

Recovery and new beginnings

The Canadian summits will focus on ensuring results on the commitments that have already been made. Accountability is critical to the success of the G-8 and G-20

By The Right Honourable Stephen Harper, Prime Minister, Canada

The theme for Canada's 2010 summits is "recovery and new beginnings". At both the G-20 and G-8, Canada will act to facilitate global leadership on the challenges of an interdependent world.

Our approach will centre on the concept of enlightened sovereignty. Although the worst of the crisis may be behind us, leaders must continue to accept shared responsibility, especially for the state of the globalised economy. We must come together in a spirit less about narrow self-interest in sovereignty's name

than an expanded view of mutual interest in which there is room for all to grow and prosper. Enlightened sovereignty, then, is the natural extension of enlightened self-interest.

The discussions in Toronto and Muskoka will focus less on seeking lofty new agreements than on ensuring results on commitments already made. We know that determination and follow-through are essential to achieving results. If the summits are to be truly successful, then this sense of accountability is critical on the part of all G-8 and G-20 members.





Inadequate national systems need to be restructured and should be subject to international peer review



We have no choice but for the G-20 to be successful. While the market's awesome power to generate and widely distribute wealth is self-evident, we also know markets need governance. For the new global economy, the G-20 is what we have.

Now, as we work through the final stages of recession and embrace recovery, there are four critical areas where G-20 actions have been and will remain vital: financial sector reform, stimulus programmes, reform of international institutions, and global trade and growth strategies.

Let me begin with reform of financial sector regulation.

As many of you know, Canada was not a part of the problem. No major Canadian financial institutions failed and none required bailouts from the government. As a consequence, Canada now has one of the largest banking sectors in the world, and it is entirely in the private sector.

The World Economic Forum and, more recently, Moody's Investors Service both ranked Canada's banks as the world's soundest. The performance of the sector during this crisis showcased the effectiveness of Canada's approach. Thus, we want to urge the adoption of similar regulatory practices globally.

Inadequate national systems need to be restructured and should be subject to international peer review in order to enhance transparency and reduce risks to the global economy. Anything less would expose every economy to needless risk and potential contagion.

Through the G-20, we will be encouraging this strengthened financial sector regulation and improved coordination between regulators. But Canada will not go down the path of excessive, arbitrary or punitive regulation of its financial sector.

The second ongoing G-20 policy priority has been to drive globally coordinated stimulus measures, both monetary and fiscal. We believe it is important to stay the course for now, but with an important caveat.

Fiscal expansion, enhanced government spending and increased deficits were necessary during the recession. In fact, with rapidly falling output and employment and interest rates near zero, economic theory was clear – this was the only option. However, recent events are highlighting the real risks to highly indebted countries that lack exit strategies from large budgetary deficits.

This view informs our own economic planning. Canada will complete its two-year Economic Action Plan, its fiscal stimulus measures, in support of its economy. We shall faithfully meet all promises made at earlier G-20 meetings. We also have laid out a gradual but clear plan to return to fiscal balance in the mid term. Our situation is obviously enhanced by relatively modest debt and deficit levels, even during the sharp contraction of 2009.

More broadly speaking, it behoves the G-20 to make progress on the Framework for Strong, Sustainable and Balanced Growth agreed to in principle in Pittsburgh. We must look behind the current crisis and address the underlying imbalances that have contributed to it.

Likewise, G-20 members need to ensure that international financial institutions, such as the International Monetary Fund, the World Bank and multilateral development banks, are key underpinnings of global growth and stability. We need to fulfil our commitment to enhance the voice and representation of dynamic emerging markets and developing economies at these institutions, in order to increase their legitimacy, credibility and effectiveness.

Finally, let us talk about global trade and growth strategies. Growth in global trade has been largely responsible for wealth creation worldwide in the past generation. Enhancing trade and resisting protectionism are both essential to the world economy, and to the just cause of raising millions from poverty. The G-20 has said this at every meeting.

Of course, there have also been national actions that detract from this goal. Even so, we have thus far avoided anything like the protectionism that turned the stock-market crash of 1929 into a decade-long depression.

In Canada, we have tried to be leaders in promoting free trade and open markets. Our stimulus package did not raise tariffs. In fact, it lowered them unilaterally, making Canada a tariff-free zone for manufacturing. Since 2006, we have concluded free trade agreements with eight additional countries and we are engaged in six other negotiations, including with the European Union. We will continue to resist protectionism and work to reduce or eliminate tariff barriers.

Our ambition – the necessary condition for success as the G-20 moves forward – must be a shared belief that the rising tide of recovery must lift all boats, not just some. This is the exercise of sovereignty at its most enlightened. It is not, fundamentally, about the structure of global institutions. It is more a matter of attitude. It doesn't matter what global structures we devise for our mutual betterment, if we don't have global attitudes, they will not work.

With the G-20 necessarily focussed on the economy, there remains an important role for the Group of Eight nations. Developed, allied countries with close values can still accomplish much in promoting democracy, development, peace and security.

In this troubled world, we clearly recognise how much there is in these areas that requires international cooperation. Terrorism threatens all of us. Piracy has returned to strategic seaways. Climate change disproportionately threatens the peoples least capable of adapting to it. And although tensions between the older nuclear states have largely dissipated, the spread of nuclear weapons to new actors, especially non-state ones, is a serious concern.

These complex, daunting threats cannot be met by any one country working alone. The G-8 together must show leadership. Maternal and child health is one area where we can do just that.

Did you know that every year more than half a million women die in pregnancy and nearly nine million children die before their fifth birthday?

Far too many lives and futures have been lost. And to the world's shame, so many have been lost for want of relatively simple health solutions, all well within reach of the international community. Often the keys of life are no more sophisticated than clean water or the most basic treatment against infection.

