conference of the Parties in Doha should be considered as compliance. Since information on voting is unavailable, member’s position at the Doha Conference will be monitored by analyzing statements of the country’s officials and official documents. The UNCAC adoption will be monitored in both national and the respective international organisations’ sources, as the fact of ratification can be reflected by the UN Office on Drugs and Crime with a delay.

¹¹⁶² Bali Conference to Strengthen Integrity and Fight Corruption, United Nations Office on Drugs and Crime (Vienna) 15 January 2008. Date of Access: 1 November 2009.

<http://www.unodc.org/unodc/en/press/releases/2008-01-15.html>.

¹¹⁶³ Bali Conference to Strengthen Integrity and Fight Corruption, United Nations Office on Drugs and Crime (Vienna) 15 January 2008. Date of Access: 1 November 2009.

<http://www.unodc.org/unodc/en/press/releases/2008-01-15.html>.

¹¹⁶⁴ Open-ended Intergovernmental Working group on the Review of the Implementation of the United Nations Convention against Corruption, United Nations Office on Drugs and Crime (Vienna). Date of Access: 1 November 2009. <http://www.unodc.org/unodc/en/treaties/CAC/working-group1.html>.

¹¹⁶⁵ Open-ended Intergovernmental Working group on the Review of the Implementation of the United Nations Convention against Corruption, United Nations Office on Drugs and Crime (Vienna). Date of Access: 1 November 2009. <http://www.unodc.org/unodc/en/treaties/CAC/working-group1.html>.

¹¹⁶⁶ Third session of the Conference of the States Parties to the United Nations Convention against Corruption, United Nations Office on Drugs and Crime (Vienna). Date of Access: 11 January 2010.

<http://www.unodc.org/unodc/en/treaties/CAC/CAC-COSP-session3.html>

¹¹⁶⁷ Doha Resolutions, United Nations Office on Drugs and Crime.

http://www.unodc.org/documents/treaties/UNCAC/COSP/session3/Doha_resolutions_unofficial.pdf

Table 10: Ratification of the United Nations Convention against Corruption

G20 Member	UNCAC Signature / Ratification, Approval (a) ¹¹⁶⁸
Argentina	10 December 2003 / 28 August 2006
Australia	9 December 2003 / 7 December 2005
Brazil	9 December 2003 / 15 June 2005
Canada	21 May 2004 / 2 October 2007
China	10 December 2003 / 13 January 2006
France	9 December 2003 / 11 July 2005
Germany	9 December 2003 /
India	9 December 2005 / 1 May 2011
Indonesia	18 December 2003 / 19 September 2006
Italy	9 December 2003 / 5 October 2009
Japan	9 December 2003 /
Korea	10 December 2003 / 27 March 2008
Mexico	9 December 2003 / 20 July 2004
Russia	9 December 2003 / 9 May 2006
Saudi Arabia	9 January 2004 /
South Africa	9 December 2003 / 22 November 2004
Turkey	10 December 2003 / 9 November 2006
United Kingdom	9 December 2003 / 9 February 2006
United States	9 December 2003 / 30 October 2006
European Union	15 September 2005 / 12 November 2008 (a)

The second commitment feature comprises measures undertaken by the member states for promotion of a review process. Participation in the second session of the Implementation Review Group of the UNCAC in Vienna on 30 May – 3 June 2011 will be considered as compliance.¹¹⁶⁹

Scoring Guidelines:

-1	Member does not ratify and implement the UNCAC AND does not promote a transparent and inclusive review process.
0	Member ratifies or has already ratified the UNCAC the UNCAC BUT does not promote a transparent and inclusive review process.
+1	Member ratifies or has already ratified the UNCAC AND promotes a transparent and inclusive review process.

Argentina: 0

Argentina has partially complied with the commitment to combat corruption.

Argentina signed the United Nations Convention against Corruption (UNCAC) on 10 December 2003 and ratified it on 28 August 2006.¹¹⁷⁰

Argentina participated in the session of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010.¹¹⁷¹

¹¹⁶⁸ United Nations Convention against Corruption
<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹¹⁶⁹ United Nations Convention against Corruption. UN Office on Drugs and Crime.
<http://www.unodc.org/unodc/en/corruption/index.html>.

¹¹⁷⁰ United Nations Convention against Corruption, United Nations Office on Drugs and Crime 31 March 2011. Date of access: 3 April 2011. <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>

No facts on UNCAC implementation during the compliance cycle have been registered. Thus Argentina is awarded a score of 0.

Analyst: Polina Arkhipova

Australia: 0

Australia has partially complied with the commitment to combat corruption.

On 7 December 2005, Australia ratified the United Nations Convention against Corruption (UNCAC).¹¹⁷²

Australia participated in the session of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010.¹¹⁷³

No facts of UNCAC implementation during the compliance period have been registered. Thus Australia has been awarded a score of 0.

Analyst Svetlana Nikitina

Brazil: +1

Brazil has fully complied with the commitment to combat corruption

Brazil signed the UNCAC on 9 December 2003 and ratified it on 15 June 2005.¹¹⁷⁴

On 9 December 2010, the Transparency Portal was expanded with a new function. The major new function is the possibility of downloading from the Transparency Portal detailed information about each budget of the federal government by any users. The portal was also more convenient for users to display information in the form of graphs and tables.¹¹⁷⁵ Such measures conform to articles 9, article 10 of UNCAC.

On 13 December 2010, The United Nations Office on Drugs and Crime (UNODC) and the Federal Prosecutor's Office of Brazil signed a memorandum of understanding that provides for more effective punishment of transnational organized crime on the basis of cooperation, exchange of experiences and development of actions to strengthen punishment of transnational organized crime, through the implementation of international instruments set in the United Nations

¹¹⁷¹ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

<http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02 - Resumed IRG - LoP - FINAL LIST OF PARTICIPANTS.pdf>.

¹¹⁷² United Nations Convention against Corruption

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹¹⁷³ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

<http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02 - Resumed IRG - LoP - FINAL LIST OF PARTICIPANTS.pdf>.

¹¹⁷⁴ United Nations Convention Against Corruption

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹¹⁷⁵ CGU launches new measures to prevent corruption, The Office of the Comptroller General (CGU) 9 December 2011. Date of Access: 10 April 2011.

<http://www.cgu.gov.br/Imprensa/Noticias/2010/noticia15010.asp>.

Convention against Corruption and the United Nations Convention against Transnational Organized Crime and its protocols.¹¹⁷⁶

On 8 December 2010, President of Brazil Luiz Inacio Lula da Silva signed the decree on holding the first National Conference of Transparency and Social Control on 13-15 October 2011.¹¹⁷⁷ The conference has a significant value for a dialogue between society and authority. Despite the fact that conference will be held on October 2011, representatives of government institutes, civil society and national council are working regularly together in preparation for the event. In two meetings held on 1 March 2011¹¹⁷⁸ and on 4 April 2011¹¹⁷⁹ the National Organizing Committee of the first National Conference on Transparency and Social Control discussed issues of transparency and role of society in this process and adopted the conference's charter. These actions comply with article 13, article 60 p 6, article 61 p 1, 2 of UNCAC.

Brazil participated in the session of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010.¹¹⁸⁰

Brazil has ratified the UNCAC, implemented it and contributed to promotion of a transparent and inclusive UNCAC review process. Thus Brazil has been given a score of +1.

Analyst: Pavel Zhdanov

Canada: 0

Canada has partially complied with the commitment to combat corruption.

On 2 October 2007, Canada ratified the UNCAC.¹¹⁸¹

Canada participated in the session of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010.¹¹⁸²

¹¹⁷⁶ UNODC and the Federal Prosecutor's Office of Brazil Intensify Efforts to Combat Transnational Organized Crime, United Nations Office on Drugs and Crime 13 December 2011. Date of Access: 10 April 2011. <http://www.unodc.org/southerncone/en/frontpage/2010/12/13-unodc-e-mpf-unem-esforcos-para-combater-o-crime-organizado-transnacional.html>.

