

Tuesday 7 July 2009

UK-French Summit: Declaration on global governance and development

The UK and France have released a declaration on global governance and development.

Read the declaration

The United Kingdom and France intend to cooperate closely to confront the political, economic and security issues of the 21st century. Pursuit of the reform of the governance of international institutions is a necessity if they are to be made more capable of meeting the challenges raised by international security and responding to the global economic crisis and under-development.

Reform of the United Nations Security Council

We wish to pursue our efforts to ensure that the Security Council is more representative of today's world while at the same time preserving its capacity to take the steps required to cope with the problems of security posed by the 21st century.

We supported the launch by the General Assembly on 19 February 2009 of intergovernmental negotiations on Security Council reform, this being an essential stage to take the discussions of Security Council reform out of the impasse in which it has found itself for all too long now.

We reaffirm the support of our two countries for the candidacy of Brazil, Germany, India and Japan for new permanent seats, along with representation for Africa among the permanent members of the Security Council.

We support the pragmatic intermediate solution that could provide for a new category of seats with a longer mandate than that of the members currently elected. On completion of this intermediate period, a review should be taken to convert these new seats into permanent seats.

We are pleased to note that the intermediate approach gained increasing support from United Nations Member States, as has been shown by the first meetings of the General Assembly to be held within the framework of the intergovernmental negotiations.

It is therefore our belief that the intermediate solution should be considered in the 64th session of the United Nations General Assembly in 2009-2010 where we look for meaningful progress. We are ready and willing to work with all our partners to define the parameters of such intermediate reform.

Global economic governance and follow-up to the G20

The response to the international financial crisis requires renewed mobilisation based around the four key principles defined at the Washington Summit in November 2008, which were made the subject of concrete decisions in London on 2 April last: the necessity for coordinated and concerted stimulus, rejection of protectionism, more effective regulation of financial markets and a new approach to global governance.

The United Kingdom and France undertake to act together at bilateral, European and international levels to ensure the swiftest possible implementation of the decisions taken in London.

Together, we undertake to promote the following priorities:

With regard to international economic governance, we are pleased to note in particular the increase in the resources of international financial institutions and the speeding up of the timetable for the reform of their governance.

Concerning the IMF, we salute the progressive provision of additional resources for the International Monetary Fund, in accordance with the commitments entered into at the London Summit and in order to allow the fund to provide effective aid to the countries that are poorest and hardest hit by the crisis. The United Kingdom and France have made their contribution to that effort by making €1 billion available to the Fund immediately. We are ready to increase this effort further and support the principle of additional commitments from European countries to reflect their responsibilities and weight in the global economy as part of an increase by up to \$500 billion of the New Arrangements to Borrow. We stress the importance of incorporating IMF immediate financing from members into an expanded and more flexible New Arrangements to Borrow, as agreed at the London Summit.

We reaffirm our support for the general allocation of special drawing rights in an amount equivalent to USD 250 billion in order to increase global liquidity.

We stress the economic difficulties with which low-income countries are confronted and the importance of the role of the IMF in addressing those difficulties. We recall the close link that exists between the poverty alleviation strategy and the macroeconomic performance of low-income countries and emphasise the importance of the tools available to the Fund in this domain. We support the enhancement of the volume and concessionary terms of loans made to such countries and support the G20 agreement to use the proceeds of gold sales and surplus income to enhance these resources by at least \$6 billion in fully additional concessionary financing. We also call for greater mobilisation and an increase in the number of countries contributing to the financing of these facilities.

We reaffirm the importance of further reform to improve the responsiveness and adaptability of the IFIs given the growing integration of the global economy, with respect to both international trade and capital flows. In this context, we will work together on the

G20 Chair's review of the IFIs and look for meaningful decisions to be taken at the next G20 Summit.

Concerning the Multilateral Development Banks (MDB), we undertake to play an active part in the capital review processes in accordance with the decisions of the G20 in order to ensure that they have the resources required for their activities. We recognise the relevance of this exercise in the context of the global response to the crisis, to which counter-cyclical actions must also contribute in the shorter term. Such reviews must however be part of an overarching framework guided by clear principles:

- The financial strategies of the MDBs must ensure that where resources are already available these are fully utilised, including by making full use of balance sheets;
- The MDBs should adapt their approaches to deal with the specific challenges posed by the global economic crisis, as agreed at the G20 London Summit;
- The MDBs must adhere to the principle of budgetary discipline and the setting of loan rates such as to guarantee their financial sustainability in the long term, while at the same time strengthening their capacity to transfer resources to concessionary windows;
- They must ensure that their resources are channelled to the poorest, intensifying their action in the most vulnerable countries and targeting aid at the most disadvantaged population groups in middle-income countries;
- They must adopt appropriate measures for risk management as an accompaniment to the expansion of their activity, notably with regard to the private sector.