As president of the G-8, Canada will champion an initiative to increase the number of healthy pregnancies, healthy mothers and healthy children. This involves a wide range of interventions across the continuum of care, including training and support for frontline health workers; better nutrition and provision of micronutrients; treatment and prevention of diseases such as pneumonia, diarrhoea, malaria and sepsis; screening and treatment for sexually transmitted diseases, including HIV/AIDS; proper medication; family planning; immunization; clean water and sanitation.

In conclusion, the G-20 and G-8 meetings have before them a huge agenda, all to be addressed in an atmosphere of ongoing global economic and financial uncertainty. We must bring to the table the belief that the solutions are the collective responsibility of all participants. We must be pragmatic, focussed and, above all, encourage accountability for our actions.

As host of the G-8 and G-20 meetings this June, Canada will use its leadership role to focus on these key challenges. I look forward to collaborating closely with our international partners as we continue to support the economic recovery and chart new beginnings for humanity worldwide. ♦



Prime Minister Stephen Harper greets two Haitian girls during a visit to a Canadian Army field hospital, Haiti

Reprise et renaissance

Les discussions qui auront lieu au Canada porteront sur les résultats des engagements déjà pris. Pour que les sommets portent véritablement fruit, tous les membres du G8 et du G20 doivent éprouver ce sens des responsabilités

Par Le très honorable Stephen Harper, premier ministre du Canada

Le thème des sommets organisés par le Canada en 2010 est «reprise et renaissance». Tant au sein du G8 que du G20, le Canada agira en vue de favoriser le leadership mondial sur les enjeux d'un monde interdépendant.

Notre approche sera axée sur le concept de la «souveraineté éclairée». Bien que le pire de la crise soit peut-être derrière nous, les chefs d'État et de gouvernement doivent continuer d'accepter leur responsabilité commune, surtout en ce qui concerne la situation de l'économie mondialisée. Nous devons nous unir dans un esprit moins empreint d'intérêt personnel au nom de la souveraineté, que d'intérêt mutuel qui permet à tous de croître et de prospérer. La «souveraineté éclairée» est donc le prolongement naturel de l'intérêt personnel éclairé.

Les discussions qui auront lieu à Toronto et à Muskoka porteront moins sur la conclusion de nouvelles ententes nobles que sur les résultats des engagements déjà pris. Nous savons que la volonté et le suivi sont essentiels pour atteindre des résultats. Pour que les sommets portent véritablement fruit, tous les membres du G8 et du G20 doivent éprouver ce sens des responsabilités.

La réussite du G20 est notre seule option. Bien que la puissance phénoménale des marchés de générer et de distribuer des richesses parle d'elle-même, nous savons aussi que les marchés ont besoin d'être gouvernés. Le G20 assume ce rôle pour la nouvelle économie mondiale.

Alors que nous en sommes aux derniers relents de la récession et que nous accueillons la reprise, les actions du G20 resteront vitales dans quatre domaines : la réforme du secteur financier, les programmes de relance, la réforme des institutions internationales ainsi que le commerce mondial et les stratégies de croissance.

Permettez-moi de commencer par la réforme de la réglementation financière.

Comme nombre d'entre vous le savent, le Canada ne faisait pas partie du problème. Aucune grande institution financière canadienne n'a fait faillite et aucune n'a eu besoin de l'aide financière du gouvernement. En conséquence, le secteur bancaire canadien est désormais l'un des plus importants du monde et il relève entièrement du secteur privé.

Le Forum économique mondial et, plus récemment, le Moody's Investors Service ont tous deux classé les banques canadiennes comme étant les meilleures du monde. Le rendement du secteur pendant la crise a prouvé l'efficacité de l'approche du Canada. C'est pourquoi nous demandons instamment l'adoption de pratiques réglementaires similaires à l'échelle mondiale.

Des systèmes nationaux inadéquats doivent être restructurés et faire l'objet d'un examen par les pairs afin d'en améliorer la transparence et de réduire les risques qu'ils font peser sur l'économie mondiale. En faire moins exposerait chaque économie à un risque inutile et une possible contagion.

Dans le cadre du G20, nous encouragerons le resserrement de la réglementation du secteur financier et une meilleure coordination entre les organismes de réglementation. Mais le Canada ne se lancera pas dans la voie d'une réglementation excessive, arbitraire ou punitive de son secteur financier.

La deuxième priorité politique continue du G20 est la prise de mesures de relance mondialement coordonnées, à la fois monétaires et financières. Nous croyons qu'il est important de maintenir le cap pour l'instant, en précisant toutefois une chose importante.

L'accroissement des budgets, des dépenses gouvernementales et des déficits était nécessaire pendant la récession. En fait, lorsque la production et l'emploi étaient en chute libre et que les taux d'intérêt avoisinaient le zéro, la théorie économique était claire – c'était la seule option. Or, des événements récents ont mis en évidence les risques réels que courent les pays fortement endettés qui n'ont pas de stratégies de sortie pour éponger leurs énormes déficits budgétaires.

Voilà qui nous éclaire sur notre propre planification économique. Le Canada mènera à bien son Plan d'action économique biennal, ses mesures de relance visant à soutenir l'économie. Nous devons être fidèles aux promesses faites lors des précédentes rencontres du G20. Nous avons élaboré un plan progressif, mais clair, visant à rééquilibrer le budget à moyen terme. Notre situation se trouve bien entendu renforcée par les niveaux relativement modestes de notre endettement et de notre déficit, même pendant la forte contraction de 2009.

De façon plus générale, il incombe au G20 de réaliser des progrès à l'égard du Cadre pour une croissance forte, durable et équilibrée convenu en principe à Pittsburgh. Nous devons examiner ce qui se cache derrière la crise actuelle et régler le déséquilibre sous-jacent qui y a contribué.

