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School of Economics, Moscow

present

2010 Seoul G20 Summit Final Compliance Report

13 November 2010 to 19 October 2011

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Contents

Preface	3
Introduction and Summary	5
Table 1: 2010 G20 Seoul Summit Selected Priority Commitments for Compliance Assessment	7
Table 2: 2010 G20 Seoul Summit Final Compliance Scores.....	8
Table 3: 2010 Seoul Summit Final Compliance by Commitment	9
Table 4: 2010 Seoul Summit Final Compliance by Member.....	9
Table 5: 2010 G20 Seoul Summit Final Compliance: Member Ranking	10
Table 6: G20 Final Compliance by Member, 2008-2010	11
Appendix: General Considerations.....	13
1. Macroeconomy: Exchange Rates [40]	15
2. Macroeconomy: Fiscal Consolidation.....	44
3. Finance: Basel III	56
Table 7: Basel III Requirements for Risk-Weighted Assets (%)	57
4. Socioeconomic (Infrastructure) [61]	77
5. Finance: Systemically Important Financial Institutions.....	112
Table 8: Recommendations for SIFIs	115
6. Finance: Over-the-Counter Derivatives	153
7. Finance: Sound Compensation.....	180
8. Trade	203
Table 9: Barriers to Trade in G20 Members	205
9. Development	230
10. Energy: Fossil Fuels	266
Table 10: Member-Specific Implementation Strategies	268
11. Energy: Clean Energy Technologies.....	287
12. Corruption	324
Table 11: Ratification of the United Nations Convention against Corruption.....	326
13. International Cooperation.....	341

Preface

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

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

This report assesses performance by G20 members with the commitments made at the 2010 Seoul Summit, held in Korea on 11-12 November 2010, on the eve the 2011 Cannes Summit in France on 3-4 November 2011. The report covers 13 priority commitments selected from the 153 commitments made by the G20 members at Seoul, extending the findings of the 2010 Seoul G20 Summit Interim Compliance Report to 19 October 2011.

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

The work of the G20 Research Group would not be possible without the steadfast dedication of many people around the world. This report is the product of a team of energetic, hard-working analysts led by Ava-Dayna Sefa and Sarah Ellis, co-chairs of the 2011-12 student executive, and their compliance team leaders Krystel Montpetit, Hermonie Xie and Robert Schuster. It would also not be possible without the support of Dr. Ella Kokotsis, director of compliance, and Caroline Bracht, researcher with the G20 Research Group. We are especially indebted to our HSE colleagues: Professor Marina Larionova, Mark Rakhmangulov and Yuriy Zaytsev. We are also grateful for the intellectual contribution of Dr. Alan Alexandroff, co-director of the G20 Research Group and director of online research at the Munk School of Global Affairs and a member of the Digital20 Project at the University of Toronto.

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Introduction and Summary

The G20 2010 Seoul Final Compliance Report, prepared by the G20 Research Group at the University of Toronto and the International Organizations Research Institute of the National Research University Higher School of Economics (IORI HSE), analyzes compliance by G20 members with a selection of 13 priority commitments out of a total of 153 commitments made at the Seoul Summit on 11-12 November 2010. The report covers the compliance-relevant actions taken by the G20 members during the period from 13 November 2010 to 19 October 2011. This timeframe allows for an assessment of compliance for the period between the 2010 Seoul Summit and the 2011 Cannes Summit, hosted by France on 3-4 November 2011.

Methodology and Scoring System

This report draws on the methodology developed by the G8 Research Group, which has been monitoring G8 compliance annually since 1996 and semi-annually since 2002. The use of this existing methodology builds cross-institutional, cross-member and cross-issue consistency and thus allows compatibility and comparability with the compliance assessments produced by the G8 Research Group.

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

Commitment Breakdown

The G20 made a total of 153 commitments at the Seoul Summit (the full list is available at www.g20.utoronto.ca/analysis).² These commitments, as identified by the G20 Research Group and HSE, are drawn from the official G20 Seoul Summit Leaders' Declaration and the Seoul Summit Document. They cover 14 issue areas ranging from finance to G20 summit institutionalization. Most commitments fall in the issue areas of economics and development: 28 commitments (18% of the total commitments) address macroeconomic issues; 24 commitments (16%) relate to finance; 22 commitments (14%) fall under development; 17 commitments (11%) focus on trade; and 16 (10%) commitments cover reform of the international financial institutions (IFIs).

Selection of Commitments

Although G20 members made a total of 153 commitments at the Seoul Summit, the G20 Research Group has undertaken to assess compliance of all members for 13 priority commitments (see Table 1). For each compliance cycle (that is, the period between summits), the research team selects commitments that reflect the breadth of the G20 agenda and also reflect the priority of the summit's host, while balancing the selection to allow for comparison with past and future

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

² A commitment is defined as a discrete, specific, publicly expressed, collectively agreed statement of intent; a promise by summit members that they will undertake future action to move toward, meet or adjust to an identified target. More details are contained in the G8 Commitment/Compliance Coding and Reference Manual (available at <http://www.g8.utoronto.ca/evaluations/compliancemanual-110922.pdf>).

summits, following the methodology developed by the G8 Research Group.³ The selection also replicates the breakdown of issue areas and the proportion of commitments in each issue area. Primary criteria for selecting a priority commitment for assessment are the comprehensiveness and relevance to the summit, the G20 and the world, as well as individual and collective pledges. Selected commitments must also meet secondary criteria of performance such as measurability and ability to commit within a year. Tertiary criteria include significance as identified by scientific teams and relevant stakeholders in the host country.

The Final Compliance Scores

The assessment is based on relevant, publicly available information relating to compliance-relevant action taken from 13 November 2010 to 19 October 2011. The final compliance scores by commitment are contained in tables 2 and 3. Compliance by member is listed in Table 4 with the rankings listed in Table 5.

For the period from 13 November 2010 to 19 October 2011, G20 members achieved an average final compliance scientific score of +0.50, which translates to 75% on the popular percentage scale. This final compliance score is a significant increase from the final compliance score of 64% on the priority commitments assessed from the G20 Toronto Summit in June 2010.

For comparative purposes, the final scores for compliance with commitments made at previous G20 summits, as assessed annually by the G20 Research Group and IORI HSE are included in Table 6.

Compliance by Member

For member-specific compliance with the Seoul Summit's priority commitments, Australia holds first place with a score of +0.85 (93%). It is followed by the European Union at +0.82 (91%). Then come France, Italy and the United Kingdom at +0.77 (89%). The lowest scoring members are Turkey at +0.17 (59%), Saudi Arabia at +0.08 (54%) and Argentina at -0.08 (46%). For more detailed information about compliance by G20 members, see tables 4 and 5.

The Compliance Gap Between Members and Constituencies

The difference between the highest and lowest G20 member compliance scores is +0.93.

G20 members that are also members of the G8 achieved an average compliance score of 0.66 (83%), whereas non-G8 members achieved a score of 0.36 (68%). This difference of 0.30 points has significantly decreased since 2009 as the compliance performance of non-G8 members has increased. The gaps in compliance between G8 and non-G8 members have been narrowing steadily, if slowly: 0.52 for the Pittsburgh Summit in September 2009 and 0.46 for the Toronto Summit in June 2010.

At 0.44 (72%), the average score for the BRICS countries — Brazil, Russia, China, India and South Africa — for Seoul is lower than that of the G8 but higher than the average of all of the G20's non-G8 members. It is a sharp increase compared to the 0.07 performance for Toronto, 0.03 for Pittsburgh and 0.04 for London.

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

Compliance by Commitment

Overall compliance by commitment has been high, with almost all scores distributed from 0 to +1, with the sole exception of trade. Of the 13 commitments assessed for the G20 Seoul Summit, six scored between -1.00 (0%) and +0.50 (75%) and seven scored above +0.50.

The highest scoring commitments were those on fiscal consolidation and on improving infrastructure, with an extremely high average score of +0.90 (95%). The lowest scores were for the commitments on international cooperation at +0.05 (53%) and trade at -0.05 (48%). For more information on scoring by commitment, see tables 2 and 3.

Table 1: 2010 G20 Seoul Summit Selected Priority Commitments

Priority Area	Commitments Selected and Assessed for Compliance (n = 23)
Macro economy	[40] We will move toward more market-determined exchange rate systems and enhance exchange rate flexibility to reflect underlying economic fundamentals and refrain from competitive devaluation of currencies.
	[48] Advanced economies will formulate and implement clear, credible, ambitious and growth-friendly medium-term fiscal consolidation plans in line with the Toronto commitment, differentiated according to national circumstances.
Finance	[51] In particular, we will implement fully the new bank capital and liquidity standards.
	[83] We endorsed the policy framework, work processes, and timelines proposed by the FSB to reduce the moral hazard risks posed by systemically important financial institutions (SIFIs) and address the too-big-to-fail problem.
	[90] [We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on] OTC derivatives
	[92] We reaffirmed the importance of fully implementing the FSB's standards for sound compensation .
Socioeconomic	[61] [We will implement a range of structural reforms to boost and sustain global demand, foster job creation, contribute to global rebalancing, and increase our growth potential, and where needed undertake:] Investment in infrastructure to address bottlenecks and enhance growth potential.
Trade	[96] We therefore reaffirm the extension of our standstill commitments until the end of 2013 as agreed in Toronto.
Development	[122] We also reaffirm our respective ODA pledges and commitments to assist the poorest countries and mobilize domestic resources made following on from the Monterrey Consensus and other forums.
Energy	[127] We reaffirm our commitment to rationalize and phase-out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption, with timing based on national circumstances, while providing targeted support for the poorest.
	[135] We will take steps to create, as appropriate, the enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies , including policies and practices in our countries and beyond, including technical transfer and capacity building.
Corruption	[143] We will lead by example in key areas as detailed in the Anti- Corruption Action Plan, including: to accede or ratify and effectively implement the UN Convention against Corruption and promote a transparent and inclusive review process.
International cooperation	[152] We will increase our efforts to conduct G20 consultation activities in a more systematic way, building on constructive partnerships with international organizations, in particular the UN, regional bodies, civil society, trade unions and academia.

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

Table 2: 2010 G20 Seoul Summit Final Compliance Scores

Commitment	ARG	AUS	BRA	CAN	CHI	FRA	GER	IND	INO	ITA	JPN	KOR	MEX	RUS	S.AR	S.AF	TUR	UK	US	EU	AVG
1 Macroeconomy: Exchange rates [40]	0	1	-1	1	0	1	1	0	0	1	-1	-1	1	1	0	0	0	0	0	1	0.25
2 Macroeconomy: Fiscal consolidation [48]	n/a	1	n/a	1	n/a	1	1	n/a	n/a	1	1	1	n/a	n/a	n/a	n/a	n/a	1	0	n/a	0.89
3 Finance: Basel III [51]	-1	1	1	1	1	1	1	0	1	1	1	0	0	0	1	1	1	1	0	1	0.65
4 Socioeconomic (infrastructure) [61]	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	0	1	1	1	1	0.90
5 Finance: SIFIs [83]	1	1	1	0	1	1	1	1	1	0	1	1	0	1	0	1	0	1	1	1	0.75
6 Finance: OTC derivatives [90]	1	1	1	1	1	1	1	1	n/a	1	1	1	1	0	-1	0	-1	1	1	1	0.68
7 Finance: Sound compensation [92]	-1	1	0	1	0	1	1	0	0	1	1	1	1	0	1	-1	0	1	0	1	0.45
8 Trade [96]	-1	1	-1	0	-1	0	0	0	0	0	1	0	1	-1	1	-1	0	0	0	0	-0.05
9 Development [122]	-1	1	0	1	1	1	1	0	0	1	1	1	-1	1	0	1	1	1	1	1	0.60
10 Energy: Inefficient fossil fuels [127]	0	1	1	1	-1	1	-1	0	0	1	1	0	1	1	0	1	-1	1	0	n/a	0.37
11 Energy: Clean energy technologies [135]	0	1	1	1	1	1	1	1	0	1	1	1	1	1	0	1	0	1	1	1	0.80
12 Corruption [143]	0	0	1	0	1	0	-1	1	1	1	-1	1	1	1	-1	1	1	1	0	1	0.45
13 International cooperation [152]	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0.05
Average	-0.08	0.85	0.42	0.69	0.42	0.77	0.54	0.42	0.36	0.77	0.62	0.46	0.58	0.58	0.17	0.33	0.17	0.77	0.38	0.82	

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

Table 3: 2010 Seoul Summit Final Compliance by Commitment

Commitment	Score	Percentage
Macroeconomy: Fiscal consolidation	0.89	95%
Socioeconomic (infrastructure)	0.90	95%
Energy: Clean energy technologies	0.80	90%
Finance: SIFIs	0.75	88%
Financ: OTC derivatives	0.68	84%
Finance: Basel III	0.65	83%
Development	0.60	80%
Finance: Sound compensation	0.45	73%
Corruption	0.45	73%
Energy: Inefficient fossil fuels	0.37	69%
Macroeconomy: Exchange rates	0.25	63%
International cooperation	0.05	53%
Trade	-0.05	48%
Average	0.52	76%

Table 4: 2010 Seoul Summit Final Compliance by Member

Country	Score	Percentage
Argentina	-0.08	46%
Australia	0.85	93%
Brazil	0.42	71%
Canada	0.69	85%
China	0.42	71%
France	0.77	89%
Germany	0.54	77%
India	0.42	71%
Indonesia	0.36	68%
Italy	0.77	89%
Japan	0.62	81%
Korea	0.46	73%
Mexico	0.58	79%
Russia	0.59	79%
Saudi Arabia	0.08	54%
South Africa	0.33	67%
Turkey	0.17	59%
United Kingdom	0.77	89%
United States	0.38	69%
European Union	0.82	91%
Average	0.50	75%

Table 5: 2010 G20 Seoul Summit Final Compliance by Member Ranking

Rank	Member	Average Compliance Score	
1	Australia	+0.85	93%
2	European Union	+0.82	91%
3	France	+0.77	89%
4	Italy		
5	United Kingdom		
6	Canada	+0.69	85%
7	Japan	+0.62	81%
8	Mexico	+0.58	79%
9	Russia		
10	Germany	+0.54	77%
11	Korea	+0.46	73%
12	Brazil	+0.42	71%
13	China		
14	India		
15	United States	+0.38	69%
16	Indonesia	+0.36	68%
17	South Africa	+0.33	67%
18	Turkey	+0.17	59%
19	Saudi Arabia	+0.08	54%
20	Argentina	-0.08	46%

Table 6: G20 Final Compliance by Member, 2008-2010

Member	Washington (1)	London (5)	Pittsburgh (8)	Toronto (8)	Seoul: Interim (13)	Seoul: Final (13)
Argentina	0	-0.60	-0.13	0.00	-0.25	-0.08
Australia	n/a	0.60	0.50	0.56	0.77	0.85
Brazil	1.00	0.20	-0.63	0.29	0.33	0.42
Canada	1.00	0.60	0.63	0.78	0.69	0.69
China	0	-0.40	0.13	0.38	0.33	0.42
France	1.00	0.80	0.63	0.56	0.46	0.77
Germany	1.00	0.80	0.63	0.56	0.38	0.54
India	0	-0.40	-0.38	-0.29	0.42	0.42
Indonesia	n/a	-0.40	-0.63	-0.13	0.18	0.36
Italy	1.00	0	0.13	0.56	0.54	0.77
Japan	1.00	0.20	0.50	0.56	0.54	0.62
Korea	n/a	0	0.75	0.56	0.54	0.46
Mexico	1.00	0	0.25	-0.14	0.58	0.58
Russia	0	0.40	0.38	0.13	0.50	0.59
Saudi Arabia	n/a	0.20	-0.13	-0.13	-0.17	0.08
South Africa	1.00	0.40	0.63	-0.14	0.25	0.33
Turkey	n/a	0.20	-0.25	-0.14	0.17	0.17
United Kingdom	1.00	1.00	0.50	0.78	0.77	0.77
United States	0	0.40	1.00	0.33	0.46	0.38
European Union	1.00	0.60	0.38	0.57	0.66	0.82
Average	0.67	0.23	0.24	0.28	0.40	0.50

Note: For Washington, one commitment on trade was assessed for compliance. For London, five general commitments were assessed covering the more specific components of fiscal sustainability and price stability, the development of exit strategies from anti-crisis measures, the fight against protectionism and promotion of global trade and investment, a fair and sustainable recovery for all, and the enhancement of regulatory systems. For Pittsburgh, the eight commitments covered corruption, clean technologies, financial and regulatory reform, protectionism, trade and investment, reform of international financial institutions, international development assistance and aid effectiveness. For Toronto, the eight commitments covered macroeconomic policy (two commitments), reform of international financial institutions, development finance, reform of financial markets infrastructure, food and agriculture, trade, corruption and energy.

Considerations and Limitations

Several features of the assessment methodology affect the findings contained in this report.

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

Similarly, with regard to over-the-counter (OTC) derivatives, one of the recommendations includes the production and publication of a roadmap with implementation milestones. This report was not available in time for the 2010 Seoul G20 Summit Interim Compliance Report but has been reflected in the final scores.

See also Appendix: General Considerations.

General Conclusions on G20 Compliance

G20 compliance performance for the chosen priority commitments, measured as a country average, has improved incrementally since the April 2009 London Summit (0.23) through the September 2009 Pittsburgh Summit (0.24) to the June 2010 Toronto Summit (0.28) and now to the final point for the November 2010 Seoul Summit (0.50) (see Table 4). If the G20 can continue to improve its performance on delivering on its promises, it may validate its claim for legitimacy as an important global governance institution.

Importantly, many of the commitments assessed in this report have timelines that extend beyond the 2011 Cannes Summit or reflect medium- and long-term priorities. As a result, the compliance landscape for many of these priority commitments may change over the course of future compliance periods.

Future Research and Reports

The information contained in this report provides G20 members and other stakeholders with an indication of their compliance in the period between the Seoul and Cannes summits. This report has been produced as an invitation for others to provide additional or more complete information on compliance. Feedback should be sent to g20@utoronto.ca.

Appendix: General Considerations

In evaluating the results of this report, the following considerations should be kept in mind.

1. Assessments contained in this report generally apply to commitment-related actions taken by G20 members only since the commitments were declared publicly at the last summit.
2. Compliance has been assessed against a selected set of priority commitments, rather than all commitments contained in the summit documents. The selection is intended to produce a representative subset of the total body of commitments. An ideal set of priority commitments, *inter alia*, represents proportionally the amount of attention paid to each policy area in summit documents, reflects the relative significance and ambition of summit commitments, and holds as many G20 members to account for compliance as possible.
3. In addition to producing commitments, summits provide value by creating and highlighting issues and issue areas, establishing new principles and norms, and altering the traditional discourse used to discuss priorities. Some of the most important decisions reached at summits may be done in private and not encoded in the public record of the summit documents, where they could be identified as commitments with which compliance can be assessed.
4. Some commitments cover several years and thus full compliance takes longer than the summit-to-summit timeframe applied in this report. For this reason, full compliance (denoted by a +1 score) might not require that G20 members carry out a given commitment completely, but might instead demand clear, visible progress commensurate with the appropriate interval of the overall timetable as well as public statements of support of commitment objectives.
5. In some cases, a G20 member might choose not to comply with a particular summit commitment for good reason, for example if global conditions have changed dramatically since the commitment was made or if new knowledge has become available about how a particular problem can best be solved.
6. As each G20 member has its own constitutional, legal and institutional processes for undertaking action at the national level (and in the case of the European Union at the supranational regional level), each member is free to act according to its own legislative schedule. Of particular importance here is the annual schedule for creating budgets, seeking legislative approval and appropriating funds.
7. Commitments in G20 summit documents might also be included, in whole or in part, in documents released by other international forums, as the decisions of other international organizations or even national statements such as the State of the Union Address in the United States, the Queen's Speech in the United Kingdom and the Speech from the Throne in Canada. Merely repeating a G20 commitment in another forum does not count fully as compliant behaviour.
8. This report assesses G20 members' action in accordance with the actual text of specific commitments made in G20 summit documents. Because commitments demand that policymakers and regulators act specifically to meet the identified objectives, this report holds policymakers accountable for pushing and passing recommended policies. Compliance is assessed against the

precise, particular commitment, rather than against what might be regarded as a necessary or appropriate action to solve the problem being addressed.

9. As individual members can take different actions to comply with the same commitment, no standardized cross-national evaluative criterion can be universally applied. The general and commitment-specific interpretive guidelines attempt to provide an equitable method for assessing compliance.

10. Because the evaluative scientific scale used in this compliance report runs from -1 to +1, any score in the positive range represents at least some degree of compliance.

11. These scores represent compliance only with commitments made at the G20 summit and do not indicate whether commitments made elsewhere are complied with to a higher or lower degree than those made at the G20 summit.

12. In some cases, full compliance by all members of the G20 with a commitment is contingent on cooperative behaviour on the part of other actors.

1. Macroeconomy: Exchange Rates [40]

Commitment [#40]:

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

Seoul Summit Document

Assessment:

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

Commitment Features:

This commitment requires G20 member states to avoid devaluing their currencies and instead to allow their markets to have more influence in setting their respective foreign exchange rates. Countries generally devalue their currencies in order to increase exports and domestic employment. The commitment calls for an end to a “currency war,” in which countries devalue their currencies and commits the G20 members to promote policies that enhance exchange rate flexibility. Members pledged to be vigilant against excess volatility and disorderly movements in exchange rates.⁴ During the Seoul Summit, G20 leaders agreed to the Seoul Action Plan, which promoted a move towards more market-determined exchange rates.⁵

Market-determined exchange rate or a floating exchange rate: An exchange rate with no government or central bank action to keep it stable. In a pure or “clean” float there is no

⁴ Asia-Pacific leaders promise to refrain from competitive currency devaluation, Japan Times (Kyodo) 15 November 2010. Date of Access: 25 January 2011. <http://search.japantimes.co.jp/cgi-bin/nb20101115a1.html>

⁵ G20 Leaders Agree to Refrain from 'Devaluing' Currency, Business World (Seoul) 12 November 2010. Date of Access: 27 December 2010. http://www.businessworld.in/bw/2010_11_12_G20_Agree_To_Refrain_From_Devaluing_Currency.html

government or central bank intervention at all in the foreign exchange market, and determination of the exchange rate is left to market forces.⁶

Devaluation: Officially announced lowering in the value of the domestic currency relative to foreign currencies, usually as a means of correcting balance of payment deficit, at least temporarily.⁷

Scoring Guidelines:

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

Argentina: 0

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

Since the Seoul Summit in November 2010, Argentina has refrained from competitive devaluation of its currency. It has however intervened in the foreign exchange market and sterilized over USD10.9 billion in funds in an effort to stem the decline of its currency.

The Argentine Central Bank’s Inflation Report for the third quarter of 2011 stresses that, in addition to the upward pressure put on domestic prices, rises in raw material prices also lead to higher levels of appreciation of the currencies of emerging countries. It emphasises that the inflow of foreign currency generated by the current commodity boom positions the real exchange rate at an over-appreciated level than that suitable for a successful industrialization process that would ensure full employment levels.⁸ It states, “In Argentina, the float regime for the exchange rate has contributed to recreating a suitable environment for the comprehensive development of the various sectors. This policy has allowed the relative value of the local currency to adapt to changes in fundamental macroeconomic variables, restricting external volatility. Furthermore, prudential regulation of short-term capital flows has been an essential tool for moderating exchange rate fluctuations.”⁹

The Argentine Central Bank’s Inflation Report for the second quarter of 2011 notes, “the Central Bank of Argentina (BCRA) is implementing a monetary and exchange rate policy that, on the one hand, regulates the means of payment and seeks to reduce the exchange rate volatility and, on the

⁶ John Black, Nigar Hashimzade, Gareth D. Myles. Oxford Dictionary of Economics. Oxford University Press US, 2009. Page 174.

⁷ John Black, Nigar Hashimzade, Gareth D. Myles. Oxford Dictionary of Economics. Oxford University Press US, 2009. Page 115

⁸ Inflation Report – Third Quarter 2011, [Argentina] August 2011. Date of Access: September 30th 2011. http://www.bcra.gov.ar/index_i.htm → Click Inflation Report → Select: 3rd Quarter of 2011 → Click See

⁹ Inflation Report – Third Quarter 2011, [Argentina] August 2011. Date of Access: September 30th 2011. http://www.bcra.gov.ar/index_i.htm → Click Inflation Report → Select: 3rd Quarter of 2011 → Click See

other, promotes international reserves accumulation, with the purpose of deepening monetization levels and bank lending.”¹⁰

This policy involves the use of sterilization of capital inflows through the sale of bonds and other financial instruments; in the second quarter of 2011, the Argentine Central Bank sterilized over USD10.9 billion in funds to balance currency supply and demand.¹¹

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

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

Analysts: Krystel Montpetit and Nayma Hasan

Australia: +1

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

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

¹⁰ Inflation Report – First Quarter 2011, Central Bank of Argentina (Buenos Aires) March 2011. Date of Access: March 30th 2011. http://www.bcra.gov.ar/index_i.htm → Click Inflation Report → Select: 2nd Quarter of 2011 → Click See.

¹¹ Inflation Report – First Quarter 2011, Central Bank of Argentina (Buenos Aires) March 2011. Date of Access: March 30th 2011. http://www.bcra.gov.ar/index_i.htm → Click Inflation Report → Select: 2nd Quarter of 2011 → Click See.

¹² Inflation Report – First Quarter 2011, Central Bank of Argentina (Buenos Aires) March 2011. Date of Access: March 30th 2011. http://www.bcra.gov.ar/index_i.htm → Click Inflation Report → Select: 2nd Quarter of 2011 → Click See.

¹³ Inflation Report – First Quarter 2011, Central Bank of Argentina (Buenos Aires) March 2011. Date of Access: March 30th 2011. http://www.bcra.gov.ar/index_i.htm → Click Inflation Report → Select: 2nd Quarter of 2011 → Click See

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

¹⁵ Dollar higher, bonds weaker at noon. Herald Sun. 13 May 2011. Date of Access: 15 May 2011. <http://www.heraldsun.com.au/business/australian-dollar/dollar-higher-bonds-weaker-at-noon/story-fn7j1bhl-1226055354369>

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

Analysts: Ivana Jankovic and Kenson Tong

Brazil: -1

Brazil has not complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency. Brazil has not made progress in moving toward a more market-determined exchange rate and has not refrained from competitive devaluation of its currency.

In the past year, Brazil has taken active policy action to slow the appreciation of the real by using capital controls to protect itself from large capital inflows and overvalued exchange rates.

On 23 September 2011, Finance Minister Guido Mantega said in Washington that the government was not planning for now to withdraw measures it took earlier this year that aim to temper the upward pressures on the real including a tax imposed on some currency derivatives transactions, which is known as the IOF. “The IOF is one of those, we introduced it, then we can take it away when it’s no longer needed. We are always looking at all the possibilities, but there is no decision,” said Mantega.¹⁶

On 21 September 2011, President Dilma Rousseff urged world leaders to stop manipulating their currencies while attending the United Nations General Assembly in New York. Without mentioning specific countries, President Rousseff said the world needs to prevent countries from influencing the value of their currencies through both expansionary monetary policy and fixed exchange rates.¹⁷

On 19 September 2011, the Foreign Ministry of Brazil released a statement urging the World Trade Organization to allow its members to protect their industries from trade imbalances prompted by currency fluctuations. The foreign ministry said global rules protecting against unfair trade practices date from when most exchange rates were fixed. Mechanisms including anti-dumping and safeguard mechanisms, as well as retaliation rights, need to be updated to deal with “steep fluctuations in exchange rates.”¹⁸

On 27 July 2011, according to the decree signed by President Rousseff and published in the Official Gazette, the government levied a 1 per cent tax, which might be increased to 25 per cent if needed, on some net dollar positions by investors in the country’s futures market. Minister Mantega claimed that these measures were necessary or else “they would have an exchange rate

¹⁶ Brazil Real Gains, Paring Weekly Rout, on Currency Tax Removal Speculation, Bloomberg (New York) 23 September 2011. Date of Access 26 September 2011. <http://www.bloomberg.com/news/2011-09-23/brazilian-real-advances-paring-biggest-weekly-sell-off-since-2008-crisis.html>

¹⁷ Brazil’s Rousseff Urges Nations to Halt Currency War, Bloomberg (New York) 21 September 2011. Date of Access 26 September 2011. <http://www.bloomberg.com/news/2011-09-21/brazil-s-rousseff-urges-nations-to-halt-currency-war-1-.html>

¹⁸ Brazil Urges WTO to Take Action on Currency Moves as Chinese Imports Surge, Bloomberg (New York) 19 September 2011. Date of Access 26 September 2011. <http://www.bloomberg.com/news/2011-09-19/brazil-seeks-wto-talks-on-measures-to-regulate-currency-exchange-rates.html>

that would hurt exporters and domestic production.” The real fell as much as 2 per cent against the dollar, the largest drop since June 2010, after the announcement.¹⁹

On 8 July 2011, the Central Bank of Brazil announced in an e-mailed statement that banks have to make non-interest bearing deposits with the central bank equivalent to 60 per cent of short dollar positions that exceed USD1 billion dollars or their capital base, whichever is smaller.²⁰

In a 16 April 2011 statement to the International Monetary and Financial Committee in Washington D.C., Brazilian Finance Minister Guido Mantega pointed to advanced economies’ expansionary monetary policy and export-driven economic recovery plans as factors that lead emerging economies like Brazil to use capital controls to protect themselves from volatile capital flows and overvalued exchange rates.²¹ Minister Mantega insisted that “Brazil, for one, is doing and will continue to do whatever it thinks is necessary and adequate to its circumstances to face the challenges arising from large and volatile capital flows.”²²

On 29 March 2011, the Brazilian government announced an increase – to 6 per cent – in taxes on international bond sales and loans with average minimum one-year maturities.²³

In January 2011 The Brazilian central bank set reserve requirements for Brazilian banks’ holdings of short dollar positions and also purchased dollars in foreign exchange markets for the first time in twenty-one months.²⁴

Brazil failed to comply with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency. Thus Brazil has been awarded a score of -1.

Analyst: Kenson Tong

Canada: +1

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

¹⁹ Brazil Real Slides as Government Taxes Foreign-Exchange Derivative Trading, Bloomberg (New York) 27 July 2011. Date of Access 26 September 2011. <http://www.bloomberg.com/news/2011-07-27/brazil-real-slides-as-government-taxes-foreign-exchange-derivative-trading.html>

²⁰ Brazil Central Bank Moves to Curb Short Dollar Bets and Rein in Real Rally, Bloomberg (New York) 11 July 2011. Date of Access 26 September 2011. <http://www.bloomberg.com/news/2011-07-11/brazil-central-bank-moves-to-curb-short-dollar-bets-and-rein-in-real-rally.html>

²¹ Statement by Mr. Guido Mantega Minister of Finance of Brazil On Behalf of the Constituency comprising Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname and Trinidad and Tobago, International Monetary and Finance Committee (Washington) 14 April 2011. Date of Access 7 June 2011. <http://www.imf.org/External/spring/2011/imfc/statement/eng/bra.pdf>

²² Statement by Mr. Guido Mantega Minister of Finance of Brazil On Behalf of the Constituency comprising Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname and Trinidad and Tobago, International Monetary and Finance Committee (Washington) 14 April 2011. Date of Access 7 June 2011. <http://www.imf.org/External/spring/2011/imfc/statement/eng/bra.pdf>

²³ Brazil Imposes 6% Tax on International Bonds Due to Curb Real Appreciation, Bloomberg (New York) 29 March 2011. Date of Access 7 June 2011. <http://www.bloomberg.com/news/2011-03-29/brazil-imposes-6-tax-on-international-bond-sales-to-curb-real-s-advance.html>

²⁴ Brazil Imposes 6% Tax on International Bonds Due to Curb Real Appreciation, Bloomberg (New York) 29 March 2011. Date of Access 7 June 2011. <http://www.bloomberg.com/news/2011-03-29/brazil-imposes-6-tax-on-international-bond-sales-to-curb-real-s-advance.html>

On 24 September 2011, Canadian Finance Minister Jim Flaherty reiterated Canada's commitment to price stability with talk of expanding the Special Drawing Right (SDR) basket of currencies.²⁵ Harper said Canadian monetary authorities were only prepared to intervene in the currency market if they deem movements in the currency were contrary to the country's interests and not being driven by actual underlying fundamentals.²⁶ "We understand there are upward pressures on the Canadian dollar," Harper said. "As long as we think those are economically based, the government is committed to flexible exchanges."²⁷

Prime Minister Stephen Harper has however made clear that he is prepared to act to stem the appreciation of his country's currency caused by speculative inflows of capital.²⁸ He insists that while it is unlikely for Canada to endure an "extreme" capital influx owing to the country's close economic ties to the U.S., the Bank of Canada isn't likely to tolerate any appreciation that undermines the Canadian economy.²⁹

On 17 March 2011, the G7 Finance Ministers and Central Bank Governors released a statement to address the dramatic events in Japan. The finance ministers expressed solidarity with the Japanese people. In response to the movements in the exchange rate of the yen resulting from the tragic events, the authorities of the United States, the United Kingdom, Canada, and the European Central Bank announced that they would join with Japan, on 18 March 2011, in concerted intervention in exchange markets. They said, "As we have long stated, excess volatility and disorderly movements in exchange rates have adverse implications for economic and financial stability. We will monitor exchange markets closely and will cooperate as appropriate."³⁰

On 26 March 2011, Bank of Canada Governor Mark Carney presented at the Annual Meeting of the Inter-American Development Bank in Alberta. Governor Carney proposed a global code of conduct for capital flows. He said, "our long-term objective should be a well-functioning international monetary system that delivers sufficient nominal stability in exchange rates and domestic prices, with timely adjustment to shocks and structural change."³¹

²⁵ The Honorable Jim Flaherty Minister of Finance relays the Statement Prepared for the International Monetary and Financial Committee of the Board of Governors of the IMF. Department of Finance Canada. 24 September 2011. Date of Access: 1 October 2011.

<http://www.imf.org/External/AM/2011/imfc/statement/eng/can.pdf>

²⁶ Harper Says Canada Would Prevent Speculative Dollar Move, Bloomberg (New York) September 21, 2011. Date of Access: 2 October 2011. <http://www.bloomberg.com/news/2011-09-21/harper-says-canada-would-act-to-prevent-any-speculative-move-in-the-dollar.html>

²⁷ Harper Says Canada Would Prevent Speculative Dollar Move, Bloomberg (New York) September 21, 2011. Date of Access: 2 October 2011. <http://www.bloomberg.com/news/2011-09-21/harper-says-canada-would-act-to-prevent-any-speculative-move-in-the-dollar.html>

²⁸ Harper Says Canada Would Prevent Speculative Dollar Move, Bloomberg (New York) September 21, 2011. Date of Access: 2 October 2011. <http://www.bloomberg.com/news/2011-09-21/harper-says-canada-would-act-to-prevent-any-speculative-move-in-the-dollar.html>

²⁹ Harper Says Canada Would Prevent Speculative Dollar Move, Bloomberg (New York) September 21, 2011. Date of Access: 2 October 2011. <http://www.bloomberg.com/news/2011-09-21/harper-says-canada-would-act-to-prevent-any-speculative-move-in-the-dollar.html>

³⁰ Bank of Canada Governor Mark Carney discusses Challenges Posed by Globalization, Proposes Global Code of Conduct for Capital Flows. Bank of Canada. (Ottawa) 26 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/governor-mark-carney-discusses-challenges/>

³¹ Bank of Canada Governor Mark Carney discusses Challenges Posed by Globalization, Proposes Global Code of Conduct for Capital Flows. Bank of Canada. (Ottawa) 26 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/governor-mark-carney-discusses-challenges/>

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

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

Analysts: Natasha Britto and Ivana Jankovic

China: 0

China has partially complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency. Specifically, China has not fulfilled its commitment to move toward a market-determined exchange rate system, but it has refrained from competitive devaluation of its currency.

On 4 October 2011, in response to the legislation of the Currency Exchange Rate Oversight Reform Act of 2011 in the U.S., China showed its strong opposition to the Act, stating that it “severely violates the [World Trade Organization (WTO)] rules and obstructs China-US economic relations and trade.”

The People’s Bank of China released a statement showing its disagreement with the legislation and stated “RMB has appreciated remarkably in real terms and is moving closer to its equilibrium level taking domestic inflation into account.” It also criticized the Act as it might “seriously affect the progress of China’s reform of the exchange rate regime and might also result in a trade war that no one would like to see.”³²

Foreign Ministry Spokesperson Ma Zhaoxu pointed out that the RMB has appreciated by 7 per cent against the U.S. dollar since China decided to further the reform of the exchange rate regime in June 2010. This appreciation indicates China’s determination to improve the managed floating exchange rate regime and increase the flexibility of the RMB exchange rate in a self-initiated, gradual and controllable progress, as stated in the Remarks on the U.S. Senate’s RMB Exchange Rate-Related Bill.³³ In fact, another Foreign Ministry Spokesperson Jiang Yu expressed similar views on this issue on 14 September 2011³⁴ and 7 September 2011³⁵ in the regular press conference before the Bill was passed.

³² People’s Bank of China on the U.S. Senate’s Voting to Consider Currency Exchange Rate Oversight Reform Act of 2011 on Oct , The People’s Bank of China (Beijing) 4 October 2011. Date of Access: 9 October 2011. <http://www.pbc.gov.cn/publish/english/955/2011/20111004174509537934640/20111004174509537934640.html>

³³ Foreign Ministry Spokesperson Ma Zhaoxu’s Remarks on the US Senate’s RMB Exchange Rate-Related Bill, Ministry of Foreign Affairs of the People’s Republic of China (Beijing) 4 October 2011. Date of Access: 9 October 2011. <http://www.fmprc.gov.cn/eng/xwfw/s2510/2535/t865577.htm>

³⁴ Foreign Ministry Spokesperson Jiang Yu’s Regular Press Conference on September 14, 2011, Ministry of Foreign Affairs of the People’s Republic of China (Beijing) 15 September 2011. Date of Access: 8 October 2011. <http://www.fmprc.gov.cn/eng/xwfw/s2510/2511/t860124.htm>

³⁵ Foreign Ministry Spokesperson Jiang Yu’s Regular Press Conference on September 7, 2011, Ministry of Foreign Affairs of the People’s Republic of China (Beijing) 8 September 2011. Date of Access: 8 October 2011. <http://www.fmprc.gov.cn/eng/xwfw/s2510/2511/t857055.htm>

On 7 September 2011, the Government of China released a white paper on peaceful development. In the section “Implementing the opening-up strategy of mutual benefit,” China promised to improve the managed, floating exchange rate system based on market supply and demand, and make the renminbi convertible under capital account in a phased way. Chinese officials believe this would create better conditions for maintaining the stability of international currencies...and promoting the sound development of economic globalization.³⁶

On 23 June 2011, the People’s Bank of China signed a new bilateral local currency settlement agreement with the Central Bank of the Russian Federation in Russia. According to the new agreement, “economic entities from both countries will be able to conduct settlements and payments for trade of goods and services with a currency of their choice, either a freely convertible currency, RMB or the ruble.” The agreement was expected to deepen financial cooperation and promote bilateral trade and investment between China and Russia.³⁷ In addition, a similar bilateral local currency agreement with an amount of RMB7 million was signed between China and Kazakhstan in Astana on 13 June 2011.³⁸

On 27 May 2011, the United States Department of the Treasury released a Report to Congress on International Economic and Exchange Rate Policies, which included a report on Chinese exchange rate policy. The report noted that China has allowed the renminbi to appreciate against the dollar roughly 9 per cent in real terms since it announced its intention to do so before the Toronto G20 Summit in June 2010.³⁹ However, the report also noted “a more rapid pace of nominal appreciation would enable China to achieve the needed adjustment in the real value of its currency, while simultaneously reducing inflationary pressures in its economy.”⁴⁰

From 18-21 January 2011, President Hu Jintao met with United States President Barack Obama in Washington. The meeting produced the “China-U.S Joint Statement” which outlines several commitments by each country, including a commitment to build a comprehensive and mutually beneficial economic partnership. China committed to “continue to promote RMB exchange rate reform, enhance RMB exchange rate flexibility, and promote the transformation of its economic development model.”⁴¹

In the past year, China has introduced a number of additional measures as part of the incremental easing of restrictions on the convertibility of the renminbi and its use by foreigners: exporters are able to keep foreign exchange income offshore without converting it back into renminbi; and,

³⁶ China issues white paper on peaceful development. Ministry of Foreign Affairs of the People’s Republic of China, (Beijing) 7 September 2011. Date of Access: 8 October 2011.

<http://www.fmprc.gov.cn/eng/zxxx/t856325.htm>

³⁷ China and Russia Signed New Bilateral Local Currency Settlement Agreement, The People’s Bank of China (Beijing) 23 June 2011. Date of Access: 9 October 2011. http://www.pbc.gov.cn/publish/english/955/2011/20110630151646500985220/20110630151646500985220_.html

³⁸ China and Kazakhstan Signed Local Currency Swap Agreement, The People’s Bank of China (Beijing) 13 June 2011. Date of Access: 9 October 2011. http://www.pbc.gov.cn/publish/english/955/2011/20110620094736003275160/20110620094736003275160_.html

³⁹ Report to Congress on International Economic and Exchange Rate Policies, United States Treasury Department (Washington) 27 May 2011. Date of Access: 7 June 2011. <http://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/FX%20Report%20Final%205-27-11.pdf>

⁴⁰ Report to Congress on International Economic and Exchange Rate Policies, United States Treasury Department (Washington) 27 May 2011. Date of Access: 7 June 2011. <http://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/FX%20Report%20Final%205-27-11.pdf>

⁴¹ China-U.S. Joint Statement (Washington) Ministry of Foreign Affairs of the People’s Republic of China. (Beijing) 20 January 2011. Date of Access: 22 April 2011. <http://www.fmprc.gov.cn/eng/zxxx/t788173.htm>

under a pilot scheme announced by the People's Bank of China, mainland enterprises can conduct direct overseas investment using renminbi. At the same time, domestic banks are now required to maintain a minimum foreign exchange position set at the level held on 8 November 2010.⁴²

However, Chinese officials have released statements that indicate that exchange rate reform will be gradual and in line with Chinese economic objectives. On 14 January 2011, Cui Tiangkai, a vice foreign minister reiterated that China will not concede to foreign demands for faster gains in the yuan and will instead continue its gradualist approach to currency reform. Tiangkai noted that, "reform of the exchange rate formation mechanism for the renminbi ... is based on China's own developmental interests and needs, and is not in response to demands from another country."⁴³

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

Analysts: Kenson Tong & Ivana Jankovic

France: +1

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

France is a member of the European Union, the economic and political alliance of 27 European member states. The EU prohibits the devaluation of currencies thus France is unable to engage in the process without risking its membership in the organization.⁴⁴ The European Central Bank manages the foreign exchange reserves and can intervene in foreign exchange markets to influence the exchange rate of the euro.⁴⁵

On 8 August 2011, France, as a member of the G7, reiterated its support for market-determined rates and a stable financial system. The Group of Seven Finance Ministers and Central Bank Governors issued the following statement, "Excess volatility and disorderly movements in exchange rates have adverse implications for economic and financial stability. We will consult closely in regard to actions in exchange markets and will cooperate as appropriate."⁴⁶

On 18 March 2011, France, as a member of the G7, agreed to intervene in global currency markets to prevent undue appreciation of the yen in an effort coordinated by G7 finance ministers to stabilize the Japanese economy in the wake of the earthquake and tsunami in early March. In a statement, G7 Finance Ministers declared, "excess volatility and disorderly movements in

⁴² China Yuan Down Late After Central Bank Guides Currency Lower, The Wall Street Journal (Shanghai) 12 May 2011. Date of Access: 12 May 2011. <http://online.wsj.com/article/BT-CO-20110512-706443.html>

⁴³ China defends Yuan policy ahead of Hu's U.S. trip, Reuters (Beijing) 14 January 2011. Date of Access: 22 April 2011. <http://www.reuters.com/article/2011/01/14/us-china-usa-hu-idUSTRE70D16E20110114>

⁴⁴ Euro, New York Times Topics (New York) 5 February 2011. Date of Access: 27 February 2011. <http://topics.nytimes.com/top/reference/timestopics/subjects/c/currency/euro/index.html?scp=1&sq=italy%20currency%20devaluation&st=cse>

⁴⁵ Foreign Exchange Operations, European Central Bank (EU) Date of Access: 27 March 2011. <http://www.ecb.int/ecb/orga/tasks/html/foreign-exchange.en.html>

⁴⁶ Statement of G7 Finance Ministers and Central Bank Governors, French Ministry of Economy, Finance and Industry. (Paris) Date of Access: 28 September 2011. <http://www.economie.gouv.fr>

exchange rates have adverse implications for economic and financial stability. We will monitor exchange markets closely and will cooperate as appropriate.”⁴⁷

On 18-19 February 2011, France hosted the G20 finance ministers and heads of the central banks of the G20 member states. During the meeting, President Nicolas Sarkozy reiterated France’s commitment to market-determined exchange rates. President Sarkozy noted that his priorities as host of the 2011 G8 and G20 Summits include “moving toward more market-determined exchange rate systems, enhancing exchange rate flexibility to reflect underlying economic fundamental and refraining from competitive devaluation of currencies and assessing the state of global financial imbalances.”⁴⁸

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

Analysts: Jasmine Hamade and Ivana Jankovic

Germany: +1

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

Germany is a member of the European Union, the economic and political alliance of 27 European member states. The EU prohibits the devaluation of currencies thus Germany is unable to engage in the process without risking its membership in the organization.⁴⁹ The European Central Bank manages the foreign exchange reserves and can intervene in foreign exchange markets to influence the exchange rate of the euro.⁵⁰

On 8 August 2011, Germany, as a member of the G7, reiterated its support for market-determined rates and a stable financial system. The G7 Finance Ministers and Central Bank Governors issued the following statement, “Excess volatility and disorderly movements in exchange rates have adverse implications for economic and financial stability. We will consult closely in regard to actions in exchange markets and will cooperate as appropriate.”⁵¹

⁴⁷ Statement of G7 Finance Ministers and Central Bank Governors, Bank of Canada (Ottawa) 17 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/statement-of-g7-finance/>

⁴⁷ Bank of Canada Governor Mark Carney discusses Challenges Posed by Globalization, Proposes Global Code of Conduct for Capital Flows, Bank of Canada (Ottawa) 26 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/governor-mark-carney-discusses-challenges/>

⁴⁸ Nicolas Sarkozy’s Speech to the G20 Ministers of Finances, French G8-G20 Presidency (Paris) 18 February 2011. Date of Access 7 June 2011. <http://www.g20-g8.com/g8-g20/g20/english/for-the-press/speeches/nicolas-sarkozy-s-speech-to-the-g20-ministers.971.html>

⁴⁹ Euro, New York Times Topics (New York) 5 February 2011. Date of Access: 27 February 2011. <http://topics.nytimes.com/top/reference/timestopics/subjects/c/currency/euro/index.html?scp=1&sq=italy%20currency%20devaluation&st=cse>

⁵⁰ Foreign Exchange Operations, European Central Bank (EU) Date of Access: 27 March 2011. <http://www.ecb.int/ecb/orga/tasks/html/foreign-exchange.en.html>

⁵¹ Statement of G7 Finance Ministers and Central Bank Governors, French Ministry of Economy, Finance and Industry (Paris) Date of Access: 28 September 2011. <http://www.economie.gouv.fr>

On 18 March 2011, Germany, as a member of the G7, agreed to intervene in global currency markets to prevent undue appreciation of the yen in an effort coordinated by G7 finance ministers to stabilize the Japanese economy in the wake of the earthquake and tsunami in early March. In a statement, G7 Finance Ministers declared, “excess volatility and disorderly movements in exchange rates have adverse implications for economic and financial stability. We will monitor exchange markets closely and will cooperate as appropriate.”⁵²

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

Analyst: Jason Li

India: 0

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

The aim of India’s policy action is to counter the depreciation of the rupee and the surging inflation, thus ensuring price stability. It is not engaging in competitive devaluation of its currency, but it is still intervening in the foreign exchange market in order to stem the decline the rupee.

Price stability remains India’s highest priority. Mumbai-based emerging Asia economic at Bank of America stated that the Reserve Bank of India’s “top priority is [to curb] inflation despite concerns about global turmoil.”⁵³

Yet, in spite of the Reserve Bank of India’s aggressive campaign against inflation, the rupee hit a two-year low at INR48.23 against the dollar on 20 September 2011. Action by the Reserve Bank of India (RBI), which raised interest rates 12 times in the past 19 months, has done little for price stability. “The depreciation that has happened in the rupee when compared to the other Asian currencies vis-à-vis the dollar is the sharpest. In fact, year-to-date, the rupee has depreciated 7.1 per cent against the dollar.”⁵⁴

On 16 September 2011, the Reserve Bank of India increased the repurchase rate to 8.25 per cent from 8 per cent.

On 10 May 2011, Reserve Bank of India Governor Duvvuri Subbarao said that the exchange rate of the Indian rupee has been flexible over the past two years and that the central bank had not

⁵² Statement of G7 Finance Ministers and Central Bank Governors, Bank of Canada (Ottawa) 17 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/statement-of-g7-finance/>

⁵³ Bank of Canada Governor Mark Carney discusses Challenges Posed by Globalization, Proposes Global Code of Conduct for Capital Flows, Bank of Canada (Ottawa) 26 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/governor-mark-carney-discusses-challenges/>

⁵³ India Raises Benchmark Rate as Subbarao Breaks Ranks with BRIC Economies, Bloomberg (New Delhi) September 16 2011. Date of Access: October 5 2011. <http://www.bloomberg.com/news/2011-09-16/india-raises-benchmark-rate-as-subbarao-breaks-ranks-with-bric-economies.html>

⁵⁴ Rupee: This May Not Yet Be the Bottom, Financial Times (London) 20 September 2011. Date of Access: 5 October 2011. <http://blogs.ft.com/beyond-brics/2011/09/20/rupee-this-may-not-yet-be-the-bottom/#axzz1ZnsymwRM>

intervened in the currency market.⁵⁵ Governor Subbarao said that the RBI's policy of foreign exchange management has permitted the exchange rate to act as a buffer in that it depreciates to help the economy when it is weak and appreciate to reduce excess demand when it is strong. Governor Subbarao also stated, "The policy has also minimized the danger that foreign inflows would be attracted by 'one-way bets' on appreciation, or domestic firms would borrow excessively from abroad without hedging their exposure."⁵⁶

Governor Subbarao also affirmed that the choice to nurture a floating exchange rate is in India's "collective interests."⁵⁷ Further, the Reserve Bank of India vowed to "not be part of currency wars" and to have exchange rates "determined by market fundamentals."⁵⁸

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

Analyst: Natasha Britto

Indonesia: 0

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

On 23 September 2011, the Bank of Indonesia and the Indonesian Ministry of Finance made concerted efforts to stem the decline of the rupiah in the foreign exchange and debt markets. Governor of the Bank of Indonesia Darmin Nasution stated that "if the selling pressure remains strong, Bank of Indonesia will continue to intervene" in the market.⁵⁹ In this endeavour, "Bank of Indonesia reportedly spent USD200 million to intervene in the currency market."⁶⁰ With substantial market intervention in the form of selling foreign exchange reserves, Indonesia does not fully maintain its commitment to move towards a market-determined exchange rate.

The Bank of Indonesia's main functions are to maintain "a stable rupiah for goods and services, reflected by the inflation rate and also exchange rate stability against other foreign currencies, which is reflected by rupiah performance against other foreign currencies."⁶¹ Since the Seoul

⁵⁵ India's Capital Inflow Concerns East, The Wall Street Journal (New York) 10 May 2011. Date of Access: 20 May 2011. http://online.wsj.com/article/SB10001424052748703864204576314762448606074.html?mod=WSJ_topics_obama

⁵⁶ India's Capital Inflow Concerns East, The Wall Street Journal. 10 May 2011. Date of Access: 20 May 2011. http://online.wsj.com/article/SB10001424052748703864204576314762448606074.html?mod=WSJ_topics_obama

⁵⁷ India Will Not Be Part of Currency Wars, The Times of India (Mumbai) 25 February 2011. Date of Access: 15 March 2011. <http://timesofindia.indiatimes.com/business/india-business/India-will-not-be-part-of-currency-wars-Subbarao/articleshow/7566505.cms>.

⁵⁸ India Will Not Be Part of Currency Wars, The Times of India (Mumbai) 25 February 2011. Date of Access: 15 March 2011. <http://timesofindia.indiatimes.com/business/india-business/India-will-not-be-part-of-currency-wars-Subbarao/articleshow/7566505.cms>.

⁵⁹ BI, MOF Help Prompts Rupiah, Bond Rebound, Jakarta Globe (Jakarta) 23 September 2011. Date of Access: 9 October 2011. <http://www.thejakartaglobe.com/markets/bi-mof-help-prompts-rupiah-bond-rebound/467350>.

⁶⁰ BI Spends Billions to Save Rupiah, Jakarta Globe (Jakarta) 8 October 2011. Date of Access: 9 October 2011. <http://www.thejakartaglobe.com/home/bi-spends-billions-to-save-rupiah/470327>.

⁶¹ Status of the Bank of Indonesia. Bank of Indonesia. Date of Access: 24 March 2011. <http://www.bi.go.id/web/id/>

Summit, the Bank of Indonesia has implemented several new policies intended to control short-term foreign capital flows, including placing limits on Indonesian banks' short-term external borrowing to no more than 30 per cent of the banks' capital.⁶²

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

Analysts: Gaston Alegre and Ava-Dayna Sefa

Italy: +1

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

Italy is a member of the European Union, the economic and political alliance of 27 European member states. The EU prohibits the devaluation of currencies thus Italy is unable to engage in exchange rate intervention without risking its membership in the organization.⁶³

On 8 August 2011, Italy, as a member of the G7, reiterated its support for market-determined rates and a stable financial system. The Group of Seven Finance Ministers and Central Bank Governors issued the following statement, "Excess volatility and disorderly movements in exchange rates have adverse implications for economic and financial stability. We will consult closely in regard to actions in exchange markets and will cooperate as appropriate."⁶⁴

On 18 March 2011, Italy, as a member of the G7, agreed to intervene in global currency markets to prevent undue appreciation of the yen in an effort coordinated by G7 finance ministers to stabilize the Japanese economy in the wake of the earthquake and tsunami in early March. In a statement, G7 Finance Ministers declared, "excess volatility and disorderly movements in exchange rates have adverse implications for economic and financial stability. We will monitor exchange markets closely and will cooperate as appropriate."⁶⁵

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

Analysts: Krystel Montpetit and Irene Noemy-Magharian

⁶² 2010 Economic Report on Indonesia, Bank of Indonesia (Jakarta) 6 May 2011. Date of Access 8 June 2011. <http://www.bi.go.id/NR/rdonlyres/365FA82B-A53E-40C6-A609-436E8D5BB2AF/22918/ChapterIV1.zip>

⁶³ Euro, New York Times Topics (New York) 5 February 2011. Date of Access: 27 February 2011. <http://topics.nytimes.com/top/reference/timestopics/subjects/c/currency/euro/index.html?scp=1&sq=italy%20currency%20devaluation&st=cse>

⁶⁴ Statement of G7 Finance Ministers and Central Bank Governors, French Ministry of Economy, Finance and Industry (Paris) Date of Access: 28 September 2011. <http://www.economie.gouv.fr>

⁶⁵ Statement of G7 Finance Ministers and Central Bank Governors, Bank of Canada (Ottawa) 17 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/statement-of-g7-finance/>

⁶⁵ Bank of Canada Governor Mark Carney discusses Challenges Posed by Globalization, Proposes Global Code of Conduct for Capital Flows, Bank of Canada (Ottawa) 26 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/governor-mark-carney-discusses-challenges/>

Japan:-1

Japan has not complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency. Specifically, Japan has not made progress in moving toward a more market-determined exchange rate and has not refrained from competitive devaluation of its currency.

Since the Japanese currency has been driven higher in the past few months as investors have sought a haven from concerns over Eurozone and US debt and a slowing global economy, Japan has taken active policy action to slow the appreciation of the yen by intervening in the foreign exchange market.

On 29 September 2011, the Japanese authorities announced their plan to boost their funds for foreign exchange market interventions by raising the cap on the issuance of short-term financing bills to JPY165 trillion from the current JPY150 trillion.⁶⁶ Japanese Finance Minister Jun Azumi told reporters that the plan will enable the government to "take flexible and decisive action" in the Forex market.⁶⁷ This means that Japan will have more leeway in case it needs to step in the market to counter speculators pushing up the yen.

From 28 July 2011 to 29 August 2011, the Japanese Ministry of Finance and Strategy intervened in the foreign exchange market by selling an unprecedented total of JPY4,512.9 billion in a bid to weaken the yen.⁶⁸ This unilateral intervention in the foreign exchange market by the Japanese Ministry of Finance and Strategy, intended to slow down the appreciation of the yen and boost economic growth, marks a divergence from its last intervention on 18 March 2011, when it was backed by the G-7.

Yukio Edano, Japan's Chief Cabinet Secretary was quoted as saying that the government stepped in at the right moment. "Recent currency moves were one-sided and could have hurt the economy and, considering this, the intervention was timely," Edano told local reporters.⁶⁹ The Governor of the Central Bank of Japan stated, "The Bank of Japan strongly expects that the action taken by the Ministry of Finance in the foreign exchange market will contribute to stable price formation in the market"⁷⁰

At its Monetary Policy Meeting, held on 4 August 2011, the members of the Policy Board of the Bank of Japan also concurred to ease monetary policy by boosting asset purchases. The Policy Board stated that it would increase the total size of the Asset Purchase Program by about

(a) ⁶⁶ Japan MOF Plans To Boost Forex Intervention Fund, Marketnews International (Tokyo) 29 September 2011. Date of Access: October 2 2011. <http://www.reuters.com/article/2011/09/30/japan-economy-azumi-idUSL3E7KU03T20110930>

⁶⁷ Japan to boost FX intervention fund by 15 trillion yen, Reuters (Tokyo) 29 September 2011. Date of Access: October 1 2011. <https://mninews.deutsche-boerse.com/index.php/japan-mof-plans-boost-forex-intervention-fund?q=content/japan-mof-plans-boost-forex-intervention-fund>

⁶⁸ Foreign Exchange Intervention Operations, 28 July 2011-29 August 2011, Bank of Japan (Tokyo) 31 August 2011. Date of Access: 1 October 2011. http://www.mof.go.jp/english/international_policy/reference/feio/monthly/110831.htm

⁶⁹ Japan takes unilateral action to counter currency appreciation, Centralbanking.com (Tokyo) 4 August 2011. Date of access: 23 September 2011. <http://www.centralbanking.com/central-banking/news/2099491/japan-takes-unilateral-action-counter-currency-appreciation>

⁷⁰ Statement by the Governor, Speeches and Statements 2011, Bank of Japan (Tokyo) 4 August 2011. Date of Access: 23 September 2011. <http://www.boj.or.jp/en/announcements/press/danwa/dan1108a.htm/>

JPY10 trillion from about JPY40 trillion to about JPY50 trillion.⁷¹ Since increasing the money supply tends to depreciate a country's currency, this quantitative easing measure adopted by the Bank of Japan falls within the scope of this commitment.

The Minutes of the Japanese Central Bank's Policy Monetary Meeting on 11-12 July 2011, which were released on 9 August 2011, confirmed the continuation of the Central Bank's three-pronged approach of pursuing powerful monetary easing consisting of comprehensive monetary easing, ensuring financial market stability and providing support to strengthen the foundations for economic growth.⁷² Central Bank officials stipulated that this approach was crucial in order for the Japanese economy to overcome deflation and return to a sustainable growth path with price stability.⁷³

The minutes also report that one member of the Central Bank said, "the potential need for additional monetary easing by affecting longer-term interest rates has not yet decreased, given that there is a risk that the time necessary to achieve price stability would be prolonged."⁷⁴

On 27 May 2011, the United States Department of the Treasury released a Report to Congress on International Economic and Exchange Rate Policies, which included a report on Japanese exchange rate policy. The report notes that "Japan maintains a floating exchange rate regime, but its authorities have intervened in the past, both individually and jointly with the G7 to counter disorderly conditions in the market. Japanese authorities recently have intervened twice in foreign exchange markets, once alone on September 15, 2010, and jointly with the G7 on March 18, 2011."⁷⁵

On 18 March 2011 Japan requested assistance from G7 finance ministers to prevent undue appreciation of the yen in the wake of the earthquake and tsunami in early March. In response, G7 finance ministers organized a coordinated intervention in foreign currency markets to stabilize the yen. In a statement, G7 Finance Ministers declared, "excess volatility and disorderly movements in exchange rates have adverse implications for economic and financial stability. We will monitor exchange markets closely and will cooperate as appropriate."⁷⁶

⁷¹ Enhancement of Monetary Easing, Releases 2011, Bank of Japan (Tokyo) 4 August 2011. Date of Access: 23 September 2011. http://www.boj.or.jp/en/announcements/release_2011/k110804a.pdf

⁷² Minutes of the Monetary Policy Meeting on July 11 and 12, 2011, Bank of Japan (Tokyo) 9 August 2011. Date of Access: October 1st 2011.

http://www.boj.or.jp/en/mopo/mpmsche_minu/minu_2011/g110804.pdf

⁷³ Minutes of the Monetary Policy Meeting on July 11 and 12, 2011, Bank of Japan (Tokyo) 9 August 2011. Date of Access: October 1st 2011.

http://www.boj.or.jp/en/mopo/mpmsche_minu/minu_2011/g110804.pdf

⁷⁴ Minutes of the Monetary Policy Meeting on July 11 and 12, 2011, Bank of Japan (Tokyo) 9 August 2011. Date of Access: October 1st 2011.

http://www.boj.or.jp/en/mopo/mpmsche_minu/minu_2011/g110804.pdf

⁷⁵ Report to Congress on International Economic and Exchange Rate Policies, United States Treasury Department (Washington) 27 May 2011. Date of Access 7 June 2011. <http://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/FX%20Report%20Final%205-27-11.pdf>

⁷⁶ Statement of G7 Finance Ministers and Central Bank Governors, Bank of Canada (Ottawa) 17 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/statement-of-g7-finance/>

The Bank of Japan continues to maintain a loose monetary policy, with the Policy Board unanimously ruling to keep its benchmark policy rate at a range of 0-0.1 per cent.⁷⁷ This policy is likely to continue until the current trend of low levels of inflation begins to improve. The Japanese authorities have actively intervened in open market operations to curb the appreciation of the yen.

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

Analysts: Krystal Montpetit and Gaston Alegre

Korea: -1

Korea has not complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency. Specifically, Korea has not made progress in moving toward a more market-determined exchange rate and has not refrained from competitive devaluation of its currency.

From December 2010 until September 2011, Korea took active policy action to stem the appreciation of the won by using various capital controls to curb large capital inflows. In light of the sudden capital outflows that began in mid-September, Korean authorities reversed their policy and started intervening in the foreign exchange market against the depreciation of the won.

From 19 September to 23 September 2011, the Bank of Korea, which acted on behalf of the Korean Finance Ministry, intervened to sell dollars each day of the week in an effort to stem a sharp slide in the won and stabilize the currency in light of the sudden capital outflows.⁷⁸ On 23 September 2011 alone, the Central Bank sold around USD4 billion, bringing the dollar down from a high of KRW1,196 to close at KRW1,166.⁷⁹

On 22 September 2011, Korean Finance Minister Bahk Jae-wan called on the Group of 20 to come up with “near-term steps to stabilize global markets.”⁸⁰

On 7 September 2011, the Korean Ministry of Strategy and Finance revealed its plan to impose a 14 per cent tax on all interest incomes earned from foreign currency bonds sold in the country, which are commonly known as Kimchi bonds.⁸¹ Granting it wins parliamentary

⁷⁷ Enhancement of Monetary Easing, Releases 2011, Bank of Japan (Tokyo) 4 August 2011. Date of Access: 23 September 2011. http://www.boj.or.jp/en/announcements/release_2011/k110804a.pdf

⁷⁸ South Korea caps week of fierce won defense, The Wall Street Journal (New York) 23 September 2011. Date of Access: 24 September 2011. http://online.wsj.com/article/SB10001424053111904563904576588242138009476.html?mod=rss_asia_whats_news

⁷⁹ South Korea caps week of fierce won defense, The Wall Street Journal (New York) 23 September 2011. Date of Access: 24 September 2011. http://online.wsj.com/article/SB10001424053111904563904576588242138009476.html?mod=rss_asia_whats_news

⁸⁰ South Korea caps week of fierce won defense, The Wall Street Journal (New York) 23 September 2011. Date of Access: 24 September 2011. http://online.wsj.com/article/SB10001424053111904563904576588242138009476.html?mod=rss_asia_whats_news

⁸¹ Seoul plans tax on foreign currency bonds, Financial Times (London) 7 September 2011. Date of Access: 24 September 2011. <http://www.ft.com/intl/cms/s/0/ab38add6-d936-11e0-884e-00144feabdc0.html#axzz1ZZCo8lgM>

approval, the new proposal will be effective in 2012.⁸² The tax is the Ministry's latest effort to curb capital inflows since the beginning of the year in order to reign in the current high levels of appreciation on the Korean won. On the same day, the Ministry also put forth its proposal to introduce a tax on profits from some derivatives products such as the yen-swap deposits from 2012.⁸³

On 1 August 2011, the measure introducing a levy of up to 0.2 per cent imposed on foreign debt owed by banks, which was approved by the Korean parliament on 20 April 2011, took effect.⁸⁴ The new regulation applies to non-deposit foreign debt at commercial banks, Korea Development Bank, Export-Import Bank of Korea, Industrial Bank of Korea, credit business units of the agricultural and fisheries cooperatives' and Korea Finance Corp.⁸⁵ The bank levy is part of a series of measures aimed at controlling surging capital inflows to temper the appreciation of the won, along with controls on the amount of foreign currency derivatives at banks and an unwinding of a tax waiver on foreign investment in domestic government bonds.⁸⁶

On 19 July 2011, the Korea Ministry of Strategy and Finance announced that it would impose a ban on foreign and domestic financial companies to buy bonds denominated in a foreign currency that are sold in Korea if the issuer intends to swap the proceeds into won.⁸⁷ "The introduction of this new regulation came as the country's currency has gained nearly 6 per cent against the US dollar this year to become one of the world's fastest appreciating currencies."⁸⁸ The new tightened measure is part of the Korean government's efforts to temper the rising won.

An examination conducted by the Korean bank and financial regulators revealed that about 70 per cent of proceeds from kimchi bonds were converted into won for domestic use, thus defeating the regulations limiting overseas borrowings for use in the country.⁸⁹ Even with the

⁸² Seoul plans tax on foreign currency bonds, Financial Times (London) 7 September 2011. Date of Access: 24 September 2011. <http://www.ft.com/intl/cms/s/0/ab38add6-d936-11e0-884e-00144feabdc0.html#axzz1ZZCo8lgM>

⁶⁵ Seoul plans tax on foreign currency bonds, Financial Times (London) 7 September 2011. Date of Access: 24 September 2011. <http://www.ft.com/intl/cms/s/0/ab38add6-d936-11e0-884e-00144feabdc0.html#axzz1ZZCo8lgM>

⁸⁴ Macro-prudential stability levy to be imposed from August 1, 2011, Press Releases, Bank of Korea (Seoul) 20 April 2011. Date of Access: September 29 2011.

<http://english.mosf.go.kr/pre/view.do?bcd=N0001&seq=2595&bPage=8>

⁸⁵ Macro-prudential stability levy to be imposed from August 1, 2011, Press Releases, Bank of Korea (Seoul) 20 April 2011. Date of Access: September 29 2011.

<http://english.mosf.go.kr/pre/view.do?bcd=N0001&seq=2595&bPage=8>

⁸⁶ Seoul takes kimchi bonds off the menu, Financial Times (London) 19 July 2011. Date of Access: 24 September 2011. <http://www.ft.com/intl/cms/s/0/b7153548-b1e0-11e0-a06c-00144feabdc0.html#axzz1ZZCo8lgM>

⁸⁷ Seoul takes kimchi bonds off the menu, Financial Times (London) 19 July 2011. Date of Access: 24 September 2011. <http://www.ft.com/intl/cms/s/0/b7153548-b1e0-11e0-a06c-00144feabdc0.html#axzz1ZZCo8lgM>

⁸⁸ Seoul takes kimchi bonds off the menu, Financial Times (London) 19 July 2011. Date of Access: 24 September 2011. <http://www.ft.com/intl/cms/s/0/b7153548-b1e0-11e0-a06c-00144feabdc0.html#axzz1ZZCo8lgM>

⁸⁹ Seoul takes kimchi bonds off the menu, Financial Times (London) 19 July 2011. Date of Access: 24 September 2011. <http://www.ft.com/intl/cms/s/0/b7153548-b1e0-11e0-a06c-00144feabdc0.html#axzz1ZZCo8lgM>

costs of switching into won, kimchi bonds have offered alluring terms. By removing the attractive bonds, the Korean authorities hope that it will temper upward pressure on the won.⁹⁰

On 27 May 2011, the United States Department of the Treasury released a Report to Congress on International Economic and Exchange Rate Policies, which included a report on Korean exchange rate policy. The report notes that “Korea officially maintains a market- determined exchange rate, and its authorities intervene with the stated objective of smoothing won volatility.”⁹¹ The report also noted that the results of a 2010 IMF consultation with Korea indicated that the won was 5 to 20 per cent undervalued relative to its real equilibrium level.

On 19 May 2011, Korean authorities announced that they would impose tighter limits on the amount of currency derivatives banks are allowed to hold, in a policy change aimed at limiting foreign capital inflows through forward trades.⁹² In a statement released on May 19 2011, the Ministry of Strategy and Finance, the Financial Supervisory Commission, the Bank of Korea and the Financial Supervisory Service lowered the ceiling on banks' foreign exchange forward positions by 20 per cent.⁹³ “The new limit is aimed at curbing foreign capital inflows, in particular capital inflows by banks' surging forward trades, which lead to a surge in banks' short-term borrowing,” the authorities said.⁹⁴

On 20 April 2011, the Korean Ministry of Strategy and Finance issued a statement reporting it would impose a levy of up to 0.2 per cent on foreign debt owed by banks as part of measures it has been introducing to avert the repeat of a currency crisis.⁹⁵ The ministry said the revised regulations on foreign exchange transactions, approved by the Korean parliament early this month, will take effect from 1 August 2011.⁹⁶

In December 2010 Korea introduced a new tax on foreign borrowing by Korean banks in an effort to curb appreciation of the won.⁹⁷

⁹⁰ Seoul takes kimchi bonds off the menu, Financial Times (London) 19 July 2011. Date of Access: 24 September 2011. <http://www.ft.com/intl/cms/s/0/b7153548-b1e0-11e0-a06c-00144feabdc0.html#axzz1ZZCo8lgM>

⁹¹ Statement of G7 Finance Ministers and Central Bank Governors, Bank of Canada (Ottawa) 17 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/statement-of-g7-finance/>

⁹² Government to tighten caps on FX Forward Position, Press Releases, Bank of Korea (Seoul) 19 May 2011. Date of Access: September 29 2011. <http://english.mosf.go.kr/pre/view.do?bcd=N0001&seq=2628&bPage=7>

⁹³ Government to tighten caps on FX Forward Position, Press Releases, Bank of Korea (Seoul) 19 May 2011. Date of Access: September 29 2011. <http://english.mosf.go.kr/pre/view.do?bcd=N0001&seq=2628&bPage=7>

⁹⁴ Government to tighten caps on FX Forward Position, Press Releases, Bank of Korea (Seoul) 19 May 2011. Date of Access: September 29 2011. <http://english.mosf.go.kr/pre/view.do?bcd=N0001&seq=2628&bPage=7>

⁹⁵ Macro-prudential stability levy to be imposed from August 1, 2011, Press Releases, Bank of Korea (Seoul) 20 April 2011. Date of Access: September 29 2011. <http://english.mosf.go.kr/pre/view.do?bcd=N0001&seq=2595&bPage=8>

⁹⁶ Macro-prudential stability levy to be imposed from August 1, 2011, Press Releases, Bank of Korea (Seoul) 20 April 2011. Date of Access: September 29 2011. <http://english.mosf.go.kr/pre/view.do?bcd=N0001&seq=2595&bPage=8>

⁹⁷ SKorea announces levy on bank foreign borrowing, Agence-France Presse (Paris) 19 December 2010. Date of Access 7 June 2011. <http://www.google.com/hostednews/afp/article/ALeqM5gBGOVBhG7Y0i-QNNZCk4Og1Eo9iA?docId=CNG.e152c6d2ed379078cb131dadb3e4b27a.6e1>

Korea failed to comply with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency. Thus Korea has been awarded a score of -1.

Analysts: Krystal Montpetit and Gaston Alegre

Mexico: +1

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

On 3 October 2011, Bank of Mexico Governor Agustin Carstens “downplayed the benefits of foreign exchange market interventions, saying that what will ultimately elevate the Mexican currency is solid economic fundamentals.”⁹⁸ Carstens continues to advocate for Mexico’s ‘neutral’ policy stating “as long as the markets continue to work well, I think central bank intervention is not required.”⁹⁹ In this sense, Mexico upholds its exchange rate commitment by refraining from currency market intervention.

On 10 February 2011, Mexican Finance Minister Ernesto Cordero stated that, “in Mexico we respect the rules of the foreign exchange market. We do not intervene in it and we will remain like that... Mexico’s exporting strength does not depend on our currency.”¹⁰⁰ This comment was a response to complaints from Mexican exporters lobbying for a weaker peso. As Mexico continues to grapple with various economic challenges such as ‘surging money inflows,’ it continues to abide by free trade principles established in the North American Free Trade Agreement. Specifically, NAFTA investment rules “prohibit the use of capital controls, based on the notion that the free trade market should rule the international financial system.”¹⁰¹

On 21 March 2011, Cordero again reiterated Mexico’s commitment to market-determined exchange rates when he stated that, “we’re not intervening in the market... Mexico is opposed to capital controls.”¹⁰² In a report released on 17 March 2011 by the Credit Suisse Group, Chief Latin American economist Alonso Cervera wrote that, “Mexico will likely continue to stand out as a country that is unwilling to fight aggressively with current market forces.”¹⁰³

⁹⁸ Mexican Peso Stumbles on Greek Worries, Near 2.5-Year Low Again, Wall Street Journal (Mexico City) 3 October 2011. Date of Access: 9 October 2011. <http://online.wsj.com/article/BT-CO-20111003-714793.html>.

⁹⁹ Mexico’s Carstens backs ‘neutral’ policy, Reuters (Washington) 24 September 2011. Date of Access: 9 October 2011. <http://www.reuters.com/article/2011/09/24/businesspro-us-mexico-economy-carstens-idUSTRE78N18220110924>.

¹⁰⁰ Update 1- Mexico finance minister rules out FX intervention, Reuters (New York) 10 February 2011. Date of Access: 27 March 2011. <http://www.reuters.com/article/2011/02/10/mexico-economy-cordero-idUSN1029338520110210>

¹⁰¹ Mexico’s Hot Money Challenge, Epoch Times (New York) 6 March 2011. Date of Access: 27 March 2011. <http://www.theepochtimes.com/n2/opinion/mexicos-hot-money-challenge-52467.html>

¹⁰² Mexico Considers Raising Frequency, Amount of Dollar Options, Cordero Says, Bloomberg (New York) 21 March 2011. Date of Access: 27 March 2011. <http://www.bloomberg.com/news/2011-03-21/mexico-considers-raising-frequency-amount-of-dollar-options-cordero-says.html>

¹⁰³ Mexico Considers Raising Frequency, Amount of Dollar Options, Cordero Says, Bloomberg (New York) 21 March 2011. Date of Access: 27 March 2011. <http://www.bloomberg.com/news/2011-03-21/mexico-considers-raising-frequency-amount-of-dollar-options-cordero-says.html>

Cordero was present on 27 March 2011 at the Inter- American Development Bank annual meeting in Canada. The IADB is a unique bank whose shareholders include 48 countries (including Mexico) that seek creative poverty reduction policies through various developmental schemes in Latin America and the Caribbean.¹⁰⁴ During the meeting Cordero announced, “we [Mexico] haven’t imposed any type of capital control, nor will we.”¹⁰⁵

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

Analysts: Irene Noemy-Magharian and Ava-Dayna Sefa

Russia: +1

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

On 12 November 2010, the Russian Central Bank board of directors approved the Guidelines for the Single State Monetary Policy in 2011 and for 2012 and 2013. According to this document, the Central Bank will scale down its intervention in the exchange rate determination process and prepare economic agents for floating exchange rate conditions. Moreover, the Central bank will not hamper the development of market-based exchange rate trends caused by fundamental changes in the economy.¹⁰⁶ In the Draft Guidelines for the Single State Monetary Policy in 2012 and for 2013 and 2014, published on 3 October 2011, the Central Bank puts forwards as one of its priorities for three coming years reduction of its direct intervention in the exchange rate determination and facilitation of the transition to a floating ruble exchange rate.¹⁰⁷

Russian authorities have refrained from competitive devaluation of the ruble.

On 1 March 2011, the Russian Central bank widened the floating band for its bi-currency basket to 5 rubles from 4 rubles and cut the maximum currency intervention volume within the floating band to USD600 million from USD650 million.¹⁰⁸ Any intervention exceeding the volume of USD600 million may lead to the widening of the band by 5 copecks.

From 1 November 2010 to 30 September 2011 Russian ruble exchange rate to the US dollar decreased by 4%¹⁰⁹ and by 0.4 % to the euro.¹¹⁰

¹⁰⁴ About the Inter-American Development Bank, Inter-American Development Bank (Washington) Date of Access: 27 March 2011. <http://www.iadb.org/en/about-us/about-the-inter-american-development-bank,5995.html>

¹⁰⁵ Mexico Finance Minister: Sees US Interest Rates Holding Steady, FoxBusiness (Calgary) 27 March 2011. Date of Access: 27 March 2011. <http://www.foxbusiness.com/industries/2011/03/27/mexico-finance-minister-sees-rates-holding-steady/>

¹⁰⁶ Guidelines for the Single State Monetary Policy in 2011 and for 2012 and 2013, Bank of Russia (Moscow) 12 November 2010. Date of Access: 4 April 2011. http://cbr.ru/eng/today/publications_reports/on_11-eng.pdf.

¹⁰⁷ Draft Guidelines for the Single State Monetary Policy in 2012 and for 2013 and 2014, Bank of Russia (Moscow) 3 October 2011. Date of Access: 3 October 2011. [http://cbr.ru/today/publications_reports/on_2012\(2013-2014\).pdf](http://cbr.ru/today/publications_reports/on_2012(2013-2014).pdf)

¹⁰⁸ On Implementation of the Exchange Rate Policy of the Bank of Russia, Bank of Russia (Moscow) 1 March 2011. Date of Access: 4 April 2011. http://cbr.ru/Press/Archive_get_blob.asp?doc_id=110301_1813501.htm.

¹⁰⁹ RUB/USD Basic Chart, Yahoo! Finance. Date of Access: 2 October 2011. <http://finance.yahoo.com/q/bc?s=RUBUSD=X&t=1y>.

On 23 December 2010, the Chairman of the Russian Central bank said that the Central bank interventions mechanism is designed only for preventing sharp fluctuations of the ruble's exchange rate.¹¹¹

In September 2011, the Russian Central bank sold about USD6.8 billion and EUR590 million. These interventions were implemented in order to increase the ruble's exchange rate and counteract its devaluation not caused by the fundamental factors.¹¹²

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

Analyst: Andrey Shelepov

Saudi Arabia: 0

Saudi Arabia has partially complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency. Saudi Arabia has not made progress toward fulfilling its commitment to move toward a market-determined exchange rate system, but it has refrained from competitive devaluation of its currency.

On 16 February 2011, Muhammad Al Jasser, head of Saudi Arabian Monetary Agency, stated that the riyal has been pegged to the dollar, and will continue to remain that way as foreign exchange reserves are an important part of Saudi Arabia's countercyclical policy, and the government draws down on the reserves to increase spending when the economy faces a downturn.¹¹³

On the requirements set by the Supreme Council of the GCC countries [in Bahrain December 2000], Saudi Arabia continues to keep its currency pegged to the US dollar as an anchor, in preparation of creating a unified currency.¹¹⁴

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

Analyst: Nayman Hassan

¹¹⁰ RUB/EUR Basic Chart, Yahoo! Finance. Date of Access: 2 October 2011.

<http://finance.yahoo.com/q/bc?s=RUBEUR=X&t=1y>.

¹¹¹ Interview of the Bank of Russia chairman Sergey Ignatiev to Kommersant Newspaper, Bank of Russia (Moscow), 23 December 2010. Date of Access: 4 April 2011.

http://www.cbr.ru/search/print.asp?File=/press/press_centre/ignatiev_kommersant-23122010.htm.

¹¹² Bank of Russia interventions on the domestic FX market, Bank of Russia (Moscow) 7 October 2011. Date of Access: 13 October 2011. http://cbr.ru/eng/hd_base/VALINT.asp.

¹¹³ Dollar peg serves Saudi Arabia well – c.bank governor, Reuters Africa (Oxford) 16 February 2011. Date of Access: 30 March 2011.

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

¹¹⁴ Saudi Arabian Monetary Agency – Forty Sixth Annual report (Riyadh) August 2010. Date of Access: 29 March 2011.

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

South Africa: 0

South Africa has partially complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency. Specifically, South Africa has made progress toward fulfilling its commitment to move toward a market-determined exchange rate system, but it has not refrained from competitive devaluation of its currency.

While purchases of foreign exchange in the market by the South African Reserve Bank, aiming to moderate the effect of capital inflows, have been rather small since the 2010 Seoul Summit¹¹⁵, the Reserve Bank still has not fully complied to its commitment to refrain from competitive devaluation of its currency.

South Africa's current exchange rate is determined by forces in the exchange market; this policy is supported by the South African Reserve Bank.¹¹⁶ On 10 February 2011, South African President Jacob Zuma addressed the South African Parliament. In his speech, the President stated, "Concerns about the exchange rate have been taken to heart. Exchange rate control reforms...are being implemented."¹¹⁷

South African Finance Minister Pravin Gordhan followed up on the President's statement in the 28 February 2011 Budget Speech, where he outlined the policies announced and implemented by the South African Reserve Bank since October 2010 to protect the rand from destabilizing capital flows:

Recognising the impact of rand strength on the manufacturing industry, in particular, we announced measures in October to moderate the potential effect of capital inflows. Foreign exchange regulations were amended to permit greater foreign investment by South African institutions. Stepped up foreign exchange purchases by the Reserve Bank have partially offset upward pressures on the rand. As a result of these policy adjustments and in line with shifts in investor sentiment globally, the rand depreciated from December 2010 to mid- February 2011 by about 10 percent against the US dollar, the euro and sterling.¹¹⁸

Gordhan also noted that rapid currency depreciation can be disruptive to macroeconomic stability and industrial capacity, and insisted that South African currency policy aims primarily to prevent exchange rate fluctuation.¹¹⁹

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

Analysts: Irene Noemy-Magharian and Krystel Montpetit

¹¹⁵ Emerging markets daily, Citibank. 11 October 2011. Date of Access: 16 October 2011.

¹¹⁶ IMF SA supports flexible exchange rates, BusinessLive. 24 November 2010. Date of Access: 27 March 2011. http://www.businesslive.co.za/southafrica/sa_markets/2010/11/24/imf-sa-rep-supports-flexible-exchange-rates

¹¹⁷ State of the National Address by President Jacob Zuma, (Cape Town) 10 February 2011. Date of Access 27 March 2011. <http://southafricahouseuk.com/documents/statnat.pdf>

¹¹⁸ National Budget Speech, South African National Treasury (Pretoria) 28 February 2011. Date of Access 7 June 2011. <http://www.treasury.gov.za/documents/national%20budget/2011/speech/speech2011.pdf>

¹¹⁹ National Budget Speech, South African National Treasury (Pretoria) 28 February 2011. Date of Access 7 June 2011. <http://www.treasury.gov.za/documents/national%20budget/2011/speech/speech2011.pdf>

Turkey: 0

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

Turkey has refrained from competitive devaluation of its currency, but the Central Bank of Turkey has however intervened to stem the decline of the lira “after the currency sank more than 17 per cent against the dollar this year.”¹²⁰

On 6 October 2011, the Turkish Central Bank sold USD350 million after offering as much as USD1.35 billion. On 5 October 2011, it sold USD750 million, the biggest auction in its history.¹²¹ The Central Bank defended its position to counter the downward pressure on the lira, stating in its statement on 5 October 2011, “the Central Bank of Turkey may continue to supply FX liquidity to the market via high-volume foreign exchange selling auctions similar to the one held today in the framework of the strategy set out at the Monetary Policy Committee meeting of 4 August 2011, when deemed appropriate” because “excess volatility and disorderly movements apart from economic fundamentals have been observed in the exchange rates of developing countries, including Turkey, recently.”¹²²

On 4 August 2011, Turkey’s Central Bank cut its benchmark interest rate to a record low to shield the economy from the impact of the European debt crisis and slowing growth in the U.S.¹²³ It lowered the one-week repo rate by a half per cent point to 5.75 per cent¹²⁴ and took separate steps to prop up the lira by selling USD300 million on the foreign exchange market.¹²⁵

On 22 April 2011, Turkey’s Central Bank Governor Erdem Basçi announced the bank’s decision to keep Turkey’s interest rate at a record low.¹²⁶

On 28 April 2011, the Central Bank released a Summary of the Monetary Policy Committee Meeting. The central bank stated that Turkey’s monetary policy would continue to focus on price stability. It noted, “Strengthening the commitment to fiscal discipline and structural reform agenda in the medium term would support the improvement of Turkey’s sovereign risk, and [thus

¹²⁰ Emerging market currencies advance on market intervention from Turkey to Russia, Bloomberg (Ankara) 5 October 2011. Date of Access: 11 October 2011. <http://origin-www.bloomberg.com/news/2011-10-05/emerging-market-currencies-advance-on-intervention-from-turkey-to-russia.html>

¹²¹ Turkish Central Bank Wields ‘Big Stick’ On the Lira as Reserves Dwindle, Bloomberg (Ankara) 6 October 2011. Date of Access: 12 October 2011. <http://www.bloomberg.com/news/2011-10-05/turkish-central-bank-wields-big-stick-on-the-lira-as-reserves-dwindle.html>

¹²² Press Release on Foreign Exchange Selling Auctions, Central Bank of Turkey. (Ankara) 5 October 2011. Date of Access: 12 October 2011. <http://www.tcmb.gov.tr/yeni/eng/>

¹²³ Turkish Bank Cuts Benchmark Rate to 5.75% to Support Growth, Bloomberg (Ankara) 4 August 2011. Date of Access: 5 October 2011. <http://www.bloomberg.com/news/2011-08-04/turkey-cuts-benchmark-interest-rate-to-5-75-.html>

¹²⁴ Turkish Bank Cuts Benchmark Rate to 5.75% to Support Growth, Bloomberg (Ankara) 4 August 2011. Date of Access: 5 October 2011. <http://www.bloomberg.com/news/2011-08-04/turkey-cuts-benchmark-interest-rate-to-5-75-.html>

¹²⁵ EM Currencies: Trading Down. 23 September 2011. (London) Date of Access: 5 October 2011. <http://blogs.ft.com/beyond-brics/2011/09/23/em-currencies-trading-down/#axzz1ZnsymwRM>

¹²⁶ Turkish Central Bank Holds Rate at Record Low, The Wall Street Journal (Istanbul) 22 April 2011. Date of Access: 1 May 2011. http://online.wsj.com/article/SB10001424052748704071704576277040019296486.html?mod=googlenews_wsj

facilitates] macroeconomic and price stability.” The report also went on to state that “sustaining the fiscal discipline will also provide more flexibility for monetary policy and support social welfare by keeping interest rates permanently at low levels.” The report concluded by noting that the implementation of the structural reforms envisaged by the European Union accession process remains “to be of utmost importance.”¹²⁷

The Central Bank has moved to accelerate reserve accumulation to contribute to financial stability in order to “be able to adapt to the rapidly changing structure of capital flows.”¹²⁸ Moreover, the central bank successfully terminated the fees of Turkish lira required reserves and effectively redrew “the operational structure of liquidity management¹²⁹ to direct capital inflows driven by global fiscal expansion to “investment instruments with longer maturities.”¹³⁰ The objective was to “continue to implement the floating exchange rate regime in 2011.”¹³¹

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

Analysts: Natasha Britto and Krystal Montpetit

United Kingdom: 0

The United Kingdom has partially complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency. The United Kingdom has made progress toward fulfilling its commitment to move toward a market-determined exchange, but it has not fully refrained from competitive devaluation because of the adoption of its quantitative easing policy.

On 6 October 2011, the Bank of England’s Monetary Policy Committee announced that it would increase the size of its asset purchase program by issuing GBP75 billion of central bank reserves into the economy to a total of GBP275 billion dollars for the first time since 5 November 2009 to target “vulnerabilities associated with the indebtedness of some euro-area sovereigns and banks have resulted in severe strains in bank funding markets and financial markets more generally. These tensions in the world economy threaten the UK recovery.”¹³² This monetary policy easing

¹²⁷ Summary of the Monetary Policy Committee, Central Bank of the Republic of Turkey (Ankara) 28 April 2011. Date of Access: 28 April 2011. www.tcmb.gov.tr/yeni/eng/

¹²⁸ Monetary and Exchange Rate Policy for 2011, Central Bank of the Republic of Turkey (Ankara) 21 December 2010. Date of Access: 15 March 2011. http://www.tcmb.gov.tr/yeni/announce/2010/Mon_Exc_Pol_2011.pdf.

¹²⁹ Monetary and Exchange Rate Policy for 2011, Central Bank of the Republic of Turkey (Ankara) 21 December 2010. Date of Access: 15 March 2011. http://www.tcmb.gov.tr/yeni/announce/2010/Mon_Exc_Pol_2011.pdf.

¹³⁰ Monetary and Exchange Rate Policy for 2011, Central Bank of the Republic of Turkey (Ankara) 21 December 2010. Date of Access: 15 March 2011. http://www.tcmb.gov.tr/yeni/announce/2010/Mon_Exc_Pol_2011.pdf.

¹³¹ Monetary and Exchange Rate Policy for 2011, Central Bank of the Republic of Turkey (Ankara) 21 December 2010. Date of Access: 15 March 2011. http://www.tcmb.gov.tr/yeni/announce/2010/Mon_Exc_Pol_2011.pdf.

¹³² News Release: Bank of England Maintains Bank Rate at 0.5% and Increase Size of Asset Purchase Programme by £75 billion to £275 billion, Bank of England (London) 6 October 2011. Date of Access: 7 October 2011. <http://www.bankofengland.co.uk/publications/news/2011/092.htm>

is expected to have a weakening effect on the currency.¹³³ This action is counted as partial competitive devaluation because Mervin King, the Bank's Governor specifically points out that the "United Kingdom's main export markets" has especially "slackened."¹³⁴ By weakening the sterling, UK exports become more competitive in the global market.

On 18 March 2011, the Bank working under instruction from the government intervened in the foreign exchange market when it "sold JPY12 billion for sterling. This action was undertaken as part of a concerted intervention in yen by the G7 monetary authorities."¹³⁵ This strengthening of the sterling against the yen was done in response to the Japanese earthquake in March to calm investor fears of economic volatility in Japan.¹³⁶

In the press notices for December 2010¹³⁷, January 2011¹³⁸, February 2011¹³⁹, April 2011¹⁴⁰, May 2011¹⁴¹, June 2011¹⁴², July 2011¹⁴³, August 2011¹⁴⁴, and September 2011¹⁴⁵, the Treasury announced no intervention operations were undertaken.

Therefore, because the United Kingdom has made progress toward fulfilling its commitment to move toward a market-determined exchange, but has not fully refrained from competitive devaluation because of the adoption of its quantitative easing policy, it receives a score of 0.

Analyst: Jason Li

United States: 0

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

¹³³ We're not China, The conscience of a liberal, Blog of Paul Krugman, New York Times (New York) 18 October 2010. Date of Access: 15 October 2011 <http://www.krugman.blogs.nytimes.com/2010/10/18/were-not-china/>

¹³⁴ Governor's Letter to the Chancellor, Bank of England (London) 6 October 2011. Date of Access: 8 October 2011. <http://www.bankofengland.co.uk/monetarypolicy/pdf/govletter111006.pdf>

¹³⁵ UK Official Holdings of International Reserves March 2011, HM Treasury (London) 5 April 2011. Date of Access: 9 October 2011. http://www.hm-treasury.gov.uk/d/pn_37_11.pdf

¹³⁶ Statements relating to coordinated G7 intervention in the international foreign exchange markets, HM Treasury (London) 18 March 2011. Date of Access: 9 October 2011. http://www.hm-treasury.gov.uk/int_g7_intervention.htm

¹³⁷ UK Official Holdings of International Reserves December 2010, HM Treasury (London) 6 January 2011. Date of Access: 26 March 2011. http://www.hm-treasury.gov.uk/d/pn_02_11.pdf

¹³⁸ UK Official Holdings of International Reserves January 2011, HM Treasury (London) 3 February 2011. Date of Access: 26 March 2011. http://www.hm-treasury.gov.uk/d/pn_12_11.pdf

¹³⁹ UK Official Holdings of International Reserves February 2011, HM Treasury (London) 3 March 2011. Date of Access: 26 March 2011. http://www.hm-treasury.gov.uk/d/pn_26_11.pdf

¹⁴⁰ UK Official Holdings of International Reserves April 2011, HM Treasury (London) 5 May 2011. Date of Access: 9 October 2011. http://www.hm-treasury.gov.uk/d/pn_46_11.pdf

¹⁴¹ UK Official Holdings of International Reserves May 2011, HM Treasury (London) 3 June 2011. Date of Access: 9 October 2011. http://www.hm-treasury.gov.uk/d/pn_54_11.pdf

¹⁴² UK Official Holdings of International Reserves June 2011, HM Treasury (London) 5 July 2011. Date of Access: 9 October 2011. http://www.hm-treasury.gov.uk/d/pn_71_11.pdf

¹⁴³ UK Official Holdings of International Reserves July 2011, HM Treasury (London) 3 August 2011. Date of Access: 9 October 2011. http://www.hm-treasury.gov.uk/d/pn_94_11.pdf

¹⁴⁴ UK Official Holdings of International Reserves August 2011, HM Treasury (London) 3 August 2011. Date of Access: 9 October 2011. http://www.hm-treasury.gov.uk/d/pn_100_11.pdf

¹⁴⁵ UK Official Holdings of International Reserves September 2011, HM Treasury (London) 5 October 2011. Date of Access: 9 October 2011. http://www.hm-treasury.gov.uk/d/pn_113_11.pdf

States has made progress toward fulfilling its commitment to move toward a market-determined exchange, but it has not fully refrained from competitive devaluation because of the adoption of its quantitative easing policy.

The main aim of the U.S. program of quantitative easing, which was announced on 8 January 2011 and phased out mid-2011, was to revive a depressed economy threatened by the risk of deflation and not to boost trade competitiveness by devaluating the dollar.¹⁴⁶ However, the effect of quantitative easing, if not matched abroad, is a depreciation of the dollar – whether this was the intended result or not.¹⁴⁷ Thus the United States has not fully refrained from competitive devaluation.

On 21 September, 2011, the Federal Reserve announced plans “to purchase, by the end of June 2012, \$400 billion of Treasury securities with remaining maturities of 6 years to 30 years and to sell an equal amount of Treasury securities with remaining maturities of 3 years or less.”¹⁴⁸ Dubbed “Operation Twist”¹⁴⁹ by the media, this is targeted to “put downward pressure on interest rates and help make broader financial conditions more accommodative.” This policy, albeit a loosening of monetary policy that can lead to a slight weakening of the dollar, solely aims to stimulate internal demand and growth rather than devalue the dollar. Thus it does not count as competitive devaluation.

The U.S. Department of the Treasury also releases the monthly financial statements of the Exchange Stabilization Fund (ESF).¹⁵⁰ The ESF continues to undertake three main types of operations — the purchase or sale of foreign currency, the acquisition or use of SDRs, and loans or credits to foreign governments or entities to implement US international economic policy, including the intervention of the exchange market.¹⁵¹ The continued existence of the program means that the US is not moving towards a market-determined exchange rate system. The latest ESF report is for August 2011.¹⁵²

¹⁴⁶ Unconventional Monetary Policy and Central Bank Communications, Board of Governors of the Federal Reserves System (Washington) 25 February 2011. Date of Access: 26 March 2011.

<http://www.federalreserve.gov/newsevents/speech/yellen20110225a.htm>

¹⁴⁷ We’re not China, The conscience of a liberal, Blog of Paul Krugman, New York Times (New York) 18 October 2010. Date of Access: 15 October 2011 <http://www.krugman.blogs.nytimes.com/2010/10/18/were-not-china/>

¹⁴⁸ Press Release, Board of Governors of the Federal Reserve System (Washington) 21 September 2011. Date of Access: 11 October 2011. <http://www.federalreserve.gov/newsevents/press/monetary/20110921a.htm>

¹⁴⁹ Let’s Twist Again, Like We Did in ’61, New York Times (Washington) 10 September 2011. Date of Access: 11 October 2011. <http://www.nytimes.com/2011/09/11/your-money/federal-reserve-considers-a-revival-of-operation-twist.html>

¹⁵⁰ Exchange Stabilization Fund: Finances and Operations, U.S. Department of the Treasury (Washington) 5 August 2011. Date of Access: 8 October 2011. <http://www.treasury.gov/resource-center/international/ESF/Pages/finances.aspx>

¹⁵¹ Exchange Stabilization Fund. U.S. Department of the Treasury (Washington) 5 August 2011. Date of Access: 8 October 2011. <http://www.treasury.gov/resource-center/international/ESF/Pages/esf-index.aspx>

¹⁵² Exchange Stabilization Fund Statement of Financial Position. U.S. Department of the Treasury (Washington) 31 August 2011. Date of Access: 8 October 2011. <http://www.treasury.gov/resource-center/international/ESF/Documents/Trunc%20+%20Notes.pdf>

On 13 July, 2011, the Federal Reserve released the Monetary Report to the Congress¹⁵³, which shows that the Committee had maintained the “target range for the federal funds rate at 0 to 1/4 percent” and made “no changes to the Committee’s asset purchase program” for the first half of the year. This means that the US did not engage in new forms of competitive devaluation after January’s Asset Purchase Program. However, that the fact remains that it started, continued on and finished the Asset Purchase Program after making the commitment.

The report also states that the continued depreciation of the US dollar was “spurred in part by monetary policy tightening abroad and fears that the pace of economic recovery in the United States was slowing, the foreign exchange value of the dollar declined over much of the first half of the year.” In other words, the depreciation of the US dollar was not due to competitive devaluation, but to the actions of other countries.

On 27 May, 2011, the Treasury released a report to Congress on International Economic and Exchange Rate Policies.¹⁵⁴ The report showed an average of a 7.1 per cent depreciation of the dollar against other major currencies in the first four months of 2011.

The only exception was on 18 March 2011 when the “dollar appreciated by 7.9 per cent against the yen from March 17 through April 6, but declined through the remainder of April”¹⁵⁵, because the US joined the G7 in strengthening their currencies at Japan’s request to mitigate the economic instability after an earthquake in the country. This particular move is considered a move away from market-determined exchange rate but not a competitive devaluation.

In February 2011, the Treasury released a report to Congress on International Economic and Exchange Rate Policies, announcing that in January 2011, the dollar declined by 1.1 per cent against other major currencies and 0.3 per cent against the OITP currencies.¹⁵⁶ The decline of the dollar was attributed to growing foreign economies. The Monetary Policy Report to the Congress, released 1 March 2011, also states the stabilization of Europe’s financial situation as a reason for the dollar’s weakening.¹⁵⁷

On 25 February 2011, the Vice Chair of the Board of Governors of the Federal Reserve System, Janet L. Yellen, attended the University of Chicago’s Booth School of Business U.S. Monetary Forum. She said that monetary policies, namely to keep nominal interest rates low, deployed by

¹⁵³ Monetary Report of the Congress (Washington) 13 July 2011. Date of Access: 8 October 2011.

http://www.federalreserve.gov/monetarypolicy/files/20110713_mprfullreport.pdf

¹⁵⁴ Report to Congress on International Economic and Exchange Rate Policies, U.S. Department of the Treasury Office of International Affairs (Washington) 27 May 2011. Date of Access: 8 October 2011.

<http://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/FX%20Report%20Final%205-27-11.pdf>

¹⁵⁵ Report to Congress on International Economic and Exchange Rate Policies, U.S. Department of the Treasury Office of International Affairs (Washington) 27 May 2011. Date of Access: 8 October 2011.

<http://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/FX%20Report%20Final%205-27-11.pdf>

¹⁵⁶ Report to Congress on International Economic and Exchange Rate Policies, U.S. Department of the Treasury Office of International Affairs (Washington) February 2011. Date of Access: 26 March 2011.

<http://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/Foreign%20Exchange%20Report%20February%204%202011.pdf>

¹⁵⁷ Monetary Policy Report to the Congress, Board of Governors of the Federal Reserves System (Washington) 1 March 2011. Date of Access: 26 March 2011. http://www.federalreserve.gov/monetarypolicy/files/20110301_mprfullreport.pdf

the Federal Open Market Committee (FOMC) put “moderate downward pressure on the foreign exchange value of the dollar.”¹⁵⁸

On 8 January 2011, Ms. Yellen announced that as part of the Federal Reserve’s Asset Purchase Program, the FOMC will purchase an additional \$600 billion in longer-term Treasury securities by the middle of 2011.¹⁵⁹ Ms. Yellen said that this would have a modest impact on the value of the US dollar that tends to lower “U.S. demand for foreign goods.”¹⁶⁰

Therefore, because the United States has made progress toward fulfilling its commitment to move toward a market-determined exchange, but has not fully refrained from competitive devaluation because of the adoption of its quantitative easing policy, it receives a score of 0.

Analyst: Jason Li

European Union: +1

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

On 6 October 2011, President of the European Central Bank (ECB) Jean-Claude Trichet predicted that the euro will retain its value over the coming years, saying "The inflation expectations for the next ten years are fully in line with our definition of price stability."¹⁶¹

On 4 October 2011, the EU Council and the EU Parliament agreed on new legislative proposals on economic governance, called the ‘six-pack’ measures, which aim to avoid "accumulation of excessive imbalances" and ensure “sustainable public finances.”¹⁶² The new legislation contains provisions that will help monitor and prevent macroeconomic risks in the euro zone,¹⁶³ thus better guaranteeing the stability of the euro.

On 12 May 2011, European Central Bank Executive Board member Juergen Stark said Europe’s recovery is strong enough to continue without additional support from governments and the region’s central bank. He stated, “The economy no longer needs fiscal or monetary policy support ... Growth is increasingly self sustaining and is broad based and the first quarter was significantly stronger than expected.”¹⁶⁴

¹⁵⁸ Unconventional Monetary Policy and Central Bank Communications, Board of Governors of the Federal Reserves System (Washington) 25 February 2011. Date of Access: 26 March 2011.

<http://www.federalreserve.gov/newsevents/speech/yellen20110225a.htm>

¹⁵⁹ The Federal Reserve’s Asset Purchase Program, Board of Governors of the Federal Reserves System (Washington) 8 January 2011. Date of Access: 26 March 2011.

<http://www.federalreserve.gov/newsevents/speech/yellen20110108a.htm#f11>

¹⁶⁰ The Federal Reserve’s Asset Purchase Program, Board of Governors of the Federal Reserves System (Washington) 8 January 2011. Date of Access: 26 March 2011.

<http://www.federalreserve.gov/newsevents/speech/yellen20110108a.htm#f11>

¹⁶¹ ECB’s Trichet: Euro Will Hold Value Over Next 10 years, CNBC (Luxembourg) 6 October 2011. Date of Access: 7 October 2011. <http://www.cnbc.com/id/44801266>

¹⁶² Council confirms agreement on economic governance, Council of the European Union (Luxembourg) 4 October 2011. Date of Access: 7 October 2011.

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/124882.pdf

¹⁶³ Council confirms agreement on economic governance, Council of the European Union (Luxembourg) 4 October 2011. Date of Access: 7 October 2011.

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/124882.pdf

¹⁶⁴ Stark Says Euro Economy No Longer Needs Fiscal, Monetary Support, Bloomberg (New York) 13 May 2011. Date of Access: 13 May 2011.

On 18 March 2011, the European Union, as a member of the G7, agreed to intervene in global currency markets to prevent undue appreciation of the yen in an effort coordinated by G7 finance ministers to stabilize the Japanese economy in the wake of the earthquake and tsunami in early March. In a statement, G7 Finance Ministers declared, “excess volatility and disorderly movements in exchange rates have adverse implications for economic and financial stability. We will monitor exchange markets closely and will cooperate as appropriate.”¹⁶⁵

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

Analysts: Huda Abdi and Ivana Jankovic

<http://www.bloomberg.com/news/2011-05-13/stark-says-euro-economy-no-longer-needs-fiscal-monetary-support.html>

¹⁶⁵ Statement of G7 Finance Ministers and Central Bank Governors, Bank of Canada (Ottawa) 17 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/statement-of-g7-finance/>

¹⁶⁵ Bank of Canada Governor Mark Carney discusses Challenges Posed by Globalization, Proposes Global Code of Conduct for Capital Flows, Bank of Canada (Ottawa) 26 March 2011. Date of Access: 22 April 2011. <http://www.bankofcanada.ca/2011/03/press-releases/governor-mark-carney-discusses-challenges/>

2. Macroeconomy: Fiscal Consolidation

Commitment [#48]:

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

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina		n/a	
Australia			+1
Brazil		n/a	
Canada			+1
China		n/a	
France			+1
Germany			+1
Indonesia		n/a	
India		n/a	
Italy			+1
Japan			+1
Korea			+1
Mexico		n/a	
Russia		n/a	
Saudi Arabia		n/a	
South Africa		n/a	
Turkey		n/a	
United Kingdom			+1
United States		0	
European Union		n/a	
Average Score		+0.89	

Background:

The G20 leaders, finance ministers, and central bank governors have underscored the importance of sustainable public finances since the G20 Finance Ministers and Central Bank Governors’ Meeting in Washington in April 2010. Under the G20 Framework for Strong, Sustainable, and Balanced Growth, it was agreed that sustainable growth should be based on sustainable public finances.¹⁶⁶ During the G20 Finance Ministers and Central Bank Governors’ Meeting in Busan, Korea in June 2010, the leaders solidified their commitment to and the need for fiscal consolidation, and stated that recent economic events highlighted the need for sustainable public finances and the need to “deliver fiscal sustainability, sustainability, differentiate for and tailored to national circumstances.”¹⁶⁷

¹⁶⁶ G20 Finance Ministers and Central Bank Governors’ Communiqué, G20 Finance Ministers and Central Bank Governors’ Meeting (Washington) 23 April 2010. Date of Access: 14 October 2010.

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

¹⁶⁷ G20 Finance Ministers and Central Bank Governors’ Communiqué, G20 Finance Ministers and Central Bank Governors’ Meeting (Busan) 5 June 2010. Date of Access: 14 October 2010.

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

In the Toronto Communiqué, the leaders affirmed that “Sound fiscal finances are essential to sustain recovery, provide flexibility to respond to new shocks, ensure the capacity to meet the challenges of aging populations, and avoid leaving future generations with a legacy of deficits and debt.”¹⁶⁸ The leaders established that fiscal plans have to be “credible, clearly communicated, differentiated to national circumstances, and focused on measures to foster economic growth.” In addition, the leaders also warned that “failure to implement consolidation where necessary would undermine confidence and hamper growth.”¹⁶⁹

During the G20 Seoul Summit the leaders formulated specific medium-term fiscal consolidation strategies and policy actions tailored to their individual national circumstances under the *Policy Commitments by G20 Members* document.¹⁷⁰ The commitment calls on advanced economies to formulate and implement clear, credible, ambitious, and growth-friendly medium-term fiscal consolidation plans in line with the Toronto commitment. According to *The G20 Toronto Summit Declaration*, the leaders agreed that fiscal consolidation plans by advanced economies will “need to begin in 2011, and earlier for countries experiencing significant fiscal challenges at present”¹⁷¹

Commitment Features:

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

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

The advanced economies whose compliance is to be assessed and scored are: Australia, Canada, France, Germany, Italy, Japan, Korea, United Kingdom and the United States.¹⁷²

Scoring Guidelines:

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

Australia: +1

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

¹⁶⁸ The G20 Toronto Summit Declaration, G20 Toronto Summit (Toronto) 27 June 2010. Date of Access: 17 October 2010. http://g20.org/Documents/g20_declaration_en.pdf

¹⁶⁹ The G20 Toronto Summit Declaration, G20 Toronto Summit (Toronto) 27 June 2010. Date of Access: 17 October 2010. http://g20.org/Documents/g20_declaration_en.pdf

¹⁷⁰ Policy Commitments by G20 Members, G20 Information Centre (Toronto) 12 November 2010. Date of Access: 13 March 2011. <http://www.g20.utoronto.ca/2010/g20seoul-commitments.pdf>

¹⁷¹ The G20 Toronto Summit Declaration, G20 Information Centre (Toronto) 27 June 2010. Date of Access: 13 March 2011. <http://www.g20.utoronto.ca/2010/to-communicue.html>

¹⁷² The G20 Toronto Summit Declaration, G20 Toronto Summit (Toronto) 27 June 2010. Date of Access: 17 October 2010. <http://www.g20.utoronto.ca/2010/g20seoul-commitments.pdf>

Australia entered the Toronto Summit with almost no net government debt and in strong fiscal shape overall. Following its economic recovery from the recent global financial crisis and according to research by BMO Capital Markets; Australia is expected to return the budget to surplus by 2012/13.¹⁷³

The Australian Budget overview for 2011–2012, published by the Australian government on 10 May 2011, contends that the country remains on track for a surplus in 2012–2013. This represents the fastest fiscal consolidation in 40 years. The 2010–2011 deficit stood at 3.3 per cent of GDP while the 2011–2012 deficit is projected to stand at 1.4 per cent of GDP followed by a surplus of 0.3 per cent of GDP in 2012 – 2013.¹⁷⁴

The Major Savings section of the 2011-2012 National Budget indicates that the government, due to its fiscally disciplined approach, reaped savings of AUD468 million in 2010–2011, and is expected to reap savings of AUD3.8 billion in 2011–2012. Over a five-year time frame, these savings are expected to total AUD22 billion dollars. The Australian saving programs put forth the implementation of expenditure cuts in areas such as defence and family transfers as well as the reform and integrity of the tax system.¹⁷⁵

Australia is already in a strong fiscal position and is well on track to returning to surplus by 2012–2013. It definitely meets the goal to ensure medium-term consolidation. Thus Australia has been awarded a score of +1 for full compliance with this commitment.

Analyst: Faiyyad Hosein

Canada: +1

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

Canada entered the Toronto Summit with a federal deficit of about 3 per cent of GDP and a combined provincial deficit of around 2 per cent of GDP.¹⁷⁶

On 4 October 2011, the Ministry of Finance introduced the draft bill “Keeping Canada’s Economy and Jobs Growing Act”¹⁷⁷, which puts forth the following measures: (1) the phase-out of direct subsidy of political parties; (2) the elimination of various tax loopholes that allowed both individuals and businesses to not pay their fair share of taxes. Those newly introduced measures aim to both reduce expenditures and generate income in order to reduce Canada’s budget deficit.

¹⁷³ A G20 Summit Primer, BMO Capital Markets (Toronto) 23 June 2010. Date of Access: 17 October 2010 www.bmonesbittburns.com/economics/reports/20100623/sr100623.pdf

¹⁷⁴ Budget Overview 2011 – 2012, Australian Government (Sydney) 10 May 2011. Date of Access: 8 October 2011. <http://cache.treasury.gov.au/budget/2011-12/content/download/Overview.pdf>

¹⁷⁵ Appendix F, Major Savings in the 2011 – 2012 Budget, Australian Government (Sydney) 10 May 2011. Date of Access: 8 October 2011. http://www.budget.gov.au/2011-12/content/overview/html/overview_45.htm

¹⁷⁶ A G20 Summit Primer, BMO Capital Markets (Toronto) 23 June 2010. Date of Access: 17 October 2010 www.bmonesbittburns.com/economics/reports/20100623/sr100623.pdf

¹⁷⁷ Keeping Canada’s Economy and Jobs Growing Act, Department of Finance (Ottawa) 4 October 2011. Date of Access: 8 October 2011. <http://parl.gc.ca/HousePublications/Publication.aspx?Docid=5155334&file=4>

On 6 June 2011, Canadian Minister of Finance James Flaherty released the 2011 National Budget, also known as the next phase of Canada's Economic Action Plan - the usual release date for the National budget is in March and this year's delay can be attributed to the dissolution of the Canadian parliament in March 2011.¹⁷⁸ In the 2011 National Budget, the projected deficit was revised down by CAD4.3 billion for 2010–2011, but revised upwards for 2011–2012 by CAD2.7 billion for an overall deficit reduction of CAD1.6 billion during this time frame. The projected budgetary balance shows the government is on track to eliminating the federal deficit as the government should be in surplus by 2015–2016.¹⁷⁹

The Canadian Department of Finance publishes a monthly Fiscal Monitor whose aim is to track national revenues and expenses, the national deficit and the financing requirement of the government. The July 2011 Fiscal Monitor shows that the Canadian government is successfully tracking the deficit reduction; a budgetary deficit of only CAD7.1 billion was registered in the first four months of Canada's 2011 fiscal year (April – July) whereas a budgetary deficit of CAD7.7 billion was registered for the same first four months of the 2010 fiscal year.

The Government of Canada further adopts a policy of strategic reviewing in order to facilitate responsible spending. It has now completed the first four-year cycle of the strategic review exercise. The first cycle of strategic reviewing combined with reductions is expected to lead to savings of over CAD11 billion over a seven-year period that extends until 2014-2015. The savings identified will be implemented by a number of different government programs and institutions including Fisheries and Oceans Canada, Industry Canada and Public Prosecution Service of Canada.¹⁸⁰ These ongoing strategic reviews show that the Canadian government is committed to cutting costs, thus ensuring fiscal consolidation.

Given both the successful policy formulation through its Economic Action plan and the successful implementation of budget reduction measures, which lead to a decrease in borrowing year after year, Canada has fully complied with its commitment. It has thus been awarded a score of +1.

Analyst: Faiyyad Hosein

France: +1

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

France entered the Toronto Summit with a budget deficit of 8 per cent of GDP.¹⁸¹

France's initial consolidation plan included cuts in expenditure coming from the following areas; (1) the retirement age being pushed to 62 from 60 (2) the replacement of only 50 per cent of existing bureaucrats; (3) the withdrawal of tax breaks worth EUR10 billion.¹⁸² France

¹⁷⁸ Budget in Brief, Department of Finance Canada (Ottawa) 6 June 2011. Date of Access: 8 October 2011. <http://www.budget.gc.ca/2011/glance-apercu/brief-bref-eng.pdf>

¹⁷⁹ Budget in Brief, Department of Finance Canada (Ottawa) 6 June 2011. Date of Access: 8 October 2011. <http://www.budget.gc.ca/2011/glance-apercu/brief-bref-eng.pdf>

¹⁸⁰ Annex 1: Responsible Spending, Department of Finance (Ottawa) 22 March 2011. Date of Access: 8 October 2011.

¹⁸¹ A G20 Summit Primer, BMO Capital Markets (Toronto) 23 June 2010. Date of Access: 17 October 2010 www.bmonesbittburns.com/economics/reports/20100623/sr100623.pdf

¹⁸² French Budget Aims to Cut Deficit, BBC News (London) 29 September 2010. Date of Access: 29 October 2010. www.bbc.co.uk/news/business-11434531

subsequently passed the law increasing the retirement age from 60 to 62 in line with its fiscal consolidation plan.¹⁸³

On 28 September 2011, due to mounting pressure in light of its mounting public debt and the threat of losing its AAA rating, France targeted the deficit with a new 2012 austerity budget also known as the Project Finance Act.¹⁸⁴ This new austerity budget seeks to reduce the deficit from 5.7 per cent of GDP in 2011 to 4.5 per cent of GDP in 2012, to 3 per cent of GDP in 2013, to 2 per cent of GDP in 2014, and to 1 per cent of GDP in 2015.¹⁸⁵ This austerity plan focuses on raising the tax burden, closing tax loopholes and implementing a one-off tax on the turnover of large companies that are subject to carbon dioxide quotas. The proposed budget is now slated to go to the National Assembly and the Senate for debate.¹⁸⁶

According to the September 2011 IMF Fiscal Monitor Report, France has potentially important reforms underway that will be successful in improving budget processes. The IMF projects that France's budget deficit will fall from 5.9 per cent of GDP in 2011 to 4.6 per cent of GDP in 2012, implying that the implementation of these austerity measures will have a true baseline effect on France's fiscal consolidation efforts. The IMF projections were also made prior to France's latest austerity budget in September 2011, which, if passed, will further enhance fiscal consolidation.¹⁸⁷

The French initial consolidation plan works towards reducing the national budget deficit and France is building momentum to further consolidation with its latest September 2011 fiscal plan. Thus France is awarded a score of +1 for compliance with this commitment.