¹¹⁷⁷ Decree of President of Brazil on 8 December 2010 to convene the first National Conference on Transparency and Social Control – Consocial, and other measures, The Office of the Comptroller General (CGU). Date of Access: 17 April 2011. <http://www.cgu.gov.br/consocial/arquivos/decreto-de-convocacao.pdf>.

¹¹⁷⁸ Held the First Meeting of the National Organizing Committee of the 1st Consocial, The Office of the Comptroller General (CGU) 1 March 2011. Date of Access: 10 April 2011. <http://www.cgu.gov.br/consocial/divulgacao/noticia001.asp>.

¹¹⁷⁹ Approved charter 1st Consocial, The Office of the Comptroller General (CGU) 4 April 2011. Date of Access: 10 April 2011. <http://www.cgu.gov.br/consocial/divulgacao/noticia003.asp>.

¹¹⁸⁰ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

¹¹⁸¹ UNCAC Signature and Ratification Status as of 31 March 2011, United Nations Office on Drugs and Crime 31 March 2011. Date of Access: 10 April 2011.

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹¹⁸² Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

No facts of UNCAC implementation during the compliance period have been registered. Consequently, for ratification of the UNCAC and promotion of its transparent and inclusive review process Canada has been awarded a score of 0.

Analyst: Vitaly Nagornov

China: +1

China has fully complied with the commitment to combat corruption.

On 13 January 2006, China ratified the United Nations Convention against Corruption.¹¹⁸³

On 15 December 2010, China adopted an amended anti-corruption regulation in which it sets out unprecedented penalties that include imposing punishments for corrupt Party officials, including those that left their posts or retired.¹¹⁸⁴

On 23 December 2010, China's National Audit Office vowed to strengthen auditing and supervision of major state-funded projects to prevent corruption.¹¹⁸⁵

On 29 December 2010, China released its first ever White Paper on the nation's anti-graft efforts, expressing its resolve to strengthen the fight against corruption.¹¹⁸⁶

China participated in the session of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010.¹¹⁸⁷

China has ratified the UNCAC and taken actions to implement and promote a transparent and inclusive UNCAC review process. Thus China was given a score of +1.

Analyst Svetlana Nikitina

France: 0

France has partially complied with the commitment to combat corruption.

On 11 July 2005, France ratified the UNCAC.¹¹⁸⁸

France participated in the session of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010.¹¹⁸⁹

¹¹⁸³United Nations Convention against Corruption

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹¹⁸⁴China upgrades anti-corruption regulation, Chinese Online Information Service 15 December 2010.

Date of Access: 15 December 2010. http://news.xinhuanet.com/english2010/china/2010-12/15/c_13650663.htm

¹¹⁸⁵China vows to audit major projects to curb graft, Government of China 23 December 2010. Date of Access: 23 December 2010. http://english.gov.cn/2010-12/23/content_1771879.htm

¹¹⁸⁶China issues first anti-corruption white paper, pledging firmer actions, Government of China 29 December 2010. Date of Access: 29 December 2010. http://english.gov.cn/2010-12/29/content_1775348.htm

¹¹⁸⁷Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

¹¹⁸⁸UNCAC Signature and Ratification Status as of 31 March 2011, United Nations Office on Drugs and Crime 31 March 2011. Date of Access: 28 April 2011.

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

Consequently, for ratification of the UNCAC and promotion of a transparent UNCAC review process France has been awarded a score of 0.

Analyst: Vitaly Nagornov

Germany: -1

Germany has not complied with the commitment to combat corruption.

On 9 December 2010, German State Secretary Hans-Jürgen Beerfeltz on the occasion of International Anti-Corruption Day conducted a meeting with all relevant players from the government and private sectors, and civil society at the German Federal Ministry for Cooperation and Development. State Secretary Beerfeltz stated that Germany would continue efforts to prevent and reduce corruption in developing countries. According to his speech Germany ensures that its procedures and instruments are free from corruption, supports partner countries in pursuing anti-corruption reforms nationally and internationally, and cooperates with the United Nations, World Bank, EU, and OECD.¹¹⁹⁰

Germany has not ratified the UNCAC and has not either implemented it or conducted an inclusive review process. Therefore, Germany has been given a score of -1.

Analyst: Marina Klintsova

India: 0

India has partially complied with the commitment to combat corruption.

India ratified the UNCAC on 1 May 2011.¹¹⁹¹

India participated in the session of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010 as observer.¹¹⁹²

Thus India ratified the UNCAC and contributed to the development of its inclusive review process, thus it has been awarded a score of 0.

Analyst: Alexey Mironov

Indonesia: +1

Indonesia has fully complied with the commitment to combat corruption.

¹¹⁸⁹ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

¹¹⁹⁰ New anti-corruption activities in German development cooperation, Federal Ministry for Cooperation and Development of Germany 9 December 2010. Date of Access: 10 April 2011.

http://www.bmz.de/en/press/aktuelleMeldungen/2010/december/20101209_pm_180_antikorruptionstag/index.html.

¹¹⁹¹ UNCAC Signature and Ratification Status as of 31 March 2011, United Nations Office on Drugs and Crime 31 March 2011. Date of Access: 10 April 2011.

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹¹⁹² Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

Indonesia ratified the UNCAC on 19 September 2006.¹¹⁹³

On 23 February 2011, the Indonesian authorities announced establishment of a working group to monitor implementation of the law of 1999 which requires officials of central and local governments to report their earnings before and after taking office.¹¹⁹⁴

On 14 March 2011, a special group to consider the UNCAC implementation was formed in Corruption Eradication Commission (KPK). The Commission Chairman Busyro Muqoddas stated that the review was expected to contribute to improving the implementation of the UNCAC in Indonesia.¹¹⁹⁵

Indonesia participated in the session of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010.¹¹⁹⁶

Indonesia has ratified the UNCAC and has taken measures to implement the UNCAC and promote a transparent and inclusive UNCAC review process. Thus it has been awarded a score of +1.

Analyst: Elena Martynova

Italy: +1

Italy has fully complied with the commitment to combat corruption.

Italy ratified the UNCAC on 5 October 2009.¹¹⁹⁷

On 25-26 November 2010, the Anti-corruption and Transparency Service (Servizio Anticorruzione e Trasparenza, SAET) and the United Nations Development Programme (UNDP) held an advanced course on prevention and repression of corruption in the Public Administration. The course named “Advanced Training on Prevention of Corruption – Techniques and Methodologies” aimed at analysing the strategies and the rules for prevention of corruption and bad administration.¹¹⁹⁸

¹¹⁹³ UNCAC Signature and Ratification Status as of 31 March 2011, United Nations Office on Drugs and Crime 31 March 2011. Date of Access: 10 April 2011.

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹¹⁹⁴ Optimalisasi Pokja untuk Tingkatkan Kepatuhan LHKPN, Komisi Pemberantasan Korupsi Republik Indonesia 23 Februari 2011 Date of Access: 11 March 2011

<http://www.kpk.go.id/modules/news/article.php?storyid=1885>

¹¹⁹⁵ KPK dan UNODC Tinjau Ulang Konvensi PBB Antikorupsi 14 March 2011 Date of Access: 31 March 2011 <http://www.kpk.go.id/modules/news/article.php?storyid=1930>

¹¹⁹⁶ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02 - Resumed_IRG - LoP - FINAL_LIST_OF_PARTICIPANTS.pdf.

¹¹⁹⁷ UNCAC Signature and Ratification Status as of 31 March 2011, United Nations Office on Drugs and Crime 31 March 2011. Date of Access: 10 April 2011.