De même, les membres du G20 doivent s'assurer que les institutions financières internationales, comme le Fonds monétaire international, la Banque mondiale, les banques multilatérales de développement, sont les fondements clés de la croissance et de la stabilité mondiales. Nous devons respecter notre engagement d'accroître l'influence et la représentation des marchés émergents dynamiques et des économies en développement au sein de ces institutions afin d'en accroître la légitimité, la crédibilité et l'efficacité.

Enfin, permettez-moi d'aborder la question du commerce mondial et des stratégies de croissance. La création de richesses dans le monde est en grande partie attribuable à la croissance du commerce au cours de la dernière génération. Aussi, l'intensification du commerce et le refus du protectionnisme sont essentiels à l'économie mondiale et à la cause juste de sortir des millions de personnes de la pauvreté. Le G20 le répète à chacune de ses rencontres.



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Il va sans dire que certaines initiatives nationales nous ont fait dévier de cet objectif. Pourtant, jusqu'à présent, nous avons pu éviter des réactions comme le protectionnisme qui a transformé le crash boursier de 1929 en une dépression qui a duré une décennie.

Au Canada, nous tentons de jouer un rôle de chef de file en défendant le libre échange et l'ouverture des marchés. Nos mesures de relance n'ont pas entraîné de hausse des droits de douane. En fait, elles les ont fait diminuer de manière unilatérale, faisant du Canada une zone en franchise de droit pour le secteur manufacturier. Depuis 2006, nous avons conclu des accords de libre-échange avec huit nouveaux pays et avons entamé des négociations avec six autres, y compris l'Union européenne. Nous continuerons de résister au protectionnisme et de réduire ou d'éliminer les barrières tarifaires.

Notre ambition – la condition nécessaire de progrès au sein du G20 – doit être une conviction partagée que la marée montante de la reprise doit soulever tous les bateaux, et pas seulement certains. C'est la souveraineté dans son exercice le plus éclairé. Il ne s'agit pas, fondamentalement, de la structure des institutions mondiales. C'est plus une question d'attitude. Quelles que soient les structures mondiales élaborées pour le bien commun, elles ne fonctionneront pas si nous n'avons pas tous la même attitude.

Si le G20 met davantage l'accent sur l'économie, il reste un rôle important pour le Groupe des huit nations. De par les valeurs qu'ils ont en commun, les pays alliés et avancés peuvent encore faire beaucoup pour promouvoir la démocratie, le développement, la paix et la sécurité.

Dans ce monde troublé, nous reconnaissons clairement tous les facteurs qui, dans ces domaines, exigent une coopération internationale. Le terrorisme nous menace tous. La piraterie est revenue dans des zones maritimes stratégiques. Les changements climatiques menacent de manière disproportionnée les populations les moins capables de s'y adapter. Et même si les tensions entre les anciens États nucléaires se sont largement dissipées, la prolifération des armes nucléaires à de nouveaux acteurs, en particulier non-étatiques, est un problème grave.

Ces menaces immenses et complexes ne peuvent être écartées par un pays seul. Le G8 doit faire preuve d'un leadership collectif et il peut le faire dans le domaine de la santé maternelle et infantile.

Saviez-vous que plus d'un demi million de femmes meurent chaque année pendant la grossesse et près de neuf millions d'enfants meurent avant leur cinquième anniversaire?

Beaucoup trop de vies et d'avenir ont été perdus. Et à la honte du monde, beaucoup ont été perdus par manque de solutions de santé relativement simples et à la portée de la communauté internationale. Souvent, les clefs de la vie résident tout simplement dans l'eau potable ou les traitements les plus élémentaires contre les infections.

En tant que président du G8, le Canada se fera le champion de l'initiative visant à accroître le nombre de grossesses, de mères et d'enfants en bonne santé. Elle suppose une vaste gamme d'interventions dans toute la chaîne des soins, y compris la formation et le soutien en faveur des travailleurs de la santé de première ligne, une meilleure nutrition et la fourniture de micronutriments, le traitement et la prévention de maladies comme la pneumonie, la diarrhée, le paludisme et la septicémie, le dépistage et le traitement des maladies sexuellement transmissibles, y compris le VIH/sida, la fourniture de médicaments appropriés, la planification familiale, la vaccination, l'eau potable et l'hygiène.

En conclusion, les réunions du G20 et du G8 traiteront d'un immense ordre du jour sur fond d'incertitude économique et financière mondiale. Nous devons faire valoir notre conviction que les solutions sont la responsabilité collective de tous les participants. Nous devons être pragmatiques et ciblés, et surtout, encourager la responsabilité de nos propres actions.

À titre d'hôte des réunions du G8 et du G20 en juin, le Canada usera de son leadership pour se concentrer sur ces grands défis. Je me réjouis à la perspective de collaborer étroitement avec nos partenaires internationaux pour continuer de soutenir la reprise économique et tracer la voie de la renaissance pour l'humanité. ♦



Canada – a key contributor to world energy security

By Christian Paradis, Minister of Natural Resources, Canada

Canada has enormous energy resources

Canada is a global leader in energy. The variety and abundance of Canada's energy resources set it apart from almost any other nation.

Fifth in the world in total energy production, Canada is the third-largest global producer of gas and seventh in oil production. Although shale gas production is still an emerging sector in Canada, there are enough shale gas resources to provide about 35 years of total Canadian production. Canada also has the world's second largest hydro capacity and holds the world's largest reserves of high-grade, low-cost uranium.

Canada is a leader in the generation of clean energy, including the production of hydroelectricity. Currently, about 75 percent of the country's electricity comes from non-emitting sources, giving it one of the cleanest electricity portfolios in the world. A significant amount of Canada's renewable energy potential is untapped. Onshore wind and large hydro will likely make the largest contribution in the future, but Canada still holds immense potential for run-of-river hydro, solar, geothermal and ocean energy. Through its forests and agricultural land, the country is home to a significant portion of the world's bio-energy potential.

