G20 Leaders Declaration

1. We, the Leaders of the G20, convened in Los Cabos on 18-19 June 2012.
2. We are united in our resolve to promote growth and jobs.
3. Since we last met, the global recovery has continued to face a number of challenges. Financial market tensions are high. External, fiscal and financial imbalances are still prevalent, having a major impact on growth and employment prospects and confidence. Clearly, the global economy remains vulnerable, with a negative impact on the everyday lives of people all over the world, affecting jobs, trade, development, and the environment.
4. We will act together to strengthen recovery and address financial market tensions.
5. We will work collectively to strengthen demand and restore confidence with a view to support growth and foster financial stability in order to create high quality jobs and opportunities for all of our citizens. We have agreed today on a coordinated Los Cabos Growth and Jobs Action Plan to achieve those goals.
6. Euro Area members of the G20 will take all necessary policy measures to safeguard the integrity and stability of the area, improve the functioning of financial markets and break the feedback loop between sovereigns and banks. We look forward to the Euro Area working in partnership with the next Greek government to ensure they remain on the path to reform and sustainability within the Euro Area.
7. We are implementing our structural and regulatory reform agenda to enhance medium-term growth prospects and build more resilient financial systems. We remain committed to reduce imbalances by strengthening deficit countries' public finances with sound and sustainable policies that take into account evolving economic conditions and, in countries with large current account surpluses, by strengthening domestic demand and moving toward greater exchange rate flexibility.
8. Despite the challenges we all face domestically, we have agreed that multilateralism is of even greater importance in the current climate, and remains our best asset to resolve the global economy's difficulties.
9. Recognizing the impact of the continuing crisis on developing countries, particularly low income countries, we will intensify our efforts to create a more conducive environment for development, including supporting infrastructure investment. Our policy actions will improve living conditions across the globe and protect the most vulnerable. In particular, by stabilizing global markets and promoting stronger growth, we will generate significant positive effects on development and poverty reduction across the globe.

Supporting economic stabilization and the global recovery

10. Strong, sustainable and balanced growth remains the top priority of the G20, as it leads to higher job creation and increases the welfare of people across the world. We are committed to adopting all necessary policy measures to strengthen demand, support global growth and restore confidence, address short and medium-term risks, enhance job creation and reduce unemployment, as reflected in the Los Cabos Growth and Jobs Action Plan (see Annex). We will implement all our commitments in a timely manner and rigorously monitor their implementation.

11. Against the background of renewed market tensions, Euro Area members of the G20 will take all necessary measures to safeguard the integrity and stability of the area, improve the functioning of financial markets and break the feedback loop between sovereigns and banks. We welcome the significant actions taken since the last summit by the Euro Area to support growth, ensure financial stability and promote fiscal responsibility as a contribution to the G20 framework for strong, sustainable and balanced growth. In this context, we welcome Spain's plan to recapitalize its banking system and the Eurogroup's announcement of support for Spain's financial restructuring authority. The adoption of the Fiscal Compact and its ongoing implementation, together with growth-enhancing policies and structural reform and financial stability measures, are important steps towards greater fiscal and economic integration that lead to sustainable borrowing costs. The imminent establishment of the European Stability Mechanism is a substantial strengthening of the European firewalls. We fully support the actions of the Euro Area in moving forward with the completion of the Economic and Monetary Union. Towards that end, we support the intention to consider concrete steps towards a more integrated financial architecture, encompassing banking supervision, resolution and recapitalization, and deposit insurance. Euro Area members will foster intra Euro Area adjustment through structural reforms to strengthen competitiveness in deficit countries and to promote demand and growth in surplus countries. The European Union members of the G20 are determined to move forward expeditiously on measures to support growth including through completing the European Single Market and making better use of European financial means, such as the European Investment Bank (EIB), pilot project bonds, and structural and cohesion funds, for more targeted investment, employment, growth and competitiveness, while maintaining the firm commitment to implement fiscal consolidation to be assessed on a structural basis. We look forward to the Euro Area working in partnership with the next Greek government to ensure they remain on the path to reform and sustainability within the Euro Area.

12. All G20 members will take the necessary actions to strengthen global growth and restore confidence. Advanced economies will ensure that the pace of fiscal consolidation is appropriate to support the recovery, taking country-specific circumstances into account and, in line with the Toronto commitments, address concerns about medium term fiscal sustainability. Those advanced and emerging economies which have fiscal space will let the automatic fiscal stabilizers to operate taking into account national circumstances and current demand conditions. Should economic conditions deteriorate significantly further, those countries with sufficient fiscal space stand ready to coordinate and implement discretionary fiscal actions to support domestic demand, as appropriate. In many countries, higher investment in education, innovation and infrastructure can support the creation of jobs now while raising productivity and future growth prospects. Recognizing the need to pursue growth-oriented policies that support demand and recovery, the United States will calibrate the pace of its fiscal consolidation by ensuring that its public finances are placed on a sustainable long-run path so that a sharp fiscal contraction in 2013 is avoided.

