



G20

**Contribution to stronger, more stable
and inclusive growth**

25 September 2011 – Washington DC

The G20 countries represent 85% of global GDP



Priorities of the French Presidency of the G20

- **Continuation of ongoing efforts:**
 - Financial regulation
 - Growth and macroeconomic balances
(*Framework for a Strong, Sustainable and Balanced Growth*)
 - Development
- **Three new priorities established by the President of the Republic:**
 - Reform of the international monetary system
 - Tackling commodity price volatility
 - Global governance
 - Social dimension of globalization

 **The goal: to build a stronger, more stable and more resilient global economy**

Paris
18 - 19 february

Washington
14 - 15 april

Washington
22 sept

Paris
13 - 14 october

The current economic climate increases the need for an effective G20 (1/2)



- **Financial tension during the summer and adjusted growth forecasts...**
- Concerns about public finances and sovereign debt in developed countries have led to extreme fluctuations in the markets.
- Banking shares have received rough treatment on stock markets, growth figures for Q2 2011 were disappointing, and growth forecasts for 2011 and 2012 have had to be revised downward.
- **...underscore the relevance of the G20's agenda**
- **The G20 has focused its efforts on the underlying causes of current problems:** global imbalances (uncertainties concerning budget sustainability in some countries, large-scale, persistent current account surpluses, particularly among some emerging countries), incomplete financial regulation, and commodity price volatility that hampers the proper functioning of the world economy.

The current economic climate increases the need for an effective G20 (2/2)



- ...and call for a fresh impetus from the G20
 - **The need for an ambitious action plan to stimulate strong, sustainable and balanced growth** by both developed and emerging countries, since no one wants a new global recession
 - **Immediate responses to the crisis**, at a time when the budget margins of developed countries are generally tight
 - **More stable and more inclusive international monetary system**
 - **The need to finance global public goods (development, climate) in a time of budgetary restrictions** justifies the use of innovative financing, particularly via a financial transaction tax (FTT)
 - **Social dimension of Globalization**

What can we expect from the Cannes Summit?



- **Lasting economic recovery via a credible action plan for world growth**, particularly through serious commitments that combine short-term measures and longer-term structural actions
- **A G20 capable of effectively providing support for global economic transitions**
 - ✓ Support the internationalization of emerging currencies to create a more stable IMS and more representative special drawing rights
 - ✓ Increase transparency of physical commodity markets, and ensure better regulation for derivatives
 - ✓ Introduce a Financial Transaction Tax starting with a core group of countries
 - ✓ Agree on priority infrastructure projects and an action plan for food security
 - ✓ Firmly include the social dimension in the G20 agenda
- **Increased credibility for the G20 as the leading forum for global economic cooperation**, by demonstrating that its decisions are implemented and that it is able to tackle new, complex and relevant topics (IMS, commodities, agriculture, social dimension of globalization)

How the G20 can contribute to a stronger, more stable and inclusive growth

1. Framework for Strong, Sustainable and Balanced Growth

- **Objectives**
 - Tackle the slowdown of the global economy
 - Stabilize the financial situation
 - Strengthen global growth and reduce the macroeconomic imbalances that fuelled the 2008–2009 crisis
- **What we hope to achieve at Cannes**
 - An action plan for growth that includes country tailored commitments which reconcile the need for medium-term fiscal consolidation for some countries, and short-term support for global economic growth for those with the resources to support it.

2. Reform of the international monetary system

- **Objective**
 - Support growth in emerging countries, reduce currency volatility and persistent exchange rate misalignments, and encourage capital flows to support growth
 - **What we hope to achieve at Cannes**
 - A reference framework to encourage stable capital flows
 - Progress towards the internationalization of emerging currencies (including the SDR basket)
 - A stronger response structure in case of systemic shock (global financial safety nets)
 - Enhanced IMF surveillance
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3. Financial regulation

- **Objective**
 - Implement the pledge made at the Washington Summit, according to which "all financial markets, products and participants are regulated or subject to oversight"
- **What we hope to achieve at Cannes**
 - Progress in the harmonised, efficient implementation of the commitments made by the G20 (Basel III, standards with respect to compensation, central clearing of OTC derivatives)
 - Better protection against risks for citizens, the financial system and the larger economy (identification of large systemic banks, a roadmap for regulating the shadow banking system, and shared consumer protection principles)

4. Tackling commodity price volatility

- **Objectives**
 - Increase the transparency and regulation of commodity markets
 - **What we hope to achieve at Cannes**
 - A common regulatory framework for commodity derivatives
 - Concrete steps to improve physical market transparency (international databases: JODI for oil and AMIS for agricultural products)
 - Pilot projects on hedging tools to tackle price volatility and improve food security
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5. Development

- **Objectives**
 - Develop infrastructures and improve food security
- **What we hope to achieve at Cannes**
 - A list of exemplary infrastructure investment projects with private-sector involvement, primarily in Africa
 - Launch of pilot projects concerning food security (hedging tools to tackle price volatility) and emergency humanitarian reserves
 - Implementation of innovative financing (FTT) in a core group of countries

6. Gouvernance

- **Objectives**
 - Promote effective, legitimate international fora, as well as a set of global shared standards
- **What we hope to achieve at Cannes**
 - Establish the G20's credibility as the leading forum for global economic cooperation and boost international coordination, particularly via international financial institutions (FSB, IMF, etc.)
 - Advance towards the implementation of the Seoul action plan to fight corruption, including ratification of the key international agreements
 - Continue to identify non-cooperative jurisdictions

7. Social dimension

- **Objectives**

- Include the social dimension of globalization in the G20 agenda
- G20 labor ministers to meet on September 26th in Paris

- **What we hope to achieve at Cannes**

- Address the issue of youth unemployment : creation of an intergovernmental working group on youth employment with ILO and OCDE
- Advance towards the implementation and expansion of social protection floors
- coherence of international organizations
- Association of Labor Unions to the G20 process.