Effective policies have contributed to both Canada's energy security and its economic prosperity

Canada's energy policies are guided by a set of core principles; supporting open and competitive markets; taking concrete actions that are in the public interest; and striking a clear

balance between economic competitiveness and environmental leadership. The aims of these principles are to ensure energy security for Canadians and to promote the continued contribution of the energy sector to the growth of our economy.

Canada's energy policies have supported a vibrant energy sector, provided reliable and affordable energy to citizens, contributed to economic prosperity and created jobs. Market forces alone cannot deliver on broader policy objectives and this is where governments have a key role to play.

Government must ensure the orderly and responsible exploration, development, delivery and use of energy supplies. The Canadian government conducts environmental assessments, establishes regulations and makes major investments in clean energy. It also participates in the negotiation of international agreements such as the North American Free Trade Agreement and the Copenhagen Accord – agreements which have had or will have a large influence in shaping domestic energy policy-making.

The oil sands provide Canada with the second largest oil reserves in the world

Canada's oil sands are a strategic energy resource of global importance, given that oil is expected to remain a dominant fuel in meeting global energy demand for decades to come. The oil sands contain more than two thirds of world oil reserves that are neither state-owned nor controlled by national oil companies.

There are unique challenges associated with oil sands development and Canadian governments have responded to



these with concrete actions. We have improved regulatory frameworks and are investing in the research and development of technologies that will enhance the environmental integrity of the oil sands sector.

Current oil sands development is already subject to some of the strictest environmental standards in the world. The Government of Canada believes that through proper management, the oil sands can continue to be a secure, stable, and environmentally responsible source of energy for many years.

Canada's objective is to focus on how it produces and uses energy, in addition to what it produces

The pre-eminent challenge is to make the transition to a clean energy future and strengthen Canada's position as a clean energy superpower. Technology will play a major role in shifting Canada towards a clean energy economy while strengthening the country's competitiveness and increasing its productivity.

This poses a significant investment challenge and requires a delicate balance between making the improvements necessary today while investing enough to prepare for the future. Huge infrastructure investments will be required in the next 20 years in the oil and gas sector (pipelines, refinery capacity) and in electricity generation and transmission.

Canada has made, and continues to make, strategic investments in clean and renewable energy. We are also taking steps to strengthen our energy efficiency standards and investing in energy efficient buildings and transportation. Since 2006, the Government of Canada has invested close to \$10 billion to reduce greenhouse gas emissions and build a more sustainable environment through investments in green infrastructure, energy efficiency, clean energy technologies and the production of cleaner energy and cleaner fuels.

Canada is a world leader in carbon capture and storage (CCS), a key technology for balancing energy security and environmental goals. Over \$3 billion has been allocated by both federal and provincial Governments to support up to six CCS demonstration projects in Canada which will accelerate the

development of technology, drive down costs and ensure that CCS is commercially viable by 2020.

These strategic investments will also help us achieve the G8's objective to launch 20 such projects globally by 2010. Canada is already leading the way with the International Energy Agency's Greenhouse Gas Weyburn – Midale CO₂ Monitoring and Storage Project in the southern part of the province of Saskatchewan.

The country's stable regulatory and political regimes also have a role in providing an environment that increases the market penetration rates of new technologies, reduces investment risks, promotes energy efficient decisions and processes and removes information barriers.

Canada has made realistic yet ambitious GHG commitments

The Copenhagen Accord represents a significant step forward in international climate change discussions and provides a solid basis from which Canada can continue to work with international partners to address the global challenge of climate change. In line with our commitment under the Accord, Canada has submitted an economy-wide emissions reduction target for 2020 of 17% below 2005 levels. This target is aligned with the target and base year of the U.S. under the Copenhagen Accord.

The North American market is one of the most integrated in the world. Canada will continue to harmonize its climate policies with relevant policies in the U.S. in light of the integration of the two economies and their geographic proximity.

Canada is also working collaboratively with the U.S. and Mexico, its hemispheric partners, to achieve progress on climate change and clean energy. With a deeply integrated automotive industry, Canada has established common North American standards for regulating greenhouse gas emissions from vehicles. The proposed regulations, which would affect new vehicles manufactured or imported for the 2011 model year and onwards, promise to generate substantial benefits for the environment, consumers and industry alike.

Canada is collaborating on clean energy with the U.S. through the Clean Energy Dialogue and with Mexico through the Canada-Mexico Partnership. At our most recent Summit in 2009, North American leaders also agreed to a comprehensive energy program including initiatives to reduce gas flaring and to cooperate internationally to reduce emissions from aviation and marine transport.

Canada is uniquely positioned to contribute to energy security

Canada will continue to develop its significant energy resources and continue to invest in clean energy and energy efficiency. It will also keep working to reduce emissions from its electricity, fossil fuels and transportation sectors.

The development of new technologies, effective government regulation and an accessible open investment market will continue to ensure that Canada can meet its environmental objectives and contribute to the world's energy security for years to come.

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The G20: a timely forum

Korea believes that in order to achieve sustainable growth, it is important that all countries – rich and poor – are represented. The gap between developing and advanced countries must be closed

By Lee Myung-bak,
president, Republic
of Korea

This time last year there was still much pessimistic commentary on the possibility of an economic slump that would push the world into another Great Depression. Fortunately, the actual outcome has been better than these worst-case predictions.

Much of the credit for that better-than-expected outcome should be given to the unprecedented level of policy cooperation among the advanced and emerging countries of the G20. I believe that the newfound status of the G20 as the premier forum for international economic cooperation owes much to its proven successes to date.

This year the G20 will continue its efforts in coordinating policies toward recovery. But there is a more important task. This year will see the G20 take a decisive step toward longer-term policy coordination. The G20 must build the platform for longer-term economic cooperation that will ensure the sustainable and balanced growth of the world economy in the months and years ahead.