13. Monetary policy will maintain price stability over the medium term while continuing to support the economic recovery. We will strengthen confidence in our banks, maintaining momentum on the financial sector reforms needed to safeguard our financial systems over the medium term while taking appropriate actions to protect credit channels and the integrity of the global payment and settlement systems. Healthy banks, with an ability to lend, are critical to the global recovery.

14. G20 members will remain vigilant of the evolution of oil prices and will stand ready to carry out additional actions as needed, including the commitment by producing countries to continue to ensure an appropriate level of supply consistent with demand. We welcome Saudi Arabia's readiness to mobilize, as necessary, existing spare capacity to ensure adequate supply. We will also remain vigilant of other commodity prices.

15. A number of emerging markets are now also experiencing a slowdown in growth. In response, these countries are appropriately directing monetary and fiscal policies to support growth while ensuring stability and, in some cases, introducing new measures to boost their economies, in particular through strengthening domestic demand in a context of weaker external demand.

16. We welcome progress by countries with large current account surpluses to increase domestic demand and actions by countries with large current account deficits to increase national savings. Emerging surplus economies will carry out further actions to increase domestic consumption, including by removing price and tax distortions and strengthening social safety nets, while advanced surplus economies or those with relatively weak private demand will promote domestic demand, notably through the liberalization of service sectors and the promotion of investment, including through the removal of inefficiencies. Higher national savings in countries with current account deficits will contribute to a lasting reduction in global imbalances. We recognize the special circumstances of large commodity exporters with regard to current account surpluses. We reaffirm our commitment to move more rapidly toward market-determined exchange rate systems and exchange rate flexibility to reflect underlying fundamentals, avoid persistent exchange rate misalignments, and refrain from competitive devaluation of currencies. We also welcome the commitment by China to allow market forces to play a larger role in determining movements in the Remnimbi (RMB), continue to reform its exchange rate regime, and to increase the transparency of its exchange rate policy.

17. All G20 members have put forward structural reform commitments to strengthen and sustain global demand, foster job creation, contribute to global rebalancing and increase growth potential. These include product market reforms to increase competition, measures to stabilize the housing sector, labor market reforms to boost competitiveness and employment, as well as steps to strengthen social safety nets in a way that is fiscally responsible, advance tax reform to raise productivity, increase investment in infrastructure, and promote inclusive green growth and sustainable development as appropriate to country circumstances. We ask Finance Ministers and Central Bank Governors to consider ways in which the G20 can foster investment in infrastructure and ensure the availability of sufficient funding for infrastructure projects, including Multilateral Development Banks' (MDBs) financing and technical support.

18. In all policy areas, we commit to minimize the negative spillovers on other countries of policies implemented for domestic purposes. We reaffirm our shared interest in a strong and stable international financial system. While capital flows can be beneficial to recipient economies, we reiterate that excess volatility of financial flows and disorderly movements in exchange rates have adverse implications for economic and financial stability.

19. Recognizing the importance of transparency and accountability in reinforcing credibility and confidence, we have agreed on the Los Cabos Accountability Assessment Framework that accompanies the Growth and Jobs Action Plan. This Framework establishes the procedures we will follow to report on progress in implementing our policy commitments. We welcome the first Accountability Report under this new framework. We task our Finance Ministers and Central Bank Governors to present the second Accountability Report for the Leaders' Summit in St. Petersburg in 2013.

Employment and Social Protection

20. Quality employment is at the heart of our macroeconomic policies. Jobs with labor rights, social security coverage and decent income contribute to more stable growth, enhance social inclusion and reduce poverty. We therefore endorse the recommendations of our Labor and Employment Ministers to urgently combat unemployment through appropriate labor market measures and fostering the creation of decent work and quality jobs, particularly for youth and other vulnerable groups, who have been severely hit by the economic crisis. We reaffirm our commitment to youth to facilitate their access to quality jobs, which will boost their life prospects. We welcome the work of the G20 Task Force on Employment and extend its mandate for an additional year in the terms proposed by our Ministers. Consistent with the Los Cabos Growth and Jobs Action Plan, we consider that structural reforms, in full respect of the fundamental principles and rights at work, can play an important role in lifting economic growth to generate labor market opportunities, mobility and jobs. We also commit to intensify our efforts to strengthen cooperation in education, skills development and training policies, including internship and on-the-job training, which support a successful school-to-work transition.

21. Creating jobs and reducing unemployment, particularly among our youth and those most affected by the crisis, is central to all our countries. We welcome the report by the International Labour Organization (ILO), Organisation for Economic Cooperation and Development (OECD), International Monetary Fund (IMF) and World Bank on boosting jobs and living standards in G20 countries. We will continue to focus on measures to accelerate the pace of the recovery in jobs and the reduction in unemployment.

22. We recognize the importance of establishing nationally determined social protection floors. We will continue to foster inter-agency and international policy coherence, coordination, cooperation and knowledge sharing to assist low-income countries in capacity building for implementing nationally determined social protection floors. We ask international organizations to identify policy options with low-income countries on how to develop effective sustainable protection floors.