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹¹⁹⁸ Concluso il corso avanzato sulla prevenzione e la repressione della corruzione nella pubblica amministrazione, Anti-corruption and Transparency Service 26 November 2010. Date of Access: 10 April 2011. http://www.anticorruzione.it/site/ArtId_837/355/DesktopDefault.aspx

On 1 March 2011, the Council of Ministers has approved the bill¹¹⁹⁹ containing “Dispositions for prevention and repression of corruption and illegality in public administration.” The bill foresees the National anticorruption plan to reduce anticorruption risks in Public Administration implementing one of the provisions of article 5 “Preventive anti-corruption policies and practices” of the UNCAC. The measures on transparency focus on the three areas most liable to corruption – contracts, contributions, employments. The bill also provides for establishment of the institution of the Observatory on corruption and other illicit activities against the Public Administration.¹²⁰⁰

Italy participated in the session of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010.¹²⁰¹

Consequently, for ratification of the UNCAC, implementation of its provisions and participation in the review process Italy has been awarded a score of +1.

Analyst: Anna Vekshina

Japan: -1

Japan has not complied with the commitment to combat corruption.

Japan has not ratified the UNCAC yet.¹²⁰² However, on 13 April 2011, at the 20th Session of the Commission on Crime Prevention and Criminal Justice Japanese Representative in the International Organizations in Vienna Tsutomu Osawa confirmed Japan’s commitment to work towards a prompt conclusion of the UNCAC. He noted that most of the UNCAC provisions had been incorporated into the Japanese legislation and were successfully enforced. “Japan is willing to contribute to the review mechanism, which ensures implementation of UNCAC, in an appropriate manner,” he added.¹²⁰³

Under Comprehensive Economic Partnership Agreement between Japan and the Republic of India signed on 16 February 2011, the parties agreed to take appropriate measures to prevent and combat corruption of its public officials regarding matters covered by the Agreement.¹²⁰⁴

¹¹⁹⁹ “DDL Anticorruzione,” Italian Government 1 March 2011. Date of Access: 10 April 2011.

http://www.governo.it/GovernoInforma/Dossier/anticorruzione_ddl/Brunetta_anticorruzione.pdf

¹²⁰⁰ Anticorruzione: via libera del governo DDL, Anti-corruption and Transparency Service 2 March 2010.

Date of Access: 10 April 2011. http://www.anticorruzione.it/site/ArtId_822/355/DesktopDefault.aspx

¹²⁰¹ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf

¹²⁰² UNCAC Signature and Ratification Status as of 31 March 2011, United Nations Office on Drugs and Crime 31 March 2011. Date of Access: 10 April 2011.

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>

¹²⁰³ 20th Session of the Commission on Crime Prevention and Criminal Justice: Statement by Ambassador Tsutomu OSAWA of Japan Under the Agenda Item 5 (a), (b), Permanent Mission of Japan to the International Organizations in Vienna 13 April 2011. Date of access: 18 July 2011. www.vie-mission.emb-japan.go.jp/Statements/s20110411_20100513/s20110413.html

¹²⁰⁴ Comprehensive Economic Partnership Agreement Between Japan and the Republic of India, Ministry of Foreign Affairs of Japan 16 February 2011. Date of access: 11 April 2011.

http://www.mofa.go.jp/region/asia-paci/india/epa201102/pdfs/ijcepa_ba_e.pdf

However, Japan was scored -1 for its non-compliance since it still has to ratify UN Convention against Corruption and demonstrate more determination in its implementation and promotion of the review process.

Analyst: Ekaterina Maslovskaya

Korea: +1

Korea has fully complied with the commitment to combat corruption.

On 10 December 2003, Korea signed the UNCAC; and on 27 March 2008 ratified it.¹²⁰⁵

On 13 January 2011, the Anti-Corruption and Civil Rights Commission (ACRC) presented the guidelines on the anti-corruption and integrity policies for 2011. According to the guidelines, enhancing integrity of high-ranking officials will be the ACRC's top priority in 2011. The Commission planned to complete the development of a standard model for integrity assessment on high-ranking officials by February 2011. Furthermore, the ACRC will monitor unfair employment of family, relatives, or campaign strategists of a public official in affiliated organizations, and the acts of giving undue benefits such as a private contact to a public official's relatives or retired officials since such irregular practices have been found to slacken discipline among public officials. The Commission will also keep tabs on intervention in granting concessions, diversion of government budget for other purposes, and private use of public properties. To implement those primary tasks, the ACRC has intended to conduct "Clean Hands Korea" campaign jointly with local governments and public companies.¹²⁰⁶

Korea participated in the session of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010.¹²⁰⁷

Korea has ratified the UNCAC, taken measures to implement it and contributed to promotion of the UNCAC review mechanism. Thus the country has been awarded a score of +1.

Analyst: Anna Vekshina

Mexico: +1

Mexico has fully complied with the commitment to combat corruption.

Mexico signed the UNCAC on 9 December 2003 and ratified it on 20 July 2004.¹²⁰⁸

On 2 March 2011, Mexican President Felipe Calderón submitted a bill to strengthen the legal framework aimed at fighting corruption, simplifying the procedures for making denunciations and encouraging public participation.¹²⁰⁹

¹²⁰⁵ United Nations Convention against Corruption, UNCAC signature and ratification status as of 31 March 2011, United Nations Office on Drugs and Crime 31 March 2011. Date of Access: 10 April 2011. <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>

¹²⁰⁶ ACRC issues guidelines for 2011 Anti-Corruption Policy, the Anti-Corruption and Civil Rights Commission 11 February 2011. Date of access: 10 April 2011. http://www.acrc.go.kr/eng_index.html

¹²⁰⁷ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf

¹²⁰⁸ United Nations Convention against Corruption, United Nations Office on Drugs and Crime 31 March 2011. Date of access: 3 April 2011. <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>

On 2 June 2011, regional Centre of Excellence for Latin America and the Caribbean was established in Mexico by National Institute for Statistics and Geography (INEGI) in cooperation with United Nations Office on Drugs and Crime. The Centre is aimed at monitoring government crime as well as promoting international cooperation in the respective area. The working plan for 2011-2012 concentrates on combating corruption and other priorities.¹²¹⁰

Mexico participated in the session of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010.¹²¹¹

Thus Mexico has been awarded a score of +1.

Analyst: Polina Arkhipova

Russia: +1

Russia has fully complied with the commitment to combat corruption.

Russia ratified the UNCAC on 9 May 2006.¹²¹²

On 21 January 2011, Russian President approved a list of instructions issued following a meeting of the Council for Countering Corruption. Russian Prosecutor General was instructed to check whether the information submitted by public servants on their incomes and assets is “complete and authentic.”¹²¹³

On 28 April 2011, Russian President submitted to the State Duma draft federal law On Amendments to Certain Legislative Acts of the Russian Federation in Connection with Improving Public Anti-Corruption Management. Several federal laws would be amended to improve “the mechanism for anti-corruption expert investigations.”¹²¹⁴

Russia participated in the session of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010.¹²¹⁵

¹²⁰⁹ Bills to Strengthen Legal Framework to Combat Corruption, Presidencia de la Republica, México 3 March 2011. Date of Access: 5 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=63620>

¹²¹⁰ INAUGURAN INEGI Y UNODC CENTRO REGIONAL DE EXCELENCIA PARA AMÉRICA LATINA Y EL CARIBE, United Nations Office on Drugs and Crime Mexico, Central America and the Caribbean, 2 June 2011. Date of Access: 17 July 2011.

<http://www.unodc.org/mexicoandcentralamerica/frontpage/index.html>

¹²¹¹ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf

¹²¹² United Nations Convention against Corruption, UNCAC signature and ratification status as of 31 March 2011, United Nations Office on Drugs and Crime 31 March 2011. Date of Access: 10 April 2011.