Ironically, the better-than-expected recovery of the world economy presents greater challenges for coordinating policy among the countries of the world. While the crisis was raging, the necessity of effective policy coordination was easily impressed on everyone. As the immediate crisis abates, the world needs to be on guard against the complacency that may accompany more tranquil conditions. In addition, there may be legitimate differences of views on the appropriate pace and sequencing of exit strategies and sustainable levels of public debt. Such differences can make reaching agreement more challenging. The goal should be a coordinated transition to a more normal policy stance to the greatest extent possible. The effectiveness of each country's economic policy will be enhanced when pursued in concert with others. Thus, all the countries have a collective interest in harmonising their policies.

One task for the G20 is to follow through on the initiatives and agreements made at previous summits on reforming financial regulations, reforming the international financial institutions and implementing the Framework for Strong, Sustainable and Balanced Growth. The G20 leaders have allocated tasks to the Financial Stability Board and the International Monetary Fund in coming up with concrete recommendations on the reform of bank capital regulation, the problem of institutions that are too big to fail and burden-sharing within the financial sector. As the chair of the G20 in 2010, Korea is coordinating efforts in these directions so that the overhaul of the global financial regulatory system rests on firm conceptual foundations and can be implemented effectively.

It would be fair to say that the impetus for the reform of financial regulation has in the past come from the experience of the advanced countries. They were the geographical origin of the recent financial crisis. However,

assigning blame is of little comfort when the spillover effects are global. In this respect, it is better to recognise the mutual dependence of interests in an integrated world economy and work to solve the problems together.

The same forward-looking attitude is essential when considering the framework for resolving macroeconomic imbalances. We should move beyond finger pointing and apply ourselves to the question of how best to achieve the strong, sustainable and balanced growth the G20 members agreed to at Pittsburgh.

In order to achieve that balanced and sustainable growth, more is necessary than just achieving balance in a narrowly macroeconomic sense. A broader notion of rebalancing is appropriate, including closing the gap between advanced and developing countries. Such rebalancing should be an essential component of truly balanced growth in the world economy. Such a task should be dealt with as part of the mission of the G20.

In this respect, we should not lose sight of the fact that there are many important and pressing policy and reform issues that are of paramount importance to developing countries. At the Seoul Summit on 11-12 November 2010, Korea will place development issues firmly on the agenda.

The experience of aid policy over the last few decades has shown that aid is not sufficient for development. We need to think much harder about what else is needed to achieve the trajectory for economic growth that can pull a country out of poverty.

Korea knows how effective a period of sustained economic growth can be in curing poverty. Korea is now a member of the developed countries in the Organisation for Economic Co-operation and Development, but it is also a country with first-hand experience of economic development within living memory. Korea also has experience of the devastating impact of a financial crisis and the efforts necessary to secure a robust recovery. For these reasons, Korea is well placed to share its experience and expertise with emerging and developing countries. There is a great deal of significance in the fact that Korea is the first country from outside the ranks of the G8 club of advanced countries to chair the G20.

In placing development as a core agenda item, Korea is keenly aware that many developing countries are not represented in the G20. Therefore, it will not limit its consultations to the G20 members, but will reach out to partners outside. Korea will conduct extensive outreach efforts through consultations with the United Nations and other regional bodies. I cannot emphasise enough the importance of ensuring that the fruits of strong and sustainable growth are shared evenly among all countries, including the poorest.

Let me mention briefly other important initiatives that Korea will bring to the G20 summit in November. To address the problem of reversals of international capital

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Korea also has experience of the devastating impact of a financial crisis and the efforts necessary to secure a robust recovery

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flows, Korea will place on the agenda the establishment of a global financial safety net that can mitigate the destructive effects of liquidity crises. Having been through the recent financial crisis, the world does not need to be reminded of the importance of having a systematic response to stem panic when the financial markets become disconnected from economic fundamentals.

The world economy has stabilised through the concerted action of governments, but private sector investment and job creation are still far from robust. For an enduring recovery, the revitalised growth of

“ Korea will place on the agenda the establishment of a global financial safety net that can mitigate the destructive effects of liquidity crises ”

President Lee Myung-bak delivers a speech during a nationally televised meeting with top military generals at the Defense Ministry in Seoul, South Korea, Tuesday, May 4, 2010

private investment must follow. Priority should be given to job creation and investment by the private sector. As part of the emphasis on the private sector, Korea will hold a business summit to coincide with the G20 summit in November.

The recent financial crisis has reminded us all how closely our national economies are integrated in the global economy. It is not only the events in our near neighbours that have an impact on our lives. The degree of integration is now such that events on the other side of the world can affect our daily life.

In this respect, the G20 is a very timely forum. By bringing together not only the leading advanced economies but also the major emerging economies, the G20 has the size and scope to tackle global issues. The November G20 summit in Seoul will be the first major test of this new global forum as it attempts to establish itself as a regular forum for international economic cooperation. I can promise you that the leaders of the G20 will put in our best efforts for the successful conclusion of the G20 summit.

Although the financial crisis brought the world together and forged an effective coordinated crisis response, it is now incumbent on us all to translate the momentum we have generated toward establishing a forum that can play a genuine global leadership role for longer term issues. Let's not disappoint the global community. ♦



Transforming Health Care

We don't bring together outstanding hospitals and physicians just to grow bigger ... or run an innovative health plan just to try our hand in the insurance business ... or take our expertise abroad just to say we are an international leader.

We do all this, and more, to realize a vision for transforming health care. One which brings together an integrated network of world-renowned providers and puts the information they need at their fingertips ... which positions our health plan as a front door, not a barrier, to getting needed care and staying healthy ... which nurtures new companies, develops strategic business relationships with some of the world's leading multinational corporations, and extends our expertise to international markets.