23. We commit to take concrete actions to overcome the barriers hindering women's full economic and social participation and to expand economic opportunities for women in G20 economies. We also express our firm commitment to advance gender equality in all areas, including skills training, wages and salaries, treatment in the workplace, and responsibilities in care-giving.

24. We ask our Labor Ministers to review progress made on this agenda and we welcome consultations with social partners. In this regard, we appreciate the contribution of the Business-20 (B20) and Labor-20 (L20) to the process of the G20 under the Mexican Presidency.

25. We recognize the role of travel and tourism as a vehicle for job creation, economic growth and development, and, while recognizing the sovereign right of States to control the entry of foreign nationals, we will work towards developing travel facilitation initiatives in support of job creation, quality work, poverty reduction and global growth.

Trade

26. We are firmly committed to open trade and investment, expanding markets and resisting protectionism in all its forms, which are necessary conditions for sustained global economic recovery, jobs and development. We underline the importance of an open, predictable, rules-based, transparent multilateral trading system and are committed to ensure the centrality of the World Trade Organization (WTO).

27. Recognizing the importance of investment for boosting economic growth, we commit to maintaining a supportive business environment for investors.

28. We are deeply concerned about rising instances of protectionism around the world. Following up our commitment made in Cannes, we reaffirm our standstill commitment until the end of 2014 with regard to measures affecting trade and investment, and our pledge to roll back any new protectionist measure that may have arisen, including new export restrictions and WTO-inconsistent measures to stimulate exports. We also undertake to notify in a timely manner trade and investment restrictive measures. We uphold the inventory and monitoring work of the WTO, OECD and United Nations Conference on Trade and Development (UNCTAD) on trade and investment measures and encourage them to reinforce and deepen the work in these areas, consistent with their respective mandates.

29. We value the discussion held by our Trade Ministers in Puerto Vallarta on the relevance of regional and global value chains to world trade, recognizing their role in fostering economic growth, employment and development and emphasizing the need to enhance the participation of developing countries in such value chains. We encourage a deepening of these discussions in the WTO, UNCTAD and OECD within their respective mandates, and we call on them to accelerate their work on analyzing the functioning of global value chains and their relationship with trade and investment flows, development and jobs, as well as on how to measure trade flows, to better understand how our actions affect our countries and others, and to report on progress under Russia's Presidency.

30. In line with the Cannes Communiqué, we stand by the Doha Development Agenda mandate and reaffirm our commitment to pursue fresh, credible approaches to furthering trade negotiations across the board. We will continue to work towards concluding the Doha Round negotiations, including outcomes in specific areas where progress is possible, such as trade facilitation, and other issues of concern for least developed countries. We urge progress in streamlining WTO accession procedures for the world's poorest countries.

31. We support strengthening the WTO through improving the way it conducts its regular business, and its dispute settlement system. We also direct our representatives to further discussions on challenges and opportunities for the multilateral trading system in a globalized economy.

Strengthening the international financial architecture

32. We recognize the importance of effective global and regional safety nets. We welcome the firm commitments to increase the resources available to the IMF. This is the result of a broad international cooperative effort that includes a significant number of countries. The commitments exceed $450 billion and are in addition to the quota increase under the 2010 Reform. These resources will be available for the whole membership of the IMF, and not earmarked for any particular region. These resources, which qualify as reserve assets, would be channeled through bilateral loans and investments such as note purchase agreements to the IMF's General Resources Account under the modalities which have been approved by the IMF Executive Board. This effort shows the G20 and the international community's commitment to take the steps needed to safeguard global financial stability and enhance the IMF's role in crisis prevention and resolution.

33. We reaffirm our commitment to implement in full the 2010 Quota and Governance Reform by the agreed date of the 2012 IMF/World Bank Annual Meetings. These reforms are crucial to enhancing the IMF's legitimacy, relevance and effectiveness, and will support efforts to further strengthen Fund surveillance and to ensure that the IMF is adequately resourced to play its systemic role. As part of these reforms, we are committed to completing the comprehensive review of the quota formula, to address deficiencies and weaknesses in the current quota formula, by January 2013 and to complete the next general review of quotas by January 2014. We agree that the formula should be simple and transparent, consistent with the multiple roles of

quotas, result in calculated shares that are broadly acceptable to the membership, and be feasible to implement based on timely, high quality and widely available data. We reaffirm that the distribution of quotas based on the formula should better reflect the relative weights of IMF members in the world economy, which have changed substantially in view of strong GDP growth in dynamic emerging markets and developing countries. We reaffirm the importance of continuing to protect the voice and representation of the poorest members of the IMF. We ask our Finance Ministers and Central Bank Governors to review progress on this issue when they meet in November.