The United Kingdom and France share the same analysis of the need for the representation of developing countries in international forums to be more commensurate with their importance and responsibilities, taking into account the specific mandate of each institution. We are resolved to act together on this matter and to play an active part in the debate. The United Kingdom and France salute the initiatives taken by the Francophonie and Commonwealth to foster inclusive dialogue and the exchange of information on these issues.

We intend to mobilise our efforts to put in place a strengthened financial regulation system to permit the restoration of confidence in markets, support sustainable global growth and serve the needs of businesses and citizens. We shall seek as a priority to build a stronger, more globally consistent, supervisory and regulatory framework, supported by a strong and effective Financial Stability Board (FSB). We will also work together to improve EU and international financial supervision in accordance with the focuses defined by the Larosière Commission and the decisions of the June European Council and by encouraging further joint work by the IMF and the FSB to deliver an early warning system for the global economy. We will work to extend regulation and oversight to all systemically important financial institutions, instruments and markets, consistent with the agreement reached at the London Summit.

France and the United Kingdom will also address the task of implementing the decision of the G20 concerning uncooperative jurisdictions and remain vigilant in ensuring that

the 42 countries on the OECD “grey list” meet their commitment to apply international standards for the exchange of tax-related information. It is essential that we maintain the momentum set by the London Summit. We are therefore clear that where jurisdictions have not reached the standard of information exchange agreement by March 2010, they should be subject to coordinated international counter-measures agreed in London. Both our countries also stress the importance of combating tax evasion and undertake to combine our efforts to reinforce the coherence and effectiveness of international action in this domain. We agree that the threshold of 12 tax information exchange agreements should be seen as a starting point in the move towards greater tax transparency. If progress stalls we will expect the threshold to rise above 12, bringing those who have not made further progress back into the “grey list”. We will work together through the G20 to ensure that proposals are developed by the time of the next G20 Summit to ensure that developing countries can benefit from the new cooperative tax environment, including through a new multilateral tax information exchange agreement. We also call on the OECD to look at country by country reporting and the benefits of this for tax transparency and reducing tax avoidance.

The United Kingdom and France welcome the work underway to consider how the Global Forum on transparency and exchange of tax information can fully involve developing countries as equal participants and reform its governance, including to establish an effective peer review process to ensure effective implementation of the international standards, ahead of the Pittsburgh Summit. Successful development of this type of arrangement in the area of tax havens could provide a model for other areas where the OECD has a particular contribution to make to responding to global challenges.

France and the United Kingdom acknowledge the work undergone by the Financial Action task force (FATF) to revise and reinvigorate the process aiming at identifying uncooperative jurisdictions and call the FATF to proceed swiftly with its new review process in order to publicly name the jurisdictions that pose risks to the integrity of our financial system and apply counter measures where necessary.

The fight against non-cooperative jurisdictions should also encompass prudential regulations. We call on the FSB to swiftly assess jurisdictions against international supervisory and prudential standards and report back by September on their progress in identifying uncooperative jurisdictions.

In addition, France and the United Kingdom reaffirm their view that guaranteed freedom of trade is a key component of the response to the present economic and financial crisis. The commitment of the countries of the G20 to rejecting protectionism in all its forms and to maintaining a world open to trade and investment is in our view an imperative precondition for the return of sustained global prosperity. We salute in this connection the monitoring role of the WTO in this area. We are pleased to note the mobilisation of an additional \$250bn to support trade finance as agreed at the London Summit, which will encourage world trade. To help the poorest countries in particular, France and the United Kingdom have both agreed to contribute to the IFC’s Global Trade Initiative and call on

others to do so, in line with the commitment made at the London Summit. And lastly, we call for an ambitious and balanced conclusion to the Doha Round in the coming months.