Analyst: Faiyyad Hosein

Germany: +1

Germany has fully complied with its commitment to both formulate and implement clear, credible, ambitious, and growth-friendly medium-term consolidation plans. The German budget deficit for 2010 was 3.5 per cent of GDP. Despite being one of the lowest budget deficits in the EU, it still exceeds the reference value of 3 per cent of GDP set by the European Stability and Growth Pact.¹⁸⁸

On 2 July 2010, the German government implemented the Austerity Program to control the budget deficit with tax hikes, new taxes and radical savings in areas such as defence as well as to rein in the budget deficit from 2011.¹⁸⁹ The spending cuts and tax hikes are part of Chancellor

¹⁸³ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

¹⁸⁴ French budget plan calls for €1 billion in spending cuts, The New York Times (Paris) 28 September 2011. Date of Access: 8 October 2011. <http://www.nytimes.com/2011/09/29/business/global/france-announces-sharply-reduced-budget-for-2012.html>

¹⁸⁵ Project Finance Act 2012, Ministry of Finance and Industry (Paris) 28 September 2011. Date of Access: 8 October 2011. <http://www.gouvernement.fr/gouvernement/projet-de-loi-de-finances-pour-2012>

¹⁸⁶ France targets deficit with 2012 austerity budget, France 24 International news (Paris) 28 September 2011. Date of Access: 8 October 2011. <http://www.france24.com/en/20110928-france-valerie-pecresse-budget-austerity-debt-paris-sarkozy-economy-euro-zone>

¹⁸⁷ IMF Fiscal Monitor, International Monetary Fund (Washington) September 2011. Date of Access: 8 October 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

¹⁸⁸ German Federal Ministry of Finance (Berlin) 13 January 2011. Date of Access: 24 March 2011. http://www.bundesfinanzministerium.de/nn_103442/EN/Topics/Fiscal-policy/Articles/13012011-NKA.html?_nnn=true

¹⁸⁹ Berlin Budget Deficit Much Lower than Expects, Spiegel Online (Berlin) 22 June 2010. Date of Access: 17 October 2010. www.spiegel.de/international/business/0,1518,702114,00.html

Angela Merkel's pledge to foster a new culture of stability in Europe by helping to reduce the burden of public debt.¹⁹⁰

According to the September 2011 IMF Fiscal Monitor, Germany's fiscal headline balance has declined faster than expected due to a revival of the economic activity. Germany's fiscal deficit is projected to fall from 1.7 per cent of GDP to 1.1 per cent of GDP from 2011-2011 in line with its plan of fiscal consolidation. It also stated that Germany has heavily focused on social transfer cuts and has considered a reduction in defence spending in order to reduce its deficit.¹⁹¹

According to the November 2010 IMF Fiscal Monitor, Germany also adopted new green taxes as a revenue measure to reduce the deficit. Germany's reform proposals on healthcare include a three-year freeze on prices of pharmaceutical covered by statutory health insurance and an increase of the rebate drug manufacturers are expected to pay.¹⁹²

The German debt brake law limits the amount of the debt the country can have and forces the federal and state governments to eliminate their structural budget deficits over the next five to ten years. The German debt brake law is a model that the rest of Europe has become interested in following.¹⁹³ From 2011 onwards, structural borrowing will be gradually reduced and then from 2016 onwards, the Federation's net borrowing will not be permitted to exceed 0.35 per cent of Germany's GDP.¹⁹⁴

The German Federal Ministry of Finance publishes a monthly report, which provides key statistics and trends on the federal budget as well as the fiscal policy and consolidation. The latest report, published in September 2011¹⁹⁵, states that Federal expenditures fell by 1.6 per cent or EUR3.5 billion from 2010 and revenues increased by 5.8 per cent or EUR9.3 billion from 2010. The deficit for the period of January to August 2011 was EUR36.4 billion, which fell significantly from the registered EUR49.2 billion during the period of January to August 2010. It is overall anticipated that new borrowing will decrease to around EUR30 billion.

Given Germany's firm policy formulation including the Austerity Program and the new debt brake law as well as the positive results it has achieved in reducing debt and borrowings, Germany has been awarded a score of +1.

Analyst: Faiyyad Hosein

Italy: +1

¹⁹⁰ Germany Austerity Program offers chance for new beginning, Spiegel Online (Berlin) 2 June 2010.

Date of Access: 17 October 2010. www.spiegel.de/international/germany/0,1518,698378,00.html

¹⁹¹ IMF Fiscal Monitor, International Monetary Fund (Washington) September 2011. Date of Access: 8 October 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

¹⁹² IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

¹⁹³ Analysis: Debt Brake may be one German export too many, Reuters (Berlin) 7 February 2011. Date of Access: 8 October 2011. <http://www.reuters.com/article/2011/02/07/us-eurozone-germany-debt-idUSTRE71637820110207>

¹⁹⁴ The Debt Brake, Federal Ministry of Finance (Berlin) Date of Access: 8 October 2011. http://www.bundesfinanzministerium.de/nn_103466/EN/Press-and-publications/Media-Center/Audio-and-video-content/Audios/the-debt-brake-article.html?__nn=true

¹⁹⁵ Abstract of the Federal Ministry of Finance's Monthly Report, Federal Ministry of Finance (Berlin) September 2011. Date of Access: 8 October 2011. http://www.bundesfinanzministerium.de/nm_139656/DE/BMF_Startseite/Publikationen/Monatsbericht_des_BMF/2011/09/english/translated-abstracts/110922agmb001_templateId=raw_property=publicationFile.pdf

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

Italy entered the 2010 Toronto Summit with a budget deficit of around 5 per cent of GDP and a debt-to-GDP ratio that stood at over 100 per cent of GDP.¹⁹⁶

The initial fiscal consolidation plan set out by Prime Minister Silvio Berlusconi on 26 May 2010 announced Italy's planned EUR24.9 billion of budget cuts. Italy's cuts include: (1) a three-year wage freeze for civil servants; (2) a 10 per cent budget cut for ministries; (3) EUR4.5 billion in reduced transfers to regional governments; (4) a partial amnesty on illegal construction; (5) a crackdown on tax evasion.¹⁹⁷ This EUR25 billion austerity budget, also known as the stability plan, was subsequently approved by the Italian government, showing a firm and comprehensive plan to reduce their budget deficit.¹⁹⁸

Since 2010, Italy has maintained its sector wage freeze for public servants and is also planning to enhance its tax revenue administrations to decrease tax evasion going forward. It has also announced plans to centralize pharmaceutical procurement, reduce prices of generics, introduce a tendering system for generics and introduce a permanent tax on bonuses and stock options paid to managers and independent professionals in the financial sector.¹⁹⁹

According to the September 2011 IMF Fiscal Monitor Report, the Italian budget deficit is projected to fall from 4 per cent of GDP in 2011 to 2.4 per cent of GDP in 2012, thus indicating that Italy would be successful in its fiscal consolidation efforts. According to the report, the measures taken to increase the retirement age and streamline the pension system will reap savings of 0.5 to 1.5 per cent of GDP by 2030. The report also outlines that the draft of a balanced budget amendment to the constitution was approved by the Italian government and is to be further discussed.²⁰⁰

On 14 September 2011, a new EUR54 billion austerity package was approved by the Italian parliament that seeks to balance the budget by 2013.²⁰¹ The approved package of measures includes a special 3 per cent levy on incomes over EUR300, 000, a 1 per cent increase in value-added tax, further adjustment to pension rules, and cuts to government spending.²⁰²

According to the Italian Ministry of Economy and Finance's update of the 2011 Financial and Economic document, published on 22 September 2011, the government will address the deficit by

¹⁹⁶ A G20 Summit Primer, BMO Capital Markets (Toronto) 23 June 2010. Date of Access: 17 October 2010 www.bmonesbittburns.com/economics/reports/20100623/sr100623.pdf

¹⁹⁷ Berlusconi says \$30 billion of budget cuts needed to save Euro, Bloomberg Businessweek (New York) 26 May 2010. Date of Access: 17 October 2010. www.businessweek.com/news/2010-05-26/berlusconisays-30-billion-of-budget-cuts-needed-to-save-euro.html

¹⁹⁸ Italy OKs 2011 Austerity Budget, Pledges growth push, Wall Street Journal (New York) 14 October 2010. Date of Access: 17 October 2010. online.wsj.com/article/BT-CO-20101014-706639.html

¹⁹⁹ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

²⁰⁰ IMF Fiscal Monitor, International Monetary Fund (Washington) September 2011. Date of Access: 8 October 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

²⁰¹ Berlusconi's austerity package wins final approval in Italian parliament, Bloomberg (Rome) 14 September 2011. Date of Access: 8 October 2011. <http://www.bloomberg.com/news/2011-09-14/berlusconi-s-austerity-package-wins-final-approval-in-italian-parliament.html>

²⁰² Crucial Italy Austerity Package enters home stretch, Reuters (Rome) 11 September 2011. Date of Access: 8 September 2011. <http://ca.reuters.com/article/businessNews/idCATRE78A3TG20110911>

controlling government ministry expenditure, transfers to local governments and provisions to public sector employees as well as implementing pension reform for women in the private sector who will see their retirement age raise from 60 to 65 starting in 2014.²⁰³ The Italian Ministry of Finance and Economy is also committed to bringing forth a tax and welfare reform in 2012, if the EUR20 billion-reduction of tax expenditure and welfare benefits fails to materialize.²⁰⁴ New measures including the rise in value-added tax, the rise in taxes on financial operators and energy companies, the reorganization of tax on financial income and the collection of new revenues from excise and gaming duties will further help to bolster revenues. The Italian government projects deficits to fall from 3.9 per cent of GDP in 2011 to a surplus of 0.2 per cent of GDP in 2014.²⁰⁵

Given the Italian government's implementation of its initial fiscal consolidation plan, the current downward trend in deficit ratios and the approval of a new austerity plan in September 2011, Italy has been awarded a score of +1 for its compliance to fiscal consolidation.

Analyst: Faiyyad Hosein

Japan: +1

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

On 22 June 2010, the Japanese government unveiled its fiscal plan that will tackle public debt and reduce budget deficit.²⁰⁶ The fiscal plan calls for bringing the primary budget balance into surplus by 2020/21 and lowering the debt-to-GDP ratio from 2021/22.²⁰⁷

The September 2011 IMF Fiscal Monitor Report for Japan states that both reconstruction and disaster relief are the key short-term priorities. The report also puts forth that Japanese authorities are introducing new measures to bring the Japanese debt-to-GDP ratio downward by 2020. However, fiscal deficits remain at near level records and continue to rise. The natural and nuclear disasters have had an impact on public finances on both the revenue and expenditure sides, and the Japanese budget deficit is expected to be the highest amongst those of the G20 countries. Japan's budget deficit for 2011 stands at 10.3 per cent of GDP, but it is forecasted to decrease to 7.8 per cent of GDP in 2013.²⁰⁸

According to the highlights of the Japanese budget for FY2011, there has been a clear implementation of policies that work towards the goal of fiscal consolidation. Such policies include the maintenance of fiscal discipline the government had previously committed to and the imposition of a JPY44 trillion limit on government bond issuance. Other implementation

²⁰³ Update of the 2011 Economic and Financial Document, Italian Ministry of Economy and Finance (Italy) 22 September 2011. Date of Access: 8 September 2011. <http://www.mef.gov.it/en/doc-finanza-pubblica/dfp.def.asp>

²⁰⁴ Update of the 2011 Economic and Financial Document, Italian Ministry of Economy and Finance (Italy) 22 September 2011. Date of Access: 8 September 2011. <http://www.mef.gov.it/en/doc-finanza-pubblica/dfp.def.asp>

²⁰⁵ Update of the 2011 Economic and Financial Document, Italian Ministry of Economy and Finance (Italy) 22 September 2011. Date of Access: 8 September 2011. <http://www.mef.gov.it/en/doc-finanza-pubblica/dfp.def.asp>

²⁰⁶ FACTBOX-Budget deficits of richer G20 nations, Reuters (Washington) 27 June 2010. Date of Access: 27 October 2010. www.reuters.com/article/idUSN2412302520100627

²⁰⁷ FACTBOX-Budget deficits of richer G20 nations, Reuters (Washington) 27 June 2010. Date of Access: 27 October 2010. www.reuters.com/article/idUSN2412302520100627

²⁰⁸ IMF Fiscal Monitor, International Monetary Fund (Washington) September 2011. Date of Access: 8 October 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

measures included the reduction of 10-20 per cent of road improvement and flood control projects, as well as a reduction of subsidies by about 20 per cent to support the introduction of photovoltaic power generation devices in private houses.²⁰⁹

In the medium term, the policies outlined above including the imposition of a limit on government bond issuance and the implementation of expenditure cuts should return once Japan recovers from the March calamities. As stated above, Japan formulated a fiscal plan that aims to reduce budget deficits and while implementation is halted due to extenuating circumstances, the IMF expects that the new measures will induce a fall in both the fiscal deficit and debt-to-GDP ratio by 2020. Thus Japan has been awarded a score of +1.

Analyst: Faiyyad Hosein

Korea: +1

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

Korea entered the Toronto Summit with a balanced budget, and therefore needed little fiscal consolidation both in terms of policy formulation and implementation due to its satisfactory economic state.²¹⁰

A press release from the Korean Ministry of Strategy and Finance, issued on 29 September 2011, shows that Korea's strong fiscal position remains intact and that the country is well on its way of achieving a balanced budget. The press release states that the "2012 budget focuses on job creation while pursuing fiscal balance in 2013."²¹¹ It states that Korean government will keep its spending increases to the lowest possible level until the country achieves a balanced budget in 2013.²¹² In 2011, the spending increase was 2.6 per cent lower than the revenue increase, and it is projected to be 4 per cent lower than the revenue increase in 2012, clearly indicating a surplus of new revenues.²¹³ The fiscal deficit stood at 2 per cent of GDP in 2011, is projected to stand at 1 per cent of GDP in 2012 and 0 per cent of GDP by 2013.²¹⁴

According to the November 2010 IMF Fiscal Monitor Report, Korea is considered a low deficit country.²¹⁵ The report also puts forth that Korea announced the adoption or extension of green taxes in line with its policy formulation.²¹⁶ The Korean government also plans to enhance its revenue administration to reduce tax evasion. The medium-term projections by the IMF assume

²⁰⁹ Highlights of the budget for FY2011, Ministry of Finance, Japan (Tokyo) December 2010. Date of Access: 24 March 2011. <http://www.mof.go.jp/english/budget/e20101224a.pdf>

²¹⁰ A G20 Summit Primer, BMO Capital Markets (Toronto) 23 June 2010. Date of Access: 17 October 2010 www.bmonesbittburns.com/economics/reports/20100623/sr100623.pdf

²¹¹ 2012 Budget Centers on Job Creation while Pursuing Fiscal Balance in 2013, Korean Ministry of Strategy & Finance (Seoul) 27 September 2011. Date of Access: 7 October 2011. <http://english.mosf.go.kr/>

²¹² 2012 Budget Centers on Job Creation while Pursuing Fiscal Balance in 2013, Korean Ministry of Strategy & Finance (Seoul) 27 September 2011. Date of Access: 7 October 2011. <http://english.mosf.go.kr/>

²¹³ 2012 Budget Centers on Job Creation while Pursuing Fiscal Balance in 2013, Korean Ministry of Strategy & Finance (Seoul) 27 September 2011. Date of Access: 7 October 2011. <http://english.mosf.go.kr/>

²¹⁴ 2012 Budget Centers on Job Creation while Pursuing Fiscal Balance in 2013, Korean Ministry of Strategy & Finance (Seoul) 27 September 2011. Date of Access: 7 October 2011. <http://english.mosf.go.kr/>

²¹⁵ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

²¹⁶ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

that the government will resume its consolidation plans and balance the budget (excluding social security funds) in 2014.²¹⁷

Korea is already in an excellent fiscal position and needed little policy planning in terms of reaching a balanced budget and reducing deficits. As stated above, Korea's spending is inferior to its revenues, and the country will have a balanced budget by the short-term target of 2013. Thus Korea has been awarded a score of +1.

Analyst: Faiyyad Hosein

United Kingdom: +1

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

On 20 October 2010, the UK Treasury released the 2010 Comprehensive Spending Review. The Spending Review seeks to reduce the budget deficit by raising tax revenue by an estimated GBP7 billion by 2014-2015 by combating tax fraud, evasion and avoidance. The government will also look at the potential sale of public sector assets to raise revenue and cut administration budgets across all of Whitehall to save GBP5.9 billion per annum until 2014-2015. The Comprehensive Spending Review further outlines a plan to decrease the public sector net debt as a percentage of GDP by 2015-2016.²¹⁸

According to the September 2011 IMF Fiscal Monitor Report, the UK's deficit is projected at 8.5 per cent of GDP in 2011 and then down to 7 per cent of GDP in 2012, showing that the UK's plan of fiscal consolidation is bearing fruit.²¹⁹

In order to work towards fiscal consolidation, the United Kingdom has complemented its revenue measures with VAT increases. The United Kingdom also announced a sector wage freeze to decrease its wage bill and plans to reduce tax evasion by enhancing its revenue administration. In order to reduce its healthcare bill, the United Kingdom announced plans to introduce value-based pricing for pharmaceuticals. It also put forth a proposal to reduce future defence spending by 8 per cent from 2011-2012 and 2014-2015.²²⁰

The UK Government's 2011 budget proposes a total consolidation of GBP126 billion per annum to be achieved by 2015-2016. The consolidation proposal introduces the following measures: (1) a net increase in taxation of GBP30 billion; (2) spending reductions of GBP95 billion. The implementation of those measures is now underway.²²¹ The commitment of the UK government to fiscal tightening is made evident by the planned GBP14 billion in spending cuts in 2011-2012. This is further buttressed by the fact that its actual 2011-2012 spending cuts were higher than those originally planned; they amounted to GBP16 billion.²²²

²¹⁷ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

²¹⁸ Spending Review 2010, HM Treasury (London) 20 October 2010: Date of Access: October 21 2010. cdn.hm-treasury.gov.uk/sr2010_completereport.pdf

²¹⁹ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

²²⁰ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

²²¹ IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

²²² IMF Fiscal Monitor, International Monetary Fund (Washington) 10 November 2010. Date of Access: 24 March 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

The UK's Office of Budget Responsibility forecasts that net public sector borrowing will decline from its peak of 11.1 per cent of GDP in 2009-2010 to 1.5 per cent of GDP in 2015-2016. Seventy-three per cent of the entire planned fiscal consolidation comes from spending cuts that will extend until 2014-15. These cuts will then rise to 76 per cent in 2015-16. The projections of the UK government are consistent with those of the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF), thus bolstering their soundness.²²³

Through its comprehensive spending review, the United Kingdom has outlined a firm plan for mid-term fiscal consolidation. Furthermore, internal as well as OECD and IMF projections clearly show that the reduction of the deficit will be successful. Thus the United Kingdom has been awarded a score of +1 for its compliance with this commitment.

Analyst: Faiyyad Hosein

United States: 0

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

The United States entered the Toronto Summit with a budget deficit of USD1.3 trillion, which is equivalent to about 9 per cent of its GDP.²²⁴

According to the Office of Management and Budget of the White House, the USYF2012 Budget plans for a deficit reduction of USD1 trillion; two-third of which would be achieved by reduced spending. The plan accounts for a five-year non-security discretionary spending freeze that would reduce the deficit by USD400 billion. The plan proposes to achieve a 10-year deficit reduction of USD1.1 trillion by excluding war savings and not extending the 2001 and 2003 tax cuts for high-income earners. The deficit is projected to move from USD1.645 trillion in 2011 at 10.9 per cent of GDP to USD627 billion and 3 per cent of GDP in 2017 thanks to this comprehensive fiscal plan.²²⁵

The USFY2012 budget includes more than USD1 trillion in deficit reduction; it has identified 120 terminations, reductions and savings that will save approximately USD20 billion per annum. Some of these terminations include the termination of the Adolescent Family Life Program, the C-17 Air Transport Reduction Program, and the Deep Underground and Engineering Laboratory Program amongst many others.²²⁶

The September 2011 IMF Fiscal Monitor projected that the U.S. budget deficit will fall over the medium term as it is projected at 9.6 per cent in 2011, 7.9 per cent in 2012, and 6.2 per cent in

²²³ Budget 2011, HM Treasury (London) 23 March 2011. Date of Access: 24 March 2011.

http://cdn.hm-treasury.gov.uk/2011budget_complete.pdf

²²⁴ A G20 Summit Primer, BMO Capital Markets (Toronto) 23 June 2010. Date of Access: 17 October 2010 www.bmonesbittburns.com/economics/reports/20100623/sr100623.pdf

²²⁵ <http://www.whitehouse.gov/omb/overview>

²²⁶ Fiscal Year 2012 Terminations, Reductions & Savings: Budget of the US Government, The White House Office of Management and Budget (Washington) 14 February 2011. Date of Access: 27 March 2011. <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/trs.pdf>

2013. The U.S. is thus moving towards balancing its books over the medium-term time frame.²²⁷ The IMF states that the United States credibility could weaken if comprehensive and motivated plans to reduce debt are not produced.

The United States government also implemented the “Pay As You Go Act,” signed into law in 2010, upholding that all new, non-emergency entitlement spending and revenue losses must be offset by savings or revenue increases, with no exception for new tax cuts. This means that government cannot pass any new laws that will actually increase the budget deficit.²²⁸

On 2 August 2011, the United States raised its debt ceiling when the U.S. Congress approved the Budget Control Act Amendment; a legislation that increases the debt limit of USD400 billion and introduces measures that would allow to further raise the limit in two additional steps for a cumulative increase of between USD 2.1 trillion and USD 2.4 trillion by end-2011. In exchange, President Obama and Congressional Leaders concur to cut USD917 billion over 10 years on discretionary spending as well as to establish a bi-partisan, bicameral Congressional committee tasked with identifying an additional USD1.5 trillion in deficit reduction by end-2011. In the event the Congressional committee cannot agree, USD1.2 trillion in spending cuts to entitlements, payments and military spending will then automatically be put into place. This legislation accounts for spending caps for the next decade.²²⁹

Members of the bi-partisan Congressional committee have very differing ideas on how to reach the USD1.2 trillion in spending cuts. Congressman Jeb Hensarling, the Republican Chair on the committee has said that it is a challenge to find these cuts on a collective basis. The International Monetary Fund (IMF) has revised its growth forecast for the United States downwards given the committee’s apparent inability to design a realistic plan to reduce government deficit in the medium term.²³⁰

The U.S. has made real efforts in reducing its fiscal deficit when taking into account the measures outlined in the Budget Control Act Amendment and the US FY2012 budget. That being said, the IMF downgraded the U.S. growth forecast because the country’s current efforts to reduce the deficit are not growth-friendly; if no deficit reduction agreement is reached by end-2011, a range of spending cuts will come into play, therefore further hindering growth and fiscal consolidation. Thus the United States has only partially complied with its commitment to both formulate and implement clear, credible, ambitious, and growth-friendly medium-term consolidation plans. It has been awarded a score of 0.

Analyst: Faiyyad Hosein

²²⁷ IMF Fiscal Monitor, International Monetary Fund (Washington) September 2011. Date of Access: 8 October 2011. <http://www.imf.org/external/pubs/ft/fm/2010/fm1002.pdf>

²²⁸ Statutory Pay As You Go Act of 2010: The White House Office of Management and Budget (Washington) 12 February 2010. Date of Access: 27 March 2011.

²²⁹ Leaders agree on debt deal, Reuters (Washington) 1 August 2011. Date of Access: 12 October 2011. <http://online.wsj.com/article/SB10001424053111903520204576480123949521268.html>

²³⁰ Update 1-US budget panel hears competing ideas, Reuters (Washington) 20 September 2011. Date of Access: 12 October 2011. <http://www.reuters.com/article/2011/09/20/usa-debt-idUSS1E78J23H20110920>

3. Finance: Basel III

Commitment [#51]:

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

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina	-1		
Australia			+1
Brazil			+1
Canada			+1
China			+1
France			+1
Germany			+1
India		0	
Indonesia			+1
Italy			+1
Japan			+1
Korea		0	
Mexico		0	
Russia		0	
Saudi Arabia			+1
South Africa			+1
Turkey			+1
United Kingdom			+1
United States		0	
European Union			+1
Average Score		+0.65	

Background:

The Basel III framework on bank capital and liquidity standards is a continuation of Basel I and Basel II initiatives launched by the Basel Committee on Banking Supervision (BCBS). The BCBS proposed the Basel III framework as a response to the 2008 financial crisis, which exposed weaknesses in the capitalization structure of several globally significant banks, particularly in the United States and Europe. The Basel III framework aims to strengthen global capital and liquidity regulation in order to instil prudent practices in capital markets and foster a resilient international financial system (see Table 7).²³¹

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

²³¹ Strengthening the resilience of the banking sector, Basel Committee on Banking Supervision (Basel) December 2009. Date of Access: 23 March 2011. <http://www.bis.org/publ/bcbs164.htm>

that will allow for build up of capital buffers in good times that can be drawn upon in periods of stress; and adopt a global minimum liquidity standard.²³²

During the G20 Finance Ministers and Central Bank Governors meeting in Busan, Korea, on 5 June 2010, the dignitaries called on the BCBS to “propose internationally agreed rules to improve both quantity and quality of bank capital and to discourage excessive leverage and risk taking by the November 2010 Seoul Summit.”²³³ The official Basel III framework was put forth by the BCBS to the international community on 26 July 2010.²³⁴ During the G20 Seoul Summit, 11-12 November 2010, *The Seoul Summit Document* outlined the leaders’ commitment to translate the framework into national laws and regulations to be “implemented starting on January 1, 2013, and fully phased in by January 1, 2019.”

Table 7: Basel III Requirements for Risk-Weighted Assets (%)

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

Commitment Features:

G20 member compliance to this commitment can be measured according to their performance in two key areas. First, G20 members are required to translate the Basel III framework into their national laws and regulations. Second, members must implement policies to align with the new capital and liquidity standards, beginning in 2013.

Thus in order to comply fully with the commitment, members are required to take steps toward translating Basel III bank capital and liquidity standards into national laws and regulations. Such steps could include initiating a public consultation process on Basel III guidelines, conducting stress tests to determine the health of major banks, or making public announcements regarding regulators’ progress in implementing Basel III regulations. Since the deadlines for implementation of Basel III are set beyond the upcoming Cannes Summit, full implementation of Basel III regulations will not be required to be awarded a score for full compliance. In addition, because the Basel III framework was drafted in 2009, prior to the G20 Seoul Summit, actions taken by G20 members prior to the summit will be counted towards the final score.

²³² Strengthening the resilience of the banking sector, Basel Committee on Banking Supervision (Basel) December 2009. Date of Access: 23 March 2011. <http://www.bis.org/publ/bcbs164.htm>

²³³ Communiqué – Meeting of Finance Ministers and Central Bank Governors, Presidential Committee For G20 Summit 5 June 2010. Date of Access: 20 April 2010. http://www.g20.org/Documents/201006_Communique_Busan.pdf

²³⁴ The Group of Governors and Heads of Supervision reach broad agreement on Basel Committee capital and liquidity reform package, Basel Committee on Banking Supervision (Basel) 27 July 2010. Date of Access: 19 April 2011. <http://www.bis.org/press/p100726.htm>

Scoring Guidelines:

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

Argentina: -1

Argentina has failed to take action to implement the bank capital and liquidity standards set in the Basel III framework. Argentine authorities have not announced any concrete plans to implement Basel III reforms.²³⁵

An April 2011 FSB survey Argentina's compliance with G20 reform measures noted that Argentina intended to "assess the way of implementing bank capital adequacy and liquidity requirements, including the Basel II Capital Framework."²³⁶ The report also noted that the BCRA would begin to discuss the possibility of implementing Basel III capitalization and liquidity standards post- December 2010.²³⁷

A June 2011 report on financial stability by the Central Bank of Argentina (CBRA) noted that major Argentine banks' capitalization levels stood near 16.5% risk weighted assets. Though Argentine designations regarding risk-weighted assets may differ from Basel III designations, these levels put Argentine banks on track to comply with Basel III capitalization requirements.²³⁸

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

Analysts: Sarah Ellis and Robin Elliott

Australia: +1

Australia has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework. Australian regulatory authorities have begun to adapt Basel III reforms into domestic financial legislation and have provided Australian banks with the means to begin compliance.

On 17 December 2010, the Australian Prudential Authority and the Reserve Bank of Australia (RBA) jointly released details of their plan of action to allow Australian banks to meet new global liquidity standards. Banks will be allowed to establish committed secure liquidity facilities with the RBA, where they can store adequate capital to meet their potential needs under a financial stress situation.²³⁹ The standard is expected to come into effect 1 January 2015.

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

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

²³⁶ G20- Monitoring Progress – Argentina September 2010, Financial Stability Board (Basel) April 2011. Date of Access: 1 October 2011. http://www.financialstabilityboard.org/publications/r_110401a.pdf

²³⁷ G20- Monitoring Progress – Argentina September 2010, Financial Stability Board (Basel) April 2011. Date of Access: 1 October 2011. http://www.financialstabilityboard.org/publications/r_110401a.pdf

²³⁸ Report on Banks, Argentine Central Bank (Buenos Aires) June 2011. Date of Access: 1 October 2011. http://www.bcra.gov.ar/estfin/efi020300_i.asp

²³⁹ Australian implementation of global liquidity standards, Australian Prudential Authority (Canberra) 17 December 2010. Date of Access: 2 April 2011.

<http://www.apra.gov.au/mediareleases/pages/mediareleases.aspx?ys=2011&ye=2011&pg=1>

On 28 February 2011, the Australian Prudential Regulation Authority released further details on the kind of assets would be accepted for holding in the secure liquidity facilities at the RBA.²⁴⁰ Assets that qualify as Level 1 under Basel III rules are limited to: (1) cash, (2) balances held with the RBA, and (3) Commonwealth Government and semi-government securities. No assets will qualify as Level 2.

On 23 March 2011, the Reserve Bank of Australia released its semi-annual financial stability review, wherein it stated that Australian banks have, on average, Basel III Tier 1 capital ratios of approximately 3.5 percent of liabilities, less than the required levels.²⁴¹

On 6 September 2011, the Australian Prudential Regulation Authority (APRA) announced that it would adopt the minimum Basel III requirements, including capital buffer regimes and the leverage ratio. APRA will still maintain some national-specific rules regarding treatment of investments in non-consolidated financial institutions, but will align several of their current policies for definitions and requirements of authorized deposit-taking institutions. The timeline for adoption of the full Basel III standards will be shorter than the original Basel III proposal requires.²⁴²

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

Analyst: Tobias McVey

Brazil: +1

Brazil has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework.

On 17 February 2011, the Central Bank of Brazil released Notice 20,615, which laid out a timetable for the implementation of Basel III standards on the quality of capital, implementation of countercyclical capital, and leverage ratios two years ahead of the BCBS schedule. The Bank intends to release specific regulations starting in 2011.²⁴³

However, the largest Brazilian banks have much higher levels of Tier-1 capitalization than banks in many advanced economies. The September 2010 Financial Stability Report published by the Central Bank of Brazil noted that even with new capital requirements and tighter definitions of low-risk capital, most Brazilian banks' capitalization levels were above the minimum requirement set by the Bank. Moreover, the report noted that stress tests of Brazil's major banks found that

²⁴⁰ APRA Clarifies Implementation of Global Liquidity Standards in Australia, Australian Prudential Authority (Canberra) 28 February 2011. Date of Access: 2 April 2011.

http://www.apra.gov.au/mediareleases/11_03.cfm

²⁴¹ Financial Stability Review March 2011, Australian Prudential Authority (Canberra) 23 March 2011.

Date of Access: 2 April 2011 <http://www.rba.gov.au/publications/fsr/2011/mar/pdf/0311.pdf>

²⁴² 'APRA releases discussion paper on implementation of Basel III capital reforms' Australian Prudential Regulation Authority (Canberra) 6 September 2011. Date of Access: 28 September 2011.

http://www.apra.gov.au/MediaReleases/Pages/11_14.aspx

²⁴³ Banco Central Do Brazil: Comunicado N. 020615, Central Bank of Brazil (Brasilia) 17 February 2011.

Date of Access: 1 April 2011. <https://www3.bcb.gov.br/normativo/detalharNormativo.do?method=detalharNormativo&N=111011733>

even in situations of macroeconomic deterioration, those banks' total capital ratios would remain above 11 percent.²⁴⁴

Brazil has publicly announced an implementation timeline for Basel III liquidity and capital standards. Therefore, it has been awarded a score of +1.

Analysts: Sarah Ellis and Robin Elliott

Canada: +1

Canada has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework. The Office of the Superintendent of Financial Institutions (OSFI) has made Basel III part of its supervisory framework, and has also conducted a Quantitative Impact Study on the Canadian banking sector.²⁴⁵

On 12 January 2011, Finance Minister Jim Flaherty, during a speech delivered at the Woodrow Wilson Institute, stated that the Canadian regulatory authorities were well positioned to transition to the new Basel III standards on capital and leverage "ahead of the deadline."²⁴⁶

On 1 February 2011, the Office of the Superintendent of Financial Institutions Canada (OSFI) sent a letter to Canadian financial institutions with general details of the regulatory changes it intended to make to as a result of the new Basel III requirements.²⁴⁷ On 3 February 2011, the OSFI released the results of its consultation with financial industry members, which was conducted in early 2010.²⁴⁸ Further, the OSFI released a supplementary advisory clarifying its intended treatment of non-qualifying capital instruments under a new Basel III-compliant supervisory scheme.²⁴⁹

On 24 February 2011, the OSFI released a new Supervisory framework that details the process the OSFI uses to supervise federally regulated financial institutions and its approach to adopting the Basel III framework.²⁵⁰

²⁴⁴ Financial Stability Report, Central Bank of Brazil (Brasilia) September 2010. Date of Access: 29 September 2011. <http://www.bcb.gov.br/?FSR201009>

²⁴⁵ Basel III Implementation – Capital Adequacy and Liquidity Requirements, Office of the Superintendent of Financial Institutions (Ottawa) 1 February 2011. Date of Access: 2 April 2011. http://www.osfibsif.gc.ca/app/DocRepository/1/eng/guidelines/capital/advisories/cptlq_e.pdf

²⁴⁶ Speech by the Honourable Jim Flaherty, Minister of Finance, at a Director's Forum co-sponsored by the Woodrow Wilson International Center for Scholars' Canada Institute and the Program on America and the Global Economy, Ministry of Finance (Ottawa) 12 January 2011. Date of Access: 2 April 2011. http://www.fin.gc.ca/n11/11-001_1-eng.asp

²⁴⁷ Basel III Implementation – Capital Adequacy and Liquidity Requirements, Office of the Superintendent of Financial Institutions (Ottawa) 1 February 2011. Date of Access: 2 April 2011. http://www.osfibsif.gc.ca/app/DocRepository/1/eng/guidelines/capital/advisories/cptlq_e.pdf

²⁴⁸ Overview of the Financial Institutions Survey Findings, Office of the Superintendent of Financial Institutions (Ottawa) 3 February 2011. Date of Access: 2 April 2011. http://www.osfibsif.gc.ca/app/DocRepository/1/eng/reports/osfi/FIS_let_e.pdf

²⁴⁹ Non-Viability Contingent Capital, Office of the Superintendent of Financial Institutions (Ottawa) 4 February 2011. Date of Access: 2 April 2011. http://www.osfibsif.gc.ca/app/DocRepository/1/eng/guidelines/capital/advisories/nvcc_dft_e.pdf

²⁵⁰ Supervisory Framework, Office of the Superintendent of Financial Institutions (Ottawa) 24 February 2011. Date of Access: 2 April 2011. http://www.osfibsif.gc.ca/app/DocRepository/1/eng/practices/supervisory/sframework_e.pdf

On 25 September 2011, Governor of the Bank of Canada Mark Carney, while at the International Institute of Finance, reiterated the commitment of the Bank of Canada to fully adopting Basel III rules. He underlined that Canadian banks already pass the maximum capital requirement ratio levels that are expected to be maintained in the long run, and that overall compliance by other states would not be due until 2019.²⁵¹ He further addressed criticism of the Basel III framework in a public statement, outlining the BOC's official position on the importance and advantages of banking reform.²⁵²

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

Analyst: Tobias McVey

China: +1

China has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework. The regulatory authorities have investigated the health of Chinese banks and have set capital adequacy ratios higher than those recommended by Basel III.

On 18 February 2011, the China Banking Regulatory Committee (CBRC) stated that China's commercial banks had a weighted average capital adequacy ratio of 12.2%, and a weighted average core capital adequacy ratio of 10.1%. At the end of 2010, all commercial banks exceeded the minimum capital adequacy ratio of 8%.²⁵³

In March 2011, the CBRC issued its Annual Report 2010, in which CBRC Chair Liu Minkang stated that the CBRC had developed roadmaps for the implementation of Basel II and Basel III frameworks.²⁵⁴ The report also stated that the CBRC had required commercial banks to retain a capital conservation buffer, and maintain a minimum capital adequacy ratio of 8%.²⁵⁵

On 26 August 2011, Chinese regulators started a public review process for new regulations on Chinese banks' capital adequacy ratios, which would set capital adequacy ratios for systemically important banks to 11.5%.²⁵⁶

²⁵¹Financial System Reform Initiatives Mark Real Progress, Says Mark Carney, Governor of the Bank of Canada', Bank of Canada (Ottawa) 25 September. Date of Access: 28 September 2011.

<http://www.bankofcanada.ca/2011/09/press-releases/financial-system-reform-initiatives/>

²⁵²Some Current Issues in Financial Reform, International Institute of Finance (Washington D.C.) 25 September. Date of Access: 28 September 2011. <http://www.bankofcanada.ca/wp-content/uploads/2011/09/sp250911.pdf>

²⁵³The CBRC: Banking Capital Adequacy Ratio Keeps Steady Growth, China Banking Regulatory Commission (Beijing) 18 February 2011. Date of Access: 1 April 2011. <http://www.cbrc.gov.cn/english/home/jsp/docView.jsp?docID=20110308B5A5B4736A3CED0CFE7390614AC6C00>

²⁵⁴China Banking Regulatory Commission, Annual Report 2010, China Banking Regulatory Commission (Beijing) March 2011. Date of Access: 1 April 2011. <http://zhuanti.cbrc.gov.cn/subject/subject/nianbao2010/english/zxzc.pdf>, at p.8.

²⁵⁵China Banking Regulatory Commission, Annual Report 2010, China Banking Regulatory Commission (Beijing) March 2011. Date of Access: 1 April 2011. <http://zhuanti.cbrc.gov.cn/subject/subject/nianbao2010/english/5.pdf>, at p.66.

²⁵⁶"Basel III: Chinese Banks Saving for New Capital Adequacy Ratio." Reuters (Hong Kong) 26 August 2011. Date of Access: 29 September 2011. <http://blogs.reuters.com/financial-regulatory-forum/2011/08/26/basel-iii-chinese-banks-saving-for-new-capital-adequacy-ratio/>

On 8 September 2011, Accenture, a major consulting firm, released a report which provided an overview of Basel III's broader implications for Asian banking systems. According to the report, Basel III would have a limited impact on China's commercial banks in the short-term because from a Basel III perspective, the capital structures at Chinese commercial banks are healthy as they mainly comprise share capital and subordinated debt. However, the report also points to challenges Chinese banks might encounter in the future as those banks continue to grow. The report identified five main challenges: (1) adjustment in capital composition, (2) enhanced risk coverage, (3) introduction of "leverage ratio," (4) reduced "pro-cyclicality," and (5) determination of the liquidity standards. According to Accenture, the "combination of these factors will put long-term pressure on China's banks to broaden their income sources and better manage risk by transforming their operating models."²⁵⁷

Thus China has been awarded a score of +1 for its examination of its financial sector, its declaration of intent to enact Basel III, and for taking action to translate the Basel III standards into national regulations.

Analysts: Sarah Ellis and Robin Elliott

France: +1

France has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework. France took part in the EU-wide banking stress tests in 2010.

On 23 July 2010, the Bank of France announced that it had completed its part of the EU-wide banking stress tests, and stated that "French banks are among the strongest in Europe."²⁵⁸

Under the auspices of the European Union, France will be subject to Capital Requirements Directive 4 (CRD 4). Adopted in October 2010, the CRD4 is a comprehensive supervisory framework for the financial services industry on capital standards and measurements that will require the new capital and liquidity standards to be adopted with due regard to the economic cycle and ongoing economic recovery.²⁵⁹

On 20 July 2011, the new European framework for capital requirements formally replaced Capital Requirements Directive 4 and placed a new harmonized capital requirement ratio before the European Commission.²⁶⁰

Also on 20 July 2011, the European Bank Authority published its 2011 stress test results. According to the report, all four French banks selected for the stress test met the initial Core Tier

²⁵⁷ Beyond Basel III: The Future of High Performance in Chinese Banks, Accenture Consulting (Greater China) 8 September 2011. Date of Access: 16 October 2011. <http://www.accenture.com/us-en/Pages/insight-beyond-basel-iii-future-high-performance-chinese-banks.aspx>

²⁵⁸ Press release – Results of the EU-wide stress test: "French banks among the strongest in Europe," Bank of France (Paris) 23 July 2010. Date of Access: 2 April 2011. <http://www.banque-france.fr/acp/stress-tests/20100723-communique-gb-results.pdf>

²⁵⁹ European Parliament resolution of 7 October 2010 on Basel II and revision of the Capital Requirements Directives (CRD 4), European Parliament (Brussels) 7 October 2011. Date of Access: 30 March 2011. <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0354+0+DOC+XML+V0//EN&language=EN>

²⁶⁰ Regulatory Capital, European Commission (Brussels) 20 July 2011. Date of Access: 26 September 2011. http://ec.europa.eu/internal_market/bank/regcapital/index_en.htm

1 capital requirement of 5%. The banks were Credit Agricole (8.5%)²⁶¹, BNP Paribas (7.9%)²⁶², Groupe BPCE (6.7%)²⁶³ and Societe Generale (6.6%).²⁶⁴

On 18 September 2011, Governor Christian Noye of the Bank of France urged French banks to cut dividends and retain larger portions of their profits as part of the capitalization process, facing all European banks.²⁶⁵

Thus France receives a score of +1 for its examination of its financial sector by participating in EU-wide banking stress tests and for participating in EU-wide financial regulatory reform efforts.

Analyst: Tobias McVey

Germany: +1

Germany has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework. Germany took part in the EU-wide banking stress tests in 2010.

On 23 July 2010, the Bundesbank and the Federal Financial Supervisory Authority announced that they had completed Germany's part of the EU-wide banking stress tests.²⁶⁶

Under the auspices of the European Union, Germany will be subject to Capital Requirements Directive 4 (CRD 4). Adopted in October 2010, the CRD4 is a comprehensive supervisory framework for the financial services industry on capital standards and measurements that will require the new capital and liquidity standards to be adopted with due regard to the economic cycle and ongoing economic recovery.²⁶⁷

On 15 July 2011, Germany's banks passed the second round of stress tests carried out by the European Banking Authority. The German banks selected for the stress test passed with a capital adequacy ratio with an arithmetic average of 11.3%.²⁶⁸

²⁶¹ Results of the 2011 EBA EU-wide stress test: Summary, European Banking Authority (London) 15 July 2011. Date of Access: 26 September 2011. <http://stress-test.eba.europa.eu/pdf/bank/FR014.pdf>

²⁶² Results of the 2011 EBA EU-wide stress test: Summary, European Banking Authority (London) 15 July 2011. Date of Access: 26 September 2011. <http://stress-test.eba.europa.eu/pdf/bank/FR013.pdf>

²⁶³ Results of the 2011 EBA EU-wide stress test: Summary, European Banking Authority (London) 15 July 2011. Date of Access: 26 September 2011. <http://stress-test.eba.europa.eu/pdf/bank/FR015.pdf>

²⁶⁴ Results of the 2011 EBA EU-wide stress test: Summary, European Banking Authority. (London) 15 July 2011. Date of Access: 26 September 2011. <http://stress-test.eba.europa.eu/pdf/bank/FR016.pdf>

²⁶⁵ Analysis: Bank woes could stymie France's recovery, AP Reuters (London) 18 September 2011. Date of Access: 26 September 2011. <http://www.reuters.com/article/2011/09/18/us-france-economy-banks-idUSTRE78H1MV20110918>

²⁶⁶ Results of the EU-wide stress test for Germany, Bundesbank (Frankfurt am Main) 23 July 2010. Date of Access: 2 April 2011. http://www.bundesbank.de/download/bankenaufsicht/pdf/cebs/stresstest/20100723.pn_stresstest_os.en.pdf

²⁶⁷ European Parliament resolution of 7 October 2010 on Basel II and revision of the Capital Requirements Directives (CRD 4), European Parliament (Brussels) 7 October 2011. Date of Access: 30 March 2011. <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0354+0+DOC+XML+V0//EN&language=EN>

²⁶⁸ "EU-wide stress test 2011", The Federal Financial Supervisory Authority. (Frankfurt am Main) 15 July 2011. Date of Access: 26 September 2011. http://www.bafin.de/cln_161/nn_2110306/EN/Companies/Banksfinancialservicesproviders/Stresstests_2011/stresstest_2011_node.html?_nnn=true#F1

On 20 July 2011, the new European framework for capital requirements formally replaced Capital Requirements Directive 4 and placed a new harmonized capital requirement ratio before the European Commission.²⁶⁹ It has not yet been voted on in the German Bundestag.

Thus Germany receives a score of +1 for its examination of its financial sector through participating in EU-wide banking stress tests and for participating in EU-wide financial reform efforts.

Analyst: Tobias McVey

India: 0

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

On 3 December 2010, Reserve Bank of India Governor Dr. Duvvuri Subbarao stated that India was well-positioned to comply with Basel III capital requirements.²⁷⁰ The majority of Indian banks already complies with the requirements. As of 30 June 2010, Indian banks' capital to risk weighted assets ratio was 11.7%, versus the 10.5% required; their Tier 1 capital represented 9% of risk-adjusted assets, versus the 8.5% required; their common equity represented 7.4% of risk-adjusted assets, versus the 7% required. Dr. Subbarao stated that those few banks that were not already compliant should have no difficulty meeting Basel III standards by 2019.²⁷¹

On 30 December 2010, the Reserve Bank of India released the quarterly results of their stress-testing of the Indian banking sector. They reiterated that they will continue to carry out stress testing on a continuous basis.²⁷² On 7 January 2011, Dr. Subbarao stated that the Reserve Bank of India was "in the process of evaluating the impact of Basel III on Indian banks."²⁷³

On 25 August 2011, Deputy Governor of the Reserve Bank of India (RBI) Anand Sinha announced that the RBI is working toward adapting Indian liquidity and capital requirements to comply with Basel III norms.²⁷⁴

²⁶⁹ Regulatory Capital, European Commission (Brussels) 20 July 2011. Date of Access: 26 September 2011. http://ec.europa.eu/internal_market/bank/regcapital/index_en.htm

²⁷⁰ Five Frontier Issues in Indian Banking: Inaugural Address by Dr. Duvvuri Subbarao, Governor, Reserve Bank of India at 'BANCON 2010' in Mumbai on December 3, 2010, Reserve Bank of India (New Delhi) 3 December 2010. Date of Access: April 1 2011.

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

²⁷¹ Five Frontier Issues in Indian Banking: Inaugural Address by Dr. Duvvuri Subbarao, Governor, Reserve Bank of India at 'BANCON 2010' in Mumbai on December 3, 2010, Reserve Bank of India (New Delhi) 3 December 2010. Date of Access: April 1 2011.

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

²⁷² Financial Stability Report Chapter VI : Resilience of Indian Banking Sector, Reserve Bank of India (New Delhi) 30 December 2010. Date of Access: 3 April 2011.

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

²⁷³ Dilemmas in Central Bank Communication Some Reflections Based on Recent Experience: Second Business Standard Annual Lecture delivered by Dr. Duvvuri Subbarao, Governor, Reserve Bank of India, at New Delhi on January 7, 2011, Reserve Bank of India (New Delhi) 7 January 2011. Date of Access: 2 April 2011. http://www.rbi.org.in/SCRIPTS/BS_SpeechesView.aspx?Id=544

²⁷⁴ Indian Banks will Need More Equity for Basel III, Business Standard (Mumbai) 25 August 2011. Date of Access: 1 April 2011. <http://www.business-standard.com/india/news/indian-banks-will-need-more-equity-for-basel-iii/446955/>

Thus India receives a score of 0 for its examination of its financial sector and its declaration of intent to enact Basel III reforms according to the recommended timeline.

Analysts: Sarah Ellis and Robin Elliott

Indonesia: +1

Indonesia has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework. Indonesian regulating authorities have stated that: (1) they are enacting Basel III, (2) have made regulatory changes in compliance with the Basel III framework and (3) have examined the financial health of Indonesian banks.

On 15 September 2010, Bank of Indonesia Deputy Governor Halim Alamsyah stated that the Indonesian banking sector was on average already above the capital requirements set out in Basel III, with an average core capital ratio of between 14 and 16%.²⁷⁵

On 1 April 2011, the Financial Stability Board published comments from the Indonesian government, in which the latter stated that Basel III regulations were “on [*sic*] the pipeline” and that they would be adopted in a time frame “consistent with Indonesian banking sector conditions.” It further stated that it has put in place a new risk-based bank rating system that takes Basel III leverage ratios into account.²⁷⁶

Thus Indonesia has been awarded a score of +1 for its examination of its financial sector, its declaration of intent to enact Basel III, and for beginning to take some aspects of the new Basel framework into its domestic regulations.

Analysts: Kelsey Komorowski and Robin Elliott

Italy: +1

Italy has fully complied with its commitment to fully implement the new bank capital and liquidity standards in accordance with the Basel III framework. Italy has: (1) taken part in EU wide banking stress tests, (2) begun to make systemic changes to its banking sector in order to reduce future risk, (3) announced plans for moving towards further reforms, and (4) set up assistance for Italy’s banks to transition to Basel III capital and liquidity standards.

On 23 July 2010, the Bank of Italy announced that it had completed its part of the EU-wide banking stress tests.²⁷⁷ On 26 February 2011, Bank of Italy governor Mario Draghi gave a speech regarding the health of the Italian financial system. He announced that the Bank had “identified many of the perverse incentives that encouraged excessive risk-taking – in banks’ executive compensation systems, in the role of rating agencies and in the accounting rules – and begun to rectify them.” Draghi also stated that the Bank would draw up parameters for identifying global SIFIs by mid-year. He further remarked that a map of non-bank intermediaries (the “shadow banking system”) would be drawn up in order to better regulate such institutions.

²⁷⁵ Banks Well-Prepared for Basel III, BI Says, Jakarta Post (Jakarta) 15 September 2010. Date of Access: 1 April 2011. <http://www.thejakartapost.com/news/2010/09/15/banks-well-prepared-basel-iii-bi-says.html>

²⁷⁶ FSB – G20 Monitoring Progress – Indonesia September 2010 (with updates), Financial Stability Board (Basel) 1 April 2011. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401j.pdf

²⁷⁷ EU-wide bank stress test, Bank of Italy (Rome) 23 July 2010. Date of Access: 1 April 2011. http://www.bancaditalia.it/vigilanza/stress_test;internal&action=_setlanguage.action?LANGUAGE=en

Finally, Draghi disclosed that Italy's smaller banks already have capitalization levels in line with the Basel III requirements, and that the top five banks had, as of the end of September 2010, Tier 1 capital ratios of 9%, and core Tier 1 capital ratios of 7.9% of risk assets.²⁷⁸

On 9 March 2011, the Bank of Italy announced its intention to assist Italian banks in making the transition towards the new Basel III standards. To this end it created a "Basel III Helpdesk" to respond to industry questions.²⁷⁹

On July 10 2011, Draghi publically addressed concerns about the effect of Basel III on the Italian economy, in particular the gross domestic product and the 2012 debt reduction plan. He stated that the issues concerning the counterparty risk in transactions of derivatives are under review by the Basel Committee. Draghi pointed out that this issue had been under discussion since the previous Basel II reforms, and had been accounted for in the central bank's estimates of the reforms effect on the Italian economy.²⁸⁰

On July 15 2011, the European Banking Authority published the results of its second bank stress tests, including results for Italian banks. These were Intensa Sanpaolo S.p.A (8.9%),²⁸¹ Unicredit S.p.A (6.6%),²⁸² Banca Monte Dei Paschi Di Siena S.p.A (4.7%),²⁸³ Banca Popolare – S.C. (5.0%),²⁸⁴ and Unione di Banche ItalianeSCPA (UBI Banca) (6.4%).²⁸⁵ Overall exposure to sovereign debt was higher than in other countries' banks. The longest exposures were to France and Germany.

Thus Italy has been awarded a score of +1 for its examination of its financial sectors, its declaration of intent to enact Basel III, and its assistance of the industry in transitioning towards Basel III.

Analyst: Tobias McVey

Japan: +1

Japan has fully complied with this commitment to fully implement the new bank capital and liquidity standards in accordance with the Basel III framework. The Japanese government has already taken action to increase bank capitalization levels, in line with Basel III

²⁷⁸ Speech by the Governor of the Bank of Italy Mario Draghi, Bank of Italy (Rome) 26 February 2011.

Date of Access: 2 April 2011.

http://www.bancaditalia.it/interventi/integov/2011/forex26022011/en_Draghi_260211.pdf

²⁷⁹ Comunicazione del 9 marzo 2011 – Funzione di supporto interpretativo al sistema innerito alla riforma della regolamentazione prudenziale ("Basilea 3"), Bank of Italy (Rome) 9 March 2011. Date of Access: 2 April 2011.

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

²⁸⁰ Draghi: Nuovi tagli alla spesa pubblica o l'aumento delle tasse è inevitabile, Corriere della Sera (Milan) 13 July 2011. Date of Access: 28 September 2011. http://www.corriere.it/economia/11_luglio_13/bankitalia-decisioni-rapide_d5d51800-ad25-11e0-83b2-951b61194bdf.shtml

²⁸¹ Results of the 2011 EBA EU-wide stress test: Summary, European Banking Authority (London) 15 July 2011. Date of Access: 28 September 2011. <http://stress-test.eba.europa.eu/pdf/bank/IT040.pdf>

²⁸² Results of the 2011 EBA EU-wide stress test: Summary, European Banking Authority (London) 15 July 2011. Date of Access: 28 September 2011. <http://stress-test.eba.europa.eu/pdf/bank/IT041.pdf>

²⁸³ Results of the 2011 EBA EU-wide stress test: Summary, European Banking Authority (London) 15 July 2011. Date of Access: 28 September 2011. <http://stress-test.eba.europa.eu/pdf/bank/IT042.pdf>

²⁸⁴ Results of the 2011 EBA EU-wide stress test: Summary, European Banking Authority (London) 15 July 2011. Date of Access: 28 September 2011. <http://stress-test.eba.europa.eu/pdf/bank/IT043.pdf>

²⁸⁵ Results of the 2011 EBA EU-wide stress test: Summary, European Banking Authority. (London) 15 July 2011. Date of Access: 28 September 2011. <http://stress-test.eba.europa.eu/pdf/bank/IT044.pdf>

recommendations, and has established a timeline for the implementation of Basel III minimum capitalization levels.

The September 2010 Financial Stability Report released by the Bank of Japan noted that Japan's banks' capitalization levels had steadily increased after the 2008 financial crisis, though a test scenario conducted by the Bank indicated that several banks' Tier-1 capital levels might remain at very low levels if subjected to significant stress.²⁸⁶ The report also indicated that Japanese authorities expected to fully implement Basel III bank capital requirements by the recommended target timeline.²⁸⁷

A September 2010 newsletter released by Japan's Financial Services Authority outlined the regulatory timeline it had established for the implementation of Basel III common, Tier 1 and total capital ratios, as well as capital conservation buffers. The newsletter noted that common equity and Tier 1 capital ratios will be raised over the period of January 2013 to January 2015, and that capital conservation buffers would be imposed over the period spanning January 2016 to January 2019.²⁸⁸

On 1 April 2011, the Financial Stability Board published a report wherein the Bank of Japan and the Financial Services Authority jointly commented that they intend to implement Basel III rules in a fashion that will not deter banks' lending activities.²⁸⁹

Thus Japan is awarded a score of +1 for taking steps toward implementing Basel III regulatory reforms.

Analyst: Tobias McVey

Korea: 0

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

Korea has adopted the Basel II capital framework as of the end of 2008.²⁹⁰ On 8 September 2010, Director General of Seoul's G20 Committee, Kim Yong-beom announced that Korean banks will not be required to shrink their assets or raise additional capital as they met Basel III capital-to-asset standards.²⁹¹ However, he announced that Korean banks will need to take further measures to meet the liquidity ratio standards during the transition period.²⁹²

²⁸⁶ Financial System Report, Bank of Japan (Tokyo) September 2010. Date of Access 17 October 2011. <http://www.boj.or.jp/en/research/brp/fsr/data/fsr10b.pdf>

²⁸⁷ Financial System Report, Bank of Japan (Tokyo) September 2010. Date of Access 17 October 2011. <http://www.boj.or.jp/en/research/brp/fsr/data/fsr10b.pdf>

²⁸⁸ FSA Newsletter No. 84 2010. Financial Services Agency (Japan). 9 June 2010. Date of Access: 27 March 2011. <http://www.fsa.go.jp/en/newsletter/2010/03.pdf>

²⁸⁹ FSB – G20 – Monitoring Progress – Japan September 2010 (with updates), Financial Stability Board (Basel) 1 April 2011. Date of Access: 10 April 2011.

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

²⁹⁰ FSB – G20 Monitoring Progress – Korea, Financial Stability Board (Basel) 1 April 2011. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401o.pdf

²⁹¹ Basel III will not affect Korean banks, Korea Times (Seoul) 8 September 2010. Date of Access: 10 May 2011. http://www.koreatimes.co.kr/www/news/biz/2010/09/123_72742.html

²⁹² Basel III will not affect Korean banks, Korea Times (Seoul) 8 September 2010. Date of Access: 10 May 2011. http://www.koreatimes.co.kr/www/news/biz/2010/09/123_72742.html

On 17 December 2010, the Financial Services Commission released its analysis of the results of the Basel Committee on Banking Supervision's Quantitative Impact Study. The results of the study have shown that the eight major Korean banks tested, capital ratios under Basel III rules would be on average above 10%, and leverage ratios would be 4.6%.²⁹³

On 5 September 2011, the Financial Supervisory Service stated that the average capital ratio of nine south Korean bank holding firms was at a record high following the end of the second quarter. The average consolidated capital ratios, based on Basel II measurements, was at 13.78%, up from 13.54% in the first quarter. The FSS attributed the performance to increases in net profits and equity capital. Core Tier 1 Capital was at 10.50%, up from 10.29%. The FSS stated it would continue to monitor the development towards meeting Basel III standards.²⁹⁴

On 26 September 2011, The Financial Supervisory Service urged Korean banks to retain more capital, in particular foreign-currency liquidity, as a result of fear in financial markets. The FSS implied that they would consider employing another round of stress tests soon, after recently completing new rounds of tests on capital leverage ratios. The FSS Governor Kwon Hyouk Se told national lawmakers that Korean banks would weather the 'worst-case scenario' on foreign-currency liquidity.²⁹⁵

Thus Korea receives a score of 0 for having repeatedly conducted financial health testing for major banks under Basel III rules, and for raising financial holdings of capital to Basel II levels with the aim of reaching Basel III requirements.

Analyst: Tobias McVey

Mexico: 0

Mexico has partially complied with its commitment to implement the new bank capital and liquidity standards in accordance with the Basel III framework. Mexican authorities have conducted stress tests of its banking system and have declared Mexico's readiness to implement Basel III ahead of 2013.

On 23 September 2010, the Financial Stability Board released Mexico Country Peer Review. The report stated that the Bank of Mexico was conducting macro stress tests of banks using a recently developed macro model.²⁹⁶ As of September 2010, Mexican banks had, on average: (1) capitalization ratios above 14%, versus the Basel III requirements of 8%; (2) risk-weighted asset percentages of at least 15%; and (3) a ratio of assets-to-equity of at least 8%.²⁹⁷

²⁹³ Basel III Quantitative Impact Study and Its Implications. Financial Services Commission (Seoul) 17 December 2010. Date of Access: 30 March 2011. <http://www.fsc.go.kr/downManager?bbsid=BBS0048&no=72729>

²⁹⁴ S Korea Bank Holding Firms' End-2Q Average Capital Ratio At Record High, Wall Street Journal (New York) 5 September. Date of Access: 28 September 2011. <http://online.wsj.com/article/BT-CO-20110905-707483.html>

²⁹⁵ Korean Finance Regulator May Boost Forex Stress Tests for Banks, Bloomberg (New York) 26 September. Date of Access: 28 September 2011. <http://www.bloomberg.com/news/2011-09-26/korean-finance-regulator-may-boost-forex-stress-tests-for-banks.html>

²⁹⁶ Country Review of Mexico: Peer Review Report, Financial Stability Board (Basel) 23 September 2011. Date of Access: 1 April 2011. http://www.financialstabilityboard.org/publications/r_100927.pdf

²⁹⁷ Country Review of Mexico: Peer Review Report, Financial Stability Board (Basel) 23 September 2011. Date of Access: 1 April 2011. http://www.financialstabilityboard.org/publications/r_100927.pdf

On 10 January 2011, in a joint press release regarding a new IMF loan, Bank of Mexico Governor Agustín Carstens and Treasury Secretary Ernesto Arroyo stated that Mexico was preparing for the implementation of Basel III.²⁹⁸ The FSB has reported that in January 2011, the average Total Capital Ratio of the banking system was 17%, the Tier 1 capital was 15%, and all banking institutions registered a level of above 10%.²⁹⁹

On 1 April 2011, the Financial Stability Board published a report wherein the government of Mexico stated that its financial authorities were working on the implementation of Basel III guidelines.³⁰⁰

The 8 August 2011 IMF Article IV Consultation on Mexico noted that Mexican banks are all in compliance with Basel III capital requirements, and that the Mexican government is “well positioned to adopt the regulatory changes envisaged under Basel III.”³⁰¹ The report also noted that Mexican authorities plan on implementing Basel III capital requirements by 2012.³⁰²

Thus Mexico receives a score of 0 for examining its financial sector and declaring its intent to enact Basel III reforms.

Analysts: Sarah Ellis and Robin Elliott

Russia: 0

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

On 12 January 2011, the Russian Central bank started public consultations with Russian banks, credit associations and experts on sound practices for the management and supervision of operational risk issued by the Basel Committee.³⁰³

On 5 April 2011, the Russian Government and the Russian Central Bank adopted the Strategy of Russian Banking Sector Development for the Period up to 2015.³⁰⁴ The strategy provides for the

²⁹⁸ El Directorio Ejecutivo del FMI aprobó hoy la Línea de Crédito Flexible, de alrededor de 72 mil millones de dólares para México por dos años, Bank of Mexico (Mexico City) 10 January 2011. Date of Access: 4 April 2011. http://www.shcp.gob.mx/documentos_recientes_biblioteca/comunicado_comision_de_cambios_10ene11.pdf

²⁹⁹ FSB – G20 Monitoring Progress – Mexico, Financial Stability Board (Basel) 1 April 2011. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401m.pdf

³⁰⁰ FSB – G20 – Monitoring Progress – Mexico September 2010 (with updates), Financial Stability Board (Basel) 1 April 2011. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401m.pdf

³⁰¹ Article IV Consultation on Mexico, International Monetary Fund (Washington D.C.) 8 August 2011. Date of Access: 30 September 2011. <http://www.imf.org/external/pubs/ft/scr/2011/cr11250.pdf>

³⁰² Article IV Consultation on Mexico, International Monetary Fund (Washington D.C.) 8 August 2011. Date of Access: 30 September 2011. <http://www.imf.org/external/pubs/ft/scr/2011/cr11250.pdf>

³⁰³ About the Press Release of the Basel Committee on Banking Supervision, Bank of Russia (Moscow) 12 January 2011. Date of Access: 4 April 2011. http://cbr.ru/Press/Archive_get_blob.asp?doc_id=110112_130157bazel.htm

³⁰⁴ Strategy of Russian Banking Sector Development for the Period up to 2015, Ministry of Finance of the Russian Federation (Moscow) 13 April 2011. Date of Access: 26 May 2011. <http://www1.minfin.ru/ru/official/index.php?id4=12478>

beginning of Basel III standards introduction in Russia in 2012 and their complete adoption in 2018.³⁰⁵

Russia has declared its intent to undertake measures aimed at translating new bank capital and liquidity standards into national laws and regulations. However, these measures have not been taken yet. Thus, Russia has been awarded a score of 0.

Analyst: Andrey Shelepov

Saudi Arabia: +1

Saudi Arabia has fully complied with its commitment to implement the new bank capital and liquidity standards in accordance with the Basel III framework. Saudi Arabia has participated in bilateral discussions with the International Monetary Fund on aligning its banking system with Basel III requirements, and has incorporated Basel III reform proposals into its short- and long-term economic development framework.

On 23 August 2011, the International Monetary Fund released a public information notice confirming that banks in Saudi Arabia remain “highly liquid and continue to hold capital well in excess of statutory limits.”³⁰⁶ Directors of the IMF Executive Board “encouraged [Saudi Arabia’s] central bank to continue to strengthen the regulatory and supervisory framework, including by aligning the legal framework with actual practice.”³⁰⁷

In September 2011, the International Monetary Fund issued a Country Report on Saudi Arabia, noting that preparations are “well underway for a move to Basel III,” and identifying further capital market development as a policy priority for the Kingdom.³⁰⁸ According to this report, Saudi Arabia’s “Basel Core Principles assessment showed a high degree of compliance with international best practices but identified some areas—such as bank resolution (notably the absence of a special resolution regime)—where the legal framework could be updated to better reflect existing practices.”³⁰⁹

Moreover, according to Al Rajhi Capital’s Economic Research briefing on Saudi Arabia, the Kingdom’s transition to Basel III capital requirements will be smooth due to the country’s already-high capital requirements for banks. According to the report, “Although adoption of the proposed measures will require banks to maintain both higher capital ratios and better-quality capital, the transition for the well-capitalized Saudi banks is likely to be smooth.”³¹⁰

³⁰⁵ Strategy of Russian Banking Sector Development for the Period up to 2015, Ministry of Finance of the Russian Federation (Moscow) 13 April 2011. Date of Access: 26 May 2011.

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

³⁰⁶ IMF Executive Board Concludes 2011 Article IV Consultation with Saudi Arabia - Public Information Notice (PIN) No. 11/114, International Monetary Fund (Washington, D.C.) 23 August 2011. Date of Access: 8 October 2011. <http://www.imf.org/external/np/sec/pn/2011/pn11114.htm>.

³⁰⁷ IMF Executive Board Concludes 2011 Article IV Consultation with Saudi Arabia - Public Information Notice (PIN) No. 11/114, International Monetary Fund (Washington, D.C.) 23 August 2011. Date of Access: 8 October 2011. <http://www.imf.org/external/np/sec/pn/2011/pn11114.htm>.

³⁰⁸ IMF Country Report No.11/292, International Monetary Fund (Washington, D.C.) September 2011. Date of Access: 8 October 2011. <http://www.imf.org/external/pubs/ft/scr/2011/cr11292.pdf>.

³⁰⁹ IMF Country Report No.11/292, International Monetary Fund (Washington, D.C.) September 2011. Date of Access: 8 October 2011. <http://www.imf.org/external/pubs/ft/scr/2011/cr11292.pdf>.

³¹⁰ Economic Research – Saudi Arabia, Al Rajhi Capital (Saudi Arabia) 27 September 2010. Date of Access 12 August 2010. http://www.alrajhi-capital.com/NR/rdonlyres/F69FC23A-3BDC-47D3-8A40-8E0EFBEBD199/1106/Basel3Apracticalapproach_English.pdf

Thus Saudi Arabia receives a score of +1 for its examination of its financial sector, its declaration of intent to enact Basel III, and for taking action to translate the Basel III standards into national regulations.

Analysts: Kelsey Komorowski and Robin Elliott

South Africa: +1

South Africa has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework. It has investigated the financial health of its banks, and has drafted amendments to its financial laws to improve stability.

On 23 February 2011, the South African National Treasury released a report on the South African financial sector, which outlined both its financial health, and the Treasury's progress on Basel III reforms. The Treasury stated that the banks' current leverage ratio was far more conservative than that required by Basel III. Consequently, there was no requirement for South African banks to either raise capital or deleverage, even to meet the new capital conservation buffer requirement. The Treasury further revealed that it had already sent three drafts of proposed amendments to the Banks Act out for comments. After receiving comments, the Treasury expects that the amended regulations will be submitted to the Finance Ministry for approval by mid-2011.³¹¹

A 7 July 2011 Article IV Staff Consultation Report on South Africa noted that South African regulators have begun preparing to introduce financial regulations consistent with Basel III standards.³¹²

Thus, South Africa has received a score of +1 for examining the state of its financial sector and taking steps to translate the Basel III framework into national laws and regulations.

Analysts: Sarah Ellis and Robin Elliott

Turkey: +1

Turkey has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework. Turkey has committed to the provision of permanent liquidity to its banking system, has held bank stress tests and has investigated the health of its financial sector to gauge the extent of its Basel III compliance.

On 29 November 2010, the Banking Regulation and Supervision Agency of Turkey published a report entitled "Questions on Basel III." It stated that Turkey's banking sector would easily be able to meet the new Basel III requirements, with a current capital ratio of 9.9%. It furthermore stated that as of June 2010, the Turkish banking sector had a capital adequacy ratio of 19.9%, and concluded that Turkish banking reforms carried out in 2006 what had made domestic banks largely Basel III-compliant already.³¹³

³¹¹ A Safer Financial Sector to Serve South Africa Better, South African National Treasury (Pretoria) 23 February 2011. Date of Access: 5 April 2011. http://www.treasury.gov.za/documents/national_budget/2011/A_safer_financial_sector_to_serve_South_Africa_better.pdf

³¹² South Africa Article IV Consultation, International Monetary Fund (Washington) 7 July 2011. Date of Access: 30 September 2011. <http://www.imf.org/external/pubs/ft/scr/2011/cr11258.pdf>

³¹³ Sorularla Basel III, Banking Regulation and Supervision Agency of Turkey (Ankara) 29 November 2010. Date of Access: 4 April 2010. http://www.bddk.gov.tr/WebSitesi/turkce/Basel/8742sorularla_basel_iii_29_11_2010_pdf

On 30 May 2011, Turkey hosted a conference entitled “Basel III: The new architecture of the International Banking & Financial System and Implications on Turkish Banks.”³¹⁴ This conference yielded multi-stakeholder consultations amongst senior level management from Turkish banks, Turkey’s IMF Director, as well as other Turkish and European regulators and bankers on different topics pertaining to Basel III implementation in Turkey. On 1 June 2011, bank stress tests were conducted in Istanbul as a part of this conference.

In September 2011, the World Bank issued a report confirming that Turkish banks appear to be highly capitalized and “highly liquid, with stable coverage ratios of their external liabilities.”³¹⁵

On 12 September 2011, the Central Bank of the Republic of Turkey decided on the provision of “Turkish lira liquidity permanently...to the Turkish banking system.”³¹⁶

Thus Turkey receives a score of +1 for its stated intent and demonstrated interest to comply with Basel III requirements, as well as policy changes in its banking system consistent with the Basel III framework.

Analysts: Kelsey Komorowski and Robin Elliott

United Kingdom: +1

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

On 23 July 2010, the UK Financial Services Authority (FSA) announced that it had completed its part of the EU-wide banking stress tests.³¹⁷

On 16 February 2011, FSA Chairman Adair Turner announced that for 2011, “a key policy objective ... is to ensure that Financial Stability Board (FSB) decisions on SIFIs result in higher than Basel III equity requirements for our most systemically important banks.” He further stated that the Financial Stability Board was developing recommendations on how regulators should monitor and if necessary regulate shadow banking activities.³¹⁸

On 17 March 2011, the FSA published its Prudential Risk Outlook 2011, wherein it stated that until the Basel III framework had been passed into law, both domestically and through the EU, it

³¹⁴ Conference Overview - Basel III: The new architecture of the International Banking & Financial System and Implications on Turkish Banks, Institute for International Research (Vienna) 2011. Date of Access: 9 October 2011. http://www.ostfalia.de/export/sites/default/de/r/Pressespiegel/Pressespiegel_downloads/2011/110530_IIR_xsterreich_Basel_III_T3501_english1x.pdf.

³¹⁵ World Bank-Turkey Partnership: Country Program Snapshot, World Bank (Washington, D.C.) September 2011. Date of Access: 9 October 2011. http://siteresources.worldbank.org/INTTURKEY/Overview/23000030/Turkey_CountryProgramSnapshot.pdf.

³¹⁶ Press release on FX reserves and additional required reserves facility, Central Bank of the Republic of Turkey (Ankara) 5 October 2011. Date of Access: 8 October 2011. <http://www.tcmb.gov.tr/yeni/announce/2011/ANO2011-42.htm>

³¹⁷ FSA Statement on the Publication of CEBS Stress Tests, Financial Services Authority (London) 23 July 2010. Date of Access: 2 April 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/125.shtml>

³¹⁸ Leverage, Maturity Transformation and Financial Stability: Challenges Beyond Basel III, Financial Services Authority (London) 16 February 2011. Date of Access: 2 April 2011. http://www.fsa.gov.uk/pubs/speeches/031611_at.pdf

planned to keep in place an interim capital framework with certain features that mirror the Basel III requirements. These include an increase in the minimum common equity capital ratio to 4.5% of risk-weighted assets, phased in between 2013 and 2015; the addition of a capital conservation buffer of 2.5% of risk-weighted assets to be phased in between 2016 and 2019; a minimum Tier 1 capital ratio of 6% and a minimum total capital ratio of 8%, phased in between 2013 and 2015.³¹⁹

On 15 July 2011, British banks passed the second rounds of the European Banking Authority's stress tests. Royal Bank of Scotland (6.3%),³²⁰ HSBC Holdings (8.5%),³²¹ Barclays (7.3%)³²² and Lloyds Banking Group (7.7%)³²³ all passed the standards requirements with exposure to sovereign debt.

On 12 September 2011, Sir John Vickers, head of the Independent Commission on Banking, published the ICB's final report, including proposals for banking reform to the Chancellor of the Exchequer. The report promoted greater regulatory oversight than is proposed in Basel III, including the legal separation of commercial and investment banking services.³²⁴

Thus the United Kingdom receives a score of +1 for its examination of its financial sector, its declaration of intent to enact Basel III, and for taking action to translate the Basel III standards into national regulations.

Analyst: Tobias McVey

United States: 0

The United States has fully complied with its commitment to implement the new bank capital and liquidity standards in accordance with the Basel III framework. The US has enacted a financial sector reform bill, and has declared that it is committed to incorporating Basel III into its domestic law.

On 21 July 2010, President Barack Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act into law. S.165(i)(1)(A) of the Dodd-Frank Act requires regulators to carry out yearly stress tests for nonbank financial institutions. It also obliges these same companies to carry out semi-annual stress tests. Section 171 sets out some general rules regarding bank capital requirement, but does not define actual required levels of Tier 1 capital. The Dodd-Frank Act does not make transposition of the Basel III agreement mandatory.³²⁵

³¹⁹ FSA Prudential Risk Outlook 2011, Financial Services Authority (London) 17 March 2011. Date of Access: 2 April 2011. <http://www.fsa.gov.uk/pubs/other/pro.pdf>

³²⁰ Results of the 2011 EBA EU-wide stress test: Summary, European Banking Authority (London) 15 July 2011. Date of Access: 26 September 2011. <http://stress-test.eba.europa.eu/pdf/bank/GB088.pdf>

³²¹ Results of the 2011 EBA EU-wide stress test: Summary, European Banking Authority (London) 15 July 2011. Date of Access: 26 September 2011. <http://stress-test.eba.europa.eu/pdf/bank/GB089.pdf>

³²² Results of the 2011 EBA EU-wide stress test: Summary, European Banking Authority (London) 15 July 2011. Date of Access: 26 September 2011. <http://stress-test.eba.europa.eu/pdf/bank/GB090.pdf>

³²³ Results of the 2011 EBA EU-wide stress test: Summary, European Banking Authority (London) 15 July 2011. Date of Access: 26 September 2011. <http://stress-test.eba.europa.eu/pdf/bank/GB091.pdf>

³²⁴ Final Report, Independent Commission on Banking (London) 12 September 2011. Date of Access: 26 September 2011. <http://bankingcommission.s3.amazonaws.com/wp-content/uploads/2010/07/ICB-Final-Report.pdf>

³²⁵ Dodd-Frank Wall Street Reform and Consumer Protection Act, US Government (Washington D.C.) 21 July 2010. Date of Access: 1 April 2011. <http://www.sec.gov/about/laws/wallstreetreform-cpa.pdf>

On 17 February 2011, before the Senate Committee on Banking, Housing, and Urban Affairs, Federal Reserve Chairman Ben Bernanke stated: “We are committed to adopting the Basel III framework in a timely manner. In December 2010, we requested comment with the other U.S. banking agencies on proposed rules that would implement the 2009 trading book reforms, and we are already working to incorporate other aspects of the Basel III framework into U.S. regulations.”³²⁶

On 17 March 2011, at the AIMA Policy and Regulatory Forum 2011 in Brussels, Belgium, Deputy Assistant Secretary for International Monetary and Financial Policy Mark Sobel remarked that “U.S. agencies are working on domestic rulemaking to incorporate Basel III into their rules and guidance, and [US Treasury Secretary Timothy Geithner] has repeatedly stated that the United States is committed to implementing Basel III requirements on the agreed schedules.”³²⁷

On 10 May 2011, a Securities Exchange Commission (SEC) report on an internal discussion among SEC staffers pointed to a conflict with the Dodd-Frank reform and the Basel III liquidity reform. The American Dodd-Frank reform will ban the use of credit rating agencies, whereas Basel III does not address this issue. Basel III would also require small and large banks alike to eliminate hybrid bonds as a form of capital, whereas Dodd-Frank gives smaller banks more time to phase these out. The Congressional Research Service pointed these conflicts out in October 2010 but they have not been addressed yet by the Bank for International Settlements.^{328 329}

Thus the United States receives a score of 0 for declaring its commitment to enacting Basel III, and having enacted a financial sector reform bill that will reduce systemic risk, but which must be consolidated first with Basel III requirements.

Analyst: Tobias McVey

European Union: +1

The United Kingdom has fully complied with its commitment to implement the new bank capital and liquidity standards in accordance with the Basel III framework. The regulatory authorities have declared its support for the enactment of Basel III and have created a new financial regulator to detect systemic risks.

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

³²⁶ Statement by Ben S. Bernanke, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, United States Senate, Washington, D.C., February 17, 2011, US Senate (Washington D.C.) 17 February 2011. Date of Access: 1 April 2011.

http://banking.senate.gov/public/index.cfm?FuseAction=Files.View&FileStore_id=f4634ef7-1297-44e8-95b6-608d259e1df7

³²⁷ Remarks by Deputy Assistant Secretary for International Monetary and Financial Policy Mark Sobel at the AIMA Policy and Regulatory Forum 2011, US Treasury (Washington, D.C.) 17 March 2011. Date of Access: 1 April 2011. <http://www.treasury.gov/press-center/press-releases/Pages/tg1107.aspx>

³²⁸ Unofficial Transcript: Roundtable on Money Market Funds and Systemic Risk, U.S. Securities and Exchange Commission. (Washington D.C.) 10 May 2011. Date of Access: 26 September 2011.

<http://www.sec.gov/spotlight/mmf-risk/mmf-risk-transcript-051011.htm>

³²⁹ The Status of the Basel III Capital Adequacy Accord, Congressional Research Service. (Washington D.C.) 28 October 2010. Date of Access: 26 September 2011. <http://www.fas.org/sgp/crs/misc/R41467.pdf>

Parliament support “the initiative to increase the quality and level of capital in response to the crisis.”³³⁰

On 16 December 2010, the European Commission legislation establishing the European Systemic Risk Board (ESRB) entered into force.³³¹ The ESRB is an independent and supervisory body charged with identifying systemic risks across the European financial system and responsible for the macroprudential oversight of the financial system within the EU.³³² The ESRB will be tasked with identifying and issuing recommendations for remedial action in response to the risks identified.³³³

On 15 July 2011, the European Banking Authority (EBA) conducted stress tests on 60 of the largest European banks among 21 member states of the European Union. The benchmark was set at 5% of Core Tier 1 capital. Of these, 8 were short of the 5-6% required for the Core Tier 1 capital ratio, with a shortfall of EUR2.5 billion. The assessment included adverse factor scenarios, such as banks’ exposure to a liquidity shortfall and in particular exposure to sovereign debt. The EBA stated that it believed European banks “have learned from this exercise and the crisis to employ and maintain capital adequacy ratios.”³³⁴ The European Central Bank has since raised adequate capital to limit exposure to sovereign debt, and has made recommendations on how the 8 most exposed countries might seek to raise additional capital through the IMF and the European Union’s Financial Stability Fund.^{335 336}

On 20 July 2011, the European Commission decided to adopt Basel III capital adequacy standards into law in a new European framework for a common bank capital adequacy standard, and grant national legislators further regulatory powers. The proposal is subject to passing in the European Parliament and among member states’ national legislatures.³³⁷ Due to different national legislators’ standards and measurement methods, some member states will adopt additional

³³⁰ European Parliament resolution of 7 October 2010 on Basel II and revision of the Capital Requirements Directives (CRD 4), European Parliament (Brussels) 7 October 2011. Date of Access: 30 March 2011. <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0354+0+DOC+XML+V0//EN&language=EN>

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

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

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

³³⁴ 2011 EU-wide stress test results, European Banking Authority (London) 15 July 2011. Date of Access: 26 September 2011. <http://www.eba.europa.eu/EU-wide-stress-testing/2011/2011-EU-wide-stress-test-results.aspx>

³³⁵ The European Banking Authority, press release ‘Results of the 2011 EU-wide stress test’, European Banking Authority (London) 15 July 2011. Date of Access: 26 September 2011. <http://stress-test.eba.europa.eu/pdf/2011+EU-wide+stress+test+results+-+press+release+-+FINAL.pdf>

³³⁶ 2011 EU-Wide Stress Test: Objectives, Outcome and Recommendations, European Banking Authority (London) 16 July 2011. Date of Access: 26 September 2011. <http://stress-test.eba.europa.eu/pdf/Presentation+to+Analysts.pdf>

³³⁷ Commission wants stronger and more responsible banks in Europe, European Commission (Brussels) 20 July 2011. Date of Access: 26 September 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/915&format=HTML&aged=0&language=EN&guiLanguage=en>

measures designed for their own banking systems to accurately measure and prevent systemic risk in their significantly important financial institutions.³³⁸

Thus the European Union has received a score of +1 for meeting the Basel III requirements for 2011 and for committing itself to passing greater regulatory oversight upon member states' ratification of their new capital requirements standard.

Analyst: Tobias McVey

³³⁸ Commission Sets Out Tougher Rules for Banks, European Voice (Wetstraat) 20 July 2011. Date of Access: 26 September 2011. <http://www.europeanvoice.com/article/2011/july/commission-sets-out-tougher-rules-for-banks/71715.aspx>

4. Socioeconomic (Infrastructure) [61]

Commitment [#61]:

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

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina			+1
Australia			+1
Brazil			+1
Canada			+1
China			+1
France			+1
Germany			+1
India			+1
Indonesia			+1
Italy			+1
Japan			+1
Korea		0	
Mexico			+1
Russia			+1
Saudi Arabia			+1
South Africa		0	
Turkey			+1
United Kingdom			+1
United States			+1
European Union			+1
Average Score		+0.90	

Background:

At the G20 Summit in London in April 2009, the G20 leaders first emphasized the importance of sustainable growth and committed to rebalancing the financial and banking systems.³³⁹ At the Toronto Summit, the G20 leaders made joint commitments, focusing more on sources of growth.³⁴⁰ The socioeconomic commitment made at the Seoul Summit is thus a logical development of this series of measures to improve national economies and to minimize the impact of crisis measures.

Commitment Features

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

³³⁹ Global Plan for Recovery and Reform, G20 Information Centre (London) April 2, 2009. Date of Access: June 6, 2011. <http://www.g20.utoronto.ca/2009/2009communique0402.html#growth>.

³⁴⁰ The G20 Toronto Summit Commitments, G20 Information Centre (Toronto) June 27, 2010. Date of Access: June 6, 2011. <http://www.g20.utoronto.ca/analysis/commitments-10-toronto.html>.

performance or capacity of an entire system is limited by a single or limited number of components or resources.³⁴¹

Examples of infrastructure investment from the Policy Commitments by G20 Members made at the Seoul Summit.³⁴²

Addressing bottlenecks:

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

Enhancing growth potential:

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

Scoring Guidelines:

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

Argentina: +1

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

On 21 December 2010, the President of Argentina inaugurated a new highway, Rosario-Córdoba. The road is important as it links the cities of Buenos Aires, Santa Fe and Cordoba, as well as enhances the transportation infrastructure for the MERCOSUR. The investment exceeded ARS3 billion.³⁴³

On 11 January 2011, an auction was called to construct the first of the five dams for the new hydroelectric power station on the Rio Grande in the province of Mendoza. The dam will have the capacity of 210 MW and will require USD493 million of investment on the part of the national government.³⁴⁴

³⁴¹ Economics of a Bottleneck, Journal of Urban Economics 27, (Kingston) January 1990. Date of Access: June 6, 2011. <http://www.sciencedirect.com/science/article/pii/009411909090028L>.

³⁴² Policy Commitments by G20 Members. G20 Information Centre (Toronto) 27 June 2010. Date of Access: 6 June 2011. <http://www.g20.utoronto.ca/2010/g20seoul-commitments.pdf>.

³⁴³ La Presidenta inauguró la Autopista Rosario-Córdoba, Presidencia de la Nación Argentina (Buenos Aires) 21 December 2010. Date of Access: 7 April 2011. http://www.argentina.ar/_es/pais/C5946-la-presidenta-inaugura-la-autopista-rosario-cordoba.php.

³⁴⁴ Anuncian la construcción de nueva represa hidroeléctrica en Mendoza, Presidencia de la Nación Argentina (Buenos Aires) 11 January 2011. Date of Access: 6 April 2011. http://www.caserosada.gov.ar/index.php?option=com_content&task=view&id=7986&Itemid=66

On 28 January 2011, a new water purifying plant was launched in the city of El Calafate that will benefit 60,000 people.³⁴⁵

On 4 February 2011, the Digital TV Transmission Station was inaugurated in the city of Mar del Plata.³⁴⁶

On 4 February 2011, a bid for the construction of the gas pipeline in the North-East of Argentina (Gasoducto Noreste Argentino – NEA) was launched. The project will require an investment of USD24,746 million and will transport gas from Bolivia to Misiones, Corrientes, Formosa and Chaco provinces of Argentina.³⁴⁷

On 12 February 2011, Central Water Power Station Yacyretá started to operate at the level of 83 metres over the sea and reached its full capacity of 20,700 GW/year. Yacyretá is a joint project of Argentina and Paraguay on the river Parana that was initiated by signing the Treaty of Yacyretá on 3 December 1973. Yacyretá produces up to 60% of the national hydroelectric power in Argentina.³⁴⁸

On 18 February 2011, the President of Argentina initiated the third circular high way “Juan Domingo Perón” around the city of Buenos Aires. The highway will connect the roads of Buen Ayre, Northern Way, Oeste, Riccheri and Buenos-Aires La Plata and will be accessible to 6 million people.³⁴⁹

On 25 February 2011, Argentina and Uruguay signed a treaty to increase gas provision for both countries of up to 10 million cubic metres a day. The project, which is an investment of ARS70 million, features the set up of a floating regasification plant 12 km off the coast of Uruguay that will be operational in 2013.³⁵⁰

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

³⁴⁵ Cristina Fernández inauguró una planta potabilizadora de agua en El Calafate, Presidencia de la Nación Argentina (Buenos Aires) 28 January 2011. Date of Access: 8 April 2011.

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

³⁴⁶ La presidenta inauguró obras en Mar del Plata y puso en marcha una nueva planta de transmisión de TV Digital Abierta, Presidencia de la Nación Argentina (Buenos Aires) 4 February 2011. Date of Access: 7 April 2011.

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

³⁴⁷ La jefa de Estado abrió la licitación para la construcción del Gasoducto Noreste Argentino, Presidencia de la Nación Argentina (Buenos Aires) 4 February 2011. Date of Access: 4 April 2011.

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

³⁴⁸ La Presidenta dejó inaugurada en su cota máxima la represa Yacyretá, Presidencia de la Nación Argentina (Buenos Aires) 25 February 2011. Date of Access: 6 April 2011.

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

³⁴⁹ La Presidenta anunció las obras de la autopista Juan Domingo Perón en Merlo y la compra de netbooks, Presidencia de la Nación Argentina (Buenos Aires) 18 February 2011. Date of Access: 4 April 2011.

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

³⁵⁰ Argentina y Uruguay firmaron un convenio para la ampliación de la provisión de gas, Presidencia de la Nación Argentina (Buenos Aires) 25 February 2011. Date of Access: 6 April 2011.

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

energy generation, paving of National Road N 150, new housing and public services development in the province with the overall investment of more than USD4,500 million.³⁵¹

On 18 March 2011, President Christina Fernandez de Kirchner initiated a project on the construction of a 228-km highway on the National Road N 18. The project will require USD1,997 million of investment.³⁵²

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

On 29 November 2010, Aerolíneas Argentinas joined the Skyteam Alliance, which has enabled the company to expand its operations worldwide and provide airline service to 898 destinations in 169 countries. Aerolíneas Argentinas is the first company in the Latin American region to become a member of the Skyteam Alliance conglomerate.³⁵³

On 12 January 2011, a treaty was signed by President Christina Fernandez de Kirchner and the representatives of the International Bank for Reconstruction and Development to finance the construction of the plant for the disposal of urban waste in Mar del Plata. The project involves more than ARS80 million and will be partly funded through a credit granted by the IBRD.³⁵⁴

On 14 March 2011, the new terminal of cruise ships “Quinquela Martín” in the port of Buenos Aires was inaugurated. The terminal can accommodate two 300 metre cruise ships and up to 4,000 people. Dubai Ports World financed the project. An additional project of USD300 million is targeted at the expansion of the container capacity in the port of Buenos Aires.³⁵⁵

On 10 July 2011, a new terminal of 21.000 square metres at Ezeiza airport was launched. The new terminal expands the capacity of the airport and aims to increase connectivity and boost tourism in Argentina.³⁵⁶

³⁵¹ La jefa de Estado dejó inaugurado el Estadio del Bicentenario de San Juan, Presidencia de la Nación Argentina (Buenos Aires) 16 March 2011. Date of Access: 3 April 2011.

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

³⁵² La Presidenta dio inicio a las obras de la autovía Paraná – Concordia, en Entre Ríos, Presidencia de la Nación Argentina (Buenos Aires) 18 March 2011. Date of Access: 3 April 2011.

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

³⁵³ Aerolíneas Argentinas ingresó a la Alianza Skyteam, Presidencia de la Nación Argentina (Buenos Aires) 29 November 2010. Date of Access: 5 April 2011.

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

³⁵⁴ La Presidenta firmó un convenio para realizar obras de saneamiento ambiental en Mar del Plata, Presidencia de la Nación Argentina (Buenos Aires) 11 January 2011. Date of Access: 6 April 2011.

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

³⁵⁵ Cristina Fernández inauguró la terminal de cruceros más importante de América del Sur, Presidencia de la Nación Argentina (Buenos Aires) 14 March 2011. Date of Access: 3 April 2011.

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

³⁵⁶ Inauguración de la nueva Terminal C del Aeropuerto de Ezeiza: Palabras de la Presidenta de la Nación, Presidencia de la Nación Argentina (Buenos Aires) 10 July 2011. Date of Access: 17 July 2011.

<http://www.casarosada.gov.ar/discursos/25231-inauguracion-de-la-nueva-terminal-c-del-aeropuerto-de-ezeiza-palabras-de-la-presidenta-de-la-nacion>

On 26 August 2011, railway service connecting the regions of Buenos Aires and La Pampa was launched. The project aims at developing transportation infrastructure and will connect 20 vicinities.³⁵⁷

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

Analyst: Polina Arkhipova

Australia: +1

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

Australia has made investments in infrastructure.

On 15 December 2010, the Minister for Climate Change and Energy Efficiency Combet announced that AUD51 billion would be awarded to schools as Federal Government grants to install solar and other renewable power systems, rainwater tanks and to help implement a range of energy efficiency measures.³⁵⁸

On 7 January 2011, the Government decided to provide AUD135 million in Federal funding to rebuild and modernize the Western Australia's Grain Rail Network, in partnership with the Government of Western Australia. Once completed, the upgraded rail network will lower transport costs for farmers. It will also deliver wider community benefits such as cutting the number of trucks on the State's roads.³⁵⁹

On 17 January 2011, three National Broadband Network (NBN) equipment contracts totaling AUD1.6 billion were signed. The NBN is an Australian government initiative launched in May 2010 to deliver high-speed broadband to all Australians. It is the largest infrastructure project undertaken by the Australian government, an investment of up to AUD43 billion over eight years is planned.³⁶⁰

In addition, the Government launched two projects of AUD2.6 billion, within the framework Bruce Highway Extension program (Safety Package³⁶¹ and Intelligent Transport System³⁶²),

³⁵⁷ “Cuando ponemos el trabajo, la fe y la esperanza, las cosas llegan”, señaló la Presidenta en Lincoln, Presidencia de la Nación Argentina (Buenos Aires) 26 August 2011. Date of Access: 28 September 2011. <http://www.caserosada.gov.ar/informacion/actividad-oficial/25353-cuando-ponemos-el-trabajo-la-fe-y-la-esperanza-las-cosas-llegan-senalo-la-presidenta-al-inaugurar-un-ramal-ferroviario-en-lincoln>.

³⁵⁸ More schools go solar with Federal Government grants, Minister for Climate Change and Energy Efficiency (Canberra) 15 December 2010. Date of access: 3 April 2011.

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

³⁵⁹ Federal Funding To Help Rebuild WA's Grain Rail Network, Minister for Infrastructure and Transport (Canberra) 7 January 2011. Date of access: 2 April 2011.

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

³⁶⁰ Creating 400 Australian Jobs as We Move to Connect the Nation, Minister for Innovation, Industry, Science and Research (Canberra) 17 January 2011. Date of access: 2 April 2011.

minister.innovation.gov.au/Carr/MediaReleases/Pages/creating400australianjobsaswemovetoconnectthenation.aspx

³⁶¹ More Federal Dollars on the Way for the Bruce Highway, Minister for Infrastructure and Transport (Canberra) 1 December 2010. Date of access: 27 March 2011.

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

which is a part of the Australian National Highway and the busiest highway in Queensland, Australia.

On 10 May 2011, the Government adopted 2011-2012 budget and committed for AUD36 billion investment in infrastructure.³⁶³ A record AUD4.5 billion over the next year will be spent to renovate and extend the road, rail and aviation infrastructure across Regional Australia.³⁶⁴

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

On 23 November 2010, Innovation Minister Senator Kim Carr announced a new Rail Industry Supplier Continuous Improvement Program, under which the businesses that support Australia's rail industry would be given a competitive edge.³⁶⁵ Enterprise Connect, a consulting wing of Department of Innovation, Industry, Science and Research, will advise the major rail suppliers and 30 small and medium size enterprises on how to streamline their supply chain processes and increase businesses efficiency. Firms can then apply for matched funding of up to AUD20,000 to help implement the recommendations. The program is expected to encourage the companies to deliver better quality products to the rail industry and improve railway services throughout the country.³⁶⁶

2011-12 Commonwealth Budget adopted on 10 May 2011 put in place tax measures to attract up to AUD25 billion in private investments in nationally significant infrastructure projects.³⁶⁷

On 17 June 2011, Innovation Minister Carr announced the Rail Manufacturing Technology Roadmap to be undertaken by three state governments in partnership with the industry. "It will identify pathways and areas for industry focus and investment, boosting capability and encouraging innovation," Minister Carr said. The Roadmap is expected to be developed over the next twelve months.³⁶⁸

On 10 July 2011, Australian Government set out a comprehensive plan for tackling climate change, "Securing a clean energy future." This long-term plan to cut pollution by promoting renewable energy and energy efficiency includes the following measures: introduction of a

³⁶² Intelligent Transport System to Improve Safety Over the Cardwell Range, Minister for Infrastructure and Transport (Canberra) 16 December 2010. Date of access: 27 March 2011.

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

³⁶³ Budget at a Glance, Australian Government 10 May 2011. Date of access: 18 July 2011.

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

³⁶⁴ Labor's Regional Nation Building Agenda, Minister for Infrastructure and Transport (Canberra) 10 May 2011. Date of access: 5 July 2011.

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

³⁶⁵ On the Right Track to Improving the Rail Industry, Minister for Innovation, Industry, Science and Research (Canberra) 23 November 2010. Date of access: 2 April 2011.

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

³⁶⁶ New program to improve rolling stock supply chain, Rail Express (Canberra) 23 March 2011. Date of access: 18 April 2011. www.railexpress.com.au/archive/2011/march/march-23rd-2011/top-stories/new-program-to-improve-rolling-stock-supply-chain

³⁶⁷ An Australia Built To Compete and Prosper, Minister for Infrastructure and Transport 10 May 2011. Date of access: 18 July 2011. www.minister.infrastructure.gov.au/aa/releases/2011/May/budget-infra_01-2011.aspx

³⁶⁸ Rail Manufacturing on Track for Success, Minister for Innovation, Industry, Science and Research (Canberra) 17 June 2011. Date of access: 5 June 2011. minister.innovation.gov.au/Carr/MediaReleases/Pages/RAILMANUFACTURINGONTRACKFORSUCCESS.aspx

carbon price commencing from 1 July 2012, household and business assistance, enhanced support for innovation, establishment of a new independent Climate Change Authority. This regulatory incentive is designed to encourage private investments in “green” infrastructure. Legislation to implement the plan was introduced on 13 September 2011.³⁶⁹

Australia has invested in infrastructure that addresses bottlenecks and enhances growth potential and attracted investment from the private sector. Thus it is awarded a score of +1.

Analyst: Ekaterina Maslovskaya

Brazil: +1

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

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

On 16 February 2011, Brazil developed program “The Growth Acceleration Program (PAC) – Large City Mobility” in accordance with which large cities will get USD10.8 billion public transport investment. The program is aimed at improvement of public transportation infrastructure and purchase of equipment designed to integrate, control and modernize these systems.³⁷⁰

On 17 February 2011, Jeffrey Immelt, CEO of General Electric, during the meeting with the President of Brazil Dilma Rousseff, declared plans to invest USD500 billions into the construction of Research Center in Rio de Janeiro. The center will focus on advanced technologies for the oil and gas, renewable energy, mining, rail and aviation industries.³⁷¹

On 6 May 2011, it was announced that infrastructure renovation works for the FIFA World Cup 2014 should receive investments of about BRL47 billion (approximately USD29.4 billion). Investments include modernization of airports, football stadiums, telecommunications, professional qualification, security, urban mobility, energy and health. The Minister of Sport of Brazil Orlando Silva explained that part of the resources would come from public money, but there will also be funds from the private sector.³⁷² Moreover, on 29 June 2011, the Inter-American Development Bank (IDB) decided to provide USD12 billion for projects in Brazil by 2014. The President of the IDB, Luis Alberto Moreno, said he had held talks with state governments and the city halls in the 12 host cities for the 2014 World Cup with a focus on infrastructure projects, such as airports, city trains and basic sanitation.³⁷³

³⁶⁹ Clean Energy Legislative Package, Department of Climate Change and Energy Efficiency 13 September 2011. Date of access: 28 September 2011. www.climatechange.gov.au/media/whats-new/clean-energy-legislative-package.aspx

³⁷⁰ Large Cities to Get US\$ 10.8 Billion Public Transport Investment, Portal Brasil (Rio-de-Janeiro) 18 February 2011. Date of Access: 10 April 2011. <http://www.brasil.gov.br/news/history/2011/02/18/large-cities-to-get-us-10.8-billion-public-transport-investment>.

³⁷¹ GE Announce of Investment US\$ 500 Billion into the Building of Research Center in Rio-de-Janeiro, Ministry of Development, Industry and Foreign Trade (Rio-de-Janeiro) 17 February 2011. Date of Access: 10 April 2011. <http://www.mdic.gov.br/sitio/interna/noticia.php?area=1¬icia=10434>.

³⁷² World Cup May Have Indirect Impact of R\$ 185 Billion in the Economy, Portal Brasil 6 May 2011. Date of Access: 15 July 2011. <http://www.brasil.gov.br/news/history/2011/05/06/world-cup-may-have-indirect-impact-of-r-185-billion-in-the-economy>.

³⁷³ IDB Provides US\$ 12 Billion for Projects in Brazil, Portal Brasil 29 June 2011. Date of Access: 15 July 2011. <http://www.brasil.gov.br/news/history/2011/06/29/idb-provides-us-12-billion-for-projects-in-brazil>.

On 31 May 2011, the president of the country's state-owned development bank, BNDES, Luciano Coutinho said that Brazil was to invest BRL3.2 trillion (approximately USD2 trillion), about 23 % of its Gross Domestic Product (GDP) over the next four years. Luciano Coutinho considers this to be an "adequate figure to sustain long-term economic growth without inflationary pressure." This includes investments that are spread out, such as those made by small companies, in construction, industrial and infrastructure projects.³⁷⁴

On 16 June 2011, President Dilma Rousseff launched the second phase of the housing program "Minha Casa Minha Vida" (My House, My Life) that aimed to build 2 million new homes by 2014. The Federal Government has budgeted an investment of BRL125.7 billion (approximately USD80 billion) for the program.³⁷⁵

On 19 July 2011, BNDES financed the construction of six Small Hydro Power (SHP) plants, which cost BRL209.6 million (about USD114.9 million) and had an installed capacity of 116.4 MW. BRL84.4 million (approximately USD45.94 million) were allocated to the Complex Juruena - the project bringing together five small hydroelectric plants with an output of 91.4 MW which will be implemented in Mato Grosso. The other BRL125.6 million (approximately USD68,36 million) were approved for the Special Purpose Company (SPC), parent of Paracambi, in Rio de Janeiro, which would increase an output of its plant to 25 MW. The project of the plant Paracambi also provides for the construction of associated transmission line, connected to the substation Pecanha in the municipality of Paracambi. BNDES financed 61.8% of total investments (BRL157 million (approximately USD85.46 million)).³⁷⁶

On 25 August 2011, twenty seven industrial projects with a total investment of BRL480.6 million (approximately USD261.59 million) were approved during the 252 Meeting of the Board of Directors of the Superintendancy in the free trade area Manaus. It was estimated that they would create 2,432 new jobs in the Industrial Pole of Manaus over the next three years.³⁷⁷ The Free Trade area of Manaus is an area of free import and export trade with special tax incentives, established to create an industrial, commercial and farming center in the interior part of the Amazon region and to create economic conditions facilitating its development.

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

Analyst: Pavel Zhdanov

Canada: +1

Canada has fully complied with its commitment to make investments in infrastructure to address bottlenecks and enhance growth potential and to facilitate infrastructure investments from other sources.

³⁷⁴ Brazil to Invest 23% of Its GDP Over Four Years, Portal Brasil 31 May 2011. Date of Access: 15 July 2011. <http://www.brasil.gov.br/news/history/2011/05/31/brazil-to-invest-23-of-its-gdp-over-four-years>.

³⁷⁵ Brazilian Housing Program Will Build 2 Million New Homes, Portal Brasil 16 June 2011. Date of Access: 15 July 2011. <http://www.brasil.gov.br/news/history/2011/06/16/brazilian-housing-program-will-build-2-million-new-homes>.

³⁷⁶ BNDES Finances R \$ 210 Million Construction of Six Small Hydro Power, Ministry of Development, Industry and Foreign Trade 19 July 2011. Date of Access: 30 September 2011. <http://www.mdic.gov.br/sitio/interna/noticia.php?area=1¬icia=10814>.

³⁷⁷ 252th Regular Meeting of the CAS Approves \$ 480.6 Million in New Investments for the Manaus Free Trade Zone, Ministry of Development, Industry and Foreign Trade 25 August 2011. Date of Access: 30 September 2011. <http://www.mdic.gov.br/sitio/interna/noticia.php?area=1¬icia=10939>.

Canada has been active in making infrastructure investment during the compliance period.

During the compliance period the Federal and Quebec Governments provided support to several regions for public transit and major infrastructure projects, including support to 67 municipalities of the Greater Outaouais region with CAD101 million (approximately USD100 million)³⁷⁸, 40 municipalities of the Mauricie Region with CAD71 million (approximately USD71 million)³⁷⁹, city of Saint with CAD2.6 million (approximately USD2.6 million).³⁸⁰ On 22 November 2010, Minister of State for Canada Economic Development Denis Lebel announced that the City of Hudson will receive an additional CAD2.1 (approximately USD2.1 million) in joint government financial assistance for wastewater treatment and drinking water supply infrastructure works.³⁸¹

On 26 November 2010, CAD0.6 million (approximately USD0.6 million) were disbursed to the Municipality of L'Isle-Verte in joint government financial assistance to rebuild water supply and combined sewer systems and install a storm sewer system in the western sector of the Municipality.³⁸²

On 23 December 2010, four First Nations and four municipalities in Yukon had their Gas Tax Fund (GTF) infrastructure projects approved. The projects, worth over CAD1.6 million (approximately USD1.6 million), will contribute to the overall GTF goals, including cleaner air and water, and reduced greenhouse gas emissions.³⁸³ Some measures have been undertaken in Canada to facilitate infrastructure investments from other sources.

On 25 February 2011, Minister of Finance and Senator Larry Smith announced that the Government of Canada will contribute up to CAD25 million (approximately USD25.5 million) through the PPP Canada Fund towards eligible costs of a new Maintenance Centre in Montreal, Quebec, for the Agence métropolitaine de transport (AMT). Partnering with the private sector to deliver this project will leverage private sector expertise, allow the transfer of design and construction risks to the private sector, and generate positive value for money compared to traditional procurement, to the benefit of taxpayers.³⁸⁴

³⁷⁸ The Federal and Quebec Governments Provide Support to 67 Municipalities of the Greater Outaouais Region for Infrastructure Projects, Infrastructure Canada 29 November 2010. Date of Access: 28 April 2011. <http://www.infc.gc.ca/media/news-nouvelles/gtf-fte/2010/20101129gatineau-eng.html>

³⁷⁹ The Federal and Quebec Governments Provided Support to 40 Municipalities of the Mauricie Region for Infrastructure Projects, Infrastructure Canada 14 December 2010. Date of Access: 28 April 2011. <http://www.infc.gc.ca/media/news-nouvelles/gtf-fte/2010/20101214troisrivieres-eng.html>

³⁸⁰ The Federal and Quebec Governments Provide Support to the City of Saint-Colomban for Infrastructure Projects, Infrastructure Canada 16 December 2010. Date of Access: 28 April 2011. <http://www.infc.gc.ca/media/news-nouvelles/gtf-fte/2010/20101216saintcolomban-eng.html>

³⁸¹ Additional investment of \$2,179,744 in Hudson for wastewater treatment, Canada Economic Development for Quebec Regions 22 November 2010. Date of Access: 28 April 2011. <http://www.dec-ced.gc.ca/eng/media-room/news-releases/2010/11/2769.html>

³⁸² Additional investment of \$589,442 in L'Isle-Verte for refurbishment of water and sewer systems, Canada Economic Development for Quebec Regions 26 November 2010. Date of Access: 28 April 2011. <http://www.dec-ced.gc.ca/eng/media-room/news-releases/2010/11/2771.html>

³⁸³ New Gas Tax Fund Projects Focused on Energy Efficiency, Waste Management and Indoor Air Quality, Infrastructure Canada 23 December 2010. Date of Access: 28 April 2011. <http://www.infc.gc.ca/media/news-nouvelles/gtf-fte/2010/20101223whitehorse-eng.html>

³⁸⁴ Governments of Canada and Quebec Join in Public-Private Partnership to Enhance Commuter Services and Create Jobs, PPP Canada 25 February 2011. Date of Access: 28 April 2011. http://p3canada.ca/_files/file/NR_Lachine%20Maintenance%20Centre_EN_FINAL.pdf

Canada has made investments in domestic infrastructure and has also undertaken measures to facilitate infrastructure investments from private sources. Thus, it has been awarded a score of +1.

Analyst: Vitaly Nagornov

China: +1

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

On 5 March 2011, China announced its goals of building 235 million kilowatts of power generation capacity in clean energy in the next five years. From 2011 to 2015, China plans to launch nuclear energy projects with a combined generation capacity of 40 million kw. In addition to the construction of nuclear power plants in the coastal areas, new plants will be built in central regions, according to the government's draft 12th Five-Year Plan. The country also plans to build hydropower stations along major rivers such as the Jinsha River, Yalong River and Dadu River with an installed capacity of 120 million kw. At least 70 million kw of wind power capacity and 5 million kw of solar power capacity will be created in the next five years, according to the draft plan. Moreover, China will construct oil and gas pipelines of about 150,000 kilometers in the next five years. The pipelines include a gas pipeline to central Asia and oil pipelines to Kazakhstan and Myanmar.³⁸⁵

On 4 January 2011, Chinese Railways Minister Liu Zhijun said at a conference that the Beijing-Shanghai High-Speed Railway will be put into operation by the middle of June this year.³⁸⁶

On 23 March 2011, a spokesman for the Ministry of Transport said that China will double its investment in waterway construction to CNY200 billion (USD30.5 billion) over the next five years to increase the nation's river transport capacity. He said the central government will fund CNY45 billion (USD6.86 billion), more than one fifth of the total investment, while the rest will be raised by local governments or through social financing channels.³⁸⁷

On 5 July 2011, the Ministry of Finance announced that China allocated CNY139.45 billion (USD21.57 billion) from its revenue of vehicle purchase tax to fund key transport projects. The fund will support the construction of highways, junction stations and inland waterways. The fund for key projects construction stood at CNY105 billion while that for other projects was CNY34.45 billion.³⁸⁸

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

On 24 February 2011, Chairman of China Development Bank Chen Yuan announced that the total number of government-subsidized housing for the Comfortable Housing Project will reach

³⁸⁵ China announces ambitious clean energy plans for next five, Chinese Online Information Service (Beijing) 5 March 2011. Date of Access: 7 March 2011.

<http://chinatibet.people.com.cn/96057/7310149.html>

³⁸⁶ High-speed rail linking Beijing, Shanghai to open in June, Government of China (Beijing) 4 January 2011. Date of Access: 4 January 2011. http://english.gov.cn/2011-01/04/content_1778142.htm

³⁸⁷ China to spend 200 bln yuan overhauling waterways in next 5 years, Government of China (Beijing) 23 March 2011. Date of Access: 23 March 2011. http://english.gov.cn/2011-03/23/content_1830343.htm

³⁸⁸ China allocates 139.45 bln yuan to fund transport projects, Xinhua News Agency 5 July 2011. Date of Access: 5 July 2011. http://news.xinhuanet.com/english2010/china/2011-07/05/c_13966900.htm

45 million with an investment planned to total CNY6.75 trillion in the 12th Five Year Plan period.³⁸⁹

On 5 March 2011, the draft of China's 12th Five-Year Plan (2011-2015) was submitted to the National People's Congress. Key targets of the draft include, inter alia: expenditure on research and development to account for 2.2% GDP; construction and renovation of 36 million apartments for low-income families.³⁹⁰

On 23 March 2011, the Chinese Ministry of Finance (MOF) said that it has allocated subsidies worth CNY10 billion (USD1.52 billion) to help farmers renovate their dilapidated houses this year. Each eligible rural household will receive a subsidy of CNY6,000 from the central government, MOF said. Furthermore, poor rural families living near land border areas, and rural model households that meet building energy efficiency requirements in the northeast, northwest and northern regions, as well as Tibet Autonomous Region, will receive an extra allowance of CNY2,000 per household from the central government.³⁹¹

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

Analyst: Svetlana Nikitina

France: +1

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

On 9 December 2010, Secretary of State for Housing and President of the Social Economy Union for Access to Ownership signed a new agreement that will strengthen the program "Living Better" in the fight against Fuel Poverty.³⁹²

On 13 December 2010, Secretary of State for Transports and President of the French National Railway Corporation (SNCF) signed the Convention "Trains Balance of the Territory." State agrees to pay an annual compensation of EUR210 million (approximately USD280 million) over three years for the 40 railway lines (Coral, Intercity, Teoz and Luneau). This measure balances the exploitation of these lines. The agreement provides for investing EUR300 million (approximately USD400 million) in the modernization of the railway rolling stock.³⁹³

On 26 January 2011, Minister for Ecology, Sustainable Development, Transport and Housing of France announced the commitment of the state to invest over EUR1 billion (approximately USD1.33 billion) to upgrade public transport in Ile-de-France.³⁹⁴

³⁸⁹ People's Livelihood Needs Financial Support, China Development Bank (Beijing) 24 February 2011. Date of Access: 24 February 2011. <http://www.cdb.com.cn/english/NewsInfo.asp?NewsId=3574>

³⁹⁰ Key targets of China's 12th five-year plan, Government of China (Beijing) 5 March 2011. Date of Access: 5 March 2011. http://english.gov.cn/2011-03/05/content_1816822.htm

³⁹¹ MOF funds renovation of unsafe rural homes, Chinese Online Information Service 23 March 2011. Date of Access: 25 March 2011. <http://chinatibet.people.com.cn/96056/7330743.html>

³⁹² Signature d'une convention pour renforcer la lutte contre la précarité énergétique. Date of Access: 28 April 2011. <http://www.developpement-durable.gouv.fr/Signature-d-une-convention-pour.19821.html>

³⁹³ L'Etat et la SNCF s'engagent pour moderniser 40 liaisons ferroviaires. Date of Access: 28 April 2011. <http://www.developpement-durable.gouv.fr/L-Etat-et-la-SNCF-s-engagent-pour.html>

³⁹⁴ Plus d'un milliard d'euros pour moderniser les transports en commun d'Ile-de-France. Date of Access: 28 April 2011. <http://www.developpement-durable.gouv.fr/Plus-d-un-milliard-d-euros-pour.html>

On 26 January 2011, the contract of postal coverage for 2011-2013 was signed by the ministers in charge of planning, economy and industry, the president of the Association des Maires de France and La Poste. The equalization fund has an estimated amount of EUR170 million (approximately USD226 million) per year.³⁹⁵

On 16 February 2011, France announced plans for “Digital City” and “Intelligent Transportation Systems” development. These projects are part of the government’s commitment to provide new digital services supported by a EUR2.25 billion (approximately USD3 billion) “Digital Economy” investment program.³⁹⁶

On 3 March 2011, Réseau Ferré de France (RFF) and SNCF presented an investment plan of EUR40 million (approximately USD56 million) over 18 months to enhance the security of the national railway network.³⁹⁷

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

On 18 January 2011, Under the Investment for the Future a Project, call “mobility” was launched. Its goal is to bring innovative projects for the development of tomorrow’s mobility, particularly commuting and transporting goods.³⁹⁸

On 3 February 2011, on the occasion of the visit of Minister of Industry, Energy and the Digital Economy Eric Besson, France Telecom announced plans to equip approximately 10 million homes with fiber optic cable. EUR2 billion (approximately USD2.6 billion) is the sum that the operator plans to invest to support the installation of fiber optics.³⁹⁹

On 25 March 2011, the Ministry of Industry and Energy together with the Department of Sustainability and Syntec Engineering launched the 4th Grand National Prize for Engineering 2011 contest.⁴⁰⁰

On 28 March 2011, President of France chaired the Strategic Attractiveness Council (SAC). Council assessed the impact of reforms to improve competitiveness and stimulate innovation including investments in infrastructure.⁴⁰¹

³⁹⁵ Contrat De Presence Postale Territoriale 2011 – 2013. Date of Access: 28 April 2011.

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

³⁹⁶ France Announced Plans for "Digital City" and "Intelligent Transportation Systems" development.

Invest in France Agency 16 February 2011. Date of Access: 28 April 2011.

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

³⁹⁷ Plan de sécurisation des voies ferrées pour prévenir des vols de câbles. Date of Access: 28 April 2011.

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

³⁹⁸ Investissement d’avenir : lancement de l’appel à manifestations d’intérêt «mobilité». Date of Access: 28 April 2011. <http://www.developpement-durable.gouv.fr/Investissement-d-avenir-lancement,20406.html>

³⁹⁹ Fibre optique : raccorder 2 millions de foyers d’ici à la fin 2011. Date of Access: 28 April 2011.

<http://www.gouvernement.fr/gouvernement/fibre-optique-raccorder-2millions-de-foyers-d-ici-a-la-fin-2011>

⁴⁰⁰ Grand Prix National de l’Ingenierie 2011. Date of Access: 28 April 2011.

<http://www.industrie.gouv.fr/adora/manif/gp-ingen-2011.php>

⁴⁰¹ Le conseil stratégique de l’attractivité a mesuré l’impact des réformes menées pour renforcer la compétitivité, stimuler l’innovation et alléger les contraintes administratives. Date of Access: 28 April 2011.

<http://www.invest-in-france.org/Medias/Publications/1372/dossier-presse-conseil-strategique-attractivite-2011-afii-fr-en.pdf>

On 19 July 2011, Minister for Transport chaired a working meeting on the project of motorway interchange Belcodène of A52. The dealership ESCOTA will contribute EUR6,52 million (approximately USD9.2 million) of a total investment of EUR12 million (approximately USD17.1 million).⁴⁰²

On 26 September 2011, the Special agreement on the implementation of the mobilisation plan for public transport has been signed. This private public partnership will invest EUR2,8 billion (approximately USD3.9 billion) in transport in Ile-de-France over the period 2011-2013.⁴⁰³

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

Analyst: Vitaly Nagornov

Germany: +1

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

A number of government infrastructure investments have been undertaken.