34. We agreed that the current surveillance framework should be significantly enhanced, including through a better integration of bilateral and multilateral surveillance with a focus on global, domestic and financial stability, including spillovers from countries' policies. We welcome the work of the IMF to advance considerations for a proposed integrated surveillance decision and commit to support the decision process. We underscore the importance of rigorous surveillance on exchange rate policies and support a more ample coverage of surveillance activities, where relevant, including global liquidity, capital flows, capital account measures, reserve and fiscal, monetary and financial sector policies that could have an impact on external stability. We welcome the IMF's ongoing work to produce an external sector report, which would strengthen multilateral analysis and enhance the transparency of surveillance. We also recognize that political ownership and traction is critical to effective surveillance, and that the International Monetary and Financial Committee (IMFC) has a role in facilitating the active involvement of all IMF members. We look forward to substantial progress by the next IMF/World Bank Annual Meetings.

35. We welcome the interim progress report and look forward to the joint annual progress report to support the development of local currency bond markets to be prepared by the World Bank, Regional Development Banks, IMF, OECD and the Bank of International Settlements (BIS). The full report will be presented at the November meeting of G20 Finance Ministers and Central Bank Governors. This issue is of great importance to emerging markets and developing countries, recognizing that the liquidity, efficiency and operation of these markets are being challenged by the current global financial situation.

Reforming the financial sector and fostering financial inclusion

36. We welcome the progress report by the Financial Stability Board (FSB) on taking forward the G20 commitments for strengthening financial stability and the FSB's enhanced monitoring of implementation at the national level. We are committed to the timely, full and consistent implementation of agreed policies in order to support a stable and integrated global financial system and to prevent future crises.

37. We welcome the publication of the traffic lights scoreboard to track progress in the implementation of all our financial reform recommendations and pledge to take all necessary actions to make progress in the areas where difficulties in policy development or implementation have been identified.

38. In particular, we recognize the substantial progress to date in the priority reform areas identified by the FSB's Coordination Framework for Implementation Monitoring (CFIM): the Basel capital and liquidity framework; the framework for global systemically important financial institutions (G-SIFIs), resolution regimes, over-the-counter (OTC) derivatives reforms, shadow banking, and compensation practices. We commit to complete work in these important areas to achieve full implementation of reforms.

39. We reaffirm our commitment 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, OTC derivative contracts should be reported to trade repositories and non-centrally cleared contracts should be subject to higher capital requirements. We welcome the FSB progress report on implementation. Now that substantial progress has been achieved in the four safeguards for a resilient and efficient global framework for central clearing, jurisdictions should rapidly finalize their decision-making and put in place the needed legislation and regulations to meet the G20 commitment for central clearing. We acknowledge the progress made to develop the key principles to promote internationally consistent minimum standards for the margining of non-centrally cleared derivatives and encourage international standard setters to finalize the proposed global margin standards by the end of this year, to match the implementation deadline for other OTC derivatives reforms and for the Basel capital framework.

40. We welcome progress in implementing Basel II, 2.5 and III and urge jurisdictions to fully implement the standards according to the agreed timelines. We welcome the Basel Committee's consultative proposals for a fundamental review of the market risk framework. We welcome the FSB's progress report on the implementation of the principles and standards for sound compensation practices, reaffirm our commitment to ensure that these are followed and ask the FSB to continue its ongoing monitoring.

41. We reiterate our commitment to make our national resolution regimes consistent with the FSB Key Attributes of Effective Resolution Regimes so that no bank or other financial institution is "too big to fail". To this end, we also support the ongoing elaboration of recovery and resolution plans and institution-specific cross-border cooperation agreements for all G-SIFIs. We reiterate our commitment to strengthen the intensity and effectiveness of the supervision of SIFIs and ask the FSB to report on further progress in this area to the November 2012 G20 Finance Ministers and Central Bank Governors' meeting.

42. We welcome progress on developing a set of principles as a common framework for the identification of, and policy measures relating to, domestic systemically important banks (D-SIBs) and ask our Finance Ministers and Central Bank Governors to review recommendations in these areas at their meeting in November. We support continuing work for the strengthening of the oversight and regulation of the shadow banking system, and look forward to our Finance Ministers and Central Bank Governors reviewing recommendations in these areas at their meeting in November. We ask the FSB in consultation with the International Association of Insurance Supervisors (IAIS) to complete their work on identification and policy measures for global systemically important insurers by April 2013. Towards reducing systemic risk, we look forward to the preparation by the FSB in consultation with International Organization of Securities Commissions (IOSCO) of methodologies to identify other systemically important non-bank financial entities by end-2012 and call on Committee on Payment and Settlement Systems (CPSS) and IOSCO to continue their work on systemically important market infrastructures. We also ask the IAIS to continue its work to develop a common framework for the supervision of internationally active insurance groups by end-2013.

43. We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that would enhance transparency of and competition among credit rating agencies. We support continuing work to achieve convergence to a single set of high-quality accounting standards. We welcome IOSCO's report on the functioning of the credit default swap markets and ask IOSCO to report on next steps by the November 2012 Finance Ministers and Central Bank Governors' meeting.

44. We endorse the FSB recommendations regarding the framework for development of a global legal entity identifier (LEI) system for parties to financial transactions, with a global governance framework representing the public interest. The LEI system will be launched by March 2013 and we ask the FSB to report on implementation progress by the November 2012 Finance Ministers

and Central Bank Governors' meeting. We encourage global adoption of the LEI to support authorities and market participants in identifying and managing financial risks.