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- Spearheaded a new generation of health care information technology at the paperless Children's Hospital of Pittsburgh of UPMC
- Consistently ranked among "America's Best Hospitals" by *U.S. News & World Report*

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From crisis to recovery

The challenges of the 21st century require a coordinated response and for all nations to take responsibility

By Barack Obama,
president, United
States of America

The Pittsburgh G20 Summit marked a critical transition from crisis to recovery. When the G20 met previously in London, the world was facing the greatest challenge to the world economy in generations. The G20 has responded forcefully by committing to a coordinated set of policy actions that were unprecedented in scale and effect. Those actions have pulled the world economy back from the brink of a depression, and emerging signs of global recovery are in sight and financial markets have come back to life. The International Labour Organization recently reported that G20 actions have saved or created an estimated 21 million jobs in 2009 and 2010. But much remains to be done and the G20 will continue to remain vigilant and implement aggressive policies to restore economic growth and create jobs until recovery is firmly secured.

In Pittsburgh, we also took steps to ensure that once recovery and strong global growth return, we prevent a return to the risky practices that led to the crisis by implementing a series of reforms to our economic and financial systems. We forged an agreement to enact a new Framework for Strong, Sustainable and Balanced Growth and to reform financial regulation and supervision – policies that will be supported and implemented by a redesigned global economic architecture. The G20 leaders – including representatives from major energy producers and other nations with large subsidies – committed to phase out fossil fuel subsidies while providing targeted support to help the poorest. This groundbreaking effort will encourage the conservation of energy, improve our energy security and provide a down-payment on our commitment to reduce greenhouse gas emissions.

Significantly, Pittsburgh was the first time such a large number of countries – the G20 accounts for 85 per cent of world output – agreed to work together to assess the implications and consistency of each others' economic plans, reach consensus on best practices for needed reforms and adopt policies to support the necessary rebalancing of global demand to ensure strong growth for all.

We recognise that we can no longer meet the challenges of the 21st-century economy with 20th-century approaches. We have learned, time and again, that in the 21st century, the nations of the world share mutual interests. That's why I've called for a new era of engagement that yields real results for our people – an era when nations live up to their responsibilities, and act on behalf of our shared security and prosperity. And that's exactly the kind of strong cooperation that we forged in Pittsburgh.

And that's why the G20 has taken the lead in building a new approach to cooperation. To make our institutions reflect the reality of our times, we will shift more responsibility to emerging economies within the International Monetary Fund and give them a greater

voice. To build new markets, and help the world's most vulnerable citizens climb out of poverty, we established new World Bank trust funds to support investments in food security and financing for clean and affordable energy. And to ensure that we keep our commitments, we will continue to take stock of our efforts going forward and make this a primary focus of the upcoming G20 summit in Toronto.

We have taken the historic step of reforming our international economic architecture, so that the G20 is now the premier forum for international economic cooperation. This shift to the G20, along with the greater voice that is being given to developing nations in international financial institutions, clearly demonstrates the broader, more inclusive engagement that America seeks in the 21st century.

As we continue our efforts to transition from rescuing the global economy to promoting strong, sustainable and balanced growth, Canada and Korea will play a critical role as hosts for the G20 this year. Inspired by the legacy of Pittsburgh, known as the city of bridges, we can again come together to advance our common interest in a global recovery, while turning the page to a truly 21st-century economy. ♦

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I've called for a new era of engagement that yields real results for our people – an era when nations live up to their responsibilities

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Japan's responsibilities: the G20, the G8 and APEC

As well as being committed to helping global economic recovery, Japan plans to promote regional integration and inclusive growth in the Asia-Pacific region as chair of the 2010 Asia-Pacific Economic Cooperation forum

By Naoto Kan,
prime minister,
Japan

We are living through a time of new challenges. Never was coordinated international action more important than now. As the world dramatically changes, the G8 and G20 summits in Canada and the leaders' meeting of the Asia-Pacific Economic Cooperation (APEC) forum in November in Japan offer significant opportunities. Canada's and Japan's responsibilities are not small.

The global economy is past its worst stage, but we should not become complacent about current economic conditions. Unemployment remains high in many countries. We need to achieve inclusive growth that enables people to feel their daily lives are improving. When I visit Canada, a land rich in nature and diverse culture, I look forward to frank discussions on the future of the world economy with Prime Minister Stephen Harper and the other leaders.

The world economy and the role of Asia

To ensure that the world economy will make the transition to strong, sustainable and balanced growth, we all need to continue our efforts until recovery has clearly taken hold. We also need to understand better how policies pursued by individual countries could collectively make an impact on the world economy.

Japan's 2010 budget has laid down new policies aimed directly at supporting households, such as child allowances and effectively free high-school tuition. I will map out a path for mid- and long-term fiscal consolidation and will review budget allocations more boldly to change Japan's socioeconomic structure and seek new opportunities for economic growth. By realising a strong economy, strong public finances and strong social security altogether, I will rebuild the Japanese economy, thereby contributing to the recovery of the



Prime minister Naoto Kan will promote greater regional integration as chair of APEC

world economy. I will convey this message to the other member countries of the G8 and G20. In so doing, I intend to invite emerging economies to fulfil their responsibilities: only with close cooperation can we put the world economy firmly back on the path to robust growth.

At the Pittsburgh Summit in September 2009, we designated the G20 as the premier forum for international economic cooperation. Japan views the G20 as an important opportunity for developed countries and emerging economies to discuss the management of the world economy. At the Toronto Summit, further work is necessary to achieve recovery and sustainable growth, strengthen the financial regulatory system and reform international financial institutions. In particular, as the G20 agreed at Pittsburgh, the steady implementation of the Framework for Strong, Sustainable and Balanced Growth for the mutual assessment of economic policies is important. We must also continue our global effort to establish a stronger and sounder financial supervisory and regulatory system, reflecting the fact that the crisis was caused in part by failing to control the financial system we ourselves created.