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>

¹²¹³ Presidential instructions following meeting of the Council for Countering Corruption, President of Russia 21 January 2011. Date of Access: 10 April 2011. <http://eng.kremlin.ru/news/1662>.

¹²¹⁴ Draft law to improve public anti-corruption management submitted to State Duma, President of Russia 28 April 2011. Date of Access: 29 April 2011. <http://eng.kremlin.ru/news/2148>.

¹²¹⁵ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf

Thus it has been awarded a score of +1.

Analyst: Mark Rakhmangulov

Saudi Arabia: -1

Saudi Arabia has failed to comply with the commitment to combat corruption.

On 9 January 2004, Saudi Arabia signed the UNCAC, but has not yet ratified it.¹²¹⁶

Thus Saudi Arabia has not ratified the UNCAC and has neither implemented it or carried out an inclusive review process, hence it has been awarded a score of -1.

Analyst: Anna Vekshina

South Africa: +1

South Africa has fully complied with its commitment on fighting corruption.

On 9 December 2003, the Government of South Africa signed the UNCAC and ratified it on 22 November 2004.¹²¹⁷

On 10 February 2011, at the Joint Sitting of Parliament in his state of the nation address Jacob G Zuma, President of the Republic of South Africa, declared that Special Anti-Corruption Unit has been established in the Department of Public Service and Administration to handle corruption-related disciplinary cases involving public servants on 25 November 2010.¹²¹⁸ According to the President, about ZAR44 million (USD6.68 million) had been recovered from public servants who were illegally benefiting from housing subsidies, while the cleaning of the social grants system of fraud was also continuing. The Special Investigating Unit was directed to probe alleged maladministration or corruption in various government departments, municipalities and institutions.¹²¹⁹

The South Africa participated in the session of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010.¹²²⁰

The South Africa has ratified the UNCAC and has taken measures to implement it and promote its review process. Thus it is awarded a score of +1.

Analyst: Yuriy Zaytsev

¹²¹⁶ United Nations Convention against Corruption, UNCAC signature and ratification status as of 31 March 2011, United Nations Office on Drugs and Crime 31 March 2011. Date of Access: 10 April 2011. <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>

¹²¹⁷ United Nations Convention against Corruption <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹²¹⁸ Minister Baloyi on Special Anti-Corruption Unit launch, the official web site of the Department of Public Service and Administration, 25 November 2010. Date of access: 29 April, 2011. <http://www.dpsa.gov.za/article.php?id=16>

¹²¹⁹ State of the Nation Address By His Excellency Jacob G Zuma, President of the Republic of South Africa, at the Joint Sitting Of Parliament, Cape Town, the Department of International Relations and Cooperation of the Republic of the South Africa, 10 February 2011. Date of access: 28 April, 2011. <http://www.dirco.gov.za/docs/speeches/2011/jzum0210.html>

¹²²⁰ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011. http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

Turkey: +1

Turkey has fully complied with the commitment on corruption.

On 9 November 2006, Turkey ratified the United Nations Convention against Corruption.¹²²¹

On 3 December 2010, at Grand National Assembly of Turkey, the Turkish government adopted the Law on the Court of Accounts.¹²²²

On 26 December 2010, at Grand National Assembly of Turkey, the Turkish government adopted the Central Government Accountability Act.¹²²³

Turkey participated in the session of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010.¹²²⁴

Turkey has ratified the UNCAC, taken actions to implement it and promote its review mechanism. Thus it has been awarded a score of +1.

Analyst: Victor Kobyletskiy

United Kingdom: +1

The UK has fully complied with the commitment to combat corruption.

On 9 February 2006, the UK ratified the UNCAC.

On 1 July 2011, the new Bribery Act, which received Royal Assent in April 2010, is planned to come into force in the UK. The UK is making preparations for this new Act to become effective. On 30 March 2011, the official Guidance on the Bribery Act with safeguards businesses can put in place to prevent bribery was published.¹²²⁵

The UK is also participating in promotion of a transparent and inclusive review process. On 29 November-1 December 2011, British official representatives took part in the Conference of the State Parties to the United Nations Convention against Corruption in Vienna.¹²²⁶ On 2-4 February 2011, the UK Department for International Development also supported the first civil society training on the UNCAC review mechanism held by the UNODC and Transparency International

¹²²¹ United Nations Convention against Corruption, United Nations Office on Drugs and Crime 01 March 2011. Date of Access: 04 April 2011. <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹²²² Kanun No. 6085 of 3 December 2010, SAYIŞTAY KANUNU, Türkiye Büyük Millet Meclisi 3 December 2010. Date of Access: 9 April 2011. <http://www.tbmm.gov.tr/kanunlar/k6085.html>.

¹²²³ Kanun No. 6092 of 26 December 2010, 2009 YILI MERKEZİ YÖNETİM KESİN HESAP KANUNU, Türkiye Büyük Millet Meclisi 26 December 2010. Date of Access: 9 April 2011. <http://www.tbmm.gov.tr/kanunlar/k6085.html>.

¹²²⁴ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011. http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

¹²²⁵ Uk Clamps Down on Corruption With New Bribery Act, Ministry of Justice 30 March 2011. Date of Access: 9 April 2011. <http://www.justice.gov.uk/news/newsrelease300311a.htm>

¹²²⁶ List of Participants of the Conference of the State Parties to the United Nations Convention against Corruption, UN Office on Drugs and Crime 1 December 2010. Date of Access: 9 April 2011. http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf

in Austria. This training aimed at strengthen the civil society's capacity to play an active role in the review process, including through dialogue with states parties.¹²²⁷

The United Kingdom has ratified the UNCAC, implements the UNCAC developing new legislation and takes part in promotion of a transparent and inclusive review process. Thus it has been awarded a score of +1.

Analyst: Natalia Churkina

United States: 0

The United States has partially complied with the commitment to combat corruption.

On 30 October 2006, the United States ratified the UN Convention against Corruption.¹²²⁸

On 19 March 2011, the United States and Brazil announced their intention to establish a new framework for cooperation on international anti-corruption efforts.¹²²⁹

The US participated in the session of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010.¹²³⁰

The U.S. ratified the UNCAC and contributed to development of its review process, but no significant facts of its implementation have been registered during the compliance period. Therefore the score is 0.

Analyst: Tatyana Lanshina

European Union: +1

The European Union has partially complied with the commitment to combat corruption.

The European Union signed the UNCAC on 15 September 2005 and approved it on 12 November 2008.¹²³¹

On 18 February 2011, interim reports from the European Commission were presented to the European Parliament and the European Council on progress in Bulgaria¹²³² and Romania¹²³³

¹²²⁷ UNODC-TI Training for CSOs on the UNCAC Review Process, UNCAC Coalition 7 March 2011. Date of Access: 9 April 2011. <http://www.uncaccoalition.org/en/home/162-unodc-ti-training-for-csos-on-the-uncac-review-process.html>

¹²²⁸ United Nations Convention against Corruption, United Nations Office on Drugs and Crime status as of 31 March 2011, Date of Access: 8 April 2011.

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹²²⁹ Fact Sheet on U.S. – Brazil Democracy, Human Rights, and Labor Cooperation, The White House, Office of the Press Secretary 19 March 2011, Date of Access: 11 April 2011.

http://www.whitehouse.gov/sites/default/files/uploads/Brazil_Democracy_Human_Rights.pdf.

¹²³⁰ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

¹²³¹ Signatories to the United Nations Convention Against Corruption, United Nations Office on Drugs and Crime (Vienna) 9 December 2009. Date of Access: 10 April 2011.

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹²³² Interim Report from the European Commission to the European Parliament and The Council on Progress in Bulgaria under the Co-operation and Verification Mechanism, European Commission 18 February 2011. Date of Access: 10 April 2010. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52011DC0081:EN:HTML>.

under the Co-operation and Verification Mechanism. This mechanism was set up to help both countries “remedy shortcomings in the areas of judicial reform and the fight against corruption and to monitor progress in these areas through periodical reports.”