On 22 November 2010, Germany adopted the Freight, Transport and Logistics Action Plan. The Action Plan establishes new transport policy priorities. The plan states that the Federal Ministry of Transport, Building and Urban Development increases the transport budget estimate for 2011 to USD115 million. Involving 30 measures, the Action Plan is intended to provide guidance and to ensure that infrastructure and transport receive enough funding.⁴⁰⁴

On 28 February 2011, a tunnel was opened as part of the construction of a bypass in German federal land Baden-Württemberg. The state invests USD230 million into the project. The infrastructure project is planned to be completed by 2013.⁴⁰⁵

On 11 March 2011, the construction of an important road project in German federal land Saxony-Anhalt was launched. USD331 million is invested by the state in the project. Construction works are planned to be completed in 3.5 years.⁴⁰⁶

On 16 March 2011, the Federal Cabinet adopted the key figures for the 2012 federal budget. The funds for rail- and waterways and roads will reach more than USD14.4 billion each year in spite

⁴⁰² Echangeur autoroutier de Belcodene sur l'A52 : l'Etat et les collectivités confirment leur soutien au projet. Date of Access: 28 September 2011. http://www.developpement-durable.gouv.fr/spip.php?page=article&id_article=23667

⁴⁰³ Un plan de mobilisation pour les transports collectifs en Ile-de-France. Date of Access: 28 September 2011. <http://www.developpement-durable.gouv.fr/Un-plan-de-mobilisation-pour-les.html>

⁴⁰⁴ Transport Minister presents the Freight Transport and Logistics Action Plan, Federal Ministry of Transport, Building and Urban Development of Germany 22 November 2010. Date of Access: 10 April 2011. http://www.bmvbs.de/SharedDocs/EN/Pressemitteilung/2010/362-transport-minister-presents-freight-transport.html?linkToOverview=EN%2FPress%2FPressReleases%2Fpress-releases_node.html%3F

⁴⁰⁵ Scheuer: Ortsumgehung Schwäbisch Gmünd kommt gut voran, Federal Ministry of Transport, Building and Urban Development of Germany 28 February 2011. Date of Access: 10 April 2011. <http://www.bmvbs.de/SharedDocs/DE/Pressemitteilungen/2011/028-scheuer-b29-ou-schw%C3%A4bisch-gm%C3%BCnd.html?view=renderDruckansicht&nn=35788>

⁴⁰⁶ B 6n wird bis zur A 9 verlängert, Federal Ministry of Transport, Building and Urban Development of Germany 11 March 2011. Date of Access: 10 April 2011. <http://www.bmvbs.de/SharedDocs/DE/Pressemitteilungen/2011/033-muecke-ou-koethen.html>

of budget consolidation measures. Additional USD1.4 billion are provided for continue railway projects over 2012 to 2015.⁴⁰⁷

On 22 March 2011, the construction of an important road project connecting the Eastern and Western parts of Germany was completed. The project is part of the National Plan “German Unity.” Germany invested USD2.2 billion in the project.⁴⁰⁸

On 21 September 2011, German Federal Minister of Transport, Building and Urban Development Peter Ramsauer stated at the International Auto Exhibition 2011 that Germany would continue investing in developing electro mobility. Electro mobility comprises a range of spheres, including energy production, development of new materials, information and communications technologies as well as new concepts of mobility. Germany provided USD1.36 billion for the development of electro mobility in 2011-2012, which is twice as much as in the previous time period.⁴⁰⁹

Germany has also taken steps to facilitate infrastructure investments from other sources

On 22 November 2010, Germany adopted the the Freight, Transport and Logistics Action Plan. One of the key measures proposed by the plan is stimulating Public Private Partnerships in transport and infrastructure. The plan sets objectives for constructing high priority federal autobahns in the form of Public Private Partnerships.⁴¹⁰

On 14 February 2011, the German Federal Minister of Transport, Building and Urban Development Peter Ramsauer presented the Project Plan for Road Transport Telematics in 2015. The paper comprises a total of 138 projects for the installation of traffic management systems, especially on very busy or accident-prone motorway sections. The key objective of the Plan is to tackle traffic congestions. The measures proposed by the Plan include projects for active strategic traffic management, junction control and congestion warning systems. The federal states are to implement the measures by 2015. For this purpose, the Ministry will provide USD432 million.⁴¹¹

On 6 April 2011, the German Cabinet of Ministers adopted National Reform Programme for 2011. The measures contained in the German NRP for 2011 fully implement the European Strategy for Growth and Employment and the Euro Plus Pact. The priority areas include measures

⁴⁰⁷Eckwerte des Bundeshaushalts 2012 beschlossen, Federal Ministry of Transport, Building and Urban Development of Germany 16 March 2011. Date of Access: 10 April 2011.

<http://www.bmvbs.de/SharedDocs/DE/Pressemitteilungen/2011/038-ramsauer-bundeshaushalt-2012.html>.

⁴⁰⁸Vier Teilstücke der A 44 zwischen Kassel und Herleshausen in Bau, Federal Ministry of Transport, Building and Urban Development of Germany 22 March 2011. Date of Access: 10 April 2011.

<http://www.bmvbs.de/SharedDocs/DE/Pressemitteilungen/2011/045-bomba-a44-kassel-herleshausen.html>.

⁴⁰⁹ Die Zukunft ist elektrisch, Federal Government of Germany 21 September 2011. Date of Access: 25 September 2011. <http://www.bundesregierung.de/Content/DE/Artikel/2011/09/2011-09-21-elektromobilitaet-iaa.html>.

⁴¹⁰ Aktionsplan Güterverkehr und Logistik – Logistikinitiative für Deutschland, Federal Ministry of Transport, Building and Urban Development of Germany 22 November 2010. Date of Access: 10 April 2011. <http://www.bmvbs.de/cae/servlet/contentblob/61432/publicationFile/34319/aktionsplan-gueterverkehr-logistik.pdf>.

⁴¹¹ New traffic management systems and hard shoulder running on motorways, Federal Ministry of Transport, Building and Urban Development of Germany 14 February 2011. Date of Access: 10 April 2011. http://www.bmvbs.de/SharedDocs/EN/Pressemitteilung/2011/019-minister-ramsauer-anti-congestion-scheme.html?linkToOverview=EN%2FPress%2FPressReleases%2Fpress-releases_node.html%3Fgtp%3D50278_list%25253D1%23id64280

designed to boost internal demand through investment into energy and telecommunications infrastructure.⁴¹²

On 29 June 2011, the German Federal Minister of Transport, Building and Urban Development Peter Ramsauer at an official meeting with the chairman of German Construction Industry Union (Hauptverband der Deutschen Bauindustrie) announced that the Federal Government of Germany would continue promoting Public Private Partnerships for encouraging more energy efficiency in construction.⁴¹³

Germany has invested in infrastructure that addresses bottlenecks and enhances growth potential and attracted investment from other sources. Thus it is awarded a score of +1.

Analyst: Marina Klintsova

India: + 1

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

Indian government has taken some measures in terms of providing infrastructure investments.

On 28 February 2011, Indian Finance Minister Shri Pranab Mukherjee on United Budget Speech said that infrastructure was critical for development of India and an allocation of over USD48 billion would be made for this sector for 2011-2012, which is 23.3% higher than previous year. This amounts to 48.5% of the Gross Budgetary Support to plan expenditure.⁴¹⁴

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

Finance Minister of Jammu and Kashmir also proposed to black-top and macadamize about 2,000 kilometres length of roads during the next financial year. Finance minister of Jammu and Kashmir said that the number of bridges under execution was 442, out of them, 103 bridges would be completed in the current year and 100 additional bridges were expected to be completed during the next financial year. He also pronounced that investment of USD192 million would be proposed for Roads and Building Sector under the State Plan and additionally, USD202 million were expected to flow in the R&B Sector under the Central Schemes during the next financial year.⁴¹⁵

⁴¹² Nationales Reformprogramm für Deutschland beschlossen, Federal Government of Germany 6 April 2011. Date of Access: 10 April 2011. <http://www.bundesregierung.de/Content/DE/Artikel/2011/04/2011-04-06-nationales-reformprogramm.html>.

⁴¹³ Ramsauer: Bauindustrie unterstützt Bundesregierung bei Energiewende und Infrastrukturfinanzierung, Federal Ministry of Transport, Building and Urban Development of Germany 29 June 2011. Date of Access: 7 July 2011. <http://www.bmvbs.de/SharedDocs/DE/Pressemitteilungen/2011/138-ramsauer-bauwirtschaft.html>.

⁴¹⁴ Budget Speech by Finance Minister, Union Budget and Economic Survey 28 February 2011. Date of Access: 12 April 2011. <http://indiabudget.nic.in/ub2011-12/bs/bs.pdf>

⁴¹⁵ Budget Speech by Finance Minister of Jammu and Kashmir, Government of jammu and Kashmir Finance Department 6 march 2011. Date of Access: 12 April 2011. <http://jakfinance.nic.in/BudgetSpeech2011.pdf>

On 17 September 2011, the Union Finance Minister Shri Pranab Mukherjee said that operational guidelines for assistance for creation and modernisation of warehousing capacity under Rural Infrastructure Development Fund (RIDF) had been finalized. He added that the Ministry had dedicated USD400 million with a view to create modern warehousing capacity for agricultural products. The operational guidelines for the scheme had been formulated. The scheme will be open to States' governments, entities owned or assisted by the States' governments and to the other entities/agencies engaged in setting up warehousing storage infrastructure. States' governments were requested to avail this opportunity to increase the modern warehousing capacity in a focused manner.⁴¹⁶

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

On 28 February 2011, Indian Finance Minister Shri Pranab Mukherjee on United Budget speech stated next measures to facilitate infrastructure investments. He said that the foreign institutional investors limit for investment in corporate bonds, with residual maturity of over five years issued by companies in infrastructure sector, would be raised by an additional limit of USD20 billion taking the limit to USD25 billion to enhance the flow of funds to the infrastructure sector. This will raise the total limit available to the foreign institutional investors for investment in corporate bonds to USD 40 billion.⁴¹⁷

On 9 August 2011, in order to further liberalize the portfolio investment route, the Union Finance Minister Shri Pranab Mukherjee announced in the 2011-12 Budget to permit Mutual Funds to accept subscriptions for equity schemes from foreign investors who meet the Know Your Customer/client(KYC) requirements. It will allow Qualified Foreign Investors (QFIs) access to Mutual Funds' equity schemes and debt schemes in the infrastructure sector. The QFI scheme will make it easier for overseas investors to participate in the infrastructure sector projects in India, and therefore would provide an additional source of overseas long term debt funding.⁴¹⁸

On 12 September 2011, following the announcement by the Union Finance Minister Shri Pranab Mukherjee in his budget 2011-12, the Government in consultation with the regulators raised the limit for investment in long-term corporate bonds issued by the companies in the infrastructure sector from USD5 billion to USD25 billion. The scheme was conceived and operationalized to open new channels of funding for the infrastructure sector while deepening the corporate bond market.⁴¹⁹

⁴¹⁶ Rural Infrastructure Development Fund (RIDF) Finalised with Dedicated Allocation of RS.2000 Crore: Finance Minister, Ministry of Finance 17 September 2011. Date of Access: 20 September 2011.

http://finmin.nic.in/press_room/2011/FM_IRDF.pdf

⁴¹⁷ Budget Speech by Finance Minister, Union Budget and Economic Survey 28 February 2011. Date of Access: 12 April 2011. <http://indiabudget.nic.in/ub2011-12/bs/bs.pdf>

⁴¹⁸ Qualified Foreign Investors Allowed to Access Mutual Funds' Equity Schemes and Debt Schemes in the Infrastructure Sector, Ministry of Finance 9 August 2011. Date of Access: 15 September 2011.

http://finmin.nic.in/press_room/2011/QFIS_mutual_fund.pdf

⁴¹⁹ FII Investment in Long-term Corporate Debt in Infrastructure Sector Liberalised, Ministry of Finance of India 12 September 2011. Date of Access: 20 September 2011.

http://finmin.nic.in/press_room/2011/FII_corporate_dept.pdf

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

Analyst: Alexey Mironov

Indonesia: +1

Indonesia has fully complied with the commitment on investment in infrastructure. Indonesia has invested in infrastructure.

On 15 March 2011 the representative of the Ministry of Communications said that the government will build a new port in the region Tanjung Priok to enhance the movement of goods and passengers. Part of the work was conducted through a grant from the Japan International Cooperation Agency.⁴²⁰

On 1 April 2011 Indonesian Chamber of Commerce and Industry (Kadin) asked the government to revive the defunct Indonesian Development Bank (Bapindo) to support the financing of infrastructure development projects. Kadin chairman Suryo B. Sulisto said the presence of such a bank, which specialized in financing infrastructure projects, was necessary, given that most projects of this nature require huge amounts of funding, which in many cases can only be paid back after lengthy periods. President Susilo Bambang Yudhoyono, who officiated the Kadin meeting, said in response to Suryo's proposal that the government was already studying the possibility of reopening Bapindo, alongside other proposed means to finance infrastructure projects.⁴²¹

On 27 May 2011, Indonesian government announced 17 new infrastructure projects worth IDR190 trillion (USD220.4 billion) as part of its 2011-2025 Indonesia Economic Development Expansion and Acceleration Master Plan. Coordinating Minister for Economic Affairs Hatta Rajasa said the projects were launched in four locations namely Sei Mangke in the province of North Sumatra, Cilegon in Banten, Lombok Timur, East Nusa Tenggara and Timika, Papua, with funds coming from state-owned companies, national private companies, foreign direct investment and national budget.⁴²²

On 27 July 2011 the head of Pandeglang district Erwan Kurtubi said that in 2012 the Transportation Ministry, along with the Banten provincial government would start building an airport.⁴²³

On 17 June 2011 a vice presidential spokesman said that the government was going to allocate IDR65.2 trillion (USD75.6 billion) for the development of drinking water facilities in cities and rural areas up to 2014.⁴²⁴

⁴²⁰ Republika OnLine. Breaking News. Ekonomi. Pemerintah akan Bangun Pelabuhan Baru Senilai Rp8.8 T 15 March 2011. Date of Access: 15 March 2011

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

⁴²¹ Kadin wants bank specializing on infrastructure financing, The Jakarta Post 1 April 2011 Date of Access: 5 April 2011 <http://www.thejakartapost.com/news/2011/04/01/kadin-wants-bank-specializing-in-infrastructure-financing.html>

⁴²² Govt Announces 17 Infrastructure Projects Worth Rp190 Trillion. 27 May 2011. Date of Access: 29 July 2011 <http://www.antaranews.com/en/news/72006/govt-announces-17-infrastructure-projects-worth-rp190-trillion>

⁴²³ Govt to build airport in South Banten in 2012. 27 July 2011. Date of Access: 29 July 2011 <http://www.antaranews.com/en/news/74177/govt-to-build-airport-in-south-banten-in-2012>

⁴²⁴ Govt earmarks Rp65.2 trillion for drinking water projects. 17 June 2011. Date of Access: 29 July 2011 <http://www.antaranews.com/en/news/72834/govt-earmarks-rp652-trillion-for-drinking-water-projects>

Several measures have been taken to facilitate infrastructure investments from other sources. On 2 December 2010 the Asian Development Bank (ADB) decided to provide a \$200 million loan to Indonesia for an ongoing program designed to remove obstacles to infrastructure investment.⁴²⁵ “The goal of the program is to improve the climate for infrastructure investment, resulting in more financing from both public and private sectors, which will aid the government's efforts to boost growth and lower poverty through economic and employment opportunities,” said Anthony Jude, Director in ADB's Southeast Asia Department. This phase incorporates a broad range of policy reforms covering regulatory changes affecting the transport, energy, water and telecommunications sectors, and the development of a legal framework for PPP projects.

On 4 March 2011 an official said the Islamic Development Bank (IDB) was ready to provide IDR405 billion (USD44.5 million) in loans to help build a fish port in West Sulawesi province this year.⁴²⁶ West Sulawesi Governor Anwar Adnan Saleh said the bank assured him of its readiness to help finance the project after the local government consulted the international financial institution. The project will be co-financed by the Indonesian Marine Affairs and Fisheries Ministry.

On 11 March 2011 chairman of the Indonesian Investment Coordination Agency (BKPM), Mr. Gita Wirjawan, was quoted saying today that he is confident that the Indonesian Parliament will pass by third quarter of 2011 a draft bill that will regulate foreign ownership of the land and land clearance. This land acquisition law is expected to cut in half the time needed to start infrastructure projects.⁴²⁷

On 4 July 2011 Pekalongan Mayor Basyir Achmad said that PT Korea Surimi Co. plans to build a "surimi" (fish-based food product) factory with an investment of US\$10 million.⁴²⁸

On 23 September 2011, an official said that the Japanese government was ready to provide funds for the construction of a Jakarta Mass Rapid Transport (MRT) system. «The investment needed for construction of MRT is estimated at JPY600 billion (USD7.8 billion)», Japanese Minister for Trade, Economic and Industrial Affairs Yukio Edano said at a joint press conference with Chief Economic Minister Hatta Rajasa.⁴²⁹

Indonesia has supported government infrastructure investments and has taken measures to facilitate infrastructure investments from other sources. Thus, it has been awarded a score of +1.

Analyst: Elena Martynova

⁴²⁵ ADB Extends \$200 Million to Help Indonesia Accelerate Infrastructure Investment 2 December 2010. Date of Access: 21 March 2011 <http://www.adb.org/Media/Articles/2010/13418-indonesia-infrastructure-investments/default.asp?p=inonews>

⁴²⁶ IDB ready to finance fish port project in w Sulawesi 5 March 2011. Date of Access: 15 March 2011 <http://www.antaranews.com/en/news/68777/idb-ready-to-finance-fish-port-project-in-w-sulawesi>

⁴²⁷ Foreigners Able To Own Property in Indonesia in 2011 11 March 2011 Date of Access: 5 April 2011 <http://www.consultingbali.com/blog/category/investment/>

⁴²⁸ South Korean Company to invest in fish processing in Pekalongan. 4 July 2011. Date of Access: 29 July 2011 <http://www.antaranews.com/en/news/73400/south-korean-company-to-invest-in-fish-processing-in-pekalongan>

⁴²⁹ Japan ready to finance Jakarta MRT project. 23 September 2011. Date of Access: 27 September 2011 <http://www.antaranews.com/en/news/75953/japan-ready-to-finance-jakarta-mrt-project>

Italy: +1

Italy has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential and encourage this type of investment from other sources.

Italy has invested in infrastructure.

On 12 November 2010, the Ministry of Economic Development (MED) signed a decree authorizing realization of the 94 km long power line “Trino-Lacchiarella” between Piemonte and Lombardia, an electric infrastructure of strategic importance for Italy.⁴³⁰

On 18 November 2010, the Interministerial Committee for Economic Programming (CIPE) approved the modification of the Fund for Enterprise Investment Support (FRI). According to the resolution EUR785 million (approximately USD1083 million) are available for supporting the projects on industrial and technological innovations.⁴³¹

On 15 December 2010, CEO of the UniCredit, Federico Ghizzoni, and Italian Minister of Foreign Affairs, Franco Frattini, presented the project on creation of a logistical platform in the Upper Adriatic for the relaunch of Mediterranean maritime traffic and enhancement of Italian seaports. The public-private partnership will be work on the basis of an agreement between the state and Friuli Venezia Giulia Region to provide the necessary legislative framework for the works.⁴³²

On 19 July 2011, the MED approved the realization of interconnection pipeline “Villanova-Tivat” that is of the strategic importance for Italy because it contributes to enhancing the role of Italy as energy hub between the “European Union and the countries of Eastern Europe.”⁴³³

Italy has taken some steps to attract infrastructure investment from other sources.

On 23 November 2010, the Minister of Economic Development participated in the signing of the agreement for interconnecting power line between the Italian company Terna S.p.A. and the Government of Montenegro. The investments for interconnection, with the total length of 415 km, amount to about EUR760 million (approximately USD1033 million). The construction of the power line that will provide Italian electricity system with an estimated cost reduction of EUR225 annually would be started in 2011 and finished at the beginning of 2015. Italy and Montenegro have also considered the collaboration in other fields such as railways, with the connection Belgrado-Bar.

⁴³⁰ Energia: procedimento positivo per elettrodotto “Trino-Lacchiarella,” Italian Ministry of Economic Development 12 November 2010. Date of Access: 24 March 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2015635:energia-procedimento-positivo-per-elettrodotto-trino-lacchiarella

⁴³¹ MSE: via libera a 785 mln di euro per ricerca industriale, Italian Ministry of Economic Development 18 November 2010. Date of Access: 24 March 2011. Italian Ministry of Economic Development 12 November 2010. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2015695:mse-via-libera-a-785-mln-di-euro-per-ricerca-industriale

⁴³² Unicredit and Foreign Ministry launch a new logistics platform for the Adriatic, Italian Ministry of Foreign Affairs 15 December 2010. Date of Access: 5 April 2011. http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2010/12/20101215_Nuova_piattaforma_Adriatico.htm?LANG=EN

⁴³³ Energia, Saglia, via libera a elettrodotto Italia-Montenegro, Italian Ministry of Economic Development 19 July 2011. Date of Access: 25 September 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&id=2020045

On 30 November 2010, the Minister of Economic Development, Paolo Romani, together with the Bulgarian Minister of Economy, Energy and Tourism, Traycho Traykov, took part in the signing of the agreement on the project of interconnection of the gas pipelines between Greece and Bulgaria (Igb). The project has also provisions for constructing the link of the gas pipeline Itgi (interconnection Turkey, Greece, Italy). The agreement has been concluded in Sofia (Bulgaria) by Italian company Edison, Greek state gas company Depa and Bulgarian Bec. On 1 December 2010, Paolo Romani met the Bulgarian Prime Minister, Bojko Borisov, to discuss the collaboration in the main areas with the particular attention to infrastructure, energy, technological innovation and digitalization.⁴³⁴ On 7 December 2010, Azerbaijan gave the go-ahead to the accord with Italy, Greece and Turkey on cooperation in the energy sector, especially in terms of support for the Itgi project, a gas pipeline for the transit of Azerbaijani gas to Europe.⁴³⁵

On 13 January 2010, Italian Minister of Foreign Affairs visited Switzerland in order to discuss bilateral economic relations. The goals of the visit have included, inter alia, confirming Italy's commitment to enhance cooperation between the two countries in strategic sectors such as rail links, energy and defense.⁴³⁶

On 18 January 2011, Italian and Slovenian Ministers of Infrastructure held a meeting where they discussed the development of the projects related to Corridor Vand, a project of the new rail communication between Trieste and Divaccia.⁴³⁷

On 31 May 2011, the Italian Embassy in Seoul promoted the first mission to Korea by INVITALIA, the national inward investment and business development agency. Its aim was to make the first structured presentation in Korea of Italy as a destination for quality investment and to promote specific opportunities to potential Korean partners. The meeting was focused on several sectors, including transportation and energy.⁴³⁸

On 7 September 2011, the Italian and Serbian authorities held the meeting devoted to the reinforcement of bilateral economic cooperation. The agenda contained such areas as realization

⁴³⁴ Italia-Bulgaria: a Sofia vertice Romani-Borisov su cooperazione, Italian Ministry of Economic Development 1 December 2010. Date of Access: 24 March 2011.

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

⁴³⁵ Mantica: green light from Azerbaijan on accord with Italy, Greece and Turkey on the ITGI gas pipeline, Italian Ministry of Foreign Affairs 7 December 2010. Date of Access: 5 April 2011.

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

⁴³⁶ Italy-Switzerland: Frattini in Berne (13 January), Italian Ministry of Foreign Affairs 12 January 2011. Date of Access: 5 April 2011. http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/01/20110112_ItaliaSvizzera.htm?LANG=EN

⁴³⁷ Italia-Slovenia: Matteoli incontraministroVlacic, Italian Ministry of Infrastructure and Transport 18 January 2011. Date of Access: 4 April 2011. <http://www.mit.gov.it/mit/site.php?p=cm&o=vd&id=1600>

⁴³⁸ Country System: In South Korea on a quest for investors, Italian Ministry of Foreign Affairs 31 May 2011. Date of Access: 15 July 2011. http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/05/20110531_SistemaPaese_CoreaDelSud.htm?LANG=EN

of new infrastructures and the development of ever more strategic partnership in energy field, first of all in renewable sources.⁴³⁹

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

Analyst: Anna Vekshina

Japan: +1

Japan has fully complied with its commitment to make infrastructure investment and undertake measures to facilitate infrastructure investment from other sources.

Japan has invested in infrastructure that addresses bottlenecks and enhances growth potential.

On 14 December 2010, the Ministry of Internal Affairs and Communications approved a policy concerning the “Path of Light” concept which aims for broadband utilization in every household by approximately 2015, and worked out a timeline for the implementation of the concept.⁴⁴⁰

On 16 December 2010, the Ministry of Economy, Trade and Industry (METI) launched the ‘Hydrogen Highway Project’, a world’s first expressway service using fuel cell buses. Hydrogen stations will be constructed in Suginami (Tokyo), Haneda, and Narita and used as hydrogen supply bases for the fuel cell expressway buses and vehicles.⁴⁴¹

On 15 January 2011, the METI launched the ‘Hydrogen Town Project’, the second part of the ‘Hydrogen Energy Social Infrastructure Development Demonstration Project’, which aims at creation of a hydrogen society in the future. Through the project, hydrogen will be supplied via pipelines installed in urban districts and pure-hydrogen-type fuel cells will be operated for a full scale of a community as demonstration.⁴⁴²

On 2 May 2011, the Japanese Diet approved the first part of supplementary reconstruction budget totalling JPY4.15 trillion (USD51.9 billion) for the fiscal year 2011.⁴⁴³ On 25 July 2011, the second supplementary budget of JPY2 trillion (USD25 billion) was enacted. The budgets are

⁴³⁹ Italia-Serbia: missione del Ministro per rafforzare cooperazione economica e industriale, Italian Ministry of Economic Development 7 September 2011. Date of Access: 25 September 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=1&idarea1=593&idarea2=0&idarea3=0&idarea4=0&andor=AND§ionid=0&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=263&id=2020473

⁴⁴⁰ Announcement Regarding Timetable for Implementation of “Path of Light” Concept, Ministry of Internal Affairs and Communications 24 December 2010. Date of access: 10 April 2011. www.soumu.go.jp/main_sosiki/joho_tsusin/eng/Releases/Telecommunications/101224_c.html

⁴⁴¹ “Hydrogen Highway Project” to be launched under the “Hydrogen Energy Social Infrastructure Development Demonstration Project,” the Ministry of Economy, Trade and Industry 13 December 2010. Date of access: 5 March 2011. www.meti.go.jp/english/press/data/20101213_01.html

⁴⁴² Launch of “Hydrogen Town Project” under the “Hydrogen Energy Social Infrastructure Development Demonstration Project,” the Ministry of Economy, Trade and Industry 13 January 2011. Date of access: 12 March 2011. www.meti.go.jp/english/press/2011/0113_02.html

⁴⁴³ Diet Budgets ¥4 Trillion for Rebuilding, the Japan Times 3 May 2011. Date of access: 1 October 2011. search.japantimes.co.jp/cgi-bin/nn20110503a2.html

aimed to support survivors and finance infrastructure reconstruction in the quake- and tsunami-hit Tohoku region.⁴⁴⁴

In addition to Government-funded projects, Japan also sought to cooperate with private companies and other countries.

On 13 January 2011, 13 private companies including, inter alia, Toyota, Nissan, and Honda, as well as energy producers, announced in a joint statement their intention to work together in order to expand the introduction of fuel-cell vehicles and develop the hydrogen supply network throughout Japan by 2015, and requested the Government to establish public-private partnership to back their efforts. The METI responded with the pledge to provide all the necessary support.⁴⁴⁵

At the Meeting of Information and Communications Cabinet Ministers from Japan and the 10 ASEAN countries held in Kuala Lumpur on 13 January 2011, the parties adopted the “ASEAN-Japan ICT Work Plan 2011,” and the “ASEAN-Japan Collaboration Framework on Information Security.”⁴⁴⁶ Japan also expressed interest in active cooperation with ASEAN member states, China and Korea on the information security framework and ICT infrastructure development.⁴⁴⁷

Japan has invested in infrastructure that addresses bottlenecks and enhances growth potential and facilitated infrastructure investment from other sources. Thus it is awarded a score of +1.

Analyst: Ekaterina Maslovskaya

Korea: 0

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

On 8 December 2010, the Korean government presented a plan to invest KRW49 trillion (USD42.6 billion) in the country’s power generation capacity by 2024.⁴⁴⁸

The Korea Information Technology Report stated that Korean IT spending would increase from USD16.9 billion in 2011 to around USD22.1 billion in 2015.⁴⁴⁹

⁴⁴⁴ ¥2 trillion reconstruction budget submitted; July 22 passage seen, the Japan Times 16 July 2011. Date of access: 18 July 2011. search.japantimes.co.jp/cgi-bin/nn20110716a7.html

⁴⁴⁵ Joint statement by private companies concerning the introduction of fuel cell vehicles onto the domestic market and the development of hydrogen supply infrastructure, the Ministry of Economy, Trade and Industry 13 January 2011. Date of access: 10 April 2011.

www.meti.go.jp/english/press/2011/0113_01.html

⁴⁴⁶ Joint Media Statement of the Tenth ASEAN Telecommunications and Information Technology Ministers Meeting (10th TELMIN) and Its Related Meetings with Dialogue Partners, ASEAN 14 January 2011. Date of access: 10 April 2011. www.aseansec.org/25748.htm

⁴⁴⁷ Japan Interested in Actively Cooperating in ASEAN ICT Masterplan, United Nations Public Administration Network 31 January 2011. Date of access: 10 April 2011. www.unpan.org/PublicAdministrationNews/tabid/115/mctl/ArticleView/ModuleID/1467/articleId/24144/default.aspx

⁴⁴⁸ South Korea Infrastructure Report Q2 2011, Online Information Service 8 December 2010. Date of Access: 8 December 2010. <http://www.marketresearch.com/product/display.asp?productid=6134288>
<http://www.companiesandmarkets.com/Market-Report/south-korea-infrastructure-report-q1-2011-465206.asp>

⁴⁴⁹ South Korea Information Technology Report Q1 2011, Online Information Service 14 March 2011. Date of Access: 14 March 2011. <http://www.pr-inside.com/south-korea-information-technology-report-r2474858.htm>

On 18 January 2011, the Korean Ministry of Land, Transport and Maritime Affairs announced that Korea would invest KRW185 trillion (USD166 billion) over the next decade to upgrade transportation infrastructure, and to help to enhance the nation's overall logistics efficiency. The investment, which will be made under a revision to the transportation system, will focus on building or expanding roads, railways, airports, seaports and other infrastructure.⁴⁵⁰

Korea has invested in infrastructure that addresses both bottlenecks and enhances growth potential. Thus it is awarded a score of 0.

Analyst: Svetlana Nikitina

Mexico: +1

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

On 17 December 2010, Mexican President Felipe Calderón inaugurated the Saltillo General Hospital, the main health facility in the state of Coahuila. The Hospital is equipped with state-of-the-art technology and involves an investment of MXN450 mln.⁴⁵¹

On 10 January 2011, José María Morelos y Pavón Children's Hospital and the IMSS-Oportunidades Rural Hospital were inaugurated in the municipality of San José del Rincón. Construction of the hospitals aims primarily at the high-risk zones in the state of Mexico and expands the coverage of primary and secondary health services for the benefit of the population living in marginalized and highly marginalized conditions.⁴⁵²

On 17 January 2011, Felipe Calderón announced the Electricity Service in the Valle de México Project aimed at replacing the electricity grid in the historic centre and benefiting 30,000 users with MXN700 mln of investment required. President also supervised the progress of the Federal Electricity Commission (CFE)'s operation in the center of the country, which served as the framework for the inauguration of 79 customer service centers, 282 CFEmáticos (payment centers), a Regional Call Center, 11 sub-stations, and 8 transmission lines.⁴⁵³

On 3 March 2011, Felipe Calderón reported that four-year investments in the construction and modernization of the highways in the Federal Network reached MXN175 bln with nearly 15,500 km of highway built or modernized, e.g. Apatzingán-Nueva Italia stretch.

On 3 March 2011, the President inaugurated Boulevard Constituyentes de Apatzingán as part of the expansion of the Apatzingán-Nueva Italia Highway, which involves a cost of MXN600 mln

⁴⁵⁰ S Korea to invest US\$166bil in Upgrading Transportation System, Online Information Service 18 January 2011. Date of access: 18 January 2011. <http://www.malaysiandigest.com/world/15479-s-korea-to-invest-us166bil-in-upgrading-transportation-system.html>

⁴⁵¹ Inauguration of Saltillo General Hospital, Presidencia de la Republica, México 17 December 2010. Date of Access: 3 April 2011. <http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62198>

⁴⁵² Inauguration of Saltillo General Hospital, Presidencia de la Republica, México 10 January 2011. Date of Access: 3 April 2011. <http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62488>

⁴⁵³ Modernization of Electricity Service in Valle de México, Presidencia de la Republica, México 17 January 2011. Date of Access: 2 April 2011. <http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62607>

and will benefit the municipalities of Apatzingán, Nueva Italia, Gabriel Zamora, Uruapan and Parácuaro among others.⁴⁵⁴

On 8 March 2011, Mexican President inaugurated La Caldera Pump Station, one of the largest water works in the east of the city that will benefit the municipalities of Chalco, Valle de Chalco, Ixtapaluca and Valle de Chalco-Solidaridad and prevent floods in the municipalities and Mexico City. The construction required an investment of MXN61 bln.⁴⁵⁵

On 10 March 2011, Felipe Calderón inaugurated the expansion and modernization of the Caborca-Sonoyta highway, the only road to the northeast of the country. Modernization includes paving, drainage and complementary works aimed at reducing the risk of accidents, eliminating bottlenecks and decreasing travelling times, operating costs and pollutant emission levels.⁴⁵⁶

On 19 March 2011, the Mexican President signed a decree modifying ban on the Balsas River Basin to make it accessible for human consumption. The modification will benefit the population of 340 municipalities from various Mexican states.⁴⁵⁷

On 22 March 2011, Felipe Calderón visited the works of the Baluarte Bicentenario Bridge, one of the world's largest. The bridge is 1,200 meters long and its construction involves an investment of MXN19,369 mln. On the same day a stretch of the Durango-Mazatlán highway was inaugurated in Durango. The inter-oceanic axis will make Durango a major hub to transport goods from the Asian Pacific and together with the Pan-American axis it will provide links to the center of Mexico, southern US and Canada.⁴⁵⁸

Mexico has also taken measures to facilitate infrastructure investment from other sources.

On 28 January 2011, Felipe Calderón signed the National Tourism Agreement⁴⁵⁹ and announced 2011 as a Year of Tourism in Mexico. The initiative has the objective to promote tourism in the country as an effective means of fight against poverty and infrastructure development.⁴⁶⁰ As part of the strategy for promoting tourism, Mexican President discussed the opportunities with President of the Region of the Americas of the InterContinental Hotels Group (IHG) Jim Abrahamson who announced IHG's intention to invest additional USD500 million in Mexico

⁴⁵⁴ 175,000 Million Pesos Invested In Highways In 4 Years: Fch, Presidencia de la Republica, México 3 February 2011. Date of Access: 5 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62998>

⁴⁵⁵ No More Catastrophic Floods, Presidencia de la Republica, México 8 March 2011. Date of Access: 5 April 2011. <http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=63743>

⁴⁵⁶ Expansion And Modernization Of Caborca-Sonoyta Highway, Presidencia de la Republica, México 10 March 2011. Date of Access: 9 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=63839>

⁴⁵⁷ Inhabitants Of 340 Municipalities Will Be Able To Use Balsas Water, Presidencia de la Republica, México 19 March 2011. Date of Access: 7 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=64071>

⁴⁵⁸ Tour Of States Of Durango And Sinaloa, Presidencia de la Republica, México 22 March 2011. Date of Access: 3 April 2011. <http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=64088>

⁴⁵⁹ National Tourism Agenda, Presidencia de la Republica, México 28 February 2011. Date of Access: 5 April 2011. <http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=63572>

⁴⁶⁰ 2011, Year Of Tourism In Mexico, Presidencia de la Republica, México 26 January 2011. Date of Access: 7 April 2011. <http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62803>

over the next 3 years, which will translate into 47 hotels with 5,000 rooms.⁴⁶¹ On the World Tourism Day on 27 September 2011, President Calderón highlighted the role of private enterprise, which pledged investments for over ARS4 billion for 2011 and outlined the main actions taken to achieve the Agreement: increasing connectivity and facilities for the arrival and transfer of tourists, strengthening tourist infrastructure and boosting tourist promotion. The total value of investment exceeded ARS9 billion.⁴⁶²

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

Analyst: Polina Arkhipova

Russia: +1

Russia has fully complied with its commitment to invest in infrastructure itself and to take measures aimed at facilitating infrastructure investment from other sources.

On 22 November 2010, Russian President Dmitry Medvedev announced the creation of the first set of digital TV channels. Thus digital broadcasting will be available to over 20 million people in 16 of the Russian regions in 2011 and to the whole population by 2015.⁴⁶³

On 13 December 2010, Russian President signed Federal Law on the Federal Budget for 2011 and the Budget Plan for 2012-2013.⁴⁶⁴ More than RUB26 billion are earmarked for the reconstruction of 38 airports, including projects in Sochi, Kazan and on the Kuril Islands, in accordance with this document.⁴⁶⁵

On 13 January 2011, Russian Prime Minister Vladimir Putin stated a plan for the extension of the railway transport structural reform to 2015. Developing high-speed railway systems will be the priority of the state and RUB350 billion is to be spent for this purpose in 2011.⁴⁶⁶

Sufficient steps to promote infrastructure investment have been taken in Russia.

On 24 November 2010, Russian President Dmitry Medvedev charged the Government with developing measures aimed at encouraging investment in renewable energy sources.⁴⁶⁷

⁴⁶¹ Inter-Continental Group To Invest \$500 Million USD, Presidencia de la Republica, México 1 February 2011. Date of Access: 5 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62943>

⁴⁶² International Tourism Day, Presidencia de la Republica, México 27 September 2011. Date of Access: 1 October 2011. <http://en.presidencia.gob.mx/2011/09/progress-in-national-tourism-agreement/>

⁴⁶³ Meeting on television and radio broadcasting development, Office of the President of Russia (Moscow) 22 November 2010. Date of Access: 29 April 2011. <http://eng.kremlin.ru/news/1352>

⁴⁶⁴ Law on the federal budget for 2011 and the 2012-2013 budget plan, Office of the President of Russia (Moscow) 13 December 2010. Date of Access: 29 April 2011. <http://eng.kremlin.ru/news/1470>.

⁴⁶⁵ Meeting of the Security Council "On State Policies in the Sphere of Aviation," Office of the President of Russia (Moscow) 1 April 2010. Date of Access: 29 April 2011. <http://kremlin.ru/transcripts/10794>.

⁴⁶⁶ Prime Minister Vladimir Putin chaired the meeting of the Presidium of the Government of the Russian Federation, Government of Russia (Moscow) 13 January 2011. Date of Access 29 April 2011. <http://government.ru/docs/13850/>.

⁴⁶⁷ On Implementation of the Presidential Instruction on Increasing Investment in Enhancing Energy Efficiency, Office of the President of Russia (Moscow) 24 November 2010. Date of Access 29 April 2011. <http://kremlin.ru/assignments/10057>

On 27 November 2010, the Russian Government issued a regulation⁴⁶⁸ aimed at lowering the cost of access to engineering facilities and improving the speed of this process. These new rules are expected to facilitate infrastructure investment.⁴⁶⁹

On 27 December 2010, the Russian Technologies State Corporation, OAO INTER RAO UES and General Electric signed a framework agreement on producing high-performance energy equipment.⁴⁷⁰

On 21 March 2011, Russian President proposed the establishment of a special fund to attract foreign investments to the Russian economy.⁴⁷¹ On 1 June 2011, Russian Direct Investment Fund was formally established.⁴⁷²

On 2 April 2011, Russian President Dmitry Medvedev approved a list of instructions on priority measures aimed at improving the investment climate in Russia.⁴⁷³

On 2 August 2011, Russian President Dmitry Medvedev ordered to confer the status of investment ombudsmen on Deputy Presidential Plenipotentiary Envoys to Federal Districts, whose responsibilities include assisting investors in the implementation of private investment projects, notably in infrastructure.⁴⁷⁴

Russia has made investment in infrastructure and managed to facilitate infrastructure investment from other sources. Thus it is awarded a score of +1.

Analyst: Andrey Shelepov

Saudi Arabia: +1

Saudi-Arabia has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential and facilitate investment from other sources. Government infrastructure investments have been taken in Saudi Arabia.

⁴⁶⁸ Regulation No. 940 of 27 November 2010, Government of Russia (Moscow) 27 November 2010. Date of Access: 29 April 2011. <http://government.ru/gov/results/13228/>.

⁴⁶⁹ On coming into force of the Regulation of the Government of the Russian Federation, Ministry of Economic Development of Russia (Moscow) 17 December 2010. Date of Access: 29 April 2011. http://www.economy.gov.ru/minec/about/structure/depgostarif/doc20101217_05

⁴⁷⁰ In the Presence of Russian Prime Minister V. Putin a Framework Agreement between General Electric, the Russian Technologies State Corporation and INTER RAO UES on Creating Joint Ventures Producing High-Tech Medical and Energy Equipment was Signed, Government of Russia (Moscow) 27 December 2010. Date of Access: 29 April 2011. <http://government.ru/docs/13630/>.

⁴⁷¹ Meeting on Economic Issues, Office of the President of Russia (Moscow) 21 March 2010. Date of Access: 29 April 2011. <http://eng.kremlin.ru/news/1936>.

⁴⁷² Founding of RDIF, Russian Direct Investment Fund 2011. Date of Access: 21 July 2011. http://rdif.ru/Eng_History/.

⁴⁷³ Presidential instructions on priority measures aimed at improving investment climate in Russia, Office of the President of Russia (Moscow) 2 April 2010. Date of Access: 29 April 2011. <http://eng.kremlin.ru/news/1999>

⁴⁷⁴ Executive order on investment ombudsmen, Office of the President of Russia (Moscow) 2 August 2010. Date of Access: 6 October 2011. <http://eng.kremlin.ru/acts/2669>.

On 10 January 2011, Prince Sultan bin Abdul Aziz, who is also the minister of defence, officially launched the construction of the new King Abdul Aziz International Airport, which would cost USD7,2 billion.⁴⁷⁵

On 1 February 2011, The Ministry of Hajj has invested USD200 thousand towards new technology infrastructure, with aims of providing better services to the rising number of annual pilgrims to the Holy Cities of Makkah and Madinah and other sacred places in Saudi Arabia.⁴⁷⁶

On 16 February 2011, The Minister of Transport Dr. Jubarah Eid Al-Suraysiri, who is also Chairman of the Board of Directors of Saudi Railroads Organization, announced that 4 passengers stations at a cost of USD2,5 billion will be established for Al-Haramain High Speed Train during two and a half years from the start of its execution.⁴⁷⁷

On 30 March 2011, Al-Balad Al-Amin Company signed agreement with Ernst & Young for the flotation of the 180-km railway network project that covers all parts of the Makkah city. The new railway system with 88 stations is expected to bring about a qualitative change in the city's transport system. Mayor of Makkah City, Osama Al-Bar who is also chairman of the Al-Balad Al-Amin Company board of directors, said that the Makkah Metro project included construction of four railway networks linking all parts of the city and work on the new railway would start within a year.⁴⁷⁸

On 18 April 2011, Sami Mohsen Baroum, chairman of Knowledge Economic City Co. (KEC) signed USD81 million contract with Al-Rajhi Infrastructure Company to carry out the northern part of the economic city project. The work on the project started within a few weeks after signing. The infrastructure projects include construction of roads, setting up of electricity, telecommunication, water and sewage networks and rainwater drainage systems, planting of trees along roads and other smart infrastructure facilities.⁴⁷⁹

On 16 June 2011, the Saudi Railway Organization (SRO) announced building the Haramain Railway," which will link the cities of Makkah and Madinah with Jeddah, and will cost about USD11 billion. The high-speed rail project will bring about dramatic improvement in transportation of pilgrims between the two holy cities, the SRO official said.⁴⁸⁰

On 7 August 2011, the General Authority of Civil Aviation (GACA) launched the new international terminal at Prince Mohammed bin Abdulaziz Airport in Al-Madinah. The operation of the new terminal came within the framework of GACA's plan for the development of various

⁴⁷⁵ Construction of 7.2 billion dollar airport to start, the Saudi Arabian Market Information Resource SAMIRAD 12 January 2011. Date of Access: 15 April 2011.

http://www.saudinf.com/display_news.php?id=5781

⁴⁷⁶ Ministry of Hajj invests SR800,000 into new technology infrastructure, the Saudi Arabian Market Information Resource SAMIRAD 1 February 2011. Date of Access: 15 April 2011.

http://www.saudinf.com/display_news.php?id=5835

⁴⁷⁷ Budget allocated for four Stations of Al-Haramain Train, the Saudi Arabian Market Information Resource SAMIRAD 16 February 2011. Date of Access: 15 April 2011.

http://www.saudinf.com/display_news.php?id=5881

⁴⁷⁸ Signing the Agreement for the Flotation of the 180-km Railway Network, Arab News 31 March 2011. Date of Access: 15 April 2011. <http://arabnews.com/saudiArabia/article336744.ece>

⁴⁷⁹ Knowledge Economic City steps up infrastructure work, Arab News 20 April 2011. Date of Access: 16 Mat 2011. <http://arabnews.com/economy/article368469.ece>

⁴⁸⁰ Haramain Railway to cost SR42 bn, Arab News 17 June 2011. Date of Access: 15 September 2011. <http://arabnews.com/saudiArabia/article456187.ece>

airports across the Kingdom and within its urgent measures undertaken at the airport to reach the capacity of the new international terminal.⁴⁸¹

Some measures have been undertaken to facilitate infrastructure investments from other sources. On 26 April 2011, Prince Mishaal bin Abdullah, governor of Najran Region and president of the Board of Investment in Najran, implemented a new plan, including strategies to activate investments and infrastructure projects in the region. The new deal to Najran comprises many important strategies, including building an attractive environment for investment, recommending a specific investment strategy, promoting administrative support to ensure sustainable investment and attract investors, and creating a system in consonance with the investment strategy of Najran. It also focuses on rebuilding the infrastructure for future economic growth by developing water and sanitation, solid waste, electricity, telecommunications, information technology, agricultural, tourism, and industrial and military facilities.⁴⁸²

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

Analyst: Alexey Mironov

South Africa: 0

South Africa has partially complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential.

On 29 January 2011, the President of the South Africa Jacob Zuma reported on the progress of NEPAD Heads of State High Level Sub-Committee on Infrastructure to the AU Nepad Heads of State and Government Orientation Committee (HSGOC). He reported that the Sub-Committee sought endorsement by the HSGOC of the infrastructure projects identified and their respective champions and therefore their subsequent consideration and approval by the AU Assembly. In this regard, 7 projects were agreed.⁴⁸³

On 10 February 2011, at the Joint Sitting of Parliament in his state of the nation address Jacob G Zuma, President of the Republic of South Africa, declared that government would continue to participate in the revitalisation of the New Partnership for Africa's Development with specific focus on the implementation of its infrastructure programme, and the North-South infrastructure development corridor.⁴⁸⁴

⁴⁸¹ New international terminal at Medinah Airport, the Saudi Arabian Market Information Resource SAMIRAD 7 August 2011. Date of Access: 15 September 2011.

http://www.saudinf.com/display_news.php?id=6407

⁴⁸² Najran launches new investment strategy, Arab News 20 April 2011. Date of Access: 15 May 2011.

<http://arabnews.com/economy/article372612.ece>

⁴⁸³ Report of the NEPAD Heads of State High Level Sub-Committee on Infrastructure to the AU Nepad Heads of State and Government Orientation Committee by President Jacob Zuma, the official web site of the Department for International Relations and Cooperation of the Republic of the South Africa, 29 January, 2011. Date of access: 28 April 2011.

<http://www.dirco.gov.za/docs/speeches/2011/nepad0204.html>

⁴⁸⁴ State of the Nation Address By His Excellency Jacob G Zuma, President of the Republic of South Africa, at the Joint Sitting Of Parliament, Cape Town, the Department of International Relations and Cooperation of the Republic of the South Africa, 10 February 2011. Date of access: 28 April, 2011.

<http://www.dirco.gov.za/docs/speeches/2011/jzum0210.html>

On 6 April 2011, South African Transport Minister Sibusiso Ndebele announced a ZAR97 billion (USD1.2 billion) rail upgrade program, which will be rolled out over 18 years. Allocations over the next three years include ZAR2.5 billion (USD30 million) to municipalities for public transport systems and infrastructure, as well as additional funds for the Passenger Rail Agency of South Africa for replacing signaling infrastructure and refurbishing rail coaches. In addition, ZAR30.2 billion (about USD380 million) will be spent on improving the passenger rail system over the next three years.⁴⁸⁵

On 20 May 2011, Water and Environmental Affairs Minister Edna Molewa mentioned that the Government would spend ZAR14.2 (about USD180 million) over the next three years on dams and water distributions systems. This investment is a part of the South African three-year, ZAR846 billion (USD106 million) infrastructure upgrade plan. Molewa highlighted that «the spending focus over the medium term will be on bulk raw water resource infrastructure to meet sustainable demand for South Africa».⁴⁸⁶

On 15 September 2011, at the Fourth South Africa-European Union Summit, the leaders of South Africa and the European Union agreed to develop infrastructure as a crucial part in the development of both the African continent and the EU region. In particular the development of the North-South Road and Rail Corridor holds great potential for the states of Southern and East Africa for greater economic and market integration, concomitant economic growth and job creation for the region's population. The approach will be broadened to include sectors and sub-sectors that are linked to the North – South Corridor.⁴⁸⁷

According to its Strategic Plan for 2011/12 – 2015/16 the South African Department of Energy will allocate ZAR4.5 billion (USD558 million) for the construction of the national multipurpose petroleum pipelines between Durban and Johannesburg to “ensure the supply of petroleum products in the period of 2011-2013.”⁴⁸⁸

South Africa has invested in infrastructure but no facts of attracting infrastructure investment from other sources have been registered. Thus it is awarded a score of 0.

Analyst: Yuriy Zaytsev

Turkey: +1

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

On April 16 2011 the agreement to finalize the privatization of the Istanbul Ferry Lines (IDO), a subsidiary of the Istanbul Metropolitan Municipality, was signed between the winning consortium and municipality officials, thus closing the USD861 million deal.

⁴⁸⁵ SA to spend billions on transport. Southafrica.info 7 April 2011. Date of Access: 18 October 2011. <http://www.southafrica.info/business/economy/infrastructure/transport-070411.htm>.

⁴⁸⁶ Billions for water infrastructure projects. Southafrica.info 20 May 2011. Date of Access: 18 October 2011. <http://www.southafrica.info/business/economy/infrastructure/waterprojects-200511.htm>.

⁴⁸⁷ Fourth South Africa-European Union Summit, Joint Communiqué, the Department of International Relations and Cooperation of the Republic of the South Africa 15 September 2011. Date of access: 27 September 2011. <http://www.dirco.gov.za/docs/2011/sa-eu0916.html>

⁴⁸⁸ Strategic Plan for 2011/12 – 2015/1, Department of Energy of the South Africa. Date of access: 18 October 2011. http://www.energy.gov.za/files/aboutus/au_strategic.html

“The income from the transaction will be used for new transportation projects in Istanbul,” said Ahmet Selamet, acting Mayor of Istanbul.⁴⁸⁹

On May 3 2011 Turkish Energy Minister Taner Yildiz and Iranian Energy Minister Majid Namjou finalized and signed energy roadmap at promoting investment and cooperation between the two neighbors. The agreement will have a “promising prospect” for Iran-Turkey energy transactions, boosting the two countries' electricity transmission capacity from “the current 500 MW to 1000 MW,” Namjou said.⁴⁹⁰

On May 6 2011 Turkish Minister of Finance Mehmet Simsek stated that the government of Turkey would try to implement “more unique models” for socioeconomic development of one of the poorest region – province of Batman. Noting that the government will establish a “textile campus” on 24.7 acres owned by the Treasury, Simsek said a total of 18 different facilities were to be built there. “We will also develop the infrastructure of the campus. All kinds of support will be provided to facilities,” he said.⁴⁹¹

On May 11 2011 Turkey’s Prime Minister Recep Tayyip Erdogan announced an ambitious program on Istanbul transformation. Building a shipping canal parallel to the Bosphorus strait is to be a key project. He also outlined another one: to build two new earthquake resistant urban centers in Istanbul.⁴⁹²

On 1 June 2011 Prime Minister Recep Tayyip Erdogan unveiled government’s plans for Diyarbakir, which the prime minister said will boost tourism and employment in the predominantly Kurdish province. The prime minister announced a renovation project for Diyarbakir’s Surici. “We will rebuild nearly 500 historic structures, remaining faithful to the original. Historic buildings will be visible. Diyarbakir will have a landscape the world will be eager to see. This project will also being about major urban transformation. Shanty houses in the region will be destroyed and replaced with new houses. No one will be victimized during this process. The Housing Development Administration of Turkey [TOKİ] has already contacted these people. A total of 1,272 more houses will be built,” he said.

The construction of the Silvan Dam is another Erdogan’s project for Diyarbakir. “The Silvan Dam will be used to irrigate an area of 2,450 square kilometers. We will enable our farmers in Diyarbakir to generate an additional annual income of TL735 million. The project will also provide employment to 318,000 people,” he added.⁴⁹³

Turkey has invested in infrastructure that addresses bottlenecks and enhances growth potential as well as attracted infrastructure investment from other sources. Thus it is awarded a score of +1.

⁴⁸⁹ Star. Istanbul Ferry Services Privatization Complete, Investments Underway, Invest in Turkey 17 April 2011. Date of Access: 28 April 2011. <http://www.invest.gov.tr/EN-US/INFOCENTER/NEWS/Pages/170611-istanbul-ferry-services-privatization-complete.aspx>.

⁴⁹⁰ Iran, Turkey Finalize Energy Roadmap, PressTV 4 May 2011. Date of Access: 6 May 2011. <http://www.presstv.ir/detail/178172.html>.

⁴⁹¹ Sismek Promises Unique Development Models, Hurriyet Daily News 6 May 2011. Date of Access: 8 May 2011. <http://www.hurriyetdailynews.com/n.php?n=simsek-promises-unique-development-models-2011-05-06>.

⁴⁹² Ayla Albayrak, Another “Crazy Project” for Istanbul, The Wall Street Journal 11 May 2011. Date of Access 15 May 2011. <http://blogs.wsj.com/emergingeuropa/2011/05/11/another-crazy-project-for-istanbul/>.

⁴⁹³ Erdogan Reveals Projects to Boost Employment, Tourism in Diyarbakir, Today’s Zaman 1 June 2011. Date of Access: 10 June 2011. <http://www.todayszaman.com/news-245807-erdogan-reveals-projects-to-boost-employment-tourism-in-diyarbakir.html>.

United Kingdom: +1

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

On 23 March 2011, Chancellor George Osborne delivered the Coalition Government's budget for 2011 and launched the Government's "Plan for Growth."^{494,495} In this plan the Government allocated GBP200 billion of public and private infrastructure investments over the next five years.⁴⁹⁶ In the Plan for Growth" the Government committed to publish the UK's long-term forward view of infrastructural projects and programmes in autumn 2011 as part of the National Infrastructure Plan 2011 launched earlier in October 2010.⁴⁹⁷

On 21 December 2010, the UK Government published the report of an investigation into how to reduce the costs of infrastructure projects and on 31 March 2011, published a detailed programme of activity through 2011 and beyond, to effect change and realize the savings.⁴⁹⁸

Department for Business, Innovation and Skills is also currently reviewing regulations to promote growth of key economic sectors, working with Infrastructure UK – a separate unit within HM Treasury, providing advice on infrastructure issues.⁴⁹⁹ Department of Energy and Climate Change together with industry develop a national policy on grid infrastructure, including smart grid standards.⁵⁰⁰

As "Plan for Growth" assumes GBP200 billion of not only public but also private infrastructural investments over the next five years the Plan sets out a package of measures to support private sector investment, enterprise and innovation.⁵⁰¹ Particularly, the Government will publish a binding set of principles of economic regulation to infrastructure, make changes to the planning system and publish a rolling two year programme of projects where public sector funding has been agreed to provide greater certainty for long-term investors in UK.⁵⁰²

⁴⁹⁴ Chancellor Announces Budget for Growth, Prime Minister's Office (London) 23 March 2011. Date of Access: 9 April 2011. <http://www.number10.gov.uk/news/latest-news/2011/03/chancellor-announces-budget-for-growth-62331>

⁴⁹⁵ Growth Review, HM Treasury 23 March 2011. Date of Access: 9 April 2011. http://www.hm-treasury.gov.uk/ukecon_growth_index.htm

⁴⁹⁶ The Plan for Growth, HM Treasury (London) March 2011. Date of Access: 9 April 2011. http://cdn.hm-treasury.gov.uk/2011budget_growth.pdf

⁴⁹⁷ The Plan for Growth, HM Treasury (London) March 2011. Date of Access: 9 April 2011. http://cdn.hm-treasury.gov.uk/2011budget_growth.pdf

⁴⁹⁸ Infrastructure Cost Review, HM Treasury (London) March 2011. Date of Access: 9 April 2011. http://www.hm-treasury.gov.uk/iuk_cost_review_index.htm

⁴⁹⁹ Structural Reform Plan Monthly Implementation Update of Department for Business, Innovation and Skills, Prime Minister's Office (London) March 2011. Date of Access: 9 April 2011. <http://www.number10.gov.uk/wp-content/uploads/bis-mar11-srp-update.pdf>

⁵⁰⁰ Structural Reform Plan Monthly Implementation Update of Department of Energy and Climate Change, Prime Minister's Office (London) March 2011. Date of Access: 9 April 2011. <http://www.number10.gov.uk/wp-content/uploads/decc-mar11-srp-update.pdf>

⁵⁰¹ Chancellor Announces Budget for Growth, Prime Minister's Office (London) 23 March 2011. Date of Access: 9 April 2011. <http://www.number10.gov.uk/news/latest-news/2011/03/chancellor-announces-budget-for-growth-62331>

⁵⁰² Structural Reform Plan Monthly Implementation Update of Department for Business, Innovation and Skills, Prime Minister's Office (London) March 2011. Date of Access: 9 April 2011. <http://www.number10.gov.uk/wp-content/uploads/bis-mar11-srp-update.pdf>

The UK also managed to attract the European Investment Bank funds to facilitate infrastructural development in the UK and on 6 May 2011 Simon Brooks, European Investment Bank Vice President, confirmed this commitment.⁵⁰³

On 5 August 2011, The UK Government published the new report “Enabling the Transition to a Green Economy: Government and Business Working Together” in which the Government committed to support businesses and help establish the clarity needed to underpin private sector investment in environmentally friendly infrastructure.⁵⁰⁴

The United Kingdom has invested in infrastructure that addresses both bottlenecks and enhances growth potential and attracted investment from other sources. Thus it is awarded a score of +1.

Analyst: Natalia Churkina

United States: +1

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

On 15 November 2010, the Commerce Department recommended to reallocate 115 MHz of spectrum for wireless broadband service within the next five years. This corresponds with President Obama’s commitment to make available 500 megahertz of Federal and nonfederal spectrum over the next 10 years.⁵⁰⁵

On 27 January 2011, U.S. Transportation Secretary Ray LaHood announced a final rulemaking that would help economically and socially disadvantaged businesses participate in federally funded highway, transit and airport projects.⁵⁰⁶

On 9 February 2011, the Federal Communications Commission (FCC) announced a Broadband Acceleration Initiative aimed at expanding the reach and reducing the costs of broadband deployment. The initiative will reduce regulatory barriers to broadband build-out and bring together key stakeholders.⁵⁰⁷

On 14 February 2011, U.S. President Barack Obama unveiled his USD3.7 billion budget for 2012. Part of this budget is six-year transportation plan which will enable to implement innovative solutions in transportation. The President proposed to spend USD129 billion in the

⁵⁰³ European Investment Bank Reinforces Engagement to Finance UK Infrastructure, European Union 6 May 2011. Date of access: 18 July 2011.

<http://europa.eu/rapid/pressReleasesAction.do?reference=BEI/11/59&type=HTML>

⁵⁰⁴ Green Growth for British Business, Department for Business, Innovation and Skills (London) 5 August 2011. Date of Access: 30 September 2011. <http://www.bis.gov.uk/news/topstories/2011/Aug/encouraging-green-growth>

⁵⁰⁵ U.S. Department of Commerce Takes Major Step towards Unleashing the Wireless Broadband Revolution, National Telecommunications and Information Administration 15 November 2011, Date of Access: 8 April 2011. http://www.ntia.doc.gov/press/2010/SpectrumReports_11152010.html.

⁵⁰⁶ U.S. Transportation Secretary Ray LaHood Expands Program to Help Small Businesses Participate in Transportation Programs, United States Department of Transportation 27 January 2011, Date of Access: 8 April 2011. <http://www.dot.gov/affairs/2011/dot1011.html>.

⁵⁰⁷ The FCC’s Broadband Acceleration Initiative: Reducing Regulatory Barriers to Spur Broadband Buildout, Federal Communications Commission 9 February 2011, Date of Access: 7 April 2011. <http://www.fr.com/FCC-Announces-Broadband-Acceleration/>.

first year.⁵⁰⁸ Moreover, the budget provides for creating a USD556 billion infrastructure bank which is a funding mechanism for building roads, bridges, rail lines, etc.⁵⁰⁹ The bank would not add to the budget deficit since it is aimed at leveraging private-sector funds by offering loans to selected projects. However the proposed budget will encounter problems in Congress, where both Democrats and Republicans are against it.

In March 2011 U.S. Transportation Secretary Ray LaHood announced that he is making available USD2.4 billion to states eager to develop high-speed rail corridors across the United States. President Obama's vision is to connect 80% of Americans to high-speed rail within the next 25 years.⁵¹⁰

On 9 May 2011, U.S. Transportation Secretary Ray LaHood announced USD2 billion in high-speed rail awards providing an unprecedented investment to speed up trains in the Northeast Corridor and expand service in the Midwest.⁵¹¹

On 26 September 2011, U.S. Treasury Secretary Timothy Geithner said President Barack Obama's USD447 billion jobs proposal would boost economic growth by renovating the nation's roads, airports and railways.⁵¹²

The U.S. has undertaken measures to facilitate infrastructure investment from other sources. On 27 January 2011, at a meeting between Chinese business leaders and the American and Chinese Presidents in Washington CEOs of key Chinese companies said they were considering stepped-up investment in the U.S., particularly into infrastructure.⁵¹³

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

Analyst: Tatyana Lanshina

European Union: +1

The European Union has fully complied with its commitment to invest in infrastructure that addresses bottlenecks and enhances growth potential and facilitate infrastructure investment from other sources.

⁵⁰⁸ U.S. Department of Transportation Budget Invests USD129 Billion in Restoring America's Economic Competitiveness, United States Department of Transportation 14 February 2011, Date of Access: 6 April 2011. <http://www.ttnews.com/articles/basetemplate.aspx?storyid=26117>.

⁵⁰⁹ Obama's USD3.7 Trillion Budget Sets Fight in Congress (Update3), Bloomberg 14 February 2011, Date of Access: 6 April 2011. <http://www.bloomberg.com/news/2011-02-14/obama-submits-a-3-7-trillion-budget-as-republicans-pledge-to-oppose-plan.html>.

⁵¹⁰ U.S. Transportation Secretary Ray LaHood Makes USD2.4 Billion Available for High-Speed Rail Projects Across America, United States Department of Transportation 11 March 2011, Date of Access: 6 April 2011. <http://www.dot.gov/affairs/2011/dot2911.html>.

⁵¹¹ U.S. Transportation Secretary LaHood Announces \$2 Billion for High-Speed Intercity Rail Projects to Grow Jobs, Boost U.S. Manufacturing and Transform Travel in America, Federal Railroad Administration 9 May 2011, Date of Access: 30 June 2011. http://www.fra.dot.gov/roa/press_releases/fp_DOT_57-11.shtml

⁵¹² Geithner Says Obama Jobs Plan Would Rebuild Infrastructure, Businessweek 27 September 2011, Date of Access: 27 September 2011. <http://news.businessweek.com/article.asp?documentKey=1376-LS52EC0YHQX01-0Q4BB9V2V404N425NJIRUAE7S1>.

⁵¹³ Chinese Firms Set Sights on U.S. Investments, The Wall Street Journal 27 January 2011, Date of Access: 7 April 2011. <http://online.wsj.com/article/SB10001424052748704062604576105952027426880.html>.

On 21 February 2011, the European Commission announced its decision to grant EUR170 million (approximately USD226 million) to transport infrastructure projects across Europe. The grants will allow EU members build missing transport links, remove bottlenecks and increase the safety and security of transport.⁵¹⁴

On 1 March 2011, the European Commission launched consultations on the guarantee bonds issued by companies to fund large-scale infrastructure projects, such as transport, energy, Internet and telecommunications networks. The Commission would share the risks of the guarantees with the European Investment Bank (EIB). The bonds would be offered to investors including pension funds and insurance companies by private companies acting as mediators. EU-backed project bonds are to be available in 2014.⁵¹⁵ Consultations were closed on 2 May 2011. The legislative proposal and the impact assessment are to be issued before the end of 2011.⁵¹⁶

On 30 June 2011 the European Commission proposed setting a new “Connecting Europe Facility” to boost investment in pan-European infrastructure. This proposal is part of multi-annual budget for 2014-20. The new fund would have EUR40 billion (approximately USD57.2 billion) at its disposal: EUR21.7 billion (approximately USD31 billion) for transport, EUR9.1 billion (approximately USD13 billion) for energy and EUR9.2 billion (approximately USD13 billion) for digital network projects.⁵¹⁷

On 8 September 2011, European Commission Vice-President Siim Kallas responsible for Transport announced his intention to bring forward in 2013 a package of proposals to help ports remain competitive and support the huge potential for growth in the port sector.⁵¹⁸

On 16 September 2011, the European Investment Bank (EIB) decided to provide two loans to Croatia: EUR60 million (approximately USD82 million) for the extension of the motorway along Corridor Vc and EUR25 million (approximately USD34 million) to develop community infrastructure in coastal areas of the country.⁵¹⁹

On 20 September 2011, the EU energy commissioner Gunther Oettinger said the European Commission planned to unveil its formal legal proposals for promoting investment in EU energy infrastructure in "late October". The proposals would focus on speeding up energy infrastructure

⁵¹⁴ EU grants €170 million to vital infrastructure projects across Europe, Europa, Gateway to the European Union 21 February 2011, Date of Access: 8 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/209&format=HTML&aged=0&language=EN&guiLanguage=en>.

⁵¹⁵ Attracting infrastructure investment, European Commission 1 March 2011, Date of Access: 10 April 2011. http://ec.europa.eu/news/economy/110301_1_en.htm.

⁵¹⁶ Consultation on the Europe 2020 Project Bond Initiative, European Commission 23 June 2011, Date of Access: 28 September 2011. http://ec.europa.eu/economy_finance/consultation/index_en.htm.

⁵¹⁷ Financial Framework 2014 – 2020, European Commission, Financial Programming and Budget, Date of Access: 1 July 2011. http://ec.europa.eu/budget/biblio/documents/fin_fwk1420/fin_fwk1420_en.cfm.

⁵¹⁸ Transport: European Commission to bring forward new package of measures for ports in 2013, Europa 8 September 2011, Date of Access: 28 September 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/1009&format=HTML>.

⁵¹⁹ EIB supports the upgrading of Croatia’s infrastructure with EUR 85 million, Financial 16 September 2011, Date of Access: 28 September 2011. http://finchannel.com/news_flash/Banks/94788_EIB_supports_the_upgrading_of_Croatia%E2%80%99s_infrastructure_with_EUR_85_million/.

planning and approval procedures across the EU, and promoting private funding with public money.⁵²⁰

The European Union has invested in infrastructure that addresses bottlenecks and enhances growth potential and managed to facilitate infrastructure investment from other sources. Thus it is awarded a score of +1.

Analyst: Tatyana Lanshina

⁵²⁰ EC to unveil EU energy infrastructure proposals 'late October', Platts 20 September 2011, Date of Access: 28 September 2011. <http://www.platts.com/RSSFeedDetailedNews/RSSFeed/NaturalGas/8363389>.

5. Finance: Systemically Important Financial Institutions

Commitment [#83]:

“We endorsed the policy framework, work processes, and timelines proposed by the FSB to reduce the moral hazard risks posed by systemically important financial institutions (SIFIs) and address the too-big-to-fail problem.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina			+1
Australia			+1
Brazil			+1
Canada		0	
China			+1
France			+1
Germany			+1
India			+1
Indonesia			+1
Italy		0	
Japan			+1
Korea			+1
Mexico		0	
Russia		+1	
Saudi Arabia		0	
South Africa		+1	
Turkey		0	
United Kingdom			+1
United States			+1
European Union			+1
Average Score		+ 0.75	

Background:

The G20 identified systemically important financial institutions (SIFIs) as major sources of potential systemic risk during times of financial crisis, noting that these firms can lead to the ‘too-big-to-fail’ problem whereby governments are obliged to ‘bail out’ systemically important firms in order to prevent broader contagion and shareholder losses. At the Seoul Summit in November 2010, G20 leaders endorsed the FSB’s policy framework and timeline for addressing the moral hazard risks posed by these firms. G20 Finance Ministers and Central Bank Governors agreed at a February 2011 meeting that the FSB should publish its recommendations in October 2011, a month earlier than the originally agreed-upon timeline of November 2011.⁵²¹

A 10 April 2011 report by the Financial Stability Board (FSB) called Progress in the Implementation of the G20 Recommendations for Strengthening Financial Stability notes that the FSB and other standard-setting actors are working to formulate a set of recommendations on

⁵²¹ Progress in the Implementation of the G20 Recommendations for Strengthening Financial Stability, Financial Stability Board (Basel) 10 April 2011. Date of Access: 26 April 2011. http://www.financialstabilityboard.org/publications/r_110219.pdf

resolution regimes for SIFIs and for financial institutions that are important in a global context, or G-SIFIs, which will be published by October 2011.⁵²² National supervisors are required to submit self-assessments of their ability to effectively supervise SIFIs in accordance with the Basel Core Principles by June 2011.⁵²³

On July 19 2011, the Financial Stability Board (FSB) and the Basel Committee on Banking Supervision launched a public consultation on two documents putting forth proposed measures to address systemically important financial institutions. All proposed policy recommendations implement the framework contained in the Financial Stability Board's recommendations endorsed by the G20 Leaders at the Seoul Summit in November 2010, and they are offered for public consultation before the FSB finalizes and submits its overall recommendations to the G20 Leaders Summit in Cannes on 3-4 November 2011.⁵²⁴

The first consultative document on "Effective Resolution of Systemically Important Financial Institutions" puts forth a package of proposed policy measures "to improve the capacity of authorities to resolve failing SIFIs without systemic disruption and without exposing the taxpayer to the risk of loss."⁵²⁵ The proposed measures comprise four key building blocks: (1) strengthened national resolution regimes; (2) cross-border cooperation arrangements; (3) improved resolution planning by firms and authorities; (4) measures to remove obstacles to resolution.⁵²⁶

Furthermore, the FSB sought the views of all interested parties on two discussion notes to help inform its final resolution related recommendations. A note on Creditor hierarchy, depositor preference and depositor protection in resolution raises the possibility of moving depositors to the top of the hierarchy of bank creditors. Another note on Conditions for imposing temporary stays discusses the possible conditions under which a temporary suspension of contractual early termination rights should apply to support the implementation of certain resolution tools.⁵²⁷

The second consultative document on "Global Systemically Important Banks: Assessment Methodology and the Additional Loss Absorbency Requirement" sets out: (1) a methodology for assessing the global systemic importance of banks; (2) the magnitude of added loss absorbency

⁵²² Progress in the Implementation of the G20 Recommendations for Strengthening Financial Stability, Financial Stability Board (Basel) 10 April 2011. Date of Access: 26 April 2011.

http://www.financialstabilityboard.org/publications/r_110219.pdf

⁵²³ Progress in the Implementation of the G20 Recommendations for Strengthening Financial Stability, Financial Stability Board (Basel) 10 April 2011. Date of Access: 26 April 2011.

http://www.financialstabilityboard.org/publications/r_110219.pdf

⁵²⁴ Consultative Document, Effective Resolution of Systemically Important Financial Institutions, Financial Stability Board (Basel) 19 July 2011. Date of Access: 12 September 2011.

http://www.financialstabilityboard.org/publications/r_110719.pdf

⁵²⁵ Consultative Document, Effective Resolution of Systemically Important Financial Institutions, Financial Stability Board (Basel) 19 July 2011. Date of Access: 12 September 2011.

⁵²⁶ Consultative Document, Effective Resolution of Systemically Important Financial Institutions, Financial Stability Board (Basel) 19 July 2011. Date of Access: 12 September 2011.

http://www.financialstabilityboard.org/publications/r_110719.pdf

⁵²⁷ Consultative Document, Effective Resolution of Systemically Important Financial Institutions, Financial Stability Board (Basel) 19 July 2011. Date of Access: 12 September 2011.

http://www.financialstabilityboard.org/publications/r_110719.pdf

that globally systemic banks should have; (3) the proposed arrangements by which these requirements will be phased in.⁵²⁸

On 3 October 2011, the Financial Stability Board (FSB) approved the package of policy measures that it will recommend to the G20 Leaders at the Cannes Summit on 3-4 November 2011 in order to address the “too big to fail” problems posed by SIFIs. The recommendations take into account the results of the public consultation conducted over the summer.⁵²⁹

The policy package will include⁵³⁰:

- (1) Key Attributes of Effective Resolution Regimes for Financial Institutions, which will form a new international standard for the features that all national regimes should have to enable failing financial institutions to be resolved safely and without exposing the taxpayer to the risk of loss
- (2) A requirement that individual globally important SIFIs (G-SIFIs) have recovery and resolution plans, commonly called living wills, and that home and host authorities develop institution-specific cooperation agreements and cross-border crisis management groups
- (3) Additional loss absorbency requirements for those banks determined to be G-SIFIs, based on the methodology developed by the Basel Committee on Banking Supervision for assessing the global systemic importance of banks
- (4) Measures to enhance the intensity and effectiveness of supervision, in particular of SIFIs. Recommendations will include improved data systems for risk management at SIFIs and assessments of the adequacy of supervisory resources
- (5) The enhancement of international standards for the robustness of core financial market infrastructures.

The FSB put forth a specific timeline for the implementation of G-SIFI related recommendations to be completed and identified December 2012 as the deadline for completion.⁵³¹

Commitment Features:

In October 2010, the FSB published a policy framework for reducing the moral hazard posed by systemically important financial institutions (SIFIs), in order to prevent the necessity of states rescuing large or complex banks during a financial crisis.

According to the FSB report entitled “Reducing the Moral Hazard Posed by Systemically Important Financial Institutions,”⁵³² the FSB policy framework demands action by G20 members and international financial institutions in five areas.

⁵²⁸ Consultative Document, Effective Resolution of Systemically Important Financial Institutions, Financial Stability Board (Basel) 19 July 2011. Date of Access: 12 September 2011.

http://www.financialstabilityboard.org/publications/r_110719.pdf

⁵²⁹ Meeting of Financial Stability Board, Financial Stability Board (Basel) 3 October 2011. Date of Access: 4 October 2011. http://www.financialstabilityboard.org/press/pr_111003.pdf

⁵³⁰ Meeting of Financial Stability Board, Financial Stability Board (Basel) 3 October 2011. Date of Access: 4 October 2011. http://www.financialstabilityboard.org/press/pr_111003.pdf

⁵³¹ Meeting of Financial Stability Board, Financial Stability Board (Basel) 3 October 2011. Date of Access: 4 October 2011. http://www.financialstabilityboard.org/press/pr_111003.pdf

1. Improvements to resolution regimes to ensure that any financial institutions can be resolved without disruptions to the financial system and without taxpayer support.
2. That SIFIs, and in particular global SIFIs (G-SIFIs), have additional loss absorption capacity beyond the Basel III standards to reflect the greater risks that these institutions pose to the global financial system.
3. More intensive supervisory oversight for financial institutions which may pose systemic risk.
4. More robust standards for core financial infrastructure to reduce contagion risks from the failure of individual institutions.
5. Peer review by an FSB Peer Review Council of the effectiveness and consistency of national policy measures for G-SIFIs, beginning by end-2012.

The particular recommendation areas and deadlines in the report that fall under the jurisdiction of G20 are listed in Table 8.

Table 8: Recommendations for SIFIs

Area	Recommended Action
Resolution	<p>By end-March 2011 all FSB members, using the BCBS Cross-border Bank Resolution Group recommendations and the FSB draft Key Attributes of Effective Resolution Regimes, will report their assessment of their capacity to resolve SIFIs operating in their jurisdictions under their existing resolution regimes and the legislative and other changes to national resolution regimes and policies needed to accomplish effective resolution.</p> <p>-The FSB is planning to set out by mid-2011 criteria for assessing the resolvability of SIFIs, which the G20 will take into account to determine the systemic risk of a G-SIFI, and the attributes of effective resolution regimes, including the minimum level of legal harmonisation and legal preconditions required to make cross-border resolutions effective. G20 members are supposed to use these criteria and attributes to set out their plans to address areas where legal or regulatory changes or improvements to their resolution policies are needed, by end-2011.</p> <p>-By end-2011, authorities should have drawn up institution-specific cooperation agreements that specify the respective roles and responsibilities of the authorities at all stages of a crisis for all G-SIFIs.</p>
Increased supervisory oversight for financial institutions which may pose systemic risk	<p>G20 members should conduct a self-assessment against the relevant Core Principles, including essential and additional criteria, and identify deficiencies and corrective actions in a letter addressed to the FSB Chair, covering: supervisory mandates and independence; supervisory powers; and comprehensive consolidated supervision. These letters should be issued by mid-2011 for BCBS Core Principles and by early 2012 for IAIS Core Principles. Since the deadline for the IAIS Core Principles falls outside the current compliance cycle, the requirement that letters be issued for IAIS Core Principles will not apply for assessment of G20 member state compliance.</p>
Stronger robustness standards for core financial infrastructure*	<p>National authorities should implement: (i) the G20 commitments that all standardised OTC derivatives contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties (CCPs), and OTC derivatives contracts should be reported to trade repositories; and (ii) the recommendations set forth in the forthcoming report of the FSB OTC Derivatives Working Group.</p>

⁵³² Reducing the moral hazard posed by systemically important financial institutions, Financial Stability Board (Basel) 20 October 2010. Date of Access 26 January 2011.
http://www.financialstabilityboard.org/publications/r_101111a.pdf

*For more information on G20 commitments on OTC derivatives see the separate report in this document.

In sum, G20 member states are expected to comply with three of the five aforementioned recommendation areas: resolution, increased supervisory oversight for financial institutions that might pose systemic risk, and stronger robustness standards for core financial infrastructure.

Definitions

SIFIs: Financial institutions whose disorderly failure, because of their size, complexity, and systemic interconnectedness, would cause significant disruption to the wider financial system and economic activity.”⁵³³

G-SIFIs: Financial institutions that are clearly systemic in a global context,” which must consequently have “higher loss-absorbency capacity than the minimum levels agreed in Basel III.”⁵³⁴ The FSB report also notes that G-SIFIs “must also be subject to more intensive coordinated supervision and resolution planning to reduce the probability and impact of their failure.”⁵³⁵

Scoring Guidelines:

-1	Member does not take any action in compliance with the three FSB recommendation areas and associated timelines to reduce moral hazard posed by SIFIs and address the too-big-to-fail problem.
0	Member takes actions in compliance with at least one of the FSB recommendations areas and associated timelines to reduce moral hazard posed by SIFIs and address the too-big-to-fail problem.
+1	Member takes actions in compliance with all three FSB recommendation areas and associated timelines to reduce moral hazard posed by SIFIs and address the too-big-to-fail problem.

Argentina: +1

Argentina has fully complied with its commitment to reduce the moral hazard posed by systemically important financial institutions by taking concrete actions in all three FSB recommendations areas: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

Argentina is committed to implementing “the ten key recommendations on cross-border bank resolution issued by the BCBS in March 2010.” While this process is ongoing, actions have been taken to “review resolution regimes and bankruptcy laws in light of recent experience to ensure that they permit an orderly wind-down of large complex cross-border financial institutions.”⁵³⁶

In a 12 November 2010 report on progress in financial reform since the 2008 Washington Summit, the FSB reported that Argentine authorities have “signed MOUs with many other

⁵³³ <http://www.efinancialnews.com/story/2010-11-12/group-twenty-endorses-financial-stability-plan>

⁵³⁴ Reducing the moral hazard posed by systemically important financial institutions, Financial Stability Board (Basel) 20 October 2010. Date of Access 26 January 2011. http://www.financialstabilityboard.org/publications/r_101111a.pdf

⁵³⁵ Reducing the moral hazard posed by systemically important financial institutions, Financial Stability Board (Basel) 20 October 2010. Date of Access 26 January 2011. http://www.financialstabilityboard.org/publications/r_101111a.pdf

⁵³⁶ FSB Report on Progress Since the Washington Summit; Argentina, Financial Stability Board (Basel) 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_101111b.htm

financial supervisors, for consolidated supervision and information sharing.” Progress is reported to be ongoing.⁵³⁷ Argentina has previously established “resolution procedures for all financial institutions taking deposits... and for insurance companies in Argentina.”⁵³⁸ The National Securities Commission (CNV) is currently “working on initiatives in order to improve the bankruptcy process in futures and derivative markets.”⁵³⁹

In a report released in September 2010, the Central Bank of Argentina (BCRA) reiterated its commitment to the “series of proposals for reform designed to strengthen the international financial system.”⁵⁴⁰ The report notes that “financial system exposure to the private sector fell slightly” at the beginning of 2010.⁵⁴¹ The BCRA reiterates its commitment to “strengthen adherence to international prudential regulatory and supervisory standards.”⁵⁴²

On 4 September 2011, the former Argentine Ambassador to the United States announced that “there is a real chance that Argentina will help set up an anti-crisis fund in the region” in order to combat the negative effects of SIFIs.⁵⁴³

According to the conclusions of the OTC Derivatives section of the present report, Argentina has taken steps towards strengthening the regulation and supervision on OTC Derivatives, thus taking action in compliance with the implementation of stronger robustness standards for core financial infrastructure.

Argentina has fully complied with its commitment to reduce the systemic risks presented by SIFIs with respect to: (1) resolution (2) increased supervisory oversight for financial institutions that might pose systemic risk, and (3) strong robustness standards for core financial infrastructure. Thus it has been awarded a score of +1.

Analysts: Jasmine Hamade and Kate Partridge

Australia: +1

Australia has fully complied with its commitment to reduce the moral hazard posed by systemically important financial institutions by taking concrete actions in all three FSB recommendations areas: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

⁵³⁷ FSB Report on Progress Since the Washington Summit; Argentina, Financial Stability Board (Basel) 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_101111b.htm

⁵³⁸ FSB Report on Progress Since the Washington Summit; Argentina, Financial Stability Board (Basel) 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_101111b.htm

⁵³⁹ FSB Report on Progress Since the Washington Summit; Argentina, Financial Stability Board (Basel) 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_101111b.htm

⁵⁴⁰ Financial Stability Report, Second Half 2010, Central Bank of Argentina (Buenos Aires) September 2010. Date of Access: 10 April 2011. <http://www.bcr.gov.ar/pdfs/polmon/bef0210i.pdf>

⁵⁴¹ Financial Stability Report, Second Half 2010, Central Bank of Argentina (Buenos Aires) September 2010. Date of Access: 10 April 2011. <http://www.bcr.gov.ar/pdfs/polmon/bef0210i.pdf>

⁵⁴² FSB Report on Progress Since the Washington Summit; Argentina, Financial Stability Board 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_101111b.htm

⁵⁴³ Interview: Mercosur-China FTA could be “extraordinary”, says Argentine FM, ShanghaiDaily.com (Buenos Aires), 4 September 2011. Date of Access: 8 October 2011.

http://www.shanghaidaily.com/article/article_xinhua.asp?id=13807

The global financial crisis did not place as much of a burden on Australia as other countries. The Financial Stability Board (FSB) peer-review on Australia, released on 26 September 2011 states, ‘the Australian financial system weathered the financial crisis well’.⁵⁴⁴

On 3 October 2011, the FSB released its approved package of measures to address SIFIs. This included key attributes of effective resolution regimes for financial institutions, additional loss absorbency requirements for banks determined to be G-SIFIs, measures to enhance supervision, the enhancement of international standards for the robustness of core financial market infrastructures, and the requirement that all G-SIFIs have recovery resolution plans, commonly called living wills.⁵⁴⁵ Australia supports the policy action to write ‘living wills’, and has already set a 2012 deadline for the country’s six largest banks with resolution plans to follow. APRA is also analyzing if Australia’s smaller banks, credit unions and insurers should be included in the asset recovery plan.⁵⁴⁶

On 26 September 2011, the Financial Stability Board published a peer review of Australia, which provides an overview of the Australian financial system structure and regulatory framework and assesses its banking supervision, securities regulation and insurance regulation and supervision. The peer review contends that “the presence of four domestic big banks presents important policy challenges for the [Australian] authorities. Their size and nature of activities means that they could pose systemic and moral hazard risks in Australia. The authorities have [already] a supervisory framework in place to address the risks posed by regulated entities (including SIFIs) through a graduated supervisory response. Any additional measures undertaken by the authorities in this area will depend on, and will need to be consistent with, the policy work on SIFIs that is underway at the international level by the FSB and BCBS.”⁵⁴⁷

Australia has complied with its commitment for increased supervisory oversight for financial institutions that might pose systemic risk by means of completing a self-assessment against the relevant Core Principles. The enhancements to the Basel II Framework released by APRA on 23 May 2011 will become effective on 1 January 2012.⁵⁴⁸

On 19 July 2011, the FSB published two consultative documents, asking interested international stakeholders to submit their comments regarding the FSB’s proposed new G-SIFIs measures, before the FSB approves them.⁵⁴⁹ The Australian Bankers’ Association (ABA) commented on this document. The ABA’s findings could be summarized into four points: (1) The ABA believes that the report covers most key points, in particular they agree with the proposed elements of a Recovery and Resolution Plan, short stay on early termination rights, and flexibility allowing

⁵⁴⁴ FSB completes peer review of Australia, The Financial Stability Board (Basel) 26 September 2011. Date of Access: 30 September 2011. http://www.financialstabilityboard.org/press/pr_110926a.pdf

⁵⁴⁵ Key Financial Regulatory Reforms, FSB (Basel) 3 October 2011. Date of Access: 10 October 2011. http://www.financialstabilityboard.org/press/pr_111003.pdf

⁵⁴⁶ Australian banks assure of strong buffer against global financial turmoil, International Business Times (Sydney) 27 September 2011. Date of Access: 10 October 2011. <http://au.ibtimes.com/articles/220281/20110927/australian-banks-have-strong-buffer-against-global-market-turmoil.htm>

⁵⁴⁷ Peer Review of Australia, Review Report, Financial Stability Board (Basel) 26 September 2011. Date of Access: 13 October 2011. http://www.financialstabilityboard.org/publications/r_110926b.pdf

⁵⁴⁸ 4. Developments in the Financial System Architecture, RBA (Sydney) 26 September 2011. Date of Access: 30 Sept. 2011. <http://www.rba.gov.au/publications/fsr/2011/sep/pdf/dev-fin-sys-arch.pdf>

⁵⁴⁹ FSB Consultative document on Effective Resolutions of SIFIs, FSB (Basel) 19 July 2011. Date of Access: 10 October 2011. http://www.financialstabilityboard.org/press/c_110909.htm

firms to issue contractual instruments that can be written off or converted into equity based on a trigger. However, more review must be done before these points are implemented; (2) Some proposals introduce or increase systemic risks, especially surrounding bail-in powers and cross-border issues in the event that an FSB bank has interest in a country that has not adopted the framework; (3) Few timelines are provided. The timelines that are given are very aggressive considering that more consultation needs to occur; (4) A better communication plan needs to be created and working groups need to be established for handling 'next-day' measures to deal with the resolution shocks and fears.⁵⁵⁰

According to the conclusions of the OTC Derivatives section of the present report, Australia has taken steps towards strengthening the regulation and supervision on OTC Derivatives, thus taking action in compliance with the implementation of stronger robustness standards for core financial infrastructure.

Australia has fully complied with its commitment to reduce the systemic risks presented by SIFIs with respect to: (1) resolution (2) increased supervisory oversight for financial institutions that might pose systemic risk, and (3) strong robustness standards for core financial infrastructure. Thus it has been awarded a score of +1.

Analyst: Lauren Millar

Brazil: +1

Brazil has fully complied with its commitment to reduce the moral hazard posed by systemically important financial institutions by taking concrete actions with all three FSB recommendations areas: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

The Central Bank of Brazil “participates in the Cross Border Resolution Group of BCBS and is committed to adopt the recommendations concerning contingency and resolution plans, once they are eventually approved.” The Central Bank has also proposed improvements to domestic resolution procedures, which are awaiting approval by the Federal Legislative Branch.⁵⁵¹

The Central Bank of Brazil is further analyzing a legislative proposal “to reduce the probability of failure of financial institutions and facilitate their orderly resolution.”⁵⁵² All financial institutions are required to follow “standardized approaches for credit, market and operational risks as recommended by BCBS.”⁵⁵³

⁵⁵⁰ Effective Resolution of Systemically Important Financial Institutions, Australian Bankers' Association (New South Wales) September 2011. Date of Access: 10 October 2011

http://www.financialstabilityboard.org/press/c_110909g.pdf

⁵⁵¹ FSB Report on Progress Since the Washington Summit; Brazil, Financial Stability Board (Basel)12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_101111b.html

⁵⁵² “Publications –FSB report on Progress since the Washington Summit in the Implementation of the G20 Recommendations for Strengthening Financial Stability, FSB (Basel) November 8, 2010, Date of Access: 9 April 2011. http://www.financialstabilityboard.org/list/fsb_publications/index.htm

⁵⁵³ “Publications –FSB report on Progress since the Washington Summit in the Implementation of the G20 Recommendations for Strengthening Financial Stability, FSB (Basel) November 8, 2010, Date of Access: 9 April 2011. http://www.financialstabilityboard.org/list/fsb_publications/index.htm

Brazil is currently ahead of schedule in implementing the Basel III recommendations, and will have all “measures implemented gradually...by July 2016.”⁵⁵⁴ Regulators are to “set leverage and liquidity ratios while the Central Bank of Brazil will add conservation and counter-cyclical buffers to normal capital requirements totalling 10.5 to 13 per cent by 2013.”⁵⁵⁵

Brazil has more conservative regulations than the international standard. Consequently, the adoption of stricter Basel III standards will be less stressful than for other countries. More specifically, “it is estimated that approximately 90 per cent of all derivatives are standardised, exchange traded and centrally cleared.”⁵⁵⁶

In a 12 November 2010 report on progress in financial reform since the 2008 Washington Summit, the FSB reported that important financial institutions in Brazil will need to strengthen their capital bases and improve their ability to absorb losses in order to meet Basel III standards.⁵⁵⁷ In the FSB self-assessment submitted in 2010, Brazil committed to “studying the implementation of regulatory adjustments from 1 July 2012.”⁵⁵⁸ This deadline is consistent with the ultimate implementation of Basel III by 1 January 2014.

According to the conclusions of the OTC Derivatives section of the present report, Brazil has taken steps towards strengthening the regulation and supervision on OTC Derivatives, thus taking action in compliance with the implementation of stronger robustness standards for core financial infrastructure.

Brazil has fully complied with its commitment to reduce the systemic risks presented by SIFIs with respect to: (1) resolution (2) increased supervisory oversight for financial institutions that might pose systemic risk, and (3) strong robustness standards for core financial infrastructure. Thus it has been awarded a score of +1.

Analysts: Jasmine Hamade and Kate Partridge

Canada: 0

Canada has partially complied with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

⁵⁵⁴ Implementing Basel III in emerging economies: A process not free of pain, FXstreet.com (Barcelona) 6 October 2011. Date of Access: 10 October 2011. <http://www.fxstreet.com/fundamental/market-view/emerging-marketsbbva/2011/10/06/>

⁵⁵⁵ Implementing Basel III in emerging economies: A process not free of pain, FXstreet.com (Barcelona) 6 October 2011. Date of Access: 10 October 2011. <http://www.fxstreet.com/fundamental/market-view/emerging-marketsbbva/2011/10/06/>

⁵⁵⁶ OTC Derivatives Market Reforms: Progress report on Implementation, Financial Stability Board (Basel) 15 April 2011, Date of Access: 8 October 2011. http://www.financialstabilityboard.org/publications/r_110415b.pdf

⁵⁵⁷ “Publications – FSB report on Progress since the Washington Summit in the Implementation of the G20 Recommendations for Strengthening Financial Stability, FSB (Basel) November 8, 2010, Date of Access: 9 April 2011. http://www.financialstabilityboard.org/list/fsb_publications/index.htm

⁵⁵⁸ “BC divulga orientações preliminares e cronograma de implementação das recomendações de Basileia III – BC announces preliminary guidelines and timetable for implementing the recommendations of Basel III,” February 17, 2011, <http://www.bcb.gov.br/textonoticia.asp?codigo=2927&IDPAI=NOTICIAS>

On 15 June 2011, the Honourable Jim Flaherty, Minister of Finance, announced that Canada is “prepared to accept [...] additional capital requirements on Systemically Important Financial Institutions.”⁵⁵⁹

In September 2011, the Bank of Canada published a working paper “Measuring Systemic Importance of Financial Institutions: An Extreme Value Approach,” where it proposed a set of tools designed to measure the systemic importance of a banking institution.⁵⁶⁰ The Bank of Canada then described how it used the proposed set of measures to identify systemically important banks (SIBs) in Canadian banking sector as well as “major risk contributors from international financial institutions to Canadian banking sector.” The Bank of Canada revealed that the Royal Bank of Canada Financial Group, Toronto-Dominion Bank Financial Group, and Bank of Nova-Scotia appear more systemically important than other Canadian banks. Additionally, the Bank of Canada stated potential crashes of U.S. banks would be more damaging to the Canadian financial sector than crashes of major European and Asian banks, while crashes of Asian banks would be least damaging.⁵⁶¹

On September 2 2011, the Canadian Bankers Association (CBA) submitted its feedback on the FSB’s “Consultative Document: Effective Resolution of Systemically Important Financial Institutions.” In its comments, the CBA proclaimed: “Whilst the financial crisis demonstrated that large, complex and interconnected financial institutions can generate disproportionate risks to financial stability, we believe that systemic risk should be borne by all key interested stakeholders, including home and host governments where appropriate.” Additionally, the CBA expressed concern that the timeline proposed by the FSB would not “allow jurisdictions to adequately prepare for and incorporate (at times, through legislative changes) the FSB’s recommendations into their national regimes.”⁵⁶² As of the publication date of this report, no evidence had been found of efforts on the part of Canadian regulators to mandate or encourage the drafting of resolution plans for systemically important banks.

On 26 September 2011, in her remarks to the Economic Club of Canada, Julie Dickson of the OSFI, confirmed: “The OSFI, the Canada Deposit Insurance Corporation, the Bank of Canada, and the federal Department of Finance, are currently focused on the issue of living wills” for the Canadian financial institutions deemed global systematically important.⁵⁶³ Ms. Dickson also added: “This is a new activity started since the financial crisis began, and although it is time-consuming work for both institutions and the government sector, it is necessary work.”

⁵⁵⁹ Flaherty Says Canada Is Prepared To Accept Capital Buffers on Big Banks, Bloomberg L.P. (London) 15 June 2011. Date of Access: 9 October 2011. <http://mobile.bloomberg.com/news/2011-06-15/flaherty-says-canada-is-prepared-to-accept-capital-buffers-on-big-banks>.

⁵⁶⁰ Measuring Systemic Importance of Financial Institutions: An Extreme Value Theory Approach, Bank of Canada (Ottawa) September 2011. Date of Access: 9 October 2011. <http://www.bankofcanada.ca/2011/09/publications/research/working-paper-2011-19/>.

⁵⁶¹ Working Paper: Measuring Systemic Importance of Financial Institutions: An Extreme Value Theory Approach, Bank of Canada (Ottawa) September 2011. Date of Access: 9 October 2011. <http://www.bankofcanada.ca/wp-content/uploads/2011/09/wp2011-19.pdf>.

⁵⁶² RE: CBA Comments on the Financial Stability Board’s Consultative Document: Effective Resolution of Systemically Important Financial Institutions, Canadian Bankers Association (Toronto) 2 September 2011. Date of Access: 11 October 2011. http://www.financialstabilityboard.org/press/c_110909m.pdf.

⁵⁶³ The Lasting Impacts of the Crisis on the Global Financial System, Office of the Superintendent of Financial Institutions Canada (Toronto) 26 September 2011. Date of Access: 9 October 2011. http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/speeches/jd20110926_e.pdf.

On 24 February 2011, the Office of the Superintendent of Financial Institutions (OSFI) released the updated Supervisory Framework, the criteria used by the OSFI to evaluate the safety and soundness of financial institutions, which included recommendations on improving the supervision of SIFIs.⁵⁶⁴ Finally, the Financial Consumer Agency of Canada (FCAC) included high-level financial stability risk as a component to its market conduct risk assessment model.⁵⁶⁵

According to the conclusions of the OTC Derivatives section of the present report, Canada has taken steps towards strengthening the regulation and supervision on OTC Derivatives, thus taking action in compliance with the implementation of stronger robustness standards for core financial infrastructure.

Canada has made progress toward complying with its commitment to reduce the systemic risks presented by SIFIs. Thus it has been awarded a score of 0.

Analyst: Vera Gavrilova

China: +1

China has fully complied with its commitment to reduce the moral hazard posed by systemically important financial institutions by taking concrete actions with all three FSB recommendations areas: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

During the 2008-2009 global financial crisis, China's banking sector remained relatively unscathed since it had little exposure to US subprime debt or the sovereign debt of peripheral euro-zone governments.⁵⁶⁶ However, following the state-directed lending boom in 2009-2010, there were concerns over the future health of the banking sector.⁵⁶⁷ Over the years 2009-2010, the reduction in the non-performing loan ratio (NPL) reflected huge growth in the loan base.⁵⁶⁸

On 17-18 March 2011, China hosted the 5th CBRC-US Banking Supervisors' Bilateral Conference. At the Conference, senior officials from the CBRC and representatives from the Fed, the OCC, the FDIC, the Fed of New York and the Fed of San Francisco exchanged views on the following issues: (1) major risks in the global banking market; (2) supervision over the SIFIs; (3) impact of international financial reform and new international supervisory standards on China and the US; and (4) cross-border crisis management and supervisory cooperation, etc.⁵⁶⁹

⁵⁶⁴ Supervisory Framework, Office of the Superintendent of Financial Institutions Canada (Ottawa) 24 February 2011. Date of Access: 12 April 2011.

http://www.osfibsif.gc.ca/osfi/index_e.aspx?ArticleID=4234

⁵⁶⁵ Financial Stability Board Report on Progress since the Washington Summit Canada, Financial Stability Board (Basel) 12 November 2011. Date of Access: 12 April 2011.

http://www.financialstabilityboard.org/publications/r_110401d.pdf.

⁵⁶⁶ China banks: subsector update, Economist Intelligence Unit (New York) 4 January 2011. Date of Access: 12 April 2011. http://www.eiu.com/index.asp?layout=ib3Article&article_id=277795612&country_id=&pubtypeid=1132462498&industry_id=&company_id=470055047&channel_id=&rf=0

⁵⁶⁷ China banks: subsector update, Economist Intelligence Unit (New York) 4 January 2011. Date of Access: 12 April 2011. http://www.eiu.com/index.asp?layout=ib3Article&article_id=277795612&country_id=&pubtypeid=1132462498&industry_id=&company_id=470055047&channel_id=&rf=0

⁵⁶⁸ China banks: subsector update, Economist Intelligence Unit (New York) 4 January 2011. Date of Access: 12 April 2011. http://www.eiu.com/index.asp?layout=ib3Article&article_id=277795612&country_id=&pubtypeid=1132462498&industry_id=&company_id=470055047&channel_id=&rf=0

⁵⁶⁹ The 5th CBRC--U.S. Banking Supervisors' Bilateral Conference was held in Beijing, CBRC (Beijing) 17-18 March 2011. Date of Access: 12 April 2011. <http://www.cbrc.gov.cn/english/home/jsp/docView.jsp?docID=2011032501C697BDE3D5D8C0FF8E9DB727FE6800>

The People's Bank of China (PBC) began drawing proposals on establishing more stringent regulations on capital, leverage ratio, liquidity and risk provisions and on setting up clear settlement arrangements and risk resolution following the unveiling of the FSB framework for SIFIs in November 2010.⁵⁷⁰ The PBC is also working on establishing a clearly-layered risk resolution and payment arrangement for SIFIs which plans to: (1) strengthen responsibilities of institutions, shareholders and creditors, (2) quickening the establishment of deposit insurance mechanisms, and (3) giving full play of its supportive role as the central bank.⁵⁷¹

On 21 February 2011, China's Banking Regulatory Commission (CBRC) confirmed to the China Securities Journal that it was drafting new rules to set tougher criteria for capital adequacy, provisions, leverage, and liquidity conditions for lenders.⁵⁷²

On 25 February 2011, the CBRC created a draft for a new set of capital requirement rules.⁵⁷³ Under the draft, China's SIFIs will be subject to a minimum capital adequacy ratio (CAR) of 11.5% under 'normal conditions.'⁵⁷⁴

On 12 April 2011, the China Securities Journal reported that the CRBC would enhance scrutiny on commercial banks through monitoring their average daily would-to-deposit ratios starting from June.⁵⁷⁵ Also on 12 April 2011, Xinhua News' Economic Information Daily reported that China might raise its reserve requirement ratio by 50 basis points on 15 or 22 April 2011.⁵⁷⁶

On 27 April 2011, the China Banking Regulatory Commission (CBRC), the PRC regulator for banking financial institutions, issued official guidelines for implementing Basel III requirements in its CBRC Guidelines, which outlined detailed requirements on "capital adequacy ratios," "a leverage ratio," "liquidity requirements" and "provision ratios"—all of which PRC banks are to comply with.⁵⁷⁷

⁵⁷⁰ FSB-G20 Monitoring Progress – Germany September 2010 [For Publication in March 2011], Financial Stability Board (Basel) 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁵⁷¹ Progress since the Washington Summit in the Implementation of the G20 Recommendations for Strengthening Financial Stability, FSB (Basel) 8 November 2010. Date of Access: 11 April 2011.

<http://www.fsa.go.jp/inter/fsf/20101119/01.pdf>

⁵⁷² CBRC to set new rules for banking sector, China Daily (Beijing) 23 February 2011. Date of Access: 12 April 2011. <http://www.cdeclips.com/en/business/fullstory.html?id=60976>

⁵⁷³ CBRC to set new rules for banking sector, China Daily (Beijing) 23 February 2011. Date of Access: 12 April 2011. <http://www.cdeclips.com/en/business/fullstory.html?id=60976>

⁵⁷⁴ China drafts new rules on bank capital requirements, International Business Times (New York) 25 February 2011. Date of Access: 12 April 2011. <http://uk.ibtimes.com/articles/116568/20110226/basel-iii-guidelines-china-banking-regulatory-commission-financial-institutions-capital-adequacy-rat.htm>

⁵⁷⁵ China Stocks: Baoshan Iron, China Construction, ICBC, Vanke, Bloomberg (New York) 12 April 2011. Date of Access: 12 April 2011. <http://www.bloomberg.com/news/2011-04-13/china-stocks-baoshan-ironchina-construction-icbc-vanke.html>

⁵⁷⁶ China Stocks: Baoshan Iron, China Construction, ICBC, Vanke, Bloomberg (New York) 12 April 2011. Date of Access: 12 April 2011. <http://www.bloomberg.com/news/2011-04-13/china-stocks-baoshan-ironchina-construction-icbc-vanke.html>

⁵⁷⁷ China Banking Regulatory Commission issues new guidelines in respect of Basel III, Norton Rose, 8 May 2011. Date of Access: 9 October 2011. <http://www.mondaq.com/australia/x/131520/China+Banking+Regulatory+Commission+issues+new+guidelines+in+respect+of+Basel+III>

In May 2011, the China Banking Regulatory Commission (CBRC) announced its plans to strengthen financial supervision by “implementing new and stricter regulations based on Basel III principles by the end of 2016.”⁵⁷⁸ Specifically, the CBRC aimed to impose different criteria for systemically important financial institutions (SIFIs) and non-SIFIs.

On 31 August 2011, the Bank of China (BOC) submitted its response to the consultative document on ‘effective resolution of SIFIs’ released by the Financial Stability Board (FSB) on 19 July 2011. In the response, the Bank of China stated that it found “many conflicts” between the Consultative Documents and the current laws and regulations of China regarding the resolution of SIFIs, and therefore it needs to make “considerable modifications and additions” to its current legal regulatory framework in order to adopt the FSB’s recommendations.⁵⁷⁹ Consequently, the Bank of China requested that the FSB take into consideration the differences in “national situations and market environments between China and the developed countries” and the difficulties in “achieving effective resolution that arise from such differences.”⁵⁸⁰

On 22 September 2011, the Chinese government announced that it is considering adopting even stricter supervision standards for *systemically important financial institutions* (SIFIs) within the next five years.⁵⁸¹ Major mainland financial institutions such as ICBC, Construction Bank, Bank of China, Bank of Communications, Agricultural Bank, and Merchant Banks—all of which are considered as SIFIs—are to be required by the CBRC to meet Basel III capital requirements by 2013, “two years earlier than their counterparts in developed economies.”⁵⁸²

According to the conclusions of the OTC Derivatives section of the present report, China has taken steps towards strengthening the regulation and supervision on OTC Derivatives, thus taking action in compliance with the implementation of stronger robustness standards for core financial infrastructure.

China has fully complied with its commitment to reduce the systemic risks presented by SIFIs with respect to: (1) resolution (2) increased supervisory oversight for financial institutions that might pose systemic risk, and (3) strong robustness standards for core financial infrastructure. Thus it has been awarded a score of +1.

Analysts: David Byun and Hermonie Xie

France: +1

France has fully complied with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory

⁵⁷⁸ Implementing Basel III in emerging economies: A process not free of pain, FX Street, 6 October 2011. Date of Access: 9 October 2011. <http://www.fxstreet.com/fundamental/market-view/emerging-marketsbbva/2011/10/06/>

⁵⁷⁹ Comments on Consultative Document on Effective Resolution of SIFIs, Financial Stability Board (Basel) 31 August 2011. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/press/c_110909i.pdf

⁵⁸⁰ Comments on Consultative Document on Effective Resolution of SIFIs, Financial Stability Board (Basel) 31 August 2011. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/press/c_110909i.pdf

⁵⁸¹ Tougher checks loom for bigger mainland banks, The Standard (Hong Kong), 22 September 2011. Date of Access: 9 October 2011. http://www.thestandard.com.hk/news_detail.asp?we_cat=2&art_id=115419&sid=33805139&con_type=1&d_str=20110922&fc=4

⁵⁸² Tougher checks loom for bigger mainland banks, The Standard (Hong Kong), 22 September 2011. Date of Access: 9 October 2011. http://www.thestandard.com.hk/news_detail.asp?we_cat=2&art_id=115419&sid=33805139&con_type=1&d_str=20110922&fc=4

oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

France has taken unilateral and multilateral (EU-led) actions to reduce moral hazard posed by SIFIs and address the too-big-to-fail problem.

On 2 September 2011, the French Banking Federation (FBF) released its comments on the Financial Stability Board's "Consultative Document: Effective Resolution of Systemically Important Financial Institutions." In its feedback, the FBF agrees with the FSB that "resolution plans should be prepared by the resolution authorities" and in "extensive cooperation between the resolution authority and the institutions to ensure the resolution plans are appropriate." It also concurs that recovery plans must however "be implemented under the full responsibility of the institution's management."⁵⁸³ Furthermore, the FBF stresses the sensitive nature of recovery and resolution plans and states that "neither shareholders, investors, nor any stakeholders should be entitled to request their disclosure."⁵⁸⁴ The FBF also expresses its support of the Financial Stability Board's definition of bail in, "which may be implemented to resolve a financial institution which is no longer viable but before bankruptcy, ie only applicable to the senior debts during the resolution phase."⁵⁸⁵

On 6 January 2011, the European Commission published a consultation paper to work on the technical details of the aforementioned supervisory framework for resolution regimes.⁵⁸⁶ The Commission proposed that supervisory authorities, such as the European Banking Authority (EBA), be given considerable emergency powers and additional resolution tools over SIFIs in order to not only intervene at an early stage but also to resolve or restructure financial institutions without relying on taxpayer funds.⁵⁸⁷ Such resolution tools include: sale of business tool, bridge bank tool, assert separation tool, and debt write down or conversion tool, all of which would strengthen the supervisory regime and its regulatory oversight over financial institutions under the Capital Requirements Directive (CRD).⁵⁸⁸ Furthermore, the Commission proposed to establish resolution colleges of supervisors to supervise cross-border SIFIs and to require its member states to set up a bank resolution fund to cover the costs of resolution tools.⁵⁸⁹ The Commission plans to

⁵⁸³ Consultation by the Financial Stability Board "Effective Resolution of Systemically Important Financial Institutions", French Banking Federation (Basel) 2 September 2011. Date of Access: 11 October 2011. http://www.financialstabilityboard.org/press/c_110909aa.pdf.

⁵⁸⁴ Consultation by the Financial Stability Board "Effective Resolution of Systemically Important Financial Institutions", French Banking Federation (Basel) 2 September 2011. Date of Access: 11 October 2011. http://www.financialstabilityboard.org/press/c_110909aa.pdf.

⁵⁸⁵ Consultation by the Financial Stability Board "Effective Resolution of Systemically Important Financial Institutions", French Banking Federation (Basel) 2 September 2011. Date of Access: 11 October 2011. http://www.financialstabilityboard.org/press/c_110909aa.pdf.

⁵⁸⁶ Commission seeks views on possible EU framework to deal with future bank failures, European Commission (Brussels) 6 January 2011. Date of Access 7 April 2011 <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/10&format=HTML&aged=0&language=EN&guiLanguage=en>

⁵⁸⁷ European Resolution and Recovery Framework for Financial Institutions, JDSupra, 17 February 2011. Date of Access: 7 April 2011 <http://www.jdsupra.com/post/documentViewer.aspx?fid=f0ec7db0-1c95-4613-9600-92fbf33c0f88>

⁵⁸⁸ European Resolution and Recovery Framework for Financial Institutions, JDSupra, 17 February 2011. Date of Access: 7 April 2011 <http://www.jdsupra.com/post/documentViewer.aspx?fid=f0ec7db0-1c95-4613-9600-92fbf33c0f88>

⁵⁸⁹ European Resolution and Recovery Framework for Financial Institutions, JDSupra, 17 February 2011. Date of Access: 7 April 2011 <http://www.jdsupra.com/post/documentViewer.aspx?fid=f0ec7db0-1c95-4613-9600-92fbf33c0f88>

adopt a legislation that incorporates these proposals in June 2011.⁵⁹⁰ Since French Commissioners were involved in the decision process for these measures, the EC action can be counted as French action in the realm of resolution regimes.

On 15 July 2011, the APC together with the European Banking Authorities announced that they had successfully conducted a stress test exercise, designed to evaluate the resilience of French financial institutions.⁵⁹¹ Four French financial groups partook in the stress test: BN Paribas, Société Générale, Groupe Crédit Agricole, and Groupe BPCE. Christian Noyer, Governor of the Banque de France and chairman of the APC, commented: “These good performances result from sound risk management as well as the French universal banking model, whose resilience was demonstrated during the crisis. [...] Ultimately, their level of capital is appropriate since it should enable them to finance the economy even under the most adverse scenario.”

On 20 October 2010, the European Commission published a communiqué on an EU framework for crisis management in the financial sector.⁵⁹² The communiqué describes a legal framework that the Commission intends to propose in the spring of 2011, which involves equipping authorities with tools and powers to tackle banking crises at the earliest possible moment and minimize costs for taxpayers.⁵⁹³

On 21 January 2010, the French government announced the creation of the French Prudential Supervisory Authority (ACP) under the auspices of the Banque de France. ACP was formed from the merger of four licensing and supervisory authorities in order to establish a unified entity that could directly address the issue of financial stability.⁵⁹⁴ The purpose of ACP is to strengthen the stability of the financial system, improve consumer protection, and enhance international supervisory cooperation.⁵⁹⁵ As part of their action plan, ACP is urging France’s major banks to expose their contingency funding plans, de-risking plans, and resolvability capacity developments.⁵⁹⁶

According to the conclusions of the OTC Derivatives section of the present report, France has taken steps towards strengthening the regulation and supervision on OTC Derivatives, thus taking

⁵⁹⁰ European Resolution and Recovery Framework for Financial Institutions, JDSupra, 17 February 2011. Date of Access: 7 April 2011 <http://www.jdsupra.com/post/documentViewer.aspx?fid=f0ec7db0-1c95-4613-9600-92fbf33c0f88>

⁵⁹¹ The French banks successfully pass the European stress tests, Banque de France (Paris) 15 July 2011. Date of Access: 9 October 2011. <http://www.banque-france.fr/acp/stress-tests/20110715-stress-Tests-Press-release.pdf>.

⁵⁹² Technical details of a possible EU framework for bank recovery and resolution, Norton Rose Group (London) 11 January 2011. Date of Access: 10 April 2011. <http://www.nortonrose.com/knowledge/publications/2011/pub33460.aspx?lang=en-gb&page=all>

⁵⁹³ An EU framework for Crisis Management in the Financial Sector – Frequently Asked Questions, Europe Communiqués de Presse RAPID (Brussels) 20 October 2010. Date of Access: 10 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/10/506&format=HTML&aged=0&language=FR&guiLanguage=fr>.

⁵⁹⁴ On the Reform of Supervision of the Financial Institutions, Prudential Supervisory Authority (Paris) 21 January 2011. Date of Access: 12 April 2011. <http://www.iopsweb.org/dataoecd/32/24/45563488.pdf>.

⁵⁹⁵ The ACP: an Overview, Banque de France (Paris) December 2010. Date of Access: 12 April 2011. <http://www.banque-france.fr/acp/presentation-de-l-acp/201012-ACP-Overview.pdf>.

⁵⁹⁶ Financial Stability Board Report on Progress since the Washington Summit France, Financial Stability Board (Basel) 12 November 2010. Date of Access: 12 April 2011. http://www.financialstabilityboard.org/publications/r_110401f.pdf.

action in compliance with the implementation of stronger robustness standards for core financial infrastructure.

France has made progress toward complying with its commitment to reduce the systemic risks presented by SIFIs. Thus it has been awarded a score of 0.

Analyst: Vera Gavrilova

Germany: +1

Germany has fully complied with its commitment to reduce the moral hazard posed by systemically important financial institutions by taking concrete actions with all three FSB recommendations areas: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

Germany has taken unilateral and multilateral (EU-led) actions to reduce moral hazard posed by SIFIs and address the too-big-to-fail problem.

On 21 February 2008, the Bundesbank and Federal Financial Supervisory Authority (BaFin) published guidelines on carrying out and ensuring the quality of the ongoing monitoring of credit and financial services institutions.⁵⁹⁷ According to the ongoing monitoring guideline, supervision of banking institutions will be more rigorous, with emphasis on detailed analyses of risks and repercussions on the institution's risk-bearing capacity.⁵⁹⁸

On 27 July 2010, the German Federal Government enforced the Act to Prevent Abusive Securities and Derivatives Transactions.⁵⁹⁹ The act stipulates a number of regulatory restrictions on certain securities and derivatives transactions that the German legislature believes may have contributed to the global financial crisis. The act includes restrictions contained in the general decrees issued by the BaFin on 18 May 2010, which prohibits: (1) short sales of certain companies' shares, (2) naked short sales of debt securities by EU member states within the eurozone, (3) some naked credit fault swaps. In addition, the act provides for further restraints on other kinds of securities and derivatives transactions and increases disclosure requirements.⁶⁰⁰

⁵⁹⁷ Guideline for carrying and ensuring the quality of the ongoing monitoring of credit and finances institutions by the Deutsche Bundesbank of 21 February 2008, BaFin (Bonn) 21 February 2008. Date of Access: 10 April 2011.