Finally, the United Kingdom and France are convinced that it is now time to lay the foundations of sustainable and equitable growth that is protective of human beings and the environment, and we are determined to take concerted action to achieve that goal. The unprecedented effort made by the international community to leave the crisis behind it must result ultimately in a better-regulated world economy, a fair and responsive labour market and less carbon-intensive growth. Both our countries are resolved to mobilise their efforts to foster the progress of environmental and social standards, notably with regard to decent work, and to support the action of the competent international organisations, notably the International Labour Organisation, while at the same time taking into account situations specific to individual countries. As agreed at the G8 Summit in Toyako, we invite international organisations, in particular the ILO, the World Bank, the IMF, the WTO and the OECD to enhance their cooperation and to improve coherence. France and the United Kingdom welcome in this respect the ILO's report on responses to the crisis, as agreed at the London Summit, and support the full and entire participation of the ILO in the next G20 summit. In the climate domain, France and UK call for the conclusion of an ambitious agreement and underline the necessity to consider the evolution of the current system of governance. We also call on all organisations involved in agriculture and food security to enhance their cooperation at all levels with a view to ensuring a more food secure world.

Development

The international financial and economic crisis threatens the progress made in recent years by developing countries and intensifies the effort of solidarity required to assist the poorest countries, especially in Africa, with the aim of achieving the Millennium Development Goals. France and the United Kingdom wish to act jointly to address the three challenges facing the international community: the challenge of poverty, the challenge of growth and the challenge of preserving Global Public Goods.

In this context France and the United Kingdom reaffirm their commitment to achieving their ODA pledges, including for reaching the target of 0.7% of GNI to ODA. The objectives of official development aid will be maintained and that aid will be better targeted and adjusted to suit the diversity of situations and actors. The entire palette of financing sources at our disposal additional to ODA alone will be used, in order both to foster peace and security and to support the private sector, growth and employment, with a view to achieving the Millennium Development Goals. We will give strong support to reducing the costs of migrant remittances to their countries of origin, the total volume of which stands at three times the total figure for ODA.

In line with our undertakings given in 2008, we shall pursue our joint efforts to promote improvement in the public health situation in developing countries and the achievement of MDGs 5 (maternal health) and 6 (the combat against HIV/AIDS, Malaria and Tuberculosis). Together, we shall develop products to support the health sector with a

focus on strengthening health systems to accelerate progress on priority areas like maternal and newborn health. We acknowledge that access to quality healthcare remains a key issue for vulnerable individuals in many countries in Africa and we support the implementation of sustainable modes of financing their health systems and efforts to strengthen the effectiveness of aid to the health sector. Driving this process forward, we recognise the progress made by the International Health Partnership (IHP+) to help donors provide more predictable and flexible financing in support of countries' own health strategies and welcome with satisfaction the initiative to promote and develop health cover ("Providing for Health"), which enables steps to be taken in the direction of sustainable and equitable financing for health systems and improved access to quality health services.

We also welcome our cooperation in favour of innovative financing for development which plays an essential role in mobilising additional resources for development, including in the health domain. In support of the work of the High Level Taskforce on Innovative International Financing for Health Systems and following on from the meeting of the Leading Group in Paris, the UK and France will take forward mechanisms for health systems and call on our international partners to identify mechanisms they will support by the time of the UN General Assembly in September.

To conclude, we reaffirm the priority assigned to the achievement of the MDG on primary education and the enrolment of children in education, especially in Africa. We reiterate our joint pledge, made in 2008, to support each 8 million children in school by the time of the 2010 World Cup in South Africa. We recognise the role that New Technologies of Information and Communication can play in education systems, particularly the role that "on-line universities" can play in enhancing access to professional training and university studies in Africa. In line with these undertakings, we have endeavoured together to build a new partnership, notably within the framework of the G8 and the United Nations. Together with the Global Campaign for Education, we are working with FIFA, the English Football Association, the Premier League, the Ligue professionnelle de football and the Fédération française de football in the lead-up to the 2010 World Cup in South Africa. This will raise awareness of universal primary education taking full advantage of the considerable impact this event will have in Africa and around the world. We have jointly committed up to €1.5 million for this campaign. We have also enhanced our contribution to the Education For All - Fast Track Initiative and call on our partners to join with us in seeking to finance the enrolment in school of those children as yet denied the opportunity of an education.