45. We welcome the FSB study, prepared in coordination with the IMF and the World Bank, to identify potential unintended consequences of the agreed financial regulatory reforms for Emerging Markets and Developing Economies (EMDEs). We encourage continued monitoring analysis and reporting by the FSB and dialogue among the FSB, standard-setters, international financial institutions and national authorities of EMDEs, to address material unintended consequences as appropriate without prejudice to our commitment to implement the agreed reforms.

46. We endorse the recommendations and the revised FSB Charter for placing the FSB on an enduring organizational footing, with legal personality, strengthened governance, greater financial autonomy and enhanced capacity to coordinate the development and implementation of financial regulatory policies, while maintaining strong links with the BIS. We call for a full implementation of the recommendations by our next meeting and substantial progress by the November 2012 Finance Ministers and Central Bank Governors' meeting. We call on the FSB to continue to keep under review the structure of its representation.

47. We welcome the ongoing work by the FSB on adherence to supervisory and regulatory information exchange and cooperation standards and look forward to a further public statement on progress under the initiative ahead of the Finance Ministers and Central Bank Governors' meeting in November 2012.

48. In the tax area, we reiterate our commitment to strengthen transparency and comprehensive exchange of information. We commend the progress made as reported by the Global Forum and urge all countries to fully comply with the standard and implement the recommendations identified in the course of the reviews, in particular the 13 jurisdictions whose framework does not allow them to qualify to phase 2 at this stage. We expect the Global Forum to quickly start examining the effectiveness of information exchange practices and to report to us and our finance ministers. We welcome the OECD report on the practice of automatic information exchange, where we will continue to lead by example in implementing this practice. We call on countries to join this growing practice as appropriate and strongly encourage all jurisdictions to sign the Multilateral Convention on Mutual Administrative Assistance. We also welcome the efforts to enhance interagency cooperation to tackle illicit flows including the outcomes of the Rome meeting of the Oslo Dialogue. We reiterate the need to prevent base erosion and profit shifting and we will follow with attention the ongoing work of the OECD in this area.

49. We support the renewal of the Financial Action Task Force (FATF) mandate, thereby sustaining global efforts to combat money laundering and the financing of terrorism and proliferation of weapons of mass destruction. G20 members also welcome the adoption of the revised FATF standards and look forward to their implementation. We welcome the progress made by FATF in identifying and monitoring high-risk jurisdictions with strategic Anti-Money Laundering/Counter-Terrorist Financing (AML/CFT) deficiencies, using AML/CFT tools in the fight against corruption, improving transparency of corporate vehicles and increasing cooperation against tax crimes, addressing the risks posed by tax havens, as well as in increasing the reach and the effectiveness of AML/CFT measures by also considering financial inclusion efforts. We look forward to the completion in 2013 of the update of the FATF assessment process for the next round of mutual evaluations.

50. We welcome the progress made by the Global Partnership for Financial Inclusion (GPFI) on implementing the five recommendations set out in its 2011 report and call on the GPFI to continue working towards their full implementation. We endorse the G20 Basic Set of financial

inclusion indicators developed by the GPFI. Recognizing the key role that SMEs play in economic development, and poverty reduction, we welcome the launch of the SME Finance Compact that will support developing innovative models and approaches to address the specific access to finance challenges and constraints faced by developing countries with regards to SME finance. We welcome the forthcoming GPFI conference on standard setting bodies and financial inclusion as a means of helping to create an enabling regulatory environment, and we call on the GPFI to report progress to our Finance Ministers and Central Bank Governors in November. Finally, we support the ongoing effort to create a fourth GPFI subgroup that will focus on consumer protection and financial literacy issues.

51. We acknowledge the efforts of those G20 and non-G20 countries committed to national coordination platforms and strategies for financial inclusion under the "G20 Financial Inclusion Peer Learning Program" and encourage similar efforts to advance effective implementation of the G20 Principles for Innovative Financial Inclusion such as the commitments to concrete actions to promote financial inclusion made by developing and emerging countries under the Maya Declaration, recognizing the ongoing efforts and the support by the World Bank Group and the Alliance for Financial Inclusion, and other stakeholders including the United Nations (UN), and bilateral donors to foster financial inclusion.

52. On financial education, we endorse the OECD/International Network on Financial Education (INFE) High Level Principles on National Strategies for Financial Education, and call on the OECD/INFE and the World Bank in cooperation with the GPFI to deliver further tools to promote financial education, with a progress report to the next Summit. For advancing the financial consumer protection agenda, we take note of the discussion on the Statutes of the International Financial Consumer Protection Network (FinCoNet) and on the issues of formal structure and financial support to ensure the exchange of best practices. We also endorse the Action Plan presented by the G20/OECD Task Force on Financial Consumer Protection to develop effective approaches to support the implementation of the High Level Principles on Financial Consumer Protection, and look forward to an update report by the Leaders' Summit in St. Petersburg in 2013.

53. We recognize the need for women and youth to gain access to financial services and financial education, ask the GPFI, the OECD/INFE, and the World Bank to identify barriers they may face and call for a progress report to be delivered by the next Summit.