⁵⁹⁸ FSB-G20 Monitoring Progress – Germany September 2010 [For Publication in March 2011], Financial Stability Board (Basel) 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁵⁹⁹ General Decree of the Federal Financial Supervisory Authority (BaFin) on the prohibition of naked short-selling transactions in debt securities of Member States of the EU whose legal currency is the euro of 18 May 2010 (revoked with effect from 27 July 2010), BaFin(Basel) 18 May 2010. Date of Access: 10 April 2011. http://www.bafin.de/nr_722758/SharedDocs/Aufsichtsrecht/EN/Verfuegungen/vf_100518_leerverkauf_schuldtitle_en.css=big.html

⁶⁰⁰ General Decree of the Federal Financial Supervisory Authority (BaFin) on the prohibition of naked short-selling transactions in debt securities of Member States of the EU whose legal currency is the euro of 18 May 2010 (revoked with effect from 27 July 2010), BaFin(Basel) 18 May 2010. Date of Access: 10 April 2011. http://www.bafin.de/nr_722758/SharedDocs/Aufsichtsrecht/EN/Verfuegungen/vf_100518_leerverkauf_schuldtitle_en.css=big.html

On 20 October 2010, the European Commission published a communiqué on a EU framework for crisis management in the financial sector.⁶⁰¹ The communiqué describes a legal framework that the Commission intends to propose in spring 2011, which involves equipping authorities with tools and powers to tackle banking crises at the earliest possible moment and minimize costs for taxpayers.⁶⁰²

On 25 August 2010, the German government adopted the Draft Restructuring Act (Restrukturierungsgesetz) aimed to establish a framework for resolving banks in distress.⁶⁰³ The draft bill encompasses: (1) rules and mechanisms for the reorganization of banks, (2) introduction of instruments to resolve crises at systemically important banks, including the possibility for the Bundesbank and BaFin to transfer systemically relevant assets to public or private ‘bridge-banks,’ (3) establishment of a restructuring fund for credit institutions, and (4) extension of the limitation periods for management and supervisory board members’ liability towards stock corporations and banks.⁶⁰⁴ The finalized German Restructuring act came into force on 1 January 2011.⁶⁰⁵

On 2 September 2011, the Association of German Banks (Bundesverband deutscher Banken) submitted its response to the Financial Stability Board’s consultative document on “effective resolution of SIFIs.” In the response, it expressed its firm support of the recommendations made by the FSB and recognized the need for a resolution framework that apply to *all systemically important financial institutions* (SIFIs).⁶⁰⁶ At the same time, it also raised several concerns towards the FSB’s proposals, such as “the idea of branches of foreign financial institutions being handled by the resolution authority of the host country,” “the call for recovery plans,” and “the penalization of a firm’s resolvability assessment due to the authorities’ failure to make the necessary changes to their legal powers and capacity to use them.”⁶⁰⁷

On 4 October 2011, Germany played an important role in reaching an agreement among EU member states to tighten regulation of over-the-counter (OTC) derivatives contracts.⁶⁰⁸ The

⁶⁰¹ Technical details of a possible EU framework for bank recovery and resolution, Norton Rose Group (London) 11 January 2011. Date of Access: 10 April 2011.

⁶⁰² An EU framework for Crisis Management in the Financial Sector – Frequently Asked Questions, Europa Communiqués de Presse RAPID (Brussels) 20 October 2010. Date of Access: 10 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/10/506&format=HTML&aged=0&language=FR&guiLanguage=fr>

⁶⁰³ FSB-G20 Monitoring Progress – Germany September 2010 [For Publication in March 2011], Financial Stability Board (Basel) 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁶⁰⁴ FSB-G20 Monitoring Progress – Germany September 2010 [For Publication in March 2011], Financial Stability Board (Basel) 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁶⁰⁵ FSB-G20 Monitoring Progress – Germany September 2010 [For Publication in March 2011], Financial Stability Board (Basel) 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁶⁰⁶ Comments on the Financial Stability Board Consultative Document on Effective Resolution of SIFIs, Financial Stability Board (Basel) 2 September 2011. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/press/c_110909f.pdf

⁶⁰⁷ Comments on the Financial Stability Board Consultative Document on Effective Resolution of SIFIs, Financial Stability Board (Basel) 2 September 2011. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/press/c_110909f.pdf

⁶⁰⁸ EU countries reach agreement on derivatives, RTE News (Dublin), 4 October 2011. Date of Access: 9 October 2011. <http://www.rte.ie/news/2011/1004/derivatives-business.html>

agreement called for the reporting of all derivative contracts to trade repositories, the clearing of the derivatives through central counterparties (CCPs), and the standardization of all derivatives not trade on a regular exchange.⁶⁰⁹ The agreement is expected to be approved by the European Parliament by the end of 2012. Furthermore, according to the conclusions of the OTC Derivatives section of the present report, Germany has taken steps towards strengthening the regulation and supervision on OTC Derivatives, thus taking action in compliance with the implementation of stronger robustness standards for core financial infrastructure.

Germany has fully complied with its commitment to reduce the systemic risks presented by SIFIs with respect to: (1) resolution (2) increased supervisory oversight for financial institutions that might pose systemic risk, and (3) strong robustness standards for core financial infrastructure. Thus it has been awarded a score of +1.

Analysts: David Byun and Hermonie Xie

India: +1

India has fully complied with its commitment to reduce the moral hazard posed by systemically important financial institutions by taking concrete actions with all three FSB recommendations areas: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

The Reserve Bank of India's 2011 Annual Report, published on 25 August 2011, reports that the regulatory and supervisory structure of the Reserve Bank was buttressed during the year 2011. This year's important policy decisions included the reinforcement of countercyclical provisioning norms, the implementation of measures to avoid excessive leverage in housing loan segment, and the introduction of credit support to Micro Finance Institutions (MFIs).⁶¹⁰

The 2011 Annual Report of the Reserve Bank of India further contends that the Indian banking system is largely sound and resilient to systemic shocks as made evident by the series of stress tests conducted on Indian banks in respect to credit, liquidity and interest rate risks.⁶¹¹

The 2011 Annual Report also highlights that a framework to monitor the activities of the Financial Conglomerates (FCs) is already in place in India. It states that "though none of the Indian institutions are likely to qualify as a global SIFI, nonetheless, the progress made in SIFI identification and resolution mechanism will have to be incorporated into the domestic regulatory regime."⁶¹²

The 2011 Annual Report finally emphasizes that macro-prudential policy tools including (1) specifying/revising exposure norms; (2) provisioning for standard assets; (3) differentiated risk weights for sensitive sectors; (4) specification of loan to value ratio have been employed in India for some time already to address issues of systemic concerns.⁶¹³ The Indian Reserve Bank also

⁶⁰⁹ EU member states reach deal on OTC derivative rules, Wall Street Journal (New York), 4 October 2011. Date of Access: 9 October 2011. <http://online.wsj.com/article/BT-CO-20111004-711372.html>

⁶¹⁰ Annual Report 2011, Reserve Bank of India (New Delhi) 25 August 2011. Date of Access: 21 September 2011. <http://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1003#B2>

⁶¹¹ Annual Report 2011, Reserve Bank of India (New Delhi) 25 August 2011. Date of Access: 21 September 2011. <http://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1003#B2>

⁶¹² Annual Report 2011, Reserve Bank of India (New Delhi) 25 August 2011. Date of Access: 21 September 2011. <http://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1003#B2>

⁶¹³ Annual Report 2011, Reserve Bank of India (New Delhi) 25 August 2011. Date of Access: 21 September 2011. <http://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1003#B2>

aims to develop a wide range of qualitative and quantitative indicators and enhance the integrity of the data in order to sustain the efficacy of its macro-prudential instruments.⁶¹⁴

Following the announcement in the Union Budget of 2010-11, the Indian Financial Stability and Development Council (FSDC) was instituted in December 2010 with the aim of institutionalizing and strengthening the mechanism to ensure financial stability.⁶¹⁵ The FSDC tackles all issues related to “financial stability, financial sector development, interregulatory coordination and macro-prudential supervision of the economy including the functioning of large financial conglomerates.”⁶¹⁶

The FSDC is assisted by its Sub-Committee, which meets at quarterly intervals to assess the health of the financial sector. The Sub-Committee is chaired by the Governor of the Reserve Bank and comprised of the heads of the financial sector regulators and representatives from the Ministry of Finance.⁶¹⁷ Since its inception, the Sub-Committee has met thrice to review the major financial sector developments, and it has focused on issues related to systemic risk. It is currently developing an institutional mechanism for inter-regulatory coordination for the supervision of financial conglomerates and putting in place a robust reporting platform for over-the-counter (OTC) derivatives market.⁶¹⁸

Furthermore, the Financial Sector Legislative Reforms Commission (FSLRC) was set up in March 2011 with the mandate of streamlining “the financial sector laws, rules and regulations to bring them in harmony with the requirements of India’s fast growing financial sector.”⁶¹⁹

On 6 March 2011, a senior Indian regulatory official stated that the issue of “additional regulatory and capital adequacy requirements for ‘too big to fail’ banking and other financial sector conglomerates in India” was currently being discussed by the top two Indian financial sector regulators, the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI), in consultation with the Union Finance Ministry of India.⁶²⁰ The official claimed that Indian regulators were very confident about the robustness of Indian financial institutions, but preferred to undertake the assessment “to avoid any sense of complacency.”⁶²¹ The senior

⁶¹⁴ Annual Report 2011, Reserve Bank of India (New Delhi) 25 August 2011. Date of Access: 21 September 2011. <http://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1003#B2>

⁶¹⁵ Annual Report 2011, Reserve Bank of India (New Delhi) 25 August 2011. Date of Access: 21 September 2011. <http://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1003#B2>

⁶¹⁶ Annual Report 2011, Reserve Bank of India (New Delhi) 25 August 2011. Date of Access: 21 September 2011. <http://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1003#B2>

⁶¹⁷ Annual Report 2011, Reserve Bank of India (New Delhi) 25 August 2011. Date of Access: 21 September 2011. <http://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1003#B2>

⁶¹⁸ Annual Report 2011, Reserve Bank of India (New Delhi) 25 August 2011. Date of Access: 21 September 2011. <http://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1003#B2>

⁶¹⁹ Annual Report 2011, Reserve Bank of India (New Delhi) 25 August 2011. Date of Access: 21 September 2011. <http://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1003#B2>

⁶²⁰ ‘Too big to fail’ financial entities may face more scrutiny, Business Line (New Delhi) 6 March 2011. Date of Access: 9 April 2011. <http://www.thehindubusinessline.com/industry-and-economy/banking/article1514604.ece>

⁶²¹ ‘Too big to fail’ financial entities may face more scrutiny, Business Line (New Delhi) 6 March 2011. Date of Access: 9 April 2011. <http://www.thehindubusinessline.com/industry-and-economy/banking/article1514604.ece>

regulatory official also stated that India would wait for firm guidance from the international community before taking any action.⁶²²

According to the conclusions of the OTC Derivatives section of the present report, India has taken steps towards strengthening the regulation and supervision on OTC Derivatives, thus taking action in compliance with the implementation of stronger robustness standards for core financial infrastructure.

India has fully complied with its commitment to reduce the systemic risks presented by SIFIs with respect to: (1) resolution (2) increased supervisory oversight for financial institutions that might pose systemic risk, and (3) strong robustness standards for core financial infrastructure. Thus it has been awarded a score of +1.

Analyst: Krystel Montpettit

Indonesia: +1

Indonesia has fully complied with its commitment to reduce the moral hazard posed by systemically important financial institutions by taking concrete actions with all three FSB recommendations areas: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

In its response to the FSB survey on progress toward G20 financial reforms, Indonesia noted that it is not a major financial centre. However, Bank Indonesia (BI), Indonesia's largest bank, has acknowledged that "risk factors stemming from uncertainty surrounding the pace and strength of the global economic recovery process" have implications for Indonesia. BI is accordingly starting to step forward into Basel II/III regimes in 2011."⁶²³

BI also seeks to "strength[en] risk management and good governance in the financial sector."⁶²⁴ To this end, BI "encourages [banks] to enhance the quality of their risk management and governance ... to meet Bank Indonesia's regulations."⁶²⁵

The Indonesian Bank Restructuring Agency (IBRA), a branch of the Department of Finance, in collaboration with BI is tasked with "restructuring and supervising banks" to ensure that resolution regimes are put in place.⁶²⁶

⁶²² 'Too big to fail' financial entities may face more scrutiny, Business Line (New Delhi) 6 March 2011. Date of Access: 9 April 2011. <http://www.thehindubusinessline.com/industry-and-economy/banking/article1514604.ece>

⁶²³ FSB Report on Progress Since the Washington Summit; Indonesia, Financial Stability Board. 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_101111b.html

⁶²⁴ Bank Indonesia Financial Stability Review, Bank Indonesia (Jakarta) September 2010. Date of Access: 10 April 2011. <http://www.bi.go.id/NR/rdonlyres/2E21321D-2974-442D-A4AB-33826E1EDCF2/21990/FSRNo15Sep2010.pdf>

⁶²⁵ Bank Indonesia Financial Stability Review, Bank Indonesia (Jakarta) September 2010. Date of Access: 10 April 2011. <http://www.bi.go.id/NR/rdonlyres/2E21321D-2974-442D-A4AB-33826E1EDCF2/21990/FSRNo15Sep2010.pdf>

⁶²⁶ Bank Indonesia Financial Stability Review, Bank Indonesia (Jakarta) September 2010. Date of Access: 10 April 2011. <http://www.bi.go.id/NR/rdonlyres/2E21321D-2974-442D-A4AB-33826E1EDCF2/21990/FSRNo15Sep2010.pdf>

Indonesia has submitted a self-assessment to the FSB, in accordance with the commitment to facilitate greater supervisory insight for financial institutions that may pose systemic risk. The FSB report labels the process of instituting Basel III regulations as ongoing.⁶²⁷ BI has reiterated its commitment to more intensive supervision and to review the crisis management protocols. However, supervisory bodies have existed in Indonesia since 1998.

Indonesia has been participating in cross-border supervisory meetings and has made progress towards establishing formal cross-border cooperation and information sharing. Indonesia does not have an over-the-counter derivative market.⁶²⁸

On 24 March 2011, the credit agency, Fitch, increased Indonesia's credit rating to AA+ because it "believes the state is likely to support the [central] bank if needed. [...] The capacity of the sovereign to support BNI, level of government ownership, and the bank's ability to maintain its sizeable franchise are important considerations for future sovereign-driven rating changes."⁶²⁹

On 21 September 2011, Indonesia indicated its willingness to work towards reducing risk posed by global SIFIs by issuing a joint letter with five other G20 countries to French President and 2011 G20 Summit Chair Nicolas Sarkozy, "calling for strong action on debt reduction and renewed efforts to boost world trade."⁶³⁰ The letter specifically asks the G20 to deal with "high public debt, financial market stability and an economic slowdown."⁶³¹

Indonesia has fully complied with its commitment to reduce the systemic risks presented by SIFIs with respect to: (1) resolution (2) increased supervisory oversight for financial institutions that might pose systemic risk, and (3) strong robustness standards for core financial infrastructure. Thus it has been awarded a score of +1.

Analysts: Jasmine Hamade and Kate Partridge

Italy: 0

Italy has partially complied with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

Italy has reaffirmed the importance of the structural stability of international firms and during the Seoul Summit, the Bank of Italy committed to accelerate the pace of implementation of financial

⁶²⁷ FSB Report on Progress Since the Washington Summit; Indonesia, Financial Stability Board (Basel) 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_101111b.html

⁶²⁸ FSB Report on Progress Since the Washington Summit; Indonesia, Financial Stability Board (Basel) 12 November 2010. Date of Access: 10 April 2011.

http://www.financialstabilityboard.org/publications/r_101111b.html

⁶²⁹ FITCH upgrades Indonesia's BNI to AA+(idn): outlook stable, Reuters (Jakarta) 14 March 2011. Date of Access: 8 October 2011. <http://www.reuters.com/article/2011/03/15/markets-ratings-bni-idUSWNA357620110315>

⁶³⁰ Crisis ties U.K. to Canada, National Post (Ottawa) 23 September 2011. Date of Access: 1 October 2011.

<http://www.nationalpost.com/opinion/columnists/Crisis+ties+Canada/5445662/story.html>

⁶³¹ Lee stresses G20 role in crisis, Korea Times (Seoul) 3 October 2011. Date of Access: 8 October 2011.

http://www.koreatimes.co.kr/www/news/nation/2011/10/120_95990.html

reforms to avoid the emergence of new threats to financial stability.^{632,633} However, future prospects of the Italian economy and the Eurozone crisis are likely to act as constraints on their ability to meet the effective resolution of Systematically Important Financial Institutions' requirements.⁶³⁴

On 15 April 2011, under the auspices of the G20 Finance Ministers and Bank Governors, Italy supported the work being done on identifying SIFIs and confirmed that the FSB will make recommendations on a framework for supervisory oversight, resolution capacities and higher loss absorbency capacity later during the year. The G20 also requested a macroeconomic impact study to be done by the FSB to be reviewed during the next ministerial meeting.⁶³⁵

Italian financial institutions did well during the 2008 economic recession due to their reliance on a more traditional business model with a high reliance on lending, small trading activities and minimal exposure to toxic assets.⁶³⁶

The Bank of Italy already takes the systemic importance of an institution into account; however in October 2010 they reviewed the development of a framework for the recovery and resolution plans for SIFIs.⁶³⁷ Furthermore, on 11 November 2010 the Bank of Italy announced the development of an institutional apparatus to liquidate a systemically important firm while minimizing risk to the financial system.⁶³⁸

The Bank of Italy in conjunction with the Italian Supervisory Authority for Private Insurance Companies (ISVAP) is in the process of overhauling supervisory oversight. Currently the Bank of Italy and ISVAP are home supervisors for numerous large Italian cross-border banking groups, the largest being Unicredit and Intesa Sanpaolo, established in 2006 and 2007 respectively.⁶³⁹ In 2006, supervisors became legally protected and were given an increase in supervisory resources including the ability to call meetings with executives. Furthermore they were given the ability to remove directors and senior officers that were considered to have become unfit for their positions.⁶⁴⁰

⁶³² Draghi: nuovo patto di stabilita, Il Sole 24 Ore (Italy) 4 May 2010. Date of Access: 11 April 2011. http://www.ilsole24ore.com/art/SoleOnLine4/Editrice/IlSole24Ore/2010/05/04/Economia%20e%20Lavoro/3_C.shtml?uuid=ca3a126c-573f-11df-b335-c4e158cb6808&DocRulesView=Liberio

⁶³³ Draghi: subito le riforme finanziarie, Il Sole 24 Ore (Italy) 11 November 2010. Date of Access: 11 April 2011. <http://www.ilsole24ore.com/art/notizie/2010-11-11/draghi-subito-riforme-finanziarie-063702.shtml?uuid=AYFAljiC&fromSearch>

⁶³⁴ Peer Review of Italy, Financial Stability Board (Basel) 27 January 2011. Date of Access: 7 October 2011. http://www.financialstabilityboard.org/publications/r_110207b.pdf

⁶³⁵ Meeting of Finance Ministers and Central bank Governors, G20 (Washington DC) 14-15 April 2011. Date of Access: 7 October 2011. <http://www.g20.org/Documents2011/04/G20%20Washington%2014-15%20April%202011%20-%20final%20communiqué.pdf>

⁶³⁶ Peer Review of Italy, Financial Stability Board (Switzerland) 27 January 2011. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110207b.pdf

⁶³⁷ Monitoring Progress—Italy September 2010, Financial Stability Board (Switzerland) 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401k.pdf

⁶³⁸ Draghi: subito le riforme finanziarie, Il Sole 24 Ore (Italy) 11 November 2010. Date of Access: 11 April 2011. <http://www.ilsole24ore.com/art/notizie/2010-11-11/draghi-subito-riforme-finanziarie-063702.shtml?uuid=AYFAljiC&fromSearch>

⁶³⁹ Monitoring Progress—Italy September 2010, Financial Stability Board (Switzerland) 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401k.pdf

⁶⁴⁰ Monitoring Progress—Italy September 2010, Financial Stability Board (Switzerland) 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401k.pdf

The ISVAP has also applied to become an International Association of Insurance Supervisors (IAIS) signatory of the Memorandum of Understanding (MOU). The completion of this process will further enhance cross-border supervisory cooperation.⁶⁴¹

During the Seoul Summit the Bank of Italy also announced they would add more stringent capital regulations for SIFIs. All large and cross-border firms would be required to maintain a minimum amount of capital in order to maintain basic functions during periods of high economic stress.⁶⁴²

During autumn 2009 the Bank of Italy took part in the development of an action plan on the standardization of CDS markets and oversight for OTC derivatives.⁶⁴³ Furthermore, on 15 September 2010 a proposal for the Regulation of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories was published by the European Commission. The Bank of Italy directly participated and contributed to the proposal.⁶⁴⁴ Furthermore, according to the conclusions of the OTC Derivatives section of the present report, Italy has taken steps towards strengthening the regulation and supervision on OTC Derivatives, thus taking action in compliance with the implementation of stronger robustness standards for core financial infrastructure.

Italy has made progress toward complying with its commitment to reduce the systemic risks presented by SIFIs. Thus it has been awarded a score of 0.

Analyst: Enko Koceku

Japan: +1

Japan has fully complied with its commitment to reduce the moral hazard posed by systemically important financial institutions by taking concrete actions with all three FSB recommendations areas: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

In addressing “the development of resolution tools and frameworks for the effective resolution of financial groups to help mitigate the disruption of financial institution failures and reduce moral hazard in the future,” the Japanese Deposit Insurance Law and other related laws already provide for adequate resolution regimes that reduce moral hazard.⁶⁴⁵ In addition, both the Financial Services Agency (FSA) and the Bank of Japan (BOJ) still continue to take part in the discussion concerning SIFIs at the Basel Committee on Banking Supervision (BCBS) and the Financial Stability Board (FSB).⁶⁴⁶

⁶⁴¹ Peer Review of Italy, Financial Stability Board (Switzerland) 27 January 2011. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110207b.pdf

⁶⁴² Draghi: subito le riforme finanziarie, Il Sole 24 Ore (Italy) 11 November 2010. Date of Access: 11 April 2011. <http://www.ilsole24ore.com/art/notizie/2010-11-11/draghi-subito-riforme-finanziarie-063702.shtml?uuid=AYFAljiC&fromSearch>

⁶⁴³ Monitoring Progress—Italy September 2010, Financial Stability Board (Switzerland) 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401k.pdf

⁶⁴⁴ Monitoring Progress—Italy September 2010, Financial Stability Board (Switzerland) 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_110401k.pdf

⁶⁴⁵ Regulators aim for minimum big bank safeguards, Reuters (London) April 4 2011. Date of Access: 7 April 2011. <http://uk.reuters.com/article/2011/04/04/uk-fsb-banks-idUKTRE7333ON20110404>

⁶⁴⁶ Regulators aim for minimum big bank safeguards, Reuters (London) April 4 2011. Date of Access: 7 April 2011. <http://uk.reuters.com/article/2011/04/04/uk-fsb-banks-idUKTRE7333ON20110404>

Japanese regulators have asked their large banks to draft recovery plans detailing how they might survive a crisis, but have not yet started on the resolution piece which envisions what would happen in insolvency.⁶⁴⁷

In its Financial System Report published in September 2010, the Bank of Japan (BOJ), while expressing its support of regulatory reforms on SIFIs by international regulatory authorities to ensure the stability of the financial system, makes a point of stressing that the framework of crisis management differs significantly by country and region.⁶⁴⁸ It also emphasizes that appropriate policy options as measures to cope with SIFIs largely depend on SIFIs' business models.⁶⁴⁹

On 27 October 2010, during his 27 October 2010 address at the Annual Conference of the International Association of Deposit Insurers (IADI), Kiyohiko G. Nishimura, Deputy Governor of the Bank of Japan first commanded the ongoing discussions to address the moral hazard problem caused by systemically important financial institutions.⁶⁵⁰ However, Nishimura claimed that each individual country – as opposed to the global Financial Stability Board – should respectively decide of the measures it deems most appropriate to deal with its national SIFIs.⁶⁵¹ Contending that the environment surrounding a financial system is country-specific, he stated that each state should be entitled to choose the best practice or combination of practices – capital surcharges, liquidity surcharges, strengthened supervision or improvements in resolvability – that best tackle the risks of SIFIs while respecting national specifics.⁶⁵²

On 9 July 2011, the Financial Stability Board made public the criteria it will use and their relative weights in order to determine which bank qualifies as a globally systemic bank. Based on the criteria released and in-depth calculation, JP Morgan expects that the Japanese banks Mitsubishi UFG and Mizuho Financial Group will qualify as G-sifis and thus receive a surcharge of respectively 1.5 and 1 per cent when the surcharges are calculated in 2014.⁶⁵³ Japanese banks

⁶⁴⁷ “Living wills” force banks to think unthinkable, Financial Times (London) 4 October 2011. Date of Access: 8 October 2011. <http://www.ft.com/intl/cms/s/0/232db554-e2cc-11e0-93d9-00144feabdc0.html#axzz1bAUxQ11>

⁶⁴⁸ Financial System Report, Bank of Japan (Tokyo) September 2010. Date of Access: April 7 2011. <http://www.boj.or.jp/en/research/brp/fsr/data/fsr10b.pdf>

⁶⁴⁹ Financial System Report, Bank of Japan (Tokyo) September 2010. Date of Access: April 7 2011. <http://www.boj.or.jp/en/research/brp/fsr/data/fsr10b.pdf>

⁶⁵⁰ The Importance of Developing Financial Safety Nets and the Role of Central Banks, Address at the Annual Conference of the International Association of Deposit Insurers (IADI), Bank of Japan (Tokyo) October 27 2010. Date of Access: 7 April 2011. http://www.boj.or.jp/en/announcements/press/koen_2010/data/ko1010f.pdf

⁶⁵¹ The Importance of Developing Financial Safety Nets and the Role of Central Banks, Address at the Annual Conference of the International Association of Deposit Insurers (IADI), Bank of Japan (Tokyo) October 27 2010. Date of Access: 7 April 2011. http://www.boj.or.jp/en/announcements/press/koen_2010/data/ko1010f.pdf

⁶⁵² The Importance of Developing Financial Safety Nets and the Role of Central Banks, Address at the Annual Conference of the International Association of Deposit Insurers (IADI), Bank of Japan (Tokyo) October 27 2010. Date of Access: 7 April 2011. http://www.boj.or.jp/en/announcements/press/koen_2010/data/ko1010f.pdf

⁶⁵³ Global banks scored on capital requirements, Financial Times. (London) 21 July 2011. Date of Access: 12 September 2011. <http://www.ft.com/intl/cms/s/0/3b803f72-b37f-11e0-b56c-00144feabdc0.html#axzz1aHhKDPB0>

Sumitomo Mitsui Financial Group and Nomura are however expected to escape surcharges entirely.⁶⁵⁴ Nomura confirmed that it does not believe it is a G-SIFI.⁶⁵⁵

On 2 September 2011, the Japanese Bankers Association submitted its comments on the Consultative Document Effective Resolution of Systemically Important Financial Institutions published by the Financial Stability Board (FSB) on July 19 2011.⁶⁵⁶ In its submission, the Japanese Bankers Association (JPA) expresses its support of the Crisis Management Group (CMG) framework chaired by home authorities put forth in the 19 July Consultative document.⁶⁵⁷

The JPA however contends that “insufficient consideration is due to the different commercial practices and systems in individual countries” and that “because financial system is an important part of the social infrastructures in each jurisdiction, we believe that the discretion of the home authorities should be respected fully in regard to all items related to the Recovery and Resolution Plans.”⁶⁵⁸ The JPA also stresses that the deadline to prepare the first draft of the RRP, and in particular Recovery Plans (RCP), which is slated at the end of December 2011, is too tight.⁶⁵⁹

On 18 October 2011, in its communiqué “The Bank of Japan’s Initiatives on the Macroprudential Front,” the Bank of Japan announced that it will aim “to better analyze and assess risks in domestic and overseas financial systems, including the examination of risks observed in financial markets.”⁶⁶⁰ The enhanced examination conducted by the Bank of Japan will comprise the following elements: (1) Better assessment of the robustness using macro stress testing; (2) Assessment of a dynamic feedback loop between the real economy and the financial system; (3) Cross-sectional analysis of risks borne by the financial sector, which entails “an enhancement of the bank’s analysis of risks borne by the non-banking financial sector including insurance companies, securities companies, credit card companies, and consumer finance companies.” This cross-sectional analysis is will be conducted in view of the interconnectedness between the

⁶⁵⁴ Global banks scored on capital requirements, Financial Times. (London) 21 July 2011. Date of Access: 12 September 2011. <http://www.ft.com/intl/cms/s/0/3b803f72-b37f-11e0-b56c-00144feabdc0.html#axzz1aHhKDpB0>

⁶⁵⁵ Global banks scored on capital requirements, Financial Times. (London) 21 July 2011. Date of Access: 12 September 2011. <http://www.ft.com/intl/cms/s/0/3b803f72-b37f-11e0-b56c-00144feabdc0.html#axzz1aHhKDpB0>

⁶⁵⁶ Comments on the Financial Stability Board’s Consultative Document Effective Resolution of Systemically Important Financial Institutions - Japanese Bankers Association, Financial Stability Board (Basel) 2 September 2011. Date of Access: 2 October 2011. http://www.financialstabilityboard.org/press/c_110909pp.pdf

⁶⁵⁷ Comments on the Financial Stability Board’s Consultative Document Effective Resolution of Systemically Important Financial Institutions - Japanese Bankers Association, Financial Stability Board (Basel) 2 September 2011. Date of Access: 2 October 2011. http://www.financialstabilityboard.org/press/c_110909pp.pdf

⁶⁵⁸ Comments on the Financial Stability Board’s Consultative Document Effective Resolution of Systemically Important Financial Institutions - Japanese Bankers Association, Financial Stability Board (Basel) 2 September 2011. Date of Access: 2 October 2011. http://www.financialstabilityboard.org/press/c_110909pp.pdf

⁶⁵⁹ Comments on the Financial Stability Board’s Consultative Document Effective Resolution of Systemically Important Financial Institutions - Japanese Bankers Association, Financial Stability Board (Basel) 2 September 2011. Date of Access: 2 October 2011. http://www.financialstabilityboard.org/press/c_110909pp.pdf

⁶⁶⁰ Macro-Prudential Policy Framework from an Asian Perspective, Speech at ADBI-FSA Conference in Tokyo by Kiyohiko G. Nishimura, Deputy Governor of the Bank of Japan, Bank of Japan (Tokyo) 18 October 2011. Date of Access: 18 October 2011. http://www.boj.or.jp/en/finsys/fs_policy/fin111018a.pdf

nonbank financial sector and the banking sector as well as the risk effect it would have on the entire financial system; (4) Assessment of financial imbalances using macro indicators

Japan has taken concrete steps toward “consolidated supervision and regulation with high standards.” First, on 21 January 2010, the Japanese Financial Services Agency (FSA) published the “Development of Institutional Frameworks Pertaining to Financial and Capital Markets,” which introduced regulation and supervision on a consolidated basis for securities companies as well as prudential standards on a consolidated basis for insurance companies.⁶⁶¹

The relevant draft bill was then submitted to the National Diet of Japan – Japan’s bicameral legislature – on 9 March 2010.⁶⁶² The bill was enacted on 12 May 2010 and issued on 19 May 2010.⁶⁶³ Also, the Japanese Financial Services Agency is currently assessing a method of calculating the consolidated solvency margin ratio and aims to make this rule effective by March 2012.⁶⁶⁴

According to the conclusions of the OTC Derivatives section of the present report, Japan has taken steps towards strengthening the regulation and supervision on OTC Derivatives, thus taking action in compliance with the implementation of stronger robustness standards for core financial infrastructure.

Japan has fully complied with its commitment to reduce the systemic risks presented by SIFIs with respect to: (1) resolution; (2) increased supervisory oversight for financial institutions that might pose systemic risk; and (3) strong robustness standards for core financial infrastructure. Thus it has been awarded a score of +1.

Analyst: Krystal Montpetit

Korea: +1

Korea has fully complied with its commitment to reduce the moral hazard posed by systemically important financial institutions by taking concrete actions with all three FSB recommendations areas: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

Korea has sought to improve its financial regulatory and supervisory system by: “implementing the ‘Guideline for the Compensation Principles,’” “adopting the international financial reporting standards by 1 January 2011,” “establishing Central Counterparties by 2012,” “aligning capital

⁶⁶¹ Report on Progress Since the Washington Summit – Japan, Financial Stability Board (Basel) 12 November 2010. Date of Access: April 7 2011.

http://www.financialstabilityboard.org/publications/r_1104011.pdf

⁶⁶² Report on Progress Since the Washington Summit – Japan, Financial Stability Board (Basel) 12 November 2010. Date of Access: April 7 2011.

http://www.financialstabilityboard.org/publications/r_1104011.pdf

⁶⁶³ Report on Progress Since the Washington Summit – Japan, Financial Stability Board (Basel) 12 November 2010. Date of Access: April 7 2011.

http://www.financialstabilityboard.org/publications/r_1104011.pdf

⁶⁶⁴ Report on Progress Since the Washington Summit – Japan, Financial Stability Board (Basel) 12 November 2010. Date of Access: April 7 2011.

http://www.financialstabilityboard.org/publications/r_1104011.pdf

regulation measures with the BCBS decisions,” and “preparing for SIFI regulation in line with international standards.”⁶⁶⁵

On 10 March 2011, the Financial Services Commission (FSC) of Korea has set up a Task Force for the purpose of “laying the ground” for implementation of the follow-up measures agreed at the G20 Seoul Summit in November 2010.⁶⁶⁶ Composed of members from the Bank of Korea (BOK), Financial Supervisory Service (FSS), Korean Deposit Insurance Corporation (KDIC) and academic experts, the Task Force mainly aims to introduce policies on regulating systemically important financial institutions, and to build an infrastructure for OTC derivatives market.⁶⁶⁷

Following up on the agreement reached at the Seoul Summit to introduce a regulatory regime to deal with SIFIs more effectively, the Task Force plans to finalize legislations by the end of the year 2011 to strengthen the supervision of the soundness of the SIFIs.⁶⁶⁸ The Task Force also plans to push ahead with reforming the Financial Investment Service and Capital Markets Act in order to build infrastructure for central counterparties (CCP), and for the clearing of OTC derivatives.⁶⁶⁹

On 29 September 2011, Korea organized an annual conference of the International Association of Insurance Supervisors (IAIS), one of the world’s three major financial supervisory meetings.⁶⁷⁰ In his keynote speech, Kim Seok-Dong, the chairman of the Financial Services Commission (FSC) of Korea, underscored the need to develop methodologies for identifying “systemically important financial institutions” and to discuss possible regulatory framework for SIFIs from both banking and insurance points of view.⁶⁷¹

According to the conclusions of the OTC Derivatives section of the present report, Korea has taken steps towards strengthening the regulation and supervision on OTC Derivatives, thus taking action in compliance with the implementation of stronger robustness standards for core financial infrastructure.

Korea has fully complied with its commitment to reduce the systemic risks presented by SIFIs with respect to: (1) resolution (2) increased supervisory oversight for financial institutions that

⁶⁶⁵ Seoul Summit Supporting Document, Canada international, 2010. Date of access 9 October 2011.

http://www.canadainternational.gc.ca/g20/assets/pdfs/2010%20-%20Seoul%20Summit%20Supporting_Document.pdf

⁶⁶⁶ South Korean authorities launch task force to follow up G20 requirements, Complinet, 14 March 2011.

Date of access 6 April 2011. <http://www.complinet.com/global/news/news/article.html?ref=141979>

⁶⁶⁷ Financial Services Commission has launched a Task force to follow up with G20 agreement, Korea Financial Services Commission (Seoul), 10 March 2011. Date of Access 6 April 2011.

<http://fस्कorea.wordpress.com/tag/systemically-important-financial-institution/>

⁶⁶⁸ South Korean authorities launch task force to follow up G20 requirements, Complinet, 14 March 2011.

Date of access 6 April 2011. <http://www.complinet.com/global/news/news/article.html?ref=141979>

⁶⁶⁹ Financial Services Commission has launched a Task force to follow up with G20 agreement, Korea Financial Services Commission (Seoul), 10 March 2011. Date of Access 6 April 2011.

<http://fस्कorea.wordpress.com/tag/systemically-important-financial-institution/>

⁶⁷⁰ Address by FSC Chairman Kim Seok-Dong at the 18th Annual IAIS Conference, Financial Services Commission (Seoul) 29 September 2011. Date of Access: 9 October 2011.

http://www.fsc.go.kr/eng/wn/list_sp.jsp?menu=05&bbsid=BBS0053

⁶⁷¹ Address by FSC Chairman Kim Seok-Dong at the 18th Annual IAIS Conference, Financial Services Commission (Seoul) 29 September 2011. Date of Access: 9 October 2011.

http://www.fsc.go.kr/eng/wn/list_sp.jsp?menu=05&bbsid=BBS0053

might pose systemic risk, and (3) strong robustness standards for core financial infrastructure. Thus it has been awarded a score of +1.

Analyst: David Byun

Mexico: 0

Mexico has partially complied with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

On 30 July 2010, Mexico created the Financial System Stability Board (FSSB), which, as a coordination mechanism, would oversee the stability of its financial system.⁶⁷² It also plans to promote financial deepening through regulator changes and measures to increase access to banking services.⁶⁷³ Furthermore, the FSSB plans to expand regulatory perimeter to cover systemic non-bank entities, and to strengthen framework for bank bankruptcies.⁶⁷⁴

On 23 September 2010, Mexico completed an FSB peer review of its financial system and regulatory proposals. The peer review noted Mexico's "impressive progress" in "upgrading its financial supervisory and regulatory framework to align it with international standards" and "strengthening its ability to monitor and respond to the build-up of risks."⁶⁷⁵ However, it also made several recommendations, including: developing a clear mandate and better macro-prudential tools for the Financial System Stability Board, and building stronger coordination between the central bank and the prudential regulator.⁶⁷⁶

In May 2011, financial authorities introduced a plan to incorporate Basel III regulation in the country. In September, the Ministry of Finance further called for the early adoption of this framework in the General Economic Policy Criteria for 2012 as a key macro-prudential element to preserve financial system's stability.⁶⁷⁷

According to the conclusions of the OTC Derivatives section of the present report, Mexico has taken steps towards strengthening the regulation and supervision on OTC Derivatives, thus taking action in compliance with the implementation of stronger robustness standards for core financial infrastructure.

⁶⁷² Seoul Summit Supporting Document, Canadainternational, 2010. Date of access 6 April 2011. http://www.canadainternational.gc.ca/g20/assets/pdfs/2010%20-%20Seoul%20Summit%20Supporting_Document.pdf

⁶⁷³ Seoul Summit Supporting Document, Canadainternational, 2010. Date of access 6 April 2011. http://www.canadainternational.gc.ca/g20/assets/pdfs/2010%20-%20Seoul%20Summit%20Supporting_Document.pdf

⁶⁷⁴ Seoul Summit Supporting Document, Canadainternational, 2010. Date of access 6 April 2011. http://www.canadainternational.gc.ca/g20/assets/pdfs/2010%20-%20Seoul%20Summit%20Supporting_Document.pdf

⁶⁷⁵ Mexico Peer Review Report, Financial Stability Board (Basel) 23 September 2011. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100927.pdf

⁶⁷⁶ Mexico Peer Review Report, Financial Stability Board (Basel) 23 September 2011. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100927.pdf

⁶⁷⁷ Implementing Basel III in emerging economies: A process not free of pain, FX Street, 6 October 2011. Date of Access: 9 October 2011. <http://www.fxstreet.com/fundamental/market-view/emerging-marketsbbva/2011/10/06/>

Mexico has partially complied with its commitment to reduce the systemic risks presented by SIFIs. Thus it has been awarded a score of 0.

Analyst: David Byun

Russia: +1

Russia has complied with its commitment to reduce the moral hazard posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

Russian authorities have strengthened supervisory oversight for financial institutions, which may pose systemic risk. On 22 March 2011, the financial stability department was established as a structural body of the Russian central bank.⁶⁷⁸ The department will be responsible for, inter alia, oversight of financial institutions in the banking sector.⁶⁷⁹

Russia has taken measures to implement FSB stronger robustness standards for core financial infrastructure. On 7 February 2011, Russian President Dmitri Medvedev signed a law, defining the procedure of clearing through central counterparties, which is also applied to OTC derivatives.⁶⁸⁰

On 5 April 2011, the Russian government and the Russian central bank adopted the Strategy of Russian Banking Sector Development for the period up to 2015, which provides for the opportunity to appoint employees of the central bank to SIFIs to control their activities starting in 2011.⁶⁸¹

Russia has taken actions in compliance with the FSB recommendation on effective resolution regimes. On 3 October 2011, the Russian central bank published the Draft Guidelines for the Single State Monetary Policy in 2012 and for 2013 and 2014. According to this document, the Bank of Russia will propose measures on resolving systemically important banks in the second quarter of 2012.⁶⁸² Russian financial authorities defined it as their priority short-term task in the report to the FSB.⁶⁸³

⁶⁷⁸ Rozhkov A., Central Bank is Going to Deal with Financial Stability, Vedomosti 22 March 2011. Date of Access: 4 April 2011.

http://www.vedomosti.ru/finance/news/1236253/centrobank_zajmetsya_finansovoj_stabilnostyu.

⁶⁷⁹ Rozhkov A., Central Bank is Going to Deal with Financial Stability, Vedomosti 22 March 2011. Date of Access: 4 April 2011.

http://www.vedomosti.ru/finance/news/1236253/centrobank_zajmetsya_finansovoj_stabilnostyu.

⁶⁸⁰ Federal Law of 7 February 2011 No. 7-FZ on Clearing and Clearing Activities, Office of the President (Moscow) 9 February 2011. Date of Access: 4 April 2011.

<http://text.document.kremlin.ru/SESSION/PILOT/loadfavorite.html?page=1&pid=12182694>.

⁶⁸¹ Strategy of Russian Banking Sector Development for the Period up to 2015, Ministry of Finance of the Russian Federation (Moscow) 13 April 2011. Date of Access: 26 May 2011.

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

⁶⁸² Draft Guidelines for the Single State Monetary Policy in 2012 and for 2013 and 2014, Bank of Russia (Moscow) 3 October 2011. Date of Access: 3 October 2011.

[http://cbr.ru/today/publications_reports/on_2012\(2013-2014\).pdf](http://cbr.ru/today/publications_reports/on_2012(2013-2014).pdf)

⁶⁸³ FSB- G20 - monitoring progress – Russia September 2010 [For Publication in March 2011], 1 April 2011. Date of Access: 3 October 2011. http://www.financialstabilityboard.org/publications/r_110401p.pdf

Russia has complied with its commitment to reduce the systemic risks presented by SIFIs. Thus it has been awarded a score of +1.

Analyst: Andrey Shelepov

Saudi Arabia: 0

Saudi Arabia has partially complied with its commitment to reduce the moral hazard risks posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

During his speech at the Euromoney Saudi Arabia Conference on Diversifying Sources of Finance, which took place on 17 May 2011, the Saudi Arabian Monetary Agency Governor Dr. Muhammad Al-Jasser reiterated his commitment to the implementation of additional rules for SIFIs and his conviction that banks will benefit from said rules in the long-term. He states that “the FSB will report to the G20 Summit in November 2011 on which banks and insurance companies qualify, and what additional capital requirements they need to have. In my view, international banks need to accept tighter regulation, which will mean lower returns on capital in good years due to lower leverage. In return, this approach should help them avoid the frequent crises and losses of bank capital which have been seen in the last two decades or so. Hence, in the long-term, bank shareholders should be no worse off as a result.”⁶⁸⁴

In its 46th Annual Report on The Latest Economic Developments 1431H (2010G), the Saudi Arabian Monetary Agency (SAMA) supported the Basel Committee’s review of the need for additional capital, liquidity or other supervisory measures to reduce the threat posed by systemically important institutions.⁶⁸⁵ The SAMA also expressed its confidence that the Basel Committee would be mindful of avoiding negative effects on bank lending activity that could impair the economic recovery while introducing new standards on SIFIs to reduce externalities.⁶⁸⁶ It also noted that the Basel Committee ought to put in place adequate phase-in measures for a sufficiently long period to ensure a smooth transition to the additional requirements on SIFIs.⁶⁸⁷

In an opening speech to the “Special Data Dissemination Standard and Monetary Statistics Workshop,” Dr. Muhammad Bin Sulaiman Al-jasser, Vice Governor of the Saudi Arabian Monetary Agency (SAMA) reaffirmed SAMA’s commitment to monitoring systemic risk originating from SIFIs.⁶⁸⁸ He stressed the need to fill existing data gaps in key statistical areas that can help the authorities to better measure the risks to the global financial system.⁶⁸⁹ He also

⁶⁸⁴ Remarks by Dr. Muhammad Al-Jasser at the Euromoney Saudi Arabia Conference on Diversifying Sources of Finance, Saudi Arabian Monetary Agency. (Riyadh) 17 May 2011. Date of Access: 4 September 2011. <http://www.sama.gov.sa/sites/samaen/News/Pages/DiversifyingSourcesofFinance.aspx>

⁶⁸⁵ 46th Annual Report on The Latest Economic Developments 1431H (2010G), Saudi Arabian Monetary Agency (Riyadh) July 2010. Date of Access: 8 April 2011.

⁶⁸⁶ 46th Annual Report on The Latest Economic Developments 1431H (2010G), Saudi Arabian Monetary Agency (Riyadh) July 2010. Date of Access: 8 April 2011.

⁶⁸⁷ 46th Annual Report on The Latest Economic Developments 1431H (2010G), Saudi Arabian Monetary Agency (Riyadh) July 2010. Date of Access: 8 April 2011.

⁶⁸⁸ Opening Speech of Dr. Muhammad Bin Sulaiman Al-jasser to the “Special Data Dissemination Standard and Monetary Statistics Workshop,” (Riyadh) 11 December 2010. Date of Access: 8 April 2011. <http://www.sama.gov.sa/sites/samaen/News/Pages/SpecialDataDisseminationSpeech.aspx>

⁶⁸⁹ Opening Speech of Dr. Muhammad Bin Sulaiman Al-jasser to the “Special Data Dissemination Standard and Monetary Statistics Workshop,” (Riyadh) 11 December 2010. Date of Access: 8 April 2011. <http://www.sama.gov.sa/sites/samaen/News/Pages/SpecialDataDisseminationSpeech.aspx>

identified the monitoring of SIFIs as a critical issue of and insisted on better compilation and dissemination of statistical data as a main area of improvement in supervising SIFIs.⁶⁹⁰

The Saudi Arabian Monetary Agency (SAMA) already takes into account the supervisory issues related to “size of financial institutions and moral hazard in balancing between market discipline and market failure. SAMA's risk based supervision approach fully takes into account the risks arising from size of a financial institution in determining the scope and carrying out its on-site and off-site work.”⁶⁹¹

According to the conclusions of the OTC Derivatives section of the present report, Saudi Arabia has failed to take steps towards the compliance with its commitment to strengthen regulation and supervision on OTC Derivatives.

Saudi Arabia has made progress toward complying with its commitment to reduce the systemic risks presented by SIFIs. Thus it has been awarded a score of 0.

Analyst: Krystal Montpetit

South Africa: +1

South Africa has fully complied with its commitment to reduce the moral hazard posed by systemically important financial institutions by taking concrete actions in all three FSB recommendations areas: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

South Africa was able to handle the 2007/08 financial crisis better than most countries,⁶⁹² due to its limited exposure to toxic assets⁶⁹³, its sound institutional regulations,⁶⁹⁴ and its “stable and well capitalized financial sector.”⁶⁹⁵ It is still committed to taking action to comply with FSB recommendations to reduce the moral hazard of systemically important institutions and mitigate their future risks to the financial sector.⁶⁹⁶

On 23 February 2011, the South African National Treasury released a policy document entitled “A Safer Financial Sector to Serve South Africa Better.” The report outlines proposed policy changes focused on strengthening its “financial crisis resolution framework” by increasing

⁶⁹⁰ Opening Speech of Dr. Muhammad Bin Sulaiman Al-jasser to the “Special Data Dissemination Standard and Monetary Statistics Workshop,” (Riyadh) 11 December 2010. Date of Access: 8 April 2011.

<http://www.sama.gov.sa/sites/samaen/News/Pages/SpecialDataDisseminationSpeech.aspx>

⁶⁹¹ FSB-G20 – Monitoring Progress– Saudi Arabia September 2010 [For Publication in March 2011],

Financial Stability Board (Basel) March 2011. Date of Access: 7 September 2011.

http://www.financialstabilityboard.org/publications/r_110401q.pdf

⁶⁹² South Africa: Report on the Observance of Standards and Codes on Banking Supervision, Insurance Supervision and Securities' Regulation, International Monetary Fund (Washington) 8 December 2010. Date of Access: 7 April 2011. <http://www.imf.org/external/pubs/ft/scr/2010/cr10352.pdf>

⁶⁹³ Africa draws big powers, Times Live (Johannesburg) 9 November 2009. Date of Access: 8 April 2011.

<http://www.timeslive.co.za/business/article183897.ece>

⁶⁹⁴ A Safer Financial Sector to Serve South Africa Better, National Treasury (Pretoria) 23 February 2011.

Date of Access: 8 April 2011. <http://www.treasury.gov.za/documents/national%20budget/2011/A%20safer%20financial%20sector%20to%20serve%20South%20Africa%20better.pdf>

⁶⁹⁵ South Africa: Report on the Observance of Standards and Codes on Banking Supervision, Insurance Supervision and Securities' Regulation, International Monetary Fund (Washington) 8 December 2010. Date of Access: 7 April 2011. <http://www.imf.org/external/pubs/ft/scr/2010/cr10352.pdf>

⁶⁹⁶ S.Africa's cbank: financial system remains resilient, Reuters (Pretoria) 28 April 2010. Date of Access: 7

April 2011. <http://af.reuters.com/article/idAFJON00001620100428>

interagency coordination.⁶⁹⁷ The country plans to further strengthen its resolution framework, by implementing a joint review on crisis contingency frameworks followed by legal changes to ensure “authorities have all the appropriate tools available in the unlikely event of a crisis.”⁶⁹⁸

From 15-31 March 2010, IMF and World Bank representatives, at the request of the South African government, conducted standard assessments on South Africa’s financial sector, and used Basel Core Principles to assess areas relevant to this commitment, including supervisory independence, supervisory power and consolidated supervision.⁶⁹⁹

On 8 December 2010, the results of the assessment were published along with a list of recommended actions, which have been acknowledged by the South African government. In their 23 February 2011 policy proposal, the South African authorities created provisions which address the recommendations made in the area of supervision. Said provisions include proposals to create a new Council of Financial Regulators to increase supervisory consolidation between the FSB and the Supervisory division of the Reserve Bank and to introduce new legislation to increase supervisory independence and expand supervisory powers.⁷⁰⁰

On 19 July 2011, the Financial Stability Board published its consultative document outlining guidelines for the effective resolution of systemically important financial institutions.⁷⁰¹ The South African Reserve Bank submitted a response to the document, stating that it is “in the process of strengthening” its resolution framework. The document provides “valuable guidelines,” but there are certain measures they disagree with.⁷⁰² Specifically, the Reserve Bank cites criticism against Annexure 1, which recommends privately-funded deposit insurance sources for crisis resolution and recovery, as it states these could place excessive costs and strains on its banking sector.⁷⁰³ The Reserve Bank also disagrees with proposals in Annexure 2 regarding bail-in powers, stating the risks of those powers could create “negative effects for financial stability and the economy.”⁷⁰⁴

According to the conclusions of the OTC Derivatives section of the present report, South Africa has taken steps towards strengthening the regulation and supervision on OTC Derivatives, thus

⁶⁹⁷ A Safer Financial Sector to Serve South Africa Better, National Treasury (Pretoria) 23 February 2011. Date of Access: 8 April 2011. <http://www.treasury.gov.za/documents/national%20budget/2011/A%20safer%20financial%20sector%20to%20serve%20South%20Africa%20better.pdf>

⁶⁹⁸ A Safer Financial Sector to Serve South Africa Better, National Treasury (Pretoria) 23 February 2011. Date of Access: 8 April 2011. <http://www.treasury.gov.za/documents/national%20budget/2011/A%20safer%20financial%20sector%20to%20serve%20South%20Africa%20better.pdf>

⁶⁹⁹ South Africa: Report on the Observance of Standards and Codes on Banking Supervision, Insurance Supervision and Securities' Regulation, International Monetary Fund (Washington) 8 December 2010. Date of Access: 7 April 2011. <http://www.imf.org/external/pubs/ft/scr/2010/cr10352.pdf>

⁷⁰⁰ A Safer Financial Sector to Serve South Africa Better, National Treasury (Pretoria) 23 February 2011. Date of Access: 8 April 2011. <http://www.treasury.gov.za/documents/national%20budget/2011/A%20safer%20financial%20sector%20to%20serve%20South%20Africa%20better.pdf>

⁷⁰¹ FSB releases consultation document on measures to address systemically important financial institutions, Financial Stability Board (Basel) 19 July 2011. Date of Access: 11 October 2011 http://www.financialstabilityboard.org/press/pr_110719.pdf

⁷⁰² Comments on the FSB Consultative Paper, Financial Stability Board (Pretoria) Date of Access: 11 October 2011 http://www.financialstabilityboard.org/press/c_110909aaa.pdf

⁷⁰³ Comments on the FSB Consultative Paper, Financial Stability Board (Pretoria) Date of Access: 11 October 2011 http://www.financialstabilityboard.org/press/c_110909aaa.pdf

⁷⁰⁴ Comments on the FSB Consultative Paper, Financial Stability Board (Pretoria) Date of Access: 11 October 2011 http://www.financialstabilityboard.org/press/c_110909aaa.pdf

taking action in compliance with the implementation of stronger robustness standards for core financial infrastructure. The country has also taken steps to increase regulation of the credit derivatives market by forming a task team composed of National Treasury representatives, FSB members and Johannesburg Stock Exchange representatives; it promises to introduce new legislation on credit derivative standardization following an upcoming review by this team.⁷⁰⁵

South Africa has fully complied with its commitment to reduce the systemic risks presented by SIFIs with respect to: (1) resolution (2) increased supervisory oversight for financial institutions that might pose systemic risk, and (3) strong robustness standards for core financial infrastructure. Thus it has been awarded a score of +1.

Analyst: Huda Abdi

Turkey: 0

Turkey has partially complied with its commitment to reduce the moral hazard risks posed by systemically important financial institutions (SIFIs) with respect to: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

The government of Turkey has recognized the importance of addressing the issue of financial stability, noting in a Strategy and Action Plan that “it is a priority matter that the existing structure in Turkey must be reinforced to ensure effective and sustained cooperation and coordination between regulatory and supervisory authorities and manage systemic risk.”⁷⁰⁶

In order to enhance prudential supervision, the government of Turkey established the Systemic Risk Coordination Committee that is mandated to monitor the country’s financial system.⁷⁰⁷ It has been identified that “the duties and functions of the current Systemic Risk Committee shall be reinforced in order to identify and prevent systemic risk and enhance horizontal coordination between regulatory and supervisory authorities in the financial sector.”⁷⁰⁸ The Committee is responsible for reporting negative developments in the financial system to the Council of Ministers.⁷⁰⁹

According to the conclusions of the OTC Derivatives section of the present report, Turkey has taken steps towards strengthening the regulation and supervision on OTC Derivatives, thus taking action in compliance with the implementation of stronger robustness standards for core financial infrastructure.

⁷⁰⁵ FSB- G20 - Monitoring Progress – South Africa, Financial Stability Board (Basel), March 2011. Date of Access: 9 April 2011 http://www.financialstabilityboard.org/publications/r_110401s.pdf

⁷⁰⁶ Strategy and Action Plan for Istanbul International Financial Center, State Planning Organization (Ankara) October 2009. Date of Access: 12 April 2011.

http://www.dpt.gov.tr/DocObjects/View/5066/Strategy_and_Action_Plan_for_Istanbul_International.pdf.

⁷⁰⁷ Overview of Progress in the Implementation of G20 Recommendations for Strengthening Financial Stability: Report of the Financial Stability Board to G20 Leaders, Financial Stability Board (Basel) 18 June 2010. Date of Access: 12 April 2011. http://www.financialstabilityboard.org/publications/r_100627c.pdf.

⁷⁰⁸ Strategy and Action Plan for Istanbul International Financial Center, State Planning Organization (Ankara) October 2009. Date of Access: 12 April 2011.

http://www.dpt.gov.tr/DocObjects/View/5066/Strategy_and_Action_Plan_for_Istanbul_International.pdf.

⁷⁰⁹ Financial Stability Board Report on Progress since the Washington Summit Turkey, Financial Stability Board (Basel) 12 November 2010. Date of Access: 12 April 2011.

http://www.financialstabilityboard.org/publications/r_110401v.pdf.

Turkey has made progress toward complying with its commitment to reduce the systemic risks presented by SIFIs. Thus it has been awarded a score of 0.

Analyst: Vera Gavrilova

United Kingdom: +1

The United Kingdom has fully complied with its commitment to reduce the moral hazard posed by systemically important financial institutions by taking concrete actions in all three FSB recommendations areas: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

On 21 February 2009, the 2009 Banking Act came into force in the United Kingdom. The Banking Act provides a permanent regime to allow the Financial Services Authority (FSA), the UK Treasury and the Bank of England to resolve failing banks in the UK.⁷¹⁰ Under the Banking Act, these authorities are given powers such as: (1) the power to issue share transfer orders to transfer all or some of the securities issued by a bank to a commercial purchaser or Bank of England entity and (2) the power to transfer all or some of the property, rights and liabilities of the UK bank to a purchaser or Bank of England entity.⁷¹¹

On 18 March 2009, the FSA published the Turner Review and the associated Discussion Paper that included a comprehensive set of proposals aimed at addressing the risks posed by systemically important financial institutions.⁷¹² On 30 September 2009, the FSA published the Feedback Statement to The Turner Review that outlines the ongoing debate and consideration of Recovery and Resolution Plans (RRPs) or living wills.⁷¹³ The FSA also proposed in the statement that all SIFIs be required to develop and submit RRP to the FSA for approval.⁷¹⁴

On 22 October 2009, the FSA published The Turner Review Conference Discussion Paper, which focused on two issues: (1) problems created by systemically important banks and relevant policy options including higher capital levels and RRP, and (2) assessing the cumulative impact of capital and liquidity reforms.⁷¹⁵

On 27 November 2009, the British House of Commons Treasury Committee published a report on the banking crisis and regulation and supervision.⁷¹⁶ In the report, the government voiced its

⁷¹⁰ Risk management supervision and regulation, Barclays (London) 2008. Date of Access: 12 April 2011. <http://www.barclaysannualreports.com/ar2008/index.asp?pageid=143>

⁷¹¹ Risk management supervision and regulation, Barclays (London) 2008. Date of Access: 12 April 2011. <http://www.barclaysannualreports.com/ar2008/index.asp?pageid=143>

⁷¹² The Will to Live: Recovery and Resolution Plans for UK Banks, Morrison and Foerster (London) 29 December 2009. Date of Access: 12 April 2011. <http://www.mofo.com/files/uploads/Images/091229TheWilltoLiveRecoveryandResolutionPlansforUKBanks.pdf>

⁷¹³ The Will to Live: Recovery and Resolution Plans for UK Banks, Morrison and Foerster (London) 29 December 2009. Date of Access: 12 April 2011. <http://www.mofo.com/files/uploads/Images/091229TheWilltoLiveRecoveryandResolutionPlansforUKBanks.pdf>

⁷¹⁴ FSA publishes Turner Review Conference Discussion Paper, Lexology (London) 29 October 2009. Date of Access: 12 April 2011. <http://www.lexology.com/library/detail.aspx?g=a1b55ade-0266-47ee-8eda-156214d770ab>

⁷¹⁵ FSA publishes Turner Review Conference Discussion Paper, Lexology (London) 29 October 2009. Date of Access: 12 April 2011. <http://www.lexology.com/library/detail.aspx?g=a1b55ade-0266-47ee-8eda-156214d770ab>

⁷¹⁶ The Will to Live: Recovery and Resolution Plans for UK Banks, Morrison and Foerster (London) 29 December 2009. Date of Access: 12 April 2011. <http://www.mofo.com/files/uploads/Images/091229TheWilltoLiveRecoveryandResolutionPlansforUKBanks.pdf>

support for the FSB to develop possible measures to address the ‘too big to fail’ problems associated with SIFIs by the end of October 2010, including the related work by the Basel Committee to assess merits of a capital surcharge to mitigate the risk of systemic banks.⁷¹⁷

On 8 April 2010, the Financial Services Act received Royal assent.⁷¹⁸ The Act allows for: (1) new powers for the FSA to enforce Remuneration Code of Practice and nullify firm’s remuneration agreements, (2) compulsory RRP for UK banks and building societies, (3) extensive information gathering powers from managers and owners of hedge funds and investment funds, (4) enhancement of FSA’s rulemaking and disciplinary powers, and (5) establishment of Council for Financial Stability.⁷¹⁹

On 22 June 2010, the UK Government announced the introduction of a bank levy to be charged on the worldwide-consolidated balance sheets of UK banks and building society groups, as well as UK subsidiaries of a foreign bank.⁷²⁰ The levy is based on the chargeable equity and liabilities of the group or entity to the extent that these exceed GBP 20 billion.⁷²¹ On 9 December 2010, the government published revised draft legislation on the bank levy to be included in the Finance Bill 2011.⁷²²

On 20 October 2010, the European Commission published a communiqué on a EU framework for crisis management in the financial sector.⁷²³ The communiqué describes a legal framework that the Commission intends to propose in spring 2011, which involves equipping authorities with tools and powers to tackle banking crises at the earliest possible moment and minimize costs for taxpayers.⁷²⁴

On 14 February 2011, Her Majesty’s Treasury (HM Treasury) published its second consultation document on regulatory reform.⁷²⁵ Under the reform, the FSA will cease to exist in its current

⁷¹⁷ The Will to Live: Recovery and Resolution Plans for UK Banks, Morrison and Foerster (London) 29 December 2009. Date of Access: 12 April 2011. <http://www.mofo.com/files/uploads/Images/091229TheWilltoLiveRecoveryandResolutionPlansforUKBanks.pdf>

⁷¹⁸ International Reform of Financial Regulation Overview and Implementation Timetable, Linklaters (London) 1 January 2011. Date of Access: 10 April 2011. www.linklaters.com/pdfs/.../FR_Timetable_Download_version_FINAL.pdf

⁷¹⁹ Financial Services Bill, Linklaters (London) 13 April 2010. Date of Access: 11 April 2011. www.linklaters.com/.../FinancialServicesBill_Newsletter_091124.pdf

⁷²⁰ Budget: Bank levy to raise £8.3bn in four years, BBC News (London) 22 June 2010. Date of Access: 11 April 2011. <http://www.bbc.co.uk/news/10377429>

⁷²¹ International Reform of Financial Regulation Overview and Implementation Timetable, Linklaters (London) 1 January 2011. Date of Access: 10 April 2011. www.linklaters.com/pdfs/.../FR_Timetable_Download_version_FINAL.pdf

⁷²² Budget: Bank levy to raise £8.3bn in four years, BBC News (London) 22 June 2010. Date of Access: 11 April 2011. <http://www.bbc.co.uk/news/10377429>

⁷²³ Technical details of a possible EU framework for bank recovery and resolution, Norton Rose Group (London) 11 January 2011. Date of Access: 10 April 2011. <http://www.nortonrose.com/knowledge/publications/2011/pub33460.aspx?lang=en-gb&page=all>

⁷²⁴ An EU framework for Crisis Management in the Financial Sector – Frequently Asked Questions, Europa Communiqués de Presse RAPID (Brussels) 20 October 2010. Date of Access: 10 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/10/506&format=HTML&aged=0&language=FR&guiLanguage=fr>

⁷²⁵ The structure of UK financial regulation, HM Treasury (London) 17 February 2011. Date of Access: 11 April 2011. http://www.hm-treasury.gov.uk/fin_stability_regreform_structure.htm

form, and the Government will create two new focused financial regulators.⁷²⁶ A new Prudential Regulation Authority (PRA) will be responsible for day-to-day supervision of financial institutions that are subject to significant prudential regulation.⁷²⁷

On 11 April 2011, the UK Independent Commission on Banking (ICB) released its first interim report.⁷²⁸ The UK government created the ICB to consider whether a structural reform of banks would make them more resilient and competitive, and to compile a final report with recommendations to the Government by September 2011.⁷²⁹ The interim report sets out the Commission's current and provisional views on the need for reform and on possible reform options.⁷³⁰

On 15 June 2011, Chancellor of the Exchequer George Osborne announced his support for the ICB's interim proposals, emphasizing that reforms taken forward will ensure that banks be allowed to fail safely without imposing costs on the taxpayer and affecting vital banking services and that subsequent proposals be consistent with EU law and the international standards.⁷³¹

On 16 June 2011, the UK Government published a consultation document and white paper, both of which addressed the details of the Government's proposal and introduced draft legislation, which was to be subject to pre-legislative scrutiny. The proposal called for a number of reforms to the financial regulatory system, including: "establishing a macro-prudential regulator, the Financial Policy Committee (FPC) to monitor and respond to systemic risks," and "transferring responsibility for prudential regulation to a focused new regulator, the Prudential Regulation Authority (PRA)."⁷³²

On 24 June 2011, the Bank of England released its semi-annual financial stability report, in which the Financial Policy Committee (FPC) made several policy recommendations toward reducing risks to the financial sector. In particular, the report advised the Financial Services Authority (FSA) to "monitor closely the risks associated with opaque funding structures," and "to ensure that improved disclosure of sovereign and banking sector exposures by major UK banks become a permanent part of their reporting framework, and to work with the FPC to consider further extensions of disclosure in the future."⁷³³

⁷²⁶ The structure of UK financial regulation, HM Treasury (London) 17 February 2011. Date of Access: 11 April 2011. http://www.hm-treasury.gov.uk/fin_stability_regreform_structure.htm

⁷²⁷ The structure of UK financial regulation, HM Treasury (London) 17 February 2011. Date of Access: 11 April 2011. http://www.hm-treasury.gov.uk/fin_stability_regreform_structure.htm

⁷²⁸ Independent Commission on Banking: publishing of Interim Report, The COI (London) 11 April 2011. Date of Access: 12 April 2011.

<http://nds.coi.gov.uk/Content/detail.aspx?NewsAreaId=2&ReleaseID=419100&SubjectId=2>

⁷²⁹ International Reform of Financial Regulation Overview and Implementation Timetable, Linklaters (London) 1 January 2011. Date of Access: 10 April 2011.

www.linklaters.com/pdfs/.../FR_Timetable_Download_version_FINAL.pdf

⁷³⁰ Independent Commission on Banking: publishing of Interim Report, The COI (London) 11 April 2011. Date of Access: 12 April 2011.

<http://nds.coi.gov.uk/Content/detail.aspx?NewsAreaId=2&ReleaseID=419100&SubjectId=2>

⁷³¹ The Independent Commission on Banking, HM Treasury (London) 15 June 2011. Date of Access: 9 October 2011. http://www.hm-treasury.gov.uk/fin_stability_regreform_icb.htm

⁷³² The structure of UK financial regulation, HM Treasury (London) 16 June 2011. Date of Access: 9 October 2011. http://www.hm-treasury.gov.uk/fin_stability_regreform_structure.htm

⁷³³ Financial Stability Report, Bank of England (London) 24 June 2011. Date of Access: 9 October 2011. <http://www.bankofengland.co.uk/publications/fsr/2011/index.htm>

On 2 September 2011, the British Bankers' Association (BBA) submitted its response to the consultation documents released by the Financial Stability Board (FSB) on 19 July 2011. In its response, the BBA expressed its firm support for the development of national resolution regimes, which it saw as “fundamentally important” to “minimize the systemic risk and fiscal consequence of a bank failure and to eliminate moral hazard and permit market discipline to operate.”⁷³⁴

On 12 September 2011, the Independent Commission on Banking (ICB) published its final report, outlining its recommendations on reforms to improve the stability of the UK financial sector and to better manage the financial risks.⁷³⁵ The UK government intends to provide its response to the ICB's proposals made in its final report by the end of 2011, and to implement all necessary measures by 2019.⁷³⁶

On 4 October 2011, the UK government agreed on a deal reached among the EU member states to tighten regulation of over-the-counter (OTC) derivatives contracts.⁷³⁷ The agreement called for the reporting of all derivative contracts to trade repositories, the clearing of the derivatives through central counterparties (CCPs), and the standardization of all derivatives not trade on a regular exchange.⁷³⁸ The agreement is expected to be approved by the European Parliament by the end of 2012.

The United Kingdom has fully complied with its commitment to reduce the systemic risks presented by SIFIs with respect to: (1) resolution (2) increased supervisory oversight for financial institutions that might pose systemic risk, and (3) strong robustness standards for core financial infrastructure. Thus it has been awarded a score of +1.

Analysts: David Byun and Hermonie Xie

United States: +1

The United States has fully complied with its commitment to reduce the moral hazard posed by systemically important financial institutions by taking concrete actions in all three FSB recommendations areas: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

On 21 July 2010, U.S. President Barack Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA) into law.⁷³⁹ The act was described by United States President Barack Obama as “the most sweeping overhaul of financial regulation since the 1930s.”⁷⁴⁰ The

⁷³⁴ British Bankers' Association's response, Financial Stability Board (Basel) 2 September 2011. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/press/c_110909k.pdf

⁷³⁵ The Independent Commission on Banking, HM Treasury (London) 12 September 2011. Date of Access: 9 October 2011. http://www.hm-treasury.gov.uk/fin_stability_regreform_icb.htm

⁷³⁶ The Independent Commission on Banking, HM Treasury (London) 15 June 2011. Date of Access: 9 October 2011. http://www.hm-treasury.gov.uk/fin_stability_regreform_icb.htm

⁷³⁷ EU makes derivative deal that Osborne says benefit UK, Bloomberg (New York) 4 October 2011. Date of Access: 9 October 2011. <http://www.bloomberg.com/news/2011-10-04/eu-makes-deal-on-derivatives-proposal-to-bridge-gap-with-u-k.html>

⁷³⁸ EU member states reach deal on OTC derivative rules, Wall Street Journal (New York) 4 October 2011. Date of Access: 9 October 2011. <http://online.wsj.com/article/BT-CO-20111004-711372.html>

⁷³⁹ Bill Summary & Status H.R. 4173, The Library of Congress (Washington) 29 June 2010. Date of Access: 7 April 2011.

<http://thomas.loc.gov/cgi-bin/bdquery/z?d111:HR04173:@@L&summ2=m&#major%20actions>

⁷⁴⁰ Is Obama's Financial-Reform Plan Bold Enough?, Time Magazine (New York) 18 June 2009. Date of Access: 7 April 2011. <http://www.time.com/time/business/article/0,8599,1905314,00.html>

Volcker Rule, added in January 2010, is aligned with the 2010 Seoul Summit commitment to reform SIFIs.⁷⁴¹

Increased supervisory oversight is in the process of being implemented in the United States. New regulatory reforms have called for higher capitalization of major banks, following the implementation of the Supervisory Capital Assessment Program. This program includes the implementation of stress testing by 17 January 2012.⁷⁴²

On 3 October 2011, the FSB released their approved package of measures to address SIFIs. This included: key attributes of effective resolution regimes for financial institutions; additional loss absorbency requirements for banks determined to be G-SIFIs; measures to enhance supervision, the enhancement of international standards for the robustness of core financial market infrastructures; and the requirement that all G-SIFIs have recovery resolution plans (living wills).⁷⁴³ The United States has already incorporated this process into the DFA under the “165(d) Rule,” unanimously approved on 13 September 2011 by the FDIC, and said process requires resolution plans from 124 institutions.⁷⁴⁴ These plans must be submitted to the FDIC by 1 July 2012 and must include a list of potential buyers for assets they might have to sell, which is not imposed by the FSB. Furthermore, the United States also has an “IDI Rule,” which is an interim final rule that involves banks and other insured depository institutions with \$50 billion or more in assets, of which 37 are identified.⁷⁴⁵

The United States is also in the process of making policy changes to accommodate the SIFIs requirements. The Federal Reserve however stated that the laws must go through a legally-required adoption and implementation process that international institutions do not take into account when assigning deadlines.⁷⁴⁶

According to the conclusions of the OTC Derivatives section of the present report, the United States has taken steps towards strengthening the regulation and supervision on OTC Derivatives, thus taking action in compliance with the implementation of stronger robustness standards for core financial infrastructure.

The United States has fully complied with its commitment to reduce the systemic risks presented by SIFIs with respect to: (1) resolution (2) increased supervisory oversight for financial

⁷⁴¹ President Obama Calls for New Restrictions on Size and Scope of Financial Institutions to Rein in Excesses and Protect Taxpayers, Office of the Press Secretary (Washington) 21 January 2010. Date of Access: 7 April 2011. <http://www.whitehouse.gov/the-press-office/president-obama-calls-new-restrictionsize-and-scope-financial-institutions-rein-e>

⁷⁴² The Supervisory Capital Assessment Program: Design and Implementation, Board of Governors of the Federal Reserve System (Washington) 24 April 2009. Date of Access: 7 April 2011. <http://www.federalreserve.gov/newsevents/press/bcreg/bcreg20090424a1.pdf>

⁷⁴³ Key Financial Regulatory Reforms, FSB (Basel) 3 October 2011. Date of Access: 10 October 2011. http://www.financialstabilityboard.org/press/pr_111003.pdf

⁷⁴⁴ ‘Living wills’ force banks to think unthinkable, The Globe and Mail (New York) 4 October 2011. Date of Access: 10 October 2011. <http://m.theglobeandmail.com/report-on-business/international-news/global-exchange/financial-times/living-wills-force-banks-to-think-unthinkable/article2190245/?service=mobile>

⁷⁴⁵ Living wills: FDIC approves final rules, Association of Corporate Counsel (Washington) 16 September 2011. Date of Access: 10 October 2011. <http://www.lexology.com/library/detail.aspx?g=5d7422b7-b404-4a9e-a70e-c0db47c7348e>

⁷⁴⁶ Are G20 Commitments and the Dodd-Frank Act in Sync?, International Finance Discussion Papers Number 1024, Board of Governors of the Federal Reserve System (Washington) July 2011. Date of Access: 30 Sept. 2011. <http://www.federalreserve.gov/pubs/ifdp/2011/1024/ifdp1024.pdf>

institutions that might pose systemic risk, and (3) strong robustness standards for core financial infrastructure. Thus it has been awarded a score of +1.

Analyst: Lauren Millar

European Union: +1

The European Union has fully complied with its commitment to reduce the moral hazard posed by systemically important financial institutions by taking concrete actions in all three FSB recommendations areas: 1) resolution 2) increased supervisory oversight for financial institutions that might pose systemic risk and 3) strong robustness standards for core financial infrastructure.

On 20 October 2010, the European Commission stated its plans to build a new supervisory framework for a more effective crisis management in the financial sector.⁷⁴⁷ Recognizing that no financial institution should be considered as “too big to fail,” the communication called for national resolution regimes with well-defined powers and processes, in order to ensure that financial authorities throughout Europe can resolve bank failures without having to use taxpayer money.⁷⁴⁸ Such powers would include: preventative measures (such as a requirement for banks to prepare for recovery), early intervention powers (such as powers to demand the replacement of bank management), and resolution tools (such as powers to effect takeover of a failing financial institution by another); together, these tools would allow authorities to “ensure the continuity of essential services” and to “manage the failure in an orderly way.”⁷⁴⁹

On 6 January 2011, the European Commission published a consultation paper to work on the technical details of the aforementioned supervisory framework for resolution regimes.⁷⁵⁰ The Commission proposed that supervisory authorities, such as the European Banking Authority (EBA), be given considerable emergency powers and additional resolution tools over SIFIs in order to not only intervene at an early stage but also to resolve or restructure financial institutions without relying on taxpayer funds.⁷⁵¹ Such resolution tools include: sale of business tool, bridge bank tool, assert separation tool, and debt write down or conversion tool, all of which would strengthen the supervisory regime and its regulatory oversight over financial institutions under the Capital Requirements Directive (CRD).⁷⁵² Furthermore, the Commission proposed to establish resolution colleges of supervisors to supervise cross-border SIFIs and to require its member states

⁷⁴⁷ Commission sets out its plans for a new EU framework for crisis management in the financial sector, European Commission (Brussels) 20 October 2010. Date of Access 7 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1353&format=HTML&aged=0&language=EN&guiLanguage=en>

⁷⁴⁸ Bank Resolution Regimes, European Parliament (Brussels) March 2011. Date of Access: 7 April 2011 <http://www.europarl.europa.eu/document/activities/cont/201103/20110316ATT15696/20110316ATT15696EN.pdf>

⁷⁴⁹ Commission sets out its plans for a new EU framework for crisis management in the financial sector, European Commission (Brussels) 20 October 2010. Date of Access: 7 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1353&format=HTML&aged=0&language=EN&guiLanguage=en>

⁷⁵⁰ Commission seeks views on possible EU framework to deal with future bank failures, European Commission (Brussels) 6 January 2011. Date of Access 7 April 2011 <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/10&format=HTML&aged=0&language=EN&guiLanguage=en>

⁷⁵¹ European Resolution and Recovery Framework for Financial Institutions, JDSupra, 17 February 2011. Date of Access: 7 April 2011 <http://www.jdsupra.com/post/documentViewer.aspx?fid=f0ec7db0-1c95-4613-9600-92fbf33c0f88>

⁷⁵² European Resolution and Recovery Framework for Financial Institutions, JDSupra, 17 February 2011. Date of Access: 7 April 2011 <http://www.jdsupra.com/post/documentViewer.aspx?fid=f0ec7db0-1c95-4613-9600-92fbf33c0f88>

to set up a bank resolution fund to cover the costs of resolution tools.⁷⁵³ The Commission plans to adopt a legislation that incorporates these proposals in June 2011.⁷⁵⁴

As of April 2011, the European Union has taken initiatives to establish a European systemic regulator and three European supervisory authorities as a part of its proposed supervisory package—together, these regulatory authorities are to monitor financial markets, safeguard financial stability, and improve supervision of cross border entities.⁷⁵⁵ It has also undertaken a comprehensive regulatory reform program in order to improve efficiency of financial markets and safeguard stability.⁷⁵⁶

On 20 July 2011, the European Commission adopted a legislative package to strengthen the regulation of the financial sector. In the package, the Commission called for the establishment of a new governance framework, which would give supervisors new powers to “monitor banks more closely” and to “take action through possible sanctions when they spot risks.”⁷⁵⁷ For example, the framework would ensure that all supervisors can apply sanctions to any institution that breaches EU requirements, such as charging administrative fines and placing temporary bans on members of the institution’s management body.⁷⁵⁸ It also stated its plans to introduce new rules to increase the effectiveness of risk oversight by supervisory boards, to improve the status of the risk management function, and to ensure effective monitoring by risk governance officials.⁷⁵⁹ Furthermore, the Commission proposed to reinforce the supervisory regime to require the annual preparation of a supervisory programme for each supervised institution on the basis of: “a risk assessment,” “greater and more systemic use of on-site supervisory examinations,” “more robust standards,” and “more intrusive and forward-looking supervisory assessments.”⁷⁶⁰

⁷⁵³ European Resolution and Recovery Framework for Financial Institutions, JDSupra, 17 February 2011. Date of Access: 7 April 2011 <http://www.jdsupra.com/post/documentViewer.aspx?fid=f0ec7db0-1c95-4613-9600-92fbf33c0f88>

⁷⁵⁴ European Resolution and Recovery Framework for Financial Institutions, JDSupra, 17 February 2011. Date of Access: 7 April 2011 <http://www.jdsupra.com/post/documentViewer.aspx?fid=f0ec7db0-1c95-4613-9600-92fbf33c0f88>

⁷⁵⁵ Seoul Summit Supporting Document, Canada international, 2010. Date of access 6 April 2011. http://www.canadainternational.gc.ca/g20/assets/pdfs/2010%20-%20Seoul%20Summit%20Supporting_Document.pdf

⁷⁵⁶ Seoul Summit Supporting Document, Canada international, 2010. Date of access 6 April 2011. http://www.canadainternational.gc.ca/g20/assets/pdfs/2010%20-%20Seoul%20Summit%20Supporting_Document.pdf

⁷⁵⁷ Commission wants stronger and more responsible banks in Europe, European Commission (Brussels) 20 July 2011. Date of Access: 9 October 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1353&format=HTML&aged=0&language=EN&guiLanguage=en>

⁷⁵⁸ Commission wants stronger and more responsible banks in Europe, European Commission (Brussels) 20 July 2011. Date of Access: 9 October 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1353&format=HTML&aged=0&language=EN&guiLanguage=en>

⁷⁵⁹ Commission wants stronger and more responsible banks in Europe, European Commission (Brussels) 20 July 2011. Date of Access: 9 October 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1353&format=HTML&aged=0&language=EN&guiLanguage=en>

⁷⁶⁰ Commission wants stronger and more responsible banks in Europe, European Commission (Brussels) 20 July 2011. Date of Access: 9 October 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1353&format=HTML&aged=0&language=EN&guiLanguage=en>

On 4 October 2011, the European Union member states reached an agreement to tighten regulation of over-the-counter (OTC) derivatives contracts. The agreement called for the reporting of all derivative contracts to trade repositories, the clearing of the derivatives through central counterparties (CCPs), and the standardization of all derivatives not trade on a regular exchange.⁷⁶¹ The agreement is expected to be approved by the European Parliament by the end of 2012. Furthermore, according to the conclusions of the OTC Derivatives section of the present report, the European Union has taken steps towards strengthening the regulation and supervision on OTC Derivatives, thus taking action in compliance with the implementation of stronger robustness standards for core financial infrastructure.

The European Union has fully complied with its commitment to reduce the systemic risks presented by SIFIs with respect to: (1) resolution (2) increased supervisory oversight for financial institutions that might pose systemic risk, and (3) strong robustness standards for core financial infrastructure. Thus it has been awarded a score of +1.

Analyst: David Byun

⁷⁶¹ EU member states reach deal on OTC derivative rules, Wall Street Journal (New York) 4 October 2011. Date of Access: 9 October 2011. <http://online.wsj.com/article/BT-CO-20111004-711372.html>

6. Finance: Over-the-Counter Derivatives

Commitment [#90]:

“[We also firmly recommitted to work in an internationally consistent and nondiscriminatory manner to strengthen regulation and supervision on] OTC derivatives”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina			+1
Australia			+1
Brazil			+1
Canada			+1
China			+1
France			+1
Germany			+1
India			+1
Indonesia		n/a	
Italy			+1
Korea			+1
Japan			+1
Mexico			+1
Russia		0	
Saudi Arabia	-1		
South Africa		0	
Turkey	-1		
United Kingdom			+1
United States			+1
European Union			+1
Average Score		+0.68	

Background:

At the Pittsburgh Summit in 2009, G20 leaders announced that “All standardized OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties by end-2012 at the latest. OTC derivative contracts should be reported to trade repositories. Non-centrally cleared contracts should be subject to higher capital requirements.”⁷⁶² G20 leaders reaffirmed this commitment in the Seoul Summit Declaration, although the declaration did not explicitly commit to the end-2012 deadline and instead emphasized that reforms ought to be consistent between regulatory jurisdictions.

OTC Derivatives Market Reforms, Progress Report on Implementation, a 15 April 2011 report published by the Financial Stability Board (FSB), noted progress made so far by G20 members toward implementing FSB-proposed OTC derivatives reforms by the end of 2012. The FSB expressed “concern regarding many jurisdictions’ likelihood of meeting the G20 end-2012

⁷⁶² OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 15 April 2011. Date of Access 26 April 2011.

http://www.financialstabilityboard.org/publications/r_110415b.pdf

deadline, and believes that in order for this target to be achieved, jurisdictions need to take substantial, concrete steps toward implementation immediately.”⁷⁶³

The second edition of *OTC Derivatives Market Reforms, Progress Report on Implementation*, a report published by the Financial Stability Board on 11 October 2011, provided “a more detailed assessment of progress toward meeting the G-20 commitments” and noted that “few FSB members have the legislation or regulations in place to provide the framework for operationalizing the commitments.” The FSB “concludes that jurisdictions should aggressively push forward to meet the end-2012 deadline in as many reform areas as possible.”⁷⁶⁴

Commitment Features:

On 25 October 2010 FSB published a report on Implementing OTC Derivatives Market Reforms.⁷⁶⁵ The report responded to calls from G20 leaders at the Pittsburgh and Toronto Summits to improve the functioning, transparency, and regulatory oversight of over-the-counter (OTC) derivatives markets. The report set out recommendations to implement commitments related to OTC derivatives markets under the following four areas: standardization, central clearing, organized platform trading, and reporting to trade repositories.⁷⁶⁶ The specific timelines and processes associated with these four recommendation areas are outlined in Table 7.

It is important to note that the G20RG does not evaluate the regulations implemented by a country, it merely determines whether they have acted in compliance with agreements reached at the G20 summit.

⁷⁶³ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 15 April 2011. Date of Access 26 April 2011.

http://www.financialstabilityboard.org/publications/r_110415b.pdf

⁷⁶⁴ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access 14 October 2011.

http://www.financialstabilityboard.org/publications/r_111011b.pdf

⁷⁶⁵ Implementing OTC Derivatives Market Reforms, Financial Stability Board (Brussels) 25 October 2010. Date of Access 26 January 2011.

http://www.financialstabilityboard.org/publications/r_101025.pdf

⁷⁶⁶ Implementing OTC Derivatives Market Reforms, Financial Stability Board (Brussels) 25 October 2010. Date of Access 26 January 2011. http://www.financialstabilityboard.org/publications/r_101025.pdf

Table 7: Recommendations for OTC Derivatives Markets

Area	Recommendations
Standardization	To achieve increased standardization of contractual terms and greater use of standardized operational processes the OTC Derivatives Supervisors Group ... (ODSG) should continue to secure ambitious commitments from the major OTC derivatives market participants. These commitments should include publishing a roadmap by 31 March 2011 with demanding implementation milestones for achieving greater standardization and, as an interim measure until mandatory clearing requirements are fully implemented, increasing volumes of centrally cleared transactions. The roadmap should set forth baseline metrics and forward-looking targets against which market participants will be measured.*
Central clearing	To help mitigate systemic risk in the OTC derivatives markets, the G20 Leaders agreed that all standardized derivatives contracts should be cleared through central counterparties by end-2012 at the latest.
Exchange or electronic platform trading	
Reporting to trade repositories	Authorities should ensure that trade repositories are established to collect, maintain, and report (publicly and to regulators) comprehensive data for all OTC derivative transactions regardless of whether transactions are ultimately centrally cleared. Authorities should establish a clear framework for the regulation of trade repositories based on their essential functions as a source of information to authorities, market participants and the public. Trade repositories should be subject to robust and consistently applied supervision, oversight and regulatory standards that, at a minimum, meet evolving international standards developed jointly by CPSS and IOSCO.

* UPDATE: The New York Federal Reserve Branch released a 31 May 2011 letter outlining a roadmap for standardization of OTC derivatives agreed upon by members of the G14 group of states as well as representatives of financial institutions. The letter can be found here: <http://www.newyorkfed.org/newsevents/news/markets/2011/SCL0331.pdf>

Scoring Guidelines:

-1	Member fails to take active steps to comply with applicable FSB recommendations to strengthen regulation and supervision of OTC derivatives markets in a nondiscriminatory manner with respect to ANY the following recommendation areas: Standardization, Central Clearing, Exchange and Platform Trading, and Reporting to Trade Repositories.
0	Member takes active steps to comply with the applicable FSB recommendations to strengthen regulation and supervision of OTC derivatives markets in a nondiscriminatory manner with respect to ONE or TWO of the following recommendation areas: Standardization, Central Clearing, Exchange and Platform Trading, and Reporting to Trade Repositories.
+1	Member takes active steps to comply with applicable FSB recommendations to strengthen regulation and supervision of OTC derivatives markets in a nondiscriminatory manner with respect to at least THREE of the following recommendation areas: Standardization, Central Clearing, Exchange and Platform Trading, and Reporting to Trade Repositories.

Argentina: +1

Argentina has fully complied with its commitment to strengthen regulation of OTC derivatives markets by: (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

The Argentine government's response to a January 2011 FSB survey on OTC derivatives reforms noted that derivatives in Argentina are already centrally cleared and, in many cases, exchanged on an electronic platform. The subsequent April 2011 FSB progress report on implementation of

OTC markets reforms noted that in Argentina “three-quarters of the [derivatives] market are centrally-cleared and either traded on exchange or on the Mercado Abierto Electrónico S.A. electronic platform, which is regulated by the Argentine market regulator.”⁷⁶⁷ The same report noted that in Argentina, “trading derivatives [...] takes place in a far greater proportion in standardized, exchange-traded form” and that “its central bank closely monitors usage of non-standardized OTC derivatives products.”⁷⁶⁸ The report further mentions that Argentina requires “reporting of OTC derivatives transactions to the authorities [through a] TR-like platform.”⁷⁶⁹

The October 2011 FSB progress report noted that Argentina’s Central Bank’s regulation Com. “A” 4725 provides “a regulatory stimulus for the use of guarantees and CCPs to all financial institutions supervised by the Central Bank” as well as “incentives to trade derivatives on organized platforms that provide for central clearing” and “to encourage use of electronic trading platforms.”⁷⁷⁰ The FSB report further noted that “MAE is considering increasing the standardized derivatives products that can be traded on this platform.”⁷⁷¹

Argentina has taken steps toward compliance with all four FSB recommendation areas for OTC derivatives market reforms and has therefore earned a score of +1.

Analysts: Alexandre De Palma and Sarah Ellis

Australia: +1

Australia has fully complied with its commitment to strengthen regulation of OTC derivatives markets by: (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

In May 2009, the Australian Prudential Regulation Authority (APRA), ASIC, and the Reserve Bank of Australia published a report on the OTC derivatives market in Australia that indicated that efforts were already underway to move trading to OTC derivatives to electronic platforms and to establish and increase the number of central counterparties for derivatives contracts.⁷⁷²

⁷⁶⁷ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board (Basel) 15 April 2011. Date of Access: 25 April 2011.

http://www.financialstabilityboard.org/publications/r_110415b.pdf

⁷⁶⁸ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board (Basel) 15 April 2011. Date of Access: 25 April 2011.

http://www.financialstabilityboard.org/publications/r_110415b.pdf

⁷⁶⁹ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board (Basel) 15 April 2011. Date of Access: 25 April 2011.

http://www.financialstabilityboard.org/publications/r_110415b.pdf

⁷⁷⁰ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access: 14 October 2011.

http://www.financialstabilityboard.org/publications/r_111011b.pdf

⁷⁷¹ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access: 14 October 2011.

http://www.financialstabilityboard.org/publications/r_111011b.pdf

⁷⁷² Survey of the OTC Derivatives Market in Australia, Australian Prudential Regulation Authority, Australian Securities and Investments Commission and the Reserve Bank of Australia (Canberra) May 2009. Date of Access: 20 October 2010. [http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/REP158_SurveyOfTheDerivatives.pdf/\\$file/REP158_SurveyOfTheDerivatives.pdf](http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/REP158_SurveyOfTheDerivatives.pdf/$file/REP158_SurveyOfTheDerivatives.pdf)

On 20 April 2010, ASIC released regulatory guidance on its recommended approach to the licensing and regulation of clearing and settlement facilities. This report serves to disclose the methods by which central clearing of all standardized contracts will be achieved.⁷⁷³

According to the Australian government's September 2010 responses to an FSB survey on implementation of G20 financial regulatory reforms, on 21 September 2009 the International Swaps and Derivatives Association (ISDA) moved to adopt standardized trading coupons for CDS transactions in various markets including Australia.⁷⁷⁴

On 22 July 2010, the Australian Securities and Investment Commission (ASIC) released REP 201, a review of disclosure for capital protected products and retail structured or derivative products which provides guidance and regulation for the over-the-counter derivative market.⁷⁷⁵ REP 201 also aims to provide a basis for greater standardization of OTC derivatives markets.⁷⁷⁶

The April 2011 FSB Report on OTC Derivatives Market Reforms noted that "the work of ISDA to standardize contractual terms was noted [by Australia] as key to increasing standardization in the OTC derivatives market." The report further mentions that Australia declared that its market "already is well advanced in terms of legal standardization" and that "its regulators are currently exploring whether reporting metrics similar to those used in the G-14 dealer commitments would be useful in the Australian market."⁷⁷⁷ The report adds that Australia plans to "make decisions concerning the structure of central clearing requirements for OTC derivatives in [its] market during 2011."

On 9 May 2011, ASIC released Consultation Paper 156 Retail OTC derivative issuers: Financial requirements "to seek feedback on the financial requirements for issuers of over-the-counter (OTC) derivatives, such as contracts for difference or margin foreign exchange, to retail investors."⁷⁷⁸ The subsequent regulatory guide is expected by 25 October 2011.

On 17 June 2011, the Council of Financial Regulators issued a discussion paper on Central Clearing of OTC Derivatives in Australia. The report notes that "the agencies of the Council of Financial Regulators are considering the question of central clearing of over-the-counter (OTC)

⁷⁷³ Clearing & Settlement Facilities: Australian & Overseas Operators, Australian Securities & Investment Commission (Sydney) April 2010. Date of Access: 9 April 2011.

[http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/rg211.pdf/\\$file/rg211.pdf](http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/rg211.pdf/$file/rg211.pdf)

⁷⁷⁴ FSB-G20-Monitoring Progress – Australia September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011.

http://www.financialstabilityboard.org/publications/r_110401b.pdf

⁷⁷⁵ REP 201 Review of disclosure for capital protected products and retail structured or derivative products, Australia Securities and Investments Commission (Sydney) 22 July 2010. Date of Access: 20 October 2010. [http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/REP201-PDS-reviews-2010-7-14.pdf/\\$file/REP201-PDS-reviews-2010-7-14.pdf](http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/REP201-PDS-reviews-2010-7-14.pdf/$file/REP201-PDS-reviews-2010-7-14.pdf)

⁷⁷⁶ REP 201 Review of disclosure for capital protected products and retail structured or derivative products, Australia Securities and Investments Commission (Sydney) 22 July 2010. Date of Access: 20 October 2010. [http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/REP201-PDS-reviews-2010-7-14.pdf/\\$file/REP201-PDS-reviews-2010-7-14.pdf](http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/REP201-PDS-reviews-2010-7-14.pdf/$file/REP201-PDS-reviews-2010-7-14.pdf)

⁷⁷⁷ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board (Basel) 15 April 2011. Date of Access 25 April 2011. http://www.financialstabilityboard.org/publications/r_110415b.pdf

⁷⁷⁸ 11-92MR ASIC consults on financial requirements for issuing retail OTC derivatives. Australian Securities & Investments Commission (Sydney) 9 May 2011. Date of Access: 3 October 2011. <http://www.asic.gov.au/asic/asic.nsf/byheadline/11-92MR+ASIC+consults+on+financial+requirements+for+issuing+retail+OTC+derivatives?openDocument>

derivatives transacted in Australian financial markets” and that “the Council agencies are considering the case for a requirement that activity in Australian dollar-denominated interest rate derivatives be centrally cleared and whether this should take place domestically.”⁷⁷⁹ The Council further announced that “The Council has also been considering other aspects of the G20 commitment, such as reporting to trade repositories, and will develop recommendations to the Government on these in due course.”⁷⁸⁰

On 1 July 2011, the Treasury issued a discussion paper accompanying “the exposure draft of the Financial Sector Legislation Amendment (Close-out Netting Contracts) Bill 2011. The Bill sets out proposed legislative amendments to remedy an inconsistency in the existing law with respect to the effect of statutory management or judicial management on close-out netting contracts.”⁷⁸¹

On 12 August 2011, the Australian Securities & Investments Commission (ASIC) issued Regulatory Guide 246, Over-the-counter contracts for difference: Improving disclosure for retail investors, which “seeks to improve disclosure on OTC CFDs to ensure that retail investors are provided with [high-quality disclosure] documents.”⁷⁸²

A September 2011 Committee on Payment and Settlement Systems (CPSS) report on Payment, clearing and settlement systems in the CPSS countries indicates that “Austraclear [...] provides [...] trade confirmation services for [...] some OTC derivatives transactions.”⁷⁸³

The 11 October 2011 FSB report noted that “main OTC derivatives instruments traded in Australian markets are interest rate and FX products, which are already fairly standardized.”⁷⁸⁴ The report further noted that the Australian Council of Financial Regulators is currently consulting or expected to consult with market participants regarding the legislative and/or regulator steps needed to comply with the G20 commitments on central clearing, exchange or electronic platform trading, and reporting to trade repositories.

Australia has taken steps toward compliance with three of the four FSB recommendation areas for OTC derivatives market reforms and has therefore earned a score of +1.

Analyst: Alexandre De Palma and Faiyyad Hosein

⁷⁷⁹ Central Clearing of OTC Derivatives in Australia: a discussion paper issued by the Council of Financial Regulators. Council of Financial Regulators (Sydney) June 2011. Date of Access: 3 October 2011.

<http://www.rba.gov.au/publications/consultations/201106-otc-derivatives/pdf/201106-otc-derivatives.pdf>

⁷⁸⁰ Central Clearing of OTC Derivatives in Australia: a discussion paper issued by the Council of Financial Regulators. Council of Financial Regulators (Sydney) June 2011. Date of Access: 3 October 2011.

<http://www.rba.gov.au/publications/consultations/201106-otc-derivatives/pdf/201106-otc-derivatives.pdf>

⁷⁸¹ Exposure Draft - Financial Sector Legislation Amendment (Close-Out Netting Contracts) Bill 2011, The Treasury of the Australian Government (Canberra) 1 July 2011. Date of Access: 3 October 2011.

<http://www.treasury.gov.au/contentitem.asp?NavId=037&ContentID=2076>

⁷⁸² Regulatory Guide 246, Over-the-counter contracts for difference: Improving disclosure for retail investors. Australian Securities & Investments Commission (Sydney) 12 August 2011. Date of Access: 3 October 2011. [http://www.asic.gov.au/asic/pdflib.nsf/add907be1c708f42ca256aca0007f465/a56b195f1af9bcf0ca2578ea0015d0ff/\\$FILE/rg227-published-12-August-2011-1.pdf](http://www.asic.gov.au/asic/pdflib.nsf/add907be1c708f42ca256aca0007f465/a56b195f1af9bcf0ca2578ea0015d0ff/$FILE/rg227-published-12-August-2011-1.pdf)

⁷⁸³ Payment, clearing and settlement systems in CPSS countries Volume 1, Committee on Payment and Settlement Systems 2 September 2011. Date of Access: 3 October 2011.

<http://www.bis.org/publ/cpss97.pdf>

⁷⁸⁴ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access: 14 October 2011.

http://www.financialstabilityboard.org/publications/r_111011b.pdf

Brazil: +1

Brazil has fully complied with its commitment to strengthen regulation of OTC derivatives markets by: (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

According to the Brazilian government's September 2010 responses to an FSB survey on implementation of G20 financial regulatory reforms, in Brazil "all OTC derivatives transactions involving financial institutions are mandatorily registered at a central registry."⁷⁸⁵ The government also reported that initiatives are underway to enhance the standardization and transparency of derivatives contracts and to explore risk management strategies for OTC derivatives traded through central counterparties.⁷⁸⁶

In the February 2011 Banque de France's Financial Stability Review, the Governor of Banco Central do Brasil declared that in Brazil "Over-the-counter derivatives trades must be registered in a clearing house and only financial institutions can enter into credit derivatives trades."⁷⁸⁷

An April 2011 FSB report on OTC derivatives market reforms also noted the extent to which Brazilian derivatives markets meet the standards committed to by the G20. The report found that "In Brazil...it is estimated that approximately 90 percent of all derivatives are standardized, exchange traded and centrally cleared; since 1994, all OTC derivatives transactions are required to be registered with trade repositories that are self-regulatory organizations."⁷⁸⁸

A September 2011 Committee on Payment and Settlement Systems (CPSS) report on Payment, clearing and settlement systems in the CPSS countries indicates that "CETIP [one of Brazil's Central Counterparties] plans a new collateral management service [...] for OTC derivatives trades."⁷⁸⁹

Brazil has taken steps toward compliance with all four of the FSB recommendation areas for OTC derivatives market reforms and has therefore earned a score of +1.

Analysts: Alexandre De Palma and Sarah Ellis

Canada: +1

Canada has fully complied with its commitment to strengthen regulation of OTC derivatives markets by: (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

⁷⁸⁵ FSB- G20 – Monitoring Progress – Brazil September 2010, Financial Stability Board (Basel) March 2011. Date of Access: 25 April 2011. http://www.financialstabilityboard.org/publications/r_110401c.pdf

⁷⁸⁶ FSB- G20 – Monitoring Progress – Brazil September 2010, Financial Stability Board (Basel) March 2011. Date of Access: 25 April 2011. http://www.financialstabilityboard.org/publications/r_110401c.pdf

⁷⁸⁷ Financial Stability Review, Banque de France (Paris) February 2011. Date of Access: 5 October 2011. http://www.banque-france.fr/gb/publications/telechar/rsf/2011/rsf_1102.pdf

⁷⁸⁸ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board (Basel) 15 April 2011. Date of Access: 25 April 2011.

http://www.financialstabilityboard.org/publications/r_110415b.pdf

⁷⁸⁹ Payment, clearing and settlement systems in CPSS countries Volume 1, Committee on Payment and Settlement Systems 2 September 2011. Date of Access: 3 October 2011.

<http://www.bis.org/publ/cpss97.pdf>

The Bank of Canada's Financial System Review, published in December 2010, addressed Canadian regulators' progress to date on G20 reform initiatives for OTC derivatives markets. The Financial System Review suggested that Canadian derivatives markets are sufficiently standardized due to headway in standardization through the International Swaps and Derivatives Association (ISDA). Some important achievements noted by the Financial System Review are improvements in the management of bilateral counterparty risk, standard definitions for all asset classes and standard agreements for facilitating trade confirmations.⁷⁹⁰

On 28 June 2011, Agathe Côté, Deputy Governor of the Bank of Canada, declared that "the Bank is working on how best to implement the G-20 commitment for OTC derivatives. One way to build resiliency may be a domestic infrastructure for centrally clearing OTC Canadian-dollar denominated derivatives."⁷⁹¹ On 22 July 2011, Tiff Macklem, Senior Deputy Governor of the Bank of Canada, further indicated that "Canada is giving serious consideration to an onshore option."⁷⁹² On 19 September 2011, Timothy Lane, Deputy Governor of the Bank of Canada, reiterated that "The selection of an appropriate CCP strategy for OTC derivatives is a particularly important issue for Canadian market participants and regulators."⁷⁹³

The 11 October 2011 FSB progress report noted that legislation on central clearing and exchange or electronic platform trading is under review. The FSB also notes that other steps are "contingent on legislative changes and rules being put in place across multiple jurisdictions and international reporting standards."⁷⁹⁴

With respect to central clearing of OTC derivatives contracts in Canada, several important initiatives, such as best practices for risk management, effective oversight, and third-party clearing are still largely untested.⁷⁹⁵

In the area of electronic platform trading, the Financial System Review noted that the benefits and challenges of implementing measures aimed at increasing exchange and electronic trading for OTC derivatives are being evaluated by the IOSCO Task Force on OTC derivatives regulation.⁷⁹⁶

At present, there are three trade repositories in operation for OTC derivatives in Canadian financial markets: Warehouse Trust, a trade repository for credit default swaps operated by DTCC -Derivserv; Tri-Optima's trade repository for interest rate derivatives; and DTCC's trade

⁷⁹⁰ Financial System Review, Bank of Canada (Ottawa) December 2010. Date of Access: 9 April 2010.

http://www.bankofcanada.ca/en/fsr/2010/fsr_1210.pdf

⁷⁹¹ Financial Risks and Global Reforms, Bank of Canada (Ottawa) 28 June 2011. Date of Access: 3 October 2011. <http://www.bankofcanada.ca/2011/06/speeches/financial-risks-and-global-reforms/>

⁷⁹² Global Financial Reform: Maintaining the Momentum, Bank of Canada (Ottawa) 22 July 2011. Date of Access: 3 October 2011. <http://www.bankofcanada.ca/2011/07/speeches/global-financial-reform/>

⁷⁹³ Curbing Contagion: Options and Challenges for Building More Robust Financial Market Infrastructure, Bank of Canada (Ottawa) 19 September 2011. Date of Access: 3 October 2011.

<http://www.bankofcanada.ca/2011/09/speeches/curbing-contagion-options-and-challenges/>

⁷⁹⁴ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access 14 October 2011.

http://www.financialstabilityboard.org/publications/r_111011b.pdf

⁷⁹⁵ Financial System Review, Bank of Canada (Ottawa) December 2010. Date of Access: 9 April 2010.

http://www.bankofcanada.ca/en/fsr/2010/fsr_1210.pdf

⁷⁹⁶ Financial System Review, Bank of Canada (Ottawa) December 2010. Date of Access: 9 April 2010.

http://www.bankofcanada.ca/en/fsr/2010/fsr_1210.pdf

repository for equity derivatives. The Government of Canada requires that all trades be reported, including non-centrally-cleared trades.⁷⁹⁷

Canada has taken steps toward compliance with three of the four FSB recommendation areas for OTC derivatives market reforms and has therefore earned a score of +1.

Analysts: Alexandre De Palma and Faiyyad Hosein

China: +1

China has fully complied with its commitment to strengthen regulation of OTC derivatives markets by: (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

According to the Chinese government's September 2010 responses to an FSB survey on implementation of G20 financial regulatory reforms, "China's OTC foreign exchange derivatives, OTC RMB interest rate derivatives and credit derivatives are traded on [an] electronic trading platform, and those derivatives not traded on the platform are reported to relevant departments."⁷⁹⁸

Furthermore, the Shanghai Clearing House, established in November 2009, has laid the groundwork for the future clearing of standardized OTC derivatives.⁷⁹⁹

The Financial Stability Board's 15 April 2011 report on OTC Derivatives Market Reforms noted that "in China, the central bank has required the use of standardized documentation and reporting to authorities of OTC derivatives transactions, and has promoted the establishment of a CCP to clear OTC derivatives."⁸⁰⁰

In a 29 July 2011 letter to the Financial Stability Board, the International Swaps and Derivatives Association (ISDA) confirmed that "China [is] working towards establishing [a] clearing house [for OTC derivatives]."⁸⁰¹

The Financial Stability Board's 11 October 2011 progress report on OTC Derivatives Market Reforms noted that China already has "rules in effect requiring reporting of certain derivatives transactions to a TR-like platform."⁸⁰² The report further noted that the People's Bank of China made "efforts to encourage Shanghai Clearing House to establish detailed schemes for central

⁷⁹⁷ Financial System Review, Bank of Canada (Ottawa) December 2010. Date of Access: 9 April 2010.

http://www.bankofcanada.ca/en/fsr/2010/fsr_1210.pdf

⁷⁹⁸ FSB-G20-Monitoring Progress – China September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011.

http://www.financialstabilityboard.org/publications/r_110401e.pdf

⁷⁹⁹ The Establishment of the Shanghai Clearing House in Shanghai, Shanghai Clearing House (Shanghai). November 2009. Date of Access: 24 October 2010.

www.shclearing.com/English/ShowInfo.asp?InfoID=130

⁸⁰⁰ OTC Derivatives Market Reform, Financial Stability Board (Basel) 15 April 2011. Date of Access: 3 October 2011. http://www.financialstabilityboard.org/publications/r_110415b.pdf

⁸⁰¹ Letter to the Financial Stability Board (FSB) providing overview of industry achievements, International Swaps and Derivatives Association 29 July 2011. Date of Access: 3 October 2011.

<http://www2.isda.org/attachment/MzQzNw==/FSBletter29jul.pdf>

⁸⁰² OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access: 14 October 2011.

http://www.financialstabilityboard.org/publications/r_111011b.pdf

clearing of OTC derivatives.”⁸⁰³ The FSB also mentioned that “transactions executed outside of the organized platform need to be reported”⁸⁰⁴ to the regulators. The progress report also considers that China completed regulatory steps “toward increasing the use of standardized products and processes” through the improvement of “Master Agreement and Definition Document.”⁸⁰⁵

China has taken steps toward compliance with three of the four FSB recommendation areas for OTC derivatives reform and has therefore earned a score of +1.

Analysts: Alexandre De Palma and Sarah Ellis

France: + 1

France has fully complied with its commitment to strengthen regulation of OTC derivatives by: (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

In July 2009, the first central clearing institutions for credit default swaps went into operation at the level of the European Union.⁸⁰⁶

French financial market supervisors have demonstrated their support for the central clearing of OTC derivatives contracts, and they encouraged the ODSG to lay down and supervise industry targets for central clearing of interest rate derivatives, equity derivatives and credit default swaps by December 2009.⁸⁰⁷ LCH Clearnet SA, the French central clearing party, launched a clearing service for credit default swaps. Incentives for centrally clearing contracts with qualifying central clearing parties have been released for public consultation in December 2010 by the BCBS where the French supervisor is involved directly.⁸⁰⁸

A repository for equity derivatives has been established for French derivatives by MarkitSERV in London and, and non-cleared derivatives are reported to either US DTCC (CDS) or Swedish Tri-Optima (rates).⁸⁰⁹

⁸⁰³ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access: 14 October 2011.

http://www.financialstabilityboard.org/publications/r_111011b.pdf

⁸⁰⁴ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access: 14 October 2011.

http://www.financialstabilityboard.org/publications/r_111011b.pdf

⁸⁰⁵ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access: 14 October 2011.

http://www.financialstabilityboard.org/publications/r_111011b.pdf

⁸⁰⁶ FSB-G20-Monitoring Progress – Germany September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011.

http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁸⁰⁷ FSB-G20-Monitoring Progress – France September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011.

http://www.financialstabilityboard.org/publications/r_110401f.pdf

⁸⁰⁸ FSB-G20-Monitoring Progress – France September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011.

http://www.financialstabilityboard.org/publications/r_110401f.pdf

⁸⁰⁹ FSB-G20-Monitoring Progress – France September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011.

http://www.financialstabilityboard.org/publications/r_110401f.pdf

In September 2010, the European Commission, which covers France, adopted a proposal for the regulation of OTC derivatives, central counterparties and trade repositories.⁸¹⁰ This proposal mandates standardization for: (1) central counterparties and trade repositories, (2) central clearing, (3) reporting of standardized OTC derivatives contracts, and (4) risk mitigation standards for OTC derivatives that are not cleared centrally.⁸¹¹ This proposal is in the process of being negotiated among the member states of the European Union and the European Parliament, and it is expected that the proposal will be adopted by the Parliament and the Council and come into force in the summer of 2011. All rules should therefore be in place by the end of 2012.⁸¹²

On 20 September 2010, the European Commission (DG Internal Market and Services) held a public hearing on the review of the Markets in Financial Instruments Directive 2004/39/EC (MiFID) in Brussels.⁸¹³ MiFID would provide harmonized regulation for investment services across the thirty member states of the European Economic Area, covering almost all tradable financial products, including commodity and other over-the counter derivatives. The public hearing covered proposed measures, such as derivative market reform and increasing trading on organized platforms, ensuring transparency and efficiency are balanced in the trading of financial instruments, changes in market structure and competition between trading venues, investor protection after the crisis, and improving market data consolidation.⁸¹⁴

The Financial Stability Board's 15 April 2011 report on OTC Derivatives Market Reforms noted that "the work of ISDA to standardize contractual terms, was noted [by France] as key to increasing standardization in the OTC derivatives market."⁸¹⁵

France has taken steps toward compliance with all four FSB recommendation areas for OTC derivatives reform and has therefore earned a score of +1.

Analysts: Alexandre De Palma and Faiyyad Hosein

⁸¹⁰ Proposal for a regulation of the European Parliament and of the council on OTC Derivatives, Central Counterparties and trade repositories, European Commission (Brussels) 15 September 2010. Date of Access: 10 April 2010.

<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0484:FIN:EN:PDF>

⁸¹¹ FSB-G20-Monitoring Progress – European Union September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011.

http://www.financialstabilityboard.org/publications/r_110401o.pdf

⁸¹² OTC derivatives: financial stability challenges and responses from authorities, Banque De France (Paris) July 2010. Date of Access: 25 April 2011.

http://www.banquefrance.fr/gb/publications/telechar/rsf/2010/etude12_rsf_1007.pdf

⁸¹³ Public Hearing on the —Review of the Markets in Financial Instruments Directive (MIFID), European Commission (Brussels) 30 September 2010. Date of Access: 18 October 2010.

http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm

⁸¹⁴ Public Hearing on the —Review of the Markets in Financial Instruments Directive (MIFID), European Commission (Brussels) 30 September 2010. Date of Access: 18 October 2010.

http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm

⁸¹⁵ OTC Derivatives Market Reform, Financial Stability Board (Basel) 15 April 2011. Date of Access: 3 October 2011. http://www.financialstabilityboard.org/publications/r_110415b.pdf

Germany: +1

Germany has fully complied with its commitment to strengthen regulation of OTC derivatives markets by: (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

In July 2009, the first central clearing institutions for credit default swaps went into operation at the level of the European Union. Eurex Credit Clear, one central clearing institution, provides an exchange trading platform for derivatives and is a business unit of Eurex Clearing, which is supervised by BaFin and is located in Frankfurt.⁸¹⁶ On 13 December 2010, both German exchanges launched OTC derivatives trade repositories.⁸¹⁷

On 20 September 2010, the European Commission (DG Internal Market and Services) held a public hearing on the review of the Markets in Financial Instruments Directive 2004/39/EC (MiFID) in Brussels.⁸¹⁸ MiFID would provide harmonized regulation for investment services across the thirty member states of the European Economic Area, covering almost all tradable financial products, including commodity and other over-the counter derivatives. The public hearing covered proposed measures, such as derivative market reform and increasing trading on organized platforms, ensuring transparency and efficiency are balanced in the trading of financial instruments, changes in market structure and competition between trading venues, investor protection after the crisis, and improving market data consolidation.⁸¹⁹

In September 2010, the European Commission adopted a proposal for the regulation of OTC derivatives, central counterparties, and trade repositories.⁸²⁰ This proposal mandates standardization for: (1) central counterparties and trade repositories, (2) central clearing, (3) reporting of standardized OTC derivatives contracts, and (4) risk mitigation standards for OTC derivatives that are not cleared centrally.⁸²¹ This proposal is in the process of being negotiated among the member states of the European Union and the European Parliament, and it is expected that the proposal will be adopted by the Parliament and the Council and come into force in the summer of 2011. All rules should therefore be in place by the end of 2012.⁸²²

⁸¹⁶ FSB-G20-Monitoring Progress – Germany September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011.

http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁸¹⁷ German, Spanish Exchanges launch OTC repository, Reuters (London) 13 December 2010. Date of Access: 9 April 2011. <http://www.reuters.com/article/2010/12/13/exchanges-otcrepositoryidUSLDE6BC0SQ20101213>

⁸¹⁸ Public Hearing on the —Review of the Markets in Financial Instruments Directive (MIFID), European Commission (Brussels) 30 September 2010. Date of Access: 18 October 2010.

http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm

⁸¹⁹ Public Hearing on the —Review of the Markets in Financial Instruments Directive (MIFID), European Commission (Brussels) 30 September 2010. Date of Access: 18 October 2010.

http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm

⁸²⁰ Proposal for a regulation of the European Parliament and of the council on OTC Derivatives, Central Counterparties and trade repositories, European Commission (Brussels) 15 September 2010. Date of Access: 10 April 2010.

<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0484:FIN:EN:PDF>

⁸²¹ FSB-G20-Monitoring Progress – European Union September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011.

http://www.financialstabilityboard.org/publications/r_110401o.pdf

⁸²² OTC derivatives: financial stability challenges and responses from authorities, Banque De France (Paris) July 2010. Date of Access: 25 April 2011.

http://www.banquefrance.fr/gb/publications/telechar/rsf/2010/etude12_rsf_1007.pdf

On 4 October 2011, Germany played an important role in reaching an agreement among EU member states to tighten regulation of over-the-counter (OTC) derivatives contracts.⁸²³ The agreement called for the reporting of all derivative contracts to trade repositories, the clearing of the derivatives through central counterparties (CCPs), and the standardization of all derivatives not traded on a regular exchange.⁸²⁴ The agreement is expected to be approved by the European Parliament by the end of 2012.

Germany has taken steps toward compliance with all four FSB recommendation areas for OTC derivatives reform and has therefore earned a score of +1.