On 17 March 2011, the European Commission published draft decision on reform of the European Anti-fraud Office (OLAF).¹²³⁴ The aim of OLAF reform is “to improve the efficiency and accountability of OLAF, while safeguarding its investigative independence.” The proposed reform includes measures in the areas of reinforcing accountability, enhancing efficiency, and improving international and intra-EU cooperation of the OLAF.¹²³⁵

On 13-14 April 2011, a conference on European Standards for European Partners against Corruption (EPAC) / European Anti-Corruption Network (EACN) members was held. Experts and representatives of state authorities discussed establishing standards of combating corruption at the EU level, which complies with article 60 p 6, article 61 p 1, 2.¹²³⁶

The EU participated in the session of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010.¹²³⁷

The EU has ratified the UNCAC, taken measures to implement it and promote a transparent and inclusive UNCAC review process. Thus it has been awarded a score of +1.

Analyst: Pavel Zhdanov

¹²³³ Interim Report from the European Commission to The European Parliament and the Council on Progress in Romania under the Co-operation and Verification Mechanism, European Commission 18 February 2011. Date of Access: 10 April 2010. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52011DC0080:EN:HTML>.

¹²³⁴ Commission Decision Amending its Decision (1999/352/EC/ECSC, Euratom) of 28 April 1999 Establishing the European Anti-fraud Office, European Commission 17 March 2011. Date of Access: 10 April 2011. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=SEC:2011:0343:FIN:EN:PDF>.

¹²³⁵ Commission Proposes Reform of European Anti-Fraud Office (OLAF), Portal Europa 17 March 2011. Date of Access: 10 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/321&format=HTML&aged=0&language=EN&guiLanguage=en>.

¹²³⁶ EPAC/EACN Project Conference on “European Standards for EPAC/EACN Members,” Hungarian Presidency of the Council of the European Union 14 April 2011. Date of Access: 10 April 2011. <http://www.eu2011.hu/event/epaceacn-project-conference-%E2%80%99European-standards-epaceacn-members%E2%80%99D>.

¹²³⁷ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011. http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

13. International Cooperation

Commitment [#152]:

“We will increase our efforts to conduct G20 consultation activities in a more systematic way, building on constructive partnerships with international organizations, in particular the UN, regional bodies, civil society, trade unions and academia.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina		0	
Australia		0	
Brazil		0	
Canada		0	
China		0	
France		0	
Germany		0	
India		0	
Indonesia		0	
Italy		0	
Japan		0	
Korea		0	
Mexico		0	
Russia			+1
Saudi Arabia		0	
South Africa		0	
Turkey		0	
United Kingdom		0	
United States		0	
European Union		0	
Average Score		+0.05	

Commitment Features:

This commitment calls for closer international cooperation between the G20 and the United Nations, regional bodies, civil society, trade unions and academia. During the G20 Seoul Summit, G20 members recognized the wide influence of their decisions and Thus they have called for more consultation between the G20 and the wider international community. Furthermore, Korean President Lee Myung-bak stated that international cooperation is a necessary prerequisite for the international economy to find a path “towards strong, sustainable and balanced growth.”¹²³⁸ G20 members will be evaluated on their efforts to cooperate in G20 consultations with the international organizations specified above.

1238 Lee calls for concrete action by G20, The Korean Herald. 3 November 2010. Date of Access: 3 January 2011. <http://www.koreaherald.com/national/Detail.jsp?newsMLId=20101103000531>

Scoring Guidelines:

-1	Member does not partake in G20 efforts involving consultation activities with any of the following partners: UN, regional bodies, civil society, trade unions and academia.
0	Member partakes in G20 efforts involving consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia BUT no efforts are made to make the relationships more systematic.
+1	Member partakes in G20 efforts involving consultation activities with more than one of the following partners: UN, regional bodies, civil society, trade unions and academia AND efforts are made to make the relationships more systematic.

Argentina: 0

Argentina has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10 November 2011, Argentina was elected to serve a two year term (2010-2012) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹²³⁹

On 25-26 March 2011, Argentina attended the annual general meeting of the Inter-American Development Bank in Calgary, Canada. This meeting was attended by finance ministers, government officials and civil society representatives from the Americas and the Caribbean.¹²⁴⁰

On 8-16 December, an International Monetary Fund mission visited Argentina at the request of Argentine authorities to provide economic assistance.¹²⁴¹

Thus Argentina has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sam Singh

Australia: 0

Australia has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 29 November-10 December 2010, Australia attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹²⁴²

On 29-30 March 2011 Australia and Indonesia co-chaired the Fourth Bali Regional Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational crime.¹²⁴³

¹²³⁹ Economic and Social Council Elects 41-Member Executive Board for UN Women

<http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹²⁴⁰ About the Annual Meeting: Inter-American Development Bank. <http://www.iadb.org/en/annual-meeting/2011/about-the-annual-meeting,2929.html>

¹²⁴¹ Statement by an IMF Technical Mission to Argentina.

<http://www.imf.org/external/np/sec/pr/2010/pr10499.htm>

¹²⁴² List of parties at UNFCCC. http://unfccc.int/parties_and_observers/parties/annex_i/items/2774.php

¹²⁴³ Co-chairs' Statement of the Fourth Bali Regional Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational Crime

<http://www.baliprocess.net/index.asp?pageID=2145831461>

Bali, Indonesia, 29-30 March 2011. <http://www.asean.org/26105.htm>

Thus Australia has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sam Singh

Brazil: 0

Brazil has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 29 November-10 December 2010, Brazil attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹²⁴⁴

On 25-26 March 2011, Brazil attended the annual general meeting of the Inter-American Development Bank in Calgary, Canada. This meeting was attended by finance ministers, government officials and civil society representatives from the Americas and the Caribbean.¹²⁴⁵

On 14 April 2011, Brazil attended the Third BRIC Summit in Sanya, China.¹²⁴⁶

Thus Brazil has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sam Singh

Canada: 0

Canada has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 29 November-10 December 2010, Canada attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹²⁴⁷

On 26 January 2011, Prime Minister Stephen Harper announced support for new development projects on the issue of maternal and children's health at the first meeting of the United Nations Commission on Information and Accountability for Women's and Children's Health, in Geneva, Switzerland.¹²⁴⁸

On 25-26 March 2011, Canada hosted the annual general meeting of the Inter-American Development Bank in Calgary. This meeting was attended by finance ministers, government officials and civil society representatives from the Americas and the Caribbean.¹²⁴⁹

¹²⁴⁴ List of parties at UNFCCC.

http://unfccc.int/parties_and_observers/parties/non_annex_i/items/2833.php

¹²⁴⁵ About the Annual Meeting: Inter-American Development Bank. <http://www.iadb.org/en/annual-meeting/2011/about-the-annual-meeting,2929.html>

¹²⁴⁶ South Africa to join BRIC group. <http://www.chinadaily.com.cn/china/brics2011/index.html>

¹²⁴⁷ List of parties at UNFCCC. http://unfccc.int/parties_and_observers/parties/annex_i/items/2774.php

¹²⁴⁸ PM announces new maternal, newborn and children health initiatives.