54. We welcome the launch of the Mexico Financial Inclusion Challenge: Innovative Solutions for Unlocking Access, a call for innovations that address barriers to financial inclusion through the creation of valuable, affordable, secure, and comprehensive financial services.

Enhancing food security and addressing commodity price volatility

55. The Action Plan on Food Price Volatility and Agriculture adopted by the Ministers of Agriculture in 2011 underlined that to feed a world population expected to exceed 9.3 billion by 2050, agricultural production will have to increase between 50 and 70 percent, and by almost 100 percent in developing countries. We recognize that increasing production and productivity on a sustainable basis while considering the diversity of agricultural conditions is one of the most important challenges that the world faces today. The crisis in the Sahel and the Horn of Africa also underscores that strengthening emergency and long-term responses to food insecurity remains a pressing challenge. We also note that chronic malnutrition is an enormous drain on a country's human resources, and we therefore support the Scaling Up Nutrition movement and encourage wider involvement of G20 members.

56. We welcome the considerable progress made in implementing the Action Plan and the food security pillar of the Seoul Multi-Year Action Plan on Development. We support the G20

Agriculture Vice-Ministers' Report annexed to this Declaration, on the progress made on previous commitments and key recommendations on sustainably increasing agricultural productivity, containing inputs from several international organizations coordinated by the Food and Agriculture Organization (FAO) and the OECD, in addition to other recommendations from B20 and civil society.

57. To fight hunger, we commit to continue our efforts on our initiatives, including the Tropical Agriculture Platform, the Platform for Agricultural Risk Management, the GEO Global Agriculture Monitoring, research initiatives for wheat, rice and corn, the Rapid Response Forum, regional emergency food reserves, the Global Agriculture and Food Security Program and support for the Principles of Responsible Agriculture Investment. Recognizing the important contribution of greater transparency to reducing food price volatility, we welcome the progress made in the implementation of the Agricultural Market Information System (AMIS). We recognize that a more stable, predictable, distortion-free, open and transparent trading system, including as regards agriculture, has a critical role to play to promote food security.

58. We reaffirm our commitment to remove export restrictions and extraordinary taxes on food purchased for non-commercial humanitarian purposes by the World Food Programme (WFP). We encourage the implementation of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security.

59. We strongly welcome the launch of the "AgResults" Initiative, aimed at improving food security for the poor and vulnerable by encouraging private sector innovation of new agricultural products and systems constrained by market failures in agriculture. We look forward to the launch of the pilot projects focused on innovations in nutrient-fortified crops, post-harvest waste-reducing storage solutions and crop quality technologies in Sub-Saharan Africa. We commend those who have already committed or signaled their intention to commit funding to this initiative and encourage broader participation.

60. We recognize the need to adapt agriculture to climate change and we recognize the importance of improving the efficiency of water and soil use in a sustainable manner. To this end, we support the development of and a greater use of available technologies, well-known practices and techniques such as soil fertility enhancement, minimum tillage and agroforestry, and call upon international organizations to provide a report on science-based options to improve the efficiency of water use in agriculture including in ways particularly suitable for small farms.

61. We recognize the importance to the global economic recovery of maintaining stability in international commodity markets. We stress the importance of well-functioning and transparent physical and financial commodities' markets and reduced excessive price volatility to achieve food security and strong growth that is both sustainable and inclusive. We recognize that excessive commodity price volatility has significant implications for all countries, increasing uncertainty for actors in the economy and potentially hampering stability of the budgets, and predictability of economic planning. We recognize that mitigating the negative effects of commodity price volatility on the most vulnerable is an important component of reducing poverty and boosting economic growth. We therefore endorse the conclusions of the G20 report on the macroeconomic impacts of excessive commodity price volatility on growth and its identification of policy options that countries could consider, taking account of national circumstances to mitigate any such effect. We also acknowledge and appreciate the participation and valuable inputs of the IMF, World Bank and UNCTAD. We ask our Finance Ministers to report in 2013 on progress on the G20's contribution to facilitate better functioning of these physical markets, taking note of possible areas of further work outlined in the report. We reaffirm our commitment to enhance transparency and avoid abuse in financial commodity markets, including OTC, with effective intervention powers for market regulators and authorities and an appropriate regulation and

supervisory framework. In this regard we look forward to IOSCO's report on the implementation of its recommendations on commodity derivatives markets by November 2012.

62. We recognize that excessive price volatility in energy commodities is also an important source of economic instability. We remain committed to well-functioning and transparent energy markets. We will continue to work to improve the timeliness, completeness and reliability of JODI-Oil and look forward to a progress report next year. We will work on the JODI-Gas database on the same principles. We expect the International Energy Forum (IEF) report on improving the reliability of the JODI-Oil database and the report on transparency in international gas and coal markets submitted by the International Energy Agency (IEA), IEF, and Organization of the Petroleum Exporting Countries (OPEC) to be discussed by our Finance Ministers in November. We also look forward to IOSCO's recommendations to improve the functioning and oversight of Price Reporting Agencies in November 2012, which will be produced in collaboration with other mandated organizations (IEF, IEA and OPEC), and task Finance Ministers to take concrete measures in this area as necessary.