Analysts: Alexandre De Palma and Faiyyad Hosein

India: +1

India has fully complied with its commitment to strengthen regulation of OTC derivatives by: (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

On 20 April 2010, the Annual Policy Statement of the Year 2010-11 of the Reserve Bank of India indicated that “to capture the trade data pertaining to all OTC derivative transactions for regulation, surveillance and transparency purposes, it is necessary to extend the existing reporting arrangement in respect of IRS to all OTC interest rate and forex derivatives.”⁸²⁵

On 15 October 2010, the Securities and Exchange Board of India took up shared leadership of an IOSCO task force on creating globally consistent regulations for OTC derivatives. This initiative is in keeping with the G20 and FSB requirement that state-driven financial reform be internationally consistent.⁸²⁶

An April 2011 report on OTC derivatives reforms by the FSB noted that all trades in OTC derivatives in India are supervised by a central counterparty, the Clearing Corporation of India Limited, and must be reported within 30 minutes of the trade on a reporting platform.⁸²⁷ The FSB report also notes that the Indian central bank “has set up a working group to develop the modalities for a single-point reporting mechanism for all OTC interest rate and foreign exchange derivative transactions. It is intended to eventually clear all OTC derivatives transactions through the CCP.”⁸²⁸

⁸²³ EU countries reach agreement on derivatives, RTE News (Dublin) 4 October 2011. Date of Access: 9 October 2011. <http://www.rte.ie/news/2011/1004/derivatives-business.html>

⁸²⁴ EU member states reach deal on OTC derivative rules, Wall Street Journal (New York) 4 October 2011. Date of Access: 9 October 2011. <http://online.wsj.com/article/BT-CO-20111004-711372.html>

⁸²⁵ Annual Policy Statement for the Year 2010-11, Reserve Bank of India (Mumbai) 20 April 2010. Date of Access: 3 October 2011. <http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=5602&Mode=0>

⁸²⁶ IOSCO forms Task Force on OTC Derivatives Regulation, International Organisation of Securities Commissioners (Madrid) 15 October 2010. Date of Access: 22 October 2010. www.iosco.org/news/pdf/IOSCONEWS191.pdf

⁸²⁷ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board (Basel) 15 April 2011. Date of Access 25 April 2011. http://www.financialstabilityboard.org/publications/r_110415b.pdf

⁸²⁸ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board (Basel) 15 April 2011. Date of Access 25 April 2011. http://www.financialstabilityboard.org/publications/r_110415b.pdf

The May 2011 report of the Reserve Bank of India's Working Group on Reporting of OTC Interest Rates and Forex Derivatives recommended that "Clearing Corporation of India Limited (CCIL) may be the designated repository of interest rate and forex derivative transactions."⁸²⁹ The report further recommended that the existing reporting scheme for OTC derivatives products be amended by "[consolidating] the existing reporting arrangements so as to make it more robust and efficient."⁸³⁰

The 11 October 2011 report of the Financial Stability Board noted that India made progress towards "increasing the use of standardised products and processes" by issuing "guidelines to standardise terms of coupon, maturity dates, coupon payment dates, etc. on single name CDS for corporate bonds."⁸³¹ The report further noted that CCIL, India's clearinghouse, would soon provide guaranteed settlement for interest rates swaps. The FSB also mentioned that "per existing regulatory guidelines, banks and PDs should report IRS/FRA transactions to the CCIL reporting platform; in the case of CDS, all market makers must report trades on the centralised reporting platform within 30 minutes of execution; CCIL will extend trade reporting service to FX forwards and [is] considering this service for FX options."⁸³²

India has taken steps toward compliance with three of the FSB's recommendation areas for OTC derivatives market reforms and has therefore earned a score of +1.

Analysts: Alexandre De Palma and Sarah Ellis

Indonesia: 0

According to the Indonesian government's September 2010 responses to an FSB survey on implementation of G20 financial regulatory reforms, "There is no OTC derivative market in Indonesia. We only have [an] exchange derivatives market."⁸³³ An April 2011 FSB report on OTC derivatives markets noted that derivatives markets in Indonesia are less developed than in many other jurisdictions, and "consideration of approaches to implementing OTC derivatives market regulation is at an early stage."⁸³⁴

As a result, Indonesia cannot be assessed for compliance to this commitment and has been awarded a score of 0.

Analyst: Sarah Ellis

⁸²⁹ Report of the Working Group on Reporting of OTC Interest Rates and Forex Derivatives, Reserve Bank of India (Mumbai) 25 May 2011. Date of Access: 3 October 2011.

<http://rbidocs.rbi.org.in/rdocs/PublicationReport/PDFs/OTC250511F.pdf>

⁸³⁰ Report of the Working Group on Reporting of OTC Interest Rates and Forex Derivatives, Reserve Bank of India (Mumbai) 25 May 2011. Date of Access: 3 October 2011.

<http://rbidocs.rbi.org.in/rdocs/PublicationReport/PDFs/OTC250511F.pdf>

⁸³¹ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access 14 October 2011.

http://www.financialstabilityboard.org/publications/r_111011b.pdf

⁸³² OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access 14 October 2011.

http://www.financialstabilityboard.org/publications/r_111011b.pdf

⁸³³ FSB-G20-Monitoring Progress – Indonesia September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011.

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

⁸³⁴ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board (Basel) 15 April 2011. Date of Access 25 April 2011.

http://www.financialstabilityboard.org/publications/r_110415b.pdf

Italy: +1

Italy has fully complied with its commitment to strengthen regulation of OTC derivatives markets by: (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

In July 2009, the first central clearing institutions for credit default swaps went into operation at the level of the European Union.⁸³⁵

The Bank of Italy and the Consob, Italy's financial market regulator, have worked with the OTC Derivatives Regulators' Forum, which was formed in September 2009.⁸³⁶ This forum has established a cooperative oversight framework for the Trade Information Warehouse (TIW), the global trade repository for credit default swaps.⁸³⁷

In September 2010, the European Commission adopted a proposal for the regulation of OTC derivatives, central counterparties and trade repositories.⁸³⁸ This proposal mandates standardization for: (1) central counterparties and trade repositories, (2) central clearing, (3) reporting of standardized OTC derivatives contracts, and (4) risk mitigation standards for OTC derivatives that are not cleared centrally.⁸³⁹ This proposal is in the process of being negotiated among the member states of the European Union and the European Parliament, and it is expected that the proposal will be adopted by the Parliament and the Council and come into force in the summer of 2011. All rules should therefore be in place by the end of 2012.⁸⁴⁰

On 20 September 2010, the European Commission (DG Internal Market and Services) held a public hearing on the review of the Markets in Financial Instruments Directive 2004/39/EC (MiFID) in Brussels.⁸⁴¹ MiFID would provide harmonized regulation for investment services across the thirty member states of the European Economic Area, covering almost all tradable financial products, including commodity and other over-the counter derivatives. The public hearing covered proposed measures, such as derivative market reform and increasing trading on organized platforms, ensuring transparency and efficiency are balanced in the trading of financial

⁸³⁵ FSB-G20-Monitoring Progress – Germany September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011.

http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁸³⁶ FSB-G20-Monitoring Progress – Italy September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401k.pdf

⁸³⁷ FSB-G20-Monitoring Progress – Italy September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401k.pdf

⁸³⁸ Proposal for a regulation of the European Parliament and of the council on OTC Derivatives, Central Counterparties and trade repositories, European Commission (Brussels) 15 September 2010. Date of Access: 10 April 2010.

<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0484:FIN:EN:PDF>

⁸³⁹ FSB-G20-Monitoring Progress – European Union September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011.

http://www.financialstabilityboard.org/publications/r_110401o.pdf

⁸⁴⁰ OTC derivatives: financial stability challenges and responses from authorities, Banque De France (Paris) July 2010. Date of Access: 25 April 2011.

http://www.banquefrance.fr/gb/publications/telechar/rsf/2010/etude12_rsf_1007.pdf

⁸⁴¹ Public Hearing on the — Review of the Markets in Financial Instruments Directive (MIFID), European Commission (Brussels) 30 September 2010. Date of Access: 18 October 2010.

http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm

instruments, changes in market structure and competition between trading venues, investor protection after the crisis, and improving market data consolidation.⁸⁴²

Italy has taken steps toward compliance with all four FSB recommendation areas for OTC derivatives reform and has therefore earned a score of +1.

Analyst: Faiyyad Hosein

Japan: +1

Japan has fully complied with its commitment to strengthen regulation of OTC derivatives markets by: (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

On 21 January 2010, the FSA, the Japanese securities regulator, published a report on the Development of Institutional Frameworks Pertaining to Financial and Capital Markets.⁸⁴³ The report noted that certain classes of OTC derivatives contracts would be subject to mandatory clearing by central counterparties.⁸⁴⁴ The report also calls for the collection of information about OTC derivatives contracts by trade repositories and CCPs.⁸⁴⁵ Reuters reported on 12 May 2010 that the Japanese parliament had voted to approve a bill that would mandate the clearing of some OTC derivatives as well as the reporting of information about OTC derivatives trades to Japanese authorities.⁸⁴⁶

Under the revised Financial Instruments and Exchange Act (FIEA), the FSA designates trade repositories, and trade repositories are required to store and to submit trade information to the regulator. Also, CCP clearing is required for actively traded OTC derivatives, where the reduction of clearing and settlement risk through the use of CCPs would be deemed beneficial for the stability of the Japanese market.⁸⁴⁷

Japan is also a member of the OTC derivatives regulators forum, which is exploring options for financial market infrastructure such as central counterparties and trade repositories.⁸⁴⁸ This forum has worked on an outline for credit derivatives central counterparties and an outline for OTC derivatives trade repositories.⁸⁴⁹

⁸⁴² Public Hearing on the —Review of the Markets in Financial Instruments Directive (MIFID), European Commission (Brussels) 30 September 2010. Date of Access: 18 October 2010. http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm

⁸⁴³ FSB-G20-Monitoring Progress – Japan September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_1104011.pdf

⁸⁴⁴ Development of Institutional Frameworks Pertaining to Financial and Capital Markets, Financial Services Agency (Tokyo) 21 January 2010. Date of Access: 25 April 2011. <http://www.fsa.go.jp/en/news/2010/20100122-3/01.pdf>

⁸⁴⁵ FSB-G20-Monitoring Progress – Japan September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_1104011.pdf

⁸⁴⁶ Japan Passes Bill to Tighten OTC Derivatives Rules. Reuters (Tokyo) 12 May 2010. Date of Access: 12 May 2011. <http://www.reuters.com/article/2010/05/12/japan-derivativesidUSTOE64B06W20100512?type=marketsNews>

⁸⁴⁷ Outline of the Bill for Amendment of the Financial Instruments and Exchange Act, Financial Services Agency (Tokyo) 12 May 2010. Date of Access: 12 August 2011. www.fsa.go.jp/en/news/2011/20110224-1/04.pdf

⁸⁴⁸ Authorities currently involved in the OTC Derivatives Regulators Forum, OTC Derivatives Regulators Forum. Date of Access: 25 April 2011. <http://www.otcdrf.org/about/members.htm>

⁸⁴⁹ Outline for Trade Repositories, OTC Derivatives Regulators Forum 27 October 2010. Date of Access: 25 April 2011. <http://www.otcdrf.org/documents/trplsoutline.pdf>

The January 2010 FSA document entitled “Development of Institutional Frameworks Pertaining to Financial and Capital Markets,” enacted as a bill on 12 May 2010, outlined preliminary steps for the standardization of OTC derivatives, including increasing the volume of derivatives subject to central clearing and demanding greater information sharing between financial institutions and regulators.⁸⁵⁰ The Japanese government has continued to work with financial institutions to increase standardization, including working as part of the G14 group of states with the ODSG working group on drafting a roadmap to improving the regulation of OTC derivatives markets.⁸⁵¹

The 11 October 2011 FSB progress report noted that “Japan and the United States are the only jurisdictions that have adopted legislation mandating central clearing of standardised OTC derivatives.”⁸⁵² Furthermore, Japan has “legislation requiring reporting of OTC derivatives transactions to a TR, which is an entity specifically defined in legislation,” and “non-standardized OTC derivatives transactions that are not accepted by a TR must be reported to the Japanese Financial Services Agency.”⁸⁵³ The FSB also noted that in Japan, a “significant portion of [derivatives] market [is] already standardised.”⁸⁵⁴

Japan has taken steps toward compliance with three of the four FSB recommendation areas for OTC derivatives market reforms and has therefore been awarded a score of +1.

Analysts: Alexandre De Palma and Faiyyad Hosein

Korea: +1

Korea has fully complied with its commitment to strengthen regulation of OTC derivatives markets by: (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

In February 2010, Korea’s Study Committee for OTC Derivatives Infrastructure announced its recommendations regarding implementation of new regulatory and supervisory infrastructure.⁸⁵⁵ In addition, the Korean government has set up a task force team consisting of academic and other agencies in order to develop strategies for implementing these and other FSB recommendations.⁸⁵⁶

⁸⁵⁰ SB-G20-Monitoring Progress – Japan September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_1104011.pdf

⁸⁵¹ ODSG Participants’ May 31 Letter, New York Federal Reserve (New York) 31 May 2011. Date of Access 15 August 2011. <http://www.newyorkfed.org/newsevents/news/markets/2011/SCL0331.pdf>

⁸⁵² OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access 14 October 2011. http://www.financialstabilityboard.org/publications/r_111011b.pdf

⁸⁵³ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access: 14 October 2011. http://www.financialstabilityboard.org/publications/r_111011b.pdf

⁸⁵⁴ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access: 14 October 2011. http://www.financialstabilityboard.org/publications/r_111011b.pdf

⁸⁵⁵ FSB-G20-Monitoring Progress – Korea September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401o.pdf

⁸⁵⁶ FSB-G20-Monitoring Progress – Korea September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401o.pdf

According to IFLR 1000, as of 13 June 2010 amendments to Korean financial services and capital markets regulations allowed Korea's financial market regulator, the Korean Financial Investment Association, to set up the New Product Review Committee for reviewing and approving new OTC derivative products.⁸⁵⁷

On 26 July 2011, the Financial Services Commission announced the proposal of a revision bill of the Financial Investment Services and Capital Market Act that "creates a new category of 'clearing business for financial investment transactions' and lays a legal foundation for establishing a central counter party (CCP). By introducing a license system for a clearing business provider, it aims to provide clearing services for a variety of products (e.g. OTC derivatives, securities lending, RPs). For OTC derivatives transactions that can significantly affect markets if defaulted, they will be mandatorily required to be cleared through clearing houses."⁸⁵⁸

A September 2011 Committee on Payment and Settlement Systems (CPSS) report on Payment, clearing and settlement systems in the CPSS countries noted that "the decision has been taken to build new infrastructure for the OTC derivatives market, including a CCP and a trade repository."⁸⁵⁹

Korea is also a member of the OTC derivatives regulators forum, which is exploring options for financial market infrastructure such as central counterparties and trade repositories.⁸⁶⁰ This forum has worked on an outline for credit derivatives central counterparties as well as an outline for OTC derivatives trade repositories.⁸⁶¹

The 11 October 2011 FSB progress report noted that "Financial Investment Services and Capital Markets Act (FSC) and the Foreign Exchange Transactions Act (BoK) require reporting of all OTC derivatives transactions to authorities."⁸⁶²

The Korean Financial Services Commission has released a detailed overview of the potential for central counterparties for OTC derivatives in Korea. The overview states that frameworks for central clearing houses are in the process of being built and can be expected to be implemented

⁸⁵⁷ New OTC derivative product approval, IFLR 1000 (Seoul). Date of Access: 25 April 2011.

<http://www.iflr1000.com/LegislationGuide/462/New-OTC-derivative-product-approval.html>

⁸⁵⁸ Press Release – Revision Bill of the Financial Investment Services and Capital Market Act, Financial Services Commission (Republic of Korea) 26 July 2011. Date of Access: 14 October 2011.

<http://www.fsc.go.kr/downManager?bbsid=BBS0048&no=75900>

⁸⁵⁹ Payment, clearing and settlement systems in CPSS countries Volume 1, Committee on Payment and Settlement Systems 2 September 2011. Date of Access: 3 October 2011.

<http://www.bis.org/publ/cpss97.pdf>

⁸⁶⁰ Authorities currently involved in the OTC Derivatives Regulators Forum, OTC Derivatives Regulators Forum. Date of Access: 25 April 2011. <http://www.otcdrf.org/about/members.htm>

⁸⁶¹ Outline for Trade Repositories, OTC Derivatives Regulators Forum 27 October 2010. Date of Access: 25 April 2011. <http://www.otcdrf.org/documents/trplsoutline.pdf>

⁸⁶² OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access 14 October 2011.

http://www.financialstabilityboard.org/publications/r_111011b.pdf

by 2012.⁸⁶³ The overview also states that systems such as trade repositories and electronic trading platforms have yet to be built.⁸⁶⁴

Korea has taken steps toward compliance in three of the four FSB recommendation areas on OTC derivatives market reform and has therefore been awarded a score of +1.

Analysts: Alexandre De Palma and Faiyyad Hosein

Mexico: +1

Mexico has partially complied with its commitment to strengthen regulation of OTC derivatives by: (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

On 11 August 2010, the Mexican government established a Financial System Stability Council, which will begin the process of addressing risks posed to finance markets OTC derivatives by making recommendations and coordinating with financial authorities. The council will also advise the executive and yearly financial stability reports. The goals of the council will be to make recommendations on capital adequacy, evaluate differences in regulation between financial entities, analyze regulated and non-regulated financial bodies, and identify potential vulnerabilities in the financial system.⁸⁶⁵

According to the Mexican government's September 2010 responses to an FSB survey on implementation of G20 financial regulatory reforms, "There is work underway to analyze which OTC derivative contracts are subject to be restandardized and whether it is feasible to trade those contracts on a regulated exchange or any other regulated trading platform, as well as to be cleared and settled through a central counterparty."⁸⁶⁶ There is also an effort underway to assess the potential implementation of a trade repository for OTC derivatives in Mexico.⁸⁶⁷

A September 2011 Committee on Payment and Settlement Systems (CPSS) report on Payment, clearing and settlement systems in the CPSS countries indicates that "INDEVAL has started work on two major projects, a trade repository for OTC derivatives and a CCP for debt securities."⁸⁶⁸

⁸⁶³ South Korean Derivatives to be reviewed starting next week, Bloomberg (New York) 9 June 2010. Date of Access: 25 April 2011. <http://www.businessweek.com/news/2010-06-09/south-korean-otc-derivativesto-be-reviewed-starting-next-week.html>

⁸⁶⁴ Central Counterparty (CCP): Regulatory Initiatives to Strengthen the OTC Derivatives Market, Korea Financial Services Commission (Seoul) 20 September 2010. Date of Access 25 October 2010. <http://fscukorea.wordpress.com/2010/09/20/central-counterparty-ccp-regulatory-initiatives-to-strengthen-the-otc-derivatives-market-infrastructure/>

⁸⁶⁵ Se instaló hoy el Consejo de Estabilidad del Sistema Financiero, Office of the President (Mexico City) 11 August 2010. Date of Access: 23 October 2010. www.presidencia.gob.mx/index.php?DNA=85&Contenido=59300

⁸⁶⁶ FSB-G20-Monitoring Progress – Mexico September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401m.pdf

⁸⁶⁷ FSB-G20-Monitoring Progress – Mexico September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401m.pdf

⁸⁶⁸ Payment, clearing and settlement systems in CPSS countries Volume 1, Committee on Payment and Settlement Systems 2 September 2011. Date of Access: 3 October 2011. <http://www.bis.org/publ/cpss97.pdf>

The 11 October 2011 FSB progress report noted that “most OTC derivatives products in Mexico are already highly standardised.”⁸⁶⁹ The report further noted that Mexico is in the process of developing regulation on central clearing, exchange or electronic platform trading, and reporting to trade repositories.⁸⁷⁰

Mexico has taken steps toward compliance in all four FSB recommendation areas on OTC derivatives market reform and has therefore been awarded a score of +1.

Analysts: Glenn Asare, Alexandre De Palma and Sarah Ellis

Russia: 0

Russia has partially complied with its commitment to strengthen regulation of OTC derivatives by 1) increasing standardization; 2) establishing central counterparties for central clearing of OTC derivatives contracts; 3) establishing exchange or electronic platform trading; 4) establishing trade repositories for OTC derivatives transactions.

Russian authorities have undertaken measures to achieve increased standardization of OTC derivatives contracts and the registration of derivatives to trade repositories. On 10 February 2011, the Russian Government adopted an executive order which provides for the obligatory registration of OTC derivatives transactions on commodity exchanges.⁸⁷¹

On 10 February 2011, the Russian government approved a registration procedure for OTC derivatives transactions, in particular with commodities, by commodity exchanges as well as keeping the register of such transactions.⁸⁷²

Russia has created a mechanism of clearing OTC derivatives contracts through central counterparties. On 7 February 2011, Russian President signed a law outlining central clearing procedures for OTC derivatives contracts.⁸⁷³

On 8 September 2011, the Russian Federal Service for Financial Markets announced plans to establish a trade repository for collecting data on OTC derivatives transactions and reporting these data to the Central Bank, thus the Central Bank will receive the data for assessing risks of transactions with OTC derivatives.⁸⁷⁴

Russia has taken steps toward compliance with two of the four FSB recommendation areas for OTC derivatives market reforms and has therefore been awarded a score of 0.

Analyst: Andrey Shelepov

Saudi Arabia: -1

⁸⁶⁹ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access 14 October 2011.

http://www.financialstabilityboard.org/publications/r_111011b.pdf

⁸⁷⁰ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access 14 October 2011.

http://www.financialstabilityboard.org/publications/r_111011b.pdf

⁸⁷¹ Government Executive Order No. 167-r of 10 February 2011, Government of Russia (Moscow) 10 February 2011. Date of Access: 4 April 2011. <http://government.ru/gov/results/14134/>.

⁸⁷² Government Resolution No. 65 of 10 February 2011, Government of Russia (Moscow) 10 February 2011. Date of Access: 4 April 2011. <http://government.ru/gov/results/14189/>.

⁸⁷³ Federal Law of 7 February 2011 No. 7-FZ on Clearing and Clearing Activities, Office of the President (Moscow) 9 February 2011. Date of Access: 4 April 2011. <http://kremlin.ru/acts/10284>.

⁸⁷⁴ FSFM is to issue a draft order on trade repository, 8 September 2011. Date of Access: 5 October 2011. <http://www.ria.ru/economy/20110908/432641736.html>

Saudi Arabia has failed to comply with its commitment to strengthen regulation of OTC derivatives by: (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

On 9 June 2010 the Saudi Capital Markets Authority became a member of the International Organization of Securities Commissions, indicating that it is committed to IOSCO's Objectives and Principles of Securities Regulation.⁸⁷⁵ An April 2011 FSB report on OTC derivatives market reforms noted that Saudi financial authorities "have embarked on an assessment of the derivatives markets operating within their jurisdictions and plan to decide upon future regulatory initiatives involving the implementation of the G20 commitments in the course of 2011."⁸⁷⁶

The 11 October 2011 FSB progress report on OTC Derivatives Regulation noted that "banks in Saudi Arabia already use standardised and plain vanilla products (foreign exchange and interest rate products)" and that "July 2000 SAMA [requires] for all counterparties to use a standard Customer Treasury Agreement."⁸⁷⁷ The report further noted that a self-assessment study is underway to identify the steps to be taken on other OTC Derivatives commitments.

Saudi Arabia has failed to take steps toward compliance with any of the four FSB recommendation areas on OTC derivatives market reform and has therefore been awarded a score of -1.

Analyst: Alexandre De Palma and Sarah Ellis

South Africa: 0

South Africa has partially complied with its commitment to strengthen regulation of OTC derivatives by: (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

According to the South Africa government's September 2010 responses to an FSB survey on implementation of G20 financial regulatory reforms, South African regulators "will introduce appropriate legislation and amendments to legislation to, *inter alia*, allow for centralised clearing of OTC contracts."⁸⁷⁸ An April 2011 FSB report on OTC derivatives market reforms noted that South African financial authorities "have embarked on an assessment of the derivatives markets operating within their jurisdictions and plan to decide upon future regulatory initiatives involving the implementation of the G20 commitments in the course of 2011."⁸⁷⁹

⁸⁷⁵ IOSCO expands its global membership to include Iceland, the Maldives, Saudi Arabia and Syria, International Organization of Securities Commissions (Madrid) 9 June 2010. Date of Access: 22 October 2010. www.iosco.org/news/pdf/IOSCONEWS187.pdf

⁸⁷⁶ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board (Basel) 15 April 2011. Date of Access: 25 April 2011. http://www.financialstabilityboard.org/publications/r_110415b.pdf

⁸⁷⁷ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access: 14 October 2011. http://www.financialstabilityboard.org/publications/r_111011b.pdf

⁸⁷⁸ FSB-G20-Monitoring Progress – South Africa September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401s.pdf

⁸⁷⁹ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board (Basel) 15 April 2011. Date of Access 25 April 2011. http://www.financialstabilityboard.org/publications/r_110415b.pdf

In the August 2011 Policy document explaining the Financial Markets Bill, the Financial Services Board noted that “the National Treasury recognises the need to bring the OTC derivatives within the regulatory fold. The focus, at this stage, is possible incentives for the standardisation of OTC derivatives to be cleared through a central counterparty.”⁸⁸⁰ The Financial Markets Bill would “[provide for] the establishment of a trade repository to which all trades in these instruments will be reported and monitored. The initial focus of the trade repository will be on OTC derivatives, in line with the G-20 recommendations”⁸⁸¹

The October 2011 FSB report noted that the Financial Markets Bill has been “submitted to the National Treasury for Cabinet and Parliamentary approval.”⁸⁸²

South Africa has taken steps toward compliance in one of the four FSB recommendation areas on OTC derivatives market reform and has therefore been awarded a score of 0.

Analysts: Glenn Asare, Alexandre De Palma and Sarah Ellis

Turkey: -1

Turkey has failed to comply with its commitment to strengthen regulation of OTC derivatives by: (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

As of 2007, OTC derivatives remained unregulated in Turkey, though the Capital Markets Board of Turkey had proposed amendments to its current regulatory policy which would outline systematic rules for valuing counterparty risk for OTC derivatives contracts, allowing for crossborder trade. However, the CMB remained opposed to further regulation, which might hinder financial growth in Turkey.⁸⁸³ Currently, the CMB Regulations and Communiqué does not indicate that the Turkish government has supported the creation of central counterparties or electronic clearing platforms for OTC derivatives.⁸⁸⁴

An April 2011 FSB report on OTC derivatives markets noted that derivatives markets in Turkey are less developed than in many other jurisdictions, and “consideration of approaches to implementing OTC derivatives market regulation is at an early stage.”⁸⁸⁵

⁸⁸⁰ Reviewing the regulation of Financial Markets in South Africa, Financial Services Board (Basel) August 2011. Date of Access: 3 October 2011.

<http://www.fsb.co.za/FinMarks/FinancialMarketsBill/FMBPolicyDocument.pdf>

⁸⁸¹ Reviewing the regulation of Financial Markets in South Africa, Financial Services Board (Basel) August 2011. Date of Access: 3 October 2011.

<http://www.fsb.co.za/FinMarks/FinancialMarketsBill/FMBPolicyDocument.pdf>

⁸⁸² OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access 14 October 2011.

http://www.financialstabilityboard.org/publications/r_111011b.pdf

⁸⁸³ Turkey: Over-the-Counter (OTC) Derivatives, Mondaq (New York) 13 March 2007. Date of Access 25: October 2010. www.mondaq.com/article.asp?articleid=46808&login=true&nogo=1

⁸⁸⁴ CMB By-Law About the Establishment and Working Principles of Derivatives Exchanges, Capital Markets Board (Turkey). Date of Access: 25 October 2010.

www.cmb.gov.tr/regulations/regulations_index.html

⁸⁸⁵ OTC Derivatives Market Reforms: Report on Implementation. Financial Stability Board (Basel) 15 April 2011. Date of Access: 25 April 2011.

http://www.financialstabilityboard.org/publications/r_110415b.pdf

The 11 October 2011 FSB report noted that “investment firms are prohibiting from dealing in OTC derivatives in Turkey [while] banks use mostly plain vanilla products with standardised feature.” The report further noted that other compliance areas are under review.⁸⁸⁶

The Turkish government did not respond to the portion of the FSB survey on G20 financial regulatory reforms related to OTC and credit derivatives market reforms.

Turkey has failed to take steps toward compliance with any of the four FSB recommendation areas on OTC derivatives market reform and has therefore been awarded a score of -1.

Analysts: Alexandre De Palma and Sarah Ellis

United Kingdom: +1

The United Kingdom has fully complied with its commitment to strengthen regulation of OTC derivatives by: (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

In the 24 September 2009 joint response to EU Consultation Document: Possible initiatives to enhance the resilience of OTC derivatives markets, the UK Financial Services Authority and HM Treasury identified four key issues which need to be addressed: (1) further standardization of contract and economic terms, (2) greater use of CCP clearing for “clearing-eligible” products, (3) strengthened risk management for non-CCP-cleared products, and (4) increased transparency to the market and to regulators.⁸⁸⁷

On 16 December 2009, the Reforming OTC Derivatives Markets joint report from the UK Financial Services Authority (FSA) and the HM Treasury proposed measures that included: (1) greater standardization of OTC derivatives contracts, (2) registration of all relevant OTC derivative trades in a trade repository, and (3) more robust counterparty risk management through the use of CCP clearing for clearing eligible products. However, the report noted that the FSA and the HM Treasury “[did] not see at this stage the need for mandating the trading of standardised derivatives on organised trading platform.”⁸⁸⁸

On 7 June 2011, Alexander Justham, Director of Markets at the Financial Services Authority, reiterated that “the FSA supports [the] objectives” that the G20 group of countries agreed upon in September 2009 at the G20 Pittsburgh summit and that the FSA is “heavily engaged at both the European and the global level in designing the regulatory framework that will apply to OTC derivatives.”⁸⁸⁹

⁸⁸⁶ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access: 14 October 2011.

http://www.financialstabilityboard.org/publications/r_111011b.pdf

⁸⁸⁷ Joint UK Financial Services Authority and HM Treasury response to EU Consultation Document: Possible initiatives to enhance the resilience of OTC derivatives markets, Financial Services Authority and HM Treasury (London) 24 September 2009. Date of Access: 6 October 2011.

http://www.fsa.gov.uk/pages/Library/Other_publications/EU/eu_docs/index.shtml

⁸⁸⁸ Reforming OTC Derivatives markets, Financial Services Authority and HM Treasury (London) 16 December 2009. Date of Access: 6 October 2011.

http://www.fsa.gov.uk/pubs/other/reform_otc_derivatives.pdf

⁸⁸⁹ Derivatives reform - progress against the G20 objectives, Financial Services Authority (London) 7 June 2011. Date of Access: 6 October 2011.

http://www.fsa.gov.uk/pages/Library/Communication/Speeches/2011/0607_aj.shtml

The United Kingdom's Financial Services Authority is continuing to work with G14 dealers to increase standardization across derivative products and encourage them to expand central clearing of OTC derivatives contracts.⁸⁹⁰ Furthermore, in the UK 96% of eligible trades for both interest rate and credit derivatives are submitted by the UK members of the G14 OTC derivative dealers to interest rate and equity derivative trade repositories.⁸⁹¹ Finally, according to UK regulators' responses to an FSB survey on progress on G20 commitments, electronic trading platforms are already being used to trade many standardized OTC derivatives.⁸⁹²

On 4 October 2011, the UK government agreed on a deal reached among the EU member states to tighten regulation of over-the-counter (OTC) derivatives contracts.⁸⁹³ The agreement called for the reporting of all derivative contracts to trade repositories, the clearing of the derivatives through central counterparties (CCPs), and the standardization of all derivatives not trade on a regular exchange.⁸⁹⁴ The agreement is expected to be approved by the European Parliament by the end of 2012.

The United Kingdom has fully complied with all four FSB recommendation areas for OTC derivatives reform and has therefore earned a score of +1.

Analyst: Alexandre De Palma

United States: + 1

The United States has fully complied with its commitment to strengthen regulation of OTC derivatives markets by: (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law by US President Barack Obama in July 2010, gives the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC) authority to regulate OTC derivatives and central clearing facilities.⁸⁹⁵ The Dodd-Frank Act mandates that certain swaps and security-based swaps be cleared through regulated central counterparties and traded on exchanges or swap execution facilities. The Dodd-Frank Act requires that all OTC derivative transactions must be reported to a registered (security based) swap data repository (SDR). If no SDR exists to accept the details of the transaction, the details must be reported to the SEC or CFTC, as applicable.⁸⁹⁶

⁸⁹⁰ FSB-G20-Monitoring Progress – UK September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401w.pdf

⁸⁹¹ FSB-G20-Monitoring Progress – UK September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401w.pdf

⁸⁹² FSB-G20-Monitoring Progress – UK September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401w.pdf

⁸⁹³ EU makes derivative deal that Osborne says benefit UK, Bloomberg (New York) 4 October 2011. Date of Access: 9 October 2011. <http://www.bloomberg.com/news/2011-10-04/eu-makes-deal-on-derivatives-proposal-to-bridge-gap-with-u-k.html>

⁸⁹⁴ EU member states reach deal on OTC derivative rules, Wall Street Journal (New York) 4 October 2011. Date of Access: 9 October 2011. <http://online.wsj.com/article/BT-CO-20111004-711372.html>

⁸⁹⁵ FSB-G20-Monitoring Progress – US September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401x.pdf

⁸⁹⁶ FSB-G20-Monitoring Progress – US September 2010, Financial Stability Board (Basel) 12 November 2010. Date of Access: 9 April 2011. http://www.financialstabilityboard.org/publications/r_110401x.pdf

On 2 March 2011, the SEC released a report proposing several additional rules on the oversight and regulation of central clearing facilities, including (but not limited to) rules on identifying minimum standards and requiring clearing agencies to identify all possible conflicts of interest.⁸⁹⁷

The SEC and CFTC have released new rules and recommendations for standardization, central clearing, and regulatory oversight of OTC derivatives markets. On 8 April 2011, the SEC and CFTC released a joint report to Congress on the feasibility of requiring industry members to use “standardized computer-readable algorithmic descriptions which may be used to describe complex and standardized financial derivatives.”⁸⁹⁸ If adopted, such an algorithm might serve as one method of standardizing OTC derivatives contracts.

However, the process of implementing the rules proposed by the Dodd-Frank Act is not on track with many internally proposed timelines, according to the 1 June 2011 Davis-Polk Dodd-Frank Rulemaking Progress Report. The report notes that while 18 rulemaking targets were satisfied in May 2011, “it remains clear that regulators will not be able to meet the large number of rulemaking deadlines in July.”⁸⁹⁹ Several sources have raised concerns that key Dodd-Frank rules will not be completely written and/or implemented in time for the FSB-proposed 2012 deadline or the 2012 United States Presidential election.⁹⁰⁰

On 10 June 2011, the Securities and Exchange Commission announced that it would provide “temporary relief from [...] the various pre-Dodd-Frank provisions of the Exchange Act that would otherwise apply to security-based swaps on July 16”⁹⁰¹

On 14 June 2011, General Counsel Dan Berkovitz of the U.S. Commodity Futures Trading Commission (CFTC) announced that “although the Commission has issued proposed rules to implement [provisions regarding section 754 of the Dodd-Frank Act], these rulemakings will not be completed by July 16.”⁹⁰² Berkovitz further announced that “the draft order proposes to temporarily exempt persons or entities from complying with these provisions until the earlier of the effective date of the definitional rulemaking for such terms or December 31, 2011.”⁹⁰³

On 1 July 2011, the SEC “provided additional guidance to clarify which U.S. securities laws will apply to security-based swaps starting July 16 [and] approved an order granting temporary relief

⁸⁹⁷ Proposed Rules on Clearing Agency Standards for Operation and Governance, Securities and Exchange Commission (Washington D.C.) 2 March 2011. Date of Access 11 May 2011.

<http://www.sec.gov/rules/proposed/2011/34-64017.pdf>

⁸⁹⁸ Publication of Joint Study on the Feasibility of Mandating Algorithmic Descriptions for Derivatives, Securities and Exchange Commission (Washington D.C.) 8 April 2011. Date of Access 11 May 2011.

<http://www.sec.gov/news/press/2011/2011-89.htm>

⁸⁹⁹ Dodd-Frank Rulemaking Progress Report, Davis-Polk and Wardwell LLP 1 June 2011. Date of Access 7 June 2011. https://www.davispolk.com/files/uploads/FIG/June2011_ProgressReport.pdf

⁹⁰⁰ Financial Overhaul Is Mired in Detail and Dissent, New York Times (Washington) 6 June 2011. Date of Access 7 June 2011.

http://www.nytimes.com/2011/06/07/business/07derivatives.html?_r=2&ref=todayspaper

⁹⁰¹ SEC Announces Steps to Address One-Year Effective Date of Title VII of Dodd-Frank Act, Securities and Exchange Commission (Washington D.C.) 10 June 2011. Date of Access: 6 October 2011.

<http://www.sec.gov/news/press/2011/2011-125.htm>

⁹⁰² Oral Statement on Proposed Order for Exemptive Relief, General Counsel Dan Berkovitz, U.S. Commodity Futures Trading Commission (Washington D.C.) 14 June 2011. Date of Access: 6 October 2011. <http://www.cftc.gov/PressRoom/SpeechesTestimony/berkovitzstatement061411>

⁹⁰³ Oral Statement on Proposed Order for Exemptive Relief, General Counsel Dan Berkovitz, U.S. Commodity Futures Trading Commission (Washington D.C.) 14 June 2011. Date of Access: 6 October 2011. <http://www.cftc.gov/PressRoom/SpeechesTestimony/berkovitzstatement061411>

and interpretive guidance to make clear that a substantial number of the requirements of the Exchange Act applicable to securities will not apply to security-based swaps when the revised definition of “security” goes into effect on July 16⁹⁰⁴

On 14 July 2011, Financial Industry Regulatory Authority, Inc. (FINRA) filed with the SEC proposed rules changes pertaining to Security-Based Swaps and Margin Requirements for Credit Default Swaps.⁹⁰⁵⁹⁰⁶

On 21 July 2011, the SEC and the CFTC announced they would “hold a joint public roundtable on August 1 from 9 a.m. to 4 p.m. to discuss international issues related to the implementation of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act.”⁹⁰⁷

The 11 October 2011 Financial Stability Board report noted that “only the United States has enacted legislation [regarding exchange and electronic platform trading of OTC Derivatives] and is actively working on the detail of the implementing regulations” and that the United States is one of “the only jurisdictions that have adopted legislation mandating central clearing of standardised OTC derivatives” and has “legislation requiring reporting of OTC derivatives transactions to a TR, which is an entity specifically defined in legislation.”⁹⁰⁸

The United States has fully complied with all four FSB recommendation areas for OTC derivatives reform and has therefore earned a score of +1.

Analyst: Alexandre De Palma

European Union: + 1

The European Union has fully complied with its commitment to strengthen regulation of OTC derivatives by: (1) increasing standardization; (2) establishing central counterparties for central clearing of OTC derivatives contracts; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

In September 2010, the European Commission adopted a proposal for the regulation of OTC derivatives, central counterparties and trade repositories.⁹⁰⁹ This proposal mandates

⁹⁰⁴ SEC Provides Additional Guidance, Interim Relief and Exemptions for Security-Based Swaps Under Dodd-Frank Act, Securities and Exchange Commission (Washington D.C.) 1 July 2011. Date of Access: 6 October 2011. <http://www.sec.gov/news/press/2011/2011-141.htm>

⁹⁰⁵ Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Adopt FINRA Rule 0180 (Application of Rules to Security-Based Swaps), Securities and Exchange Commission (Washington D.C.) 14 July 2011. Date of Access: 6 October 2011. <http://www.sec.gov/rules/sro/finra/2011/34-64884.pdf>

⁹⁰⁶ Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change to Amend FINRA Rule 4240 (Margin Requirements for Credit Default Swaps), Securities and Exchange Commission (Washington D.C.) 14 July 2011. Date of Access: 6 October 2011. <http://www.sec.gov/rules/sro/finra/2011/34-64892.pdf>

⁹⁰⁷ SEC, CFTC Staffs to Host Roundtable to Discuss International Issues Relating to Dodd-Frank Act Title VII Implementation, Securities and Exchange Commission (Washington D.C.) 21 July 2011. Date of Access: 6 October 2011. <http://www.sec.gov/news/press/2011/2011-151.htm>

⁹⁰⁸ OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access 14 October 2011. http://www.financialstabilityboard.org/publications/r_111011b.pdf

⁹⁰⁹ Proposal for a regulation of the European Parliament and of the council on OTC Derivatives, Central Counterparties and trade repositories, European Commission (Brussels) 15 September 2010. Date of Access: 10 April 2010. <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0484:FIN:EN:PDF>

standardization for: (1) central counterparties and trade repositories, (2) central clearing, (3) reporting of standardized OTC derivatives contracts, and (4) risk mitigation standards for OTC derivatives that are not cleared centrally.⁹¹⁰ This proposal is in the process of being negotiated among the member states of the European Union and the European Parliament. It is expected that the proposal will be adopted and enforced by the Parliament and the Council in the summer of 2011. All rules should therefore be in place by the end of 2012.⁹¹¹

On 20 September 2010, the European Commission (DG Internal Market and Services) held a public hearing on the review of the Markets in Financial Instruments Directive 2004/39/EC (MiFID) in Brussels.⁹¹² MiFID would provide harmonized regulation for investment services across the thirty member states of the European Economic Area and cover almost all tradable financial products, including commodity and other over-the counter derivatives. The public hearing covered proposed measures, such as: (1) derivative market reform and increasing trading on organized platforms to ensure a balance of transparency and efficiency in the trading of financial instruments, (2) changes in market structure and competition between trading venues, (3) investor protection after the crisis, and (4) improving market data consolidation.⁹¹³

On 20 July 2011, the European Commission brought forward a “regulation governing how activities of credit institutions and investment firms are carried out.” Part of the regulation covers “counter party credit risk: consistent with the Commission's policy vis-à-vis OTC (over the counter) derivatives (IP/10/1125), changes are made to encourage banks to clear OTC derivatives on CCPs (central counterparties).”⁹¹⁴

On 4 October 2011, the European Union member states reached an agreement to tighten regulation of over-the-counter (OTC) derivatives contracts. The agreement called for the reporting of all derivative contracts to trade repositories, the clearing of the derivatives through central counterparties (CCPs), and the standardization of all derivatives not trade on a regular exchange.⁹¹⁵ The agreement is expected to be approved by the European Parliament by the end of 2012.

The European Union has fully complied with all four FSB recommendation areas for OTC derivatives reform and has therefore earned a score of +1.

Analyst: Alexandre De Palma

⁹¹⁰ FSB-G20-Monitoring Progress – European Union September 2010, Financial Stability Board (Brussels) 12 November 2010. Date of Access: 9 April 2011.

http://www.financialstabilityboard.org/publications/r_110401o.pdf

⁹¹¹ OTC derivatives: financial stability challenges and responses from authorities, Banque De France (Paris) July 2010. Date of Access: 25 April 2011.

http://www.banquefrance.fr/gb/publications/telechar/rsf/2010/etude12_rsf_1007.pdf

⁹¹² Public Hearing on the —Review of the Markets in Financial Instruments Directive (MIFID), European Commission (Brussels) 30 September 2010. Date of Access: 18 October 2010.

http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm

⁹¹³ Public Hearing on the —Review of the Markets in Financial Instruments Directive (MIFID), European Commission (Brussels) 30 September 2010. Date of Access: 18 October 2010.

http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm

⁹¹⁴ Commission wants stronger and more responsible banks in Europe, European Commission (Brussels) 20 July 2011. Date of Access: 9 October 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/915&format=HTML&aged=0&language=EN&guiLanguage=en>

⁹¹⁵ EU member states reach deal on OTC derivative rules, Wall Street Journal (New York) 4 October 2011. Date of Access: 9 October 2011. <http://online.wsj.com/article/BT-CO-20111004-711372.html>

7. Finance: Sound Compensation

Commitment [#92]:

“We reaffirmed the importance of fully implementing the FSB’s standards for sound compensation.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina	-1		
Australia			+1
Brazil		0	
Canada			+1
China		0	
France			+1
Germany			+1
India		0	
Indonesia		0	
Italy			+1
Japan			+1
Korea			+1
Mexico			+1
Russia		0	
Saudi Arabia			+1
South Africa	-1		
Turkey		0	
United Kingdom			+1
United States		0	
European Union			+1
Average Score		+0.45	

Background:

During the 2009 G20 London Ministerial Meeting, G20 Finance Ministers and Central Bank Governors acknowledged the role that compensation strategies in significant financial institutions played in promoting the accumulation of risks that led to the global financial crisis and called on the Financial Stability Board to develop comprehensive proposals to develop a framework on corporate governance and compensation practices. G20 Finance Ministers and Central Bank Governors have specifically urged that the practices should align with the following FSB principles:

- greater disclosure and transparency of the level and structure of remuneration for those whose actions have a material impact on risk taking;
- global standards on pay structure, including on deferral, effective clawback, the relationship between fixed and variable remuneration, and guaranteed bonuses, to ensure compensation practices are aligned with long-term value creation and financial stability; and

- corporate governance reforms to ensure appropriate board oversight of compensation and risk, including greater independence and accountability of board compensation committees.⁹¹⁶

On 25 September 2009, the FSB released FSB Principles for Sound Compensation Practices – Implementation Standards document to submit to the Pittsburgh Summit for leaders for review.⁹¹⁷

The FSB outlined seven main standards for implementation which include governance, compensation and capital, pay structure and risk alignment, disclosure, and supervisory oversight. Under the governance standard, the FSB advises that significant financial institutions should establish a remuneration committee to govern the structure and organisation of the compensation system’s design and operation on behalf of the board of directors. Under the compensation and capital standard, the FSB recommends that total variable compensation should not limit the firms’ abilities to strengthen their capital base and that national supervisors should set a limit on the percentage of variable compensation of the total net revenues when it is inconsistent with the maintenance of a sound capital base. The pay structure and risk alignment standard will require financial institutions to take into account for a range of risks when determining the size of the variable compensation pool and its allocation. Disclosure standard will require financial institutions to produce an annual report on compensation that shall be available to the public. And under the supervisory oversight standard, requires national supervisors to ensure effective implementation, monitoring, and oversight practices and to coordinate internationally to ensure that the standards are implemented across jurisdictions.⁹¹⁸

At the G20 Pittsburgh Summit, leaders acknowledged that reforming compensation policies and practices is an essential part of increasing financial stability and resilience and called on firms across the nations to implement the sound compensation practices.⁹¹⁹ During the G20 Toronto Summit, the leaders noted that implementation of the FSB standards for sound compensation was not yet complete and encouraged all countries and financial institutions to fully implement the FSB principles.⁹²⁰ In November 2010, the leaders reaffirmed their commitment to fully implementing the practices while at the G20 Seoul Summit.

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”⁹²¹

⁹¹⁶ G20 Banking Statement, G20 Information Centre (Toronto) 5 September 2009. Date of Access: 9 February 2011 <http://www.g20.utoronto.ca/2009/2009banking0905.html>

⁹¹⁷ FSB Principles for Sound Compensation Practices, Financial Stability Board (Basel) 25 September 2009. Date of Access: 9 February 2011.

http://www.financialstabilityboard.org/publications/r_090925c.pdf?frames=0

⁹¹⁸ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹¹⁹ G20 Leaders Statement: The Pittsburgh Summit, G20 Information Centre (Toronto) 24-25 September 2009. Date of Access: 9 February 2011. <http://www.g20.utoronto.ca/2009/2009communique0925.html>

⁹²⁰ The G20 Toronto Declaration, The G20 Research Group (Toronto) 26 June 2010. Date of Access: 9 February 2011. <http://www.g20.utoronto.ca/2010/to-communique.html>

⁹²¹ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

Commitment Features:

The commitment calls for implementation of FSB standards for sound compensation. The FSB Principles for Sound Compensation Practices consist of 15 implementation standards and 9 principles, which cover areas including governance, compensation and capital, pay structure and risk alignment, disclosure, and supervisory oversight.⁹²² In order to fully implement the standards, members are required to approve new directives, regulations, laws, or amendments that enforce significant financial institutions to adopt the principles and standards.

Given that the commitment has been agreed upon back in 2009 and reiterated over the subsequent summits, members are required to fully implement all five standards in order to register a full compliance. Only new amendments that have been implemented post Seoul Summit will be scored. Members who have already implemented all standards will register a score of +1.

Scoring Guidelines:

-1	Member makes minimal progress in closing gaps in implementation of the FSB's 15 standards and 9 principles for sound compensation
0	Member partially implements the FSB standards for sound compensation by implementing all but one or two of the 15 standards and 9 principles, OR member makes significant progress toward closing gaps in implementation.
+1	Member fully implements all 15 standards and 9 principles for sound compensation.

Argentina: -1

Argentina has not complied with its commitment to fully implement FSB standards for sound compensation, as reaffirmed in the G20 Seoul Summit in November 2010.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that ‘significant gaps remains in Argentina’ with respect to implementation of the 9 Principles and 15 Standards for sound compensation and implementation.⁹²³

On 6 May 2010, the Central Bank announced an agreement for the collaboration of the Superintendencia de Financial and Exchange Entities (SEFyC) with the Argentine Federation of Professional Councils of Economic Sciences (FACPCE), in a Study Commission in order to develop a plan to implement the International Financial Reporting Standard.⁹²⁴ The agreement also stated that a Technical Committee would be established, and that it would be responsible for elaborating and supervising the implementation of the standards.⁹²⁵

On 18-19 February 2011 in Paris, the representation of Argentina participated in the meeting of Finance Ministers and Central Bank Governors, where the joint communiqué was released by all members urging all jurisdictions to “fully implement the FSB principles and standards on sounder

⁹²² FSB Principles for Sound Compensation Practices Financial Stability Board (Basel) 25 September 2009. Date of Access: 9 February 2011. http://www.financialstabilityboard.org/publications/r_090925c.pdf

⁹²³ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹²⁴ Acuerdo de Colaboración Entre la Superintendencia de Entidades Financieras y Cambiaras (SEFyC) y la Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE), Central Bank of the Republic of Argentina (Buenos Aires) 6 May 2010. Date of Access: March 26 2011. http://www.bcra.gob.ar/pdfs/acuerdos/ACUERDO_FACPCE_SEFyC.pdf

⁹²⁵ Acuerdo de Colaboración Entre la Superintendencia de Entidades Financieras y Cambiaras (SEFyC) y la Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE), Central Bank of the Republic of Argentina (Buenos Aires) 6 May 2010. Date of Access: March 26 2011. http://www.bcra.gob.ar/pdfs/acuerdos/ACUERDO_FACPCE_SEFyC.pdf

compensation practices agreed by the G20 Leaders in Pittsburgh” and called on the FSB “to undertake ongoing monitoring in this area and look forward to receiving the results of a second thorough FSB peer review midyear to identify remaining gaps.”⁹²⁶

The Central Bank of Argentina has not taken any concrete actions towards the implementation of FSB standards for sound compensation since the G20 Summit in November 2010. Therefore, Argentina has not fully complied with its commitment to continue implementing FSB standards for sound compensation and registers a score of -1.

Analyst: Nerin Ali

Australia: +1

Australia has received a score of +1 for implementing components of all five standards for sound compensation.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that Australia had fully implemented all but one of the 9 Principles and 15 Standards for sound compensation and implementation.⁹²⁷ However, the Annex to the report notes that the remaining standard, Standard 10, might not be applicable to the case of Australia since Australia has not had to bail out any domestic financial institutions.⁹²⁸

The Reserve Bank of Australia introduced a financial regulatory structure in July 1998, including the transfer of responsibility for the supervision of banks to a new integrated regulator, the Australian Prudential Regulation Authority (APRA), and the establishment of a Payments System Board in order to safeguard financial stability.⁹²⁹

On 30 March 2010, the Financial Stability Board issued a Peer Review Report of Principles and Standards endorsed by G20 leaders at the London Summit in April 2009 and in Pittsburgh in September 2009. In terms of supervisory oversight, Australia was deemed to have performed “substantial supervisory activity to communicate to institutions expectations with respect to compliance with the Principles and Standards or the respective national rules, and to determine the status of compliance.”⁹³⁰ In terms of compensation and capital, Australia is “implementing the FSB Principles and Standards by way of a mix of enforceable rules and supervisory oversight” within the context of already-existing corporate governance standards; requiring “board attestations to be submitted to the relevant national authorities in their new rules as required under Standard 1.”⁹³¹ In terms of pay structure and risk alignment, Australia has incorporated in their regulatory and supervisory frameworks the requirement that compensation be aligned with prudent risk-taking, with the “requirement that compensation outcomes be symmetric with risk outcomes is a regular feature of existing regulatory and supervisory frameworks on

⁹²⁶2011 G20 Financial Ministerial Communiqué, G20 Information Center (Toronto) 19 February 2011. Date of Access: 26 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

⁹²⁷ Thematic Review on Compensation, Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹²⁸ Thematic Review on Compensation, Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹²⁹ About Financial Stability, Reserve Bank of Australia (Sydney) 2011. Date of Access: 31 March 2011. <http://www.rba.gov.au/fin-stability/about.html>.

⁹³⁰ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹³¹ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

compensation”); allowing a transitional period in relation to existing labour contracts until such time as they are due for renewal, or the end of March 2013, depending on whichever is sooner.⁹³²

In terms of disclosure, Australia has introduced new rules to implement Principle 9 and Standard 15 to supplement existing public disclosure requirements, including compensation rules.⁹³³ On 15 February 2011, the FSB released a Report of the Financial Stability Board to G20 Finance Ministers and Central Bank Governors, indicating the progress in implementation of G20 recommendations for strengthening financial stability. Australia has a country peer review scheduled for 2011, further strengthening the country’s adherence to international supervisory and regulatory standards.⁹³⁴

On 21 September 2011, an FSB peer review of Australia noted changes that have been made since the launch of its Financial Sector Assessment Program (FSAP) in 2006. Since then, the Australian government has implemented automatic stabilizers and proactive policy measures to serve as a bulwark against the global financial crisis risk, supported also by a sound regulatory and supervisory framework as embodied in the Council of Financial Regulators’ structured coordination process.⁹³⁵

Additionally, significant progress has been made in failure resolution and crisis management through the development of a crisis management framework, the establishment of a deposit guarantee Financial Claims Scheme (FCS), the strengthening of resolution powers, and the improvement in crisis management coordination with New Zealand. In terms of banking supervision, the APRA has continued to promote effective risk management practices and strong capital reserves, monitor the liquidity adequacy of Authorised Deposit-taking Institutions (ADIs), improved stress test capabilities, as well as enhanced coordination and information sharing with the Australian Transaction Reports and Analysis Centre (AUSTRAC) and its on-site verifications.⁹³⁶

On 23 September 2011, the Reserve Bank of Australia released a Financial Stability Board Review that focused on the sovereign debt sustainability crisis in Europe, and the subsequent spillovers to bank funding markets outside the euro zone. The Review states that the Australian banking system remains relatively stable and capable in coping with market strains due to the strengthening of its liquidity, funding, and capital positions in recent years. The APRA recently published a consultative document on how it intends to implement the Basel III bank capital and liquidity reforms, and has proposed a faster timetable for adoption of the new global minimum capital standards than required under the Basel III rules. At the same time, the international regulatory reform agenda has focused on developing a policy framework that will not only identify systematically important financial institutions (SIFIs) on a global scale, but also to enhance authorities’ abilities to resolve distressed SIFIs. Australia remains active in these international discussions, and has recently introduced legislation into Parliament that would

⁹³² Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹³³ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹³⁴ Progress in the Implementation of the G20 Recommendations for Strengthening Financial Stability, Financial Stability Board (Basel) 15 February 2011. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_110219.pdf

⁹³⁵ Peer Review of Australia, Financial Stability Board (Basel) 21 Sept 2011. Date of Access: 12 October 2011. http://www.financialstabilityboard.org/publications/r_110926b.pdf

⁹³⁶ Peer Review of Australia, Financial Stability Board (Basel) 21 Sept 2011. Date of Access: 12 October 2011. http://www.financialstabilityboard.org/publications/r_110926b.pdf

permit deposit-taking institutions to issue covered bonds, as well as permanently arranged for the Financial Claims Scheme to be put in place. To this extent, the Council of Financial Regulators (CFR) has examined various issues in Australia related to the regulation and crisis management arrangements for financial market infrastructures.⁹³⁷

Hence, Australia has been awarded +1 for full implementation of FSB standards.

Analyst: Vanessa Cheng

Brazil: 0

Brazil has received a score of 0 for partially implementing the FSB standards for sound compensation.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that Brazil had fully implemented all of the 9 Principles and all but two of the 15 Standards for sound compensation and implementation.⁹³⁸ However, the Annex to the report notes that the remaining standard, Standard 10, might not be applicable to the case of Brazil since Brazil has not had to bail out any domestic financial institutions.⁹³⁹

In September 2010, the G20 Commitments Progress Table issued by the European Commission indicated that Brazil has begun implementing Basel II in 2005, noting that full implementation should take place no later than 2012. There is no Deposit Guarantee Scheme or insurance arrangement, but a draft law on cross-border crisis management is in place.⁹⁴⁰ On 25 November 2010, the National Monetary Council issued Resolution CMN 3921 on compensation policies for financial institutions' managers. The FSB Monitoring Progress document for March 2011 declares that this resolution is compliant with the FSB Principles for Sound Compensation Practices.⁹⁴¹ As for accounting standards, Brazilian-listed companies and banks are required to publish their financial statements starting with reporting periods ending in 2010.⁹⁴²

On 30 March 2010, the Financial Stability Board issued a Peer Review Report of Principles and Standards endorsed by G20 leaders at the London Summit in April 2009 and in Pittsburgh in September 2009. In terms of supervisory oversight, Brazil has had close dialogue with the industry and reviews of firms' practices, including on-site visits.⁹⁴³ In regards to payout structures, Brazil had incorporated specific minimum expectations for amounts to be deferred, as

⁹³⁷ Financial Stability Review 2011, Reserve Bank of Australia (Sydney) 23 Sept 2011. Date of Access: 13 October 2011. <http://www.rba.gov.au/publications/fsr/2011/sep/pdf/overview.pdf>

⁹³⁸ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹³⁹ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹⁴⁰ G20 Commitments Progress Table, European Commission (Brussels) September 2010. Date of Access: 1 April 2011. http://ec.europa.eu/commission_2010-2014/barnier/docs/news/2010/g20_roadmap/101001-impl-table_en.pdf

⁹⁴¹ FSB- G20 - MONITORING PROGRESS – Brazil September 2010, Financial Stability Board (Basel) 1 March 2011. Date of Access: 16 October 2011. http://www.financialstabilityboard.org/publications/r_110401c.pdf

⁹⁴² G20 Commitments Progress Table, European Commission (Brussels) September 2010. Date of Access: 1 April 2011. http://ec.europa.eu/commission_2010-2014/barnier/docs/news/2010/g20_roadmap/101001-impl-table_en.pdf

⁹⁴³ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

well as specified the deferral period under Principle 7.⁹⁴⁴ Brazil's proposed regulations are along the lines of deferred compensation to be "dependent on the firm's long-term value creation," and for the compensation awarded in either shares or something else in equal standing to represent "at least 50% of the total amount of variable compensation awarded to the professionals."⁹⁴⁵

In 2001 and 2009, reforms of the Corporations Law improved minority shareholders rights as well as standards for disclosures, while in December 2009 the Securities and Exchange Commission established a wide-ranging set of disclosure rules with Instruction No. 480 taking effect in January 2010. All these acts were expected to result in "monumental" reform corporate governance practices in Brazil.⁹⁴⁶

On 21 September 2011, the FSB released the 2011 Thematic Review on Compensation that identified Brazil's introduction of new national frameworks since the March 2010 Review, where all but two of the Standards have been implemented and are to come into force in 2012. Brazil introduced a national framework for compensation practices at all firms, but with policies that apply only to board members and top executives; they do not see compensation practices as a significant source of risk within their financial system due to ownership of banks by a single or small majority of shareholders. Furthermore, Brazil has undertaken industry surveys to assess progress at firms, in which they have identified labour laws as a key constraint.⁹⁴⁷

Hence, Brazil has been awarded a score of 0 for its progress toward meeting FSB standards for sound compensation and implementation.

Analyst: Vanessa Cheng

Canada: +1

Canada has fully complied with its commitment to fully implement the FSB standards and principles for sound compensation into the domestic compensation practices.⁹⁴⁸ According to the Financial Stability Peer Review, Canadian Securities Administrators (CSA) administer supervisory guidance and oversight to implement the FSB sound compensation principles and standards in all five areas including governance, compensation and capital, pay structure and alignment, disclosure, and supervisory oversight into national regulation.⁹⁴⁹

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that Canada had fully implemented all of the 9 Principles and 15 Standards for sound compensation and implementation.⁹⁵⁰

⁹⁴⁴ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁴⁵ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁴⁶ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁴⁷ 2011 Thematic Review on Compensation, Financial Stability Board (Basel) 21 Sept 2011. Date of Access: 13 October 2011. http://www.financialstabilityboard.org/publications/r_111011a.pdf

⁹⁴⁸ Thematic Review on Compensation – Peer Review, Financial Stability Board (Basel) 30 March 2010. Date of Access: 20 March 2010. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁴⁹ Thematic Review on Compensation – Peer Review, Financial Stability Board (Basel) 30 March 2010. Date of Access: 20 March 2010. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁵⁰ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

In regards to institutional coverage, Canada applies all five FSB principles to all financial institutions and all five principles and fifteen standards to six large banking institutions and three insurance conglomerates.⁹⁵¹

On 19 November 2010, the Canadian Securities Administrators (CSA) proposed amendments to Form 51-102F6 *Statement of Executive Compensation* that are to take effect for the 2012 proxy season, requiring companies to comply for financial years ending on or after 31 October 2011.⁹⁵² The proposed amendments will require companies to provide disclosure of the fair value of share-based awards, explain how compensation policies take risk into account, limit circumstances in which companies can avoid disclosing performance targets, disclose risk accounted for in compensation practices, the level of compensation expertise that the Compensation Committee members have, whether executives and directors are permitted to hedge their equity-based compensation and other securities, and disclose fees paid to compensation consultants for executive compensation.⁹⁵³ The members of the Compensation Committee are also required to be independent and non-executive directors.⁹⁵⁴

Hence, Canada receives a score of +1 for fully adopting the FSB principles on sound compensation and taking a proactive stance on encouraging all jurisdictions to adhere to FSB principles.

Analysts: Kamil Wolski and Sophie Langlois

China: 0

China has partially complied with its commitment to implement FSB standards for sound compensation. Chinese authorities have implemented the FSB standards for sound compensation in regards to governance, pay structure and risk alignment compensation and capital, disclosure, and supervisory oversight.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that China had fully implemented all of the 9 Principles and all but two of the 15 Standards for sound compensation and implementation.⁹⁵⁵

In April 2010, the China Banking Regulatory Commission (CBRC) issued Supervisory Guidelines on Compensation Practices of Commercial Banks requiring the banking industry to

⁹⁵¹ Thematic Review on Compensation – Peer Review, Financial Stability Board (Basel) 30 March 2010. Date of Access: 20 March 2010.

http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁵² CSA propose amendments to executive compensation disclosure, Canadian Securities Law (Toronto) 19 November 2010. Date of Access: 20 March 2011.

<http://www.canadiansecuritieslaw.com/2010/11/articles/continuous-timely-disclosure/csa-propose-amendments-to-executive-compensation-disclosure/>

⁹⁵³ Changes to Executive Compensation Disclosure in Canada, Thompson Reuters (New York) 7 December 2010. Date of Access: 20 March 2011. <http://www.complinet.com/dodd-frank/news/analysis/article/changes-to-executive-compensation-disclosure-in-canada.html>

⁹⁵⁴ Executive Compensation Principles, Canadian Coalition for Good Governance (Toronto) 2009. Date of Access: 20 March 2011

http://www.cgg.ca/site/cgg/assets/pdf/2009_Executive_Compensation_Principles.pdf

⁹⁵⁵ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

adopt new regulation.⁹⁵⁶ The Supervisory Guidelines closely align with the principles and standards outlined by the FSB. Under Article 5 of the Supervisory Guidelines, the CBRC limits variable compensation to a fixed amount so as to not limit any firm's capital base.⁹⁵⁷ Article 22 of the Supervisory Guidelines provides for banks to report their disclosure practices, fully in compliance with FSB standards.⁹⁵⁸ The FSB has noted that the Supervisory Guidelines include specific guidelines regarding deferral amounts and deferral periods, as per the FSB requirements.⁹⁵⁹

According to the 2010 FSB Report on Progress since the Washington Summit, the CBRC has conducted two ad hoc assessments on implementation of Principles for Sound Compensation Practices by Small & Medium-Sized Commercial Banks and urged every bank to comply with the Principles.⁹⁶⁰ Additionally, the CBRC encourages the establishment of appropriate and effective performance assessment and incentive mechanisms, and has issued the Code of Corporate Governance for Securities Firms (Provisional) and the Regulations on Supervision over Securities Firms, which stipulate the remuneration system of securities and futures financial institutions in line with the FSB Principles for Sound Compensation Practices and Implementation Standards. The CBRC has adopted a series of measures to regulate the compensation management procedures and performance assessment in insurance companies.⁹⁶¹

Hence, China is awarded a score of 0 for progress toward meeting FSB requirements for sound compensation and implementation.

Analyst: Brandon Bailey

France: +1

France has fully complied with its commitment to implement the Financial Stability Board's standards for sound compensation.

The FSB Thematic Peer Review on Compensation of October 2011 indicates that France has enforced regulatory approaches towards all FSB principles and standards on sound compensation in the banking sector.⁹⁶² It highlights that France has undertaken a regulatory approach to enforcing the FSB principles and standards.

According to the FSB Thematic Peer Review on Compensation, France has imposed minimum requirements for Standards 6 to 9, which target disclosure requirements concerned with

⁹⁵⁶ G20 Commitments Progress Table, European Commission (Brussels) September 2010. Date of Access: 24 March 2011. http://ec.europa.eu/commission_2010-2014/barnier/docs/news/2010/g20_roadmap/101001-impl-table_en.pdf.

⁹⁵⁷ Supervisory Guidelines on Compensation Practices, China Banking Regulatory Commission (Beijing) 10 April 2010. Date of Access: 22 March 2011. <http://www.cbrc.gov.cn/english/home/jsp/docView.jsp?docID=20100318BF85212411002720FF85059A28185100>.

⁹⁵⁸ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 23 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf.

⁹⁵⁹ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 23 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf.

⁹⁶⁰ FSB-G20 Monitoring Progress – China September 2010, Financial Stability Board (Basel) March 2011. Date of Access: 1 April 2011. http://www.financialstabilityboard.org/publications/r_110401e.pdf

⁹⁶¹ FSB-G20 Monitoring Progress – China September 2010, Financial Stability Board (Basel) March 2011. Date of Access: 1 April 2011. http://www.financialstabilityboard.org/publications/r_110401e.pdf

⁹⁶² 2011 Thematic Review on Compensation: Peer Review Report, Financial Stability Board (Basel) 7 October 2011. Date of Access: October 11 2011. http://www.financialstabilityboard.org/publications/r_111011a.pdf

remuneration structures, as opposed to a more flexible approach, which accounts for differences in business models and risk.⁹⁶³

In January 2011, the Banking and Financial Regulation Act created the Financial Regulation and Systemic Risk Council mandated with assessing financial and systemic risks and facilitating cooperation between authorities.⁹⁶⁴ On the European level, France is subject to Capital Requirements Directive III (CRD III) and is subject to its remuneration requirements that go beyond the FSB principles and standards.⁹⁶⁵

Therefore, France receives a score of +1 for implementing a regulatory approach and satisfying FSB standards and principles on sound compensation.

Analysts: Mila Khodskaya and Sophie Langlois

Germany: +1

Germany has fully complied with its commitment to implement the Financial Stability Board's standards for sound compensation.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that Germany had fully implemented all of the 9 Principles and 15 Standards for sound compensation and implementation.⁹⁶⁶ Further, in December 2009, the Federal Financial Supervisory Authorities (BaFin) published new requirements for remuneration policies of banks and insurers for the banking and the insurance sector.⁹⁶⁷ The new provisions incorporate the FSB principles for sound compensation.⁹⁶⁸

The legislative amendments allowed the Ministry of Finance to transform the BaFin circulars into ministerial ordinances and the new law implements FSB-Standard 3 which allows the supervisory authority to limit variable compensation when it is inconsistent with the maintenance of a sound capital base.⁹⁶⁹

Thus, Germany receives a score of +1.

Analysts: Mila Khodskaya and Robert Schuster

⁹⁶³ 2011 Thematic Review on Compensation: Peer Review Report, Financial Stability Board (Basel) 7 October 2011. Date of Access: October 11 2011.

http://www.financialstabilityboard.org/publications/r_111011a.pdf

⁹⁶⁴ Progress since the Washington Summit in the Implementation of the G20 Recommendations for Strengthening Financial Stability, Report of the Financial Stability Board to G20 Leaders. (Basel) 8 November 2010. Date of access: 8 October 2011

http://www.financialstabilityboard.org/publications/r_101111b.pdf

⁹⁶⁵ FSB-G20 Monitoring Progress – France, Financial Stability Board (Basel) 11 April 2011. Date of Access: 14 May 2011. http://www.financialstabilityboard.org/publications/r_110401f.pdf

⁹⁶⁶ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹⁶⁷ FSB-G20 Monitoring Progress – Germany, Financial Stability Board (Basel) 11 April 2011. Date of Access: 14 May 2011. http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁹⁶⁸ FSB-G20 Monitoring Progress – Germany, Financial Stability Board (Basel) 11 April 2011. Date of Access: 14 May 2011. http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁹⁶⁹ FSB-G20 Monitoring Progress – Germany, Financial Stability Board (Basel) 11 April 2011. Date of Access: 14 May 2011. http://www.financialstabilityboard.org/publications/r_110401g.pdf

India: 0

India has partially complied with its commitments fully implement the Financial Stability Board's standards for sound compensation.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that India was 'making progress toward closing significant implementation gaps identified in the last thematic review' of implementation of the 9 Principles and 15 Standards.⁹⁷⁰

In India, regulations or supervisory guidance to curb risky compensation provided by large financial institutions to their employees are under consideration.⁹⁷¹ Requirements with respect to board members' compensation have been incorporated into law for all listed companies in India.⁹⁷²

Most FSB members have incorporated the requirement that compensation be aligned with prudent risk-taking in their regulatory and supervisory frameworks, though differences remain in approach, emphasis and degree of detail.⁹⁷³ However this is not an area currently addressed in India, though possible measures are under consideration.⁹⁷⁴ India is also considering incorporating Standard 14 on hedging strategies and insurance in their compensation regulations and supervisory activities.⁹⁷⁵

India has partially complied with its commitments fully implement the Financial Stability Board's standards for sound compensation and thus receives a score of 0.

Analyst: Shyama Talukdar

Indonesia: 0

Indonesia has partially complied with its commitments to fully implement the Financial Stability Board's standards for sound compensation.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that Indonesia was 'making progress toward closing significant implementation gaps identified in the last thematic review' of implementation of the 9 Principles and 15 Standards.⁹⁷⁶

Regulations or supervisory guidance to curb risky compensation provided by large financial institutions to their employees are under consideration in Indonesia.⁹⁷⁷ Most FSB members have

⁹⁷⁰ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹⁷¹ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁷² Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁷³ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁷⁴ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁷⁵ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁷⁶ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹⁷⁷ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

incorporated in their regulatory and supervisory frameworks the requirement that compensation be aligned with prudent risk-taking, though differences remain in approach, emphasis and degree of detail.⁹⁷⁸ This is not an area currently addressed in Indonesia, though possible measures are under consideration.⁹⁷⁹

The first Code of Good Corporate Governance was developed under the Indonesian National Committee for Corporate Governance, which was established in 1999 through a ministerial decree. The Committee was replaced in 2004 by the NCG, and a new Code of Good Corporate Governance was issued in 2006.⁹⁸⁰ The code is voluntary but companies are urged to adopt it. Indonesia introduced a wide range of reform measures to improve information disclosure to shareholders and the public, including the quarterly submission of financial reports. Under Indonesia's dual board system of corporate governance boards, the Board of Commissioners has supervisory and advisory duties, whereas the Board of Directors performs the executive roles.⁹⁸¹ Independent directors are required on boards of listed companies in Indonesia. Furthermore, Indonesia requires that independent commissioners account for at least 30 percent of the total number of board members.⁹⁸² However, Indonesia does not have any laws that specify the rules for shareholder approval of the appointment of directors or commissioners. There is no separation of management from the owners, or appointment of professional managers.

India has partially complied with its commitments to fully implement the Financial Stability Board's standards for sound compensation and thus receives a score of 0.

Analyst: Shyama Talukdar

Italy: +1

Italy has fully complied with its commitment to implement FSB standards for sound compensation.

The October 2011 peer review report Thematic Review on Compensation Practices released by the FSB noted that Italy was one of 13 FSB jurisdictions that had fully implemented all 9 Principles and 15 Standards for sound compensation and implementation.⁹⁸³

The FSB's 27 January 2011 peer review of Italy noted that Italian policy priority has recently emphasized oversight and monitoring of liquidity and funding risks. The FSB has noted Italy has implemented a "prudent regulatory and supervisory stance."⁹⁸⁴

⁹⁷⁸ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁷⁹ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁸⁰ Indonesia: Principles of Governance, The Financial Standards Foundation (New York) March 2011. Date of Access: 9 October 2011 <http://www.developing8.org/wp-content/uploads/icp.pdf>

⁹⁸¹ Indonesia: Principles of Governance, The Financial Standards Foundation (New York) March 2011. Date of Access: 9 October 2011 <http://www.developing8.org/wp-content/uploads/icp.pdf>

⁹⁸² Indonesia: Principles of Governance, The Financial Standards Foundation (New York) March 2011. Date of Access: 9 October 2011 <http://www.developing8.org/wp-content/uploads/icp.pdf>

⁹⁸³ Thematic Review on Compensation: Peer Review Report. Financial Stability Board (Basel) 11 October 2011. Date of Access 18 October 2011. http://www.financialstabilityboard.org/publications/r_111011a.pdf

⁹⁸⁴ Peer Review of Italy, Financial Stability Board (Basel) 27 January 2011. Date of Access: 24 March 2011. http://www.financialstabilityboard.org/publications/r_110207b.pdf

In a general overview of sound compensation implementation leading up to the Seoul Summit, the FSB had noted Italy had conducted a review of significant financial institutions against FSB principles and standards, and made recommendations for improvement where necessary.⁹⁸⁵

On 24 February 2011, the Commissione Nazionale per le Società e la Borsa (CONSOB) issued a set of interim recommendations regarding disclosure on remuneration.⁹⁸⁶ This followed an Italian Legislative Decree, issued on 30 December 2010, that called for a “systematic definition of the regulation on transparency of remuneration.”⁹⁸⁷ As of now, a long-term systematic implementation plan has yet to be prepared or applied.

Italy has made efforts to coordinate supervisory practices internationally, particularly within the EU and with the permission of the European Council.⁹⁸⁸ However, the Bank of Italy has not been given authority to remove directors or senior officers, which falls short of implementing suggestions from the Capital Requirements Directive III regarding remuneration policies of banks.⁹⁸⁹

Italy has fully complied with the FSB recommendations on sound compensation practices. It has taken steps toward implementing standards for pay structure and risk alignment, disclosure, and supervisory oversight. Therefore, Italy is awarded a score of +1.

Analyst: Brandon Bailey

Japan: +1

Japan has fully complied with its commitment to implement the FSB Principles and Standards. Japan’s Financial Services Agency (FSA) has selected a supervisory approach to the implementation of these standards.⁹⁹⁰

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that Japan was one of 13 FSB jurisdictions that had fully implemented all of the 9 Principles and 15 Standards for sound compensation and implementation.⁹⁹¹

The National Diet of Japan had initiated policies in line with all five FSB standards before the Seoul Summit took place.^{992,993} Japanese firms are required to have a supervisory board

⁹⁸⁵ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 23 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf.

⁹⁸⁶ Communication n. DEM/11012984, Commissione Nazionale per le Società e la Borsa (Rome) 24 February 2011. Date of Access: 19 March 2011. <http://www.consob.it/mainen/documenti/english/resolutions/c11012984e.pdf>.

⁹⁸⁷ Communication n. DEM/11012984, Commissione Nazionale per le Società e la Borsa (Rome) 24 February 2011. Date of Access: 19 March 2011. <http://www.consob.it/mainen/documenti/english/resolutions/c11012984e.pdf>.

⁹⁸⁸ Peer Review of Italy, Financial Stability Board (Basel) 27 January 2011. Date of Access: 24 March 2011. http://www.financialstabilityboard.org/publications/r_110207b.pdf.

⁹⁸⁹ Peer Review of Italy, Financial Stability Board (Basel) 27 January 2011. Date of Access: 24 March 2011. http://www.financialstabilityboard.org/publications/r_110207b.pdf.

⁹⁹⁰ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 7 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹⁹¹ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹⁹² Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

comprised mostly of non-executive members to ensure proper conformity to the FSB and the FSA.⁹⁹⁴

On 12 September 2010, the FSA announced it would implement a minimum level of capital each Japanese bank is required to hold at all times in order to alleviate financial stress periods.⁹⁹⁵ The FSA also has the authority to ensure banks limit variable compensation when it is inconsistent with the maintenance of said capital base.⁹⁹⁶

On 26 March 2010, the FSA also took steps to change the pay structure of large firms.⁹⁹⁷ No specific numbers have been released but the Japanese government has stated that a “substantial portion” of variable compensation for executives must be awarded in shares. The government is also inducing firms to increase the deferred portion of variable compensation where it lies below 40-60 per cent.⁹⁹⁸

On 31 March 2010, Japan’s FSA also implemented new regulations for the disclosure of remuneration. Any companies with executives making over YEN100 million (USD1.25 million) must disclose a yearly report with the details on compensation.⁹⁹⁹

On 1 April 2010, the FSA implemented its revised supervisory guidelines. The guidelines refer specifically to the supervision of all Japanese financial institutions, including international firms. They focus on the clarification of management policies, responsibility allocation, risk management, and compensation structure.¹⁰⁰⁰

Japan has completely implemented the FSB Standards for Sound Compensation. Thus, Japan has been awarded of a score of 1.

Analyst: Enko Koceku

Korea: +1

Korea has fully complied with its commitments to fully implement the Financial Stability Board’s standards for sound compensation.

⁹⁹³ Progress in the Implementation of the G20 Recommendations for Strengthening Financial Stability. Financial Stability Board (Switzerland) 15 February 2011. Date of Access: 24 March 2011.

http://www.financialstabilityboard.org/publications/r_110219.pdf

⁹⁹⁴ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹⁹⁵ FSA Newsletter No. 88 2010. Financial Stability Board (Japan) 18 January 2011. Date of Access: 26 March 2011. <http://www.fsa.go.jp/en/newsletter/2010/07.pdf>

⁹⁹⁶ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2011. Date of Access: 7 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹⁹⁷ FSA Newsletter No. 84 2010. Financial Services Agency (Japan). 9 June 2010. Date of Access: 27 March 2011. <http://www.fsa.go.jp/en/newsletter/2010/03.pdf>

⁹⁹⁸ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2011. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹⁹⁹ Japan to require disclosure of executive pay. Reuters (United States) 16 February 2010. Date of Access 25 March 2011. <http://www.reuters.com/article/2010/02/16/japan-compensation-idUSTOE61F04O20100216>

¹⁰⁰⁰ FSA Newsletter No. 84 2010. Financial Services Agency (Japan). 9 June 2010. Date of Access: 27 March 2011. <http://www.fsa.go.jp/en/newsletter/2010/03.pdf>

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that Korea was one of 13 FSB jurisdictions that had fully implemented all of the 9 Principles and 15 Standards for sound compensation and implementation.¹⁰⁰¹

In Korea, FSB sound compensation standards are applied to all financial institutions, including insurance companies, investment firms and asset management companies.¹⁰⁰² The Committee on Corporate Governance was formed in South Korea in March 1999 to develop and publish the Code of Best Practice for Corporate Governance, which is benchmarked against the Organization for Economic Cooperation and Development Principles of Corporate Governance.¹⁰⁰³

The Code which was subsequently revised in 2003, the Securities and Exchange Act of 1962, and the Commercial Code, "provide a solid foundation for corporate governance".¹⁰⁰⁴ The Financial Investment Services and Capital Markets Act consolidated six different laws, including the Securities and Exchange Act, and became effective on February 4, 2009.¹⁰⁰⁵

Korea has fully complied with its commitments to fully implement the Financial Stability Board's standards for sound compensation thus has been awarded a score of +1.

Analyst: Shyama Talukdar

Mexico: +1

Mexico has fully complied with the commitment to fully implement FSB standards for sound compensation, as reaffirmed in the G20 Seoul Summit in November 2010.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that Mexico was one of 13 jurisdictions that had fully implemented all of the 9 Principles and 15 Standards for sound compensation and implementation.¹⁰⁰⁶

Prior to the Seoul Summit, Mexico had already implemented measures in compliance with the FSB standards. On 28 July 2010, the President of Mexico Felipe Calderón established the Financial System Stability Council in direct compliance with the G20 commitment.¹⁰⁰⁷

On 6 October 2010, the Bank of Mexico's financial stability board formally began operations.¹⁰⁰⁸ Its functions include identifying risks to the system, making recommendations on macro-

¹⁰⁰¹ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

¹⁰⁰² Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

¹⁰⁰³ Compensation Strategies at Financial Companies, Korea Capital Market Institute (Seoul) November 2010. Date of Access: 9 October 2011 www.ksri.org/publish/down_nomember.asp?idx=564

¹⁰⁰⁴ Compensation Strategies at Financial Companies, Korea Capital Market Institute (Seoul) November 2010. Date of Access: 9 October 2011 www.ksri.org/publish/down_nomember.asp?idx=564

¹⁰⁰⁵ Compensation Strategies at Financial Companies, Korea Capital Market Institute (Seoul) November 2010. Date of Access: 9 October 2011 www.ksri.org/publish/down_nomember.asp?idx=564

¹⁰⁰⁶ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

¹⁰⁰⁷ México Presenta Consejo de Estabilidad, CNN Expansión.com (Mexico City) 28 July 2010. Date of Access: 25 March 2011. <http://www.cnnexpansion.com/economia/2010/07/28/mexico-economia-calderon-estabilidad-cnn>

¹⁰⁰⁸ Interview with Agustín Carstens, Central Banking Publications (London) 18 November 2011. Date of Access: 27 March 2011. <http://www.banxico.org.mx/publicaciones-y-discursos/discursos-y-presentaciones/discursos/%7B99C0013D-9603-4C9A-2F5C-E9B872C4D955%7D.pdf>

prudential policies and regulations to maintain stability, as well as, “actively participating in international groups working under the aegis of the Financial Stability Board.”¹⁰⁰⁹

On 18 November 2010, the Governor of the Central Bank of Mexico Agustín Carstens reiterated the importance of the role of the Financial System Stability Council as a “structure through which you could have formal coordination of policy between the financial authorities.”¹⁰¹⁰ The council is made up of “members of the Bank of Mexico, Ministry of Finance, Deposit Insurance Institute, Pension Fund Supervisor, Insurance Supervisor and the Banking and Securities Supervisor who will meet at least once a quarter.”¹⁰¹¹

On 18-19 February 2011, during the 2011 G20 Finance Ministerial Meeting, the Finance Ministers and Central Bank Governors reaffirmed commitment to FSB standards.¹⁰¹² Mexico has continued to implement the initiatives and measures established prior to the G20 Summit in November in compliance to FSB standards.

Therefore, Mexico has fully complied with its commitment to continue implementing FSB standards for sound compensation, which it reaffirmed in the G20 Seoul Summit and has been awarded a score of +1

Analyst: Nerin Ali

Russia: 0

Russia has partially complied with the commitment on implementing the FSB’s standards for sound compensation.

On 5 January 2011, Russian President signed a law requiring state enterprises to create supervisory boards overseeing compensation systems’ design and usage of companies’ profits for paying compensations.¹⁰¹³ This action is in line with the FSB recommendations on governance.

On 17 February 2010, Russian President charged the Government to make decisions aimed at aligning of compensation systems in banks and companies with the government participation in accordance with the FSB standards.¹⁰¹⁴ Following this instruction, on 22 December 2010, the Russian Government approved general approaches to developing compensation systems in banks and companies with the government participation, implying limitations on compensation in such

¹⁰⁰⁹ Interview with Agustín Carstens, Central Banking Publications (London) 18 November 2011. Date of Access: 27 March 2011. <http://www.banxico.org.mx/publicaciones-y-discursos/discursos-y-presentaciones/discursos/%7B99C0013D-9603-4C9A-2F5C-E9B872C4D955%7D.pdf>

¹⁰¹⁰ Interview with Agustín Carstens, Central Banking Publications (London) 18 November 2011. Date of Access: 25 March 2011. <http://www.banxico.org.mx/publicaciones-y-discursos/discursos-y-presentaciones/discursos/%7B99C0013D-9603-4C9A-2F5C-E9B872C4D955%7D.pdf>

¹⁰¹¹ Interview with Agustín Carstens, Central Banking Publications (London) 18 November 2011. Date of Access: 27 March 2011. <http://www.banxico.org.mx/publicaciones-y-discursos/discursos-y-presentaciones/discursos/%7B99C0013D-9603-4C9A-2F5C-E9B872C4D955%7D.pdf>

¹⁰¹² 2011 G20 Financial Ministerial Communiqué, G20 Information Center (Toronto) 19 February 2011. Date of Access: 26 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

¹⁰¹³ Law to improve efficacy and transparency of state corporations, Office of the President (Moscow) 5 January 2011. Date of Access: 4 April 2011. <http://eng.kremlin.ru/acts/1594>.

¹⁰¹⁴ The List of Instructions following the Meeting of the Presidential Council for the Financial Market Development is Approved, Office of the President (Moscow) 17 February 2010. Date of Access: 4 April 2011. <http://kremlin.ru/news/6889>.

institutions during financial distress and obliging such institutions to include information about compensations in their annual reports.¹⁰¹⁵

On 30 December 2008, the Russia Central Bank issued the ordinance requiring setting the procedure for credit institutions to present to the Bank authorized representatives information about their compensation practices.¹⁰¹⁶ This action is in line with the FSB recommendations on supervisory oversight.

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, Russia, under the auspices of the G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”¹⁰¹⁷

Russia has taken measures to implement 4 of the 5 FSB’s standards for sound compensation. Thus it has been awarded a score of 0.

Analyst: Andrey Shelepov

Saudi Arabia: +1

Saudi Arabia has fully complied with its commitment to implement the FSB standards for sound compensation, as reaffirmed in the G20 Seoul Summit in November 2010.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that Saudi Arabia was one of 13 FSB jurisdictions that had fully implemented all of the 9 Principles and 15 Standards for sound compensation and implementation.¹⁰¹⁸

On 31 October 2010, the Governor of the Saudi Arabian Monetary Agency Mohammed Bin Sulaiman Al Jassar reiterated the importance of remuneration reforms in the banking sector as addressed by the FSB agenda, and cited the longstanding “proactive attitude of the Saudi Arabian Monetary Agency.”¹⁰¹⁹ He referred specifically to measures such as “capping the remunerations for boards of directors and their audit committees, encouraging banks to set remuneration committees.”¹⁰²⁰

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, Saudi Arabia, under the auspices of the G20 members, urged all jurisdictions to “fully

¹⁰¹⁵ On Approval of General Approaches to Unification of Remuneration Systems in Banks and Companies with Governmental Stake by the Government of the Russian Federation, Russian Ministry of Economic Development (Moscow) 19 January 2011. Date of Access: 4 April 2011.

http://www.economy.gov.ru/minec/activity/sections/instdev/doc20110119_06.

¹⁰¹⁶ The Bank of Russia Bulletin №8 (1099), Bank of Russia (Moscow) 9 February 2009. Date of Access: 4 April 2011. <http://cbr.ru/Publ/Vestnik/ves090220011.zip>.

¹⁰¹⁷ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

¹⁰¹⁸ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

¹⁰¹⁹ Speech of H.E. Dr. Mohammed Bin Sulaiman Al Jassar Governor of SAMA at the Kuwait Financial Forum, Saudi Arabian Monetary Agency (Riyadh) October 31 2010. Date of Access: March 27 2011. <http://www.sama.gov.sa/sites/samaen/News/Pages/SpeechAtKuwait.aspx>

¹⁰²⁰ Speech of H.E. Dr. Mohammed Bin Sulaiman Al Jassar Governor of SAMA at the Kuwait Financial Forum, Saudi Arabian Monetary Agency (Riyadh) October 31 2010. Date of Access: March 27 2011. <http://www.sama.gov.sa/sites/samaen/News/Pages/SpeechAtKuwait.aspx>

implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”¹⁰²¹

Saudi Arabia has continued to implement the initiatives and measures established prior to the G20 Summit in November in compliance with FSB standards. Therefore, Saudi Arabia has fully complied with the commitment and receives a score of +1.

Analyst: Nerin Ali

South Africa: -1

South Africa has partially complied with its commitment to implement the FSB standards for sound compensation, as reaffirmed in the G20 Seoul Summit in November 2010.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that South Africa was one of two remaining FSB jurisdictions where ‘significant gaps remain’ in implementation of the 9 Principles and 15 Standards for sound compensation and implementation.¹⁰²²

The March 2010 FSB Thematic Review on Sound Compensation Practices indicated that regulatory or supervisory guidance is still in the preparatory stage in South Africa.¹⁰²³ The Review also indicates that South Africa is planning a self-assessment with respect to the Principles and Standards.¹⁰²⁴ Additionally, South Africa has not incorporated hedging strategies and insurance in its compensation regulation activities.¹⁰²⁵

Hence, South Africa receives a score of 0 for taking steps towards adopting initiatives in line with the FSB principles and standards on sound compensation.

Analysts: Mila Khodskaya and Vanessa Cheng

Turkey: 0

Turkey has partially complied with its commitment to fully implement the FSB standards for sound compensation.

On 30 March 2010 the Financial Stability Board issued a Peer Review Report of Principles and Standards endorsed by G20 leaders at the London Summit in April 2009 and in Pittsburgh in September 2009. Turkey intends on addressing payout structures in their regulation and supervisory activities as they currently do not do so.¹⁰²⁶ Deferral arrangements are also under

¹⁰²¹ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

¹⁰²² Thematic Review on Compensation, Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

¹⁰²³ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

¹⁰²⁴ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

¹⁰²⁵ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

¹⁰²⁶ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0, 12.

consideration.¹⁰²⁷ As for the compensation framework, Turkey's banks' compensation programs currently do not have any guaranteed bonuses, or they have been limited to one year.¹⁰²⁸

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, Turkey, under the auspices of the G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”¹⁰²⁹

On 21 September 2011, the FSB released the 2011 Thematic Review on Compensation that anticipated Turkey's new national frameworks to come into force in 2012. However, Turkey has not specified the requirements that apply to firms in laws and regulations as they are issued by supervisors, and has also not fully implemented the Practices and Standards of existing industry practices, despite planning to conduct a survey on this matter in 2012. The national supervisory authority (BRSA) published a supervisory guidance on compensation on 9 June 2011, formally adopting compensation standards but allowing for flexibility in implementation. Nevertheless Turkey has been considered a “late mover” country due to results on firm level implementation.¹⁰³⁰

Hence Turkey has been awarded a score of 0 for partial implementation of FSB standards.

Analyst: Vanessa Cheng

United Kingdom: +1

The United Kingdom has fully complied with its commitment to implement FSB standards for sound compensation.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that the United Kingdom was one of 13 FSB jurisdictions that had fully implemented all of the 9 Principles and 15 Standards for sound compensation and implementation.¹⁰³¹

Prior to the Seoul Summit, the UK Financial Services Authority in (FSA)'s Remuneration Code applied to only the largest banks and building societies.¹⁰³² On 17 December 2010, the FSA published an updated Remuneration Code applying to 2700 firms including all banks and building societies.¹⁰³³ The updated Remuneration Code aims to align remuneration policies in the

¹⁰²⁷ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0, 12.

¹⁰²⁸ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0, 12.

¹⁰²⁹ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

¹⁰³⁰ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

¹⁰³¹ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

¹⁰³² FSA publishes revise Remuneration Code, Financial Services Authority (London) 17 December 2010. Date of Access: 19 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/180.shtml>.

¹⁰³³ FSA publishes revise Remuneration Code, Financial Services Authority (London) 17 December 2010. Date of Access: 19 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/180.shtml>.

EU to apply practices that are ‘consistent with effective risk management’ and includes guaranteed bonuses in line with FSB standards.¹⁰³⁴

As dictated by the FSB guidelines, the FSA Remuneration Code directs that at least 50 per cent of variable remuneration should consist of shares and be subject to an appropriate retention period.¹⁰³⁵

Under the updated Remuneration Code, firms are required to submit a detailed annual report on compensation including remuneration and pay-outs. The most important firms are mandated to submit their first report before December 2011.¹⁰³⁶ In November 2010, the FSA released a set of proposals designed to adhere to the Capital Requirements Directive and FSB standards.¹⁰³⁷ On 16 November 2010, the FSA announced changes to mortgage sales, requiring disclosure of how intermediaries are paid.¹⁰³⁸

On 13 December 2010, FSA CEO Hector Sants outlined the creation of the Prudential Regulation Authority (PRA) and other reforms to supervisory practices.¹⁰³⁹ The PRA requires supervisors to consider risk, capital, and liquidity in making judgments.¹⁰⁴⁰ In their 2011-2012 Business Plan, the FSA announced plans to “embed” their supervisory approach by enforcing new requirements on risk governance and controls beginning in May 2011, and by ensuring the revised European Code on remuneration has been rigorously applied since its implementation on 1 January 2011.¹⁰⁴¹

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, the United Kingdom, under the auspices of the G20 members, urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”¹⁰⁴²

¹⁰³⁴ FSA publishes revise Remuneration Code, Financial Services Authority (London) 17 December 2010. Date of Access: 19 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/180.shtml>.

¹⁰³⁵ FSA publishes revise Remuneration Code, Financial Services Authority (London) 17 December 2010. Date of Access: 19 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/180.shtml>.

¹⁰³⁶ FSA publishes revise Remuneration Code, Financial Services Authority (London) 17 December 2010. Date of Access: 19 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/180.shtml>.

¹⁰³⁷ Implementing CRD3 requirements on the disclosure of remuneration, Financial Services Authority (London) November 2010. Date of Access: 21 March 2011. http://www.fsa.gov.uk/pubs/cp/cp10_27.pdf.

¹⁰³⁸ FSA recommends changes to mortgage sales to achieve a sustainable mortgage market, Financial Services Authority (London) 16 November 2010. Date of Access: 19 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/164.shtml>.

¹⁰³⁹ FSA Chief Executive outlines progress in reforming supervisory practices, Financial Services Authority (London) 13 December 2010. Date of Access: 21 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/174.shtml>.

¹⁰⁴⁰ FSA Chief Executive outlines progress in reforming supervisory practices, Financial Services Authority (London) 13 December 2010. Date of Access: 21 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/174.shtml>.

¹⁰⁴¹ Business Plan 2011/12, Financial Services Authority (London) 2011. Date of Access: 21 March 2011. http://www.fsa.gov.uk/pubs/plan/pb2011_12.pdf.

¹⁰⁴² Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

The United Kingdom has implemented the FSB standards for sound compensation in regards to governance, compensation and capital, pay structure and risk alignment, disclosure, and supervisory oversight. Therefore, the United Kingdom is awarded a score of +1 for full compliance.

Analysts: Brandon Bailey and Sophie Langlois

United States: 0

The United States has partially complied with its commitment to implement the FSB standards for sound compensation. The commitments to these principles have been reaffirmed but not much has been done to strengthen and actively enforce these standards.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that the United States had fully implemented all but one of the 9 Principles and 15 Standards for sound compensation and implementation.¹⁰⁴³

The United States has continued to put into effect the reforms and principles set out in the Dodd-Frank Wall Street Reform and Consumer Protection Act of July 2010. On the U.S. Securities and Exchange Commission website, there is a list of numerous accomplishments which have been achieved to date.¹⁰⁴⁴ These include corporate governance and disclosure, auditing, oversight of investment advisers and broker-dealers, and other categories of recent accomplishments. In addition, there are various planned steps which are outlined for subsequent months in 2011, showing a commitment to continue implementing the standards set out in the Dodd-Frank Act.¹⁰⁴⁵

In a report on 8 November 2010, the Financial Stability Board highlighted “Progress since the Washington Summit in the Implementation of the G20 Recommendations for Strengthening Financial Stability.” This report noted that some FSB members are currently examining the features of United States legislative changes in order to ensure that they can successfully propose “harmonizing legislative changes in their jurisdictions,” or rely on the suggestions of the FSB to determine whether or not legislative changes are necessary.¹⁰⁴⁶

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, the United States, under the auspices of the G20 members, urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”¹⁰⁴⁷

¹⁰⁴³ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

¹⁰⁴⁴ Implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act, U.S. Securities and Exchange Commission (Washington D.C.) 18 March 2011. Date of Access: 26 March 2011. <http://www.sec.gov/spotlight/dodd-frank.shtml>

¹⁰⁴⁵ Implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act – Accomplishments, U.S. Securities and Exchange Commission (Washington D.C.) 18 March 2011. Date of Access: 26 March 2011. <http://www.sec.gov/spotlight/dodd-frank/accomplishments.shtml>

¹⁰⁴⁶ Progress since the Washington Summit in the Implementation of the G20 Recommendations for Strengthening Financial Stability: Report of the Financial Stability Board to G20 Leaders, Financial Stability Board (Washington D.C.) 8 November 2011. Date of Access: 26 March 2011. http://www.financialstabilityboard.org/publications/r_101111b.pdf

¹⁰⁴⁷ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

Although meaningful steps have been taken to incorporate the Dodd-Frank Act into the financial reporting system, there are still aspects of the FSB standards for sound compensation, most notably disclosure, which need to be implemented in the United States.¹⁰⁴⁸ Therefore, the United States has been given a score of 0 with regards to its commitment to apply all of the FSB standards for sound compensation.

Analysts: Tara Stankovic and Robert Schuster

European Union: +1

The European Union has fully complied with its commitment to implement the FSB standards and principles for sound compensation.

The EU took a regulatory approach by preparing the Directive 2010/76/EU of the European Parliament and the Council that amended previous directives (2006/48/EC and 2006/49/EC) in regards to supervision of remuneration policies.¹⁰⁴⁹ The final legislative act was prepared on 24 November 2010 and published in the Official Journal on 14 December 2010, entering into force on 15 December 2010. Its official purpose is to strengthen rules for capital requirements and remuneration in credit institutions and investment firms.¹⁰⁵⁰

The Directive 2010/76/EU (the Directive) introduces a requirement that the remuneration policies of financial institutions be subject to supervisory oversight.¹⁰⁵¹ This obliges supervisory authorities to perform regular compliance checks in regards to remuneration policies for the risk management of financial institutions. Moreover, supervisors may request financial institutions to take actions in order to rectify identified issues. In cases of non-compliance, they have the power to penalise financial institutions or impose other measures for breach of the Directive.¹⁰⁵²

The Directive also validly obliges credit institutions and investment firms to develop and practise compensation policies that are in line with sound and effective risk management, that do not encourage excessive risk-taking and that value their long-term goals.¹⁰⁵³

The variable part of remuneration should constitute a balanced and flexible portion of total compensation. Its substantial portion should be deferred in time and must not only be in cash but also consist of shares, share-linked instruments or other equivalent non-cash instruments. Guaranteed bonuses should be prohibited as they are inconsistent with the pay-for-performance rule.

According to the Directive, financial institutions must make sure the total variable remuneration does not adversely impact the strength of their capital base. In cases of exceptional government

¹⁰⁴⁸ 2011 Thematic Review on Compensation, Financial Stability Board (Basel) 7 October 2011. Date of Access: 13 October 2011. http://www.financialstabilityboard.org/publications/r_111011a.pdf.

¹⁰⁴⁹ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

¹⁰⁵⁰ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

¹⁰⁵¹ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

¹⁰⁵² The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

¹⁰⁵³ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

intervention, priority has to be directed towards enhancing the sound nature of their capital base, and any variable remuneration elements should remain in line with the idea of strong capital.¹⁰⁵⁴

The Directive also strengthens the requirements of disclosure and imposes transparency towards the market in relation to remuneration within credit institutions and investments firms. For example, information regarding remuneration practices and compensation of staff whose professional activities have a material impact on the risk profile should be disclosed to all stakeholders (shareholders, employees, general public etc).¹⁰⁵⁵

The FSB Thematic Peer Review on Compensation of October 2011 indicates that the Capital Requirements Directive III has caused a convergence towards a rules-based regulatory approach within the European Union relating to FSB principles and standards on sound compensation.¹⁰⁵⁶

On 4 May 2011, the European Commission created the EU corporate governance framework, also known as the Green Paper, which assesses the effectiveness of the current framework in place and calls on feedback and input from interested parties for future improvement on current practices and regulations.¹⁰⁵⁷

Moreover, on 18-19 February 2011 in Paris, the representation of European Institutions participated in the meeting of Finance Ministers and Central Bank Governors, where a joint communiqué was released by all members (including the EU): “We urge all jurisdictions to fully implement the FSB principles and standards on sounder compensation practices agreed by the G20 Leaders in Pittsburgh and call on the FSB to undertake ongoing monitoring in this area and look forward to receiving the results of a second thorough FSB peer review midyear to identify remaining gaps.”¹⁰⁵⁸

Therefore, the European Union has been awarded a score of +1 for taking active steps in implementing the FSB standards and thus complying with the G20’s and FSB’s principles on sound compensation.

Analyst: Kamil Wolski and Sophie Langlois

¹⁰⁵⁴ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

¹⁰⁵⁵ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

¹⁰⁵⁶ 2011 Thematic Review on Compensation: Peer Review Report, Financial Stability Board (Basel) 7 October 2011. Date of Access: October 11 2011. http://www.financialstabilityboard.org/publications/r_111011a.pdf

¹⁰⁵⁷ Green Paper: The EU corporate governance framework. (Brussels) May 4 2011. Date of access: October 9 2011. http://www.ecgi.org/commission/documents/eu_corporate_governance_framework_5apr2011_en.pdf

¹⁰⁵⁸ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

8. Trade

Commitment [#96]:

“We therefore reaffirm the extension of our standstill commitments until the end of 2013 as agreed in Toronto.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina	-1		
Australia			+1
Brazil	-1		
Canada		0	
China	-1		
France		0	
Germany		0	
India		0	
Indonesia		0	
Italy		0	
Japan			+1
Korea		0	
Mexico			+1
Russia	-1		
Saudi Arabia			+1
South Africa	-1		
Turkey		0	
United Kingdom		0	
United States		0	
European Union		0	
Average Score		-0.05	

Background:

Since the beginning of the General Agreement on Tariffs and Trade (GATT), and especially since the formation of the World Trade Organization (WTO), G20 members have made significant progress in reducing barriers to global trade in goods and services as well as other trade-distorting mechanisms. However, states have historically tended to resort to protectionism in times of economic uncertainty, and the recent global financial crisis raised concerns that major economic actors would raise barriers to trade and investment.¹⁰⁵⁹ Commitments pledging to “refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate trade” have been made at each G20 leaders’ summit since the initial summit in Washington in 2008.¹⁰⁶⁰

At the Toronto Summit, G20 leaders requested that “the WTO, OECD and UNCTAD ... continue to monitor the situation within their respective mandates, reporting publicly on these

¹⁰⁵⁹ G20 governments refrain from extensive use of restrictive measures, but some slippage evident, World Trade Organization (Geneva) 14 September 2009. Date of Access: 1 November 2009.

www.wto.org/english/news_e/news09_e/trdev_14sep09_e.htm

¹⁰⁶⁰ Declaration: Summit on Financial Markets and the World Economy, G20 Summit (Washington) 15 November 2008. Date of Access: 1 November 2009.

<http://www.g20.utoronto.ca/2008/2008declaration1115.html>

commitments on a quarterly basis.” The WTO has accordingly assessed G20 members’ trade and trade-related activities in quarterly reports, with the most recent report, covering May to October 2010, being released in November 2010.¹⁰⁶¹ The OECD and UNCTAD have also been active in tracking protectionism among G20 members, having released their most recent report on G20 investment measures, covering the same period, in early November 2010.¹⁰⁶² In a joint statement drafted by the heads of the WTO, OECD, and UNCTAD, all three organizations declared that they were optimistic about G20 members’ success in avoiding undue protectionism, though they warned that several factors, including persistent unemployment and restrictive measures taken in the wake of the global financial crisis, enhanced the risk that G20 members might turn to protectionism in coming months.¹⁰⁶³

Commitment Features:

This commitment refers to protectionist policies enacted after the Seoul Summit in the form of barriers to investment or trade in goods and services, export restrictions, or WTO-inconsistent measures to stimulate exports. To achieve full compliance, a G20 member is required to refrain from imposing any new measures that fall under any of these categories. To differentiate partial compliance from non-compliance, a per-country average is calculated using the number of protectionist measures recorded by analysts (see Table 9). For a score of 0 for partial compliance, a member must not have exceeded the per-country average level of protectionist measures. A member that has exceeded the per-country average level of protectionist measures is awarded a score of -1 for non-compliance.

The methodology reflects an emphasis on determining compliance based on policy actions, rather than the outcomes of those actions. For this reason, compliance to this commitment is determined by the number of protectionist policies imposed by an individual member relative to an average of the number imposed by all G20 members. The measure is internally valid and can be used to determine relative compliance across G20 summits. The measure also allows for a clear distinction between partial compliance and non-compliance that is not based on an arbitrary threshold, but is instead based on the average rate of non-compliance among G20 members.

This methodology is distinct from that employed by the World Trade Organization (WTO), the Organisation of Economic Co-operation and Development (OECD) and the United Nations Convention on Trade and Development (UNCTAD). The WTO assesses changing levels of aggregate protectionism among G20 members by calculating G20 import restrictions as a share of total G20 imports. It creates an internally valid statistic that can be measured over time in order to determine broad trends, but it implicitly measures the outcome of G20 members’ protectionist policies rather than the policies themselves. The OECD/UNCTAD report does not directly measure aggregate investment measures across the G20. Instead, it reports on changes in flows of foreign direct investment (FDI) to G20 members as one indicator of global investment activity, which is influenced in part by the extent of barriers to investment among G20 members. The WTO, OECD, and UNCTAD reports also list the number and nature of new trade and investment

¹⁰⁶¹ Report on G20 Trade Measures (May 2010 to October 2010), World Trade Organization (Geneva) 4 November 2010. Date of Access: 6 March 2011.

http://www.wto.org/english/news_e/news10_e/g20_wto_report_nov_e.docdeclaration.pdf

¹⁰⁶² Fourth Report on G20 Investment Measures, OECD and UNCTAD (Geneva) 3 November 2010. Date of Access: 6 March 2011. http://www.wto.org/english/news_e/news10_e/g20_oecd_unctad_report_e.doc

¹⁰⁶³ Joint Summary on G20 Trade and Investment Measures, OECD, WTO, and UNCTAD (Geneva) 2 November 2010. Date of Access: 6 March 2011.

http://www.wto.org/english/news_e/news10_e/g20_joint_summary_nov10_e.doc

measures in their respective annexes, which this report considers when analyzing the number of protectionist policies imposed by G20 members since the Seoul Summit.

This report considers all tariffs, export restrictions, investment restrictions, and WTO-inconsistent subsidies, anti-dumping measures and investigations, and countervailing measures initiated after the Toronto Summit as instances of protectionism, which is consistent with the methodology employed by the WTO.

Table 9: Barriers to Trade in G20 Members

Country	New Barriers Imposed	Compliance Score
Argentina	21	-1
Australia	0	+1
Brazil	3	-1
Canada	1	0
China	4	-1
France	1	0
Germany	1	0
India	1	0
Indonesia	1	0
Italy	1	0
Japan	0	+1
Korea	0	+1
Mexico	0	+1
Russia	4	-1
South Africa	3	-1
Saudi Arabia	0	+1
Turkey	1	0
United Kingdom	1	0
United States	1	0
European Union	1	0
Average	2	-.05

Definitions

The following definitions apply to the terms used for this commitment.

Barriers to investment or trade in goods and services: “Tariffs, non-tariff measures, subsidies and burdensome administrative procedures regarding imports.”¹⁰⁶⁴

Export restrictions: Voluntary or imposed restrictions on a country’s exports, often intended to prevent goods being exported in the face of a domestic shortage or in order to manipulate current-account balances.

WTO-inconsistent measures to stimulate exports: The WTO Agreement on Subsidies and Countervailing Measures outlines five broad measures that unfairly stimulate exports: 1) Domestic subsidies that require recipients to meet certain export targets; 2) Subsidies that require recipients to use domestic goods instead of imported goods; 3) Domestic subsidies that hurt an

¹⁰⁶⁴ G20 governments refrain from extensive use of restrictive measures, but some slippage evident, World Trade Organization (Geneva) 14 September 2009. Date of Access: 1 November 2009. www.wto.org/english/news_e/news09_e/trdev_14sep09_e.htm

industry in an importing country; 4) Domestic subsidies in one country that hurt exporters trying to compete in the subsidizing country's domestic market; 5) Domestic subsidies that hurt rival exporters from another country when the two compete in third markets.¹⁰⁶⁵

Scoring Guidelines:

-1	G20 member imposes new protectionist measures AND the number of instances exceeds the average number of protectionist measures imposed by G20 members.
0	G20 member imposes new protectionist measures BUT the number of instances does not exceed the average number of protectionist measures imposed by G20 members.
+1	G20 member does not impose any new protectionist measures.

Lead Analyst: Hermonie Xie

Argentina: -1

Argentina has failed to comply with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

Argentina has imposed eight non-tariff barriers to trade by reference pricing. Such products subject to this reference pricing are as follows: (1) certain glass fibres imported from various Asian countries, as of 28 March 2011;¹⁰⁶⁶ (2) imports of apples and pears from various countries as of 28 March 2011;¹⁰⁶⁷ (3) imports of water and other juice dispensing machines from various Asian countries as of 11 March 2011;¹⁰⁶⁸ (4) imports of natural honey from various countries as of 3 March 2011;¹⁰⁶⁹ (5) imports of certain electrical machines from various Asian countries on 3 March 2011;¹⁰⁷⁰ (6) imports of certain 'long pile' fabrics from various Asian countries on 14 December 2010;¹⁰⁷¹ (7) imports on certain woven fabrics of artificial fibres from various Asian

¹⁰⁶⁵ Understanding the WTO – Anti-dumping, subsidies, safeguards: contingencies, etc, World Trade Organization (Geneva) 1 January 2005. Date of Access: 1 November 2009.

www.wto.org/english/thewto_e/whatis_e/tif_e/agrm8_e.htm#subsidies.

¹⁰⁶⁶ BOLETIN OFICIAL N° 32.117, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3024, AFIP (Buenos Aires) 28 March 2011. Date of Access: April 8 2011.

http://www.iqom.com.mx/documents/0311/BO%20ARG_28%20mar_1.pdf

¹⁰⁶⁷ BOLETIN OFICIAL N° 32.109, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3058, AFIP (Buenos Aires) 14 March 2011. Date of Access: April 8 2011.

<http://www.iqom.com.mx/documents/0311/DOF%2014%20mar.pdf>

¹⁰⁶⁸ BOLETIN OFICIAL N° 32.108, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3057, AFIP (Buenos Aires) 11 March 2011. Date of Access: April 8 2011.

<http://www.iqom.com.mx/documents/0311/DOF%2011%20mar-surtidoras%20de%20agua.pdf>

¹⁰⁶⁹ BOLETIN OFICIAL N° 32.104, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3052, AFIP (Buenos Aires) 3 March 2011. Date of Access: April 8 2011.

<http://www.iqom.com.mx/documents/0311/DOF%203mar11.pdf>

¹⁰⁷⁰ BOLETIN OFICIAL N° 32.104, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3051, AFIP (Buenos Aires) 3 March 2011. Date of Access: April 8 2011.

<http://www.iqom.com.mx/documents/0311/DOF%203mar11.pdf>

¹⁰⁷¹ BOLETIN OFICIAL N° 32.047, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 2993, AFIP (Buenos Aires) 14 December 2010. Date of Access: April 8 2011.

<http://www.iqom.com.mx/documents/1210/DOF%2014%20dic-val.%20criterio.pdf>

countries on 25 November 2010,¹⁰⁷² and (8) imports of electric irons from various Asian and Latin American countries on 11 November 2010.¹⁰⁷³

On 15 March 2011, the government of Argentina imposed anti-dumping duties of 17.67% on the import of certain hypodermic needles from China, following an investigation which started on 20 January 2011.¹⁰⁷⁴ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has not yet called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

Argentina continues to impose thirteen additional non-tariff barriers by reference pricing. Products subject to this reference pricing are as follows: (1) certain types of yerba mate originating in a series of countries, as of 24 June 2011;¹⁰⁷⁵ (2) imports of certain types of frames and mountings for spectacles, corrective spectacles, and sunglasses from China, Taiwan, and other Asian countries;¹⁰⁷⁶ (3) imports of certain types of electric apparatus for burglar protection from Canada, China, Mexico, and other countries;¹⁰⁷⁷ (4) imports of certain types of cotton yarn and woven fabrics from India, Indonesia, Peru, Brazil, and other countries;¹⁰⁷⁸ (5) imports of certain types of transmission belts or belting, of vulcanized rubber reinforced only with textile materials from China, Taiwan, and other Asian countries;¹⁰⁷⁹ (6) imports of dyed woven fabrics of synthetic filament yarn from China, South Korea, Indonesia and other Asian countries;¹⁰⁸⁰ (7) imports of certain types of toys, games, playing cards, Christmas Trees, and balloons from China and other Asian countries;¹⁰⁸¹ (8) imports of plates, sheets, film, foil, and strips of polymers of

¹⁰⁷² BOLETIN OFICIAL N° 32.036, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 2970, AFIP (Buenos Aires) 26 November 2010. Date of Access: April 8 2011.

<http://www.iqom.com.mx/documents/1110/DOF%20Argentina%2026nov2010.pdf>

¹⁰⁷³ BOLETIN OFICIAL N° 32.026, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 2956, AFIP (Buenos Aires) 11 November 2010. Date of Access: April 8 2011.

<http://www.iqom.com.mx/documents/1110/DOF%2011%20de%20nov%20p%2026.pdf>

¹⁰⁷⁴ BOLETIN OFICIAL N° 32.110. Resolución 89/2011, Ministerio de Industria Comercio Exterior (Buenos Aires) 15 March 2011. Date of Access: April 8 2011.

<http://www.iqom.com.mx/documents/0311/DOF%2015%20mar%201.pdf>

¹⁰⁷⁵ Resolución 3144, AFIP (Buenos Aires) 24 June 2011. Date of Access: 9 October 2011.

<http://www.infoleg.gov.ar/infolegInternet/anexos/180000-184999/184030/norma.htm>

¹⁰⁷⁶ BOLETIN OFICIAL N° 32.183, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3142, AFIP (Buenos Aires) 4 July 2011. Date of Access: 9 October 2011.

<http://www.iqom.com.mx/documents/0611/val%20crit-%204%20jul-%202.pdf>

¹⁰⁷⁷ BOLETIN OFICIAL N° 32.183, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3143, AFIP (Buenos Aires) 4 July 2011. Date of Access: 9 October 2011.

<http://www.iqom.com.mx/documents/0611/DOF%204%20jul-%20equipos.pdf>

¹⁰⁷⁸ BOLETIN OFICIAL N° 32.183, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3141, AFIP (Buenos Aires) 4 July 2011. Date of Access: 9 October 2011.

<http://www.iqom.com.mx/documents/0611/val%20crit-4%20jul-%201.pdf>

¹⁰⁷⁹ BOLETIN OFICIAL N° 32.201, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3157, AFIP (Buenos Aires) 28 July 2011. Date of Access: 9 October 2011.

<http://www.iqom.com.mx/documents/0711/DOF%2028%20jul-3.pdf>

¹⁰⁸⁰ BOLETIN OFICIAL N° 32.201, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3156, AFIP (Buenos Aires) 28 July 2011. Date of Access: 9 October 2011.

<http://www.iqom.com.mx/documents/0711/DOF%2028%20jul-2.pdf>

¹⁰⁸¹ BOLETIN OFICIAL N° 32.202, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3155, AFIP (Buenos Aires) 29 July 2011. Date of Access: 9 October 2011.

<http://www.iqom.com.mx/documents/0711/DOF%2029%20jul-2.pdf>

styrene and polyurethanes, from Brazil, China, and other Latin American and Asian countries;¹⁰⁸² (9) imports of certain types of parts and accessories of motor vehicles from China, Thailand, and other countries;¹⁰⁸³ (10) imports of certain articles of iron or steel from China, Thailand, and other countries;¹⁰⁸⁴ (11) imports of poly (ethylene terephthalate) from China, South Korea, Thailand, and other countries;¹⁰⁸⁵ (12) imports of certain types of cone tapered roller bearings from China, and other Asian countries;¹⁰⁸⁶ (13) imports of certain types of textured yarn of nylon from Brazil, Italy, Israel, South Korea, China, and other countries.¹⁰⁸⁷

On 22 June 2011, the Government of Argentina introduced definitive anti-dumping duties, ranging from 23% (tires for travel cars) to 10% (tires for farming or forestation machines or vehicles), on imports of new rubber tires used in travel cars (including racing and family cars), buses or trucks and new rubber tires used in farming or forestation machines or vehicles, originating from China.¹⁰⁸⁸ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

Argentina has introduced more than the G20 average number of barriers to trade and has therefore been awarded a score of -1.

Analyst: Geoffrey Wylde and Antonia Tsapralis

Australia: +1

No information was found indicating the imposition of new protectionist measures by Australia in this compliance cycle.¹⁰⁸⁹ Therefore, Australia has fully complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions or implementing WTO inconsistent measures to stimulate exports.

Analyst: Geoffrey Wylde and Hermonie Xie

¹⁰⁸² BOLETIN OFICIAL N° 32.202, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3154, AFIP (Buenos Aires) 29 July 2011. Date of Access: 9 October 2011.

<http://www.iqom.com.mx/documents/0711/DOF%2029%20jul-1.pdf>

¹⁰⁸³ BOLETIN OFICIAL N° 32.224, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3170, AFIP (Buenos Aires) 31 August 2011. Date of Access: 9 October 2011.

<http://www.iqom.com.mx/documents/0811/DOF%2031%20ago.pdf>

¹⁰⁸⁴ BOLETIN OFICIAL N° 32.226, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3174, AFIP (Buenos Aires) 2 September 2011. Date of Access: 9 October 2011.

<http://www.iqom.com.mx/documents/0811/DOF%201%20sept-%202.pdf>

¹⁰⁸⁵ BOLETIN OFICIAL N° 32.232, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3178, AFIP (Buenos Aires) 12 September 2011. Date of Access: 9 October 2011.