Asia is recovering from the crisis rapidly and resiliently. It is driving the world economy with its robust growth. Increasingly, the Asia-Pacific region is having its presence felt as a centre of world economic growth, and Japan is privileged to assume the chair of APEC in 2010. This year marks a milestone for APEC industrialised economies that will achieve the Bogor Goals of free and open trade and investment. Therefore, as APEC chair in this important year, I intend to reshape APEC for the 21st century under the theme of 'Change and Action'.

Under Japan's chair, APEC will promote greater regional integration and develop mid- and long-term growth strategies for the whole region. These growth strategies must bring inclusive growth, benefiting not only a few but all, and must bring sustainable growth, paying attention to the environment and energy. I intend to promote, through

those measures together with other regional efforts, the initiative for an East Asian community.

In November, the APEC leaders' meeting will be held back to back with the G20 Seoul Summit. I firmly support Korea, our important neighbour, in hosting the G20 summit, and I promise my utmost cooperation for its success. It is my intention for Japan to enhance the synergy among the G20, the G8 and APEC by delivering the voices and experiences of the Asia-Pacific region to the world through the G20 and the G8 and, at the same time, conveying the messages from the G20 and the G8 to APEC to pursue balanced development in the region.

Addressing global issues

In pursuing inclusive growth, we should not neglect poverty and other global challenges. Children all around the world deserve a society that realises human security – a society where they are free from hunger, infectious diseases, landmines or conflicts, a society where they have access to safe water and primary education and their human rights are protected.

Climate change is another challenge that deserves attention. The threat of global warming is real, and this year the international community will be tested on whether it can take coordinated action to adopt a comprehensive new legal document. Japan has set a very ambitious mid-term target of reducing greenhouse gas emissions by 25 per cent by 2020 from the 1990 level and will play a leading role in international negotiations. We will also actively promote green innovation by taking advantage of Japan's environmental technologies.

Each of us owes this diverse, indispensable earth to the next generation. As chair of the tenth Conference of the Parties to the Convention on Biological Diversity, Japan will lead a global effort toward the comprehensive protection of biodiversity and sustainable use of biological resources.

The G8 has played a significant role in meeting each of these global challenges. The importance of the G8, underpinned by a shared sense of fundamental values such as freedom and democracy, remains unchanged.

I fully support the leadership of Prime Minister Harper, as chair of the G8 Muskoka Summit, in taking up development, particularly maternal and child health, as a major item on the agenda. With only five years left and a United Nations summit scheduled in September, this year is very important for the achievement of the Millennium Development Goals by 2015. The international community is required to show its unified will to meet those goals and, as a group of major donors, the G8 has a responsibility to lead such a global effort. Needless to say, the G8 must also address the issue of peacebuilding to ensure peace and security as a prerequisite to development.

The international community faces urgent political and security issues such as those presented by Iran and North Korea. Tied together by common fundamental values, G8 members have a shared responsibility for international peace and security. I think that the leaders of G8 countries should candidly discuss these issues and send a strong message to the international community about their resolve to address them.

In conclusion

As the world goes through unprecedented changes, no country alone can resolve complicated global issues. Nor can any single framework. By further cooperating with countries willing to and capable of fulfilling their responsibilities, I am committed to confronting the world economy and other global issues through the frameworks of the G20, the G8 and APEC. ♦



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Prospects for the 2010 Muskoka-Toronto summits

The G8 and G20 summits in Canada this June will take place in tandem, allowing them to consolidate and strengthen their evolving, mutually reinforcing roles

By John Kirton,
director, G8
Research Group,
co-director, G20
Research Group

The 2010 G8 and G20 summits, taking place respectively on 25-26 June in Muskoka and 26-27 June in Toronto, Canada, are unusually significant events. For the first time these two steering groups for global governance will occur in tandem – in time, in place and in the hosting, chairing and careful coordination that lies behind. For the first time the G20 will embark on its new mission, proclaimed at its last summit in Pittsburgh in September 2009, to serve as the world's premier, permanent forum for international economic cooperation. The twin summits will provide the expanded capacity for global governance needed to address the world's many pressing problems across the financial and economic, social and development, and political and security domains. Each summit will prospectively succeed in its own right by meeting its priorities and pushing forward across a broad but focused front. Together they will thus set a firm path for shaping and strengthening their still evolving, mutually reinforcing roles and relationship in the years ahead.

When G8 leaders assemble in Huntsville in Muskoka on Friday, 25 June, they will focus on the G8's core development and political-security agenda. In development lies the summit's top priority of maternal, newborn and children's health. Here the G8 will adopt those two of the eight Millennium Development Goals (MDGs), set by the United Nations in 2000, that are now furthest behind, and will provide the critical push necessary to achieve them by their due date of 2015. Each G8 member is likely to add, in the way it prefers, new funding through existing mechanisms to scale up simple, proven instruments such as trained healthcare workers, vaccination, nutrition and clean water and to strengthen the healthcare systems that these proven interventions need to succeed. Together these moves will enable MDGs 4 and 5 to be reached, if contributions and accountable, effective implementation come from all G8 members and their many partners now and in the five years ahead.

The second priority is food security. Here the core challenge is to deliver and use wisely the \$20 billion promised as the central achievement of the G8 LAquila Summit last year. With host Canada having delivered its promised money fast and in full, similarly ambitious action by others now needs to – and should substantially – come.

Accountability and effectiveness arise again in the third priority of the long-term reconstruction of Haiti, a country close to key G8 countries such as Canada, the United States and France. In that troubled country, for which much new money has recently been promised, many chronic conditions and crises have come together in particularly destructive and deadly ways. The earthquakes that recently struck not just Haiti but also subsequently Chile, the

volcano erupting in Iceland to ground transatlantic flights and the great oil spill in the Gulf of Mexico in April have added environmental and energy shocks to spur G8 action in these two fields.