Meeting the Challenges of Development

63. Eradicating poverty and achieving strong, inclusive, sustainable and balanced growth remain core objectives of the G20 development agenda. We reaffirm our commitment to work with developing countries, particularly low income countries, and to support them in implementing the nationally driven policies and priorities which are needed to fulfill internationally agreed development goals, particularly the Millennium Development Goals (MDGs) and beyond.

64. We welcome the initiative of the Development Working Group to build upon the work of previous G20 presidencies, and its focus on three priorities during the Mexican Presidency - food security, infrastructure and inclusive green growth. We commend the progress achieved against our commitments in the Seoul Multi-Year Action Plan, and support the 2012 Development Working Group progress report annexed to this Declaration. We invite the Development Working Group to explore putting in place a process for ensuring assessment and accountability for G20 development actions by the next Summit.

65. Investment in infrastructure is critical for sustained economic growth, poverty reduction, and job creation. We therefore welcome the strong progress made under the Multi-Year Action Plan, including in implementing the recommendations of the Multilateral Development Banks' (MDBs) Action Plan and the High Level Panel on Infrastructure.

66. While recognizing that public financing of infrastructure development projects in developing countries remains essential, we consider it should be complemented by private sector investment. We encourage MDBs to continue progress under the Action Plan, and welcome the report on addressing Misperception of Risk and Return in Low Income Countries. This contains important messages about properly perceiving the risks posed, as well as the opportunities offered, by long-term infrastructure investment in low income countries. Recognizing the challenge that rapid urbanization poses and the need to make cities more sustainable, we welcome the report on Best Practices for Urban Mass Transport Infrastructure Projects in Medium and Large Cities in Developing Countries, and support the follow-up actions as set out in the Development Working Group report.

67. We reaffirm our commitments to the global partnership for development, as set out in the MDGs, and welcome efforts to contribute to this end, including the Global Partnership for Effective Development Cooperation to be launched with voluntary participation under the auspices of the broad consensus achieved at the 4th High Level Forum on Aid Effectiveness held in Busan, Korea.

68. We recognize the value of Disaster Risk Management (DRM) tools and strategies to better prevent disasters, protect populations and assets, and financially manage their economic impacts. We appreciate World Bank and OECD combined efforts, with the UN's support, to provide inputs and broaden participation in the discussion on DRM. We welcome the World Bank's and Mexico's joint publication on country experiences in this area with the support of G20 members, and look forward to the OECD voluntary framework to facilitate implementation of DRM strategies, to be completed by November.

Promoting longer-term prosperity through inclusive green growth

69. The long-term development and prosperity of current and future generations requires us to look beyond the immediate economic crisis. We acknowledge the importance of finding ways in which economic growth, environmental protection and social inclusion can complement and reinforce each other. Inclusive green growth in the context of sustainable development and poverty eradication can help achieve our development and economic goals, while protecting our environment, and improving social well-being on which our future depends. Inclusive green growth should not be used to introduce protectionist measures.

70. We commit to continue to help developing countries sustain and strengthen their development through appropriate measures, including those that encourage inclusive green growth. We will reaffirm our commitment to sustainable development at the 2012 United Nations Conference on Sustainable Development (Rio+20). We commit to maintaining a focus on inclusive green growth as part of our G20 agenda and in the light of agreements reached at Rio+20 and the United Nations Framework Convention on Climate Change (UNFCCC).

71. Climate change will continue to have a significant impact on the world economy, and costs will be higher to the extent we delay additional action. We reiterate our commitment to fight climate change and welcome the outcome of the 17th Conference of the Parties to the UN climate change conferences. We are committed to the full implementation of the outcomes of Cancun and Durban and will work with Qatar as the incoming Presidency towards achieving a successful and balanced outcome at COP-18. We emphasize the need to structurally transform economies towards a climate-friendly path over the medium term. We welcome the creation of the G20 study group on climate finance, in order to consider ways to effectively mobilize resources taking into account the objectives, provisions and principles of the UNFCCC in line with the Cancun Agreement and ask to provide a progress report to Finance Ministers in November. We support the operationalization of the Green Climate Fund.

72. The Development Working Group discussed a broad set of practical, voluntary measures and actions that have the potential to help countries define their paths towards sustainable development based on their own circumstances and priorities. We believe that developing countries should have access to institutions and mechanisms that can facilitate knowledge sharing, resource mobilization and building technical and institutional capacity to design and implement inclusive green growth strategies and policies. We welcome international efforts in launching the Green Growth Knowledge Platform and will continue exploring options to provide appropriate support to interested developing countries. We welcome the delivery of a non-prescriptive, voluntary toolkit of policy options for inclusive green growth and encourage efforts to promote its implementation. We encourage further exploration of effective mechanisms to mobilize public and private funds for inclusive green growth investment in developing countries, including through the public-private Dialogue Platform on Inclusive Green Investments. We welcome the B20's Green Growth Action Alliance.