<http://pm.gc.ca/eng/media.asp?id=3909>

¹²⁴⁹ About the Annual Meeting: Inter-American Development Bank. <http://www.iadb.org/en/annual-meeting/2011/about-the-annual-meeting,2929.html>

Thus Canada has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sam Singh

China: 0

China has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10 November 2010, China was elected to serve a three year term (2010-2013) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹²⁵⁰ On 29 November-10 December 2010, China attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹²⁵¹

On 11-15 April 2011, China attended the 44th Session of the Commission on Population and Development in New York.¹²⁵² On 14 April 2011, China hosted the Third BRIC Summit in Sanya.¹²⁵³

Thus China has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sam Singh

Germany: 0

Germany has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 29 November-10 December 2010, Germany attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹²⁵⁴

On 1 January 2011, Germany began its two year term as one of five non-permanent members of the United Nations Security Council.¹²⁵⁵

On 3-6 February 2011, United Nations Secretary General Ban Ki-Moon visited Germany to discuss cooperation between the United Nations and Germany in areas of peace, human rights, sustainable development, disarmament and non-proliferation and the situations in North Africa, Côte d'Ivoire, Iran and the peace process in the Middle East.¹²⁵⁶

¹²⁵⁰ Economic and Social Council Elects 41-Member Executive Board for UN Women
<http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹²⁵¹ List of parties at UNFCCC.
http://unfccc.int/parties_and_observers/parties/non_annex_i/items/2833.php

¹²⁵² Commission on Population and Development.
<http://www.un.org/esa/population/cpd/cpd2011/cpd44.htm>

¹²⁵³ South Africa to join BRIC group. <http://www.chinadaily.com.cn/china/brics2011/index.html>

¹²⁵⁴ List of parties at UNFCCC. http://unfccc.int/parties_and_observers/parties/annex_i/items/2774.php

¹²⁵⁵ General Assembly elects Colombia, Germany, India, Portugal, South Africa to serve two-year terms on security council. <http://www.un.org/News/Press/docs/2010/ga11009.doc.htm>

¹²⁵⁶ Activities of Secretary-General in Germany.
<http://www.un.org/News/Press/docs/2011/sgt2766.doc.htm>

On 11-15 April 2011, Germany attended the 44th Session of the Commission on Population and Development in New York.¹²⁵⁷

Thus Germany has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sam Singh

India: 0

India has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10 November 2011, India was elected to serve a two year term (2010-2012) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹²⁵⁸ On 29 November-10 December 2010, India attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹²⁵⁹

On 10 December, President Manmohan Singh attended the annual European Union-India Summit in Brussels.¹²⁶⁰

On 1 January 2011, India began its two year term as one of five non-permanent members of the United Nations Security Council.¹²⁶¹

On 10-14 January 2011, World Bank President Robert Zoellick visited India to enhance partnership between the two parties and share development practices.¹²⁶²

On April 11-15 2011, India attended the 44th Session of the Commission on Population and Development in New York.¹²⁶³ On 14 April 2011, India attended the Third BRIC Summit in Sanya, China.¹²⁶⁴

Thus India has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sam Singh

¹²⁵⁷ Commission on Population and Development.

<http://www.un.org/esa/population/cpd/cpd2011/cpd44.htm>

¹²⁵⁸ Economic and Social Council elects 41 member executive board for UN women.

<http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹²⁵⁹ List of parties at UNFCCC.

http://unfccc.int/parties_and_observers/parties/non_annex_i/items/2833.php

¹²⁶⁰ EU-India Business Joint Declaration. <http://euindia.summitsfeb.be/about-euindia/presentation/>

¹²⁶¹ General Assembly elects Colombia, Germany, India, Portugal, South Africa to serve two-year terms on security council. <http://www.un.org/News/Press/docs/2010/ga11009.doc.htm>

¹²⁶² India-World Bank Strengthen Ties.

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:22808746~menuPK:34463~pagePK:34370~piPK:34424~theSitePK:4607,00.html>

¹²⁶³ Commission on Population and Development.

<http://www.un.org/esa/population/cpd/cpd2011/cpd44.htm>

¹²⁶⁴ South Africa to join BRIC group. <http://www.chinadaily.com.cn/china/brics2011/index.html>

Indonesia: 0

Indonesia has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

In 2011 Indonesia assumed the Chairmanship of the Association of Southeast Asian Nations (ASEAN). On 10-13 February 2011 Indonesia chaired the Fourth ASEAN Intergovernmental Commission on Human Rights in Solo.¹²⁶⁵ On 29-30 March 2011 Indonesia and Australia co-chaired the Fourth Bali Regional Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational crime.¹²⁶⁶ On 8 April 2011 Indonesia hosted the 15th ASEAN Finance Minister's Meeting in Bali.¹²⁶⁷ On 9 April 2011 Indonesia hosted the ASEAN-Japan Ministerial Meeting in Jakarta.¹²⁶⁸

On 10 November 2011, Indonesia was elected to serve a three year term (2010-2013) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹²⁶⁹ On 29 November-10 December 2010, Indonesia attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹²⁷⁰

On 2 February 2011, International Monetary Fund Managing Director Dominique Strauss-Kahn visited Indonesia to discuss global economic prospects and financial market developments.¹²⁷¹

On 11-15 April 2011, an Indonesian delegation attended the 44th Session of the Commission on Population and Development in New York and on 16 April 2011 Indonesian Permanent Representative to the United Nations Ambassador Hasan Kleib was elected as chairman of the United Nations' 45th Session of Commission on Population and Development.¹²⁷²

Thus Indonesia has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sam Singh

¹²⁶⁵ The Fourth ASEAN Intergovernmental Commission on Human Rights (AICHR) meeting was held from 10 — 13 February 2011 in Solo, Indonesia. <http://www.asean.org/25872.htm>

¹²⁶⁶ Co-chairs' Statement of the Fourth Bali Regional Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational Crime Bali, Indonesia, 29-30 March 2011. <http://www.asean.org/26105.htm>

¹²⁶⁷ Joint Media Statement of the 15th ASEAN Finance Ministers' Meeting (AFMM) Bali, Indonesia, 8 April 2011. <http://www.asean.org/26157.htm>

¹²⁶⁸ Chairman's Statement on the Special ASEAN-Japan Ministerial Meeting. <http://www.asean.org/26149.htm>

¹²⁶⁹ Economic and Social Council elects 41 member executive board for UN women. <http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹²⁷⁰ List of parties at UNFCCC. http://unfccc.int/parties_and_observers/parties/non_annex_i/items/2833.php

¹²⁷¹ Statement by IMF Managing Director at the Conclusion of his Visit to Indonesia. <http://www.imf.org/external/np/sec/pr/2011/pr1126.htm>

¹²⁷² Commission on Population and Development. <http://www.un.org/esa/population/cpd/cpd2011/cpd44.htm>

Italy: 0

Italy has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10 November 2011, Italy was elected to serve a two year term (2010-2012) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹²⁷³

On 29 November-10 December 2010, Italy attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹²⁷⁴

On 28 March 2011, President of Italy Giorgio Napolitano addressed the United Nations General Assembly expressing support for democratic movements in North Africa, the Middle East and the Persian Gulf.¹²⁷⁵

Thus Italy has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sam Singh

Japan: 0

Japan has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 2-3 June 2011, Japan hosted the Millennium Development Goals (MDGs) Follow-up Meeting in Tokyo, co-hosted by the UNDP, UNICEF, the World Bank, and the Japan International Cooperation Agency (JICA). The meeting was attended by over 100 representatives of countries, international organizations, and the civil society from around the world, including ministers from 24 countries and 7 heads of international organizations.¹²⁷⁶

On 10 November 2010, Japan was elected to serve a three year term (2010-2013) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹²⁷⁷

On 29 November-10 December 2010, Japan attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹²⁷⁸

On 9 April 2011 Japan attended the Special ASEAN-Japan Ministerial Meeting in Jakarta, Indonesia.¹²⁷⁹

¹²⁷³ Economic and Social Council elects 41 member executive board for UN women.