The fourth priority is improving accountability and effectiveness in general, across all G8 and G20 commitments, and on official development assistance in particular within the G8. Advances here could well serve, as intended, as the defining feature of both summits. Canada and those partners that have fulfilled the G8's 2005 commitment to double aid to Africa and overall will push the laggards to follow, with some success. A critical component is making the new money mobilised by the summits more accountable and effective, in part through recipient country and community partnership, ownership and mutual accountability. A comprehensive accountability report on development according to a common, credible and comparable framework is due to be released for the first time. More broadly, a premium will be placed on research and innovation for development, including in health. Here host Canada is leading with its new Grand Challenges Canada initiative to bring researchers in developed and developing countries together in high-payoff priority projects for the common cause. Prospects for progress are enhanced by the session that the G8 leaders will hold at the summit with key colleagues from Africa itself.

Beyond development stand several severe interconnected challenges in the security domain. The first concerns nuclear weapons, where G8 leaders will seek to build on the 2002 Kananaskis Summit's Global Partnership against Weapons and Material of Mass Destruction and the more recent Nuclear Security Summit hosted by US president Barack Obama in Washington in April. They will seek to destroy obsolete weapons held by the established nuclear powers, to contain the threats from Iran and a dangerous North Korea that recently sunk a Republic of Korea naval ship, to strengthen the United Nations non-proliferation regime and, above all, to keep nuclear and other weapons of mass destruction out of terrorists' hands.

Leaders will also address the new, non-state security challenges coming from vulnerable states, such as terrorism, piracy off the shores of Africa, and the drug trafficking and transnational crime that are proliferating in Mexico and infecting the Caribbean, North America, Africa and even distant Europe itself. There remains the ongoing war against terrorists and insurgents in Afghanistan, where victory depends not only on broadly shared military investments but also those in diplomacy, development and trade, especially along Afghanistan's long, troubled border with Pakistan. The narrowly thwarted terrorist attacks over the past six months in Detroit and New York City, along



Leaders will also address the new, non-state security challenges coming from vulnerable states





Officers from the UN Command inspect part of a North Korean torpedo at the defence ministry building in Seoul, Korea. The G8 and G20 face several interconnected challenges in the security domain, including threats from North Korea

with the deadly one on the Moscow subway, have reminded the former superpowers of their continuing vulnerability to non-state enemies that they cannot completely control.

When the G8 leaders come down to Toronto to join their G20 colleagues on the evening of 26 June and the next day, they will turn to economics and finance. Their still vivid memories of the recent American-turned-global financial and economic meltdown, and its continuing costs for some members' jobs and housing markets, will be reinforced by the new sovereign debt crisis erupting in Greece and spreading across Europe and around a tightly wired world.

The G20 leaders' first task is to stay the course on stimulus until private sector-led recovery is assured, while simultaneously designing and implementing smart exit strategies to convince nervous markets that they have credible medium- and long-term plans for fiscal sustainability, so that they will not go the way of Greece and can help others that do. A closely related challenge is implementing and improving the Framework for Strong, Sustainable and Balanced Growth that they invented in Pittsburgh. Here the task is to ensure that all members

produce their promised national plans with precise numbers, so that a proper analysis can be made of how those plans fit together to achieve shared global objectives and of what options are available for the adjustments that must be made. Only then can the leaders credibly signal their determination to make the balanced and broadly shared changes in exchange rate, fiscal, microeconomic and social policy required to put a durable broadly balanced recovery in place.

The second task is to modernise G20 members' domestic financial regulations and ongoing supervision in a more comprehensive, forward-looking and internationally coordinated way. Here the priorities, which leaders will likely advance, are to tighten consensus on the needed higher quality and quantity of bank capital and liquidity and lower leverage ratios. To do so they must avoid getting bogged down by divisive, politically driven debates over new taxes or levies on banks, and advance stronger, shared standards on accounting, derivatives and other important issues that concern all.

The third task is to liberalise trade and investment, in order to fuel private sector-led growth and development, especially in the emerging and developing economies upon which future global prosperity increasingly depends. The G20 leaders will again dutifully promise to avoid and redress protectionism and get the overdue Doha development round of multilateral trade negotiations done. But they could, following the lead of their Canadian co-chair, more usefully unilaterally cut tariffs, negotiate ambitious bilateral and plurilateral trade, investment and regulatory agreements, and forge regimes to contain financial protectionism, eliminate nuisance tariffs, foster freer trade in environmentally enhancing services and goods, and reduce subsidies for fossil fuels and agriculture that damage the environment and much else.

The fourth task is reform of international financial institutions. This starts with shifting 5 per cent of the voting share at the International Monetary Fund (IMF) from relatively shrinking established economies to rapidly rising emerging ones, and doing so in ways that help legislatures in all member countries readily ratify the change. Also important is expanding resources and improving governance at the IMF and the World Bank, as well as considering their role in any future large financial safety nets and support packages that countries beyond embattled Europe might need.

Closely related to an array of social issues that the G20 will again wish to advance. These include climate finance, starting by delivering the new 'fast-start' money promised to developing countries at the UN's Copenhagen conference in December, the reduction of inefficient fossil fuel subsidies, green growth through economic moves that mainstream the environment, good jobs and training to follow up on the first G20 labour ministers' meeting in Washington, food security, health, development, tax havens and terrorist finance. As the latter suggests, and as the Iranian and North Korean challenges require, G20 leaders will want to act on all seemingly financial and economic issues in ways that support their larger political-security goals.

Beyond the challenges of managing these individual, tightly interconnected issues stand the institutional ones of defining the shape of the G8 and G20 summits and their relationship with each other and outside bodies in the years ahead. Meeting these require strengthening the distinctive role and added value of each summit system and the active cooperation between the two, to ensure comprehensive, coherent global governance as a whole. These tasks begin by making both summits events where leaders are free to be leaders, and thus able to provide integrated, innovative initiatives, in the accountable and effective way that a more open global economy, society and political community wants and needs. ♦



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