<http://www.iqom.com.mx/documents/0911/DOF%2012%20sept.pdf>

¹⁰⁸⁶ BOLETIN OFICIAL N° 32.246, ADMINISTRACION FEDERAL DE INGRESOS PUBLICOS Resolución General 3191, Government of Brazil (Brasilia) 30 September 2011. Date of Access: 9 October 2011.

<http://www.iqom.com.mx/documents/0911/DOF%2030%20sep-2.pdf>

¹⁰⁸⁷ Resolución General 3190, Government of Brazil (Brasilia) 30 September 2011. Date of Access: 9 October 2011.

http://www.iqom.com.mx/index.php?option=com_content&task=view&id=5249&Itemid=317

¹⁰⁸⁸ Ministerio de Industria, Resolución 221/2011, Ministry of Development, Industry and Foreign Trade (Brasilia) 22 June 2011. Date of Access 9 October 2011.

<http://www.infoleg.gov.ar/infolegInternet/anexos/180000-184999/184098/norma.htm>

¹⁰⁸⁹ Report to the TPRB from the Director-General on trade-related developments, WTO (Geneva) 21 June 2011. Date of Access: 10 October 2011. http://wto.org/english/news_e/sppl_e/sppl196_e.htm

Brazil: -1

Brazil has failed to comply with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 6 October 2011, the Government of Brazil passed resolution 75/2011, adopting antidumping duties against glassine and other glazed transparent or translucent papers from France, Italy, and Hungary, the product subject to these duties is classified under tariff code of MERCOSUR harmonized System: 4806.40.00 and include material such as Veg Parchment, Greaseproof Papers etc. This resolution involved a minimum import price of USD401.03 per ton for France, USD363.19 per ton for Italy, and USD235.54 per ton for Hungary. Such duties were imposed subsequent to an investigation on April 6, 2010, upon the request of the Brazilian enterprise MD Papeis Ltda.¹⁰⁹⁰ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

Likewise, on 6 October 2011, the Government of Brazil implemented resolution 76/2011 on antidumping duties, ranging from USD102.67 per ton and USD272.12 per ton against u-Butyl alcohol from the U.S.¹⁰⁹¹ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 1 March 2011, the Brazilian Government passed Resolution 8/2011 imposing anti-dumping duties against certain glassware products from Argentina, China and Indonesia of USD0.15 per kilogram, USD1.70 per kilogram and USD0.15 per kilogram for those respective countries. The duties were imposed following an investigation which was initiated on 28 October 2009.¹⁰⁹² Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 9 December 2010, the Brazilian Government passed Resolution 86/2010 imposing anti-dumping duties against polypropylene resin, copolymer and homopolymer from the United States of USD82.77 per tonne. The duties were imposed following an investigation which was initiated on 23 June 2009.¹⁰⁹³ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above

¹⁰⁹⁰ Diario Oficial da Uniao- Secao 1. No 193 quinta-feira, Reolucao 75/2011, Ministry of Development, Industry and Foreign Trade (Brasilia) 6 October 2011. Date of Access 9 October 2011.
<http://www.iqom.com.mx/documents/1011/DO%20Bra%206oct11.pdf>

¹⁰⁹¹ Diario Oficial da Uniao- Secao 1. No 193 quinta-feira, Reolucao 76/2011, Ministry of Development, Industry and Foreign Trade (Brasilia) 6 October 2011. Date of Access 9 October 2011.
<http://www.iqom.com.mx/documents/1011/Resolucin%20No%2076.pdf>

¹⁰⁹² Diario Oficial da Uniao – Secao 1. No 42, terca-feira. Reolucao 8/2011, Ministry of Development, Industry and Foreign Trade (Brasilia) 1 March 2011. Date of Access: 8 April 2011.
<http://www.iqom.com.mx/documents/0211/DOU%201%20marzo.pdf>

¹⁰⁹³ Reolucao No 86, De 8 De Dezembrro de 2010, MINISTROS DA CÂMARA DE COMÉRCIO EXTERIOR (Brasilia) 8 December 2010. Date of Access: 8 April 2011.
<http://www.iqom.com.mx/documents/1210/Res.%2086-2010.pdf>

measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 27 December 2010, the Brazilian Government passed Resolution 92/2010 increasing ad valorem tariff to 35% for certain toys originating from China, Denmark, Hong Kong, Indonesia, Malaysia and the United States.¹⁰⁹⁴ The tariff is to remain in effect for 12 months.

On 27 December 2010, the Brazilian Government passed Resolution 91/2010 removing tariff exemptions for pigments and dyes relating to the manufacture of titanium dioxide. Such products are subject to a tariff of 12%. Affected countries include China, Finland, Mexico, the United Kingdom and the United States.¹⁰⁹⁵ The tariff is to remain in effect for twelve months.

On 14 December 2010, the Brazilian Government increased ad valorem tariffs for the import of tools for pressing, stamping and punching to 25% and tools for injection moulding or compression to 30%.¹⁰⁹⁶

Brazil has introduced more than the G20 average number of barriers to trade and has therefore been awarded a score of -1.

Analyst: Geoffrey Wylde and Antonia Tsapralis

Canada: 0

Canada has partially complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 5 October 2011, a US federal agency launched an inquiry “into whether Canadian ports on the West Coast are luring lucrative cargo business away from their American counterparts.”¹⁰⁹⁷ American ports have complained, “Canada is unfairly subsidizing the diversion of cargo ships away from its US competitors.”¹⁰⁹⁸ While competition between Canada, US and Mexico is welcomed, officials say that this must be done on a level playing field. Instituting measures that divert business away from competitors is a form of protectionism.

It is worth noting that Canada’s Industry Minister exercised a provision in the Investment Canada Act to refuse a bid by BHP Billiton (a mining company headquartered in Australia) to acquire Potash Corporation of Saskatchewan Inc. (a Canadian mining company) because the Minister

¹⁰⁹⁴ Resolucao No 92, de 27 De Dezembro de 2010, MINISTROS DA CÂMARA DE COMÉRCIO EXTERIOR (Brasília) 27 December 2010. Date of Access: 8 April 2011. http://www.mdic.gov.br/arquivos/dwnl_1293629707.pdf

¹⁰⁹⁵ Resolucao No 91, de 27 De Dezembro de 2010, MINISTROS DA CÂMARA DE COMÉRCIO EXTERIOR (Brasília) 27 December 2010. Date of Access: 8 April 2011. http://www.mdic.gov.br/arquivos/dwnl_1293629736.pdf

¹⁰⁹⁶ CAMEX – Resolucao no 87/2010, Legislacao (Brasília) 16 December 2010. Date of Access: 8 April 2011. <http://legislacaoemgeral.blogspot.com/2010/12/camex-resolucao-n-872010.html>

¹⁰⁹⁷ New Canada-US trade tensions loom over West Coast ports as inquiry launched, The Globe and Mail (Washington) 5 October 2011. Date of Access: 9 October 2011. <http://www.theglobeandmail.com/news/national/new-canada-us-trade-tensions-loom-over-west-coast-ports-as-inquiry-launched/article2192606/>.

¹⁰⁹⁸ New Canada-US trade tensions loom over West Coast ports as inquiry launched, The Globe and Mail (Washington) 5 October 2011. Date of Access: 9 October 2011. <http://www.theglobeandmail.com/news/national/new-canada-us-trade-tensions-loom-over-west-coast-ports-as-inquiry-launched/article2192606/>.

deemed the transaction unlikely to be of a ‘net benefit’ to Canada.¹⁰⁹⁹ Without further clarification and transparency regarding how a transaction is deemed to create a ‘net benefit’ for the country, this clause in the Investment Canada Act can be exercised by the government to deny foreign direct investment in the country.

Canada has introduced fewer barriers to trade than the G20 average has therefore been awarded a score of 0.

Analyst: Geoffrey Wylde and Ava-Dayna Sefa

China: -1

China has failed to comply with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 25 January 2011, the Chinese Ministry of Commerce imposed anti-dumping duties against Caprolactam, a type of synthetic polymer, originating from the EU and the US. The duties were imposed following an investigation which was initiated on 22 April 2010.¹¹⁰⁰ The duties are levied against specific companies and range from 6.6% to 25.5%. Upon referring to the WTO Dispute Settlement Body’s list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 18 February 2011, the Chinese Ministry of Commerce imposed anti-dumping duties against certain optical fibres originating from the EU and the US. The duties were imposed following an investigation initiated on 22 April 2010.¹¹⁰¹ The duties are levied against specific companies and range from 6.8% to 29.1%. Upon referring to the WTO Dispute Settlement Body’s list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 14 December 2010, The Chinese Ministry of Finance released the Notice of the Customs Tariff Commission of the State Council on Implementation of Customs Tariff 2011. In accordance with the notice, export taxes on neodymium rose from 15% to 25%, lanthanum chloride from 20% to 25%, and taxes on ferroalloy containing rare earth elements increased by more than 10%.¹¹⁰²

¹⁰⁹⁹ Minister of Industry Confirms Notice Sent to BHP Billiton Regarding Proposed Acquisition of Potash Corporation, Industry Canada News Releases (Ottawa) 3 November 2010. Date of Access: 8 April 2010. <http://www.ic.gc.ca/eic/site/ic1.nsf/eng/06031.html>

¹¹⁰⁰ Announcement No.3, 2011 of the Ministry of Commerce of the People’s Republic of China on Releasing the Preliminary Ruling on Anti-dumping Investigation on CPL, Ministry of Commerce of the People’s Republic of China (Beijing) 25 January 2011. Date of Access: 8 April 2011. <http://english.mofcom.gov.cn/aarticle/policyrelease/domesticpolicy/201102/20110207402277.html>

¹¹⁰¹ Announcement No.4, 2011 of the Ministry of Commerce of the People’s Republic of China on Releasing the Preliminary Ruling on Anti-dumping Investigation on Dispersion Unshifted Single-Mode Optical Fiber, Ministry of Commerce of the People’s Republic of China (Beijing) 6 January 2011. Date of Access: 8 April 2011. <http://english.mofcom.gov.cn/aarticle/policyrelease/domesticpolicy/201102/20110207402287.html>

¹¹⁰² Report to the TPRB from the Director-General on trade-related developments, WTO (Geneva) 21 June 2011. Date of Access: 10 October 2011. http://wto.org/english/news_e/sppl_e/sppl196_e.htm

The Chinese Ministry of Finance cut the permitted export quota of rare earths by approximately 35% on 28 December 2010. Rare earths are used in the manufacture of many electronic goods. China is the world's leading supplier of rare earths and the quota change will impact global prices of the minerals.¹¹⁰³ In response to Chinese export limits the United States filed a WTO challenge on 31 August 2011¹¹⁰⁴ and on 5 July 2011, the WTO ruled that China broke international law when it curbed exports of rare earths.¹¹⁰⁵

The Chinese Ministry of Finance raised the export tax on certain fertilizers by approximately to between 110% on 2 December 2010. The export tariffs are meant to limit the amount of export, ensure sufficient domestic supplies for the growing season and combat rising food prices. The tariff hikes could impact global fertilizer and food prices.¹¹⁰⁶

On 13 May 2011, the National Development and Reform Commission (NDRC) released the Notice NO.132, announcing to halt diesel exports to all countries except to Hong Kong and Macao. The measure was implemented in the face of a domestic shortage of oil products and rapidly expanding power demands. The measure has no effective date or expiry date.¹¹⁰⁷

On 16 September 2011, the Chinese Ministry of Commerce released the Notice NO. 54, announcing the final determination of countervailing duty on potato starch from the EU. In accordance with the notice, potato starch imported from the EU will be levied with a countervailing duty of 7.5% to 12.4% for five years.¹¹⁰⁸ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that the EU has not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

China has introduced more than the G20 average number of barriers to trade and has therefore been awarded a score of -1.

Analyst: Geoffrey Wylde and Hermonie Xie

France: 0

France has partially complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

¹¹⁰³ China Cuts Export Quotas for Rare Earths by 35%, Bloomberg News (London) 29 December 2010. Date of Access 8 April 2011. <http://www.bloomberg.com/news/2010-12-28/china-cuts-first-round-rare-earth-export-quotas-by-11-correct-.html>

¹¹⁰⁴ China – Measures Related to the Exportation of Various Raw Materials, WTO (Geneva) 31 August 2011. Date of Access: 10 October 2011. http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds394_e.htm

¹¹⁰⁵ Ruling on 'rare earth' goes against China, The Washington Times (Washington D.C.) 5 July 2011. Date of Access: 10 October 2011. <http://www.washingtontimes.com/news/2011/jul/5/ruling-on-rare-earth-goes-against-china/>

¹¹⁰⁶ Fertilizer Export Levy Imposed, China Daily (Beijing) 2 December 2010. Date of Access: 8 April 2011. http://www.chinadaily.com.cn/bizchina/2010-12/02/content_11641906.htm

¹¹⁰⁷ China: Export restriction on Diesel, Global Trade Alert (London) 26 May 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/china-export-restriction-diesel>

¹¹⁰⁸ China: Final countervailing duty on potato starch from the EU, Global Trade Alert (London) 26 February 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/china-final-countervailing-duty-potato-starch-eu>

On 29 January 2011, the European Commission announced additional import duties on certain types of refined sugar, raw sugar and syrups. These additional duties come on top of those duties first enacted as through regulation 951/2006 on 30 June 2006.¹¹⁰⁹

On 9 March 2011, the European Commission extended countervailing duties on imports of polyethylene terephthalate (PET) film from India.¹¹¹⁰ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that India has called on the Body to explore the above measures.¹¹¹¹ However, until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 19 April 2011, the European Commission imposed a definitive countervailing duty and a definitive provisional duties on imports of stainless steel bars from India. The amount of countervailable subsidies in accordance with the measure ranges from 3.3% to 4.3%.¹¹¹² Upon referring to the WTO Dispute Settlement Body's list of publications it appears that India has not yet called on the Body to explore the above measures.¹¹¹³ Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 3 May 2011, the European Commission imposed a definitive antidumping duty on imports of certain plastic sacks and bags from China.¹¹¹⁴ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has not yet called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 4 May 2011, the European Commission extended for four years the EUR352/tonne antidumping duty on imports of furfuraldehyde originating in China.¹¹¹⁵ The chemical is used as a solvent in petroleum refining for lubricating oils and for processing into furfuryl alcohol. Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

¹¹⁰⁹ EC: Additional import duties for certain products in the sugar sector, Global Trade Alert (London) 24 February 2011. Date of Access: 8 April 2011. <http://globaltradealert.org/measure/ec-additional-import-duties-certain-products-sugar-sector>

¹¹¹⁰ EC: Definitive countervailing duty on imports of PET film originating in India, Global Trade Alert (London) 27 May 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/ec-definitive-countervailing-duty-imports-pet-film-originating-india>

¹¹¹¹ European Communities – Expiry Reviews of Antidumping and Countervailing Duties Imposed on Imports of PET from India, WTO (Geneva) 24 February 2010. Date of Access: 10 October 2011. http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds385_e.htm

¹¹¹² EC: Imposition of antidumping duties on stainless steel bars originating from India, Global Trade Alert (London) 19 April 2011. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-imposition-antidumping-duties-stainless-steel-bars-originating-india>

¹¹¹³ European Communities – Expiry Reviews of Antidumping and Countervailing Duties Imposed on Imports of PET from India, WTO (Geneva) 24 February 2010. Date of Access: 10 October 2011. http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds385_e.htm

¹¹¹⁴ EC: Definitive antidumping duty on imports of certain plastic sacks and bags originating in China, Global Trade Alert (London) 19 May 2011. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-definitive-antidumping-duty-imports-certain-plastic-sacks-and-bags-originating-china>

¹¹¹⁵ EC: Definitive antidumping duty on imports of furfuraldehyde originating in China, Global Trade Alert (London) 27 May 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/ec-definitive-antidumping-duty-imports-furfuraldehyde-originating-china>

On 5 May 2011, the European Commission declared an extension of definitive antidumping duty on imports of biodiesel original in the US and to imports of biodiesel consigned from Canada.¹¹¹⁶ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 10 May 2011, the European Commission imposed a definitive antidumping duty and began collecting provisional duty on imports of melamine from China. The dumping margins range from 44.9% to 49%.¹¹¹⁷ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 27 June 2011, the European Commission imposed provisional antidumping duties on imports of certain seamless pipes and stainless steel tubes from China.¹¹¹⁸ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 5 August 2011, the European Commission announced that it will impose definitive antidumping duties on the imports of certain ring binder mechanisms from Thailand. Upon referring to the WTO Dispute Settlement Body's list of publications it appears that Thailand has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 16 August 2011, the European Commission announced provisional antidumping duties on vinyl acetate originating from the United States.¹¹¹⁹ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that the United States has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

The European Commission imposed anti-dumping duties against Chinese-made tiles on 15 September 2011. The EU claims that this measure will protect EU producers from significant price undercutting by exporters in China. The tariffs will remain in effect for five years, with the

¹¹¹⁶ EC: Extension of definitive antidumping duty on imports of biodiesel originating in the US, Global Trade Alert (London) 27 May 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/ec-extension-definitive-antidumping-duty-imports-biodiesel-originating-us>

¹¹¹⁷ EC: Definitive antidumping duties concerning imports melamine originating from China, Global Trade Alert (London) 18 March 2010. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ecdefinitive-antidumping-duties-concerning-imports-melamine-originating-china>

¹¹¹⁸ EC: Provisional antidumping duties on imports of certain seamless pipes and tubes of stainless steel from China, Global Trade Alert (London) 29 October 2010. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-provisional-antidumping-duties-imports-certain-seamless-pipes-and-tubes-stainless-steel-c>

¹¹¹⁹ EC: Antidumping duties on vinyl acetate originating from USA, Global Trade Alert (London) 22 March 2011. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-antidumping-duties-vinyl-acetate-originating-usa>

possibility of an extension of the measures beyond 2016.¹¹²⁰ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has not yet called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

France has introduced fewer barriers to trade than the G20 average has therefore been awarded a score of 0.

Analyst: Geoffrey Wylde and Antonia Tsapralis

Germany: 0

Germany has partially complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 29 January 2011, the European Commission announced additional import duties on certain types of refined sugar, raw sugar and syrups. These additional duties come on top of those duties first enacted as through regulation 951/2006 on 30 June 2006.¹¹²¹

On 9 March 2011, the European Commission extended countervailing duties on imports of polyethylene terephthalate (PET) film from India.¹¹²² Upon referring to the WTO Dispute Settlement Body's list of publications it appears that India has called on the Body to explore the above measures.¹¹²³ However, until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

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¹¹²⁰ EU slaps duties on Chinese tiles to end price war, Reuters (New York) 15 September 2011. Date of Access: 10 October 2011. <http://www.reuters.com/article/2011/09/15/eu-trade-china-idUSLDE78E01J20110915>

¹¹²¹ EC: Additional import duties for certain products in the sugar sector, Global Trade Alert (London) 24 February 2011. Date of Access: 8 April 2011. <http://globaltradealert.org/measure/ec-additional-import-duties-certain-products-sugar-sector>

¹¹²² EC: Definitive countervailing duty on imports of PET film originating in India, Global Trade Alert (London) 27 May 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/ec-definitive-countervailing-duty-imports-pet-film-originating-india>

¹¹²³ European Communities – Expiry Reviews of Antidumping and Countervailing Duties Imposed on Imports of PET from India, WTO (Geneva) 24 February 2010. Date of Access: 10 October 2011. http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds385_e.htm

¹¹²⁴ EC: Imposition of antidumping duties on stainless steel bars originating from India, Global Trade Alert (London) 19 April 2011. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-imposition-antidumping-duties-stainless-steel-bars-originating-india>

¹¹²⁵ European Communities – Expiry Reviews of Antidumping and Countervailing Duties Imposed on Imports of PET from India, WTO (Geneva) 24 February 2010. Date of Access: 10 October 2011. http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds385_e.htm

On 3 May 2011, the European Commission imposed a definitive antidumping duty on imports of certain plastic sacks and bags from China.¹¹²⁶ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has not yet called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 4 May 2011, the European Commission extended for four years the EUR352/tonne antidumping duty on imports of furfuraldehyde originating in China.¹¹²⁷ The chemical is used as a solvent in petroleum refining for lubricating oils and for processing into furfuryl alcohol. Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 5 May 2011, the European Commission declared an extension of definitive antidumping duty on imports of biodiesel original in the US and to imports of biodiesel consigned from Canada.¹¹²⁸ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 10 May 2011, the European Commission imposed a definitive antidumping duty and began collecting provisional duty on imports of melamine from China. The dumping margins range from 44.9% to 49%.¹¹²⁹ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 27 June 2011, the European Commission imposed provisional antidumping duties on imports of certain seamless pipes and stainless steel tubes from China.¹¹³⁰ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 5 August 2011, the European Commission announced that it will impose definitive antidumping duties on the imports of certain ring binder mechanisms from Thailand. Upon

¹¹²⁶ EC: Definitive antidumping duty on imports of certain plastic sacks and bags originating in China, Global Trade Alert (London) 19 May 2011. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-definitive-antidumping-duty-imports-certain-plastic-sacks-and-bags-originating-china>

¹¹²⁷ EC: Definitive antidumping duty on imports of furfuraldehyde originating in China, Global Trade Alert (London) 27 May 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/ec-definitive-antidumping-duty-imports-furfuraldehyde-originating-china>

¹¹²⁸ EC: Extension of definitive antidumping duty on imports of biodiesel originating in the US, Global Trade Alert (London) 27 May 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/ec-extension-definitive-antidumping-duty-imports-biodiesel-originating-us>

¹¹²⁹ EC: Definitive antidumping duties concerning imports melamine originating from China, Global Trade Alert (London) 18 March 2010. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ecdefinitive-antidumping-duties-concerning-imports-melamine-originating-china>

¹¹³⁰ EC: Provisional antidumping duties on imports of certain seamless pipes and tubes of stainless steel from China, Global Trade Alert (London) 29 October 2010. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-provisional-antidumping-duties-imports-certain-seamless-pipes-and-tubes-stainless-steel-c>

referring to the WTO Dispute Settlement Body's list of publications it appears that Thailand has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 16 August 2011, the European Commission announced provisional antidumping duties on vinyl acetate originating from the United States.¹¹³¹ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that the United States has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

The European Commission imposed anti-dumping duties against Chinese-made tiles on 15 September 2011. The EU claims that this measure will protect EU producers from significant price undercutting by exporters in China. The tariffs will remain in effect for five years, with the possibility of an extension of the measures beyond 2016.¹¹³² Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has not yet called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

Germany has introduced fewer barriers to trade than the G20 average and has therefore been awarded a score of 0.

Analyst: Geoffrey Wylde and Hermonie Xie

India: 0

India has partially complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 16 August 2011, the Ministry of Finance and Industry raised the minimum import prices of worked monumental or building stone from \$50 (cif) to \$60 (cif). Goods falling under this classification may be imported freely only if their value exceeds \$60 (cif).¹¹³³

With regard to investment policy, "the Bank of India decided to further liberalize the number of regulations relating to overseas direct investment which include i) the performance guarantees issued by the Indian party, ii) restructuring of the balance sheet of the overseas entity involving write-off of capital and receivables, iii) disinvestment by the Indian parties of their stake in an overseas joint venture or wholly owned subsidiaries involving write-off and iv) issue of guarantee by an Indian party to a direct subsidiary of joint ventures or wholly owned subsidiaries under general permission."¹¹³⁴

¹¹³¹ EC: Antidumping duties on vinyl acetate originating from USA, Global Trade Alert (London) 22 March 2011. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-antidumping-duties-vinyl-acetate-originating-usa>

¹¹³² EU slaps duties on Chinese tiles to end price war, Reuters (New York) 15 September 2011. Date of Access: 10 October 2011. <http://www.reuters.com/article/2011/09/15/eu-trade-china-idUSLDE78E01J20110915>

¹¹³³ India: Increased import price for worked monumental or building stone, Global Trade Alert (London) 16 August 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/india-increased-import-price-worked-monumental-or-building-stone>

¹¹³⁴ Investment Policy Monitor (Geneva) 11 October 2011. Date of Access: 31 October 31, 2011. http://www.unctad.org/en/docs/webdiaeia2011d12_en.pdf

India has introduced fewer barriers to trade than the G20 average and has therefore been awarded a score of 0.

Analyst: Geoffrey Wylde and Hermonie Xie

Indonesia: 0

Indonesia has partially complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 23 December 2011, the Government of Indonesia imposed an import ban on certain shrimp species.¹¹³⁵ Affected countries include China, India, Malaysia, Netherlands, Singapore, and the US.¹¹³⁶ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

In January 2011, the Indonesian agricultural ministry set an import quota of 500,000 head of cattle.¹¹³⁷ The restrictions will impact cattle exporting countries, particularly its neighbour Australia, and to a lesser extent New Zealand and Canada.¹¹³⁸ The Ministry has stated that the restrictions are part of an effort to build self-sufficiency in food supplies.

Indonesia has introduced fewer barriers to trade than the G20 average and has therefore been awarded a score of 0.

Analyst: Geoffrey Wylde and Hermonie Xie

Italy: 0

Italy has partially complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, impose new export restrictions, or implement WTO inconsistent measures to stimulate exports.

On 29 January 2011, the European Commission announced additional import duties on certain types of refined sugar, raw sugar and syrups. These additional duties come on top of those duties first enacted as through regulation 951/2006 on 30 June 2006.¹¹³⁹

On 9 March 2011, the European Commission extended countervailing duties on imports of polyethylene terephthalate (PET) film from India.¹¹⁴⁰ Upon referring to the WTO Dispute

¹¹³⁵ Report to the TPRB from the Director-General on trade-related developments, WTO (Geneva) 21 June 2011. Date of Access: 10 October 2011. http://wto.org/english/news_e/sppl_e/sppl196_e.htm

¹¹³⁶ Indonesia: Import ban on shrimp, Global Trade Alert (London) 27 June 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/indonesia-import-ban-shrimp>

¹¹³⁷ A Row Over Cows: Indonesia Curbs Beef Imports, The Economist (London) 17 February 2011. Date of Access: 8 April 2011. http://www.economist.com/node/18185742?story_id=18185742

¹¹³⁸ Indonesia Plans Import Quota on Beef, Live Cattle, AFX News (London) 24 June 2010. Date of Access: 8 April 2011. <http://www.finanznachrichten.de/nachrichten-2010-06/17241523-indonesia-plans-import-quota-on-beef-live-cattle-020.htm>

¹¹³⁹ EC: Additional import duties for certain products in the sugar sector, Global Trade Alert (London) 24 February 2011. Date of Access: 8 April 2011. <http://globaltradealert.org/measure/ec-additional-import-duties-certain-products-sugar-sector>

¹¹⁴⁰ EC: Definitive countervailing duty on imports of PET film originating in India, Global Trade Alert (London) 27 May 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/ec-definitive-countervailing-duty-imports-pet-film-originating-india>

Settlement Body's list of publications it appears that India has called on the Body to explore the above measures.¹¹⁴¹ However, until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 19 April 2011, the European Commission imposed a definitive countervailing duty and a definitive provisional duties on imports of stainless steel bars from India. The amount of countervailable subsidies in accordance with the measure ranges from 3.3% to 4.3%.¹¹⁴² Upon referring to the WTO Dispute Settlement Body's list of publications it appears that India has not yet called on the Body to explore the above measures.¹¹⁴³ Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 3 May 2011, the European Commission imposed a definitive antidumping duty on imports of certain plastic sacks and bags from China.¹¹⁴⁴ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has not yet called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 4 May 2011, the European Commission extended for four years the EUR352/tonne antidumping duty on imports of furfuraldehyde originating in China.¹¹⁴⁵ The chemical is used as a solvent in petroleum refining for lubricating oils and for processing into furfuryl alcohol. Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has yet not called on the body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 5 May 2011, the European Commission declared an extension of definitive antidumping duty on imports of biodiesel original in the US and to imports of biodiesel consigned from Canada.¹¹⁴⁶ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

¹¹⁴¹ European Communities – Expiry Reviews of Antidumping and Countervailing Duties Imposed on Imports of PET from India, WTO (Geneva) 24 February 2010. Date of Access: 10 October 2011.

http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds385_e.htm

¹¹⁴² EC: Imposition of antidumping duties on stainless steel bars originating from India, Global Trade Alert (London) 19 April 2011. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-imposition-antidumping-duties-stainless-steel-bars-originating-india>

¹¹⁴³ European Communities – Expiry Reviews of Antidumping and Countervailing Duties Imposed on Imports of PET from India, WTO (Geneva) 24 February 2010. Date of Access: 10 October 2011.

http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds385_e.htm

¹¹⁴⁴ EC: Definitive antidumping duty on imports of certain plastic sacks and bags originating in China, Global Trade Alert (London) 19 May 2011. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-definitive-antidumping-duty-imports-certain-plastic-sacks-and-bags-originating-china>

¹¹⁴⁵ EC: Definitive antidumping duty on imports of furfuraldehyde originating in China, Global Trade Alert (London) 27 May 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/ec-definitive-antidumping-duty-imports-furfuraldehyde-originating-china>

¹¹⁴⁶ EC: Extension of definitive antidumping duty on imports of biodiesel originating in the US, Global Trade Alert (London) 27 May 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/ec-extension-definitive-antidumping-duty-imports-biodiesel-originating-us>

On 10 May 2011, the European Commission imposed a definitive antidumping duty and began collecting provisional duty on imports of melamine from China. The dumping margins range from 44.9% to 49%.¹¹⁴⁷ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 27 June 2011, the European Commission imposed provisional antidumping duties on imports of certain seamless pipes and stainless steel tubes from China.¹¹⁴⁸ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 5 August 2011, the European Commission announced that it will impose definitive antidumping duties on the imports of certain ring binder mechanisms from Thailand. Upon referring to the WTO Dispute Settlement Body's list of publications it appears that Thailand has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 16 August 2011, the European Commission announced provisional antidumping duties on vinyl acetate originating from the United States.¹¹⁴⁹ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that the United States has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

The European Commission imposed anti-dumping duties against Chinese-made tiles on 15 September 2011. The EU claims that this measure will protect EU producers from significant price undercutting by exporters in China. The tariffs will remain in effect for five years, with the possibility of an extension of the measures beyond 2016.¹¹⁵⁰ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has not yet called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

Italy has introduced fewer barriers to trade than the G20 average and has therefore been awarded a score of 0.

¹¹⁴⁷ EC: Definitive antidumping duties concerning imports melamine originating from China, Global Trade Alert (London) 18 March 2010. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ecdefinitive-antidumping-duties-concerning-imports-melamine-originating-china>

¹¹⁴⁸ EC: Provisional antidumping duties on imports of certain seamless pipes and tubes of stainless steel from China, Global Trade Alert (London) 29 October 2010. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-provisional-antidumping-duties-imports-certain-seamless-pipes-and-tubes-stainless-steel-c>

¹¹⁴⁹ EC: Antidumping duties on vinyl acetate originating from USA, Global Trade Alert (London) 22 March 2011. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-antidumping-duties-vinyl-acetate-originating-usa>

¹¹⁵⁰ EU slaps duties on Chinese tiles to end price war, Reuters (New York) 15 September 2011. Date of Access: 10 October 2011. <http://www.reuters.com/article/2011/09/15/eu-trade-china-idUSLDE78E01J20110915>

It should be noted that Italy has recently launched a new law delaying the renewal of board members in corporate governance.¹¹⁵¹ This new law was passed in response to a number of takeovers bids by French companies for Italian companies. For example, the new law will impact the change of control of the Italian dairy company Parmalat.¹¹⁵² This law creates an administrative barrier to investment and could be used to protect Italian companies from foreign takeovers and competition.

Analyst: Geoffrey Wylde and Atifa Hasham

Japan: + 1

No information was found indicating the imposition of new protectionist measures by Japan in this compliance cycle. Therefore, Japan has fully complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions or implementing WTO inconsistent measures to stimulate exports.

Analyst: Geoffrey Wylde and Atifa Hasham

Korea: 0

Korea has partially complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, impose new export restrictions, or implement WTO inconsistent measures to stimulate exports.

On 12 May 2011, in a press release describing a seminar organized by the Export-Import Bank of Korea (Eximbank) for ‘domestic green companies’, it was revealed that the Eximbank planned to provide a total of KRW40 trillion to the green growth industry by 2015 to “assist 50 Korean green companies become leading exporters.”¹¹⁵³ This measure will disadvantage foreign exporters of green products that compete with subsidized Korean firms.¹¹⁵⁴

Korea has introduced fewer barriers to trade than the G20 average and has therefore been awarded a score of 0.

Analyst: Geoffrey Wylde and Hermonie Xie

Mexico: +1

No information was found indicating the imposition of new protectionist measures by Mexico in this compliance cycle. Therefore, Mexico has fully complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions or implementing WTO inconsistent measures to stimulate exports.

It should be noted that on 24 February 2011, the Mexican Ministry of Economy adopted anti-dumping duties on imports of seamless steel pipe originating from the People’s Republic of China. The duties are calculated by reference pricing of USD1,772 per metric tonne up to a maximum of 56% of the ad valorem price declared at customs. The duties are levied following an

¹¹⁵¹ Consiglio dei Ministri n.133 del 23/03/2011, Governo italiano (Rome) 23 March 2011. Date of Access: 8 April 2011. <http://www.governo.it/Governo/ConsiglioMinistri/dettaglio.asp?d=62916>

¹¹⁵² Italy increases drive against foreign takeovers, Financial Times (London) 23 March 2011. Date of Access: 8 April 2011. <http://www.ft.com/cms/s/0/2219810a-557f-11e0-a2b1-00144feab49a.html#axzz1JJRN61Ze>

¹¹⁵³ Republic of Korea: Trade finance measures to promote exports of “green” products, Global Trade Alert (London) 5 July 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/republic-korea-trade-finance-measures-promote-exports-green-products>

¹¹⁵⁴ Republic of Korea: Trade finance measures to promote exports of “green” products, Global Trade Alert (London) 5 July 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/republic-korea-trade-finance-measures-promote-exports-green-products>

investigation which began on 25 June 2009. Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

Analyst: Geoffrey Wylde and Hermonie Xie

Russia: -1

Russia has failed to comply with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 14 October 2011 the Customs Union of Russia, Belarus and Kazakhstan introduced a 5% tariff on certain agricultural equipment. The tariff was introduced following an investigation started 27 November 2009.¹¹⁵⁵

On 19 December 2010, the Customs Union of Russia, Belarus and Kazakhstan increased export tariff on copper cathode from 0% to 10%.¹¹⁵⁶

On 24 February 2011, the Customs Union of Russia, Belarus and Kazakhstan increased import tariffs on certain types of nonwoven fabric from 0% to 10%.¹¹⁵⁷

On 16 August 2011, the Customs Union of Russia, Belarus and Kazakhstan increase of import tariffs from 0% to 5% was expanded to other types of agricultural machineries.¹¹⁵⁸

Russia has introduced more barriers to trade than the G20 average and has therefore been awarded a score of -1.

Analyst: Mark Rakhmangulov

Saudi Arabia: +1

No information was found indicating the imposition of new protectionist measures by Saudi Arabia in this compliance cycle. Therefore, Saudi Arabia has fully complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions or implementing WTO inconsistent measures to stimulate exports.

Analyst: Geoffrey Wylde and Hermonie Xie

South Africa: -1

South Africa has failed to comply with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

¹¹⁵⁵ Resolution 507. Custom Union of Russia, Belarus and Kazakhstan. 14 October 2010. Date of Access 8 April 2011. http://www.tsouz.ru/KTS/KTS22/Pages/R_507.aspx

¹¹⁵⁶ Report to the TPRB from the Director-General on Trade-Related Developments, WTO 9 June 2011. Date of Access: 22 July 2011. http://www.wto.org/english/news_e/sppl_e/sppl196_e.htm.

¹¹⁵⁷ Decision № 546, Customs Union Commission 28 January 2011. Date of Access: 22 July 2011. http://www.tsouz.ru/KTS/KTS23/Pages/R_546.aspx.

¹¹⁵⁸ Decision № 766, Customs Union Commission 16 August 2011. Date of Access: 10 October 2011. http://www.tsouz.ru/KTS/KTS30/Pages/R_766.aspx.

On 17 February 2011, the International Trade Administration Commission of South Africa recommended that anti-dumping duties on acetaminophen from the People's Republic of China and USA be extended. The duties are 2573c/kg for imports from China and 2371c/kg for imports from the USA. The duties were set to expire on 14 July 2010.¹¹⁵⁹ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 11 February 2011, the International Trade Administration Commission of South Africa recommended that anti-dumping duties on Unframed Mirrors from India be extended. The duties are 68.74%. The duties were set to expire on 13 December 2010.¹¹⁶⁰ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 17 February 2011, the International Trade Administration Commission of South Africa recommended that anti-dumping duties on polyethylene terephthalate from Chinese Taipei, Korea and India be extended. The duties are 75% for Chinese Taipei, 19.7% Korea and 54.1% for India. The duties were set to expire on 6 October 2010.¹¹⁶¹ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 11 March 2011, the Government of South Africa increased import tariffs on: (1) towers and lattice masts for telegraph lines or electric power lines from 0% to 15%, and (2) aluminum extrusions (bars, rods and profiles) from 0% to 5%.¹¹⁶² On 1 April 2011 the International Trade Administration Commission of South Africa increased the general rate on sewing threads of man-made filaments from 0% to 15% ad valorem.¹¹⁶³

The International Trade Administration Commission of South Africa recommended the continuation of 29% to 36% anti-dumping duty on hexagon bolts and nuts from China, effective 6 May 2011.¹¹⁶⁴ Upon referring to the WTO Dispute Settlement Body's list of publications it

¹¹⁵⁹ Report No. 364: Sunset review of the anti-dumping duties on Acetaminophenol originating in or Imported from The People's Republic of China (PRC) and the United States of America (USA): Final Determination, International Trade Administration Commission of South Africa 17 February 2011. Date of Access: 8 April 2011. <http://www.itac.org.za/docs/Report%20No.%20364.PDF>

¹¹⁶⁰ Report No. 360: Sunset review of the anti-dumping duties on Unframed Mirrors originating in or Imported from India: Final Determination, International Trade Administration Commission of South Africa 11 February 2011. Date of Access: 8 April 2011. <http://www.itac.org.za/docs/Report%20No.%20360.pdf>

¹¹⁶¹ Report No. 3641 Sunset review of the anti-dumping duties on Polyethylene Terephthalate originating in or Imported from Chinese Taipei, Korea, and India: Final Determination, International Trade Administration Commission of South Africa 17 February 2011. Date of Access: 8 April 2011. <http://www.itac.org.za/docs/Report%20No.%20361.PDF>

¹¹⁶² Report to the TPRB from the Director-General on trade-related developments, WTO (Geneva) 21 June 2011. Date of Access: 10 October 2011. http://wto.org/english/news_e/sppl_e/sppl196_e.htm

¹¹⁶³ South Africa: Increase in the general rate of duty on sewing threads of man-made filament to 15%, Global Trade Alert (London) 26 July 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/south-africa-increase-general-rate-duty-sewing-threads-man-made-filament-15>

¹¹⁶⁴ South Africa: Continuation of anti-dumping duty on hexagon bolts or nuts originating in or imported from China, Global Trade Alert (London) 17 May 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/south-africacontinuation-anti-dumping-duty-hexagon-bolts-and-nuts-originating-or-imported-ch>

appears that China has not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

South Africa has introduced more barriers to trade than the G20 average and has therefore been awarded a score of -1.

Analyst: Geoffrey Wylde and Hermonie Xie

Turkey: 0

Turkey has partially complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 19 March 2011, Turkey increased import tariffs from 30% to 45% on certain meat.¹¹⁶⁵

On 9 September 2011, the Turkish Council of Ministers announced the implementation of safeguard measures on imports of polyethylene terephthalate (PET). The safeguard measures will be in the form of custom duties of 8%, 7.5% and % of CIF prices. Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

Turkey has introduced fewer barriers to trade than the G20 average and has therefore been awarded a score of 0.

Analyst: Geoffrey Wylde and Ava-Dayna Sefa

United Kingdom: 0

The United Kingdom has partially complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 29 January 2011, the European Commission announced additional import duties on certain types of refined sugar, raw sugar and syrups. These additional duties come on top of those duties first enacted as through regulation 951/2006 on 30 June 2006.¹¹⁶⁶

On 9 March 2011 the European Commission extended countervailing duties on imports of polyethylene terphthalate (PET) film from India.¹¹⁶⁷ Upon referring to the WTO Dispute Settlement Mechanism' list of publications it appears that India has called on the Body to explore the above measures.¹¹⁶⁸ However, until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

¹¹⁶⁵ Report to the TPRB from the Director-General on trade-related developments, WTO (Geneva) 21 June 2011. Date of Access: 10 October 2011. http://wto.org/english/news_e/sppl_e/sppl196_e.htm

¹¹⁶⁶ EC: Additional import duties for certain products in the sugar sector, Global Trade Alert (London) 24 February 2011. Date of Access: 8 April 2011. <http://globaltradealert.org/measure/ec-additional-import-duties-certain-products-sugar-sector>

¹¹⁶⁷ EC: Definitive countervailing duty on imports of PET film originating in India, Global Trade Alert (London) 27 May 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/ec-definitive-countervailing-duty-imports-pet-film-originating-india>

¹¹⁶⁸ European Communities – Expiry Reviews of Antidumping and Countervailing Duties Imposed on Imports of PET from India, WTO (Geneva) 24 February 2010. Date of Access: 10 October 2011. http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds385_e.htm

On 19 April 2011, the European Commission imposed a definitive countervailing duty and a definitive provisional duties on imports of stainless steel bars from India. The amount of countervailable subsidies in accordance with the measure ranges from 3.3% to 4.3%.¹¹⁶⁹ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that India has not yet called on the Body to explore the above measures.¹¹⁷⁰ Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 3 May 2011, the European Commission imposed a definitive antidumping duty on imports of certain plastic sacks and bags from China.¹¹⁷¹ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has not yet called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 4 May 2011, the European Commission extended for four years the EUR352/tonne antidumping duty on imports of furfuraldehyde originating in China.¹¹⁷² The chemical is used as a solvent in petroleum refining for lubricating oils and for processing into furfuryl alcohol. Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 5 May 2011, the European Commission declared an extension of definitive antidumping duty on imports of biodiesel original in the US and to imports of biodiesel consigned from Canada.¹¹⁷³ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 10 May 2011, the European Commission imposed a definitive antidumping duty and began collecting provisional duty on imports of melamine from China. The dumping margins range from 44.9% to 49%.¹¹⁷⁴ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has yet not called on the Body to explore the above measures.

¹¹⁶⁹ EC: Imposition of antidumping duties on stainless steel bars originating from India, Global Trade Alert (London) 19 April 2011. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-imposition-antidumping-duties-stainless-steel-bars-originating-india>

¹¹⁷⁰ European Communities – Expiry Reviews of Antidumping and Countervailing Duties Imposed on Imports of PET from India, WTO (Geneva) 24 February 2010. Date of Access: 10 October 2011. http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds385_e.htm

¹¹⁷¹ EC: Definitive antidumping duty on imports of certain plastic sacks and bags originating in China, Global Trade Alert (London) 19 May 2011. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-definitive-antidumping-duty-imports-certain-plastic-sacks-and-bags-originating-china>

¹¹⁷² EC: Definitive antidumping duty on imports of furfuraldehyde originating in China, Global Trade Alert (London) 27 May 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/ec-definitive-antidumping-duty-imports-furfuraldehyde-originating-china>

¹¹⁷³ EC: Extension of definitive antidumping duty on imports of biodiesel originating in the US, Global Trade Alert (London) 27 May 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/ec-extension-definitive-antidumping-duty-imports-biodiesel-originating-us>

¹¹⁷⁴ EC: Definitive antidumping duties concerning imports melamine originating from China, Global Trade Alert (London) 18 March 2010. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ecdefinitive-antidumping-duties-concerning-imports-melamine-originating-china>

Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 27 June 2011, the European Commission imposed provisional antidumping duties on imports of certain seamless pipes and stainless steel tubes from China.¹¹⁷⁵ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 5 August 2011, the European Commission announced that it will impose definitive antidumping duties on the imports of certain ring binder mechanisms from Thailand. Upon referring to the WTO Dispute Settlement Body's list of publications it appears that Thailand has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 16 August 2011, the European Commission announced provisional antidumping duties on vinyl acetate originating from the United States.¹¹⁷⁶ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that the United States has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

The European Commission imposed anti-dumping duties against Chinese-made tiles on 15 September 2011. The EU claims that this measure will protect EU producers from significant price undercutting by exporters in China. The tariffs will remain in effect for five years, with the possibility of an extension of the measures beyond 2016.¹¹⁷⁷ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has not yet called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

The United Kingdom has introduced fewer barriers to trade than the G20 average and has therefore been awarded a score of 0.

Analyst: Geoffrey Wylde and Atifa Hasham

United States: 0

The United States has partially complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 1 February 2011, the United States imposed an anti-dumping duty of 3.08% on polyvinyl alcohol imported from Chinese Taipei. The duties were imposed following two much earlier

¹¹⁷⁵ EC: Provisional antidumping duties on imports of certain seamless pipes and tubes of stainless steel from China, Global Trade Alert (London) 29 October 2010. Date of Access: 14 October 2011.

<http://www.globaltradealert.org/measure/ec-provisional-antidumping-duties-imports-certain-seamless-pipes-and-tubes-stainless-steel-c>

¹¹⁷⁶ EC: Antidumping duties on vinyl acetate originating from USA, Global Trade Alert (London) 22 March 2011. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-antidumping-duties-vinyl-acetate-originating-usa>

¹¹⁷⁷ EU slaps duties on Chinese tiles to end price war, Reuters (New York) 15 September 2011. Date of Access: 10 October 2011. <http://www.reuters.com/article/2011/09/15/eu-trade-china-idUSLDE78E01J20110915>

investigations starting on 1 July 2003.¹¹⁷⁸ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that Chinese Taipei has not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 2 January 2011, the Government of the United States ratified H.R. 847, the James Zadroga 9/11 Health and Compensation Act of 2010. This health plan for emergency workers impacted by the tragic events of 9/11 is funded by a new 2% tax on foreign procurement of goods and services by the Federal Government. The new tax 'shall be applied in a manner consistent with United States obligations under international agreements.'¹¹⁷⁹ Any countries not part of the WTO or other multi-lateral or bi-lateral trade agreements with the USA will be affected by the tax, which are mainly developing or least-developed nations.

The U.S. has introduced fewer barriers to trade than the G20 average and has therefore been awarded a score of 0.

Analyst: Geoffrey Wylde and Hermonie Xie

European Union: 0

The EU has partially complied with its commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

On 29 January 2011, the European Commission announced additional import duties on certain types of refined sugar, raw sugar and syrups. These additional duties come on top of those duties first enacted as through regulation 951/2006 on 30 June 2006.¹¹⁸⁰

On 9 March 2011, the European Commission extended countervailing duties on imports of polyethylene terephthalate (PET) film from India.¹¹⁸¹ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that India has called on the Body to explore the above measures.¹¹⁸² However, until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 19 April 2011, the European Commission imposed a definitive countervailing duty and a definitive provisional duties on imports of stainless steel bars from India. The amount of

¹¹⁷⁸ Polyvinyl Alcohol From Taiwan: Final Determination of Sales at Less Than Fair Value, US Department of Commerce (Washington D.C.) 1 February 2011. Date of Access: 8 April 2011. <http://ia.ita.doc.gov/frn/2011/1102frn/2011-2194.txt>

¹¹⁷⁹ James Zadroga 9/11 Health and Compensation Act of 2010. H.R. 847, The Library of Congress (Washington D.C.) 5 January 2010. Date of Access: 8 April 2011. <http://www.gpo.gov/fdsys/pkg/BILLS-111hr847enr/pdf/BILLS-111hr847enr.pdf>

¹¹⁸⁰ EC: Additional import duties for certain products in the sugar sector, Global Trade Alert (London) 24 February 2011. Date of Access: 8 April 2011. <http://globaltradealert.org/measure/ec-additional-import-duties-certain-products-sugar-sector>

¹¹⁸¹ EC: Definitive countervailing duty on imports of PET film originating in India, Global Trade Alert (London) 27 May 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/ec-definitive-countervailing-duty-imports-pet-film-originating-india>

¹¹⁸² European Communities – Expiry Reviews of Antidumping and Countervailing Duties Imposed on Imports of PET from India, WTO (Geneva) 24 February 2010. Date of Access: 10 October 2011. http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds385_e.htm

countervailable subsidies in accordance with the measure ranges from 3.3% to 4.3%.¹¹⁸³ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that India has not yet called on the Body to explore the above measures.¹¹⁸⁴ Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 3 May 2011, the European Commission imposed a definitive antidumping duty on imports of certain plastic sacks and bags from China.¹¹⁸⁵ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has not yet called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 4 May 2011, the European Commission extended for four years the EUR352/tonne antidumping duty on imports of furfuraldehyde originating in China.¹¹⁸⁶ The chemical is used as a solvent in petroleum refining for lubricating oils and for processing into furfuryl alcohol. Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 5 May 2011, the European Commission declared an extension of definitive antidumping duty on imports of biodiesel original in the US and to imports of biodiesel consigned from Canada.¹¹⁸⁷ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the affected countries have called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 10 May 2011, the European Commission imposed a definitive antidumping duty and began collecting provisional duty on imports of melamine from China. The dumping margins range from 44.9% to 49%.¹¹⁸⁸ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

¹¹⁸³ EC: Imposition of antidumping duties on stainless steel bars originating from India, Global Trade Alert (London) 19 April 2011. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-imposition-antidumping-duties-stainless-steel-bars-originating-india>

¹¹⁸⁴ European Communities – Expiry Reviews of Antidumping and Countervailing Duties Imposed on Imports of PET from India, WTO (Geneva) 24 February 2010. Date of Access: 10 October 2011. http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds385_e.htm

¹¹⁸⁵ EC: Definitive antidumping duty on imports of certain plastic sacks and bags originating in China, Global Trade Alert (London) 19 May 2011. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-definitive-antidumping-duty-imports-certain-plastic-sacks-and-bags-originating-china>

¹¹⁸⁶ EC: Definitive antidumping duty on imports of furfuraldehyde originating in China, Global Trade Alert (London) 27 May 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/ec-definitive-antidumping-duty-imports-furfuraldehyde-originating-china>

¹¹⁸⁷ EC: Extension of definitive antidumping duty on imports of biodiesel originating in the US, Global Trade Alert (London) 27 May 2011. Date of Access: 10 October 2011. <http://www.globaltradealert.org/measure/ec-extension-definitive-antidumping-duty-imports-biodiesel-originating-us>

¹¹⁸⁸ EC: Definitive antidumping duties concerning imports melamine originating from China, Global Trade Alert (London) 18 March 2010. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ecdefinitive-antidumping-duties-concerning-imports-melamine-originating-china>

On 27 June 2011, the European Commission imposed provisional antidumping duties on imports of certain seamless pipes and stainless steel tubes from China.¹¹⁸⁹ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 5 August 2011, the European Commission announced that it will impose definitive antidumping duties on the imports of certain ring binder mechanisms from Thailand. Upon referring to the WTO Dispute Settlement Body's list of publications it appears that Thailand has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

On 16 August 2011, the European Commission announced provisional antidumping duties on vinyl acetate originating from the United States.¹¹⁹⁰ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that the United States has yet not called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

The European Commission imposed anti-dumping duties against Chinese-made tiles on 15 September 2011. The EU claims that this measure will protect EU producers from significant price undercutting by exporters in China. The tariffs will remain in effect for five years, with the possibility of an extension of the measures beyond 2016.¹¹⁹¹ Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has not yet called on the Body to explore the above measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

The EU has introduced fewer barriers to trade than the G20 average has therefore been awarded a score of 0.

Analyst: Geoffrey Wylde and Antonia Tsapralis

¹¹⁸⁹ EC: Provisional antidumping duties on imports of certain seamless pipes and tubes of stainless steel from China, Global Trade Alert (London) 29 October 2010. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-provisional-antidumping-duties-imports-certain-seamless-pipes-and-tubes-stainless-steel-c>

¹¹⁹⁰ EC: Antidumping duties on vinyl acetate originating from USA, Global Trade Alert (London) 22 March 2011. Date of Access: 14 October 2011. <http://www.globaltradealert.org/measure/ec-antidumping-duties-vinyl-acetate-originating-usa>

¹¹⁹¹ EU slaps duties on Chinese tiles to end price war, Reuters (New York) 15 September 2011. Date of Access: 10 October 2011. <http://www.reuters.com/article/2011/09/15/eu-trade-china-idUSLDE78E01J20110915>

9. Development

Commitment [#122]:

“We also reaffirm our respective ODA [official development assistance] pledges and commitments to assist the poorest countries and mobilize domestic resources made following on from the Monterrey Consensus and other fora.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina	-1		
Australia			+1
Brazil		0	
Canada			+1
China			+1
France			+1
Germany			+1
India		0	
Indonesia		0	
Italy			+1
Japan			+1
Korea			+1
Mexico	-1		
Russia			+1
Saudi Arabia		0	
South Africa			+1
Turkey			+1
United Kingdom			+1
United States			+1
European Union			+1
Average Score		+0.60	

Background:

Official development assistance pledges comprise contributions of donor government agencies from all levels to developing countries from the OECD Development Co-operation Directorate (DAC) List of ODA Recipients (“bilateral ODA”) and to multilateral institutions. According to the Monterrey Consensus, which was the outcome of the UN International Conference on Financing for Development held on 22 March 2002 in Monterrey, countries have to allocate 0.7% of their GNP to ODA towards developing countries by 2015 and must reach the level of at least 0.5% of GNP for ODA by 2010 – including the specific target of contributing 0.15 to 0.20% of GNP to ODA towards the least developed countries.¹¹⁹²

On 21 and 22 March 2002, in Monterrey, the heads of states and governments, who participated in the International Conference on Financing for Development agreed that the Monterrey Consensus focus on key actions that mobilize domestic financial resources for development. These actions are:

¹¹⁹² Doha Declaration on Financing for Development, United Nations (Qatar) 29 November – 2 December, 2008. Date of Access: 25 April 2011.

http://www.un.org/esa/ffd/doha/documents/Doha_Declaration_FFD.pdf

- a) Enhancing the efficacy, coherence and consistency of macroeconomic policies;
- b) Pursuing appropriate policy and regulatory frameworks to encourage public and private initiatives, including at the local level, and foster a dynamic and well functioning business sector;
- c) Fighting corruption at all levels;
- d) Avoiding inflationary distortions and abrupt economic fluctuations that negatively affect income distribution and resource allocation;
- e) Securing efficient tax systems and administration, as well as improvements in public spending that do not crowd out productive private investment;
- f) Supporting investments in basic economic and social infrastructure, social services and social protection, including education, health, nutrition, shelter and social security programmes;
- g) Encouraging the orderly development of capital markets through sound banking systems and other institutional arrangements aimed at addressing development financing needs, including the insurance sector and debt and equity markets, that encourage and channel savings and foster productive investments;
- h) Supporting microfinance and credit for micro-, small and medium-sized enterprises, including in rural areas, particularly for women, as well as national savings schemes;
- i) Capacity building in such areas as institutional infrastructure, human resource development, public finance, mortgage finance, financial regulation and supervision, basic education in particular, public administration, social and gender budget policies, early warning and crisis prevention, and debt management.¹¹⁹³

Since the International Conference on Financing for Development held in Monterrey, the members of international community have reaffirmed and have made new commitments on domestic resources mobilization in the context of other forums. Annex 2 of the G8 Muskoka Accountability Report encompasses the list of the G8 summits and commitments relevant to domestic resources mobilization made after International Conference on Financing for Development in Monterrey.¹¹⁹⁴

Commitment Features:

This commitment consists of two parts. The first part calls for G20 members to meet their ODA pledges for assisting developing countries. Members will achieve compliance by contributing new ODA funding. The second part of the commitment calls the G20 to mobilize domestic resources of partner countries.

¹¹⁹³ Monterrey Consensus of the International Conference on Financing for Development, United Nations (Monterrey) 18-22 March 2002. Date of Access: 6 June 2011.
www.un.org/esa/ffd/monterrey/MonterreyConsensus.pdf

¹¹⁹⁴ Muskoka Accountability Report, G8 Research Centre (Toronto) 26 June 2010. Date of Access: 6 June 2011. Date of Access: 6 June 2011.
<http://www.g8.utoronto.ca/summit/2010muskoka/accountability/index.html>

Scoring Guidelines:

-1	Member does not meet its ODA pledges AND does not comply with its commitments to mobilize domestic resources made following on from Monterrey Consensus and other fora.
0	Member meets its ODA pledges OR complies with its commitments to mobilize domestic resources made following on from Monterrey Consensus and other fora.
+1	Member meets its ODA pledges AND complies with its commitments to mobilize domestic resources made following on from Monterrey Consensus and other fora.

Argentina: -1

Argentina has not complied with its ODA commitment.

On 15 November 2010, a meeting was held between the United Nations Development Programme Associate Administrator, the Under Secretary General Rebeca Grynspan and President of Argentina Christina Fernandez de Kirchner. Rebeca Grynspan emphasized Argentina's inclusion into the global agenda and acknowledged the country's input into the achievement of the Millennium Development Goals, fight against climate change, interregional development and South-South cooperation.¹¹⁹⁵

On 18 August 2011, Argentina and Colombia signed a Memorandum of Understanding on the implementation of initiatives within the South-South cooperation. However, no details of the agreement were revealed.¹¹⁹⁶

However, no facts of Argentina allocating new ODA funding or fostering mobilization of domestic resources have been registered during this monitoring period. Thus Argentina is awarded a score of -1.

Analyst: Polina Arkhipova

Australia: +1

Australia has fully complied with its ODA commitment.

The Australian government has contributed new funds towards ODA.

On 13 April 2011, during a visit to the Ho Chi Minh City Orthopaedic and Rehabilitation Centre, Foreign Affairs Minister Kevin Rudd announced AUD4 million (USD4.37 million) over four years for the work of the International Committee of the Red Cross (ICRC) Special Fund for the Disabled in Vietnam and other mine affected countries.¹¹⁹⁷

On 16 December 2011, the Australian Foreign Minister Kevin Rudd committed to broader and deepened engagement with Latin America and announced AUD100 million (USD109.24 million)

¹¹⁹⁵ PNUD destacó las políticas sociales del gobierno, Presidencia de la Nación Argentina (Buenos Aires) 15 November 2010. Date of Access: 2 April 2011.

http://www.caserosada.gov.ar/index.php?option=com_content&task=view&id=7814&Itemid=66

¹¹⁹⁶ La Presidenta firmó convenios de cooperación con su par de Colombia, Ministerio del Interior 18 August 2011. Date of Access: 30 September 2011.

<http://www.mininterior.gov.ar/prensa/noticiaDespliegue.php?Id=1154&<&idName=pre&idNameSubMenu=preComunicados&idNameSubMenuDer=>

¹¹⁹⁷ Australia assists landmine victims in Vietnam and Laos, Australian Minister for Foreign Affairs, 13 April 2011. Date of access: 18 April, 2011.

http://www.foreignminister.gov.au/releases/2011/kr_mr_110413.html

over four years as Australian development assistance to Latin America. “From financial literacy training for the women of Peru, through to post-graduate study in Australia for Bolivians, the Australian Government is working with Latin America to meet the Millennium Development Goals,” Mr. Rudd said.¹¹⁹⁸ Within the initiative the Australia Americas Awards scholarship program will offer an additional 200 scholarships to primarily post-graduate students in the region. There will also be an additional 110 scholarships for students from the Caribbean.¹¹⁹⁹

On 14 December 2010, the Foreign Minister Kevin Rudd announced that Australian support would continue to help the Palestinian people gain access to health, education, housing and social services. According to the Minister, Australia will provide three years of predictable base funding of up to AUD18 million (USD19.66 million) to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), to support Palestinian refugees residing in the West Bank, Gaza, Jordan, Lebanon and Syria.¹²⁰⁰

On 3 December 2010, the Australian government reaffirmed its commitment to improving the lives of people with disability by announcing AUD11.6 million (USD12.67 million) for four new partnerships — UNICEF, the Government of Papua New Guinea, the Pacific Island Forum Secretariat and World Health Organisation.¹²⁰¹

On 9 December 2010 the Australian Foreign Minister Kevin Rudd announced an allocation of AUD45 million (USD49.15 million) to Indonesia as part of Australia’s AUD599 million (USD654.35 million) fast start climate change financing.¹²⁰²

On 12 December 2010, in a meeting with Queen Rania of Jordan, Mr Rudd announced AUD100,000 (USD109,240) support for an education partnership with UNICEF and the Madrasati initiative in Jordan. Australia will also provide an additional AUD250,000 (USD273,099) to the United Nations Development Program to support efforts to clear landmines in Jordan’s Northern border, allowing communities to return to their fields and again cultivate their land.¹²⁰³

The Australian Government has also undertaken relevant measures to foster mobilization of domestic resources of the partner countries.

On 21 March 2011, the 3-day Leadership for Development Conference started in Canberra as part of the Leadership for Development Program. The program offers Australian Leadership Awards (ALA) Scholarships, which allow postgraduate study opportunities in Australia to exemplary

¹¹⁹⁸ Australia commits to deeper engagement with Latin America, Australian Minister for Foreign Affairs, 17 December 2010. Date of access: 18 April, 2011.

http://www.foreignminister.gov.au/releases/2010/kr_mr_101216.html

¹¹⁹⁹ Australia Americas Awards, Australian Minister for Foreign Affairs, 18 December 2010. Date of access: 18 April, 2011. http://www.foreignminister.gov.au/releases/2010/kr_mr_101219a.html

¹²⁰⁰ Australian assistance to Palestinians, Australian Minister for Foreign Affairs, 14 December 2010. Date of access: 18 April, 2011. http://www.foreignminister.gov.au/releases/2010/kr_mr_101214.html

¹²⁰¹ Australian aid improving the lives of people with disability, Australian Minister for Foreign Affairs, 3 December, 2010. Date of access: 18 April, 2011.

http://foreignminister.gov.au/releases/2010/kr_mr_101203.html

¹²⁰² Strengthening Australia’s climate change partnership with Indonesia, 9 December, 2010, Australian Minister for Foreign Affairs, 4 April 2011. Date of access: 18 April, 2011.

http://www.foreignminister.gov.au/releases/2010/kr_mr_101209.html

¹²⁰³ Australia strengthens Jordan ties, Australian Minister for Foreign Affairs, 12 December, 2010. Date of access: 18 April, 2011. http://foreignminister.gov.au/releases/2010/kr_mr_101212b.html

scholars from developing nations. Recipients of the Awards receive up to USD25,000 for further professional development.¹²⁰⁴ The initiative aims at human resources development within the developing countries.

On 4 April 2011, International Day for Mine Awareness, Foreign Minister Rudd announced a four year AUD20 million (USD27.31 million) Australian investment in cleaning Afghanistan farm land from mines. It is Australia's largest ever mine activity, and will clear more than 7.8 million square metres of land, beginning in the Provinces of Khost, Kandahar and Ghor and moving to other high priority areas.¹²⁰⁵ The cleaned territories will become available for productive farming.

On 31 August 2011, Western Australian Federal Minister Gary Gray announced that the Australian Government would help an extra 115 officials from African countries visit Australia next year to learn from Australia's mining experience. This is in addition to 150 officials from 24 African countries who will visit Australia in 2011 — supported by the Australian aid program. It includes study tours being delivered in partnership with the Australian mining industry and over 60 Australia Award scholarships focused on mining governance.¹²⁰⁶ This will contribute to raising the capacity of the African officials in mining industry and mining governance.

Australia has complied with both parts of the commitment, having provided new ODA funding and having fostered domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Yuriy Zaytsev

Brazil: 0

Brazil has partially complied with its ODA commitment.

On 11 February 2011, Brazil donated USD7.1 million to Haiti for vaccines and equipment to improve its epidemiological system and to strengthen its immunization program.¹²⁰⁷

On 13 February 2011, the Government of Brazil contributed USD300,000 to UNDP in support of the second round of legislative and president elections of Haiti, which took place on 20 March.¹²⁰⁸

On 28 July 2011, the Brazilian Government sent 38,000 tons of food to Somalia and 15,000 tons of food to refugee camps in Ethiopia. The grants were authorized by Brazilian Law No. 12429 and were conducted in partnership with the World Food Programme (WFP).¹²⁰⁹

¹²⁰⁴ Australia Awards supporting future leaders of developing countries, Parliamentary Secretary for Pacific Island Affairs, 21 March 2011. Date of access: 18 April, 2011.

http://ministers.dfat.gov.au/marles/releases/2011/rm_mr_110321.html

¹²⁰⁵ Action on Landmines in Afghanistan, Australian Minister for Foreign Affairs, 4 April 2011. Date of access: 18 April, 2011. http://www.foreignminister.gov.au/releases/2011/kr_mr_110404.html

¹²⁰⁶ Sharing Australian mining expertise to help Africa, Australian Minister for Foreign Affairs, 31 August, 2011. Date of access: 27 September, 2011. http://foreignminister.gov.au/releases/2011/kr_mr_110831.html

¹²⁰⁷ Haiti Gets US\$ 7.1 Million from Brazil to Buy Vaccines and Equipment, Portal Brasil 11 February 2011. Date of Access: 10 April 2011. <http://www.brasil.gov.br/news/history/2011/02/11/haiti-gets-us-7.1-million-from-brazil-to-buy-vaccines-and-equipment>.

¹²⁰⁸ Brazil Gives \$300,000 to Support Elections in Haiti, United Nation Development Programme 13 February 2011. Date of Access: 17 April 2011. <http://content.undp.org/go/newsroom/2011/february/brazil-gives-300000-to-support-elections-in-haiti-en>

¹²⁰⁹ Brazil Will Donate 53 Thousand Tons of Food to African Countries, Portal Brasil 28 July 2011. Date of Access: 30 September 2011. <http://www.brasil.gov.br/news/history/2011/07/28/brazil-will-donate-53-thousand-tons-of-food-to-african-countries>

During the monitoring period no facts indicating the Brazilian government's activity on mobilization of domestic resources of the partner countries have been registered.

Brazil has contributed new funds towards ODA but no facts are registered of Brazil helping to mobilize domestic resources of the partner countries. Thus for partial compliance with this commitment Brazil receives a score of 0.

Analyst: Pavel Zhdanov

Canada: +1

Canada has fully complied with its ODA commitment.

Canada has contributed new funds towards ODA.

On 17 November 2010, Minister of International Cooperation Beverley J. Oda announced Canada's support to assist five severely earthquake-affected municipalities in Haiti to better recover from the impact of the January earthquake. This project is aligned with Haiti's Action Plan for National Recovery and Development. The Government of Canada will provide more than CAD7.2 million (approximately USD7.1 million) over three years for this project.¹²¹⁰

On 19 November 2010, Minister of International Cooperation announced additional support to fight the growing cholera epidemic in Haiti. Canada, through Canadian International Development Agency (CIDA), will provide a further CAD4 million in addition to the CAD1 million to respond to the outbreak. Of this total contribution, CAD2.45 million (approximately USD2.4 million) will support the continuing work of the Pan-American Health Organization (PAHO) in its coordination efforts involving close to 70 health organizations in Haiti and the distribution of tens of thousands of liters of chlorinated water to affected areas and health facilities. CAD2 million (approximately USD2 million) from today's announcement will assist UNICEF in increasing access to safe drinking water and ensuring that children and adults receive life-saving treatments.¹²¹¹ In addition, on 3 December 2010, CAD2 million (approximately USD2 million) was donated for fighting cholera in Haiti.¹²¹²

On 25 November 2010, Minister of International Cooperation announced Canada's support to the Canadian Red Cross's First Responder Initiative. Canada will provide up to CAD17 million (approximately USD17 million) in funding to the Canadian Red Cross Society over three years for the First Responder Initiative. The initiative comprises three components: a rapid deployment of Red Cross field hospital based in the Americas; the recruitment and training of a core team of Canadian experts in emergency and disaster management; and strengthened disaster management capacity for Red Cross National Societies in the Americas.¹²¹³

¹²¹⁰ Canada Helps Haitian Municipalities Rebuild, Canadian International Development Agency 17 November 2010. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAT-111715333-RJA>

¹²¹¹ Canada expands its response to cholera outbreak in Haiti, Canadian International Development Agency 19 November 2010. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/HEL-111910177-KXA>

¹²¹² Canada increases support for cholera treatment and prevention, Canadian International Development Agency 3 December 2010. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/HEL-123131255-PD6>

¹²¹³ Government of Canada supports first disaster rapid response field hospital based in the Americas, Canadian International Development Agency 25 November 2010. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/HEL-11258549-JBF>

On 11 January 2011, Minister of International Cooperation reinforced Canada's commitment to Haiti and announced support for eight new initiatives in the country. These initiatives will improve Haiti's health services and increase access to life-saving healthcare for mothers and children. They will also place more Haitian children in schools, improve Haiti's farming sector with new financing tools, and increase Haiti's food production. The announcement totals CAD93 million (approximately USD93 million).¹²¹⁴

On 21 January 2011, Minister of International Cooperation, announced Canada's support for new initiatives that will secure a better future for children and the people of Bangladesh. CIDA's support for these two projects amounts to CAD40 million (approximately USD40 million).¹²¹⁵

On 26 January 2011, Canadian Prime Minister Stephen Harper announced support for new development projects that will save the lives and improve the health of mothers and children in Bangladesh, Ethiopia and Mozambique. The support is part of Canada meeting the 5-year, CAD2.8 billion (approximately USD2.8 billion) commitment that it made at the 2010 G8 Summit under the Muskoka Initiative.¹²¹⁶

On 28 January 2011, Canada's Parliamentary Secretary Deepak Obhrai announced that Canada would support Ethiopia's agricultural sector and the country's goal of increased food security. CIDA's funding of CAD18.75 million (approximately USD18.75 million) over five years will benefit an estimated 126,000 households.¹²¹⁷

On 24 February 2011, Member of Parliament for Burlington Mike Wallace announced support for a water and sanitation project in 10 northern Ugandan communities. CIDA will provide CAD0.5 million (approximately USD0.5 million) to improve access to clean water, upgrade sanitation services for marginalized communities, and improve public awareness of health issues related to water.¹²¹⁸

On 25 February 2011, Member of Parliament for Mississauga-Erindale and Honourable Senator Salma Atallah announced the Government of Canada continued support for people affected by the devastating floods in Pakistan. The announcement of CAD27.8 million (approximately USD28 million), combined with a previously announced CAD19 million (approximately USD19

¹²¹⁴ Canada Continues to Make a Difference in Haiti, Canadian International Development Agency 11 January 2011. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAT-111122552-NFQ>

¹²¹⁵ Canada supports progress in Bangladesh, Canadian International Development Agency 21 January 2011. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/FRA-120211756-4QA>

¹²¹⁶ PM announces new maternal, newborn and children health initiatives, Prime Minister of Canada 26 January 2011. Date of Access: 28 April 2011. <http://www.pm.gc.ca/eng/media.asp?category=1&featureId=6&pageId=26&id=3909>

¹²¹⁷ Canada announces project to enhance agricultural development in Ethiopia, Canadian International Development Agency 28 January 2011 Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAD-128112120-M7D>

¹²¹⁸ Harper Government Helping Improve Water in Uganda, Canadian International Development Agency 24 February 2011. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAT-22413354-P7H>

million), totals the CAD46.8 million (approximately USD47 million) in the Pakistan Flood Relief Fund.¹²¹⁹

On 2 March 2011, Minister of International Cooperation reinforced Canada's commitment to Haiti and announced support for 15 new reconstruction and recovery initiatives. In line with the objectives of the Interim Haiti Recovery Commission (IHRC), CIDA will strengthen the housing, disaster preparedness, education, health, and agricultural sectors in Haiti with new initiatives to improve the livelihoods of the Haitian population. The announcement totals CAD29.9 million (approximately USD30.4 million).¹²²⁰

On 14 March 2011, Minister of International Cooperation announced Canada's support for those affected by flooding in Sri Lanka and Colombia. CIDA supports the efforts of CHF (formerly the Canadian Hunger Foundation) Partners in Rural Development, World Vision Canada, and the United Nations World Food Programme (WFP) to assist Sri Lankan families. In Colombia, Canada, through CIDA, is supporting the efforts of Oxfam-Québec, Save the Children Canada, and the Canadian Red Cross to provide emergency assistance to flood-affected people. Canada's assistance for flood-affected people in Sri Lanka totals CAD1.5 million (approximately USD1.5 million).¹²²¹

On 1 June 2011, Minister of International Cooperation announced the Government of Canada's support for 11 projects, totalling approximately CAD37 million (approximately USD38 million), to give a better future to children and youth in 13 developing countries.¹²²²

On 13 June 2011, Minister of International Cooperation announced Canada's continued commitment to the GAVI Alliance to help protect the lives of the world's most vulnerable children through immunization. Canada is increasing its commitment to the GAVI Alliance by an additional CAD15 million (approximately USD15 million) from its original commitment of CAD50 million (approximately USD51 million) over five years. This brings Canada's total commitment to CAD65 million (approximately USD66 million) over five years.¹²²³

On 22 July 2011, Minister of International Cooperation, announced that Canada will respond to help the victims of the severe in East Africa. Canada is increasing its financial contribution by CAD50 million (approximately USD51 million). This is in addition to the CAD22 million

¹²¹⁹ Government of Canada Helps Millions Affected By Pakistan's Floods, Canadian International Development Agency 25 February 2011. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAT-22592527-JWY>

¹²²⁰ Minister Oda announces Canada's continued support for Haiti, Canadian International Development Agency 2 March 2011. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAD-329207-JTN>

¹²²¹ Canada aids flood-affected people in Sri Lanka and Colombia, Canadian International Development Agency 14 March 2011. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAD-314153145-QWE>

¹²²² Minister Oda Announces Aid for Children around the World, Canadian International Development Agency 1 June 2011. Date of Access: 19 July 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/HEL-61113547-LAX>

¹²²³ Canada increases support to save the lives of children in developing countries, Canadian International Development Agency 13 June 2011. Date of Access: 19 July 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/HEL-61113547-LAX>

(approximately USD22.5 million) provided by CIDA earlier for humanitarian assistance in the region.¹²²⁴

Canada has also undertaken measures to foster mobilization of partner countries' domestic resources.

On 30 November 2010, Minister of International Cooperation announced 36 projects that would provide vocational training for African youth and help to establish strong technical and vocational education and training systems in Mozambique, Senegal and Tanzania. The Government of Canada is contributing CAD20 million (approximately USD19.5 million) to the Association of Canadian Community Colleges (ACCC) for its Education for Employment (EFE) program in Africa, which is part of CIDA's Skills for Employment initiative.¹²²⁵

On 9 December 2010, Minister for International Cooperation underlined Canada's ongoing commitment to fighting for accountability and supporting good governance by announcing two projects that will improve accountability in 16 developing countries. CIDA has committed CAD14 million (approximately USD14 million) over five years to support the Parliamentary Centre in Africa's project, and CAD2.1 million (approximately USD2.1 million) over three years to Transparency International.¹²²⁶

On 16 March 2011, Minister of Foreign Affairs announced that the Government of Canada will contribute CAD11 million (approximately USD11 million) over five years toward the creation of economic opportunities for young Egyptians and for the development of democratic institutions in Egypt and the broader Middle East and North Africa region.¹²²⁷

On 29 September 2011, the Canadian Minister of International Cooperation announced four new projects that will help developing countries in Africa and South America manage their natural resources to ensure they are the source of long-term sustainable benefits to their people. USD26 million (approximately USD26 million) will be allocated to support initiatives that enhance the capacities of developing countries to manage the development of their natural resources to reduce poverty.¹²²⁸

Canada has complied with both parts of the commitment, having provided new ODA funding and having fostered domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Vitaly Nagornov

¹²²⁴ Minister Oda announces Canada's response to the humanitarian crisis in East Africa, Canadian International Development Agency 22 July 2011. Date of Access: 1 October 2011.

<http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAT-72211442-LG3>

¹²²⁵ Government of Canada Supports Skills for Employment Training Programs in Africa, Canadian International Development Agency 30 November 2010. Date of Access: 28 April 2011.

<http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/HEL-1130131519-PEM>

¹²²⁶ Canada Committed to Fighting for Global Accountability, Canadian International Development Agency 9 December 2010. Date of Access: 28 April 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAD-129161158-SV2>

¹²²⁷ Canada Announces \$11-Million Assistance Package for Egypt and Middle East-North Africa Region, Foreign Affairs and International Trade Canada 16 March 2011. Date of Access: 28 April 2011.

<http://www.international.gc.ca/media/aff/news-communiqués/2011/107.aspx?lang=eng>

¹²²⁸ Minister Oda announces initiatives to increase the benefits of natural resource management for people in Africa and South America, Canadian International Development Agency 29 September 2011. Date of Access: 1 October 2011. <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/CAR-929105317-KGD>

China: +1

China has fully complied with its ODA commitment.

On 14 November 2010, the Chinese government at the first high-level meeting of the stakeholders of the UN fund stated that it would donate a total of USD3 million from 2010 to 2012.¹²²⁹

On 20 December 2010, China donated eight mobile clinics with a total value of almost USD2 million to the Philippines.¹²³⁰

On 5 January 2011, Fiji received 24 pieces of new machinery worth USD2.2 million from China, which is expected to assist the island nation's rural development programs.¹²³¹

On 21 November 2010, China Development Bank (CDB) chairman Chen Yuan told in Luanda, that during the Angola visit of Chinese vice president Xi, CDB concluded a USD400 million loan agreement with the Ministry of Finance of Angola to address food security issues and promote urban infrastructure construction in the country. Furthermore, CDB and Angola's African Investment Bank signed a USD100 million SME loan agreement.¹²³²

On 21 December 2010, China and Nigeria signed a USD900 million credit agreement for rail and communications projects. The agreement between the Nigerian government and the Export-Import Bank of China comprises the Abuja rail project worth USD500 million and a national public security communications project worth USD400 million.¹²³³

On 23 December 2010, China pledged to extend its loan support for African nations to improve their backward infrastructure, a bottleneck that hinders the development in the continent. The Chinese government will provide USD100 billion of preferential loans to Africa between 2010 and 2012.¹²³⁴

On 24 December 2010, the Association for Economic Cooperation and Trade Promotion between Yunnan and Southeast and South Asia signed an investor facilitation cooperation agreement with

¹²²⁹ China donates 1 million dollars to UN peacebuilding fund, Chinese Online Information Service 14 November 2010. Date of Access: 14 November 2010. http://news.xinhuanet.com/english2010/world/2010-12/23/c_13660500.htm

¹²³⁰ China donates 8 mobile clinics to Philippines, Chinese Online Information Service 20 December 2010. Date of Access: 20 December 2010. http://news.xinhuanet.com/english2010/indepth/2010-12/20/c_13656698.htm

¹²³¹ Fiji receives machines from China for development projects, Chinese Online Information Service 5 January 2011. Date of Access: 5 January 2011. http://news.xinhuanet.com/english2010/world/2011-01/05/c_13677442.htm

¹²³² CDB will Continue to Support China-Africa Pragmatic Cooperation, China Development Bank 21 November 2010. Date of Access: 21 November 2010. <http://www.cdb.com.cn/english/NewsInfo.asp?NewsId=3479>

¹²³³ China, Nigeria sign \$900 mln credit agreement for rail, communications project construction, Government of China 21 December 2010. Date of Access: 21 December 2010. http://english.gov.cn/chinatoday/2010-12/21/content_1769967.htm

¹²³⁴ China to continue loan support for Africa to improve infrastructure, Chinese Online Information Service 23 December 2010. Date of Access: 23 December 2010. http://news.xinhuanet.com/english2010/china/2010-12/23/c_13661681.htm

Chinese Chamber of Commerce in Cambodia, aimed at enhancing business opportunities in the country.¹²³⁵

On 21 February 2011, Cambodia and China signed six agreements on bilateral cooperation, aiming at assisting Cambodia to develop its economy and to alleviate poverty, said officials. The agreements were signed during the 2nd China-Cambodia Strategic Economic Dialogue, co-chaired by Anu Porn Moniroth, Secretary of State of the Ministry of Economy and Finance of Cambodia and Fu Ziying, Chinese Vice Commerce Minister. The grant and loan agreements included a grant to Cambodian Ministry of Economy and Finance; a donation of air-conditioners and desktop computers to the Senate; a project to dispatch Chinese experts to study the feasibility of the construction of agricultural laboratory in Cambodia; a loan agreement for the construction of a 22 kilovolt electricity transmission line of 1.9 km length in the provinces of Kampong Speu, Preah Sihanouk, Prey Veng and Kampong Cham.¹²³⁶

On 21 March 2011, Cambodia broke ground for the construction of a China-funded 176-kilometer- road in the Northwestern part in order to facilitate travelling and trucking agricultural products to markets. According to the master-plan, the construction of the road will cost USD89.9 million, which is the soft loan from the government of China. It will take 48 months to complete.¹²³⁷

On 9 May 2011, Cambodia signed to receive the soft loan of USD52 million from the Export-Import Bank of China in order to develop Stung Sreng reservoir in western part of Cambodia. The agreement was signed between Cambodian Deputy Prime Minister and Minister of Economy and Finance Keat Chhon and visiting Vice President of the Export-Import Bank of China Zhu Hongjie.¹²³⁸

On 28 February 2011, a series of agreements were signed between Fu Ziying, Vice Minister of Commerce of China and Rameshore Prasad Khanal, Secretary of the Ministry of Finance on behalf of their respective governments in Kathmandu. According to the agreements, China through the Export-Import Bank of China agreed to provide a loan assistance of CNY640 million for the construction of Upper Trisuli 3A Hydropower Project of Nepal. The project capacity of 60 MW is expected to help reduce power deficit from the present power crisis across the country and the construction work is expected to be completed within four years. The Chinese government also agreed to provide CNY50 million assistance to the government of Nepal to promote the economic and technical cooperation between the two countries.¹²³⁹

¹²³⁵ China's Yunnan businesses seek investment in Cambodia, Chinese Online Information Service 24 December 2010. Date of Access: 24 December 2010. http://news.xinhuanet.com/english2010/china/2010-12/24/c_13663748.htm

¹²³⁶ China to help Cambodia boost social, economic development, Chinese Online Information Service 21 February 2011. Date of Access: 21 February 2011. http://news.xinhuanet.com/english2010/china/2011-02/21/c_13742242.htm

¹²³⁷ Cambodia starts to build Chinese-funded road in northwest, Chinese Online Information Service 21 March 2011. Date of Access: 21 March 2011. http://news.xinhuanet.com/english2010/china/2011-03/21/c_13790525.htm

¹²³⁸ Cambodia to develop irrigation with 52 mln USD loan from China, the ASEAN-China Centre May 2011. Date of Access: 25 May 2011. http://www.asean-china-center.org/english/2010-06/23/c_13364828.htm

¹²³⁹ China agrees to provide assistance to Nepal for different projects, Chinese Online Information Service 28 February 2011. Date of Access: 28 February 2011. http://news.xinhuanet.com/english2010/china/2011-02/28/c_13754461.htm

On 22 March 2011, Chinese ambassador to Ecuador Yuan Guisen said that China would invest about USD2.5 million in Ecuador on projects in telecommunication, technology, agriculture and clean energy projects.¹²⁴⁰

On 22 August 2011, China made its largest single donation to the United Nations World Food Programme (WFP) of USD16 million for famine relief operation in Somalia.¹²⁴¹

China has complied with both parts of the commitment, having provided new ODA funding and having fostered partner countries domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Svetlana Nikitina

France: +1

France has fully complied with the commitment to reaffirm its ODA pledges and to assist the poorest countries to mobilize their domestic resources.

France has allocated new ODA funding.

On 13 December 2010, The French Development Agency (AFD) approved a vast amount of ODA projects and donated EUR1.7 billion (approximately USD2.2 billion) to support development.¹²⁴²

On 19 February 2011, French Cooperation Minister visited Madagascar. The Minister announced that the AFD was preparing EUR9 million (approximately USD12.3 million) for providing aid to this country.¹²⁴³

On 19 February 2011, the AFD adopted its budget for 2011 which provides for over EUR180 million (approximately USD246.5 million) as development assistance to Cameroon, Congo, Guinea and China.¹²⁴⁴

On 23 March 2011, the French Global Environment Facility (FGEF) has joined hands with the Government of Mozambique, the AFD and WWF to finance a project totaling EUR8,4 million (approximately USD11.8 million) aimed at guaranteeing sustainable livelihoods for local populations that earn their living from the natural resources of the Quirimbas National Park.¹²⁴⁵

¹²⁴⁰ China to invest 2.5 mln USD in projects for Ecuador, Government of China 22 March 2011. Date of Access: 23 March 2011. http://www.gov.cn/misc/2011-03/23/content_1830109.htm

¹²⁴¹ China donates 16 mln dollars to famine-stricken Somalia, Government of China 22 August 2011. Date of Access: 22 August 2011. http://www.gov.cn/misc/2011-08/22/content_1929871.htm

¹²⁴² AFD's last Board of Directors meeting of the year approves a vast amount of projects and deploys some €1.7 billion to support development. Date of Access: 28 April 2011. http://www.afd.fr/jahia/Jahia/cache/bypass/lang/en/home/ctnscroll_ActualitesList/6_18?engineName=search&requestedCategories=tech_news_home_site_afd

¹²⁴³ French Cooperation Minister, Henri de Raincourt, visits Madagascar. http://www.afd.fr/jahia/Jahia/cache/bypass/lang/en/home/ctnscroll_ActualitesList/6_12?engineName=search&requestedCategories=tech_news_home_site_afd

¹²⁴⁴ AFD adopts budget and deploys over €180 million for development. Date of Access: 28 April 2011. http://www.afd.fr/jahia/Jahia/cache/bypass/lang/en/home/ctnscroll_ActualitesList/6_6?engineName=search&requestedCategories=tech_news_home_site_afd

¹²⁴⁵ Mozambique: natural resources working for local populations at Quirimbas National Park. Date of Access: 28 April 2011. http://www.afd.fr/jahia/Jahia/cache/bypass/lang/en/home/ctnscroll_ActualitesList/6_6?engineName=search&requestedCategories=tech_news_home_site_afd

On 1 April 2011, three new agreements totaling EUR91,000 (approximately USD132,000) were signed under the FGEF Small Initiatives Program.¹²⁴⁶ Three grants have been allocated to support the projects of the NGOs CETAMADA, FAMA and Missouri Botanical Garden (MBG) for whale protection, reforestation and community management of natural resources.

On 7 April 2011, AFD and German technical cooperation signed a EUR6 million (approximately USD8.7 million) financial agreement for a water supply project in Juba, the capital of Southern Sudan.¹²⁴⁷

On 14 April 2011, the AFD disbursed over EUR550 million (approximately USD797 million) as the development assistance to Cote d'Ivoire, Mozambique, Dominican Republic and Mexico.¹²⁴⁸

On 26 May 2011, AFD's Board of Directors approved funding totaling nearly EUR459 million (approximately USD665 million) for 10 projects to support development at its meeting.¹²⁴⁹ On 7 July 2011, 17 additional projects of EUR350 million (approximately USD507 million) were approved.¹²⁵⁰

Some measures aimed at fostering mobilization of partner countries' domestic resources have been undertaken by France.

On 1 April 2011, the Awoshie-Pokuase Road & Urban Development project in Ghana was launched. Out of a total project cost of EUR100 million (approximately USD145 million), The African Development Bank (AfDB) is providing EUR63 million (approximately USD91 million), while France, through AFD, is contributing EUR30 million (approximately USD43 million) and the Government of Ghana - EUR7 million.¹²⁵¹

On 18 April 2011, the Ministry of Foreign and European Affairs launched three initiatives aimed at harnessing the expertise of local authorities to build a win-win situation in emerging countries.¹²⁵²

¹²⁴⁶ French GEF and AFD support projects led by three Malagasy environmental protection NGOs. Date of Access: 28 April 2011. http://www.afd.fr/jahia/Jahia/cache/bypass/lang/en/home/ctnscroll_ActualitesList/6_0?engineName=search&requestedCategories=tech_news_home_site_afd

¹²⁴⁷ Southern Sudan: New State, New Franco-German Cooperation. Date of Access: 1 October 2011. http://www.afd.fr/jahia/Jahia/cache/bypass/lang/en/home/ctnscroll_ActualitesList/6_0?engineName=search&requestedCategories=tech_news_home_site_afd

¹²⁴⁸ AFD deploys over €550m for development. Date of Access: 28 April 2011. http://www.afd.fr/jahia/Jahia/cache/bypass/lang/en/home?engineName=search&requestedCategories=tech_news_home_site_afd

¹²⁴⁹ AFD pledges nearly €459m in new support for development. Date of Access: 1 October 2011.

http://www.afd.fr/cache/bypass/lang/en/home/ctnscroll_ActualitesList/6_24?engineName=search&requestedCategories=tech_news_home_site_afd

¹²⁵⁰ 7 July 2011 Board of Directors Meeting: €350m pledged for developing countries. Date of Access: 1 October 2011. http://www.afd.fr/cache/bypass/lang/en/home/ctnscroll_ActualitesList/6_24?engineName=search&requestedCategories=tech_news_home_site_afd

¹²⁵¹ Sod-cutting ceremony of the Awoshie-Pokuase road and urban development project. Date of Access: 28 April 2011. http://www.afd.fr/jahia/Jahia/cache/bypass/lang/en/home/ctnscroll_ActualitesList/6_0?engineName=search&requestedCategories=tech_news_home_site_afd

¹²⁵² Cooperation decentralisée : de nouveaux outils au service de la politique d'influence de la France. Date of Access: 28 April 2011. http://www.diplomatie.gouv.fr/fr/entrees-thematiques_830/aide-au-developpement-gouvernance-democratique_1060/dispositifs-enjeux-aide-au-developpement_20515/institutions-francaises_19758/dispositif-institutionnel-francais_19759/cooperation-decentralisee-nouveaux-outils-au-service-politique-influence-france-18.04.11_91614.html

On 26 April 2011, Minister of the Economy and Finance of the Republic of Côte d'Ivoire and Chief Executive Officer of AFD signed a EUR350 million (approximately USD507 million) agreement to help put the country's public finances in order and revive its economy.¹²⁵³

On 6 May 2011, The President of the Republic of Colombia announced the central government's approval of financing for the Ayacucho tramway project. AFD's USD250 million (approximately USD362 million) contribution will be used to finance the transportation component of the Integral Urban Project for the Centre-East of Medellin.¹²⁵⁴

France has complied with both parts of the commitment, having provided new ODA funding and having fostered domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Vitaly Nagornov

Germany: +1

Germany has fully complied with its commitment on development.

Various measures have been taken by Germany to contribute to ODA funding

On 26 November 2010, the German Bundestag adopted the 2011 budget, according to which, funding for development and cooperation is increased by 4.5 % compared to 2010.¹²⁵⁵

On 17 February 2011, several development projects financed by the Regional Development Fund of German Federal Ministry for Cooperation and Development were launched in Afghanistan, province of Kunduz. The projects include constructing roads and building a school.¹²⁵⁶

On 22 February 2011, the German Federal Ministry for Cooperation and Development in Afghanistan agreed to provide USD191.5 million for development support in Afghanistan. The key areas of support include energy, water supply, education and good governance.¹²⁵⁷

On 14 September 2011, Dirk Niebel, German Federal Minister for Economic Cooperation and Development at the government negotiations preceding his visit to Brazil, together with Brazil's Environment Minister Teixeira signed an outline paper on the fundamentals of joint efforts for the protection of tropical forests. Germany is already contributing to the Amazon Fund, the world's first financing mechanism for a national Reducing Emissions from Deforestation and Degradation

¹²⁵³ €350m loan to revive Côte d'Ivoire's economy and put its public finances in order. Date of Access: 1 October 2011. http://www.afd.fr/jahia/Jahia/cache/bypass/lang/en/home/ctnscroll_ActualitesList/6_0?engineName=search&requestedCategories=tech_news_home_site_afd

¹²⁵⁴ Green light for AFD to finance Medellin tramway. Date of Access: 1 October 2011. http://www.afd.fr/cache/bypass/lang/en/home/ctnscroll_ActualitesList/6_24?engineName=search&requestedCategories=tech_news_home_site_afd

¹²⁵⁵ Bundeshaushalt 2011– Sollbericht, Federal Ministry of Finance of Germany March 2011. Date of Access: 10 April 2011. http://www.bundesfinanzministerium.de/nr_124886/DE/BMF_Startseite/Aktuelles/Monatsbericht_des_BMF/2011/03/analysen-und-berichte/b01-bundeshaushalt2011-sollbericht/node.html?__nnn=true.

¹²⁵⁶ Newsletter – Deutsche Entwicklungszusammenarbeit mit Afghanistan, Federal Government of Germany March 2011. Date of Access: 10 April 2011. <http://www.bundesregierung.de/Content/DE/Anlagen/2011/03/2011-03-18-bmz-newsletter-afg.property=publicationFile.pdf>.

¹²⁵⁷ Newsletter – Deutsche Entwicklungszusammenarbeit mit Afghanistan, Federal Government of Germany March 2011. Date of Access: 10 April 2011. <http://www.bundesregierung.de/Content/DE/Anlagen/2011/03/2011-03-18-bmz-newsletter-afg.property=publicationFile.pdf>.

regime. Dirk Niebel announced that Germany would continue to support Brazil in protecting its tropical forests and achieving ambitious climate protection goals.¹²⁵⁸

On 21 September 2011, Dirk Niebel, German Federal Minister for Economic Cooperation and Development, at a meeting of the Expert Council of German Foundations on Integration and Migration stated that Germany was pursuing many different activities in the field of migration from developing countries. Dirk Niebel noted that Germany was supporting migrant organisations' efforts for development and helping to make it easier for migrants to send money to their countries of origin. Moreover, Germany was funding the Returning Experts Programme to assist people who studied or worked in Germany to get involved in development efforts in their home countries.¹²⁵⁹

Germany also took steps to foster mobilization of partner countries' domestic resources

On 9 February 2011, the German Federal Ministry of Economics and Technology introduced its 10-point action plan for North Africa. One of the measures of the plan is to press forward Germany's partnership with Morocco, Algeria and Egypt. The objective of these partnerships is to provide assistance in building transparent and efficient administrative structures.¹²⁶⁰

On 18 February, 2011 Parliamentary State Secretary Gudrun Kopp during her visit to Kenya announced that Germany would support promotion of good governance in Kenya and set up a fund comprising USD20, 2 million. The main objectives of the fund are tackling corruption and promoting transparency.¹²⁶¹

On 1 March 2011, the German Federal Minister for Economic Cooperation and Development Dirk Niebel presented the draft concept for Germany's first ever holistic education strategy on development policy. The strategy for German development policy addresses the education sector as a whole. The German Federal Ministry of Cooperation and Development elaborated the strategy together with its partners in developing countries, civil society, the private sector and academia, and with other German ministries and the state implementing organisations for development cooperation.¹²⁶²

¹²⁵⁸ . In Amazon region, Niebel confirms commitment to Brazilian-German climate protection cooperation. Federal Ministry for Economic Cooperation and Development 14 September 2011. Date of Access: 30 September 2011.

http://www.bmz.de/en/press/aktuelleMeldungen/2011/September/20110914_pm_156_brasilien/index.html

¹²⁵⁹ Dirk Niebel highlights migrants' role as a decisive force for development. Federal Ministry for Economic Cooperation and Development of Germany 21 September 2011. Date of Access: 25 September 2011.

http://www.bmz.de/en/press/aktuelleMeldungen/2011/September/20110921_pm_162_migration/index.html

¹²⁶⁰ 10-point action plan for North Africa, Federal Ministry of Economics and Technology of Germany 9 February 2011. Date of Access: 10 April 2011. http://www.bmwi.de/English/Navigation/external-economic-policy_did=382182.htmlKOn.

¹²⁶¹ BMZ helps strengthen good governance in Kenya, Federal Ministry for Cooperation and Development 18 February 2011. Date of Access: 10 April 2011.

http://www.bmz.de/en/press/aktuelleMeldungen/2011/February/20110218_pm_27_kenia/index.html.

¹²⁶² Federal Minister Dirk Niebel presents first ever draft concept for a holistic education strategy in German development policy, Federal Ministry for Cooperation and Development of Germany 1 March 2011. Date of Access: 10 April 2011. http://www.bmz.de/en/press/aktuelleMeldungen/2011/March/20110228_pm_35_bildungsstrategie/index.html.

On 9 March 2011, the German-Algerian Economic Commission signed a Protocol promoting German-Algerian Cooperation in the fields of energy, investment, business cooperation, transport, infrastructure and rural development. The Protocol creates new basis for bilateral economic relations.¹²⁶³

Germany has complied with both parts of the commitment, having provided new ODA funding and having fostered partner countries domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Marina Klintsova

India: 0

India has fully complied with the commitment on development.

India has provided new ODA funding.

On 27 November 2010, Indian External Affairs Minister, Shri S.M. Krishna said at Inauguration of Works for the Reconstruction of Northern Railway that as part of Government's effort to provide for the reconstruction of Northern Sri Lanka, the Government of India had pledged a line of credit of USD800 million at significantly concessional rates for various aspects of the Northern Railway project, including reconstruction of railway lines, installation of signalling and telecom systems and the procurement of rolling stock.¹²⁶⁴

On 18 February 2011, Indian External Affairs Minister, Shri S.M. Krishna at India-Least Developed Countries (LDCs) Ministerial Conference declared that additional 5 scholarships would be granted every year under the Indian Technical and Economic Cooperation Programme for each Least Developed Country. Mr. Krishna also declared that special fund of USD5 million would be established over the next five years for the follow up to UN LDC Four. Mr. Krishna announced that USD500 million credit line facility over the next five years to be used specifically for projects and programmes of Least Developed Countries.¹²⁶⁵

On 18-19 February 2011, in New Delhi on India LDC Ministerial Conference - Delhi Declaration was adopted. This declaration declares the following points: press for strengthening of international support mechanisms in favour of LDCs to augment their resources, productive capacity, institutional strength and policy space to lead their respective national development processes; and in this regard call for augmenting ODA, South-South cooperation and triangular cooperation for a comprehensive implementation of the Istanbul Program of Action.¹²⁶⁶

On 29 March 2011, Shri Anand Sharma, Union Minister for Commerce and Industry, in a bilateral meeting with Prof. Welshman Ncube, the Minister of Industry & Commerce Zimbabwe, said that Indian Government were planning to set up a Vocational Training Centre (VTC) in

¹²⁶³ First meeting of German-Algerian Joint Economic Commission creates new basis for bilateral economic relations, Federal Ministry of Economics and Technology of Germany 9 March 2011. Date of Access: 10 April 2011. <http://www.bmwi.de/English/Navigation/Press/press-releases,did=383250.html>.

¹²⁶⁴ EAM's remarks at Inauguration of Works for the Reconstruction of Northern Railway Lines, Ministry of External Affairs of India 27 November 2010. Date of Access: 12 April 2011. <http://meaindia.nic.in/mystart.php?id=530116726>

¹²⁶⁵ Inaugural Address by External Affairs Minister at India-Least Developed Countries (LDCs) Ministerial Conference, Ministry of External Affairs 18 February 2011. Date of Access: 12 April 2011. <http://meaindia.nic.in/mystart.php?id=530117194>

¹²⁶⁶ India-LDC Ministerial Conference, Ministry of External Affairs 19 February 2011. Date of Access: 12 April 2011. <http://meaindia.nic.in/mystart.php?id=530517199>

Zimbabwe to further develop skills and capacity in Zimbabwe. Mr. Shri Sharma noted the possibilities in cooperation in science and technology between India and Zimbabwe, particularly in appropriate technologies in agriculture, agro-processing and renewable energy. He stated that Indo-Zimbabwe continued interest in education and capacity building programmes in Africa and in Zimbabwe in particular, was evident in Indian sponsoring Zimbabweans for study programmes under the ITEC and other courses. Mr. Shri Sharma added that India had increased slots from 40 in 2008-09 to 90 for 2010-11 and he hoped to cross 100 in 2011-12.¹²⁶⁷

On 20 September 2011, The Union Minister of State for Commerce and Industry Mr. Jyotiraditya M. Scindia during his bilateral meeting with Lt. Gen. Mompoti S. Merafhe Vice President Republic of Botswana, offered technical assistance to Botswana in the strengthening of rail network and other transport logistics, given its importance to Botswana which has huge natural reserves but is a land locked country.¹²⁶⁸

Some facts of India's fostering mobilization of partner countries' domestic resources during the compliance period have been registered.

On 23 April 2011, the Union Commerce and Industry Minister, Shri Anand Sharma, during his ongoing Bangladesh visit addressed the need to further strengthen economic integration between the two countries. During the meeting India offered assistance in the construction of the bridge over river Feni, including the construction of the connecting road on the Bangladesh side. India also offered a tariff-free quota of 10 million pieces of apparel exports from Bangladesh, marking an increase of 25% over previous years. Both countries agreed on strengthening of infrastructure at borders, including construction of Land Custom Stations and Integrated Check Posts, particularly at Petrapole and Agartala such that trade is facilitated. A Working Group on Infrastructure will coordinate implementation.¹²⁶⁹

On 14 September 2011, Ministry of External Affairs announced that India would provide humanitarian assistance of USD8 million to the countries afflicted with severe famine and drought in the Horn of Africa, i.e. Somalia, Kenya and Djibouti. The assistance will be provided through the World Food Programme. India has also contributed USD1.5 million to the AU Trust Fund on Somalia and USD 0.5 million to the UN Trust Fund. This is part of the assistance announced by Honorable Prime Minister for augmenting the African Union Mission in Somalia (AMISOM) at the India-Africa Forum Summit-II in Addis Ababa, in May this year. India would be cooperating with Somalia in capacity building in areas such as fisheries, IT and agriculture. India is also considering extending technical assistance to Somalia in developing a counter piracy policy and strategy.¹²⁷⁰

India has complied with the both parts of the commitment on development. Thus it is awarded a score of +1.

Analyst: Alexey Mironov

¹²⁶⁷ India-Zimbabwe to Cooperate in Mining, Power Generation, Agricultural Sector for BIPA, Ministry of Commerce and Industry 29 March 2011. Date of Access: 12 April 2011.

http://commerce.nic.in/PressRelease/pressrelease_detail.asp?id=2753

¹²⁶⁸ Scindia Offers Assistance for Strengthening Botswana Rail Network, Ministry of Commerce and Industry 20 September 2011. Date of Access: 25 September 2011.

http://commerce.nic.in/PressRelease/pressrelease_detail.asp?id=2822

¹²⁶⁹ India-Bangladesh Border Haats to be Inaugurated in June, Ministry of Commerce and Industry 23 April 2011. Date of Access: 15 May 2011. http://commerce.nic.in/PressRelease/pressrelease_detail.asp?id=2762

¹²⁷⁰ India to provide humanitarian assistance to Horn of Africa nations, Ministry of Commerce and Industry 14 September 2011. Date of Access: 25 September 2011. <http://meaindia.nic.in/mystart.php?id=530218255>

Indonesia: 0

Indonesia has partially complied with the commitment on ODA pledges and assisting the poorest countries to mobilize domestic resources.

Indonesia has provided new ODA funding.

On 3 January 2011, it was announced that Indonesia once again had sent a humanitarian aid to the Palestinians living in the Gaza Strip. The aid reached approximately USD83 thousand, or IDR750 million. The aid in the form of medical equipment was provided by Indonesian Committee for Solidarity with Palestine (KISPA), Amuntai Community (South Kalimantan), Indonesian Health Department and by the Indonesian citizens living in Egypt.¹²⁷¹

On 8 September 2011, an official said that the Indonesian government was committed to giving humanitarian aid to overcome Somalia's famine problem caused by a prolonged drought. "Indonesia is committed to giving aid to Somalia. The Social Affairs Ministry has agreed to provide aid for Somalia, along with a number of Non-governmental Organizations (NGOs)," Social Affairs Minister Salim Segaf Al-Jufri said.¹²⁷²

On 20 September 2011, Coordinating Minister for People's Welfare Agung Laksono said that the Indonesian government through its Ministry of Health was going to send a humanitarian medical team to Pakistan to help victims of dengue fever outbreaks there.¹²⁷³

However, no facts of Indonesia's fostering mobilization of partner countries' domestic resources during the compliance period have been registered.

Indonesia has been awarded a score of 0 for its new ODA funding and its fail to foster the mobilization of partner countries' domestic resources.

Analyst: Elena Martynova

Italy: +1

Italy has fully complied with its development commitment.

New ODA funding has been provided by Italy.

According to the Budget Law n. 221 of 13 December 2010, the Italian government committed EUR237 million (approximately USD313 million) as ODA to be managed by the Ministry of Foreign Affairs (MFA) for 2011 and EUR240.5 million for 2012 and 2013.¹²⁷⁴ Though, it is more

¹²⁷¹ Indonesian People Donated Rp.750 Million for Palestine, Ministry of Foreign Affairs Republic of Indonesia 3 January 2011. Date of Access: 5 April 2011

<http://www.deplu.go.id/Pages/News.aspx?IDP=4314&l=en>

¹²⁷² RI committed to helping Somalia overcome famine. 8 September 2011. Date of Access: 27 September 2011. <http://www.antaraneews.com/en/news/75468/ri-committed-to-helping-somalia-overcome-famine>

¹²⁷³ RI sending humanitarian medical team to flood-hit Pakistan. 20 September 2011. Date of Access: 27 September 2011. <http://www.antaraneews.com/en/news/75833/ri-sending-humanitarian-medical-team-to-flood-hit-pakistan>

¹²⁷⁴ Legge 13 dicembre 2010, n. 221. Bilanci di previsione dello Stato per l'anno finanziario 2011 e per il triennio 2011-2013, Allegato 1, Portal of the Laws in force NORMATTIVA. Date of Access: 9 April 2011. <http://www.normattiva.it/dispatcher?service=213&fromurn=yes&datagu=2010-12-21&annoatto=2010&numeroatto=221&task=ricercaatti&elementiperpagina=50&redaz=010G0239&newsearch=1&classeprv=1&paginadamostrare=1&tmstp=1302345920513>

than 33% reduction in comparison with the budget for 2010,¹²⁷⁵ Italy has undertaken a range of measure allocating new ODA funding.

On 9 March 2011, Italy offered a diversified package of development aid to the North Africa/Middle East countries. It includes donations (EUR50 million (approximately USD69.5 million)), ODA loans (EUR641 million (approximately USD891 million)) and debt conversion mechanisms (EUR302 million (approximately USD420 million)) – that amounted to nearly one billion euro in benefits to Egypt, Tunisia, Algeria, Morocco, Syria, Jordan, and Palestinian Territories. The aim is not simply to add to an already substantial amount of aid on the basis of the needs of individual nations, but rather to redirect its use in function of the need to facilitate the transition to democracy over the short-term and trigger a virtuous process of development over the medium and long terms.¹²⁷⁶

On 31 May 2011, Italy signed a debt cancellation agreement with the Democratic Republic of Congo (DRC) in order to support the country's economic development.¹²⁷⁷

In late May 2011, Italy and Jordan signed a EUR16 million (approximately USD22.9 million) Debt Conversion Agreement for the purpose of promoting bilateral cooperation between the two countries and alleviating Jordan's debt burden.¹²⁷⁸

On 17 June 2011, Italy signed the bilateral final debt cancellation agreement, for a total of EUR9.53 million (approximately USD13.6 million), with Togo.¹²⁷⁹

On 19 September 2011, the MFA announced that the DGDC would earmark a multilateral contribution of EUR300,000 (approximately USD429,000) to the WFP for emergency food aid to the most vulnerable segments of the population of the People's Republic of North Korea affected by a serious food security crisis in order to underpin the WFP's emergency intervention on-going in the People's Republic of North Korea since April 2011.¹²⁸⁰

Italy also has taken several steps to foster mobilization of domestic resources of the partner countries.

¹²⁷⁵ Legge 23 dicembre 2009, n. 192. Bilancio di previsione dello Stato per l'anno finanziario 2010 e bilancio pluriennale per il triennio 2010-2012, Allegato 1, Portal of the Laws in force NORMATTIVA. Date of Access: 9 April 2011. <http://www.normattiva.it>

¹²⁷⁶ North Africa/Middle East crisis: Italy's commitment to development aid, Italian Ministry of Foreign Affairs 9 March 2011. Date of Access: 8 April 2011. http://www.esteri.it/MAE/EN/Sala Stampa/ArchivioNotizie/Approfondimenti/2011/03/20110309_Crisi_NordAfrica_MedioOriente.htm?LANG=EN

¹²⁷⁷ Cooperation: debt cancelled for the Democratic Republic of Congo, Italian Ministry of Foreign Affairs 6 June 2011. Date of Access: 16 July 2011. http://www.esteri.it/MAE/EN/Sala Stampa/ArchivioNotizie/Approfondimenti/2011/06/20110606_Cooperazione_RepubblicaDemocraticaCongo.htm?LANG=EN

¹²⁷⁸ Cooperation: Jordan, debt conversion agreement, Italian Ministry of Foreign Affairs 16 June 2011. Date of Access: 16 July 2011. http://www.esteri.it/MAE/EN/Sala Stampa/ArchivioNotizie/Approfondimenti/2011/06/20110616_CooperazioneGiordania.htm?LANG=EN

¹²⁷⁹ Cooperation: Italy cancels Togo debt, Italian Ministry of Foreign Affairs 20 June 2011. Date of Access: 16 July 2011. http://www.esteri.it/MAE/EN/Sala Stampa/ArchivioNotizie/Approfondimenti/2011/06/20110620_CooperazioneTogo.htm?LANG=EN

¹²⁸⁰ Cooperation: food aid in North Korea, Italian Ministry of Foreign Affairs 19 September 2011. Date of Access: 24 September 2011. http://www.esteri.it/MAE/EN/Sala Stampa/ArchivioNotizie/Approfondimenti/2011/09/20110919_cooperaz_CoreaDelNord.htm?LANG=EN

On 24 November 2010, Ambassador of Italy in Addis Ababa, Renzo Mario Rosso, and Ethiopian Finance Minister, Ato Ahmed Shide, have signed a bilateral accord on a project to contribute to the Ethiopian 2010-2012 healthcare sector development plan through a donation of EUR8.2 million (approximately USD11.1 million) by the Italian Cooperation. The goal is to expand healthcare coverage and upgrade services and treatment, and also to boost the capacity to generate and use strategic information.¹²⁸¹

On 29 November 2010, Italian Ambassador to South Africa, Elio Menzione, and Thomas Auf der Heyde, Deputy Director General for International Cooperation of the Department of Science and Technology of South Africa, signed the fourth Executive Programme of Scientific and Technological Cooperation, valid for the 2011-2013 triennial. The Programme identifies seven priority areas of research: astrophysics and radio astronomy, information and communication technologies, physics, biotechnologies, nanotechnologies and advanced matters, medicine and health, energy and environment. Six projects of “major importance” have been selected for co-financing by Italy.¹²⁸²

On 1 February 2011, the Italy launched an initiative aimed at reducing environmental and nutritional risks in Guatemala recently battered by a tropical storm. To this end, a fund of EUR1.8 million (approximately USD2.5 million) was set up at the Italian Embassy in Guatemala City, earmarked for agriculture, food security, healthcare, water and the environment, management of natural resources, risk reduction and lowering of management costs.¹²⁸³

On 17 February 2011, Italy allocated EUR1 million for the emergency programme “Improved basic services for the Somali population in Kenyan’s Dadaab refugee camps” to help Somali refugees in Kenya.¹²⁸⁴

On 8 March 2011, the Italian Directorate General for Development Cooperation (DGDC) has confirmed the commitment of Italy’s entire “country system” to support and encourage Tunisia’s economic recovery and has extended a new credit line worth EUR73 million (approximately USD101 million) for Tunisian SMEs.¹²⁸⁵

On 12 April 2011, Italian Minister of Economic Development signed with the Afghan Minister of Foreign Affairs, Minister of Industry, and Minister of Economy the MOU in order to promote an efficient cooperation in several industries: hydrocarbons and mineral resources, energy generating

¹²⁸¹ Cooperation: Ethiopia, over EUR8 million for healthcare, Italian Ministry of Foreign Affairs 24 November 2010. Date of Access: 5 April 2011. http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2010/11/20101124_CooperazioneEtiopia.htm?LANG=EN

¹²⁸² Executive Programme of Scientific and Technological Cooperation for the 2011-2013 triennial signed in South Africa, Italian Ministry of Foreign Affairs 30 November 2010. Date of Access: 5 April 2011. http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2010/11/20101130_sudafrika.htm?LANG=EN

¹²⁸³ Cooperation: Guatemala, Italy reaches out to the victims of hurricane “Agatha”, MFA 1st February 2011. Date of Access: 5 April 2011. http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/02/20110202_Cooperazione_Guatemala.htm?LANG=EN

¹²⁸⁴ Cooperation: Kenya, Support for Somali refugees, MFA 17 February 2011. Date of Access: 5 April 2011. http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/02/20110217_Cooperazione_Kenya.htm?LANG=EN

¹²⁸⁵ Cooperation: Credit line worth 73 million euros extended to Tunisia for small- and medium-sized enterprises, MFA 8 March 2011. Date of Access: 5 April 2011. http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/03/20110308_CooperazioneTunisia.htm?LANG=EN

equipment, infrastructure, marble production, textile industry, agriculture, trenchless technologies.¹²⁸⁶

On 6 May 2011, the DGDC approved a new financing of EUR 800,000 (approximately USD1.1 million) in favour of the World Health Organization to continue the fight against tuberculosis in Western Afghanistan.¹²⁸⁷

On 7 May 2011, the authorities of the Province of Trento, Italian Ambassador in Mozambique and the Governor of Sofala Province signed the agreement on opening a new hospital in Caia (Mozambique). The DGDC would provide EUR250,000 (approximately USD357.000) towards medical supply purchases and the construction of accommodation for hospital staff. Trento Province would provide about EUR390,000 (approximately USD557.000) for staff training.¹²⁸⁸

On 27 July 2011, the Italian Cooperation approved EUR14 million (approximately USD20 million) in funding for a secondary road network in the Province of Herat. The initiative fell within the context of the National Rural Access Program (NRAP), one of the Afghan government's priority rural development programmes.¹²⁸⁹

On 6 September 2011, the Italian Ambassador in Lebanon, Giuseppe Morabito, and the Lebanese Minister for Social Affairs, Wael Abou Faour, signed a Cooperation Agreement that envisages a "National Programme for local social-economic development through measures to strengthen the Social Development Centres (SDCs) and the Fund for Social Development in Lebanon." An initiative received EUR2.4 million (approximately USD3.3 million) in funding from Italian Development Cooperation as a contribution to the strategy drawn up by the Social Affairs Ministry (MOSA) to foster social development. The focus would be on protecting the most vulnerable sections of the population.¹²⁹⁰

Italy has complied with both parts of the commitment, having provided new ODA funding and having fostered domestic resources mobilization. Thus, it is awarded a score of +1.

Analyst: Anna Vekshina

Japan: +1

Japan has fully complied with its ODA commitment.