<http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹²⁷⁴ List of parties at UNFCCC. http://unfccc.int/parties_and_observers/parties/annex_i/items/2774.php

¹²⁷⁵ Secretary-General Says 'Grand Old Man of Italian Republic' Champion of Public Principle, Good Governance, Openness and Honesty as Democracy's Highest Goods

<http://www.un.org/News/Press/docs/2011/ga11061.doc.htm>

¹²⁷⁶ The Millennium Development Goals Follow-Up Meeting. MOFA (Japan) 3 June 2011. Date of Access 12 August 2011. http://www.mofa.go.jp/announce/announce/2011/6/0603_01.html

¹²⁷⁷ Economic and Social Council elects 41 member executive board for UN women. <http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹²⁷⁸ List of parties at UNFCCC. http://unfccc.int/parties_and_observers/parties/annex_i/items/2774.php

¹²⁷⁹ Chairman's Statement on the Special ASEAN-Japan Ministerial Meeting.

<http://www.asean.org/26149.htm>

On 11-15 April 2011, Japan attended the 44th Session of the Commission on Population and Development in New York.¹²⁸⁰

Thus Japan has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sam Singh

Korea: 0

Korea has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10-11 November 2010, Korea hosted the fifth G20 Heads of Government meeting in Seoul to discuss the global financial system and the world economy.¹²⁸¹ The theme of the summit was “Shared Growth Beyond Crisis.”

On 29 November-10 December 2010, Korea attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹²⁸² On 10 November 2011, Korea was elected to serve a three year term (2010-2013) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹²⁸³ On 1-2 December 2010, Korea took part in the Organization for Security and Cooperation in Europe Summit in Astana, Kazakhstan.¹²⁸⁴ On 28 February – 2 March 2011, Korea attended and addressed the United Nations Human Rights Council in Geneva, Switzerland.¹²⁸⁵

On 10 February 2011, Korea announced it will host the third Global Model United Nations Conference (GMUN) from August 10 to 14 in Incheon.¹²⁸⁶

On 16 February 2011, the International Monetary Fund signed a borrowing agreement with the Bank of Korea to provide 500 million Special Drawing Rights as loan resources for low-income countries.¹²⁸⁷

Thus Korea has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sam Singh

¹²⁸⁰ Commission on Population and Development.

<http://www.un.org/esa/population/cpd/cpd2011/cpd44.htm>

¹²⁸¹ Results of the Seoul Conference on G20's Role in the Post-Crisis World. <http://www.seoulsummit.kr/>

¹²⁸² List of parties at UNFCCC http://unfccc.int/parties_and_observers/parties/non_annex_i/items:2833.php

¹²⁸³ Republic of Korea Elected to the Inaugural Executive Board of UN Women

<http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹²⁸⁴ Foreign Minister Kim Sung-Hwan Attends Meeting of Foreign Ministers of OSCE Partners for Co-operation <http://www.mofat.go.kr/english/press/pressrelease/index.jsp>

¹²⁸⁵ 2nd Vice Minister Delivers Keynote Speech at UN Human Rights Council

<http://www.mofat.go.kr/english/press/pressrelease/index.jsp>

¹²⁸⁶ Incheon to host model UN conference <http://un.mofat.go.kr/eng/am/un/information/news/index.jsp>

¹²⁸⁷ IMF Signs SDR 500 Million Borrowing Agreement with the Bank of Korea to Support Lending to Low-Income Countries <http://www.imf.org/external/np/sec/pr/2011/pr1150.htm>

Mexico: 0

Mexico has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10 November 2011, Mexico was elected to serve a three year term (2010-2013) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹²⁸⁸

On 29 November-10 December 2010, Mexico hosted the United Nations Climate Change Conference COP 16/CMP 6 in Cancun.¹²⁸⁹

On 24 February, 2011 the Government of Mexico became a signatory to the Nagoya Protocol to the Biodiversity Convention in New York.¹²⁹⁰

On 25-26 March 2011, Mexico attended the annual general meeting of the Inter-American Development Bank in Calgary, Canada. This meeting was attended by finance ministers, government officials and civil society representatives from the Americas and the Caribbean.¹²⁹¹

Thus Mexico has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sam Singh

Russia: +1

Russia has fully complied with the commitment on international cooperation.

On 13 January 2011, Russian Foreign Minister reaffirmed Russia's position on the need of G20 and UN cooperation, saying that this "will correspond with the UN role as a center for coordination of its members' activities."¹²⁹²

On 17 January 2011, G8/G20 Sherpa Arkady Dvorkovich met with 15 representatives of Russian civil society, including the representatives of academia, to discuss issues on the G20 agenda and "the role of Russian NGOs in preparation for the 2011 summits in France."¹²⁹³ Regular meetings between the Russian Sherpa and the Russian civil society representatives are systematic and organized in the framework of the Advisory Panel of Russian civil society organizations on development assistance and engagement with the G8 and G20 and thus represent systematic consultation activities with civil society and academia.

¹²⁸⁸ Economic and Social Council elects 41 member executive board for UN women.
<http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹²⁸⁹ List of parties at UNFCCC.
http://unfccc.int/parties_and_observers/parties/non_annex_i/items/2833.php

¹²⁹⁰ Secretary-General, Hailing Mexico on Signing Nagoya Protocol to Biodiversity Convention, Urges Similar Action by Other States Parties <http://www.un.org/News/Press/docs/2011/sgsm13411.doc.htm>

¹²⁹¹ About the Annual Meeting: Inter-American Development Bank. <http://www.iadb.org/en/annual-meeting/2011/about-the-annual-meeting,2929.html>

¹²⁹² Press Conference on 2010 Foreign Policy Outcomes at MFA of Russia, Russian Ministry of Foreign Affairs 13 January 2011. Date of Access 3 April 2010.
http://www.mid.ru/brp_4.nsf/0/02105390C32B1239C3257819003FF6A3.

¹²⁹³ Mr. Dvorkovich, the Aide to the President of the Russian Federation, met representatives of Russian NGOs, Russian Movement against Poverty 18 January 2011. Date of Access 3 April 2010.
http://www.protivbed.ru/news_eng/n118.html

On 21 July 2011, Russian President met with Russian trade union leaders and discussed possibilities of a G20 working group on employment and social protection creation.¹²⁹⁴

No facts of Russia's partaking in G20 efforts involving systematic consultation activities with the UN, and regional bodies during the compliance period have been registered.

During the compliance period Russia has partaken in consultations on G20 issues with civil society, trade unions and academia and made efforts to make the relationships more systematic. Thus Russia has been awarded a score of +1.

Analyst: Mark Rakhmangulov

Saudi Arabia: 0

Saudi Arabia has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10 November 2011, Saudi Arabia was elected to serve a three year term (2010-2013) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹²⁹⁵

On 11-12 December 2010, Saudi Arabia hosted a Workshop on Security Council resolution 1540 (2004) concerning preventing terrorists from gaining access to weapons of mass destruction in Riyadh.¹²⁹⁶

Thus Saudi Arabia has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sam Singh

South Africa: 0

South Africa has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 29 November-10 December 2010, South Africa attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹²⁹⁷ On 29-30 November 2010, South Africa participated in the Third Africa-EU Summit in Sirte, Libya.¹²⁹⁸

On 1 January 2011, South Africa began its two year term as one of five non-permanent members of the United Nations Security – Council.¹²⁹⁹

¹²⁹⁴ Meeting with trade union leaders, President of Russia 21 July 2011. Date of Access 22 July 2011.

<http://kremlin.ru/news/12054>.

¹²⁹⁵ Economic and Social Council elects 41 member executive board for UN women.