73. We highlight that green growth and sustainable development have strong potential to stimulate long term prosperity and well being. We welcome the report prepared by the OECD, the World

Bank and the UN on incorporating green growth and sustainable development policies into structural reform agendas, tailored to specific country conditions and level of development. We also acknowledge the G20 efforts to voluntarily self-report on current actions taken to integrate green growth and sustainable development into structural reform agendas. We will self-report again in 2013, on a voluntary basis, and ask appropriate officials to report back on countries' efforts and progress on incorporating green growth policies in structural reform agendas and in relevant national plans to promote sustainable development.

74. We welcome the progress report on fossil fuel subsidies, and we reaffirm our commitment to rationalize and phase out inefficient fossil fuel subsides that encourage wasteful consumption over the medium term while providing targeted support for the poorest. We ask Finance Ministers to report back by the next Summit on progress made, and acknowledging the relevance of accountability and transparency, to explore options for a voluntary peer review process for G20 members by their next meeting. We also welcome a dialogue on fossil fuel subsidies with other groups already engaged in this work.

75. In Cannes we committed to promote low-carbon development strategies in order to optimize the potential for green growth and ensure sustainable development in our countries and beyond. We therefore welcome the report on clean energy and energy efficiency technologies and acknowledge the G20 countries' efforts to foster investment in these technologies through the sharing of national experiences regarding challenges for technology deployment.

76. We welcome the establishment of a Global Marine Environment Protection Best Practices Sharing Mechanism website, and look forward to its launch in accordance with the Cannes mandate.

Intensifying the fight against corruption

77. Corruption impedes economic growth, threatens the integrity of markets, undermines fair competition, distorts resource allocation, destroys public trust and undermines the rule of law. We call on all relevant stakeholders to play an active role in fighting corruption.

78. Closing the implementation and enforcement gap remains an important priority, and we continue to make significant progress towards the full implementation of the Seoul G20 Anti-Corruption Action Plan, and the commitments made in the Cannes Monitoring Report. We reiterate our commitment to the ratification and full implementation of the United Nations Convention against Corruption (UNCAC), and to more active engagement with the OECD working group on bribery on a voluntary basis. We welcome continuing engagement from the B20 in the fight against corruption and, in accordance with the Terms of Reference of the review mechanism, will involve the private sector and civil society in the UNCAC review process on a voluntary basis. We endorse today the G20 Anti-Corruption Working Group principles for denial of entry to our countries of corrupt officials, and those who corrupt them, and will continue to develop frameworks for cooperation. We also endorse the Working Group's principles for financial and asset disclosure systems for relevant officials to prevent, identify and appropriately manage conflicts of interest.

79. We commit to enforcing anti-corruption legislation, and we will pursue those who receive and solicit bribes as well as those who pay them in line with our countries' legislation. To help facilitate international cooperation among G20 and non-G20 governments in their investigation and prosecution of corruption, we will publish a guide on Mutual Legal Assistance from G20 countries, as well as information on tracing assets in G20 jurisdictions. We renew our commitment to deny safe haven to the proceeds of corruption and to the recovery and restitution of stolen assets.

80. We extend the mandate of the Anti-Corruption Working Group for two years to the end of 2014 and request the Working Group to prepare a comprehensive action plan, as well as a second Working Group Monitoring Report, both to be presented for consideration and adoption by Sherpas by the end of 2012.

Other paragraphs

81. In light of the interconnectedness of the world economy, the G20 has led to a new paradigm of multilateral co-operation that is necessary in order to tackle current and future challenges effectively. The informal and flexible character of the G20 enables it to facilitate international economic and financial cooperation, and address the challenges confronting the global economy. It is important that we continue to further improve the transparency and effectiveness of the G20, and ensure that it is able to respond to pressing needs. As a contribution to this, in line with the commitment made in Cannes, Sherpas have developed a set of evolving G20 working practices.

82. An informal meeting of G20 Ministers of Foreign Affairs was held in Los Cabos in February, which explored the ways in which G20 member countries could contribute more effectively to address key challenges in global governance.

83. Recognizing the far-reaching impact of G20 decisions, we welcome the extensive outreach efforts undertaken by the Mexican Presidency, including the meetings of Business-20, Labor-20, Youth-20, and Think-20. We will continue developing efforts with non-members, regional and international organizations, including the UN and other actors. In line with the Cannes mandate, in order to ensure our outreach remains consistent and effective, we welcome a set of principles in this area, developed by Sherpas.

84. We thank international organizations, including the UN, IMF, World Bank, WTO, FSB, ILO, FAO, and OECD, as well as civil society, for their input into the G20 process. Their reports and recommendations have provided valuable inputs to G20 discussions, in areas ranging from sustainable development to financial regulation.

Conclusion

85. We look forward to the rest of the work that will take place during Mexico's Presidency until November 30. On 1 December, 2012, Russia will start chairing the G20. We will convene in St. Petersburg, under the Chairmanship of Russia. We thank Mexico for hosting a successful Los Cabos Summit.