¹²⁸⁶ Italia-Afghanistan: Romani firma protocollo per collaborazione economica, Italian Ministry of Economic Development 12 April 2011. Date of Access: 17 July 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=1&idarea1=593&idarea2=0&idarea3=0&idarea4=0&andor=AND§ionid=0&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2263&id=2018631

¹²⁸⁷ Cooperazione: rinnovato sostegno all'Oms per la lotta alla tubercolosi in Afghanistan, Italian Ministry of Foreign Affairs 6 May 2011. Date of Access: 17 July 2011. http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/05/20110506_omsafg.htm?LANG=EN

¹²⁸⁸ Cooperation: New hospital in Mozambique soon to open its doors, Italian Ministry of Foreign Affairs 10 May 2011. Date of Access: 17 July 2011. http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/05/20110510_Cooperazione_Mozambico.htm?LANG=EN

¹²⁸⁹ Cooperation: Afghanistan, new rural road development project, Italian Ministry of Foreign Affairs 27 July 2011. Date of Access: 24 September 2011. http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/07/20110727_CooperazioneAfghanistan.htm?LANG=EN

¹²⁹⁰ Italy-Lebanon: Social-economic development agreement, Italian Ministry of Foreign Affairs 1 September 2011. Date of Access: 24 September 2011. http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/09/20110901_Italia_Libano.htm?LANG=EN

On 29 November 2010, the Prime Minister of Japan, Naoto Kan announced that Japan intended to extend approximately USD400 million in the form of an ODA loan to Bangladesh for the Padma Multipurpose Bridge Project. The project is expected to substantially contribute towards the economic development and poverty alleviation of Bangladesh through improved communication between its capital area and its east and southwest regions.¹²⁹¹

In the 2010 fiscal year Japan allocated about USD100 million as assistance to the Palestinian Authority, “in line with what Prime Minister Kan pledged at the meeting with Palestinian Prime Minister Fayyad on 24th November 2010.”¹²⁹² On 27 December 2010, Japan extended non-project grant aid of JPY1 billion (USD12.5 million) to Palestinian Authority, which is aimed to support economic and social development.¹²⁹³

On 28 January 2011, Japan decided to extend an ODA loan of up to JPY41 billion (USD512.5 million) to Philippines to pave and improve the existing roads across the Philippines (about 1,380 km) and to strengthen the road maintenance performance.¹²⁹⁴

On 9 February 2011, in Joint Statement between Japan and the Republic of Uzbekistan Prime Minister Kan pledged to provide an ODA loan of up to JPY18 billion (USD225 million) for the implementation of the Karshi-Termez Railway Electrification Project, and also support 18 projects this year in the form of Grant Assistance for Grassroots Human Security.¹²⁹⁵

On 16 June 2011, Japan International Cooperation Agency (JICA) signed an ODA loan agreements with the Government of India to provide up to JPY132.6 billion (USD1.66 billion) to finance development projects including power generation (including introduction of new and renewable energy) and biodiversity projects.¹²⁹⁶

Over the period from 13 November 2010 to 28 September 2011 Japan donated a total amount of JPY131 billion (USD1.64 billion) in Grant Aid and JPY721 billion (USD9 billion) in Loan Aid to Vietnam, India, Afganistan, Kenia and dozens of other countries.¹²⁹⁷ In addition, on 12 January 2011, Foreign Minister Seiji Maehara reiterated Japan’s 2008 pledge to double their ODA to

¹²⁹¹ Japan-Bangladesh Joint Statement Enhancement of a Strong Partnership towards Peace and Prosperity in the International Community and the South Asian Region, Prime Minister of Japan and His Cabinet 29 November 2010. Date of access: 5 March 2011. www.kantei.go.jp/foreign/kan/statement/201011/29nichibangladesh_e.html

¹²⁹² Japan’s assistance to the Palestinians (Fact sheet), Ministry of Foreign Affairs of Japan June 2011. Date of Access: 1 November 2011. http://www.mofa.go.jp/region/middle_e/palestine/pdfs/factsheet.pdf

¹²⁹³ Exchange of Notes concerning Non-Project Grant Aid to the Palestinian Authority, the Ministry of Foreign Affairs of Japan 27 December 2010. Date of access: 2 April 2011. www.mofa.go.jp/announce/announce/2010/12/1227_01.html

¹²⁹⁴ Exchanges of Notes for Japanese ODA Loan for the Republic of the Philippines (“Road Upgrading and Preservation Project”), the Ministry of Foreign Affairs 28 January 2011. Date of access: 2 April 2011. www.mofa.go.jp/announce/announce/2011/1/0128_03.html

¹²⁹⁵ Joint Statement between Japan and the Republic of Uzbekistan, Prime Minister of Japan and His Cabinet 9 February 2011. Date of access: 5 March 2011. www.kantei.go.jp/foreign/kan/statement/201102/09uzbekistan_e.html

¹²⁹⁶ Signing of Japanese ODA Loan Agreements with the Government of India, Japan International Cooperation Agency 16 June 2011. Date of access: 1 September 2011. www.jica.go.jp/english/news/press/2011/110616.html

¹²⁹⁷ List of Exchange of Notes, Ministry of Foreign Affairs 10 April 2011. Date of access: 18 July 2011. www.mofa.go.jp/policy/oda/note/index.html

African countries by 2012,¹²⁹⁸ and later, on 2 May 2011, the Japanese Government “expressed its determination to continue to faithfully implement its comprehensive pledges made at TICAD IV”.¹²⁹⁹

To mobilize domestic resources of the partner countries Japan has launched several public-private partnerships with developing countries in the area of infrastructure development.

On 14 February 2011, the 2nd PPP Council for Overseas Road and Water Infrastructure was held in Tokyo under the auspices of METI, Ministry of Land, Infrastructure, Transport and Tourism and Ministry of Health, Labour and Welfare. For this meeting, delegates from Asian governments, namely Cambodia, Indonesia, Malaysia, Philippines, Sri Lanka and Vietnam, were invited to share their status of road and water infrastructure needs with the Japanese companies interested in PPP business abroad.^{1300,1301}

On 18 February 2011, Japan’s Foreign Affairs Minister Maehara said that Japan intended to extend ODA loans equivalent to USD100 million for Indonesia’s Third Infrastructure Reform Sector Development Program, a program to develop the investment environment with a main focus on public-private partnership (PPP) projects.¹³⁰²

On 27 July 2011, the JICA agreed to cooperate with Bangladesh Rural Advancement Committee (BRAC), the world’s largest international non-governmental organization. The parties will mobilise financial resources and technical expertise to focus on economic and social development of Africa, Bangladesh and other countries and regions.¹³⁰³

Japan has complied with both parts of the commitment, having provided new ODA funding and having fostered domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Ekaterina Maslovskaya

Korea: +1

Korea has fully complied with its ODA commitment.

After visiting Ethiopia with the Economic Cooperation Delegation to Africa in January 2011, Mr. Kim Eun-seok, Ambassador for Energy and Resources of Korea proposed to help Ethiopia

¹²⁹⁸ Africa told ODA to double by 2012, Japan Times 13 January 2011. Date of access: 10 April 2011. search.japantimes.co.jp/cgi-bin/nn20110113a7.html

¹²⁹⁹ Communiqué of the Third TICAD Ministerial Follow-up Meeting in Dakar, Ministry of Foreign Affairs 1-2 May 2011. Date of access: 18 July 2011. www.mofa.go.jp/region/africa/ticad/min1105/communique_e1105.html

¹³⁰⁰ Brief Summary of Outcomes and Official Information Materials of the Second “PPP Council for Overseas Road Infrastructure,” Ministry of Land, Infrastructure, Transport and Tourism 16 February 2011. Date of access: 10 April 2011. www.mlit.go.jp/report/press/sogo07_hh_000130.html

¹³⁰¹ Simultaneous Announcement with the Ministry of Health, Labour and Welfare and METI of the Brief Summary of Outcomes and Official Information Materials of the Second “PPP Council for Overseas Water Infrastructure,” Ministry of Land, Infrastructure, Transport and Tourism 16 February 2011. Date of access: 10 April 2011. www.mlit.go.jp/report/press/sogo07_hh_000131.html

¹³⁰² Japan-Indonesia Foreign Ministers’ Meeting (First Ministerial-Level Strategic Dialogue), the Ministry of Foreign Affairs 18 February 2011. Date of Access: 2 April 2011. www.mofa.go.jp/announce/announce/2011/2/0218_01.html

¹³⁰³ Signing of Memorandum of Understanding with BRAC to Facilitate Collaboration, Japan International Cooperation Agency 5 August 2011. Date of access: 30 September 2011. www.jica.go.jp/english/news/press/2011/110805.html

strengthen its capability through various means, such as by providing technology support, using Korea's environmentally-friendly, sustainable mineral resources development model, to draw up a detailed geological map and proposed cooperative ways to implement a joint exploration project. The delegation launched negotiations on establishing agreements between the two countries to promote and protect investments, and prevent double taxation, also the officials of both countries discussed energy cooperative projects in the areas of hydropower and other resources and various ways to implement cooperative projects in the fields of textile, agriculture and infrastructure building.¹³⁰⁴

On 20 January 2011 Korea International Cooperation Agency (KOICA), a government agency responsible for Korea's grant aid programs, announced that it had selected new joint projects with six international organizations such as UNEP, UNESCAP, the United Nations Industrial Development Organization (UNIDO), the International Maritime Organization (IMO), WHO, and the World Bank as part of the East Asia Climate Partnership (EACP). The six new projects have been selected for 2010 and 2011 with a total budget of KRW5.5 billion (USD4.95 million), they place a greater focus on transferring green technology and knowhow so that developing countries can independently address climate change and respond to climate change and encourage sustainable growth in the region.¹³⁰⁵

On 23 December 2010, the Korea International Cooperation Agency (KOICA) reported it was engaged in facilitating the return of the internally displaced people (IDP) in Pakistan by addressing the basic needs of the IDPs such as water, access to roads, schools and community infrastructure.¹³⁰⁶

Korea has complied with both parts of the commitment, having provided new ODA funding and having fostered domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Arina Shadrikova

Mexico: -1

No evidence of contributing funds towards development assistance or mobilizing domestic resources was registered during this monitoring cycle.

Thus, Mexico is awarded a score of -1.

Analyst: Polina Arkhipova

Russia: +1

Russia has fully complied with its commitment on development.

On 8 December 2010, the Russian Government allocated USD28.4 million for implementation of the L'Aquila Food Security Initiative (AFSI) in 2010-2014. USD22.5 million will be allocated to the World Bank for a joint Russia-World Bank program on agriculture development and food security and RUB177.1 million (approximately USD5.9 million) will be allocated to the Moscow State University for establishment of an institute on food security and sustainable agriculture

¹³⁰⁴ Korea and Ethiopia Agree to Launch a Joint Project on the Exploration and Development of Precious Minerals, Ministry of Foreign Affairs and Trade of Republic of Korea January 23, 2011. Date of Access: 10 April 2011 <http://www.mofat.go.kr/english/press/pressrelease/index.jsp>

¹³⁰⁵ Press Release January 20, 2011, East Asia Climate Partnership. Date of access: 10 April 2011 <http://eacp.koica.go.kr/news/0202.jsp>.

¹³⁰⁶ KOICA and UN-HABITAT facilitates the return of IDPs, KOICA 23 December 2010. Date of Access: 10 April 2011 http://www.koica.go.kr/english/resources/news/1240390_1962.html.

issues.¹³⁰⁷ According to the Ministry of Finance the Russia-World Bank program includes assisting the development of small farmers and sharing new technologies with the CIS and other neighboring countries.¹³⁰⁸

On 27 December 2010, the Russian Government announced a contribution of SDR115.5 million (about USD176 million) to the 16th replenishment of the International Development Association for 2011-2019.¹³⁰⁹

On 18 March 2011, the Russian Prime Minister stated that “the terms of a USD30 million interest-free loan” to Kyrgyzstan were in the process of negotiation.¹³¹⁰

On 23 March 2011, Deputy Foreign Minister G. Karasin confirmed that during the last several months Russia had allocated USD30 million of aid to Kyrgyzstan.¹³¹¹

On 23 March 2011, Deputy Foreign Minister G. Karasin participated in the conference on strengthening interregional cooperation between Kyrgyzstan and Russia for ensuring sustainable economic development. Indicating the importance of relations between regions of Russia and Kyrgyzstan he supported creation of a sub-commission on interregional cooperation in the Russian-Kirghiz intergovernmental commission on trade, economic, scientific, technical and humanitarian cooperation.¹³¹²

On 11 - 13 October 2011, the First International Forum “Ways to Reduce Infant Mortality: the Russian Experience” was held in Moscow. The Forum's key objective was “to develop strategic and practical recommendations for the reduction of infant mortality” with due regard to specific national circumstances of the partner countries. Representatives of 12 developing countries took part in seminars and training sessions in order to improve their skills and capacity.¹³¹³ The Russian Government allocated RUB26 million (USD0.8 million) for organizing this event and creating a special training center in Moscow which will be used to train healthcare specialists from Russia and developing countries.¹³¹⁴

¹³⁰⁷ Executive Order No. 2226, Government of Russia (Moscow) 8 December 2010. Date of Access: 10 January 2011. <http://government.ru/gov/results/13560/>.

¹³⁰⁸ A.Bokarev: “It is Important to Reach New Quality Standards of Russia’s Development Assistance Programmes,” RCICD.org 27 April 2010. Date of Access: 29 April 2010. http://rcicd.org/news/minfin_press_conference/.

¹³⁰⁹ Executive Order No. 2406-r of 27 December 2010, Government of Russia (Moscow) 27 December 2010. Date of Access: 10 January 2010. <http://government.ru/gov/results/13739/>.

¹³¹⁰ Prime Minister Vladimir Putin meets with Kyrgyz Prime Minister Almazbek Atambayev, Prime Minister of Russia (Moscow) 18 March 2011. Date of Access: 7 April 2011. <http://premier.gov.ru/eng/events/news/14526/>.

¹³¹¹ Statement of the Russian Deputy Minister of Foreign Affairs on 23 March 2011, Ministry of Foreign Affairs of Russia (Moscow) 25 March 2011. Date of access: 7 April 2011. http://www.mid.ru/brp_4.nsf/0/7051EA6541112D23C325785E0032D257.

¹³¹² Statement of the Russian Deputy Minister of Foreign Affairs on 23 March 2011, Ministry of Foreign Affairs of Russia (Moscow) 25 March 2011. Date of access: 7 April 2011. http://www.mid.ru/brp_4.nsf/0/7051EA6541112D23C325785E0032D257.

¹³¹³ About, First International Forum “Ways to Reduce Infant Mortality: the Russian Experience”. Date of Access: 10 October 2011. http://g8.oparina4.ru/en_about.php.

¹³¹⁴ Executive Order No. 855-r of 17 May 2011, Government of Russia (Moscow) 17 May 2011. Date of Access: 10 October 2011. <http://government.ru/gov/results/15263/>.

Russia has complied with both parts of the commitment, having provided new ODA funding and having fostered domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Mark Rakhmangulov

Saudi Arabia: 0

Saudi Arabia has partially complied with its ODA commitment.

Saudi Arabia has pledged to Egypt a USD4 billion aid package, including a USD1 billion deposit at the Central Bank of Egypt and USD500 million in bond purchases, USD500 million for general budget support and a USD500 million soft loan. Another part of the package contains USD500 million in soft loans for development programs from the Saudi Fund for Development and a grant of USD200 million to be placed with the fund or in a current account to finance projects such as small and medium-sized enterprises. Another USD750 million would be extended as a line of credit to finance Saudi exports to Egypt.¹³¹⁵

The Arab Authority for Agricultural Investment and Development (AAAID) is planning to invest USD750 million in projects in the next four years that include help for agriculture, food and poultry projects in Saudi Arabia, a number of deals would also be done to encourage the production of cereals across the Arab World. In particular, the AAAID plans to establish a firm for agricultural and poultry products in the UAE, and to set up a soy and clover production unit in Egypt.¹³¹⁶

The Islamic Development Bank (IDB), Al Baraka banking group and other Saudi investors have formed a joint investment company for Bosnia, said Saudi Arabia's Sheikh Saleh Kamel, the chairman of the Islamic Chamber of Commerce and Industry: "The USD50 million will be our investment by the next forum to enhance the development and investment in Bosnia."¹³¹⁷

The agriculture ministries of Vietnam and Saudi Arabia have agreed to set up a working group to speed up bilateral cooperation and increase the exchange of cooperative delegations, in order to devise concrete projects. Saudi Arabia is one of Vietnam's largest trade partners in the Middle East, with two-way trade reaching USD744 million in 2010, a year-on-year rise of 64%, and USD125 million in the first two months of 2011. The visit was aimed at implementing the initiative of King Abdullah, Custodian of the Two Holy Mosques, and carrying out cooperation agreement between the two countries in agriculture, trade, and industry.¹³¹⁸

Saudi Star Agricultural Development Plc, a food company owned by Sheikh Mohammed Al-Amoudi, said it plans to invest USD2.5 billion by 2020 developing a rice-farming project in

¹³¹⁵ Kingdom aid to Egypt includes USD1 billion central bank deposit, The Saudi Gazette 23 May 2011. Date of Access: 19 July 2011. <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=20110523101336&archiveissuedate=23/05/2011>

¹³¹⁶ Arab agricultural firm plans poultry projects in Kingdom, The Saudi Gazette 9 April 2011. Date of Access: 6 June 2011. <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2011040997840&archiveissuedate=09/04/2011>

¹³¹⁷ Saudi business groups in JV to invest in Bosnia, The Saudi Gazette 9 April 2011. Date of Access: 6 June 2011. <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2011040997842&archiveissuedate=09/04/2011>

¹³¹⁸ Vietnam, Saudi Arabia foster agricultural ties, The Saudi Gazette 27 March 2011. Date of Access: 10 April 2011. <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2011032796810>

Ethiopia to develop the lowland area and make Ethiopia self-sufficient in food.¹³¹⁹ Also, Saudi Arabia is encouraging its private sector to develop farming projects in Sudan.¹³²⁰

Saudi Arabia will allocate nearly USD130 billion in new energy investment during 2011-2015 period, retaining its leading role in the sector among the pan-Arab countries, taking in the account that nearly 70% of the investments are located in five countries – Saudi Arabia, UAE, Qatar, Algeria and Egypt.¹³²¹

Saudi Arabia and Morocco signed two memoranda of understandings for cooperation in the fields of constructional development and diplomatic studies. The first MoU aims at enhancing the current relations between the two countries through activating and coordinating the efforts and exchange of information and cooperation in the field of comprehensive constructional development that matches the environmental, social and economic specifications of the two countries.¹³²²

Arab leaders at the summit of the Arab League 2nd Economic Forum in Sharm El-Sheikh committed to a proposed USD2 billion program to boost faltering economies that have propelled crowds into the streets to protest against high unemployment, rising prices and rampant corruption. Saudi Arabia has promised to pay USD500 million.¹³²³

Delegates at the two-day Gulf-Africa Investment Conference 2010, held under the patronage of King Abdullah Bin Abdul Aziz, Custodian of the Two Holy Mosques, adopted a series of recommendations aimed at fostering economic relations between GCC and sub-Saharan African countries. In particular, Saudi Arabia enjoys strong relations with a number of African countries, which is evident through the level of financial activity supported by the Saudi Fund for Development, Abdullah Bin Ahmed Zainal Alireza, Minister of Trade and Industry said. Moreover, Saudis have taken the initiative of investing in into agricultural development in a number of African states.¹³²⁴

Thus Saudi Arabia has partially complied with the development commitment and has been awarded a score of 0 for allocating new ODA.

Analyst: Arina Shadrikova

¹³¹⁹ Al-Amoudi to invest \$2.5b in Ethiopia farm, The Saudi Gazette 24 March 2011. Date of Access: 10 April 2011. <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2011032496586&archiveissuedate=24/03/2011>

¹³²⁰ Kingdom boosts Sudan agriculture investment, The Saudi Gazette 9 December 2010. Date of Access: 10 April 2011. <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2010120988887&archiveissuedate=09/12/2010>

¹³²¹ Kingdom invests \$130b in new energy projects, The Saudi Gazette 20 February 2011. Date of Access: 10 April 2011. <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2011022094188&archiveissuedate=20/02/2011>

¹³²² Kingdom, Morocco sign MoUs, The Saudi Gazette 12 February 2011. Date of Access: 10 April 2011. <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2011021293539&archiveissuedate=12/02/2011>

¹³²³ Arab leaders approve \$2 billion fund, The Saudi Gazette 9 December 2010. Date of Access: 10 April 2011. <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2011012091691&archiveissuedate=20/01/2011>

¹³²⁴ Gulf-African Investment Conference concludes with series of recommendations, The Saudi Gazette 6 December 2010. Date of Access: 10 April 2011. <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=2010120688704&archiveissuedate=06/12/2010>

South Africa: +1

South Africa has fully complied with the G20 commitment on development.

South Africa has provided new ODA funding.

On 8 March 2011, the Minister of External Affairs of the Republic of India, Mr. S. M. Krishna, the Minister of External Relations of the Federative Republic of Brazil, H.E. Ambassador Antonio de Aguiar Patriota, and the Minister of International Relations and Cooperation of South Africa, Maite Nkoana-Mashabane, met in New Delhi for the VII India, Brazil, South Africa (IBSA) Trilateral Ministerial Commission. They reiterated their commitment to contribute at least USD1 million per year to the IBSA Trust Fund (a fund created by the IBSA countries to enhance South-South cooperation by funding projects in developing countries). The Ministers also underscored the importance of sustaining long-term capital flows to developing countries to stimulate investment, especially in infrastructure, to address the development deficit and increase global demand. The Ministers furthermore endorsed the decision of the 15th IBSA Focal Points meeting to review the guidelines and to discuss ways and means for IBSA Member States to ensure that there is greater effectiveness, visibility and greater utilization of their own resources wherever possible. They also decided to support the construction of a Center for People with Special Needs in Nablus, Palestine.¹³²⁵

On 3 August 2011, the Government of South Africa agreed to provide a conditional guarantee for a loan of ZAR2.4 billion (USD30 million) from the South African Reserve Bank (SARB) to the Central Bank of Swaziland (CBS). The repayment of the loan will take the form of a debit order against the Southern African Customs Union (SACU) account that will be held by SARB on behalf of the Government of the Kingdom of Swaziland. The repayment will coincide with the quarterly payment schedule of SACU transfer payments by South Africa in its capacity as the manager of the SACU Common Revenue Pool.¹³²⁶

According to the statement made by the Deputy Minister of International Relations and Cooperation, Mr Marius Fransman, at the AU Pledging Conference on Somalia, on 25 August 2011, the South African government pledged an initial amount of USD280,000 towards the African Union Special Fund that has been created for Africa's relief efforts in Somalia, with a focus on contributing towards food aid.¹³²⁷

The Government of the Republic of South Africa has also undertaken some measures to assist the poorest countries in mobilizing domestic resources for development.

On 19 July 2011, the President of South Africa Jacob Zuma in his address at the South Africa-Tanzania Business Forum Meeting declared that South Africa had already made a marked

¹³²⁵ India-Brazil-South Africa Dialogue Forum, Seventh Trilateral Commission Meeting, Ministerial Communiqué, 8th March 2011, the web site of the Department for International Relations and co-operation of the Republic of South Africa 8 March 2011. Date of Access: 27 September 2011. <http://www.dirco.gov.za/docs/2011/ibsa0309.html>

¹³²⁶ Media statement on an agreement to provide financial assistance to the Government of the Kingdom of Swaziland, the Department for International Relations and cooperation of the Republic of South Africa 3 August, 2011. Date of access: 27 September 2011. <http://www.dirco.gov.za/docs/2011/swaz0803.html>

¹³²⁷ Statement by the Deputy Minister of International Relations and Cooperation, Mr Marius Fransman, at the AU Pledging Conference on Somalia, Addis Ababa, the Department for International Relations and cooperation of the Republic of South Africa 25 August, 2011. Date of access: 27 September 2011. <http://www.dirco.gov.za/docs/speeches/2011/frans0825.html>

contribution with respect to infrastructure development in Tanzania through its spatial development initiatives (SDI) programme. Investment in the development of infrastructure would have a high rate of return as this would lead to an increase in demand for manufactured and capital equipment.¹³²⁸ This would facilitate national governments of Tanzania to mobilize domestic resources for development.

South Africa has fully complied with the G20 commitment on development. Thus, it is awarded a score of +1.

Analyst: Yuriy Zaytsev

Turkey: +1

Turkey has fully complied with its development commitment.

On 30 March 2011, Turkish Ambassador in Kosovo attended the groundbreaking ceremony of the new Turkey sponsored school building in Municipality of Prizren. Building is planned to become operational in September, nearly a thousand students are expected to study there.¹³²⁹

On 25 March 2011 Turkish Cooperation and Development Agency reported that recently it had been actively engaged in a wide scope of activities providing agricultural assistance to nearly 20,000 families from 12 communities of Darfur due to drought.¹³³⁰

On 25 March 2011 Turkish Cooperation and Development Agency reported on recent signing of the memorandum of intent with Pakistani authorities concerning health care and water purification assistance.¹³³¹

On 4 May 2011 the Turkish Prime Ministry's Disaster and Emergency Management Unit on Wednesday announced that nearly 11.5 tons of aid have been sent to Libya. Also the statement said that nearly 2,000 tons of aid have been delivered to Libya so far.¹³³²

On 12 May 2011, Recep Tayyip Erdogan, Prime Minister of the Republic of Turkey, announced that Turkey would allocate to LDCs USD200 million annually, starting in 2012, for technical cooperation projects and programs as well as scholarships to developing countries. Moreover Erdogan announced Turkey's commitment to provide scholarships to 1,000 students from Least

¹³²⁸ Address by President Jacob Zuma at the South Africa-Tanzania Business Forum Meeting, on the occasion of the State Visit by His Excellency, the Department for International Relations and cooperation of the Republic of South Africa 19 July 2011. Date of access: 27 September 2011. <http://www.dirco.gov.za/docs/speeches/2011/jzum0719a.html>

¹³²⁹ Türk Okulu Mehmet Akif Koleji? Ne Yeni Bina, HABERLER.COM 30 March 2011. Date of Access: 04 April 2011. <http://www.haberler.com/turk-okulu-mehmet-akif-koleji-ne-yeni-bina-2624722-haberi/>.

¹³³⁰ DARFURLU İHTİYAÇ SAHİBİ ÇİFTÇİLERE TOHUM DESTEĞİ SAĞLANDI, Turk isbirliği ve Kalkınma idaresi Başkanlığı 25 March 2011. Date of Access: 03 April 2011. http://www.tika.gov.tr/TR/Icerik_Detay.asp?Icerik=1566.

¹³³¹ PAKİSTAN'IN PENCAP EYALETİ'NDE YAPILACAK OLAN HASTANE İÇİN İLK ADIM ATILDI, Turk isbirliği ve Kalkınma idaresi Başkanlığı 25 March 2011. Date of Access: 03 April 2011. http://www.tika.gov.tr/TR/Icerik_Detay.asp?Icerik=1565.

¹³³² Turkey sends 11.5 tons of humanitarian aid to Libya, Sundays Zaman 4 May 2011. Date of Access 6 May 2011. http://www.sundayszaman.com/sunday/newsDetail_getNewsById.action?newsId=242787.

Developed Countries over the next 10 years in particular on postgraduate studies in the fields of agriculture, engineering and medicine.¹³³³

On 13 May 2011, Ahmet Davutoglu, Minister of Foreign Affairs of the Republic of Turkey pointed out that Turkish government aims to increase the level of direct investment into LDCs, in particular by the Turkish private sector, to a total of USD5 billion by 2015 and to \$10 billion by 2020. It is also said that Turkey would grant USD5 million for the purpose of monitoring of the Istanbul Program Action implementation.¹³³⁴

On 13 May 2011, Foreign Minister of the Republic of Turkey Ahmet Davutoglu said that Turkey plans to graduate as many countries as possible via the Istanbul Action Plan on the Least Developed Countries and envisages nearly USD3 billion in contributions through trade and investment in agriculture, health and education.¹³³⁵

On 4 June 2011, it was reported that Turkish International Cooperation and Development Agency (TIKA) had sent medical supplies and equipment to Uzbekistan. The ultrasound devices, laptops, furniture and other materials provided by TIKA were delivered to Uzbek officials with a ceremony held in capital Tashkent on Saturday.¹³³⁶

Some steps have been taken to foster mobilization of domestic resources of partner countries.

On 18 May 2011, the Sudanese and Turkish sides concluded a session of the joint political consultation committee, co-chaired by Undersecretary of the Ministry of Foreign Affairs Ambassador Rahmatullah Mohammed Osman and his Turkish counterpart. The Sudanese delegation met with the Director of the Turkish Red Crescent Society who affirmed continuity of medical assistance to Sudan. The Sudanese delegation also met with the Director of Turkish International Cooperation and Development Agency, saying that the two sides agreed to expand the projects being implemented in Sudan, particularly in aspects of development and exchange of expertise.¹³³⁷

On 18 September 2011, Turkish Prime Minister Recep Tayyip Erdoğan announced that Turkey will help reconstruct the infrastructure in Libya: “We will reconstruct the damaged schools, courthouses and police stations in Libya. We will instruct [Turkish] contractors in these areas to

¹³³³ Turkey's Economic and Technical Cooperation Package for the LDCs for the Next Decade as Announced by H.E. Recep Tayyip Erdogan, Prime Minister of the Republic of Turkey, Istanbul Newsletter, 12 May 2011. Date of access: 20 May 2011. http://ldc4istanbul.org/uploads/special_supplement120511.pdf.

¹³³⁴ Istanbul, Closing Statement by H.E. Ahmet Davutoglu, Minister of Foreign Affairs of the Republic of Turkey, Fourth United Nations Conference on the Least Developed Countries, 13 May 2011. Date of access: 20 May 2011. <http://www.ldc4istanbul.org/icerik.php?no=56>.

¹³³⁵ Davutoglu says countries agree on Istanbul Action Plan despite hard bargains, Today's Zaman, 13 May 2011. Date of access: 20 May 2011. <http://www.todayszaman.com/news-243755-davutoglu-says-countries-agree-on-istanbul-action-plan-despite-hard-bargains.html>.

¹³³⁶ Turkey Extends Medical Support to Uzbekistan, World Bulletin 4 June 2011. Date of Access: 14 June 2011. <http://www.worldbulletin.net/?aType=haber&ArticleID=74654>.

¹³³⁷ Sudan Govt and Turkey to Boost Bilateral Relations, Economic Cooperation, AllAfrica.com 18 May 2011. Date of Access: 28 May 2011. <http://allafrica.com/stories/201105190293.html>.

take action right away. Moreover, we will also build a new Parliament building [for the Libyan people].¹³³⁸

On 28 September 2011, it was announced that 309 Somali students would come to Turkey for education under Prime Minister Recep Tayyip Erdoğan's initiative to provide 500 students with an education in Turkey.¹³³⁹

Turkey has allocated new ODA funding and helped to foster mobilization of partners' domestic resources have been registered. Thus it has been awarded a score of +1.

Analyst: Victor Kobyletskiy

United Kingdom: +1

The UK has fully complied with its ODA commitment.

On 30 March 2011, the Department for International Development (DFID) of the UK has published provisional statistics on UK ODA as a proportion of GNI in 2010. UK ODA increased in 2010 and accounted at GBP8.354 billion (USD5 billion) or 0.56% of UK GNI is the highest level of UK ODA ever recorded.¹³⁴⁰

By April 2012, the UK is going to enshrine in law its commitment to spend 0.7% of national income on ODA starting from 2013.¹³⁴¹ Further by March 2015, the UK has to develop and implement an ODA monitoring strategy to ensure all departments meet agreed contributions to UK ODA targets.¹³⁴²

The UK is also making more focus on mobilization of domestic resources of the partner countries in its programmes. On 1 March 2011, the International Development Secretary Andrew Mitchell announced the new strategy of Britain's aid programme which will provide 50 million people with the means to help work their way out of poverty. The Secretary of State stated that increased help is linked to key in-country reforms. Pakistan could by 2015 become the UK's biggest aid recipient but increased support will be linked to the Government of Pakistan's progress particularly in building a more dynamic economy and tackling corruption. He also has made clear that UK is ready to offer more help to Zimbabwe in case of free and fair elections.¹³⁴³

¹³³⁸ Erdoğan: Turkey to Help Build New Libya, Sunday's Zaman 18 September 2011. Date of access: 21 September 2011. <http://www.todayszaman.com/news-257136-erdogan-turkey-to-help-build-new-libya.html>.

¹³³⁹ 309 Somali Students Come to Turkey for Education, Sunday's Zaman 28 September 2011. Date of access: 29 September 2011. <http://www.todayszaman.com/news-258272-309-somali-students-come-to-turkey-for-education.html>.

¹³⁴⁰ Provisional UK Official Development Assistance as a Proportion of Gross National Income, 2010, Department for International Development 30 March 2011. Date of Access: 9 April 2011. <http://www.dfid.gov.uk/Media-Room/Press-releases/2011/Statistical-Release-Provisional-UK-Official-Development-Assistance-as-a-proportion-of-Gross-National-Income-2010/>

¹³⁴¹ Structural Reform Plan Monthly Implementation Update of Department for International Development, Minister's Office March 2011. Date of Access: 9 April 2011. <http://www.number10.gov.uk/wp-content/uploads/dfid-mar11-srp-update.pdf>

¹³⁴² Structural Reform Plan Monthly Implementation Update of Department for International Development, Minister's Office March 2011. Date of Access: 9 April 2011. <http://www.number10.gov.uk/wp-content/uploads/dfid-mar11-srp-update.pdf>

¹³⁴³ Mitchell Redraws Aid Map to Transform Lives of Millions, Department for International Development 1 March 2011. Date of Access: 9 April 2011. <http://www.dfid.gov.uk/Media-Room/Press-releases/2011/Mitchell-redraws-aid-map-to-transform-lives-of-millions/>

In February 2011, the UK also launched a new African free trade initiative (AFTi) to boost African trade through reduced bureaucracy, improved transport infrastructure and more efficient border crossings.¹³⁴⁴

On 11 April 2011, the UK Government committed GBP7 million (USD4.1 million) supported the World Bank's Partnership for Market Readiness to help developing countries set up their own carbon trading systems to cut emissions.

On 12 April 2011, the UK announced it would help more than half-a-million people in Pakistan recovering from last year's floods by building flood-resistant homes, restoring vital irrigation and drainage systems, creating jobs, replacing animals and fodder, as well as providing seeds, tool, and fertilizers ahead of the upcoming planting season.

On 16 June 2011, the UK Government announced that it would support business investments into the poorest countries to stimulate growth of business and entrepreneurship and economic development in these countries.¹³⁴⁵

On 13 September 2011, the charity ActionAid published "The Real Aid 3" report in which the UK is named as a leader in providing quality aid helping developing countries to beat poverty and at the same time to reduce reliance on foreign help and to build up their own capabilities.¹³⁴⁶

The United Kingdom has complied with both parts of the commitment, having provided new ODA funding and having fostered domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Natalia Churkina

United States: +1

The United States has fully complied with its development commitment.

In 2010 most of the U.S. Agency for International Development (USAID) donations were made in the fourth quarter – 78.8% of all donations in 2010 or USD14.8 billion. Top benefiting countries included Afghanistan, Pakistan and Haiti, top international organizations – World Food Program, Global Fund, Development Alternatives, Inc.¹³⁴⁷

¹³⁴⁴ Trading in Africa to Be Ramped Up Through New UK Government Initiative, Department for International Development 9 February 2011. Date of Access: 9 April 2011. <http://www.dfid.gov.uk/Media-Room/Press-releases/2011/Trading-in-Africa-to-be-ramped-up-through-new-UK-Government-Initiative/>

¹³⁴⁵ Mitchell: Business expertise to boost aid efforts, Department for International Development 16 June 2011. Date of access: 18 July 2011. <http://www.dfid.gov.uk/Media-Room/Press-releases/2011/Mitchell-Business-expertise-to-boost-aid-efforts/>

¹³⁴⁶ 'Real Aid' from UK Helps End Poverty for Good, Department for International Development (London) 13 September 2011. Date of Access: 30 September 2011. <http://www.dfid.gov.uk/Media-Room/News-Stories/2011/Real-aid-from-UK-helps-to-end-poverty-for-good/>

¹³⁴⁷ Where does USAID money go? USAID 30 September 2011, Date of Access: 11 April 2011. <http://www.usaid.gov/policy/budget/money/>

In 2011 the United States intended to expand its USD3.5 billion Feed the Future program. This program, together with the Global Health Initiative, is a cornerstone of President Obama's Global Development Policy.¹³⁴⁸

On 5 April 2011 the United States donated 4,000 metric tons of food worth USD6.5 million to the World Food Program (WFP). Overall the United States has contributed USD340 million to the WFP since January 2011.¹³⁴⁹

On 26 April 2011, U.S. Agency for International Development Administrator Dr. Rajiv Shah, Peace Corps Director Aaron Williams and U.S. Global Malaria Coordinator Rear Admiral Tim Ziemer, announced an enhanced collaborative effort to reduce the burden of malaria in Africa.¹³⁵⁰

On 21 June 2011, Dr. Rajiv Shah, USAID Administrator, announced Feed the Future's "Borlaug 21st Century Leadership" program, a USD32.5 million investment to help shape the next generation of leaders in agriculture. This program will help strengthen over 65 African agricultural research institutions. And it will directly reach to more than 2,300 students with fellowships, training and mentoring.¹³⁵¹

On 21-22 June the Young African Women Leaders Forum, a two-day workshop and conference for women from across Africa, took place in Johannesburg and Soweto, South Africa. The forum was sponsored by the U.S. Department of State, the U.S. Embassy in South Africa, the U.S. Agency for International Development, and the White House.¹³⁵²

On 16 September 2011, the U.S. Department of State's Bureau of Educational and Cultural Affairs announced that 43 African women business leaders would travel to the United States September 19 through October 7 as part of the African Women's Entrepreneurship Program. These women entrepreneurs would meet and network with U.S. policy makers, companies and industry associations, etc.¹³⁵³

On 21 September 2011, the USAID, PepsiCo, the PepsiCo Foundation, and the United Nations World Food Programme (WFP) announced a groundbreaking public-private partnership

¹³⁴⁸ Statement by U.S. Deputy Representative to ECOSOC John Sammis at the First LDC IV Intergovernmental Preparatory Committee, United States Mission 10 January 2011, Date of Access: 11 April 2011. <http://usun.state.gov/briefing/statements/2011/154233.htm>.

¹³⁴⁹ United States Donates Food For WFP To Feed Children And Vulnerable People, World Food Programme 5 April 2011, Date of Access: 13 April 2011. <http://www.wfp.org/news/news-release/united-states-donates-food-wfp-feed-children-and-vulnerable-people>.

¹³⁵⁰ U.S. President's Malaria Initiative, Peace Corps Mobilize Against Malaria in Africa, USAID 26 April 2011, Date of Access: 20 September 2011. http://www.usaid.gov/press/releases/2011/pr110426_1.html.

¹³⁵¹ U.S. Announces Feed the Future "Borlaug 21st Century Leadership" Program, USAID 21 June 2011, Date of Access: 28 September 2011. <http://www.usaid.gov/press/releases/2011/pr110621.html>.

¹³⁵² Building Women's Leadership in Africa: The Young African Women Leaders Forum, U.S. Department of State 20 June 2011, Date of Access: 20 September 2011. <http://www.state.gov/p/af/rls/fs/2011/166609.htm>.

¹³⁵³ Forging Stronger Business Partnerships, African Women Entrepreneurs Travel to United States for Three-Week International Exchange, U.S. Department of State 16 September 2011, Date of Access: 20 September 2011. <http://www.state.gov/r/pa/prs/ps/2011/09/172622.htm>.

EthioPEA to dramatically increase chickpea production and promote long-term nutritional and economic security in Ethiopia.¹³⁵⁴

The US remains the biggest spender with a total of USD30.2 billion, the largest aid disbursement ever recorded by a single donor. But proportional to the US gross national income, aid remained unchanged at 0.21%.¹³⁵⁵

The United States has allocated new ODA funding and fostered mobilization of domestic resources of the partner countries. Thus it is awarded a score of +1.

Analyst: Tatyana Lanshina

European Union: +1

The EU has fully complied with its ODA commitment.

Over the compliance period the EU has undertaken a wide range of measures to provide new ODA funding. On 6 April 2011, Commissioner for Development Andris Piebalgs presented the 2010 preliminary figures on official development aid. Overall, EU aid represents 0.43% of EU Gross National Income, in spite the fact that the EU promised to collectively reach 0.56% of ODA/GNI by 2010. Substantial collective effort is still needed in order to achieve the goal of 0.7% by 2015. Although the EU missed its target for 2010, it still made positive progress despite the economic downturn.¹³⁵⁶

On 12 April 2011, during the Foreign Affairs Council's discussions on Ivory Coast, Commissioner Piebalgs announced that Commission would prepare a first comprehensive recovery package of EUR180 million (approximately USD259 million) in cooperation with the government of Ivory Coast. The EU recovery package will notably provide support to ensure basic social needs, such as health, water and sanitation; and the agriculture sector.¹³⁵⁷

During his visit to Timor-Leste from 7 to 10 March Commissioner Andris Piebalgs confirmed EU support to the country and the determination to assist Timor-Leste in climbing up the development ladder. He signed a package of four strategic programmes for a total amount of EUR39 million (approximately USD54 million) to support democratic governance, development of the rural areas, and the role of civil society.¹³⁵⁸

¹³⁵⁴ USAID, PepsiCo, and World Food Programme Partner to Increase Food Production and Address Malnutrition in Ethiopia, USAID 21 September 2011, Date of Access: 28 September 2011.

<http://www.usaid.gov/press/releases/2011/pr110921.html>.

¹³⁵⁵ Aid from OECD countries – who gives the most and how has it changed? Guardian 6 April 2011. Date of Access: 8 April 2011. <http://www.guardian.co.uk/news/datablog/2011/apr/06/aid-oecd-given>.

¹³⁵⁶ Commissioner Piebalgs calls for EU to maintain its leadership on official development aid as new figures reveal it spent a record EUR53.8 billion in 2010, Europa Press Release Rapid, 6 April. Date of access: 27 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/410&format=HTML&aged=0&language=EN&guiLanguage=en>

¹³⁵⁷ Commissioner for Development Andris Piebalgs announces a recovery package of €180 million for Ivory Coast, Europa Press Release Rapid, 12 April 2011. Date of access: 27 April 2011.

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/241&format=HTML&aged=0&language=EN&guiLanguage=en>

¹³⁵⁸ Commissioner Piebalgs launches programmes worth EUR39 million to support Timor-Leste on its way to stable democracy and sustainable development, Europa Press Release Rapid, 7 March 2011. Date of access: 27 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/262&format=HTML&aged=0&language=EN&guiLanguage=en>

On 31 January 2011, the European Commissioner for Development Andris Piebalgs met the Ethiopian Prime Minister Meles Zenawi and other members of the national government in Addis Ababa. The parties discussed the ways to support the government's five-year "Growth and transformation" national strategy and signed an agreement for the implementation of the Global Climate Change Alliance in Ethiopia. Agreement provides for EUR13.7 million (approximately USD18.2 million) grant, that will be an important step in helping Ethiopia to build a climate-resilient economy.¹³⁵⁹

On 19 July 2011 the European Commissioner for Development Andris Piebalgs announced that the European Commission has released EUR25 million (approximately USD35.5 million) in budgetary support for Niger. With these funds the government will be able to step up its fight against poverty, in particular by concentrating on the social sectors (education and health).¹³⁶⁰

On 14 September 2011, in Mamelodi (South Africa), EU Commissioner Andris Piebalgs declared the launch of the Primary Health Care Sector Policy Support Programme to assist people of South Africa. The programme is one of the largest EU health programmes in the world, which invests EUR126 million (approximately USD172 million) to support the South African government's efforts to improve access to public health services and to increase the quality of service delivery of primary health care through the district health system.¹³⁶¹

The EU has also undertaken relevant measures to foster mobilization of domestic resources of the partner countries.

To mark World Water Day on 22 March 2011, whose focus was "Water for Cities – Responding to the Urban Challenge," the EU Commissioner for Development Andris Piebalgs announced the launch of a pooling mechanism in the framework of the African, Caribbean and Pacific (ACP)-EU Water Facility. EUR40 million (approximately USD55.6 million) have been made available under this mechanism, which has been created to blend grants from the European Development Fund (EDF) with loans from the EU multilateral and bilateral finance institutions to finance projects for access to water and sanitation services in African, Caribbean and Pacific (ACP) countries. This financial instrument should increase the leverage effect of the financial aid and will trigger private sector participation.¹³⁶² Thus the action contributed to domestic resources mobilization.

On 15 December 2010, following the Cancún Climate Change Conference, Andris Piebalgs, Commissioner for Development and Tuiloma Neroni Slade, Secretary General of the Pacific

¹³⁵⁹ Commissioner Piebalgs to visit Ethiopia to discuss strengthened relationship and sign EUR13.7 million climate change project, Europa Press Release Rapid, 28 January 2011. Date of access: 27 April 2011.

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/103&format=HTML&aged=0&language=EN&guiLanguage=en>

¹³⁶⁰ Resumption of aid for Niger: Commission releases EUR25 million, Europa Press Release Rapid, 19 July 2011. Date of access: 27 September, 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/904&format=HTML&aged=0&language=EN&guiLanguage=en>

¹³⁶¹ South Africa: Launch of the EUR126 million new health care programme to fight HIV and tuberculosis, Europa Press Release Rapid, 14 September, 2011. Date of access: 27 September, 2011.

<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/11/575&format=HTML&aged=0&language=EN&guiLanguage=en>

¹³⁶² World Water Day: Commission launches EUR40 million to improve access to water in Africa, Caribbean and Pacific, Europa Press Release Rapid, 21 March 2011. Date of access: 27 April 2011.

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/338&format=HTML&aged=0&language=EN&guiLanguage=en>

Islands Forum Secretariat, launched a “Joint Pacific-EU Initiative on Climate Change.” The objective is to mobilize EU Member States and international partners to join efforts to reinforce Pacific Countries’ capacity to address the impacts of climate change more efficiently. The Commission is leading the EU’s efforts to support the Pacific Islands to tackle climate change effects, with a overall dedicated envelope of EUR90 million (approximately USD118 million) over 2008-2013.¹³⁶³

The EU has complied with both parts of the commitment, having provided new ODA funding and having fostered domestic resources mobilization. Thus it is awarded a score of +1.

Analyst: Yuriy Zaytsev

¹³⁶³ Commissioner Piebalgs and Pacific Islands Forum Secretary General Slade launch a Joint Initiative on Climate Change, Europa Press Release Rapid, 15 December 2010. Date of access: 27 April 2011.
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1722&format=HTML&aged=1&language=EN&guiLanguage=en>

10. Energy: Fossil Fuels

Commitment [#127]:

“We reaffirm our commitment to rationalize and phase-out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption, with timing based on national circumstances, while providing targeted support for the poorest.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina		0	
Australia			+1
Brazil			+1
Canada			+1
China	-1		
France			+1
Germany	-1		
India		0	
Indonesia		0	
Italy			+1
Japan			+1
Korea		0	
Mexico			+1
Russia			+1
Saudi Arabia		0	
South Africa			+1
Turkey	-1		
United Kingdom			+1
United States		0	
European Union		n/a	
Average Score		+0.37	

Background:

The commitment to rationalize and phase out inefficient fossil fuel subsidies over the medium term was first introduced at the 2009 G20 Pittsburgh Summit. During the Pittsburgh Summit, leaders agreed that inefficient fossil fuel subsidies “encourage wasteful consumption, distort markets, impede investment in clean energy sources and undermine efforts to deal with climate change.”¹³⁶⁴ In response, members agreed to rationalize and phase out, over the medium term, inefficient fossil fuels that encourage wasteful consumption. At the same time, the G20 members recognized the importance of providing developing countries with essential energy services through various mechanisms.

At the Pittsburgh Summit, energy and finance ministers committed to assess their respective national circumstances in order to develop implementation strategies and timeframes and to report back to the G20 leaders at the Toronto Summit. Further, G20 members asked four intergovernmental organizations (IGO-4) (the International Energy Agency [IEA], the Organization of Petroleum Exporting Countries [OPEC], the Organization for Economic Co-

¹³⁶⁴ G20 Leaders Statement: The Pittsburgh Summit, G20 Information Centre (Toronto) 24-25 September 2009. Date of Access: 27 December 2010. <http://www.g20.utoronto.ca/2009/2009communique0925.html>

operation and Development [OECD] and World Bank) to provide “analysis of the scope of energy subsidies and suggestions for the implementation of this initiative”¹³⁶⁵ and to report their findings during the Toronto Summit.

At the G20 Toronto Summit in June 2010, 13 of the G20 countries provided implementation strategies for phasing out selected fossil-fuel subsidies. The remaining countries (Australia, Brazil, France, Japan, Saudi Arabia, South Africa and the United Kingdom) stated that they did not have inefficient fossil-fuel subsidies. During the summit, the IGO-4 released their report, which included suggestions for G20 countries on how to implement their phasing out strategies.¹³⁶⁶ In response to this report, G20 members stated, “We also encourage continued and full implementation of country-specific strategies and will continue to review progress towards this commitment at upcoming summits.”¹³⁶⁷

At the Seoul Summit, G20 members re-committed to rationalizing and phasing-out over the medium term inefficient fossil fuel subsidies. The IGO-4 also released another report outlining data on fossil fuel consumption subsidies for 2009 and provided a strategy for phasing out fossil fuel subsidies.

Commitment Features:

This commitment requires G20 members to rationalize and phase-out over the medium term inefficient fossil fuel subsidies according to their national circumstances and to provide targeted support for the poorest.

At the G20 Toronto Summit in June 2010, 13 of the G20 countries provided outlined implementation strategies for phasing out selected fossil-fuel subsidies (see Table 10). The remaining countries (Australia, Brazil, France, Japan, Saudi Arabia, South Africa and the United Kingdom) stated that they do not have inefficient fossil-fuel subsidies and thus have not formulated implementation strategies.

Compliance will be evaluated based on individual implementation goals. Members that have specified they do not have inefficient fossil fuels subsidies will not be evaluated on their efforts to implement their implementation strategies, but they will be evaluated on their efforts to provide target support to the poorest.

¹³⁶⁵ G20 Leaders Statement: The Pittsburgh Summit, G20 Information Centre (Toronto) 24-25 September 2009. Date of Access: 27 December 2010. <http://www.g20.utoronto.ca/2009/2009communique0925.html>

¹³⁶⁶ Analysis of the Scope of Energy Subsidies and Suggestions for the G20 Initiative. IEA, OPEC, OECD, World Bank Joint Report (Toronto) 16 June 2010. Date of Access: 27 December 2010. http://www.opec.org/opec_web/static_files_project/media/downloads/publications/OPECIEA_OECDWB_Joint_Report.pdf

¹³⁶⁷ Draft G20 Toronto Summit Declaration, G20 Information Centre (Toronto) 27 June 2010. Date of Access: 27 December 2010. <http://www.g20.utoronto.ca/2010/to-leakedcommunique.html>

Table 10: Member-Specific Implementation Strategies

G20 Member with Fossil Fuel Subsidies	Implementation Strategy
Canada	Proposes to implement recently released draft legislation to phase out the accelerated capital cost allowance for oil sands assets over the 2011-15 period. Previously phased out other tax preferences applying to fossil fuel producers.
Germany	Proposes to discontinue subsidized coal mining in a socially acceptable manner by the end of 2018.
Russia	Proposes to implement the commitment to rationalize and phase out inefficient fossil fuel subsidies through national economic and energy policy, within the framework of its Energy Strategy 2030 and the Concept of Long-Term Social and Economic Development, as well as in the context of its joining the WTO.
Argentina	Proposes to reduce household subsidy for propane gas consumption as natural gas access is expanded.
China	Proposes to gradually reduce the urban land use tax relief for fossil fuel producers
India	Proposes to work out implementation strategies and timetables for rationalizing and phasing out inefficient fossil fuel subsidies based on the recommendation of the Empowered Group of Ministers that has been constituted.
Indonesia	Proposes to phase out inefficient fossil fuel subsidies in a gradual manner in parallel through managing the demand side by adopting measures that will reduce fossil fuel energy consumption and by gradually narrowing the gap between domestic and international prices.
Italy	Proposes to continue with planned expiration of subsidy for certain cogeneration plants, and negotiate on a voluntary basis with private operators of these plants on the timing of their recess from the subsidy scheme.
Korea	Proposes to phase out subsidies to anthracite coal and briquette producers.
Mexico	By continuing current policies and based on current market conditions, subsidies to gasoline, diesel and LP gas are expected to disappear in the medium term.
Turkey	Proposes to work on a restructuring plan to rationalize the inefficient producer subsidies transferred to a stated-owned hard coal producing enterprise.
United States	Proposes to pass legislation to eliminate twelve preferential tax provisions related to the production of coal, oil, and natural gas.

Scoring Guidelines:

-1	Member takes no action towards the implementation of the proposed strategy or takes actions that go against the proposed strategy AND provides no support for the poorest.
0	Member takes no action towards the implementation of the proposed strategy but provides support for the poorest OR member takes action towards the implementation of the proposed strategy but does not provide support for the poorest.
+1	Member has no inefficient fossil fuel subsidies OR member takes tangible actions towards the implementation of its proposed strategy AND provides support for the poorest.

Argentina: 0

Argentina has partially complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

On 13 December 2010, Argentina's state regulatory agency, Enargas approved plans for a pipeline to transport natural gas from Bolivia to Argentina's northeast, which will reduce the country's reliance on fuel oil, diesel, and LPG. Argentine Energy Secretary Daniel Cameron stated that the creation of the pipeline would allow Argentina's northeastern provinces to use 3

million to 4 million cubic meters/day of Bolivian gas, which would reduce consumption of diesel, fuel oil, and LP.¹³⁶⁸

On 21 April 2011, the Argentinean initiative to install a wind turbines plan in Chorriaca as part of the Development and Use of Neuquén Wind power Program progressed as the country accepted the tenders of two bidding companies. The initiative to install a wind farm in Chorriaca is part of the Development and Use of Neuquén Wind Resource Program, which aims to install and operate a wind farm for a 30 years term.¹³⁶⁹

Thus, Argentina has been awarded a score of 0. Argentina has complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies. However, it has not provided targeted support for the poorest since the G20 Seoul Summit.

Analysts: Ivana Jankovic and Robert Schuster

Australia: +1

Australia has fully complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

On 24 February 2011, Prime Minister Julia Gillard announced that the government would seek to implement a carbon tax from 1 July 2012.¹³⁷⁰ This carbon tax proposal is a step towards the introduction of a full emissions trading scheme.¹³⁷¹ Approximately 10 per cent of the revenue collected from the proposed carbon tax would be used to fulfill Australia's commitment to the new Green Climate Fund, established at the Climate Change United Nations Framework Convention on Climate Change (UNFCCC) conference in Cancun. This fund would provide support for underdeveloped states to mitigate and adapt to climate change.¹³⁷² The Commitment to Phase Out Fossil Fuel Subsidies recognized the need to “provide targeted support for the poorest.”¹³⁷³

On 17 December 2010, AUSAid announced that Australia would allocate AUD17.5 million to support Caribbean efforts to adapt to climate change and the impacts of natural disasters that result from it. This funding is a part of the AUD60 million package of development assistance

¹³⁶⁸ Pipeline would transport Bolivian gas to Argentina's northeast. Oil & Gas Financial Journal. 13 December 2010. Date of Access: 20 April 2011. http://www.ogfj.com/index/article-display/1873162109/articles/oil-gas-financial-journal/midstream-news/pipeline-would_transport.html

¹³⁶⁹ Wind energy in Argentina – The Chorriaca wind farm is progressing. Regulacion Eolica con Vehiculos Electricos. 21 April 2011. Date of Access: 22 April 2011. http://www.evwind.es/noticias.php?id_not=11285

¹³⁷⁰ Australia plans carbon tax on polluters from 2012, Associated Press (Canberra) 24 February 2011. Date of Access: 26 March 2011. <http://finance.yahoo.com/news/Australia-plans-carbon-tax-on-apf-3014577049.html?x=0&.v=1>.

¹³⁷¹ Gillard plans FY13 carbon price, Business Spectator (Australia) 24 February 2011. Date of Access: 26 March 2011. <http://www.businessspectator.com.au/bs.nsf/Article/Carbon-price-set-from-July-1-2012-Gillard-pd20110224-ED2X9?OpenDocument&src=rab>.

¹³⁷² Carbon tax billions to help poor nations, The Western Australian (Perth) 28 February 2011. Date of Access: 25 March 2011. <http://au.news.yahoo.com/thewest/a/-/latest/8916664/carbon-tax-billions-to-help-poor-nations/>.

¹³⁷³ The Seoul Summit Document, G20 Seoul Summit 2010 (Seoul) 12 November 2010. Date of Access: 24 March 2011. http://media.seoulsummit.kr/contents/dlobo/E2._Seoul_Summit_Document.pdf.

commitment to the Caribbean, made in November 2009. A portion of the AUD599 million climate change foreign aid program established in June 2010 will also fund this commitment.¹³⁷⁴

On 9 December 2010, Minister of Foreign Affairs Kevin Rudd and Minister for Climate Change and Energy Efficiency Greg Combet announced a new allocation of AUD45 million to support Indonesia's efforts to address climate change. While AUD30 million is specifically committed to forest preservation, AUD15 million was allocated to support Indonesia's adaptation to climate change, including support for "the development and implementation of local adaptation responses."¹³⁷⁵ These allocation announcements are also a part of a AUD599 million climate change foreign aid program, established in June 2010.

On 14 November 2010, Australia, as a member of APEC, reaffirmed its commitments to rationalizing and phasing out inefficient fossil fuel subsidies, and providing "those in need with essential energy services, and review progress toward this goal on a voluntary basis."¹³⁷⁶ APEC has further prioritized the elimination of fossil fuel subsidies as a priority in 2011.¹³⁷⁷

Thus, Australia has been awarded a +1. It has committed monetary aid to help underdeveloped states mitigate and adapt to climate change more broadly and has strengthened strategic coordination to provide climate change support for the poor through participation in multilateral institutions. It has also taken the first steps towards the implementation of a carbon tax system that would provide a source of revenue for fulfilling multilateral funding commitments.

Analysts: Jessica Soedirgo and Lesley Girling

Brazil: +1

Brazil has fully complied with its commitment to provide targeted support for the poorest. Brazil has not identified any inefficient subsidy regarding either the production or consumption of fossil fuels.¹³⁷⁸

In March 2011, President Luiz Inácio Lula da Silva announced that the government would commit USD526 billion in public and private investments over 2011-2014. The commitment marks the second phase of the government's Growth Acceleration Program (PAC 2).¹³⁷⁹ PAC 2 focuses on investments to "secure reliable supply of energy through a mix of clean, renewable

¹³⁷⁴ Australia supports climate change action in the Caribbean, AUSAid (Canberra) 20 December 2010. Date of Access: 26 March 2011.

http://www.usaid.gov.au/hottopics/topic.cfm?ID=5932_2381_1893_4536_8051&From=HT.

¹³⁷⁵ Strengthening Australia's Climate Change Partnership with Indonesia, Office of the Australian Minister of Foreign Affairs (Bali, Cancun) 9 December 2010. Date of Access: 26 March 2011.

http://www.foreignminister.gov.au/releases/2010/kr_mr_101209.html.

¹³⁷⁶ 2010 Leaders' Declaration (Yokohama Vision), Asia-Pacific Economic Cooperation (Yokohama) 14 November 2010. Date of Access: 26 March 2011. http://www.apec.org/Meeting-Papers/Leaders-Declarations/2010/2010_aelm.aspx.

¹³⁷⁷ APEC USA 2011: Outlook, Asia-Pacific Economic Cooperation (Washington) 28 January 2011. Date of Access: 26 March 2011. http://www.apec.org/en/Press/Features/2011/0128_usa.aspx.

¹³⁷⁸ Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group (Seoul) 11 June 2010. Date of Access 27 March 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

¹³⁷⁹ Brazil Announces Phase Two of the Growth Acceleration Program. The Secretariat for Social Communication (SECOM), Government of Brazil). 30 March 2010. Date of Access: 20 April 2011. <http://blogs.worldbank.org/growth/node/8715-secom>

sources” with a specific focus on electricity, oil, natural gas, shipbuilding, renewable fuels, energy efficiency, and mineral research.¹³⁸⁰

In an effort to provide support to those who were negatively affected by PAC, the government established the Transnational Housing Grant Program. On 26 April 2011, Tião Viana, a Brazilian governor, provided 60 families with new houses.¹³⁸¹ Acting Secretary of Housing Wolven Camargo stated, “Also in April we will deliver 88 more at Ilson Ribeiro and 19 homes in Alto Alegre. There are units to be delivered during the entire month of May, including Sena Madureira.” On 29 April 2011, Tião Viana provided 107 houses to Amazonian residents. Governor Viana stated that the government would provide two thousand residences by the end of 2011. He stated, “We will work to deliver four thousand homes in the coming year.”¹³⁸² At present, at least 36 000 families are registered with the housing of the State Government.¹³⁸³

Thus, Brazil has been awarded a score of +1 for its commitment to provide support for residents who were most vulnerable to changes to its shift to energy policies.

Analyst: Ivana Jankovic and Mina Akrami

Canada: +1

Canada has fully complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

According to the G20 Initiative on Rationalizing and Phasing out Inefficient Fossil Fuel Subsidies, Canada will continue to phase out the Accelerated Capital Cost Allowance (CCA) for tangible oil sand assets between 2011 and 2015¹³⁸⁴

The 2011 Government of Canada budget proposed the deduction of rates for intangible capital expenses in oil sands projects.¹³⁸⁵ According to the budget, “these changes will improve fairness and neutrality of the taxation of oil sands relative to other sectors of the economy.”¹³⁸⁶

¹³⁸⁰ Brazil Announces Phase Two of the Growth Acceleration Program. The Secretariat for Social Communication (SECOM), Government of Brazil). 30 March 2010. Date of Access: 20 April 2011.

<http://blogs.worldbank.org/growth/node/8715-secom>

¹³⁸¹ Tião Viana delivers 60 houses in the residential Aroeira. State Government of Acre. 26 April 2011. Date of Access: 26 April 2011.

http://www.agencia.ac.gov.br/index.php?option=com_content&task=view&id=15452&Itemid=26

¹³⁸² Tião Viana delivers 60 houses in the residential Aroeira. State Government of Acre. 26 April 2011. Date of Access: 26 April 2011.

http://www.agencia.ac.gov.br/index.php?option=com_content&task=view&id=15452&Itemid=26

¹³⁸³ Tião Viana delivers 60 houses in the residential Aroeira. State Government of Acre. 26 April 2011. Date of Access: 26 April 2011.

http://www.agencia.ac.gov.br/index.php?option=com_content&task=view&id=15452&Itemid=26

¹³⁸⁴ Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group (Seoul) 11 June 2010. Date of Access 10 October 2011 http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

¹³⁸⁵ The Next Phase of Canada’s Economic Action Plan. A Low Tax Plan for Jobs and Growth, Honourable James M. Flaherty, P.C., M.O. Minister of Finance (Ottawa), June 6 2011. Date of access 10 October 2011 <http://www.budget.gc.ca/2011/plan/Budget2011-eng.pdf>

¹³⁸⁶ The Next Phase of Canada’s Economic Action Plan. A Low Tax Plan for Jobs and Growth, Honourable James M. Flaherty, P.C., M.O. Minister of Finance (Ottawa), June 6 2011. Date of access 10 October 2011 <http://www.budget.gc.ca/2011/plan/Budget2011-eng.pdf>

Furthermore, eligibility for accelerated CCA will be expanded to promote clean energy generation and energy efficient equipment, in order to promote the use of green energy and “displace the use of fossil fuels for generation of electricity.”¹³⁸⁷

The Canadian government will invest CAD400 million during the 2011-2012 year in the ecoENERGY retrofit program. According to the Budget Plan, this investment will “help homeowners make their homes more energy efficient and reduce the burden of high energy costs.”¹³⁸⁸ The program offers grants of up to \$5000 per household to help Canadians make energy efficient renovations to their homes.¹³⁸⁹

Additionally, between 2011 and 2013, the federal government is investing CAD78 million into providing information to Canadian homes and industries about money-saving, energy efficient tools. According to the Office of Energy Efficiency, “these efforts will contribute to a cleaner environment, reducing greenhouse gas emissions, while saving Canadians money and making the most of our natural resources.”¹³⁹⁰

Thus, Canada has been awarded a score of +1 for its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

Analyst: Cloe Bilodeau

China: -1

China has not complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

On 18 January 2011, China’s Minister of Science and Technology Wan Gang attended the US-China Cooperation on Clean Energy Research and Technology forum. During the forum he stated that the United States and China share common interests in regards to clean energy. Minister Gang stated, “I’m sure this is one of the best points of convergence and cooperation between our two countries, and will be one of the bright spots in our future cooperation.” During the forum, officials from the United States and Chinese governments unveiled plans to continue joint research and development in clean energy, including work on electric vehicles, clean coal and energy efficient buildings through the US-China Clean Energy Research Center.¹³⁹¹ However, China has not demonstrated any evidence of progress towards its original commitment to “gradually reduce the urban land use tax relief for fossil fuel producers.”

¹³⁸⁷ The Next Phase of Canada’s Economic Action Plan. A Low Tax Plan for Jobs and Growth, Honourable James M. Flaherty, P.C., M.O. Minister of Finance (Ottawa), June 6 2011. Date of access 10 October 2011 <http://www.budget.gc.ca/2011/plan/Budget2011-eng.pdf>

¹³⁸⁸ The Next Phase of Canada’s Economic Action Plan. A Low Tax Plan for Jobs and Growth, Honourable James M. Flaherty, P.C., M.O. Minister of Finance (Ottawa), June 6 2011. Date of access 10 October 2011 <http://www.budget.gc.ca/2011/plan/Budget2011-eng.pdf>

¹³⁸⁹ Grant Table for ecoEnergy Retrofit – Homes, Natural Resources Canada, June 6 2011. Date of access 10 October 2011 <http://oee.nrcan.gc.ca/residential/personal/retrofit-homes/retrofit-qualify-grant.cfm?attr=4>

¹³⁹⁰ ecoEnergy Efficiency, Office of Energy Efficiency. September 7 2011. Date of access 10 October 2011. <http://oee.nrcan.gc.ca/corporate/eeinitiative.cfm>

¹³⁹¹ Clean energy seen as 'bright spot' for U.S.-China relations. Reuters (Washington) 19 January 2011. Date of Access: 20 April 2011. http://www.reuters.com/article/2011/01/19/us-usa-china-energy-idUSTRE70H5WB20110119?feedType=RSS&feedName=GCA-GreenBusiness&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+reuters%2FUSgreenbusinessNews+%28News+%2F+US+%2F+Green+Business%29

Thus China has been awarded a score of -1.

Analysts: Ivana Jankovic and Lesley Girling

France: 0

France has partially complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies, with targeted support for the poorest. France declared that it does not have any inefficient fossil fuel subsidies and therefore does not require an implementation strategy. It has put in progress plans to provide support for the poorest to help them to cope with any increased energy costs that result from eliminating fossil fuel subsidies.¹³⁹²

On 7 March 2011, under the Investment for the Future Program, the Minister for Ecology, Sustainable Development, Transportation and Housing, the Minister of Economy, Finance and Industry, the Minister of Agriculture, Food, Fisheries, Rural Affairs and Planning, the Minister of Economy, Finance and Industry in charge of Industry, Energy and the Digital Economy, Secretary of State for Transport, and the Commissioner General of Investment called for expressions of interest, led by Agence de l'Environnement et de la Maîtrise de l'Energie (ADEME) to support the production of advanced biofuels.¹³⁹³ In addition to helping to address fuel costs, this program reconciles the need for energy security with food security. In light of this, research focuses on obtaining biofuel from non-food crop sources, such as lignocellulosic biomass.¹³⁹⁴ This project provides targeted support for the poorest on two levels: it will help offset the increased cost of energy caused by the elimination of fossil fuel subsidies, and it will ensure that food security is not compromised, which may have negative effects on the underprivileged and hungry.

On 24 February 2011, the Minister for Ecology, Sustainable Development, Transportation and Housing, the Minister of Economy, Finance and Industry, the Minister of Agriculture, Food, Fisheries, Rural Affairs and Planning, and the Minister for Industry, Energy, and the Digital Economy announced a new support scheme to help consumers deal with increasing energy costs. They have taken two measures to achieve this: the first involves injecting networks of natural gas with biogas produced by anaerobic respiration.¹³⁹⁵ The second provides for "the purchase rate for electricity produced from biogas [to be] upgraded by the end of April, to become comparable to existing rates in Germany, The revaluation in 2020 will increase about 1 per cent of the electricity

¹³⁹² Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group (Seoul) 11 June 2010. Date of Access 27 March 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

¹³⁹³ Investment for the Future: Launching the Call for Expressions of Interest "Advanced Biofuels," Ministère de l'Economie, des Finances et de l'Industrie (Paris) 7 March 2011. Date of Access: 25 March 2011. http://www.economie.gouv.fr/discours-presse/discours-communicues_finances.php?type=communiqu&id=5154&rub=1

¹³⁹⁴ Investment for the Future: Launching the Call for Expressions of Interest "Advanced Biofuels," Ministère de l'Economie, des Finances et de l'Industrie (Paris) 7 March 2011. Date of Access: 25 March 2011. http://www.economie.gouv.fr/discours-presse/discours-communicues_finances.php?type=communiqu&id=5154&rub=1

¹³⁹⁵ N. Kosciusko-Morizet, C. Lagarde, B. Mayor and E. Besson Specify the New Framework to Support Digestion and Binding Consultation on the New Framework, Ministère de l'Economie, des Finances et de l'Industrie (Paris) 24 February 2011. Date of Access: 26 March 2011. http://www.economie.gouv.fr/discours-presse/discours-communicues_finances.php?type=communiqu&id=5110&rub=1

bill of consumers, corresponding to a support of EUR 300 million year.”¹³⁹⁶ This support will aid the poorest in dealing with their energy costs.

Thus, France has been awarded a score of 0 for its commitment to provide targeted support for the poorest. They have put into motion plans that will help consumers deal with rising energy costs, which resulted from the elimination of inefficient fossil fuels. However, these plans have yet to be fully realized.

Analyst: Emily Evangelista

Germany: -1

Germany has not complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

Germany proposed to discontinue subsidized coal mining in a socially acceptable manner by the end of 2018. However, since the 2010 G20 Seoul Summit, the German government has shown no progress towards this commitment.¹³⁹⁷

Thus, Germany has been awarded a score of -1.

Analyst: Ivana Jankovic and Robert Schuster

India: 0

India has partially complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

On 14 September 2011, Finance Minister Pranab Mukherjee deferred a meeting with the empowered group of ministers scheduled “to take a decision on a proposal to sell kerosene only at market prices and compensate the poor by paying cash with the help of the unique identification numbers” as part of “government plans to strictly enforce its plan to cut the USD 9 billion subsidy on kerosene and cooking gas” with the program to be launched in seven states in October 2011 and “extended to the rest of the country by April 2012.”¹³⁹⁸

On 5 July 2011, Finance Minister Pranab Mukherjee received the draft recommendations from the task force on direct transfer of subsidies on kerosene, liquefied petroleum gas (LPG) and fertilizer led by Nandan Nilekani, chairman, Unique Identification Authority of India which “proposed an IT-enabled core subsidy management system (CSMS) to be implemented from

¹³⁹⁶ N. Kosciusko-Morizet, C. Lagarde, B. Mayor and E. Besson Specify the New Framework to Support Digestion and Binding Consultation on the New Framework, Ministère de l'Economie, des Finances et de l'Industrie (Paris) 24 February 2011. Date of Access: 26 March 2011. http://www.economie.gouv.fr/discours-presse/discours-communiques_finances.php?type=communiqu&id=5110&rub=1

¹³⁹⁷ Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group (Seoul) 11 June 2010. Date of Access 27 March 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

¹³⁹⁸ Government plans to cut \$9-billion subsidy on kerosene and cooking gas, Rajeev Jayaswal, Economic Times Bureau, The Times of India (New Delhi) 14 September 2011. Date of Access 10 October 2011. <http://economictimes.indiatimes.com/news/economy/policy/government-plans-to-cut-9-billion-subsidy-on-kerosene-and-cooking-gas/articleshow/9974730.cms>

March 2012” with a pilot project on direct cash transfer of these subsidies already implemented in the Indian state of Hyderabad.¹³⁹⁹

On 24 March 2011, the Parliament of India approved Finance Minister Pranab Mukherjee’s plan to “cut petroleum subsidies on fuel” in its 2011-2012 Union Budget.¹⁴⁰⁰

On 28 February 2011, in a speech to the Parliament of India, Minister of Finance Pranab Mukherjee presented the Union Budget for 2011-12 and announced that “the Government will move towards direct transfer of cash to people living below the poverty line in a phased manner” in order “to ensure greater efficiency, cost effectiveness and better delivery for both kerosene and fertilizers.” Minister Pranab Mukherjee also announced that a “task force headed by Shri Nandan Nilekani has been set-up to work out the modalities for the proposed system of direct transfer of subsidy for kerosene, LPG and fertilizers” and that an “interim report of the task force is expected by June 2011” with the system proposed to be put in place by March 2012.¹⁴⁰¹

India has followed the recommendations of the Empowered Group of Ministers that was created following the Dr. Kirit Parikh Committee. Subsidies on two fossil fuels, PDS Kerosene and domestic LPG, are not included in India’s country specific strategy to reduce inefficient fossil fuel subsidies in order to provide targeted support for the poor.¹⁴⁰²

Thus, India has been awarded a score of 0 for partially complying with its commitment to implement its country-specific plan to reduce fossil fuel subsidies while providing targeted support for the poorest.

Analyst: Nehal Tolia

Indonesia: 0

Indonesia has partially complied with its commitment to phase out inefficient fossil fuel subsidies in a gradual manner through managing the demand side by adopting measures that will reduce fossil fuel energy consumption and by gradually narrowing the gap between domestic and international prices.

On 2 December 2010, Ibrahim Hasyim, a committee member of petroleum regulator BPHilir Migas, announced that the government was preparing a program to limit the use of subsidized fuels from 1 January 2011.¹⁴⁰³ On 14 December 2010, the Indonesian House of Representatives approved a government proposal to disallow the use of subsidized fuels for private cars. Under this proposed policy, access to subsidized fuels would be limited to motorcycles, public

¹³⁹⁹ Nilekani moots LPG cap, electronic monitoring, Financial Express Bureau, India Express (New Delhi) 6 July 2011. Date of Access 10 October 2011. <http://www.financialexpress.com/news/nilekani-moots-lpg-cap-electronic-monitoring/813219/0>

¹⁴⁰⁰ India Parliament Approves Annual Budget Seeking to Lower Taxes, Unni Krishnan, Bloomberg News (New York) 24 March 2011. Date of Access: 10 October 2011. <http://www.bloomberg.com/news/2011-03-24/india-parliament-approves-annual-budget-seeking-to-lower-taxes.html>

¹⁴⁰¹ Union Budget 2011-2012 Speech by Honourable Finance Minister Pranab Mukherjee, Ministry of Finance, Government of India (Delhi) 28 February 2011. Date of Access: 10 October 2011. <http://indiabudget.nic.in/bspeecha.asp>

¹⁴⁰² Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group (Seoul) 11 June 2010. Date of Access 10 October 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

¹⁴⁰³ Indonesia Preparing Options to Limit Subsidized Fuels, Bloomberg News (Jakarta) 2 December 2010. Date of Access: 27 March 2011. <http://www.bloomberg.com/news/2010-12-02/indonesia-preparing-options-to-limit-subsidized-fuels-update1-.html>

transportation vehicles and fishermen. However, arguing that the state-owned Pertamina energy firm lacked capacity, parliament delayed the start of the program in Jakarta and its surrounding suburbs from January until the end of March, with the program gradually rolled out across the rest of the country by 2013.¹⁴⁰⁴ On 21 March 2011, the House of Representatives approved a motion to indefinitely postpone the implementation to restrict access to subsidized fuels. Although feasibility studies and trials have been completed, the government stated the necessity of delaying program implementation due to the lack of infrastructure capacity and the fluctuating global oil prices due to the popular unrest in the Middle East.¹⁴⁰⁵

On 14 February 2011, Indonesia, represented by the Director General for New Renewable Energy and Energy Conservation Luluk Sumiarso, and Finland signed a bilateral agreement to create the Energy and Environment Partnership (EEP) program. The EEP aimed to reduce greenhouse gas emissions by promoting the use of new renewable energy, targeting the provinces of Riau and West Kalimantan. This initiative is part of the government's plan to increase the utilization of renewable energy sources from the current 5 per cent of Indonesia's energy consumption to 17 per cent by the year 2025.¹⁴⁰⁶ Indonesia committed to adopt measures that would reduce fossil fuel energy consumption in order to manage demand for fossil fuels.¹⁴⁰⁷

On 25 March 2011, Director of Energy Conservation at the Energy and Mineral Resources Ministry, Maryam Ayuni urged all high-consuming energy firms to undergo an energy audit. These calls were made to highlight a 2009 government regulation that required companies that were high-energy consumers to regularly audit their energy consumption.¹⁴⁰⁸ However, there was no mention of new resources that would facilitate audits or programs to help companies make their companies more energy efficient.¹⁴⁰⁹

On 14 November 2010, Indonesia, as a member of APEC, reaffirmed its commitments to rationalizing and phasing out inefficient fossil fuel subsidies, and providing "those in need with essential energy services, and review progress toward this goal on a voluntary basis."¹⁴¹⁰ APEC has further prioritized the elimination of fossil fuel subsidies as a priority in 2011.¹⁴¹¹

¹⁴⁰⁴ Indonesia parliament approves fuel subsidy cuts, delays to March, Reuters (Jakarta) 14 December 2010. Date of Access: 27 March 2011. <http://www.reuters.com/article/2010/12/14/indonesia-economy-fuel-idUSL3E6NE0C520101214>.

¹⁴⁰⁵ House approves plan to delay fuel restriction, The Jakarta Post (Jakarta) 22 March 2011. Date of Access: 27 March 2011. <http://www.thejakartapost.com/news/2011/03/22/house-approves-plan-delay-fuel-restriction.html>.

¹⁴⁰⁶ Agreement signed on renewable energy, The Jakarta Post (Jakarta) 16 February 2011. Date of Access: 27 March 2011. <http://www.thejakartapost.com/news/2011/02/16/agreement-signed-renewable-energy.html>.

¹⁴⁰⁷ The Seoul Summit Document, G20 Seoul Summit 2010 (Seoul) 12 November 2010. Date of Access: 24 March 2011. http://media.seoulsummit.kr/contents/dlobo/E2_Seoul_Summit_Document.pdf.

¹⁴⁰⁸ Govt renews call for a reduction in rice intake, The Jakarta Post (Jakarta) 14 October 2010. Date of Access: 25 October 2010. <http://www.thejakartapost.com/news/2010/10/14/govt-renews-call-a-reduction-rice-intake.html>.

¹⁴⁰⁹ Energy-thirsty firms must undergo audit: Ministry, The Jakarta Post (Jakarta) 25 March 2011. Date of Access: 27 March 2011. <http://www.thejakartapost.com/news/2011/03/25/energy-thirsty-firms-must-undergo-auditing-ministry.html>.

¹⁴¹⁰ 2010 Leaders' Declaration (Yokohama Vision), Asia-Pacific Economic Cooperation (Yokohama) 14 November 2010. Date of Access: 26 March 2011. http://www.apec.org/Meeting-Papers/Leaders-Declarations/2010/2010_aelm.aspx.

¹⁴¹¹ APEC USA 2011: Outlook, Asia-Pacific Economic Cooperation (Washington) 28 January 2011. Date of Access: 26 March 2011. http://www.apec.org/en/Press/Features/2011/0128_usa.aspx.

Thus, Indonesia has been awarded a 0 for its implementation and application of the principles in the Commitment to Phase Out Fossil Fuel Subsidies. It has conducted trials and feasibility studies towards implementing a program that would limit access to subsidized fuels and has strengthened strategic coordination for reducing inefficient fossil fuel subsidies through multilateral and bilateral partnerships. However, Indonesia must implement the proposed plans to narrow the gap between domestic and international fuel prices and to implement measures that would reduce fossil fuel consumption across all provinces in the archipelago to be fully in compliance.

Analysts: Jessica Soerdigo and Robert Schuster

Italy: +1

Italy has fully complied with its commitment towards eliminating its inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

In January 2011, Italy introduced a new three-year 2011-2013 Strategic Plan of the Italian Energy Regulatory Authority which outlines seven objectives including the promotion of energy efficiency and universal energy service.¹⁴¹² However, the policy does not address the issue of inefficient fossil fuel subsidies. One of the objectives of the Strategic Plan provides for the universal service and protection for consumers, however it does not outline targeted support for the poorest.

On 4 August 2011, the Minister of Economic Development Paolo Romani in concert with the Minister of the Environment Stefania Prestigiacomo announced the introduction of new criteria for high-efficiency cogeneration. This joint announcement signifies an important step towards the promotion of cogeneration.¹⁴¹³

On 9 September 2011, the Minister of Economic Development Paolo Romani introduced Italy's new cogeneration power subsidy scheme, which outlines a new regime of support for high-efficiency cogeneration electricity plants.¹⁴¹⁴ The subsidies, in the form of White Certificates, will be distributed on the basis of the amount of energy saved in efficiency upgrades. The new subsidy scheme will support new objectives of energy savings and will provide for a positive reduction of industrial sectors that consume thermal energy and electric power, which will directly reduce the cost of energy.¹⁴¹⁵

¹⁴¹²Energy: the strategic plan was approved. Seven guidelines were adopted for the period 2011-2013. 10 January 2011. Date of Access 28 March 2011. http://www.autorita.energia.it/it/inglese/press_releases/11/110110.htm

¹⁴¹³Efficienza Energetica:Firmato Il Decreto Su Riconoscimento Cogenerazione Ad Alto Rendimento (CAR). 9 August 2011. Date of Access 8 October 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=1&idarea1=593&idarea2=0&idarea3=0&idarea4=0&andor=AND§ionid=0&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2263&id=2020277

¹⁴¹⁴Energia:Al Via Incentivi Per La Cogenerazione Ad Alto Rendimento. 9 September 2011. Date of Access 8 October 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=1&idarea1=593&idarea2=0&idarea3=0&idarea4=0&andor=AND§ionid=0&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2263&id=2020503

¹⁴¹⁵Energia:Al Via Incentivi Per La Cogenerazione Ad Alto Rendimento. 9 September 2011. Date of Access 8 October 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=1&idarea1=593&idarea2=0&idarea3=0&idarea4=0&andor=AND§ionid=0&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2263&id=2020503

Thus, Italy has been awarded a score of +1. It has committed to the promotion of energy efficiency and universal energy service through the introduction of the Strategic Plan of the Italian Energy Regulatory Authority. It has also taken steps toward the reduction of wasteful consumption with the adoption of a new cogeneration power subsidy scheme aimed at promoting energy efficiency.

Analyst: Nadia Bucciarelli

Japan: +1

Japan has fully complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

On 19 June 2010, during the ninth meeting of APEC Energy Ministers, Japan and other APEC countries pledged their support for energy efficient strategies and commended the Peer Review on Energy Efficiency (PREE).¹⁴¹⁶ The report also mentions contributions made by Japan to the APEC support Fund to promote energy efficient activities.¹⁴¹⁷ Japan has continued to pledge commitment to energy efficiency and sustainable growth but has consistently stated it does not have inefficient subsidies.¹⁴¹⁸

Japan has also worked to support energy efficiency initiatives in developing countries; its ODA Policy on Energy explicitly aims to address urban-rural disparities in access to energy in developing countries, while also focusing on the development of sustainable energy infrastructure.¹⁴¹⁹ Additionally, the New Energy and Industrial Technology Development Organization (NEDO), under the Japanese Ministry of Economy, Trade, and Industry, designs and carries out projects to promote the efficient use of energy in developing countries.¹⁴²⁰

Thus, Japan has received a score of +1. Japan does not have inefficient fossil fuel subsidies, and it has worked towards providing support to the poorest.

Analysts: Victoria Cho and Lesley Girling

Korea: 0

Korea has partially complied with its commitment to phase out subsidies to anthracite coal and briquette producers.

In 2007, the Ministry of Commerce, Industry and Energy (MOCIE) announced plans to phase out subsidies to briquette producers by 2011.¹⁴²¹ According to the G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies, Korea planned to retract its subsidy for anthracite

¹⁴¹⁶ Fukui Declaration on Low Carbon Paths to Energy Security: Cooperative Energy Solutions for a Sustainable APEC, Ninth Meeting of APEC Energy Ministers (FUKUI) 19 June 2010. Date of Access: 31 March 2011 http://www.mofa.go.jp/policy/economy/energy/pdfs/emm_declaration201006.pdf

¹⁴¹⁷ Fukui Declaration on Low Carbon Paths to Energy Security: Cooperative Energy Solutions for a Sustainable APEC, Ninth Meeting of APEC Energy Ministers (FUKUI) 19 June 2010. Date of Access: 31 March 2011 http://www.mofa.go.jp/policy/economy/energy/pdfs/emm_declaration201006.pdf

¹⁴¹⁸ Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group (Seoul) 11 June 2010. Date of Access 27 March 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

¹⁴¹⁹ ODA Policy on Energy, Ministry of Foreign Affairs of Japan (Tokyo) 19 November 2007. Date of Access 31 October 2011. <http://www.mofa.go.jp/policy/oda/sector/energy/action.html>

¹⁴²⁰ Annual Report 2011, New Energy and Industrial Technology Development Organization (Tokyo) 6 October 2011. Date of Access 31 October 2011. <http://www.nedo.go.jp/content/100185546.pdf>

¹⁴²¹ Subsidies on Briquettes to Be Phased Out by 2011, Korea Times (Seoul) 23 May 2007. Date of Access: 31 March 2011 http://www.koreatimes.co.kr/www/news/art/2010/06/143_3379.html

coal production by the end of 2010 and phase out its subsidy for briquette production by gradual price increase.¹⁴²² According to World Energy Outlook 2010, Korea had an average subsidization rate of 0.1 per cent in 2009.¹⁴²³

On 8 March 2011, the Ministry of Knowledge Economy released a Long-Term Coal Industry Plan (2011~2015).¹⁴²⁴ Government aid for briquette pricing decreased from KRW277.5 billion in 2009 to KRW186.5 billion in 2010.¹⁴²⁵ The Plan sets deadlines to reduce coal production from 210 million tonnes in 2010, to 200 tonnes in 2015, and finally to 150 tonnes in 2020.¹⁴²⁶ The reduction in supply would reduce consumption of coal and briquettes and in turn eliminate the need for government subsidies. While committing to this long-term plan, the government also intends to continue to control price and introduce subsidy cuts gradually in order to regulate demand and prevent sudden pressure on farmers and household consumers of briquettes.¹⁴²⁷

Thus, Korea has been awarded a score of 0 for its partial compliance.

Analysts: Victoria Cho and Lesley Girling

Mexico: +1

Mexico has fully complied with its commitment to phase out inefficient fossil fuel subsidies over the medium term by continuing their current policies, while providing targeted support for the poorest. It has implemented and abided by policies that will eliminate inefficient fossil fuel subsidies within the target time frame. Mexico had provided targeted support for the poor in the past, but has not taken further action since the Seoul summit.

Mexico's implementation strategy requires that they continue their current financial and energy policies, which will eliminate subsidies to gasoline, diesel, and liquefied petroleum gas. At the outset of his presidency, Felipe Calderon launched Vision Mexico 2030, which includes the Energy Sector Program 2007-2012.¹⁴²⁸ This program has three major goals, one of which is the promotion of renewable energy sources to offset the use of fossil fuels.¹⁴²⁹ Within these goals, the program lists objectives for every sector, including setting prices at levels that will cover the production costs of energy, and ensuring the operation of the hydrocarbon sector complies with

¹⁴²² Annex of G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies, G20 Energy Experts Group. Date of Access: 29 March 2011 http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

¹⁴²³ Fossil-fuel consumption subsidy rates as a proportion of the full cost of supply, 2009, IEA World Energy Outlook 2010. Date of Access: 31 March 2011 <http://www.iea.org/subsidy/index.html>

¹⁴²⁴ Gradual Long-Term Increase of Coal Prices.Reduction and Elimination of Subsidies, Asia Economy (Seoul) 09 March 2011. Date of Access: 29 March 2011 <http://www.asiae.co.kr/news/view.htm?idxno=2011030913484003454>

¹⁴²⁵ Long-Term Coal Industry Plan ('11~'15), Ministry of Knowledge Economy (Seoul) 8 March 2011. Date of Access: 31 March 2011 <http://www.kocoal.or.kr/board/download.php?table=1004&number=1211>

¹⁴²⁶ Gradual Long-Term Increase of Coal Prices..Reduction and Elimination of Subsidies, Asia Economy (Seoul) 09 March 2011. Date of Access: 29 March 2011 <http://www.asiae.co.kr/news/view.htm?idxno=2011030913484003454>

¹⁴²⁷ Gradual Long-Term Increase of Coal Prices..Reduction and Elimination of Subsidies, Asia Economy (Seoul) 09 March 2011. Date of Access: 29 March 2011 <http://www.asiae.co.kr/news/view.htm?idxno=2011030913484003454>

¹⁴²⁸ Energy Sector Program 2007-2012, Secretariat of Energy and Technology Development Planning, (Mexico City) 28 November 2007. Date of Access: 26 March 2010. http://www.energia.gob.mx/webSener/portal/programa_sectorial_de_energia_2007-2012.html

¹⁴²⁹ Energy Sector Program 2007-2012, Secretariat of Energy and Technology Development Planning, (Mexico City) 28 November 2007. Date of Access: 26 March 2010. http://www.energia.gob.mx/webSener/portal/programa_sectoriadal_de_energia_2007-2012.html

standards of efficiency and transparency.¹⁴³⁰ The Energy Sector Program remains in effect until 2012.

Mexico's current energy policies involve the increase of national fossil fuel prices that are expected to phase out whatever subsidies exist in the energy market.¹⁴³¹ Furthermore, the government of Mexico has begun phasing out motor fuel subsidies.¹⁴³² These policies are in line with their commitments to the G20, and their Energy Sector Program.

Recognizing the increased burden higher energy prices place on the poorest members of society, the Mexican government conducted, "a household-level census of fuel consumption that will allow the government to implement a well-targeted support program to compensate low-income households."¹⁴³³

This type of targeted strategy will allow the Mexican government to decrease its total expenditure on "energy support to consumers" from 2009's levels of USD629 million, while still providing necessary assistance directly to low-income households.¹⁴³⁴

Thus, Mexico has been awarded a score of +1 for its compliance to its commitment to phase out inefficient fossil fuel subsidies in the medium term. Mexico's implementation strategy required that it maintain its current policies of reducing subsidies and raising domestic costs, which it has continued to do. Mexico had also embarked on an effort to provide targeted support to the poorest, but has not taken any new action.

Analyst: Emily Evangelista

Russia: +1

Russia has fully complied with the commitment on inefficient fossil fuel subsidies.

According to the Energy Strategy for the Period until 2030 by the end of the first phase of the Strategy's implementation (2013-2015) domestic gas and electricity markets will be completely liberalized. By 2030 the share of energy resources traded at exchanges is to be no less than 15-20 per cent.¹⁴³⁵

¹⁴³⁰ Energy Sector Program 2007-2012, Secretariat of Energy and Technology Development Planning, (Mexico City) 28 November 2007. Date of Access: 26 March 2010. http://www.energia.gob.mx/webSener/portal/programa_sectorial_de_energia_2007-2012.html

¹⁴³¹ Report to Leaders on the G20 Commitment to Rationalize and Phase Out Inefficient Fossil Fuel Subsidies, G20 Energy Experts Group. Date of Access: 26 March 2011. [http://www.g20.org/Documents2010/expert/Report to Leaders G20 Inefficient Fossil Fuel Subsidies.pdf](http://www.g20.org/Documents2010/expert/Report%20to%20Leaders%20G20%20Inefficient%20Fossil%20Fuel%20Subsidies.pdf)

¹⁴³² G20 Seoul Summit Fact Sheet on Energy Issues, Office of the Press Secretary (Washington) 12 November 2010. Date of Access: 26 March 2011. <http://www.america.gov/st/texttrans-english/2010/November/20101112131330su0.4250256.html>

¹⁴³³ G20 Seoul Summit Fact Sheet on Energy Issues, Office of the Press Secretary (Washington) 12 November 2010. Date of Access: 26 March 2011. <http://www.america.gov/st/texttrans-english/2010/November/20101112131330su0.4250256.html>

¹⁴³⁴ OECD and IEA Recommend Reforming Fossil Fuel Subsidies to Improve the Economy and the Environment (Paris) 4 October 2011. Date of Access: 6 October 2011. http://www.iea.org/press/pressdetail.asp?PRESS_REL_ID=424

¹⁴³⁵ Energy Strategy for 2030, Ministry of Energy 13 November 2009. Date of Access 3 April 2010. <http://minenergo.gov.ru/activity/energostrategy>

According to the Rules of the Wholesale Electric Energy Market from 1 January 2011 all Russian electric energy market, except supplies for individual consumers, was fully liberalized (unregulated price formation).¹⁴³⁶

The Energy Strategy for the Period until 2030 also provides for development of mechanisms to minimize negative impacts caused by price growth on the most vulnerable groups of energy consumers, first of all, the impacts on household consumers.¹⁴³⁷

On 17 February 2011, the Russian Prime Minister instructed relevant agencies to take measures to keep down price for electric power for consumers. On 1 March 2011, the Russian Ministry of Energy presented its proposals, including non-applying of adjustment for inflation to electricity payment. Another part of the proposition is lowering investments for nuclear power plants and hydropower plants for redistribution of the saved funding in favor of the households.¹⁴³⁸

Russia has taken actions to implement its strategy of rationalization and phasing-out inefficient fossil fuel subsidies and to provide support for the poorest. Thus, Russia has been awarded a score of +1.

Analyst: Mark Rakhmangulov

Saudi Arabia: 0

Saudi Arabia has partially complied with its commitment to provide targeted energy support to the poorest, a pledge that was reaffirmed at the Seoul Summit. Saudi Arabia has pledged to increase transparency between energy producing and consuming countries, respond to potential oil shortages in the Middle East, and take part in efforts aimed at global energy efficiency. However, Saudi Arabia has not announced any unilateral plans to deliver energy support to developing countries.

On 22 February 2011, Saudi Arabia hosted the Extraordinary International Energy Forum (IEF) Ministerial Meeting in Riyadh.¹⁴³⁹ At the meeting, 87 ministers signed an energy charter intended to “create[...] an enhanced framework for dialogue between energy producing and energy consuming countries.” IEF Secretary-General Noe van Hulst noted that increased transparency in communication is “vital to the future of energy security.” Furthermore, Minister of Petroleum and Mineral Resources Ali Al-Naimi added that “the agreement strengthens cooperation in the energy sector ‘for the benefit of future generations.’”¹⁴⁴⁰

On the same day, Minister Al-Naimi also announced that “OPEC is prepared to meet any shortage of supplies due to unrest in the Middle East and that its members have spare capacity to

¹⁴³⁶ Government resolution No. 205 of 7 April 2007, Government of Russia 7 April 2007. Date of Access 3 April 2010. <http://government.consultant.ru/page.aspx?8411;908519>.

¹⁴³⁷ Energy Strategy for 2030, Ministry of Energy 13 November 2009. Date of Access 3 April 2010. <http://minenergo.gov.ru/activity/energostrategy>

¹⁴³⁸ Russian Ministry of Energy makes proposals to keep down price for electric power for consumers, Ministry of Energy 2 March 2011. Date of Access 3 April 2010. http://minenergo.gov.ru/press/min_news/6952.html

¹⁴³⁹ Extraordinary IEF Ministerial Meeting, International Energy Forum (Riyadh) 22 February 2011. Date of Access: 11 October 2011. <http://www.ief.org/whatsnew/Pages/ExtraordinaryIEFMinisterialMeeting,22February2011,Riyadh.aspx>.

¹⁴⁴⁰ IEF hails energy charter signed in Saudi Arabia, New Europe (Brussels) 27 February 2011. Date of Access: 11 October 2011. <http://www.neurope.eu/articles/104947.php>.

do so.”¹⁴⁴¹ This occurred in response to concerns over potential shortages in oil supplies in the region.¹⁴⁴²

On 22 June 2011, at the IEF Energy Efficiency Symposium in Jakarta, Indonesia, Naif Mohamed Alabadi, head of the Saudi Centre for Energy Efficiency, moderated a roundtable session on “Delivering energy efficiency in developing countries.” This session was aimed towards discussing the “main policy options” for promoting “energy efficiency at a wider range in developing countries,” among other issues.¹⁴⁴³

From 20-25 September, the OPEC Fund for International Development (OFID), of which Saudi Arabia is a member state, sent a delegation to New York and Washington for “high-level meetings” regarding “the issue of sustainable development for all.” In New York, UN Secretary General Ban Ki-moon invited OHID to join a “High-level Group” aimed at “launching an initiative to ensure that everyone across the globe has access to a modern and sustainable source of energy.” Furthermore, outside of the meetings, OHID Director-General Suleiman Al-Herbish “signed eight public sector loan agreements” worth USD115 million, including: USD6 million to Gambia for the expansion of electricity grids in poor areas; USD15 million to Kenya for rural electrification; USD20 million to Paraguay to “improve the reliability of electrical power supplies to poor and rural communities;” and USD12 million to Samoa to “help meet the population’s basic energy needs by strengthening related infrastructure, benefiting an estimated 180,000 people.”¹⁴⁴⁴

Thus, Saudi Arabia has been awarded a score of 0 for partial compliance on its commitment to provide targeted energy support to the poorest.

Analyst: Samir Siddiqui

South Africa: +1

South Africa has fully complied with its commitment to rationalize and phase-out inefficient fossil fuel subsidies and to provide targeted support for the poorest.

On 23 March 2011, South Africa cut its proposed subsidies for renewable energy. A review paper published in March 2011 showed that the South African government revised downward subsidies for several types of energy sources by between 7 to 40 per cent.¹⁴⁴⁵

¹⁴⁴¹ Saudi-OPEC ready to meet any shortage supply, Middle East North Africa Financial Network (Amman) 23 February 2011. Date of Access: 11 October 2011. http://www.menafn.com/qn_news_story_s.asp?storyid=1093395220.

¹⁴⁴² Saudi-OPEC ready to meet any shortage supply, Middle East North Africa Financial Network (Amman) 23 February 2011. Date of Access: 11 October 2011. http://www.menafn.com/qn_news_story_s.asp?storyid=1093395220.

¹⁴⁴³ Agenda for the IEF Symposium on Energy Efficiency in Developing Countries, International Energy Forum (Riyadh) 21-22 June 2011. Date of Access: 11 October 2011. <http://www.ief.org/whatsnew/Documents/Agenda%20IEF%20Symposium%20on%20EE%20in%20Developing%20Countries%2018th%20June%202011.pdf>.

¹⁴⁴⁴ OFID signs loan agreements with eight partner countries; Director-General attends high-level meetings in the US, OPEC Fund for International Development (Vienna) 26 September 2011. Date of Access: 11 October 2011. http://www.ofid.org/news_press/2011/pr21_2011.aspx.

¹⁴⁴⁵ South Africa cuts proposed green energy subsidies. Reuters (Johannesburg) 23 March 2011. Date of Access: 20 April 2011. <http://www.reuters.com/article/2011/03/23/us-safrica-tariffs-idUSTRE72M6XS20110323>

To support groups vulnerable to inflation and high-energy prices, South Africa offers free electricity of 50 kWh per household per month for the poorest households through the Free Basic Electricity Programme.¹⁴⁴⁶ However, this policy was instituted in 2003 and no new policies aimed at supporting the poorest have been established since the 2010 G20 Summit.

Thus, South Africa has been awarded a score of +1 because it has complied with its commitment to provide support for the poorest.

Analysts: Cloe Bilodeau and Ivana Jankovic

Turkey: -1

Turkey has not complied with its commitment to take action towards the implementation of its proposed strategy and has provided no support for the poorest.

Turkey's strategy includes a restructuring plan that rationalizes inefficient fossil fuel subsidies transferred to the state-owned hard coal producing enterprise, the Turkish Hard Coal Company.¹⁴⁴⁷ Turkish Hard Coal Company's work is labour intensive due to its geological location and the selling price does not cover the commercial costs.¹⁴⁴⁸ As a result, the Turkish government transfers capital to the company.¹⁴⁴⁹ The Turkish government plans to rationalize inefficient subsidies for the Turkish Hard Coal Company through a restructuring plan.¹⁴⁵⁰

However, Turkey has not taken action to rationalize its inefficient fossil fuel subsidies for the Turkish Hard Coal Company through a restructuring plan and has not provided developing countries with essential energy services.

Thus, Turkey has been awarded a score of -1 for not rationalizing its inefficient fossil fuel subsidies and providing targeted support for the poorest.

Analyst: Mina Akrami

United Kingdom: +1

The United Kingdom has fully complied with its commitment to provide targeted energy support to the poorest, a pledge that was reaffirmed at the Seoul Summit. The UK has initiated plans to

¹⁴⁴⁶ Electricity Basic Services Support Tariff (Free Basic Electricity) Policy for the Republic of South Africa, Department of Minerals and Energy (Pretoria), 4 July 2003, Date of Access 27 March 2011, <http://www.energy.gov.za/files/policies/Free%20Basic%20Electricity%20Policy%202003.pdf>

¹⁴⁴⁷ Annex- G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies: Implementation Strategies & Timetables, (Toronto) July 2010. Date of Access: 27 March 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

¹⁴⁴⁸ Annex- G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies: Implementation Strategies & Timetables, (Toronto) July 2010. Date of Access: 27 March 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

¹⁴⁴⁹ Annex- G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies: Implementation Strategies & Timetables, (Toronto) July 2010. Date of Access: 27 March 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

¹⁴⁵⁰ Annex- G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies: Implementation Strategies & Timetables, (Toronto) July 2010. Date of Access: 27 March 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

deliver renewable energy in Asia and Africa, broadly committed to expand its efforts in providing clean energy to developing countries, and pledged to protect against harmful fossil fuel projects.

On 18 November 2010, International Development Secretary Andrew Mitchell announced that the UK “is working on two new public-private partnership projects to generate renewable energy in developing countries.” One of the public-private partnership funds “will target low carbon and adaptation investments in Asia,” and “could generate 5 gigawatts of new renewable energy” over 25 years. In addition, the project could “create 60,000 jobs while removing 150 million tonnes of carbon dioxide from the atmosphere.” Furthermore, a second potential partnership fund could generate “up to 500 megawatts of new renewable energy per year” in Africa from 2015, “enough to provide electricity for over four million rural households.”¹⁴⁵¹

In the same speech, Secretary Mitchell also announced that the “Coalition Government is committed to ensuring that UK Trade and Investment and the Export Credits Guarantee Department become champions for British companies that develop and export innovative green technologies around the world, instead of supporting investment in dirty fossil-fuel energy production.”¹⁴⁵² This pledge falls in line with the UK’s focus on generating more efficient energy usage and achieving energy-security worldwide.¹⁴⁵³

Furthermore, on 18 January 2011, Secretary Mitchell suggested that reforms be made to the Commonwealth Development Corporation (CDC) – “Britain’s investment fund for developing countries” – in an attempt to better address poverty alleviation. Secretary Mitchell recommended that the CDC “refocus its attention on development,” and called for increased investment in the area of clean energy.¹⁴⁵⁴

Moreover, on 29 June 2011, International Development Minister Stephen O’Brien stated that the UK would “continue to pressure the World Bank to improve its environmental credentials, calling on it to invest more in clean energy and avoid lending to coal-fired power plants where there are viable alternatives.”¹⁴⁵⁵ This was in response to claims from British MPs that the World Bank was “lending money to developing countries to build ‘dirty’ power stations.”¹⁴⁵⁶

¹⁴⁵¹ Mitchell: UK to help drive low carbon revolution in poorest countries, Department for International Development (London) 18 November 2010. Date of Access: 11 October 2011. <http://www.dfid.gov.uk/Media-Room/Press-releases/2010/Mitchell-UK-to-help-drive-low-carbon-revolution-in-poorest-countries/>.

¹⁴⁵² Speech by Andrew Mitchell, International Development Secretary, at a Climate and Development Knowledge Network event at British Council on 18 November 2010, Department for International Development (London) 18 November 2010. Date of Access: 11 October 2011. <http://www.dfid.gov.uk/Media-Room/Speeches-and-articles/2010/Climate-change/>.

¹⁴⁵³ Speech by Andrew Mitchell, International Development Secretary, at a Climate and Development Knowledge Network event at British Council on 18 November 2010, Department for International Development (London) 18 November 2010. Date of Access: 11 October 2011. <http://www.dfid.gov.uk/Media-Room/Speeches-and-articles/2010/Climate-change/>.

¹⁴⁵⁴ Private sector-led reform ‘key to CDC’s future’ says Andrew Mitchell, The Guardian (London) 19 January 2011. Date of Access: 11 October 2011. <http://www.guardian.co.uk/global-development/2011/jan/19/commonwealth-development-corporation-private-sector>.

¹⁴⁵⁵ UK must not support World Bank’s ‘dirty’ power subsidies, say MPs, The Guardian (London) 29 June 2011. Date of Access: 11 October 2011. <http://www.guardian.co.uk/environment/2011/jun/29/world-bank-subsidies-dirty-power>.

¹⁴⁵⁶ UK must not support World Bank’s ‘dirty’ power subsidies, say MPs, The Guardian (London) 29 June 2011. Date of Access: 11 October 2011. <http://www.guardian.co.uk/environment/2011/jun/29/world-bank-subsidies-dirty-power>.

Thus, the United Kingdom has been awarded a score of +1 for full compliance on its commitment to provide targeted energy support to the poorest. This fulfills the UK's pledge, reaffirmed at the Seoul Summit, as a G20 member that has no inefficient fossil-fuel subsidies.

Analyst: Samir Siddiqui

United States: 0

The United States has partially complied with its commitment to implement its country specific strategy to reduce inefficient fossil fuel subsidies that encourage wasteful consumption, while providing targeted support for the poorest.

On 18 September 2011, President Barack Obama “unveiled a plan for economic growth and deficit reduction that details how to pay for the American Jobs Act” that includes proposals “to repeal a number of tax preferences available for fossil fuels” in “accordance with the President’s agreement at the G-20 Summit in Pittsburgh in December 2009 to phase out subsidies for fossil fuels.”¹⁴⁵⁷ These tax preferences for oil and gas would only apply to “oil and gas activities beginning in 2013.”¹⁴⁵⁸

On 30 March 2011, President Barack Obama released “The Obama Administration’s Blueprint for a Secure Energy Future” affirming its G20 commitment to reduce wasteful use of fossil fuels and “to work under the auspices of the G20 to prompt policies that increase transparency and efficiency of international gas markets.”¹⁴⁵⁹ According to the Blueprint for a Secure Energy Future “in addition to phasing out inefficient fossil subsidies, the United States is also working with partners including Japan, the United Kingdom, France, and Germany, to catalyze both the use of natural gas and hybrid-diesel buses and expansion of mass transit in developing countries” and will support “transport programs in Egypt, Mexico, Philippines, Thailand, Vietnam and Colombia” as part of the “Clean Technology Fund” to “reduce demand for oil and help to catalyze similar efforts in other developing countries.”¹⁴⁶⁰

On 14 February 2011, President Barack Obama released the United State’s 2012 Fiscal Year Budget. The 2012 Budget proposal includes a commitment to eliminate “inefficient fossil fuel subsidies that impede investment in clean energy sources and undermine efforts to address the threat of climate change”¹⁴⁶¹ through elimination of USD 46 billion in tax subsidies for fossil fuel production, with President Obama proposing to use “these funds to support clean energy innovation.”¹⁴⁶²

¹⁴⁵⁷ President Obama: Washington Has to Live within its Means, Colleen Curtis, White House Blog (Washington) 19 September 2011. Date of Access: 10 October 2011.

<http://www.whitehouse.gov/blog/2011/09/19/president-obama-washington-has-live-within-its-means>

¹⁴⁵⁸ President Obama: Washington Has to Live within its Means, Colleen Curtis, White House Blog (Washington) 19 September 2011. Date of Access: 10 October 2011.

<http://www.whitehouse.gov/blog/2011/09/19/president-obama-washington-has-live-within-its-means>

¹⁴⁵⁹ The Obama Administration’s Blueprint for a Secure Energy Future, Heather Zichal, White House Blog (Washington) 30 March 2011. Date of Access: 10 October 2011.

<http://www.whitehouse.gov/blog/2011/03/30/obama-administration-s-blueprint-secure-energy-future>

¹⁴⁶⁰ The Obama Administration’s Blueprint for a Secure Energy Future, Heather Zichal, White House Blog (Washington) 30 March 2011. Date of Access: 10 October 2011.

<http://www.whitehouse.gov/blog/2011/03/30/obama-administration-s-blueprint-secure-energy-future>

¹⁴⁶¹ Department of Energy, Office of Management and Budget (Washington) 14 February 2011. Date of Access: 10 October 2011. www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/energy.pdf

¹⁴⁶² The Obama Administration’s Blueprint for a Secure Energy Future, Heather Zichal, White House Blog (Washington) 30 March 2011. Date of Access: 10 October 2011.

<http://www.whitehouse.gov/blog/2011/03/30/obama-administration-s-blueprint-secure-energy-future>

The United States has failed to maintain the level of targeted support for the poorest alongside its efforts to reduce inefficient fossil fuel subsidies through its Low Income Home Energy Assistance Program (LIHEAP) which helps “struggling families make ends meet by offsetting some of their home heating and cooling costs.” The 2012 Budget included a “50 percent funding reduction” in the LIHEAP program and “does not re-propose the creation of a LIHEAP funding trigger included in previous budget requests.”¹⁴⁶³

The United States has partially complied with its commitment to implement its country specific strategy to reduce inefficient fossil fuel subsidies that encourage wasteful consumption. However, because proposed cuts to the Low Income Home Energy Assistance Program (LIHEAP) in the 2012 Budget removes support for the poor in meeting their energy needs, the United States has received a score of 0.

Analyst: Nehal Tolia

European Union: n/a

The European Union has been omitted from scoring for this commitment. The EU did not indicate specific fossil fuel subsidies to be suspended in the appendix to the G20 Summit Declaration.

Analysts: Ivana Jankovic and Nadia Bucciarelli

¹⁴⁶³ Giving a Hand Up to Low-Income Families: The Federal Budget Fiscal Year 2012, The White House, Office of Management and Budget (Washington) 14 February 2011. Date of Access: 10 October 2011. <http://www.whitehouse.gov/omb/factsheet/giving-a-hand-up-to-low-income-families>

11. Energy: Clean Energy Technologies

Commitment [#135]:

“We will take steps to create, as appropriate, the enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies, including policies and practices in our countries and beyond, including technical transfer and capacity building.”

Seoul Summit Document

Assessment:

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

Background:

Commitments to develop and diffuse energy efficiency and clean energy in all areas of energy production have been a staple of G8 summits. Historically, the G8’s focus on innovations in energy-producing technology has been motivated by a desire to curtail global energy insecurity and reduce the environmental impact of conventional modes of energy production.

The G20 made its first commitment to develop energy efficiency and clean energy technologies at the London Summit, on 2 April 2009. At the summit in Pittsburgh in 2009, the G20 leaders reiterated their commitment to stimulate investment in clean energy, renewables, and energy efficiency and provide financial and technical support for such projects in developing countries. This commitment was reinforced at the Seoul Summit.

Commitment Features:

This is a two-part commitment asking for action on two levels: facilitation of the diffusion or transfer of energy efficiency and/or clean energy technologies by G20 member in their countries and beyond. To achieve full compliance, a member must take action in both of these areas.

Examples of policy and regulatory measures that could provide incentives for the private sector to adopt and develop energy efficiency and/or clean technologies are: establishment of an emission trading mechanism that would enable private companies to sell carbon credits they gained from

investing in clean energy technology research and development; implementation of credits and tax credits for private investment in clean energy technology research and development; establishment of privileged loans for energy efficiency and clean technology research and development; and setting up a certification system for companies that invest in energy efficiency and clean energy technology research and development.

For full compliance with this commitment, a member must conduct joint research projects and build capacity or undertake other actions to facilitate the diffusion or transfer of energy efficiency and/or clean energy technology at national and international levels, unilaterally as well as in cooperation with other G20 countries.

Scoring Guidelines:

-1	Member does not take steps to create the enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies, including policies and practices in its own country AND beyond, including technical transfer and capacity building.
0	Member takes steps to create the enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies, including policies and practices in its own country OR beyond, including technical transfer and capacity building.
+1	Member takes steps to create the enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies, including policies and practices in its own country AND beyond, including technical transfer and capacity building.

Argentina: 0

Argentina has partially complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

As of 23 March 2011, 23 billion of low energy consumption bulbs were distributed among 6.5 million households, which equals 600-750 MW of saved energy or 3% of the total energy production capacity in Argentina. The initiative is undertaken in the framework of the National Programme of Rational and Efficient Use of Energy (PRONUREE).¹⁴⁶⁴

According to the Ministry of Planning, the country is on the way to achieve the target of generating 8% of the energy consumption by 2016 from the renewable sources of energy.¹⁴⁶⁵

On 30 May 2011, a new resolution on energy efficiency (Resolution 198/2011 of Ministry for Energy) established energy efficiency standards for domestic refrigerators and electric appliances.¹⁴⁶⁶

¹⁴⁶⁴ Ya Son 23 Millones Las Lámparas De Bajo Consumo Entregadas A 6,5 Millones De Hogares Ministry of Planning (Buenos Aires) 23 March 2011. Date of access: 17 April 2011.

¹⁴⁶⁵ <http://www.minplan.gov.ar/notas/333-argentina-dispondr-un-8--energias-renovables--2016>
 ARGENTINA DISPONDRÁ DE UN 8% DE ENERGÍAS RENOVABLES EN 2016, Ministry of Planning 27 March 2011. Date of access: 17 April 2011. <http://www.minplan.gov.ar/notas/328-ya-son-23-millones-las-lmparas-consumo-entregadas-65-millones-hogares>

¹⁴⁶⁶ Nueva resolución de Eficiencia Energética - Res. SE n° 198/2011, Ministry of Planning (Buenos Aires) 30 May 2011. Date of access: 18 July 2011. <http://energia3.mecon.gov.ar/contenidos/verpagina.php?idpagina=3410>

On 30 September 2011, Rawson Wind Energy Park was inaugurated in the province of Chubut. Energy generation is based on renewable sources and is to become the largest energy-producing facility in the country with the largest total capacity in the South American region of 80MW. The project involves construction of 43 windmills, 28 out of which have already been installed. Besides, solar energy plant was launched in the province of San Juan with the total of 4,836 solar panels.¹⁴⁶⁷

Argentina has taken steps to promote and deploy clean energy technologies within its borders but has not developed energy efficiency in other countries and thus is awarded a score of 0.

Analyst: Polina Arkhipova

Australia: +1

Australia has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

On 26 November 2010, the Australian Carbon Trust (a company set up by the Australian Government in 2010) signed a multi-million dollar financial agreement with six major companies aimed at financing energy efficiency projects and leveraging significant private sector finance to achieve cost-effective energy efficiency improvements.¹⁴⁶⁸

On 15 December 2010, the Minister for Climate Change and Energy Efficiency Combet announced that AUD51 billion (AUD1 approximately equals to USD1) would be awarded to schools as Federal Government allocates funds to install solar and other renewable power systems, rainwater tanks and to help implement a range of other energy efficiency measures.¹⁴⁶⁹

On 20 January 2011, the Australian Government's Automotive Transformation Scheme was launched to help vehicle and component makers get cleaner and greener products to market. This AUD3.4 billion scheme for the period up to 2020 is the centerpiece of the Australian Government's New Car Plan for a Greener Future.¹⁴⁷⁰

On 23 August 2011, legislation to underpin the Carbon Farming Initiative (CFI) was passed by the Parliament.¹⁴⁷¹ It received royal assent on 15 September 2011.¹⁴⁷² The CFI aims to give

¹⁴⁶⁷ La Presidenta inauguró el mayor Parque Eólico del país, Presidencia de la Nación Argentina (Buenos Aires) 30 September 2011. Date of Access: 1 October 2011. <http://www.caserosada.gov.ar/informacion/actividad-oficial/25431-la-presidenta-inauguro-el-mayor-parque-eolico-del-pais>.

¹⁴⁶⁸ First Energy Efficiency Program investments announced, Minister for Climate Change and Energy Efficiency 26 November 2010. Date of access: 4 April 2011. www.climatechange.gov.au/minister/greg-combet/2010/media-releases/November/mr20101126.aspx

¹⁴⁶⁹ More schools go solar with Federal Government grants, Minister for Climate Change and Energy Efficiency 15 December 2010. Date of access: 3 April 2011. www.climatechange.gov.au/en/minister/greg-combet/2010/media-releases/December/mr20101215a.aspx

¹⁴⁷⁰ New Automotive Transformation Scheme Hits the Road Running, Minister for Innovation, Industry, Science and Research 20 January 2011. Date of access: 2 April 2011. minister.innovation.gov.au/Carr/MediaReleases/Pages/newautomotivetransformationschemehitstheroadrunning.aspx

¹⁴⁷¹ Carbon Farming legislation passes the Parliament, Department of Climate Change and Energy Efficiency 24 August 2011. Date of access: 28 September 2011. www.climatechange.gov.au/en/media/whats-new/passage-of-cfi-legislation.aspx

¹⁴⁷² Carbon Farming legislation receives royal assent, Department of Climate Change and Energy Efficiency 23 September 2011. Date of access: 28 September 2011. www.climatechange.gov.au/media/whats-new/carbon-farming-legislation-receives-royal-assent.aspx

farmers, forest growers and landholders access to domestic and international carbon markets, providing an investment incentive for environmental conservation and greenhouse gas emission reduction

On 11 June 2011, Prime Minister Gillard announced new stricter pollution standards to be imposed on all new cars sold in Australia by 2018. Once fully implemented, the standards will reduce the maximum allowable emissions by up to 50-90% for particular polluting elements, and encourage introduction of energy efficient technologies.¹⁴⁷³

On 10 July 2011, Australian Government set out a comprehensive plan for tackling climate change, “Securing a clean energy future.”¹⁴⁷⁴ This long-term plan to cut pollution by promoting renewable energy and energy efficiency includes the following measures: introduction of a carbon price commencing from 1 July 2012, household and business assistance, enhanced support for innovation, establishment of a new independent Climate Change Authority.¹⁴⁷⁵ Legislation was introduced on 13 September 2011.¹⁴⁷⁶

On 31 August 2011, Innovation Minister Carr announced AUD35.2 million financing for Green Building Fund which would help 90 buildings all across the country to introduce green technologies.¹⁴⁷⁷

At the international level, Australia has launched several initiatives to spread clean energy technologies worldwide.