<http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹²⁹⁶ Saudi Arabia Set to Host Workshop on Implementation of Security Council Resolution 1540 (2004) in Riyadh, 11-12 December

<http://www.un.org/News/Press/docs/2010/dc3275.doc.htm>

¹²⁹⁷ List of parties at UNFCCC.

http://unfccc.int/parties_and_observers/parties/non_annex_i/items/2833.php

¹²⁹⁸ Africa and Europe in partnership. <http://www.africa-eu-partnership.org/3rd-africa-eu-summit>

On 14 April 2011, South Africa joined Brazil, Russia, India and China to form the BRICS partnership at the Third BRIC Summit in Sanya, China.¹³⁰⁰

Thus South Africa has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sam Singh

Turkey: 0

Turkey has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

From 9-13 May 2011 Turkey will host a United Nations summit on least developed countries. The conference will address poverty, food security, energy and climate change among the world's poorest 48 countries and will be chaired by UN Secretary General Ban Ki-moon¹³⁰¹

On 29 November-10 December 2010, Turkey attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹³⁰²

On 4 January 2011 Turkey donated USD2 million to the United Nations World Food Program (WFP) to help Chad and Niger recover from drought.¹³⁰³

On 4 February 2011 Turkish Environment and Forestry Minister Veysel Eroglu confirmed that Turkey had formally proposed to host the 10th United Nations Forestry Forum which is set to be held in 2013.¹³⁰⁴ On 22 February 2011, Turkey was selected to fill a position at the United Nations Habitat Governing Council by the UN Economic and Social Council, with the term ending 31 December 2014.¹³⁰⁵ On 24 February 2011 Turkish First Lady Emine Erdogan addressed the 55th session of the UN Commission on the Status of Women at the United Nations focusing on the tragedy of women in Bangladesh, Bosnia and Herzegovina, the Gaza Strip, Iraq and Pakistan.¹³⁰⁶

¹²⁹⁹ General Assembly elects Colombia, Germany, India, Portugal, South Africa to serve two-year terms on security council. <http://www.un.org/News/Press/docs/2010/ga11009.doc.htm>

¹³⁰⁰ South Africa to join BRIC group. <http://www.chinadaily.com.cn/china/brics2011/index.html>

¹³⁰¹ Turkey to host UN summit on least developed countries.

<http://english.ahram.org.eg/NewsContent/2/9/9887/World/International/WiresTurkey-to-host-UN-summit-on-least-developed-c.aspx>

¹³⁰² List of parties at UNFCCC.

http://unfccc.int/parties_and_observers/parties/non_annex_i/items/2833.php

¹³⁰³ Turkey grants UN food body \$2 mln for Chad, Niger. <http://www.wfp.org/content/turkey-grants-un-food-body-2-mln-chad-niger>

¹³⁰⁴ Turkey eager to host 10th UN forestry forum. <http://en.trend.az/regions/met/turkey/1823481.html>

¹³⁰⁵ Turkey selected member to UN's Habitat governing council.

<http://www.worldbulletin.net/?aType=haber&ArticleID=70138>

¹³⁰⁶ Emine Erdoğan carries tragedy of women to UN session. <http://www.todayszaman.com/news-236498-emine-erdogan-carries-tragedy-of-women-to-un-session.html>

On 11 March 2011, the Government of Turkey and the United Nations Development Programme signed a strategic cooperation agreement. “Those agreements will boost institutional cooperation between Turkey and UNDP” according to Foreign Minister Ahmet Davutoglu.¹³⁰⁷

Analyst: Sam Singh

United Kingdom: 0

The United Kingdom has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10 November 2011, the UK was elected to serve a three year term (2010-2013) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹³⁰⁸

On 29 November-10 December 2010, the UK attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹³⁰⁹

On 11-15 April 2011, the UK attended the 44th Session of the Commission on Population and Development in New York.¹³¹⁰

Thus the United Kingdom has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sam Singh

United States: 0

The United States has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10 November 2011, the US was elected to serve a two year term (2010-2013) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹³¹¹

On 29 November-10 December 2010, the United States attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹³¹²

On 25-26 March 2011, the United States attended the annual general meeting of the Inter-American Development Bank in Calgary, Canada. This meeting was attended by finance ministers, government officials and civil society representatives from the Americas and the Caribbean.¹³¹³

¹³⁰⁷ Turkey and UNDP sign strategic cooperation deal.

<http://www.worldbulletin.net/?aType=haber&ArticleID=70941>

¹³⁰⁸ Economic and Social Council elects 41 member executive board for UN women.

<http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹³⁰⁹ List of parties at UNFCCC. http://unfccc.int/parties_and_observers/parties/annex_i/items/2774.php

¹³¹⁰ Commission on Population and Development.

<http://www.un.org/esa/population/cpd/cpd2011/cpd44.htm>

¹³¹¹ Economic and Social Council elects 41 member executive board for UN women.

<http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹³¹² List of parties at UNFCCC. http://unfccc.int/parties_and_observers/parties/annex_i/items/2774.php

¹³¹³ About the Annual Meeting: Inter-American Development Bank. <http://www.iadb.org/en/annual-meeting/2011/about-the-annual-meeting,2929.html>

On April 11-15 2011, the United States attended the 44th Session of the Commission on Population and Development in New York.¹³¹⁴

Thus the United States has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sam Singh

European Union: 0

The European Union has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 8 November 2011, members of the European Parliament expressed support for the United Nations forests program and attended the United Nations climate change conference in Cancun, Mexico.^{1315,1316}

On 10 November 2011 civil society organizations from the European Union and countries on the Mediterranean littoral met in Rome from 10 to 12 November for the annual Euro-Mediterranean Summit of Economic and Social Councils and Similar Institutions. They adopted a statute for the future civil society Assembly and agreed to seek consultative body status within the Union for the Mediterranean.¹³¹⁷ On 19 November 2011 the European Economic and Social Committee called for more engagement of social partners and civil society in economic reform for the Baltic states.¹³¹⁸ On 29 November 2011, Members of the European Parliament met with representatives from Africa, the Caribbean and the Pacific in Kinshasa, Democratic Republic of Congo to discuss the United Nations Millennium Development Goals.¹³¹⁹ On 3 December 2010 the European Economic and Social Committee called for greater involvement of civil society organizations in the Middle East Peace Process.¹³²⁰ On 9 December 2010 the European Economic and Social Committee called for civil society to play a greater role in EU-Russia relations.¹³²¹

¹³¹⁴ Commission on Population and Development.

<http://www.un.org/esa/population/cpd/cpd2011/cpd44.htm>

¹³¹⁵ Ahead of Cancun climate talks: MEPs support UN forests programme.

<http://www.europarl.europa.eu/en/headlines/content/20101025STO89966/html/Ahead-of-Canc%C3%BAclimate-talks-MEPs-support-UN-forests-programme>

¹³¹⁶ European Parliament delegation to join UN climate talks in Cancun.

<http://www.europarl.europa.eu/en/pressroom/content/20101203IPR05688/html/European-Parliament-delegation-to-join-UN-climate-talks-in-Canc%C3%BA>

¹³¹⁷ EU and Mediterranean civil society reach historic deal on a joint Assembly.

<http://europa.eu/rapid/pressReleasesAction.do?reference=CES/10/112&format=HTML&aged=0&language=EN&guiLanguage=en>

¹³¹⁸ EESC urges social partners and civil society in the Baltic States to take ownership of the economic reform. <http://www.eesc.europa.eu/?i=portal.en.press-releases.11708>

¹³¹⁹ ACP-EU: Kinshasa summits looks at UN goals, mortality of mothers.

<http://www.europarl.europa.eu/en/headlines/content/20101119STO96283/html/ACP-EU-Kinshasa-summits-looks-at-UN-goals-mortality-of-mothers>

¹³²⁰ EESC steps up dialogue with organized civil society in the Middle East to advance peace process.

<http://www.eesc.europa.eu/?i=portal.en.press-releases.13680>

¹³²¹ Civil society needs to play a greater role in EU-Russia relations says the EESC.

<http://www.eesc.europa.eu/?i=portal.en.press-releases.13742>

The European Union has been awarded a score of 0 for its partial compliance with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sam Singh