On 9 December 2010, Minister for Climate Change and Energy Efficiency Combet announced an allocation of additional AUD45 million to support Indonesia’s efforts to address climate change as part of Australia’s AUD599 million climate change fast-start funding which was announced in June 2010. AUD30 million will be invested to accelerate joint work on Indonesia’s National Carbon Accounting System.¹⁴⁷⁸

On 16 March 2011, Minister for Innovation, Industry, Science and Research Kim Carr signed the Memorandum of Understanding (MoU) between the Australian Solar Institute (ASI) and the Deutsches Zentrum für Luft- und Raumfahrt (DLR) – Germany’s national research centre for

¹⁴⁷³ New Pollution Standards for Vehicles, Minister for Infrastructure and Transport (Canberra) 11 June 2011. Date of access: 5 July 2011. www.minister.infrastructure.gov.au/aa/releases/2011/June/AA0106_2011.aspx

¹⁴⁷⁴ Securing a clean energy future for Australia, Department of Climate Change and Energy Efficiency (Canberra) 10 July 2011. Date of access: 16 July 2011. www.climatechange.gov.au/en/media/whats-new/clean-energy-future.aspx

¹⁴⁷⁵ MPCCC releases Clean Energy Agreement, Department of Climate Change and Energy Efficiency (Canberra) 10 July 2011. Date of access: 16 July 2011. www.climatechange.gov.au/en/media/whats-new/mpccc-cleanenergy-agreement.aspx

¹⁴⁷⁶ Clean Energy Legislative Package, Department of Climate Change and Energy Efficiency 13 September 2011. Date of access: 28 September 2011. www.climatechange.gov.au/media/whats-new/clean-energy-legislative-package.aspx

¹⁴⁷⁷ More Buildings Go Green Under Expanded Green Building Fund, Minister for Innovation, Industry, Science and Research 31 August 2011. Date of access: 28 September 2011. <http://minister.innovation.gov.au/Carr/MediaReleases/Pages/MOREBUILDINGSGOGREENUNDEREXPANDEDGREENBUILDINGFUND.aspx>

¹⁴⁷⁸ Strengthening Australia’s climate change partnership with Indonesia, Minister for Climate Change and Energy Efficiency 9 December 2010. Date of access: 4 April 2011. www.climatechange.gov.au/minister/greg-combet/2010/media-releases/December/mr20101209.aspx

aeronautics and space. The MoU aims to foster cooperation in solar energy research and deployment.¹⁴⁷⁹

Thus Australia deserves a score of +1 for stepping up efforts to introduce and disseminate green energy technologies domestically and abroad.

Analyst: Ekaterina Maslovskaya

Brazil: +1

Brazil has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

On 5 January 2011, one of Brazil's state-owned banks, Brazil's National Economic and Social Development Bank (BNDES), has given BRL588.9 million (about USD360 million) for the construction of nine wind farms in the state of Bahia.¹⁴⁸⁰

On 21 February 2011, The Brazilian Electricity Regulatory Agency (ANEEL) issued several publications aiming to inform the society on topics relating to the electricity sector.¹⁴⁸¹ The collection consists of six small booklets containing illustrated tips on saving and efficient use of electricity. The task of the booklets is to teach Brazilians to save energy resources.¹⁴⁸²

On 4 December 2010, at the 6th UN Conference on Climate Change (COP 16) and at the World Climate Summit (WCS) Brazil presented its experience of using biofuel. Biofuel usage in Brazil helped to avoid the emission of more than 600 million tons of CO₂ over the last three decades.¹⁴⁸³

On 19 March 2011, Brazil and the USA announced that they launched a Partnership for the Development of Aviation Biofuels. The goals of this partnership are development of sustainable biofuels for aviation as an important means of reducing aviation greenhouse gas emissions and coordinating efforts towards the establishment of common standards for aviation biofuels. Within the partnership cooperative activities include: exchanges of experts and non-proprietary data as well as analysis by national research labs and joint engagement in multilateral fora.¹⁴⁸⁴

On 26 March 2011, The Brazilian Development Bank (BNDES) and the Japan Bank for International Cooperation (JBIC) entered into a financing agreement in the amount of USD300

¹⁴⁷⁹ Australia and Germany Strengthen Solar Research Ties, Minister for Innovation, Industry, Science and Research 16 March 2011. Date of access: 2 April 2011. minister.innovation.gov.au/Carr/MediaReleases/Pages/australiaandgermanystrengthensolarresearchties.aspx

¹⁴⁸⁰ BNDES Approves Finance for Construction of Nine Wind Farms in Bahia, Portal Brasil 5 January 2011. Date of Access: 10 April 2011. <http://www.brasil.gov.br/news/history/2011/01/05/bndes-approves-finance-for-construction-of-nine-wind-farms-in-bahia>.

¹⁴⁸¹ Pamphlets Explain ANEEL Operations and Give Tips on Saving Power, Brazilian Electricity Regulatory Agency 21 February 2011. Date of Access: 10 April 2011. http://www.aneel.gov.br/aplicacoes/noticias_area/dsp_detalheNoticia.cfm?idNoticia=3764&idAreaNoticia=347.

¹⁴⁸² Pamphlets Energy Day by Day, Brazilian Electricity Regulatory Agency 21 February 2011. Date of Access: 10 April 2011. <http://www.aneel.gov.br/area.cfm?idArea=551&idPerfil=6>.

¹⁴⁸³ Brazilian Experience in Clean, Renewable Energy Discussed at COP 16, Portal Brasil 4 December 2010. Date of Access: 10 April 2011. <http://www.brasil.gov.br/news/history/2010/12/04/brazilian-experience-in-clean-renewable-energy-discussed-at-cop-16>.

¹⁴⁸⁴ Partnership for Development of Aviation Biofuels, Portal Brasil 19 March 2011. Date of Access: 10 April 2011. <http://www.brasil.gov.br/news/history/2011/03/19/partnership-for-development-of-aviation-biofuels>.

million within the scope of the Green Line. The Green Line (Global Action for Reconciling Economic Growth and Environmental Preservation) is aimed at supporting projects that benefit the global preservation of the environment, fostering the reduction of greenhouse gas emissions, energy efficiency and the use of renewable energy.¹⁴⁸⁵

Brazil has developed and deployed energy efficiency and clean energy technologies in the country and abroad. Thus Brazil has been given a score of +1.

Analyst: Pavel Zhdanov

Canada: +1

Canada has fully complied with the commitment to create the enabling environment conducive to the development and deployment of energy efficiency and clean energy technologies in the country and beyond.

Some measures have been undertaken to develop and deploy energy efficiency and clean energy technologies in Canada.

On 24 January 2011, Minister of State (Sport) Gary Lann announced CAD3.9 million (approximately USD3.9 million) in support from the Clean Energy Fund for the City of Colwood's community-scale solar project. This funding is part of the Government's action to improve economic and environmental performance in the country.¹⁴⁸⁶

On 22 March 2011, Minister of Finance Jim Flaherty tabled a new federal budget. The investment of almost CAD870 million (approximately USD887 million) for Canada's Clean Air Agenda, CAD97 million (approximately USD99 million) to renew funding for technology and innovation in the areas of clean energy and energy efficiency and CAD8 million (approximately USD8 million) to renew funding to promote the deployment of clean energy technologies in Aboriginal and Northern communities is expected to be made over two years in accordance with this document.¹⁴⁸⁷

On 8 June 2011, Joe Oliver, Minister of Natural Resources, announced that Invenergy's Raleigh Wind Energy Centre would receive up to CAD24 million (approximately USD24.5 million) over ten years through the ecoENERGY for Renewable Power program.¹⁴⁸⁸

On 11 June 2011, Natural Resources Canada's Clean Energy Fund provided investment of CAD7.5 million (approximately USD7.5 million) to BC Hydro's innovative clean energy project.¹⁴⁸⁹

¹⁴⁸⁵ BNDES Enters into \$300 Million Agreement with JBIC, The Brazilian Development Bank (BNDES) 6 April 2011. Date of Access: 10 April 2011. http://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/Press/Destaques_Primeira_Pagina/20110406_BNDES_JBIC.html.

¹⁴⁸⁶ Government of Canada Invested in B.C. Solar Energy Project, Natural Resources Canada 24 January 2011. Date of Access: 28 April 2011. <http://www.nrcan-rncan.gc.ca/media/newcom/2011/201111-eng.php>

¹⁴⁸⁷ Federal Government Released New Budget, 28 March 2011. Date of Access: 28 April 2011. <http://www.cleanenergyandtechnologyblog.com/canada-federal/federal-government-releases-new-budget/>

¹⁴⁸⁸ Government of Canada Invests in Wind Energy in Ontario, 8 June 2011. Date of Access: 19 July 2011. <http://www.nrcan.gc.ca/media-room/news-release/2011/54/1745>

¹⁴⁸⁹ Golden and Field home to a Canadian first BC Hydro breaks ground on innovative clean energy project, 11 June 2011. Date of Access: 19 July 2011. <http://www.nrcan.gc.ca/media/newcom/2011/201154-eng.php>

On 28 June 2011, Dave Van Kesteren, Member of Parliament for Chatham-Kent-Essex, on behalf of the Honourable Joe Oliver, Minister of Natural Resources, announced the ecoENERGY for Renewable Power program was delivering an investment of up to CAD31 million (approximately USD31.5 million) over ten years to the Kruger Energy Chatham Wind Project.¹⁴⁹⁰

On 28 July 2011, Minister of Natural Resources announced an investment of USD53 million (approximately USD55 million) in clean technology through Sustainable Development Technology Canada (SDTC). The investment, from SDTC's SD Tech Fund, includes 17 new clean technology projects across Canada in the areas of agriculture, transportation, mining and energy.¹⁴⁹¹

On 2 August 2011, Minister of Natural Resources launched the Government of Canada's new ecoENERGY Innovation Initiative. The CAD 97 million (approximately USD99 million) program will invest in research, development and demonstration projects for clean energy technologies that will create high-quality jobs for Canadians.¹⁴⁹²

On 7 September 2011, Natural Resources Minister announced that the Government of Canada was investing USD78 million over the next two years to improve energy efficiency in Canada's buildings, homes, industries, vehicles and consumer appliances. The new set of ecoENERGY Efficiency initiatives will help improve energy efficiency, reduce greenhouse gas emissions and save money for Canadians and Canadian businesses.¹⁴⁹³

Some measures have been taken by Canada to develop and deploy energy efficiency and clean energy technologies abroad.

On 14 September 2011, the Clean Technology Accelerator program was launched in San Jose, California. Located in San Jose's Environmental Business Cluster, the program will provide Canadian high-tech clean energy companies with access to customers and partners in California and other global markets.¹⁴⁹⁴

Consequently, Canada has been awarded a score of +1 for taking steps for the development and deployment of energy efficiency and clean energy technologies in the country and beyond.

Analyst: Vitaly Nagornov

China: +1

China has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

¹⁴⁹⁰ Government of Canada Invests in Wind Energy in Southern Ontario, 28 June 2011. Date of Access: 19 July 2011. <http://www.nrcan.gc.ca/media-room/news-release/2011/56/2006>

¹⁴⁹¹ Harper Government Announces Clean Technology Projects Across Canada, 28 July 2011. Date of Access: 1 October 2011. <http://www.nrcan.gc.ca/media-room/news-release/2011/71/1648>

¹⁴⁹² Harper Government Launches New Clean Energy Innovation Initiative, 2 August 2011. Date of Access: 1 October 2011. <http://www.nrcan.gc.ca/media-room/news-release/2011/72/1783>

¹⁴⁹³ Harper Government Invests in New Energy Efficiency Initiatives, 7 September 2011. Date of Access: 1 October 2011. <http://www.nrcan.gc.ca/media-room/news-release/2011/72/1783>

¹⁴⁹⁴ Government of Canada Announces New Initiative for Canadian Clean Energy Businesses, 14 September 2011. Date of Access: 1 October 2011. <http://www.nrcan.gc.ca/media-room/news-release/2011/83/3019>

On 19 January 2011, the Second U.S.-China Strategic Forum on Clean Energy Cooperation concluded in Washington with a series of big clean energy deals signed and companies from both countries having discovered shared goals and interests.¹⁴⁹⁵

On 3 March 2011, Premier Wen Jiabao announced plans to slash energy consumption and carbon dioxide emissions for each unit of economic growth by 16% and 17% respectively. The country also aims to increase the use of clean energy by raising the percentage of non-fossil fuels in its energy mix to 11.4% from 8.3% in 2010. The targets are part of the country's wider plan to reduce carbon intensity by 40 to 45% by 2020 from 2005 levels as a key part of the fight against climate change, a pledge made by the Premier. In 2011, China aims to reduce both carbon and energy intensity by about 3.5% compared with the previous year. The five-year blueprint also sets a target to slash emissions of major pollutants by 8 to 10% by 2015.¹⁴⁹⁶

On 3 March 2011, Chinese Premier Wen Jiabao said the goals for 2011-2015 are generally in line with China's plan to cut carbon intensity – or carbon dioxide emission per unit of GDP – by 40 to 50% by 2020 from 2005's levels. China has vowed to lift the portion of non-fossil fuels in overall primary energy use to 15% by 2020.¹⁴⁹⁷

On 5 March 2011, the draft of China's 12th Five-Year Plan (2011-2015) was submitted to the National People's Congress, where the key targets of the draft include: Non-fossil fuel to account for 11.4% of primary energy consumption; Energy consumption per unit of GDP to be cut by 16%; carbon dioxide emission per unit of GDP to be cut by 17%.¹⁴⁹⁸

On 5 March 2011, China announced goals of building 235 million kilowatts of power generation capacity of clean energy in the next five years, in an effort to trim the country's heavy reliance on fossil fuels. From 2011 to 2015, China plans to launch nuclear energy projects with a combined generation capacity of 40 million kw. In addition to boosting the construction of nuclear power plants in the coastal areas, new plants will be planned in central regions, according to the government's draft 12th Five-Year Plan. The country also plans to build hydropower stations along major rivers such as the Jinsha River, Yalong River and Dadu River with an installed capacity of 120 million kw. At least 70 million kw of wind power capacity and 5 million kw of solar power capacity will be created in the next five years, according to the draft plan. Moreover, China will construct oil and gas pipelines of about 150,000 kilometers in the next five years. The pipelines include a gas pipeline to central Asia and oil pipelines to Kazakhstan and Myanmar.¹⁴⁹⁹

On 28 March 2011, Zhou Changyi, director of energy conservation and comprehensive utilization department with the Ministry of Industry and Information Technology said at a conference in Nanjing, capital of eastern Jiangsu Province, that China aims to reduce energy use and carbon emissions per unit of industrial value-added output by 4% this year. Water use per unit of

¹⁴⁹⁵ China, U.S. clean energy forum concludes with big deals signed, Government of China 19 January 2011. Date of Access: 19 January 2011. http://www.gov.cn/misc/2011-01/20/content_1789242.htm

¹⁴⁹⁶ New Energy Targets to Produce A Greener Nation, Ministry of Environmental Protection of the People's Republic of China 3 March 2011. Date of Access: 7 March 2011. <http://websearch.mep.gov.cn/was40/detail?record=2&channelid=24398&searchword=energy+efficiency+>

¹⁴⁹⁷ China more energy efficient, Ministry of Commerce People's Republic of China 28 March 2011. Date of Access: 29 March 2011. <http://english.mofcom.gov.cn/aarticle/newsrelease/counseloroffice/westernasiaandaficareport/201103/20110307471773.html>

¹⁴⁹⁸ Key targets of China's 12th five-year plan, Government of China 5 March 2011. Date of Access: 5 March 2011. http://english.gov.cn/2011-03/05/content_1816822.htm

¹⁴⁹⁹ China announces ambitious clean energy plans for next five, Chinese Online Information Service 5 March 2011. Date of Access: 7 March 2011. <http://chinatibet.people.com.cn/96057/7310149.html>

industrial value-added output will be slashed by 7% this year, he said. The cuts are part of the country's wider plan to reduce energy consumption and carbon emissions per unit of industrial value-added output by 18% by 2015, said MIIT deputy minister Su Bo. The government also pledged a 30% reduction in water consumption per unit of industrial value-added output by 2015, he added.¹⁵⁰⁰

On 28 March 2011, Su Bo, Vice Minister of the Ministry of Industry and Information Technology, said at a meeting in Nanjing that compulsory targets for the 18% cuts of energy consumption for per unit of industrial output, the minimum reduction of 18% for carbon dioxide emission and 30% slash of water consumption, as well as a increasing the utilization of industrial solid wastes to 72% by 2015 from the level of the end of 2010.¹⁵⁰¹

On 29 March 2011, the National Development and Reform Commission announced that the country intends to reduce its energy consumption per unit of gross domestic product by 3.5% compared to 2010, and the water consumption per CNY10.000 of industrial value-added output is set to see a 7% year-on-year dip.¹⁵⁰²

On 28 February 2011, a series of agreements were signed between Fu Ziyang, Vice Minister of commerce of China and Rameshore Prasad Khanal, Secretary of the Ministry of Finance on behalf of their respective governments in Kathmandu. According to the agreements, China through the Export-Import Bank of China has agreed to provide a loan assistance of CNY640 million (USD96 million) for the construction of Upper Trisuli 3A Hydropower Project of Nepal. The project capacity of 60 MW is expected to help reduce power deficit from the present power crisis across the country and the construction work is expected to be completed within four years.¹⁵⁰³

On 23 June 2011, Han Wenke, director of the Energy Research Center at the National Development and Reform Commission, said China would invest CNY400 billion (USD62 billion) in the construction of four hydroelectric dams, to help the government boost the share of non-fossil fuels in national energy consumption.¹⁵⁰⁴

On 6 July 2011, Chinese central government decided to allocate funds to support energy saving and emission reductions in road and waterway transport in the next five years. The program may receive up to CNY10 million (USD1.55 million) in awards for their energy-saving and emission-reduction efforts. Companies and public institutions will be awarded with as much as CNY600 for each metric ton of the equivalent of coal they save each year. Meanwhile, those using

¹⁵⁰⁰ China announces targets for carbon emission, energy cuts for 2011, Ministry of Commerce People's Republic of China 28 March 2011. Date of Access: 29 March 2011. <http://english.mofcom.gov.cn/article/newsrelease/counseloroffice/westernasiaandafricareport/201103/20110307471773.html>

¹⁵⁰¹ China sets higher goals for energy use, gas emissions, Chinese Online Information Service 28 March 2011. Date of Access: 28 March 2011. <http://english.people.com.cn/90001/90778/90860/7333296.html>

¹⁵⁰² China releases green goals for 2011, Chinese Online Information Service 29 March 2011. Date of Access: 30 March 2011. <http://english.people.com.cn/90001/90778/90862/7335510.html>

¹⁵⁰³ China agrees to provide assistance to Nepal for different projects, Chinese Online Information Service 28 February 2011. Date of Access: 28 February 2011. http://news.xinhuanet.com/english2010/china/2011-02/28/c_13754461.htm

¹⁵⁰⁴ Nation to build new hydroelectric power plants, Xinhua News Agency 23 June 2011. Date of Access: 23 June 2011. http://news.xinhuanet.com/english2010/business/2011-06/23/c_13945787.htm

alternative fuels will be awarded up to CNY2,000 for each ton of standard oil they substituted, according to the document.¹⁵⁰⁵

China has been awarded a score of +1 for taking steps for development and deployment of energy efficiency and clean energy technologies within the country and implementing measures for promoting these initiatives in other countries.

Analyst Svetlana Nikitina

France: +1

France has fully complied with the commitment to create the enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies in its own country and beyond.

Measures have been taken to develop and deploy energy efficiency and clean energy technologies in the country.

On 26 December 2010, Minister of Sustainable Development and the Minister of Economy, Finance and Industry announced changes to the environment bonus-malus.¹⁵⁰⁶ In France, cars are taxed (malus) or credited (bonus) if their carbon emissions are above or below certain targets.

On 29 December 2010, Minister of Economy, Finance and Industry and Minister of Industry, Energy and Digital Economy launched the third contest for eco-industries' projects.¹⁵⁰⁷

On 30 December 2010, Minister of Economy, Finance and Industry and Minister of Industry, Energy and Digital Economy launched a new stage of the system providing certificates for energy savings.¹⁵⁰⁸

On 7 March 2011, the Government adopted the new regulatory framework for photovoltaic development.¹⁵⁰⁹

France has undertaken some measures for promoting these initiatives in other countries.

On 9 December 2010, French Prime Minister Francois Fillon and Russian Prime Minister Vladimir Putin signed an agreement to create a centre that will address problems in energy conservation and energy efficiency. Electricity of France (EDF) and Inter RAO UES have established a joint venture to promote high-tech and energy efficient services in the Russian market.¹⁵¹⁰

¹⁵⁰⁵ China steps up energy saving, emission reductions in transport, Government of China 6 July 2011. Date of Access: 6 July 2011. http://english.gov.cn/2011-07/06/content_1900628.htm

¹⁵⁰⁶ Evolution du bonus-malus écologique en 2011. Date of Access: 28 April 2011. <http://www.developpement-durable.gouv.fr/Evolution-du-bonus-malus.html>

¹⁵⁰⁷ Lancement de l'appel a projets éco-industrie 2011. Date of Access: 28 April 2011. <http://www.developpement-durable.gouv.fr/Lancement-de-l-appel-a-projets-eco.html>

¹⁵⁰⁸ Une nouvelle étape pour les certificats d'économies d'énergie. Date of Access: 28 April 2011. <http://www.developpement-durable.gouv.fr/Une-nouvelle-periode-d-economies-d.html>

¹⁵⁰⁹ Le Gouvernement met en place le nouveau cadre de régulation du photovoltaïque. <http://www.developpement-durable.gouv.fr/Le-Gouvernement-met-en-place-le.html>

¹⁵¹⁰ Prime Minister Vladimir Putin and French Prime Minister Francois Fillon chair the 15th meeting of the Russian-French Commission on Bilateral Cooperation, 9 December 2010. Date of Access: 28 April 2011. <http://premier.gov.ru/eng/events/news/13311/>

France has been awarded a score of +1 for taking steps for development and deployment of energy efficiency and clean energy technologies with the country and implementing measures for promoting these initiatives in other countries.

Analyst: Vitaly Nagornov

Germany: +1

Germany has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

Various measures have been undertaken to encourage the development and deployment of energy efficiency in Germany.

On 8 December 2010, two acts concerning energy came into force. The Nuclear Fuel Tax Act, according to which a tax is imposed on nuclear-energy producers from 1 January 2011 to 31 December 2016. Tax revenues will be used to promote alternative energy sources in Germany and to finance the “Energy and Climate Fund.”¹⁵¹¹ Secondly, establishing Energy and Climate Fund on 1 January 2011 was approved. The fund is designed to finance the development of renewable energy sources in Germany.¹⁵¹²

On 17 December 2010, the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety granted EUR1.2 million (USD1.68 million) under the Environmental Innovation Programme for an energy efficiency project, which deals with expanding the use of biomass energy.¹⁵¹³

On 16 February 2011, The German Federal Cabinet adopted a draft amendment to the Greenhouse Gas Emissions Trading Act (TEHG). The amendment to the Act transposes comprehensive amendments to the EU Emissions Trading Directive into national law. The TEHG amendment serves the purpose of incorporating the rules of EU emissions trading into the German legal system and regulates the enforcement of the Act. The competences of the federal and state governments regarding the enforcement are defined more clearly than before. For example, in future emissions monitoring will be a responsibility of the German Emissions Trading Authority (DEHSt) at the Federal Environment Agency.¹⁵¹⁴

On 14 March 2011, following the nuclear accident in Japan, the Federal Government of Germany imposed a three-month moratorium on the extension of the operating lives of Germany’s seven oldest nuclear power plants agreed on 8 December. German Chancellor Angela Merkel

¹⁵¹¹ Kernbrennstoffsteuergesetz, Federal Ministry of Finance 13 December 2010. Date of Access: 10 April 2011. http://www.bundesfinanzministerium.de/nn_67366/DE/BMF_Startseite/Aktuelles/Aktuelle_Gesetze/Gesetze_Verordnungen/001.html?_nn=true.

¹⁵¹² Energie- und Klimafonds, Federal Government of Germany 26 November 2010. Date of Access: 10 April 2011. http://www.bundesregierung.de/nn_1524/Content/DE/Artikel/2010/09/2010-09-28-energie-klimafonds.html.

¹⁵¹³ Aus Biomasse wird Strom und Wärme, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety of Germany 17 December 2010. Date of Access: 10 April 2011. http://www.bmu.de/pressemitteilungen/aktuelle_pressemitteilungen/pm/46844.php.

¹⁵¹⁴ Federal Cabinet adopts draft act revising emissions trading, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety of Germany 16 February 2011. Date of Access: 10 April 2011. http://www.bmu.de/english/current_press_releases/pm/47039.php.

announced that the government would be increasing the pace at which Germany moves towards the age of renewables.¹⁵¹⁵

On 15 March 2011, the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety approved the adoption of better conditions for the Market Incentive Programme in Germany. The programme has been implemented since March 2008 and is aimed at achieving a share of 14 % of renewable energies in the heating market till 2020. The new conditions comprise providing extended renewable energy subsidies, including subsidies for developing solar and biomass energy.¹⁵¹⁶

On 30 June 2011, the German Bundestag approved the plan of the Federal Government of Germany to close down all Germany's nuclear power plants by the end of 2022, thereby adopting a new law ending nuclear power in Germany. According to German parliamentarians, the decision to abandon nuclear power plants sets Germany on the road to an ambitious build-up of renewable energy.¹⁵¹⁷

On 8 July 2011, the German Bundestag adopted the Grid Expansion Acceleration Act. The act is aimed at advancing the expansion of the power grid, which is a precondition for the ambitious expansion of renewable energies. One of the objectives of the act is to reduce the duration of authorization procedures. The act is regarded to be vitally important for expanding the use of renewable energy sources.¹⁵¹⁸

On 20 September 2011, the European Commission signed its Roadmap for a resource-efficient Europe.¹⁵¹⁹ On the same day, German Federal Minister of Economics and Technology Philipp Rösler stated that Germany placed high priority on the Roadmap and Germany would follow the Roadmap to improve its resource-efficiency policy.¹⁵²⁰

Germany also took actions to develop energy efficiency and clean energy technologies in other countries

From 17 to 25 January 2011, the Afghan Minister for Energy and Water Ismail Khan along with a delegation from the Afghanistan Ministry for Energy and Water visited Germany to consult with

¹⁵¹⁵ German government imposes three-month moratorium on extension of nuclear power plant operations, Federal Government of Germany 14 March 2011. Date of Access: 10 April 2011.

http://www.bundesregierung.de/Content/EN/Artikel/_2011/03/2011-03-14-moratorium-kernkraft-deutschland_en.html.

¹⁵¹⁶ Verbesserte Förderkonditionen für erneuerbare Energien im Marktanzreizprogramm treten in Kraft, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety of Germany 15 March 2011. Date of Access: 10 April 2011.

http://www.bmu.de/pressemitteilungen/aktuelle_pressemitteilungen/pm/47109.php.

¹⁵¹⁷ Bundestag beschließt Atomausstieg und Energiewende, the German Bundestag 30 June 2011. Date of Access: 7 July 2011.

http://www.bundestag.de/dokumente/textarchiv/2011/34938007_kw26_de_energiewende/index.html.

¹⁵¹⁸ Rösler: "Zustimmung des Bundesrates zum Netzausbaubeschleunigungsgesetz ist ein großer Erfolg", Federal Ministry of Economics and Technology of Germany 8 July 2011. Date of Access: 11 July 2011.

<http://www.bmwi.de/BMWi/Navigation/Presse/pressemitteilungen,did=423000.html>.

¹⁵¹⁹ Roadmap to a Resource Efficient Europe. European Commission 20 September 2011. Date of Access: 25 September 2011. http://ec.europa.eu/environment/resource_efficiency/pdf/com2011_571.pdf

¹⁵²⁰ Roadmap der Europäischen Kommission für ein ressourceneffizientes Europa. Federal Ministry for Economics and Technology of Germany 20 September 2011. Date of Access: 25 September 2011.

<http://www.bmwi.de/BMWi/Navigation/Presse/pressemitteilungen,did=442892.html>.

Germany's major experts in energy from waste and visit Germany's enterprises producing energy from waste. The visit was held under the German Federal Programme Renewable Energy Supply for Rural Areas.¹⁵²¹

On 9 February 2011, the German Federal Ministry of Economics and Technology introduced its 10-point action plan for North Africa. As stated in the plan, the Ministry is increasing its support for cooperative ventures between German and North African companies within the framework of its Renewable Energy Export Initiative. Planned activities include information events in Morocco, Algeria, Tunisia and Egypt on the topics of wind power, solar thermal energy, biogas and photovoltaics. These events will be held in cooperation with Germany's chambers of industry and commerce and the foreign trade and inward investment agency of the Federal Republic of Germany, Germany Trade and Invest.¹⁵²²

On 22 February 2011, largest-ever photovoltaic system in sub-Saharan Africa started operating in Nairobi, Kenya. The system was based on German solar technology built by the German company Energiebau Solarstromsysteme GmbH. The project was supported by the German Federal Ministry of Economics and Technology through its Renewable Energy Export Initiative and by German Federal Ministry for Cooperation and Development through a development partnership with the private sector under its develoPPP.de programme.¹⁵²³

Germany has taken measures to develop green energy both in Germany and other countries. Thus Germany was awarded a score of +1.

Analyst: Marina Klintsova

India: +1

India has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

India has developed and deployed energy efficient and clean energy technologies in the country.

On 25 November 2010, the State owned power generator, National Thermal Power Corporation (NTPC), Asian Development Bank and Kyuden International Corporation of Japan signed a joint venture (JV) agreement to develop renewable power projects in the country. The JV will set up 500MW of non-conventional power generation capacity in India over 3 years. NTPC and its partner companies will develop wind power and small hydro electricity projects. They may also enter other areas of renewable power generation. NTPC has set a target for developing at least 1000MW of renewable energy capacity based on solar, wind, geothermal and small hydro sources. The companies have already approved the proposal to establish 301 MW of solar power generation capacity.¹⁵²⁴

¹⁵²¹ Newsletter – Deutsche Entwicklungs zusammenarbeit mit Afghanistan, Federal Government of Germany March 2011. Date of Access: 10 April 2011. http://www.bundesregierung.de/Content/DE/_Anlagen/2011/03/2011-03-18-bmz-newsletter-afg.property=publicationFile.pdf.

¹⁵²² 10-point action plan for North Africa, Federal Ministry of Economics and Technology of Germany 9 February 2011. Date of Access: 10 April 2011. http://www.bmwi.de/English/Navigations/external-economic-policy_did=382182.htmlKOn.

¹⁵²³ http://www.bmz.de/en/press/aktuelleMeldungen/2011/February/20110222_pm_29_solar/index.html

¹⁵²⁴ Renewable Energy Achay Uria Volume 4 Issue 2-3, Ministry of New and Renewable Energy December 2011. Date of Access: 12 April 2011. <http://www.mnre.gov.in/akshayurja/nov-dec2010e.pdf>

On 10 December 2010, the Central Government allocated projects of 505MW capacity to Rajasthan out of the total shortlisted projects of 630MW. In all the State is set to tap the immense potential of solar energy in this part of the country and an investment of USD1.4 Billion in the solar energy sector in the first phase of Jawaharlal Nehru National Solar Mission.¹⁵²⁵

On 12 January 2011, the Government of Gujarat has signed a memorandum of understanding with the Hindustan Construction Company (HCC), the leading engineering construction company, for setting up a renewable energy park in Ahmedabad District's proposed Dholera waterfront. The estimated investment is USD2.7 billion covering 600 acres of land and would create around 17,000 jobs. The park will offer a platform for global leaders looking to set up research, development, consultancy and manufacturing of components businesses in India in the renewable energy segments such as solar, geothermal, wind and biomass.¹⁵²⁶

On 6 March 2011, Minister of Finance of Jammu and Kashmir Abdul Rahim Rather in his Budget Speech proposed to ear-mark a provision of USD500 thousand in the next year's budget for supplying solar panels and equipments at highly subsidized prices to public buildings like hospitals, educational institutions and cultural complexes.¹⁵²⁷

On 5 April 2011, India offered to set up an international centre in energy access to boost the provision of energy to remote and inaccessible areas. The offer was made by Dr. Farooq Abdullah, Minister for New and Renewable Energy. This centre will serve as Centre of Excellence in the field of energy access through the use of renewable energy. Making a strong pitch for the use of renewable energy, Dr Abdullah emphasized that renewable energy is the only hope for the future. He also offered to host an international conference on energy access later this year to bring this idea to fruition. He also announced the scaling up of India's international programme on capacity building and to share expertise and best practices with developing countries.¹⁵²⁸

On 2 September 2011, in a written reply to a question in Lok Sabha, Union Minister of New and Renewable Energy Dr. Farooq Abdullah informed that the Ministry was providing financial support up to USD100 thousand for each solar city to the respective City Government for preparation of a master plan, setting-up institutional arrangements for the implementation of the master plan, awareness generation and capacity building activities. So far, he said, authorization has been given for developing 36 Solar Cities including State Capitals in the Country. The Minister said that besides this, the Ministry was also promoting renewable energy systems and projects on solar and municipal waste-to-energy technologies through fiscal and financial incentives in the cities under other national level programmes.¹⁵²⁹

¹⁵²⁵ Renewable Energy Achay Uria Volume 4 Issue 2-3, Ministry of New and Renewable Energy December 2011. Date of Access: 12 April 2011. <http://www.mnre.gov.in/akshayurja/nov-dec2010e.pdf>

¹⁵²⁶ Renewable Energy Achay Uria Volume 4 Issue 4, Ministry of New and Renewable Energy February 2011. Date of Access: 12 April 2011. <http://www.mnre.gov.in/akshayurja/jan-feb2011e.pdf>

¹⁵²⁷ Budget Speech by Finance Minister of Jammu and Kashmir, Government of jammu and Kashmir Finance Department 6 march 2011. Date of Access: 12 April 2011. <http://jakfinance.nic.in/BudgetSpeech2011.pdf>

¹⁵²⁸ India to Host International Centre on Energy Access: Dr Abdullah, Ministry of New and Renewable Energy 05 April 2011. Date of Access: 19 May 2011.

<http://pib.nic.in/newsite/pmreleases.aspx?mincode=28>

¹⁵²⁹ Development of Solar Cities, Ministry of New and Renewable Energy 2 September 2011. Date of Access: 20 September 2011. <http://pib.nic.in/newsite/pmreleases.aspx?mincode=28>

India has also taken measures to develop and deploy energy efficiency and clean energy technologies in other countries.

On 5 April 2011, Indian Minister for New and Renewable Energy Farooq Abdullah offered to host an international conference on energy access later this year and announced the scaling up of India's international programme on capacity building and sharing expertise and best practices with developing countries¹⁵³⁰

On 8 July 2011, India offered to expand and strengthen its cooperation with the African countries in the field of Renewable Energy. Speaking at the IRENA-Africa High Level Consultative Forum meeting in Abu Dhabi on Accelerating Renewable Energy Uptake for Africa's Sustainable Development, Minister of New and Renewable Energy Dr. Farooq Abdullah said that India was already assisting African countries in electrification of villages through solar energy and aimed to set up 40 solar charging stations and 40 biomass gasifiers.¹⁵³¹

On 23 August 2011, Dr. Fouad Ahmed Aye, Minister of Energy, Water and Natural Resources, Republic of Djibouti held bilateral discussions with Dr. Farooq Abdullah, Minister of New and Renewable Energy in New Delhi. The Minister from Djibouti requested Indian assistance in training of drilling specialists to harness Geothermal Energy. Dr. Abdullah assured him of all possible assistance.¹⁵³²

On 6 September 2011, agreement on Cooperation for Development between Bangladesh and India was signed. The agreement includes investment and economic cooperation; water resources; generation, transmission and distribution of electricity, including from renewable sources; sub regional cooperation in the power sector, water resources management, physical connectivity, environment and sustainable development etc. The Memorandum of Understanding on cooperation under this agreement in the field of renewable energy aims to establish the basis for a cooperative institutional relationship to encourage and promote technical bilateral cooperation in the areas of solar, wind and bio energy on the basis of mutual benefit, equality and reciprocity.¹⁵³³

India has taken measures to develop green energy both in India and other countries. Thus India was awarded a score of +1.

Analyst: Alexey Mironov

Indonesia: 0

Indonesia has partially complied with the commitment on development and deployment of energy efficiency and clean energy technologies in own country and beyond.

Measures have been taken to create the enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies in Indonesia.

¹⁵³⁰ India to Host International Centre on Energy Access: Dr Abdullah, Ministry of New and Renewable Energy 05 April 2011. Date of Access: 19 May 2011.

<http://pib.nic.in/newsite/pmreleases.aspx?mincode=28>

¹⁵³¹ India calls for increasing cooperation with African Countries in the field of renewable energy, Ministry of New and Renewable Energy 8 July 2011. Date of Access: 15 September 2011.

<http://pib.nic.in/newsite/pmreleases.aspx?mincode=28>

¹⁵³² Djibuti asks for Assistance from India to Harness its Renewable Energy Sources, Ministry of New and Renewable Energy 23 August 2011. Date of Access: 15 September 2011.

<http://pib.nic.in/newsite/pmreleases.aspx?mincode=28>

¹⁵³³ Factsheet on agreement signed between India and Bangladesh, Prime Minister of India 6 September 2011. Date of Access: 15 September 2011. <http://pmindia.nic.in/prelease/pcontent.asp?id=1311>

On 30 January 2011 Minister of Energy and Mineral Resources Darwin Zahedy Saleh said the Government encourages companies that generate electricity from waste. The government would give awards the companies which work in the field of conservation and diversification of such energy, said Darwin.¹⁵³⁴

On 10 February 2011 Minister of Energy and Mineral Resources Darwin Zahedy Saleh said that Indonesia will reduce carbon dioxide emissions on 26% by 2020.¹⁵³⁵

On 24 March 2011 Denmark Ambassador for Indonesia H.E. Borge Petersen said that the Embassy of Denmark will donate USD10 million to the Indonesian government for efficiency and energy conservation. Named the Energy Efficiency and Conservation Clearing House Indonesia, the program is aimed at improving efficiency and conservation in many areas such as in homes, in industries and by transportation vehicles.¹⁵³⁶

On 26 September 2011 President Susilo Bambang Yudhoyono signed a decree formalizing an action plan to cut greenhouse gas emissions in the country. The decree is a follow up of the Bali Action Plan issued during the 13th Conference of Parties of the United Nations Climate Change Convention (COP UNFCCC) which was organized in Bali in December 2007.¹⁵³⁷

Indonesia has taken steps to create the enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies in its own country. But no facts of Indonesia's development and deployment of energy efficiency and clean energy technologies in other countries during the compliance period were registered. Thus, it has been awarded a score of 0.

Analyst: Elena Martynova

Italy: +1

Italy has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

Various measures have been undertaken to create enabling environment for the development and deployment of energy efficiency and clean energy technologies in Italy.

On 13 December 2010, the Ministry of Economic Development (MED), Enel Distribution and the regions Calabria, Campania, Puglia and Sicily have signed four Conventions on realization of

¹⁵³⁴ Pemerintah Dorong Industri Hasilkan Listrik Sendiri 30 January 2011. Date of Access: 15 March 2011 http://www.djlpe.esdm.go.id/modules.php?mod=news&sub=news_media

¹⁵³⁵ KESDM Optimis Bantu Kurangi Emisi Karbon 10 February 2011. Date of Access: 15 March 2011 http://www.djlpe.esdm.go.id/modules.php?mod=news&sub=news_media

¹⁵³⁶ Denmark Donates US\$ 10 Million 25 March 2011 Date of Access: 25 March 2011 http://www.tempointeractive.com/hg/nasional/2011/03/25/brk_20110325-322858_uk.html

¹⁵³⁷ President signs decree on gas emission reduction action plan. 26 September 2011. Date of Access: 27 September 2011 <http://www.antaraneews.com/en/news/76003/president-signs-decree-on-gas-emission-reduction-action-plan>

structural interventions for distribution network development aimed at providing connection of equipment supplied with renewable sources.¹⁵³⁸

On 21 December 2010, the National Committee for management of the directive 2003/87/CE and for management support of the Kyoto protocol project has approved the deliberation n. 30/2010 of the Emission Trading Committee on the EU's project NER300. NER300 supposes financing of the projects on production of energy from renewable sources on national territory.¹⁵³⁹

On 22 February 2011, the MED allocated EUR64.5 million (USD96.75 million) for competition on industrial innovation in the context of the initiative "Industry 2015: Made in Italy, Sustainable Mobility and Energy Efficiency." In 2010 37 projects were facilitated as a result of the competition Energy Efficiency that involved 241 companies and 89 research units.¹⁵⁴⁰

On 4 March 2011, the Council of Ministers has approved the Decree on photovoltaic¹⁵⁴¹ to give incentive to the energy production from renewable sources. The Minister of Economic Development, Paolo Romani, has outlined that the Decree is in line with the national energy objective: to reduce energy costs for enterprises and citizens that are about 30% higher than in other European countries.¹⁵⁴² The Minister has announced also that with the Decree on photovoltaic the Ministry finally triggered the stabilization of energy market by renewable sources.¹⁵⁴³ On 18 and 23 March 2011, he met the main protagonists interested in the field – banks, labour associations and unions, enterprises – to discuss the new incentives for renewable sources.¹⁵⁴⁴

¹⁵³⁸ Rinnovabili: accordo MSE, regioni, Enel distribuzione, , Italian Ministry of Economic Development 13 December 2010. Date of Access: 24 March 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2015779:rinnovabili-accordo-mse-regioni-enel-distribuzione

¹⁵³⁹ Comitato emission Trdingsul NER300: approvata deliberazione, Italian Ministry of Economic Development 23 December 2010. Date of Access: 24 March 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2015821:comitato-emission-trading-sul-ner300-approvata-deliberazione

¹⁵⁴⁰ Industria 2015: 64,5mln euro per progetti di innovazione industrial, Italian Ministry of Economic Development 23 February 2011. Date of Access: 29 March 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2017207:industria-2015-645-mnl-euro-per-progetti-di-innovazione-industriale

¹⁵⁴¹ Oggetto: conto energia per il fotovoltaico, Italian Ministry of Economic Development 4 March 2011. Date of Access: 29 March 2011. <http://www.sviluppoeconomico.gov.it/images/stories/energia/decretoenergia.pdf>

¹⁵⁴² Rinnovabili, Romani: nuova stagione per l'energia pulita, Italian Ministry of Economic Development 3 March 2011. Date of Access: 29 March 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2017605:rinnovabili-romani-nuova-stagione-per-lenergia-pulita

¹⁵⁴³ Rinnovabili, Romani incontra banche ed imprese interessate al settore, Italian Ministry of Economic Development 4 March 2011. Date of Access: 29 March 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2017675:rinnovabili-romani-incontra-banche-ed-imprese-interessate-al-settore

¹⁵⁴⁴ Rinnovabili, Romani: Tavoli tecnici, Governo procederà in fretta per dare certezze, Italian Ministry of Economic development 18 March 2011. Date of Access: 24 March 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2018205:rinnovabili-romani-prossima-settimana-tavoli-tecnici-governo-procedera-in-fretta-per-dare-certezze and Rinnovabili: Romani e Prestigiaco mo incontrano I Sindacati, Italian Ministry of Economic development 23 March 2011. Date of Access: 24 March 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2018287:rinnovabili-romani-e-prestigiaco-mo-incontrano-i-sindacati

On 23 March 2011, the Decree n.15 from 16.02.2011 executing the Direction 2009/125/CE on establishing the framework for elaborating specifications for eco-compatible planning of energy related products came into effect.^{1545,1546}

On 7 April 2011, in the framework of the initiative of the Interregional operative programme Renewable Energy and Energy Saving 2007-2012 EUR20 million (USD30 million) was allocated for financing innovation projects for manufacturing equipment for generating energy from renewable sources in public buildings.¹⁵⁴⁷ The initiative is addressed to Ministers, Universities, Regions, Provinces, Municipalities of Campania, Calabria, Puglia and Sicily.¹⁵⁴⁸

On 5 May 2011, Minister of Economic Development Paolo Romani and Minister for Environment, Stefania Prestigiacomo signed the Ministerial Decree that defined a new incentive scheme for production of energy from photovoltaic equipment by citizens and enterprises.¹⁵⁴⁹ As a result, in two months 600 megawatt of energy produced from photovoltaic were put in use.¹⁵⁵⁰

Italy has also taken steps to develop and deploy energy efficiency abroad.

On 25 January 2011, Italian Minister of Economic Development, Paolo Romani, and Egyptian Minister of Industry, Mohamed Rachid, discussed bilateral cooperation in the spheres of infrastructure, renewable energy, the role of SME, communication and transport.¹⁵⁵¹

On 26 April – 4 May 2011, the Italian-Latin American Institute and Italian DGDC were on a joint mission to Havana (Cuba) in the framework of the declaration of understanding signed in Havana

¹⁵⁴⁵ Decreto legislativo 16 febbraio 2011, n. 15, Italian Ministry of Economic Development 16 February 2011. Date of Access: 29 March 2011. http://www.sviluppoeconomico.gov.it/images/stories/Dip_Internazionalizzazione/NormativaInternazionalizzazione/dlgs_ecocom.pdf

¹⁵⁴⁶ Consumo energetico: immissione sul mercato, messa in servizio e la libera circolazione prodotti connessi all-energia, Italian Ministry of Economic Development 10 March 2011. Date of Access: 29 March 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2017791:consumo-energetico-immissione-sul-mercato-messa-in-servizio-e-la-libera-circolazione-prodotti-connessi-allenergia

¹⁵⁴⁷ <http://www.poienergia.it/>

¹⁵⁴⁸ POI Energia: stanziati 20 mln euro per progetti innovativi, Italian Ministry of Economic Development 7 April 2011. Date of Access: 8 April 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=1&idarea1=593&idarea2=0&idarea3=0&idarea4=0&andor=AND§ionid=0&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2263&id=2018571

¹⁵⁴⁹ Fotovoltaico, al via nuovo regime incentivi, Italian Ministry of Economic Development 5 May 2011. Date of Access: 16 July 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=1&idarea1=593&idarea2=0&idarea3=0&idarea4=0&andor=AND§ionid=0&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2263&id=2018913

¹⁵⁵⁰ Quarto Conto Energia: Romani “installati 250mila impianti per 8500, Italian Ministry for Economic Development 28 July 2011. Date of Access: 25 September 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=1&idarea1=593&idarea2=0&idarea3=0&idarea4=0&andor=AND§ionid=0&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2263&id=2020151

¹⁵⁵¹ Italia-Egitto, incontro Ministri Romani-Rachid, Italian Ministry of Economic Development 25 January 2011. Date of Access: 24 March 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&id=2016207:italia-egitto-incontro-ministri-romani-rachid

on 11 March 2011 by the two governments. The aim was, inter alia, to define a number of cooperation initiatives in the sector of renewable energy.¹⁵⁵²

On 26 May 2011, Italy started development of 57 sites selected for the installation of solar energy panels in Lebanon. The installation is part of the “Mitigation of Climate Change – Renewable Energy” initiative funded by the Italian Directorate General for Development Cooperation for a total of EUR1 million (approximately USD1.43 million).¹⁵⁵³

On 15 September 2011, the MFA organized a forum on renewable energy and energy efficiency in Latin America in collaboration with the Italo-Latin American Institute, the Inter-American Development Bank (IADB) and the GSE, during which two projects financed by the DGDC and recently developed by the Institute were introduced. These projects include a project in support of the improvement of Latin American energy systems and energy savings systems, with experts from Colombia, Paraguay, Ecuador and Bolivia attending; and a project on the current status and development of geothermic resources in Central America.¹⁵⁵⁴

Italy has been awarded a score of +1 for taking steps to develop and deploy energy efficiency and clean energy technologies within the country and implementing measures for promoting these initiatives in other countries.

Analyst: Anna Vekshina

Japan: +1

Japan has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

On 24 January 2011, the Energy Efficiency Standards Subcommittee at its 16th meeting decided to add three-phase induction motors (which account for over 50% of the total power consumption in Japan) to the list of devices to be subjected to the Top Runner standard, the key energy efficiency program in Japan.¹⁵⁵⁵ The Subcommittee also agreed new and higher target values for commercial refrigerators and freezers to be achieved by FY16, and decided to review energy consumption standards for computers and magnetic disks.¹⁵⁵⁶

On 11 March 2011, the Ministry of Economy, Trade and Industry of Japan decided to submit a “Bill to Partially Amend the Electricity Business Act and the Gas Business Act” and a “Bill on Special Measures Concerning Procurement of Renewable Energy Sourced Electricity by Electric Utilities” to the 177th session of the Diet. The former bill is aimed at rationalizing utility

¹⁵⁵² Development Cooperation: cultural assets and renewable energy - technical mission to Cuba, Italian Ministry of Foreign Affairs 29 April 2011. Date of Access: 16 July 2011. http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/04/20110429_Cooperazione_Cuba.htm?LANG=EN

¹⁵⁵³ Cooperation: Lebanon, betting on renewable energy, Italian Ministry of Foreign Affairs 27 May 2011. Date of Access: 16 July 2011. http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/05/20110527_LibanoEnergieRinnovabili.htm?LANG=EN

¹⁵⁵⁴ Cooperation: betting on renewable energy in Latin America, Italian Ministry of Foreign Affairs 6 September 2011. Date of Access: 24 September 2011. http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/09/20110906_AmericaLatinaEnergieRinnovabili.htm?LANG=EN

¹⁵⁵⁵ Top Runner Program searches for the most efficient model on the market and then stipulates that the efficiency of this top runner model should become the standard within a certain number of years.

¹⁵⁵⁶ Results of the 16th Meeting of the Energy Efficiency Standards Subcommittee, the Ministry of Economy, Trade and Industry 24 January 2011. Date of access: 5 March 2011. www.meti.go.jp/english/press/2011/0124_01.html

regulations in a manner that helps increase the use of renewable energy,¹⁵⁵⁷ while the latter responds to this task by setting forward a new feed-in tariff scheme.¹⁵⁵⁸

Japan has also attached utmost importance to international cooperation on the way to a worldwide deployment of energy efficient technologies.

On 13 November 2010, the US and Japan launched several initiatives on further cooperation in the areas of clean energy and innovation. U.S.-Japan Clean Energy Policy Dialogue will bring together American and Japanese experts to discuss policies on the development and deployment of clean energy technologies.¹⁵⁵⁹ Discussion of next steps in cooperation and financing continued at the second round of Clean Energy Policy Dialog, which took place on 29 July 2011.¹⁵⁶⁰ Under the Energy-Smart Communities Initiative the two countries will support energy-efficient buildings, transport, and electric power grids in the Asia-Pacific region which will be open to other APEC economies' participation.¹⁵⁶¹ On 3 June 2011, Japan and the US agreed to cooperate on the smart grid demonstration project in Hawaii, aimed at establishing a smart community model powered with clean energy.¹⁵⁶²

On 11-12 December 2010, at the Japan-Arab Economic Forum, the two sides announced 40 new projects including several cooperation projects related to renewable energy and energy efficiency technologies with Tunisia and Algeria and a solar energy project, in collaboration with Tunisia and Morocco.¹⁵⁶³

On 13 December 2010, Japan and the Kingdom of Morocco signed a Memorandum on Comprehensive Cooperation for Collaborative Projects in the Solar Energy Field. Japan will facilitate technology cooperation to achieve Morocco's plan to introduce at least 2,000 MW of

¹⁵⁵⁷ Bill to Partially Amend the Electricity Business Act and the Gas Business Act, the Ministry of Economy, Trade and Industry 11 March 2011. Date of access: 27 March 2011.

www.meti.go.jp/english/press/2011/0311_02.html

¹⁵⁵⁸ Bill on Special Measures Concerning Procurement of Renewable Energy Sourced Electricity by Electric Utilities, the Ministry of Economy, Trade and Industry 11 March 2011. Date of access: 27 March 2011. www.meti.go.jp/english/press/2011/0311_03.html

¹⁵⁵⁹ Summary of the First Japan-U.S. Clean Energy Policy Dialogue, the Ministry of Economy, Trade and Industry 14 February 2011. www.meti.go.jp/english/press/2011/0214_02.html

¹⁵⁶⁰ Summary of the Second Japan-U.S. Clean Energy Policy Dialogue, the Ministry of Economy, Trade and Industry 1 August 2011. Date of access: 28 September 2011.

www.meti.go.jp/english/press/2011/0801_05.html

¹⁵⁶¹ Japan and the United States Launched New Initiatives, the Ministry of Economy, Trade and Industry 13 November 2010. Date of access: 5 March 2011. www.meti.go.jp/english/press/data/20101113_01.html

¹⁵⁶² Hawaii-Okinawa Partnership on Clean and Efficient Energy Development and Deployment, the Ministry of Economy, Trade and Industry 3 June 2011. Date of access: 18 July 2011.

www.meti.go.jp/english/press/2011/0603_01.html

¹⁵⁶³ Results of the Second Japan-Arab Economic Forum for Trade Promotion and Cooperation, the Ministry of Economy, Trade and Industry 11 December 2010. Date of access: 5 March 2011.

www.meti.go.jp/english/press/data/20101216_01.html

solar energy by 2019.¹⁵⁶⁴ Agreements on environmental cooperation were also signed with Thailand and Singapore.^{1565,1566}

On 1 April 2011, the Japan Bank for International Cooperation (JBIC) launched the Enhanced Facility for Global Cooperation in Low Carbon Infrastructure and Equity Investment. The objective of the Facility is to support foreign investments of Japanese private companies into clean energy projects abroad.¹⁵⁶⁷

On 22 May 2011, at the Fourth Japan-China-Korea Trilateral Summit Meeting the parties agreed to cooperate in promotion of policies and programs that advance renewable energy technology and energy efficiency domestically and globally.¹⁵⁶⁸

On 28 May 2011, at the joint press statement following the 20th Japan-EU Summit Meeting the parties expressed their intention to strengthen their dialog on energy policy and, inter alia, deepen information exchange on approaches to promote energy efficiency and renewable energy, as well as joint research in these fields, and lead international efforts in green economy.¹⁵⁶⁹

On 12 and 13 September 2011, public and private leaders from Japan, the United States and Finland attended the first Workshop for the Global Superior Energy Performance Partnership (GSEP), an international framework of public-private partnerships for superior energy performance. Through the activities at GSEP, Japan intends to promote public-private partnerships with global nations and to disseminate clean energy technologies.¹⁵⁷⁰

Thus Japan has achieved a score of +1 for enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

Analyst: Ekaterina Maslovskaya

¹⁵⁶⁴ Japan and the Kingdom of Morocco Sign Memorandum on Comprehensive Cooperation for Collaborative Projects in the Solar Energy Field, New Energy and Industrial Technology Development Organization 13 December 2010. Date of access: 2 April 2011.

www.nedo.go.jp/english/pressrelease/pr20101213_1.pdf

¹⁵⁶⁵ NEDO and the Ministry of Industry of the Kingdom of Thailand Agree to Cooperate in the Environment and Energy Efficiency Fields, New Energy and Industrial Technology Development Organization 21 December 2010. Date of access: 2 April 2011.

www.nedo.go.jp/english/pressrelease/pr20101221.pdf

¹⁵⁶⁶ Cooperation Agreements in Energy and Environment Areas Signed with Singapore Governmental Organizations, New Energy and Industrial Technology Development Organization 17 November 2010.

www.nedo.go.jp/english/pressrelease/pr20101117.pdf

¹⁵⁶⁷ Launching JBIC Enhanced Facility for Global Cooperation in Low Carbon Infrastructure and Equity Investment (E-FACE) Mobilizing Private Funding for Supporting the New Growth Strategy, the Japan Bank for International Cooperation 1 April 2011. Date of access: 1 October 2011.

www.jbic.go.jp/en/about/press/2011/0401-02/index.html

¹⁵⁶⁸ Cooperation Toward Sustainable Growth Through Promotion of Renewable Energy and Energy Efficiency, the Ministry of Foreign Affairs 22 May 2011. Date of access: 18 July 2011.

www.mofa.go.jp/region/asia-paci/jck/summit1105/energy.html

¹⁵⁶⁹ EU-Japan Cooperation Following the Great East Japan Earthquake and the Accident at the Fukushima-Daiiti Nuclear Power Plant (Annex to Joint Press Statement), the Ministry of Foreign Affairs 28 May 2011. Date of access: 17 July 2011. www.mofa.go.jp/region/europe/eu/pdfs/annex1105.pdf

¹⁵⁷⁰ 1st Workshop for the Global Superior Energy Performance Partnership (GSEP), the Ministry of Economy, Trade and Industry 6 September 2011. Date of access: 27 September 2011.

www.meti.go.jp/english/press/2011/0906_02.html

Korea: +1

Korea has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

On 24 March 2011, the Ministry of Environment, local governments and the Korea Environment Corporation agreed to promote ‘environmental infrastructure carbon neutrality program’ to reduce GHG and expand production of clean and renewable energy. The ministry plans to invest about KRW1.8 trillion (USD1.8 billion) from 2011 to 2020 in producing 565GWh of new and renewable energy per year and reducing 360,000 tons of GHG.¹⁵⁷¹

On 10 March 2011, the Ministry of Environment agreed to support four large construction companies and their 40 partner firms in energy efficiency improvement.¹⁵⁷²

On 25 January 2011, the Ministry of Environment and the Korea Chamber of Commerce & Industry hold a meeting on environmental policies the ministry gave a presentation on significance of emission trading system and necessity of introducing it and collect opinions from the industry.¹⁵⁷³

On 5 January 2011, the Ministry of Environment made an official announcement of guidelines on greenhouse gas and energy target management system for the public sector.¹⁵⁷⁴

On 14 March 2011, President Lee Myung-bak won the Zayed International Prize for the Environment for global leadership in environment at Dubai International Convention Center. The judging committee of the Zayed Prize said President Lee’s vision and leadership created a significant opportunity for Korea to become a green economy of low carbon high efficiency.¹⁵⁷⁵

On 30 November 2010, under the auspices of the Ministry of Environment of Korea Korea-Africa environmental cooperation forum was held in Seoul to contribute to reinforcement of Korea-

¹⁵⁷¹ MOU on Carbon Neutrality Program for Environmental Infrastructure Signed, Ministry of Environment of Republic of Korea 25 March 2011. Date of Access: 9 April 2011. http://eng.me.go.kr/board.do?method=view&docSeq=9175&bbsCode=new_news¤tPage=2&searchType=&searchText=&categoryCode

¹⁵⁷² MOE and Construction Companies Make an Agreement on Green Management, Ministry of Environment of Republic of Korea 10 March 2011. Date of Access: 9 April 2011. http://eng.me.go.kr/board.do?method=view&docSeq=9148&bbsCode=new_news¤tPage=2&searchType=&searchText=&categoryCode

¹⁵⁷³ MOE has a Meeting with CEOs on Environmental Policies, Ministry of Environment of Republic of Korea 25 January 2011. Date of Access: 9 April 2011. http://eng.me.go.kr/board.do?method=view&docSeq=9065&bbsCode=new_news¤tPage=4&searchType=&searchText=&categoryCode

¹⁵⁷⁴ Public Sector Takes the Lead in Greenhouse Gas Reduction, Ministry of Environment of Republic of Korea 6 January 2011. Date of Access: 9 April 2011. http://eng.me.go.kr/board.do?method=view&docSeq=8986&bbsCode=new_news¤tPage=4&searchType=&searchText=&categoryCode

¹⁵⁷⁵ President Lee Wins the Zayed Prize for Global Leadership in Environment, Ministry of Environment of Republic of Korea 25 March 2011. Date of Access: 9 April 2011. http://eng.me.go.kr/board.do?method=view&docSeq=9176&bbsCode=new_news¤tPage=1&searchType=&searchText=&categoryCode

Africa environmental cooperation foundation through sharing Korea's experience and technology on green growth policies including clean energy.¹⁵⁷⁶

In November and December 2010, representatives of the Ministry of Environment of Korea visited Kazakhstan and Uzbekistan to share information on natural gas vehicle (NGV) and each nation's policies to distribute NGV.^{1577,1578}

On 2-4 March 2011, Korea and nine countries including Bangladesh, Cambodia, Kenya, Laos, Malaysia, Mozambique, Peru and Vietnam met to present each nation's infrastructure for GHG reduction and made an agreement to realize cooperative projects such as joint researches and trainings and have a meeting twice a year. Financial resources will be provided mainly by Korea.¹⁵⁷⁹

Korea has held several other forums facilitating partnership and clean technologies transfer among countries, for example, the 33rd International Exhibition on Environmental Technology & Green Energy on 6-8 June 2011,¹⁵⁸⁰ Asia Green Business Partnership Forum on 21 June 2011¹⁵⁸¹ Korea has held several other forums facilitating partnership and clean technologies transfer among countries, for example, the 33rd International Exhibition on Environmental Technology & Green Energy on 6-8 June 2011,¹⁵⁸² Asia Green Business Partnership Forum on 21 June 2011,¹⁵⁸³ the 6th Policy Consultation Forum of the Seoul Initiative Network on Green Growth on 4-6 July 2011¹⁵⁸⁴ and Korea-Africa Environmental Cooperation Seminar in Seoul on 19 July 2011.¹⁵⁸⁵

¹⁵⁷⁶ Korea-Africa Environmental Cooperation Forum Held, Ministry of Environment of Republic of Korea 30 November 2010. Date of Access: 9 April 2011.

http://eng.me.go.kr/board.do?method=view&docSeq=8925&bbsCode=new_news¤tPage=6&searchType=&searchText=&categoryCode

¹⁵⁷⁷ Korea and Kazakhstan Make an Agreement on NGVs Policy and Technology, Ministry of Environment of Republic of Korea 25 December 2010. Date of Access: 9 April 2011.

http://eng.me.go.kr/board.do?method=view&docSeq=8947&bbsCode=new_news¤tPage=5&searchType=&searchText=&categoryCode

¹⁵⁷⁸ Korea-Uzbekistan Natural Gas Vehicle Forum Held in Tashkent, Ministry of Environment of Republic of Korea 25 November 2010. Date of Access: 9 April 2011.

http://eng.me.go.kr/board.do?method=view&docSeq=8914&bbsCode=new_news¤tPage=6&searchType=&searchText=&categoryCode

¹⁵⁷⁹ Meeting is Held to Discuss an International Forum on Greenhouse Gas Reduction Model, Ministry of Environment of Republic of Korea 2 March 2011. Date of Access: 9 April 2011.

http://eng.me.go.kr/board.do?method=view&docSeq=9127&bbsCode=new_news¤tPage=3&searchType=&searchText=&categoryCode

¹⁵⁸⁰ The largest environmental exhibition of Korea, ENVEX 2011 Ministry of Environment of Republic of Korea 6 June 2011. Date of Access: 9 April 2011. http://eng.me.go.kr/board.do?method=view&docSeq=9370&bbsCode=new_infocus¤tPage=1&searchType=&searchText=

¹⁵⁸¹ Asia green business partnership event held in Seoul, Ministry of Environment of Republic of Korea 21 June 2011. Date of Access: 18 July 2011. http://eng.me.go.kr/board.do?method=view&docSeq=9388&bbsCode=new_infocus¤tPage=1&searchType=&searchText=

¹⁵⁸² The largest environmental exhibition of Korea, ENVEX 2011 Ministry of Environment of Republic of Korea 6 June 2011. Date of Access: 9 April 2011. http://eng.me.go.kr/board.do?method=view&docSeq=9370&bbsCode=new_infocus¤tPage=1&searchType=&searchText=

¹⁵⁸³ Asia green business partnership event held in Seoul, Ministry of Environment of Republic of Korea 21 June 2011. Date of Access: 18 July 2011. http://eng.me.go.kr/board.do?method=view&docSeq=9388&bbsCode=new_infocus¤tPage=1&searchType=&searchText=

¹⁵⁸⁴ The 6th Policy Consultation Forum of SINGG held, Ministry of Environment of Republic of Korea 4 July 2011. Date of Access: 18 July 2011. http://eng.me.go.kr/board.do?method=view&docSeq=9406&bbsCode=new_infocus¤tPage=1&searchType=&searchText=

Korea is actively developing and deploying energy efficiency and clean energy technologies both in the country and beyond. Thus it has been awarded a score of +1.

Analyst: Natalia Churkina

Mexico: +1

Mexico has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

On 26 November 2010, Mexican President Felipe Calderón led the inauguration of the Biodiesel Plant Chiapas, an environmentally friendly plant that is based on modifying the heating process through solar energy. The plant forms part of the Center for Biodiesel Research and Production Technology established between Government of the State of Chiapas and the Colombian Corporation of Agricultural Research. The biodiesel will be produced with jatropha curcas, palm and recycled oil and has an initial production capacity of 20,000 litres a day with a versatility of expansion of up to 10 times its initial capacity.¹⁵⁸⁶

On 28 November 2010, Felipe Calderón inaugurated the Cancún Air Generator, to provide approximately 3,000 MW-hour of clean energy during the 16th Conference of the Parties of the United Nations Framework Convention on Climate Change (COP16) in Cancún.¹⁵⁸⁷ On 10 December 2010, a Low CO2 Emission Pavilion built with the participation of the governments of China and Mexico was inaugurated at the Technological University of Cancún.¹⁵⁸⁸

From 29 November to 10 December 2010, Mexico hosted the 16th Conference of the Parties of the United Nations Framework Convention on Climate Change in Cancún.¹⁵⁸⁹ Delegates established a goal of maintaining the increase in average global temperatures below two degrees centigrade, formalized the transfer of an initial package of USD30 bln for actions from now until 2012, adopted measures to reduce carbon dioxide emissions above the levels agreed at Kyoto and established a Green Fund for mobilizing USD100 billion a year as from 2020 for mitigation in developing countries.¹⁵⁹⁰ The aim of the Green Fund proposed by Felipe Calderón is to expand the participation of all the countries undertaking actions to achieve clean development and to

¹⁵⁸⁵ Korea-Africa Environmental Cooperation Seminar Held, Ministry of Environment of Republic of Korea 19 July 2011. Date of Access: 30 September 2011. http://eng.me.go.kr/board.do?method=view&docSeq=9414&bbsCode=new_news¤tPage=3&searchType=&searchText=&categoryCode=

¹⁵⁸⁶ Biodiesel Plant, Mexico's Commitment In Fight Against Climate Change, Presidencia de la Republica, México 26 November 2010. Date of Access: 3 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=61705>

¹⁵⁸⁷ Inauguration Of Cancún Electric Airgenerator, Presidencia de la Republica, México 28 November 2010. Date of Access: 4 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=61734>

¹⁵⁸⁸ Inauguration Of Low Co2 Emission Pavilion, Presidencia de la Republica, México 10 December 2010. Date of Access: 3 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62062>

¹⁵⁸⁹ COP 16 (Cancun). Date of Access: 3 April 2011. <http://www.cc2010.mx/en/>

¹⁵⁹⁰ President Reports On Achievements And Results Agreed At Cop16, Presidencia de la Republica, México 14 December 2010. Date of Access: 3 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62118>

support, both financially and technologically, measures for mitigation and adaptation to global warming.¹⁵⁹¹

On 7 December 2010, Felipe Calderón reiterated the responsibility of the public and private sectors to deal with climate change in his address to the audience of government officials and top executives of national and international companies. He stressed the need to begin a new era of effective government-business climate cooperation and sustainable economic growth and urged the attendees to share the sense of urgency and ideas required to combat global warming in their home countries.¹⁵⁹²

On 7 December 2010, Felipe Calderón met with the Special Envoy for Energy and Climate Change from the United Arab Emirates and Executive Director of Masdar (Abu Dhabi Future Energy Company specializing in development, commercialization and implementation of renewable energy and clean technology solutions) Sultan Al Jaber to strengthen bilateral links between the two nations, especially in energy issues.¹⁵⁹³

On 8 December 2010, Mexico was granted a loan of USD700 million from the World Bank to support the climate change policies and avant-garde initiatives regarding climate change that are being implemented, e. g. efforts to replace all the incandescent bulbs in the country with energy-saving bulbs over the next three years as well as the Domestic Appliance Replacement Program, which offers financial support to families with fewer resources to purchase refrigerators and air conditioners with more efficient energy consumption.¹⁵⁹⁴

On 17 January 2011, the Federal Electricity Commission (CFE) presented intelligent, self-reading meters that will enable users to read their electricity consumption as part of an ambitious modernization program launched by CFE in the center of the country.¹⁵⁹⁵

On 27 January 2011, at the World Economic Forum Annual Meeting 2011 in Davos Mexican President Felipe Calderón highlighted the importance of coordinating efforts between the world's countries to ensure that the commitments made at the 16th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP16) in Cancún are met.¹⁵⁹⁶

On 27 January 2011, Felipe Calderón met with President of the Spanish firm Iberdrola Ignacio S. Galán to discuss the two projects that the company would realize in Mexico: a cogeneration plant

¹⁵⁹¹ Delegates Agree Green Fund At Cop16, Presidencia de la Republica, México 12 December 2010. Date of Access: 7 April 2011. <http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62079>

¹⁵⁹² President Calderón Participates In Top Level Meeting On Climate Change Solutions, Presidencia de la Republica, México 7 December 2010. Date of Access: 7 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=61958>

¹⁵⁹³ President Felipe Calderón Meets With Directors Of Green Energy Producing Firms, Presidencia de la Republica, México 7 December 2010. Date of Access: 7 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=61952>

¹⁵⁹⁴ President Calderón Meets With President Of World Bank, Robert Zoellick, Presidencia de la Republica, México 8 December 2010. Date of Access: 9 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62012>

¹⁵⁹⁵ Modernization Of Electricity Service In Valle De México, Presidencia de la Republica, México 17 January 2011. Date of Access: 9 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62607>

¹⁵⁹⁶ Mexico And South Africa Confirm Climate Change Commitment, Presidencia de la Republica, México 27 January 2011. Date of Access: 7 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62847>

and a wind park. The former project was awarded to Iberdrola through an international bidding in December 2010 and the construction is scheduled to begin in the second half of 2011 in Salamanca, Guanajuato, whereas the latter will take place in Oaxaca and is expected to generate over 20 MW of electricity. Overall investment will reach USD365 million. According to ProMéxico's investment portfolio,¹⁵⁹⁷ sustainable energy sector has registered significant growth in Mexico: 6 investment projects with a focus on wind sector for USD1.503 billion were confirmed in 2010.¹⁵⁹⁸

In February 2010, Under-Secretary of Urban Development and Territorial Organization Sara Topelson presented the concept of Sustainable Integral Urban Developments (SIUD)¹⁵⁹⁹ in London and New York during the Mexican Housing Day.¹⁶⁰⁰ Ministry of Social Development (SEDESOL) believes in the feasibility of creating sustainable, integral cities and promotes the construction of SIUDs in the country. Four SIUDs have currently been approved in Mexico: "Valle de San Pedro" in Tijuana, Baja California; "El Rehilete" in Villagrán, Guanajuato; "Puerta de Anza" in Nogales, Sonora; and "El Cielo" in Villahermosa, Tabasco.¹⁶⁰¹

On 10 March 2011, Felipe Calderón inaugurated the Holcim Apasco Cement Factory in the municipality of Hermosillo. The complex has an installed capacity enabling it to produce 1,600,000 tons of high quality cement annually and is designed to make optimal use of electric and thermal energy, with minimal water consumption. The administrative buildings were constructed using the concept of sustainable development, using sunlight for illumination and heat, and recycling all water for refrigeration and irrigation. The factory involved over USD400 million of investment.¹⁶⁰²

On 11 July 2011, the Mexican Ministry of Energy announced a MXN252 million (USD21.7 million) investment in projects on sustainable energy development. 58% of investment are targeted at bioenergy and biofuel technologies, 14% – at solar energy, 11% – at energy efficiency development, 6% – at geothermal power, 4% – at wind energy and around MXN17 million (USD1.5 million) are aimed at diversification of energy mix.¹⁶⁰³

¹⁵⁹⁷ ProMexico is the Mexican Government institution in charge of strengthening Mexico's participation in the international economy. The institution was established on 13 June 2007 through Presidential Decree as a sectoral public trust under the Ministry of the Economy to support the export activity of companies established in the country and coordinate actions to attract foreign direct investment to the national territory. ProMexico 12 January 2011. Date of Access: 3 April 2011.

http://www.promexico.gob.mx/wb/Promexico/about_us

¹⁵⁹⁸ IBERDROLA ANNOUNCES 365 MILLION USD INVESTMENT IN MEXICO, Presidencia de la Republica, México 27 January 2011. Date of Access: 7 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=62841>

¹⁵⁹⁹ More than houses. Better Integrated communities. Opportunities for better business. Mexican Housing Day 10-14 February 2011. Date of access: 9 April 2011.

<http://mexicanhousingday.com/downloads/SEDESOL.pdf>

¹⁶⁰⁰ Mexican Housing Day. Date of Access: 7 April 2011. <http://mexicanhousingday.com/>

¹⁶⁰¹ Sedesol To Present Strategies For Compact, Integral Cities For Mexico, Presidencia de la Republica, México 3 February 2011. Date of Access: 3 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=63018>

¹⁶⁰² Inauguration Of Holcim-Apasco Cement Factory, Presidencia de la Republica, México 10 March 2011. Date of Access: 3 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=63826>

¹⁶⁰³ SENER anuncia inversión por 252 millones de pesos en proyectos de investigación e innovación en tecnología energética sustentable, Mexican Federal Government Ministry of Energy 11 July 2011. Date of Access: 18 July 2011. <http://www.sener.gob.mx/portal/Default.aspx?id=1987>

On 27 September 2011, the World Bank reported the progress that Mexico had made in delivering Sustainable Lighting Program. The initiative was implemented by the Electric Power Savings Trust Fund (FIDE) and funded by the World Bank. The project aims to replace 47 million of incandescent light bulbs with more efficient and energy-saving compact fluorescent lamps by the end of 2012. From the beginning of the year to that day, about 4 million light bulbs had been replaced, benefiting more than 600,000 families and surpassing by 10.7% the established target for this year, according to the Energy Ministry.¹⁶⁰⁴

Mexico has taken steps to create the enabling environment to promote and deploy clean energy technologies within its borders and in other countries and is thus awarded a score of +1.

Analyst: Polina Arkhipova

Russia: +1

Russia has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

Various measures have been undertaken to create the enabling environments for the development and deployment of energy efficiency in Russia.

On 24 November 2010, the President of Russia approved measures taken by the Russian Government to develop energy efficiency by using local and renewable energy sources.¹⁶⁰⁵

On 21 December 2010, a bilateral partnership between the Center of Energy Efficiency and Climate Change under the Kurchatov Institute and Moscow State Institute of International Relations (MGIMO-University), and the United Nations Economic Commission for Europe was discussed. This partnership will foster the “development of the renewable energy sector in the Russian Federation.”¹⁶⁰⁶

On 27 December 2010, the Russian Government approved the State Programme on Energy Conservation and Energy Efficiency for the Period up to 2020.¹⁶⁰⁷ One of the anticipated results of its implementation is a reduction of energy intensity in the Russian economy by 40% in ten years. This will be achieved by promoting energy efficiency and implementing new technologies in energy generation and transmission, infrastructure, industry, agriculture, transportation and housing.¹⁶⁰⁸

¹⁶⁰⁴ Mexico: One million families go green by replacing antiquated light bulbs, The World Bank 27 September 2011. Date of Access: 1 October 2011. <http://go.worldbank.org/PNDK7TK460>

¹⁶⁰⁵ On Executing the Assignment of the President Concerning Measures aimed at Increasing Investment in Enhancing Energy Efficiency, Office of the President of Russia (Moscow) 24 November 2010. Date of Access 26 April 2011. <http://kremlin.ru/assignments/10057>.

¹⁶⁰⁶ On Cooperation between the Center of Energy Efficiency and Climate Change and the United Nations Economic Commission for Europe, Ministry of Foreign Affairs of Russia (Moscow) 23 December 2010. Date of Access: 26 April 2011. http://www.mid.ru/brp_4.nsf/0/DB2C9247F280073AC32578020034308A.

¹⁶⁰⁷ Executive Order No. 2446-r of 27 December 2010, Government of Russia (Moscow) 27 December 2010. Date of Access: 26 April 2011. <http://government.ru/gov/results/13912/>.

¹⁶⁰⁸ State Programme on Energy Conservation and Energy Efficiency for the Period up to 2020, Government of Russia (Moscow) 27 December 2010. Date of Access: 26 April 2011. <http://government.ru/media/2011/1/20/38402/file/2446.doc>.

On 27 December 2010, the Commission for Modernisation and Technological Development of Russia's Economy considered the measures aimed at creating incentives for the production of high-performance energy equipment in Russia.¹⁶⁰⁹

On 30 December 2010, the Russian Ministry of Economic Development approved the list of 18 clean energy projects realized under Article 6 of the Kyoto Protocol in such spheres as oil extraction, public utilities, hydro energy, waste processing and others.¹⁶¹⁰

On 25 January 2011, the Russian Government issued the regulation setting new energy efficiency requirements to buildings and installations.¹⁶¹¹

On 27 June 2011, Russian President Dmitry Medvedev announced pilot projects in some regions to replace local public transport vehicles with electric vehicles and promote use of cars with hybrid engines.¹⁶¹²

On 5 September 2011, the Russian Government adopted the rules of providing subsidies from the federal budget to the Russian regional budgets for the implementation of energy saving and promoting energy efficiency programs.¹⁶¹³

Russia has also taken steps to develop and deploy energy efficiency abroad.

On 9 December 2010, Russian Prime Minister Vladimir Putin and French Prime Minister Francois Fillon at the 15th session of the Russian-French commission on bilateral cooperation agreed to construct a joint energy efficiency centre, which will develop and introduce conservation technologies.¹⁶¹⁴

On 10 December 2010, several documents were signed in the presence of Russian Prime Minister Vladimir Putin and Finnish Prime Minister Mari Kiviniemi. The documents included Memorandum of Understanding on energy efficiency and renewable energy between the Russian Energy Agency (REA) under the Ministry of Energy and the Finnish association the Russian-Finnish Energy Club, and Memorandum of Understanding on energy efficiency and innovations between the REA and the Fortum Corporation.¹⁶¹⁵

¹⁶⁰⁹ On Executing the Assignment of the President on Developing Measures aimed at Stimulating High-Performance Energy Equipment Production, Office of the President of Russia (Moscow) 27 December 2010. Date of Access 26 April 2011. <http://kremlin.ru/assignments/10627>.

¹⁶¹⁰ Order of the Russian Ministry of Economic Development No. 709 of 30 December 2010, Russian Ministry of Economic Development (Moscow) 30 December 2010. Date of Access: 26 April 2011. <http://merit.consultant.ru/doc.asp?ID=15130>.

¹⁶¹¹ Regulation No. 18 of 25 January 2011, Government of Russia (Moscow) 25 January 2010. Date of Access: 27 April 2011. <http://government.ru/gov/results/13985/>

¹⁶¹² Meeting of the Commission for Modernisation and Technological Development of Russia's Economy, Office of the President (Moscow) 27 June 2011. Date of Access: 10 October 2011. <http://eng.kremlin.ru/news/2470>.

¹⁶¹³ Regulation No. 746 of 5 September 2011, Government of Russia (Moscow) 5 September 2010. Date of Access: 13 October 2011. <http://government.ru/gov/results/16467/>.

¹⁶¹⁴ Russian Prime Minister Vladimir Putin and French Prime Minister Francois Fillon hold a joint news conference after the 15th session of the Russian-French commission on bilateral cooperation, Government of Russia (Moscow) 9 December 2010. Date of Access: 27 April 2011. <http://government.ru/eng/docs/13315/>.

¹⁶¹⁵ A series of documents have been signed in the presence of Prime Minister Vladimir Putin and Finnish Prime Minister Mari Kiviniemi, Government of Russia (Moscow) 10 December 2010. Date of Access: 27 April 2010. <http://government.ru/eng/docs/13353/>.

On 27 April 2011, Russian Prime Minister Vladimir Putin and Swedish Prime Minister Fredrik Reinfeldt at their joint press conference discussed a draft project of a Russian-Swedish centre on innovation and energy efficiency creation.¹⁶¹⁶

Russia has undertaken considerable measures both domestically and abroad to promote energy efficiency and clean energy technologies. Thus it has been rewarded a score of +1.

Analyst: Andrey Shelepov

Saudi Arabia: 0

Saudi Arabia has partially complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

From 7 February 2011 to 8 February 2011, the second meeting of the International Advisory Council (IAC) of the King Abdullah Petroleum Studies and Research Center (KAPSARC) was held in Riyadh. The meeting was chaired by Saudi Minister of Petroleum and Mineral Resources Ali L-Naimi. One of the aims of the meeting was to present an overview and report on the progress of the four research projects undertaken in the Research Center: Solar Energy Market Incentives for the Kingdom, Review of National Energy Efficiency Initiatives, Framework for Carbon Capture Sequestration Program in the Kingdom of Saudi Arabia, and Oil Price Drivers and Movements.¹⁶¹⁷

On 4 April 2011, the 3rd Saudi Solar Energy Forum was hosted by King Abdullah City for Atomic and Renewable Energy (KA-CARE), Saudi Arabia. At the meeting, Dr. Khalid Al-Sulaiman, Vice-President of the King Abdullah City for Atomic and Renewable Energy stressed the importance for the Kingdom to increase its power generating capacity while reducing the amount of fossil fuels used to produce electricity. Participants of the forum were representatives of the public and the private sector, including leading international energy firms and investors. The forum's agenda was to discuss ways to use solar energy to help diversify Saudi Arabia's energy.¹⁶¹⁸ Though these steps are considered to be part of the Kingdom's efforts to explore ways and means for the development of sustainable and alternative energy, no other facts of Saudi Arabia's efforts in developing energy efficiency and clean energy technologies have been recorded.

On 27 July 2011, King Abdulaziz City for Science and Technology (scientific organization) and Massachusetts Institute of Technology signed a Research Collaboration Agreement to Establish the Center for Complex Engineering Systems (CCES) in Riyadh and Cambridge to conduct advanced research in fields of urbanism, transportation and sustainability of resources. The CCES is expected to contribute to providing new solutions and innovations in methods of planning and

¹⁶¹⁶Prime Minister Vladimir Putin and Swedish Prime Minister Fredrik Reinfeldt hold joint press conference following talks, Government of Russia (Moscow) 27 April 2011. Date of Access: 21 July 2011. <http://government.ru/eng/docs/15024/>.

¹⁶¹⁷Second International Advisory Council (IAC) Meeting, King Abdullah Petroleum Studies and Research Center 2 February 2011. Date of Access: 16 April 2011. <http://kapsarc.org/imagegallery/SecondInternationalAdvisoryCouncilIACMeetingFebruary2011>.

¹⁶¹⁸3rd Saudi Solar Energy Forum opens, Saudi Gazette 4 April 2011. Date of Access: 10 April 2011. http://www.saudigazette.com.sa/index.cfm?method=home_regcon&contentID=2011040497498.

financing large and complex engineering projects and systems such as cities, energy, water and transportation systems.¹⁶¹⁹

On 8 August 2011, the Saudi Center for Energy Efficiency (SCEE) announced that it would carry on its previously started summer awareness campaign on raising the efficiency of using electricity in household appliances. The campaign is aimed at raising awareness in the field of energy conservation.¹⁶²⁰

No facts of Saudi Arabia's steps to develop energy efficiency and clean energy technologies in other countries during the compliance period have been registered.

Because Saudi Arabia has taken measures to develop energy efficiency in the country, but no facts of contributing to its development abroad have been registered, it has been awarded a score of 0.

Analyst: Marina Klintsova

South Africa: +1

South Africa has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

Measures have been taken to promote energy efficiency in other countries.

The Deputy Minister of International Relations and Cooperation of the Republic of South Africa, Marius Fransman, and the Secretary of State for Foreign Affairs of the Kingdom of Spain, Mr. Juan Antonio Yáñez-Barnuevo, led the 7th Session of the South Africa-Spain Annual Consultations held in Pretoria from 1 to 2 February 2011. The parties paid special attention to the potential for cooperation existing in certain priority sectors including renewable energy.¹⁶²¹

On 10 February 2011, in his state of the nation address at the Joint Sitting of Parliament Jacob G Zuma, President of the Republic of South Africa declared that the government of the South Africa would start generating energy from renewable energy power producers, which will demonstrate the commitment to renewable energy development.¹⁶²²

Minister of External Relations of the Federative Republic of Brazil, Antonio de Aguiar Patriota, and the Minister of International Relations and Cooperation of South Africa, H.E. Ambassador Maite Nkoana-Mashabane, met in New Delhi on 8th March 2011 for the VII IBSA Trilateral

¹⁶¹⁹KACST & MIT Sign a Research Collaboration Agreement to Establish The Center for Complex Engineering Systems, King Abdul Aziz City for Science and Technology 27 July 2011. Date of Access: 25 September 2011. <http://www.kacst.edu.sa/en/about/media/news/Pages/news2710730-2647.aspx>.

¹⁶²⁰The Saudi Center for Energy Efficiency Resumes its Awareness Campaign to Rationalize Home Appliances Energy Consumption, King Abdul Aziz City for Science and Technology 8 August 2011. Date of Access: 25 September 2011. <http://www.kacst.edu.sa/en/about/media/news/Pages/news273.aspx>.

¹⁶²¹Joint Communiqué: Seventh Annual Consultations between the Republic of South Africa and the Kingdom of Spain, Pretoria, 2 February 2011, the Department of International Relations and Cooperation of the Republic of South Africa 3 February 2011 Date of access: 27 September 2011. <http://www.dirco.gov.za/docs/2011/spai0203.html>

¹⁶²²State of the Nation Address By His Excellency Jacob G Zuma, President of the Republic of South Africa, at the Joint Sitting Of Parliament, Cape Town, the Department of International Relations and Cooperation of the Republic of South Africa 10 February 2011. Date of access: 27 September 2011. <http://www.dirco.gov.za/docs/speeches/2011/jzum0210.html>

Ministerial Commission. The Ministers noted that energy is an area of great mutual interest for cooperation under IBSA. They welcomed the signing of a MoU for cooperation on solar energy at the 4th IBSA Summit in April 2010. They welcomed the holding of a Workshop on Biofuels Production Technologies to be organized by the Indian Government, during the VI Energy WG Meeting.¹⁶²³

On 2 – 3 March 2011, on the occasion of the State Visit to France of the President of the Republic of South Africa, Mr. Jacob G Zuma, at the invitation of the President of the French Republic, Mr. Nicolas Sarkozy, the two Heads of State in their Joint Communiqué pledged to enhance their cooperation in the field of energy and have reaffirmed their shared commitment to an innovative, broad-based and dynamic partnership, especially in the field of renewable energy and civil nuclear energy. The meeting in Paris in February 2011 of the French and South African Ministers of Energy in the framework of the bilateral Cooperation Agreement on Energy represents a significant milestone. In follow-up to this meeting, the parties have agreed to conclude a Road Map on Energy to guide future cooperation in this field.¹⁶²⁴

Some measures have been taken to develop and deploy energy efficiency in South Africa.

On 21 June 2011, the Government of South Africa has signed the Memorandum of Understanding (MofU) with IEA. Areas covered under this MofU include renewable energy, data management and analysis, energy efficiency, clean technologies, policy analysis amongst others. The MofU also emphasized the need for South Africa to cooperate with IEA on the ways to diversify or energy mix and to move to modern forms of generating and using energy.¹⁶²⁵

On 1 August 2011, the Government of the South Africa has declared the launch of the Renewable Energy Independent Power Producer Programme. It is a part of implementation of the national commitment on introducing renewable energy as part of the energy generation mix. The Government of the Republic of South Africa decided to embark on this massive renewable energy programme by inviting the private sector to participate.¹⁶²⁶

Thus, South Africa has undertaken a wide range of measures related to cooperation with other countries in clean energy technologies development, as well as measures to develop clean energy technologies domestically. Thus, South Africa is awarded a score of +1.

Analyst: Yuriy Zaytsev

Turkey: 0

Turkey has partially complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

¹⁶²³ India-Brazil-South Africa Dialogue Forum, Seventh Trilateral Commission Meeting, Ministerial Communiqué, the Department of International Relations and Cooperation of the Republic of South Africa 8 March 2011. Date of access: 27 September 2011. <http://www.dirco.gov.za/docs/2011/ibsa0309.html>

¹⁶²⁴ Joint Communiqué on the occasion of the State Visit to France by the President of the Republic of South Africa, the Department of International Relations and Cooperation of the Republic of South Africa 2 – 3 March 2011. Date of access: 27 September 2011. <http://www.dirco.gov.za/docs/2011/fran0303.html>

¹⁶²⁵ Minister's Remarks – Press Conference for Signing of the MofU with the IEA, the official web site of the Department for Energy of the Republic of South Africa 21 June 2011. Date of access: 27 September 2011. http://www.energy.gov.za/files/media_frame.html

¹⁶²⁶ Renewable Energy Independent Power Producer Programme, the Department for Energy of the Republic of South Africa 1 August 2011. Date of access: 18 October 2011. http://www.energy.gov.za/files/aboutus/au_strategic.html

On 29 December 2010, Grand National Assembly of Turkey adopted amendments on the law previously issued on 10 May 2005 concerning Renewable Energy Resources for Electricity Generation.¹⁶²⁷ The Renewable Energy Law aims to encourage energy production from renewables by providing incentives for the generation of energy from sources such as wind, solar power, biomass, hydropower and geothermals. The legislative framework adjusts the prices for the sale of electricity to the state according to the generation method.¹⁶²⁸

On 11 January 2011, Turkey's Energy Market Regulatory Authority (EMRA) President Hasan Koktas stated a total of USD4.5 billion will be invested in Turkey's electricity and natural gas sector in 2011. Koktas said that for the first time in Turkey's history, over half the share of energy investments will go towards renewable energy generation.¹⁶²⁹

On 22 February 2011, the Grand National Assembly of Turkey ratified a Law on International Renewable Energy Agency status.¹⁶³⁰

On 15 March 2011, Turkey's Undersecretariat of Treasury and the European Bank for Reconstruction and Development signed a memorandum of understanding. In the memorandum both sides outlined their intention to develop and implement measures aimed at building a more energy efficient economy and strengthening Turkey's competitiveness through the increased use of green technologies. The action plan outlines key areas for cooperation between the EBRD and Turkey for investments and policy initiatives in renewable energy and energy efficiency projects in various sectors including power and energy, industry, municipal and environmental infrastructure, transport, and agriculture.¹⁶³¹

Turkey has partially fulfilled its commitment on development and deployment of energy efficiency and clean energy technologies in the country. However, no facts of Turkey's activities in the field in other countries during the compliance period have been registered. Thus it has been awarded a score of 0.

Analyst: Victor Kobyletskiy

United Kingdom: +1

The UK has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

¹⁶²⁷ Kanun No. 6094 of 29 December 2010, Yenilenebilir Enerji Kaynaklarının Elektrik Enerjisi Üretimi Amaçlı Kullanımına İlişkin Kanunda Değişiklik Yapılmasına Dair Kanun, Türkiye Büyük Millet Meclisi 29 December 2010. Date of Access: 29 March 2011. <http://www.tbmm.gov.tr/kanunlar/k6094.html>.

¹⁶²⁸ Turkish parliament approves renewable energy law, Invest in Turkey 30 December 2010. Date of Access: 9 April 2011. <http://www.invest.gov.tr/en-US/infocenter/news/Pages/301210-turkish-renewable-energy-law-approved.aspx>.

¹⁶²⁹ 2011 to see nearly TRY 7 billion investment in energy market, Invest in Turkey 11 January 2011. Date of Access: 09 April 2011. <http://www.invest.gov.tr/en-US/infocenter/news/Pages/110111-turkish-energy-sector-usd-7-billion-investments.aspx>.

¹⁶³⁰ Kanun No. 6122 of 22 February 2011, Uluslararası Yenilenebilir Enerji Ajansının Statüsünün Onaylanmasının Uygun Bulduğuna Dair Kanun, Türkiye Büyük Millet Meclisi 22 February 2011. Date of Access: 29 March 2011. <http://www.tbmm.gov.tr/kanunlar/k6122.html>.

¹⁶³¹ Anthony Williams. EBRD and Turkey Sign Sustainable Energy Action Plan, European Bank for Reconstruction and Development 16 March 2011. Date of Access: 29 March 2011. <http://www.ebrd.com/english/pages/news/press/2011/110316.shtml>.

The UK Department of Energy and Climate Change is designing primary legislation provisions for a new obligation on energy companies to support energy efficiency measures for their customers. It works with the Department for Business, Innovation and Skills to establish a Green Investment Bank to support private investment in clean energy and green technologies.¹⁶³² Establishment of the Green Investment Bank is already included into the Plan for Growth launched on 23 March 2011 by HM Treasury.¹⁶³³

On 12 July 2011, Department of Energy and Climate Change published the Electricity Market Reform White Paper which contained measures to attract investment into the clean energy, including putting in place a Carbon Price Floor by the Government to reduce investor uncertainty and introduction of new long-term contracts to provide financial incentives to invest in all forms of low-carbon electricity generation.¹⁶³⁴

On 5 August 2011, The UK Government published the new report “Enabling the Transition to a Green Economy: Government and Business Working Together” which will form the basis for continuing dialogue between government, business and communities on climate change, resource efficiency and offshore wind generation until 2020.¹⁶³⁵

On 31 August 2011, Secretary of State for Business, Innovation and Skills, Vince Cable announced GBP6.5 million investment to provide training for up to 50 of the best engineering students as part of a new Industrial Doctorate Centre in Offshore Renewable Energy.¹⁶³⁶

In August 2011, the UK Government opened the new GBP15 million “Renewable Heat Premium Payment” scheme, which will help to install eco-heaters, including biomass boilers, solar hot water panels and heat pumps, in the houses.¹⁶³⁷

The UK Department of Energy and Climate Change is launching new energy dialogues with China and Brazil and is planning to agree an action plan for cooperation with Norway on renewables, to design a new international Green Fund with international partners, to use the Advisory Group on Climate Finance proposals (to raise USD100 billion by 2020) to drive international agreement on innovative sources of finance for climate change and to establish the

¹⁶³² Structural Reform Plan Monthly Implementation Update of Department of Energy and Climate Change, Prime Minister's Office March 2011. Date of Access: 9 April 2011. <http://www.number10.gov.uk/wp-content/uploads/decc-mar11-srp-update.pdf>

¹⁶³³ The Plan for Growth, HM Treasury March 2011. Date of Access: 9 April 2011. http://cdn.hm-treasury.gov.uk/2011budget_growth.pdf

¹⁶³⁴ Electricity Market Reform: keeping the lights on in the cheapest, cleanest way, Department of Energy and Climate Change 12 July 2011. Date of Access: 18 July 2011. http://www.decc.gov.uk/en/content/cms/news/pn11_061/pn11_061.aspx

¹⁶³⁵ Green Growth for British Business, Department for Business, Innovation and Skills (London) 5 August 2011. Date of Access: 30 September 2011. <http://www.bis.gov.uk/news/topstories/2011/Aug/encouraging-green-growth>

¹⁶³⁶ £6.5m Boost for Renewable Energy Skills, Department for Business, Innovation and Skills (London) 31 August 2011. Date of Access: 30 September 2011. <http://www.bis.gov.uk/news/topstories/2011/Aug/renewable-energy-skills-65m-boost>

¹⁶³⁷ DECC Gives Money off Green Heaters, Department of Energy and Climate Change 21 July 2011. Date of Access: 30 September 2011. http://www.decc.gov.uk/en/content/cms/news/pn11_064/pn11_064.aspx

Capital Markets Climate Initiative to use private sector expertise to test new and innovative instruments for leveraging private finance to tackle climate change in developing countries.¹⁶³⁸

On 18 November 2010, International Development Secretary Andrew Mitchell also announced that the UK was working on two new public-private partnership projects to generate renewable energy in developing countries in Asia and Africa.¹⁶³⁹

On 8 September 2011, the Chancellor of the Exchequer of the UK, George Osborne and Chinese Vice Premier Wang Qishan signed a Memorandum of Understanding on energy cooperation, to further develop practical co-operation on renewable energy issues, particularly offshore wind.¹⁶⁴⁰

The United Kingdom is developing and deploying energy efficiency and clean energy technologies both domestically and in other countries. Thus it has been awarded a score of +1.

Analyst: Natalia Churkina

United States: +1

The United States has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

On 16 December 2011, U.S. Department of Energy (DOE) announced a partial loan guarantee for a USD1.3 billion loan to support the world's largest wind farm – the Caithness Shepherds Flat, an 845-megawatt wind generation facility located in eastern Oregon.¹⁶⁴¹

On 16 December 2011, DOE announced its intention to fund up to USD50 million to test and demonstrate innovative technologies that will lead to cost-competitive solar energy technologies.¹⁶⁴²

On 19 January 2011, U.S. Energy Secretary Steven Chu announced new efforts to promote clean energy in tribal communities. In 2011 up to USD10 million will be available through DOE's Tribal Energy Program to support the evaluation, development and deployment of energy efficiency and renewable energy projects on tribal lands.¹⁶⁴³

¹⁶³⁸ Structural Reform Plan Monthly Implementation Update of Department of Energy and Climate Change, Prime Minister's Office March 2011. Date of Access: 9 April 2011. <http://www.number10.gov.uk/wp-content/uploads/decc-mar11-srp-update.pdf>

¹⁶³⁹ Mitchell: UK to Help Drive Low Carbon Revolution in Poorest Countries, Department for International Development 18 November 2010. Date of Access: 9 April 2011. <http://www.dfid.gov.uk/Media-Room/Press-releases/2010/Mitchell-UK-to-help-drive-low-carbon-revolution-in-poorest-countries/>

¹⁶⁴⁰ Fourth UK-China Economic and Financial Dialogue: Chancellor's Remarks at Joint Press Conference, HM Treasury (London) 8 September 2011. Date of Access: 30 September 2011. http://www.hm-treasury.gov.uk/int_ukchina_remarks.htm

¹⁶⁴¹ Department of Energy Finalizes Loan Guarantee to Support World's Largest Wind Project, U.S. Department of Energy 16 December 2010, Date of Access: 11 April 2011. <http://www.energy.gov/news/9915.htm>.

¹⁶⁴² DOE to Fund up to USD50 Million to Demonstrate Innovative, Cost-Competitive Solar Energy Technologies, U.S. Department of Energy 16 December 2010, Date of Access: 12 April 2011. <http://www.energy.gov/news/9912.htm>.

¹⁶⁴³ Secretary Chu Announces New Efforts to Promote Clean Energy in Tribal Communities, U.S. Department of Energy 19 January 2011, Date of Access: 11 April 2011. <http://www.energy.gov/news/9978.htm>.

On 24 February 2011, Energy Secretary Steven Chu announced that the U.S. Department of Energy finalized a USD96.8 million Recovery Act supported loan guarantee to a project sponsored by U.S. Geothermal, Inc. to construct a 23 megawatt (net) geothermal power project in Malheur County, in southeastern Oregon. The project would use first-of-a-kind technology that could expand geothermal resource development.¹⁶⁴⁴

On 3 March 2011, U.S. Energy Secretary Steven Chu announced the offer of a conditional commitment to Record Hill Wind LLC for a USD102 million loan guarantee which will support a 50.6 megawatt wind power plant and an eight mile transmission line and associated interconnection equipment near the town of Roxbury, Maine.¹⁶⁴⁵

On 29 March 2011, U.S. Energy Secretary Steven Chu announced the “America’s Next Top Energy Innovator” challenge. The initiative would let start-ups license technologies developed by the National Laboratories for USD1,000 and build successful businesses.¹⁶⁴⁶

On 5 April 2011, DOE announced USD112.5 million funding over five years for development of advanced solar photovoltaic (PV)-related manufacturing processes throughout the United States.¹⁶⁴⁷ On 5 April 2011, DOE also announced USD26.6 Million in Funding for development of advanced hydropower technologies that can produce power more efficiently.¹⁶⁴⁸

On 6 April 2011, the U.S. and Qatar signed agreement to strengthen cooperation on clean energy. The two countries agreed to promote collaboration on the development and deployment of cost-effective and sustainable clean energy technologies.¹⁶⁴⁹

On 12 April 2011, DOE announced the offer of a conditional commitment for a USD1.187 billion loan guarantee to support the California Valley Solar Ranch project which includes the construction of a 250 megawatt alternating current photovoltaic (PV) solar generating facility.¹⁶⁵⁰

On 20 April 2011, U.S. Energy Secretary Steven Chu announced that up to USD130 million from the Advanced Research Projects Agency-Energy (ARPA-E) would be made available to develop five new program areas in clean energy technologies.¹⁶⁵¹

¹⁶⁴⁴ Department of Energy Finalizes USD96.8 Million Loan Guarantee for Oregon Geothermal Project, U.S. Department of Energy 24 February 2011, Date of Access: 11 April 2011. <http://www.energy.gov/news/10094.htm>.

¹⁶⁴⁵ Department of Energy Offers Conditional Commitment for a Loan Guarantee to Support Maine Wind Project, U.S. Department of Energy 3 March 2011, Date of Access: 11 April 2011. <http://www.energy.gov/news/10161.htm>.

¹⁶⁴⁶ Department of Energy Launches "America's Next Top Energy Innovator", U.S. Department of Energy 29 March 2011, Date of Access: 12 April 2011. <http://www.energy.gov/news/10202.htm>.

¹⁶⁴⁷ Secretary Chu Announces Over USD110 Million in SunShot Projects to Advance Solar Photovoltaic Manufacturing in the U.S., U.S. Department of Energy 5 April 2011, Date of Access: 12 April 2011. <http://www.energy.gov/news/10256.htm>.

¹⁶⁴⁸ Departments of Energy and Interior Announce USD26.6 Million in Funding to Develop Advanced Hydropower Technologies, U.S. Department of Energy 5 April 2011, Date of Access: 12 April 2011. <http://www.energy.gov/news/10255.htm>

¹⁶⁴⁹ U.S. Department of Energy and Qatar Sign Agreement to Strengthen Cooperation on Clean Energy, U.S. Department of Energy 6 April 2011, Date of Access: 12 April 2011. <http://www.energy.gov/news/10257.htm>.

¹⁶⁵⁰ Department of Energy Offers Conditional Commitment for USD1.187 Billion Loan Guarantee to Support California Solar Generation Project, U.S. Department of Energy 12 April 2011, Date of Access: 12 April 2011. <http://www.energy.gov/news/10264.htm>.

On 8 June 2011, in support of President Obama's goal of generating 80% of the country's electricity from clean energy sources by 2035, U.S. Department of Energy announced the availability of up to USD70 million in new funding over three years for technology advancements in geothermal energy.¹⁶⁵²

On 14 June 2011, U.S. Energy Secretary Steven Chu announced USD2 billion of conditional commitments to provide loan guarantees to support two concentrating solar power (CSP) projects - the Mojave Solar Project (MSP) and Genesis Solar Project in California.¹⁶⁵³

On 24 June 2011, President Obama launched the Advanced Manufacturing Partnership which will bring together industry, universities and the federal government to invest in energy efficiency. The Department of Energy will invest up to USD120 million over three years.¹⁶⁵⁴

On 1 September 2011, Energy Secretary Steven Chu announced more than USD145 million for projects to help shape the next generation of solar energy technologies. Sixty-nine projects in 24 states will accelerate research and development to increase efficiency, lower costs and advance cutting-edge technologies.¹⁶⁵⁵

The United States has taken steps to create the enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies within the country and beyond. Therefore the score is +1.

Analyst: Tatyana Lanshina

European Union: +1

The EU has fully complied with the commitment to create enabling environments that are conducive to the development and deployment of energy efficiency and clean energy technologies domestically and abroad.

Several measures have been undertaken to promote energy efficiency and clean energy technologies in the EU.

On 31 January 2011, the European Commission presented its Communication on the progress of renewable energy in the EU. It shows that the 2020 renewable energy policy goals are likely to be met and exceeded if Member States fully implement their national renewable energy action plans

¹⁶⁵¹ Secretary Chu Announces \$130 Million for Advanced Research Projects, U.S. Department of Energy 20 April 2011, Date of Access: 1 July 2011. <http://www.energy.gov/news/10283.htm>.

¹⁶⁵² Department of Energy Announces up to \$70 Million to Advance Technology and Reduce Cost of Geothermal Energy, U.S. Department of Energy 8 June 2011, Date of Access: 1 July 2011. <http://www.energy.gov/news/10354.htm>.

¹⁶⁵³ Department of Energy Offers \$2 Billion in Conditional Loan Guarantee Commitments for Two California Concentrating Solar Power Plants, U.S. Department of Energy 14 June 2011, Date of Access: 1 July 2011. <http://www.energy.gov/news/10372.htm>.

¹⁶⁵⁴ Department of Energy Announces \$120 Million to Support Development of Innovative Manufacturing Processes, U.S. Department of Energy 24 June 2011. <http://energy.gov/articles/department-energy-announces-120-million-support-development-innovative-manufacturing>.

¹⁶⁵⁵ Department of Energy Awards More Than \$145 Million for Advanced Solar Technologies, U.S. Department of Energy 1 September 2011, Date of Access: 22 September 2011. <http://energy.gov/articles/department-energy-awards-more-145-million-advanced-solar-technologies>.

and ensure a doubling annual capital investments in renewable energy from EUR35 billion (approximately USD46.5 billion) per year to EUR70 billion (approximately USD93 million).¹⁶⁵⁶

On 8 March 2011, the European Commission adopted a plan for saving more energy through energy efficiency standards for public sector and public procurement, renovation process in private buildings, improvement of the efficiency of power and heat generation, energy efficiency requirements for industrial equipment, improved information provision for small and medium-sized enterprises and energy audits and energy management systems for large companies.¹⁶⁵⁷

The EU has taken steps to develop and deploy energy efficiency and clean energy technologies in other countries.

On 22 November 2010, the Coordinators of the EU – Russia Energy Dialogue, the Commissioner Günther H. Oettinger and Minister Sergey Shmatko, organised a high-level conference to mark the 10th anniversary of the EU-Russia Energy Dialogue where both sides agreed to cooperate in the development of new technologies and energy efficiency.¹⁶⁵⁸

On 24 January 2011, the Memorandum of Understanding on cooperation in the field of energy, including renewable energy, energy efficiency and modern clean technologies, between the EU and the Republic of Uzbekistan was signed in Brussels.¹⁶⁵⁹

On 2 February 2011, the European Commission co-organized an expert roundtable conference on the topic “Engaging China on Climate Change: Crossroads of 21st-century Foreign Policy” in Brussels.¹⁶⁶⁰

The European Union has taken actions to develop and deploy energy efficiency and clean energy technologies both in the EU and in other countries. Thus it has been awarded a score of +1.

Analyst: Natalia Churkina

¹⁶⁵⁶ Renewable Energy Targets: Commission Calls on Member States to Boost Cooperation, The European Union 31 January 2011. Date of Access: 9 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/113&format=HTML&aged=0&language=EN&guiLanguage=en>

¹⁶⁵⁷ European Energy Efficiency Plan: Commission Gears up for More Savings with Renovation and Smart Meters, The European Union 8 March 2011. Date of Access: 9 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/271&format=HTML&aged=0&language=EN&guiLanguage=en>

¹⁶⁵⁸ 10th Anniversary of the EU-Russia Energy Dialogue, European Commission 22 November 2011. Date of Access: 9 April 2011. http://ec.europa.eu/energy/international/events/2010_11_22_eu_russia_anniversary_en.htm

¹⁶⁵⁹ Memorandum of Understanding on Cooperation in the Field of Energy between the European Union and the Republic of Uzbekistan, European Commission 24 January 2011. Date of Access: 9 April 2011. http://ec.europa.eu/energy/international/international_cooperation/doc/2011_01_24_uzbekistan_mou.pdf

¹⁶⁶⁰ Conference on China and Climate Change, the European Union 1 February 2011. Date of Access: 9 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/119&format=HTML&aged=0&language=EN&guiLanguage=en>

12. Corruption

Commitment [#143]:

“We will lead by example in key areas as detailed in the Anti-Corruption Action Plan, including: to accede or ratify and effectively implement the UN Convention against Corruption and promote a transparent and inclusive review process.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina		0	
Australia		0	
Brazil			+1
Canada		0	
China			+1
France		0	
Germany	-1		
India			+1
Indonesia			+1
Italy			+1
Japan	-1		
Korea			+1
Mexico			+1
Russia			+1
Saudi Arabia	-1		
South Africa			+1
Turkey			+1
United Kingdom			+1
United States		0	
European Union			+1
Average Score		+0.45	

Background:

The G20 has promoted the United Nations Convention against Corruption (UNCAC) as one of the key instruments for combating corruption. The UNCAC sets out standards as well as legal and regulatory systems, designed to prevent and punish corruption, and to facilitate “international cooperation and technical assistance in the prevention of and fight against corruption, including asset recovery.”¹⁶⁶¹

On 28 January to 1 February 2008, the the Bali Conference to Strengthen Integrity and Fight Corruption took place in Indonesia, in the attendance of over 100 UNCAC member states.¹⁶⁶² The Bali Conference emphasized the responsibility states have to each other in the fight against

¹⁶⁶¹ United Nations Convention against Corruption. United Nations Office on Drugs and Crime (Vienna) September 2004. Date of Access: 1 November 2009.

http://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf

¹⁶⁶² Bali Conference to Strengthen Integrity and Fight Corruption. United Nations Office on Drugs and Crime (Vienna) 15 January 2008. Date of Access: 1 November 2009.

<http://www.unodc.org/unodc/en/press/releases/2008-01-15.html>.

corruption and highlighted the need for further international cooperation.¹⁶⁶³ During the Conference, Antonio Maria Costa, Executive Director of the United Nations Office on Drugs and Crime, highlighted the importance of the proposed review mechanism, stating: “An effective review mechanism will ensure that this powerful piece of international law lives up to its potential.”¹⁶⁶⁴

The UNCAC review mechanism was proposed in 2006, at the first session of the Conference of States Parties to the UNCAC in Amman, Jordan, to help members assess their progress in implementing the treaty.¹⁶⁶⁵ The leaders established an intergovernmental working group that since 2006 has met several times, and reported back to the Second Conference of States Parties to the UNCAC early in 2008. The working group met again in September and December of 2008, as well as in May 2009.¹⁶⁶⁶ The third session of the Conference of States Parties to the UNCAC was held in Doha, Qatar from 9 to 13 November 2009.¹⁶⁶⁷ After a week of negotiations, member states agreed to a mechanism to monitor the implementation of the UNCAC and issued the Doha Resolutions as an unofficial document that is not edited yet.¹⁶⁶⁸

Table 11 shows the G20 members’ commitment to the UNCAC.

Commitment Features:

This is a two-part commitment calling on G20 members to (1) ratify the UNCAC, have they already not done so, and (2) promote a transparent and inclusive UNCAC implementation review process. Since ratifying the UNCAC is not an incremental process, but a one-off action, ratifications that took place before the Seoul Summit are counted as compliance. Thus for full compliance, the G20 members must ratify (or have already ratified) the UNCAC and promote a transparent and inclusive UNCAC implementation review process.

For countries, that have not ratified the UNCAC, its ratification should be considered as compliance. For countries that have already ratified the UNCAC, only the adoption of an effective, transparent, and inclusive mechanism during the third Conference of the Parties in Doha should be considered as compliance. Since information on voting is unavailable, member’s position at the Doha Conference will be monitored by analyzing statements of the country’s officials and official documents. The UNCAC adoption will be monitored in both national and the respective international organisations’ sources, as the fact of ratification can be reflected by the UN Office on Drugs and Crime with a delay.

¹⁶⁶³ Bali Conference to Strengthen Integrity and Fight Corruption, United Nations Office on Drugs and Crime (Vienna) 15 January 2008. Date of Access: 1 November 2009.

<http://www.unodc.org/unodc/en/press/releases/2008-01-15.html>.

¹⁶⁶⁴ Bali Conference to Strengthen Integrity and Fight Corruption. United Nations Office on Drugs and Crime (Vienna) 15 January 2008. Date of Access: 1 November 2009.

<http://www.unodc.org/unodc/en/press/releases/2008-01-15.html>.

¹⁶⁶⁵ Open-ended Intergovernmental Working group on the Review of the Implementation of the United Nations Convention against Corruption, United Nations Office on Drugs and Crime (Vienna). Date of Access: 1 November 2009. <http://www.unodc.org/unodc/en/treaties/CAC/working-group1.html>.

¹⁶⁶⁶ Open-ended Intergovernmental Working group on the Review of the Implementation of the United Nations Convention against Corruption, United Nations Office on Drugs and Crime (Vienna). Date of Access: 1 November 2009. <http://www.unodc.org/unodc/en/treaties/CAC/working-group1.html>.

¹⁶⁶⁷ Third session of the Conference of the States Parties to the United Nations Convention against Corruption, United Nations Office on Drugs and Crime (Vienna). Date of Access: 11 January 2010. <http://www.unodc.org/unodc/en/treaties/CAC/CAC-COSP-session3.html>

¹⁶⁶⁸ Doha Resolutions, United Nations Office on Drugs and Crime. http://www.unodc.org/documents/treaties/UNCAC/COSP/session3/Doha_resolutions_unofficial.pdf

Table 11: Ratification of the United Nations Convention against Corruption

G20 Member	UNCAC Signature / Ratification, Approval (a) ¹⁶⁶⁹
Argentina	10 December 2003 / 28 August 2006
Australia	9 December 2003 / 7 December 2005
Brazil	9 December 2003 / 15 June 2005
Canada	21 May 2004 / 2 October 2007
China	10 December 2003 / 13 January 2006
France	9 December 2003 / 11 July 2005
Germany	9 December 2003 /
India	9 December 2005 / 1 May 2011
Indonesia	18 December 2003 / 19 September 2006
Italy	9 December 2003 / 5 October 2009
Japan	9 December 2003 /
Korea	10 December 2003 / 27 March 2008
Mexico	9 December 2003 / 20 July 2004
Russia	9 December 2003 / 9 May 2006
Saudi Arabia	9 January 2004 /
South Africa	9 December 2003 / 22 November 2004
Turkey	10 December 2003 / 9 November 2006
United Kingdom	9 December 2003 / 9 February 2006
United States	9 December 2003 / 30 October 2006
European Union	15 September 2005 / 12 November 2008 (a)

The second commitment feature comprises measures undertaken by the member states for promotion of a review process. Participation in the second session of the Implementation Review Group of the UNCAC in Vienna on 30 May – 3 June 2011 will be considered as compliance.¹⁶⁷⁰

Scoring Guidelines:

-1	Member does not ratify and implement the UNCAC AND does not promote a transparent and inclusive review process.
0	Member ratifies or has already ratified the UNCAC the UNCAC BUT does not promote a transparent and inclusive review process.
+1	Member ratifies or has already ratified the UNCAC AND promotes a transparent and inclusive review process.

Argentina: 0

Argentina has partially complied with the commitment to combat corruption.

Argentina signed the United Nations Convention against Corruption (UNCAC) on 10 December 2003 and ratified it on 28 August 2006.¹⁶⁷¹

Argentina participated in two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁶⁷² and from 30 May to 3 June 2011.¹⁶⁷³

¹⁶⁶⁹ United Nations Convention against Corruption

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹⁶⁷⁰ United Nations Convention against Corruption. UN Office on Drugs and Crime.

<http://www.unodc.org/unodc/en/corruption/index.html>.

¹⁶⁷¹ United Nations Convention against Corruption, United Nations Office on Drugs and Crime 31 March 2011. Date of access: 3 April 2011. <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>

No facts on UNCAC implementation during the compliance cycle have been registered. Thus Argentina is awarded a score of 0.

Analyst: Polina Arkhipova

Australia: 0

Australia has partially complied with the commitment to combat corruption.

On 7 December 2005, Australia ratified the United Nations Convention against Corruption (UNCAC).¹⁶⁷⁴

Australia participated in the two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁶⁷⁵ and from 30 May to 3 June 2011.¹⁶⁷⁶

No facts of UNCAC implementation during the compliance period have been registered. Thus Australia has been awarded a score of 0.

Analyst Svetlana Nikitina

Brazil: +1

Brazil has fully complied with the commitment to combat corruption

Brazil signed the UNCAC on 9 December 2003 and ratified it on 15 June 2005.¹⁶⁷⁷

On 9 December 2010, the Transparency Portal was expanded with a new function. The major new function is the possibility of downloading from the Transparency Portal detailed information about each budget of the federal government by any users. The portal was also more convenient for users to display information in the form of graphs and tables.¹⁶⁷⁸ Such measures conform to articles 9, article 10 of UNCAC.

¹⁶⁷² Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02 - Resumed_IRG - LoP - FINAL LIST OF PARTICIPANTS.pdf.

¹⁶⁷³ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP - States Parties - 02-06-2011.pdf.

¹⁶⁷⁴ United Nations Convention against Corruption

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹⁶⁷⁵ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02 - Resumed_IRG - LoP - FINAL LIST OF PARTICIPANTS.pdf.

¹⁶⁷⁶ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP - States Parties - 02-06-2011.pdf.

¹⁶⁷⁷ United Nations Convention Against Corruption

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹⁶⁷⁸ CGU launches new measures to prevent corruption, The Office of the Comptroller General (CGU) 9 December 2011. Date of Access: 10 April 2011.

<http://www.cgu.gov.br/Imprensa/Noticias/2010/noticia15010.asp>.

On 13 December 2010, The United Nations Office on Drugs and Crime (UNODC) and the Federal Prosecutor's Office of Brazil signed a memorandum of understanding that provides for more effective punishment of transnational organized crime on the basis of cooperation, exchange of experiences and development of actions to strengthen punishment of transnational organized crime, through the implementation of international instruments set in the United Nations Convention against Corruption and the United Nations Convention against Transnational Organized Crime and its protocols.¹⁶⁷⁹

On 8 December 2010, President of Brazil Luiz Inacio Lula da Silva signed the decree on holding the first National Conference of Transparency and Social Control on 13-15 October 2011.¹⁶⁸⁰ The conference has a significant value for a dialogue between society and authority. Despite the fact that conference will be held on October 2011, representatives of government institutes, civil society and national council are working regularly together in preparation for the event. In two meetings held on 1 March 2011¹⁶⁸¹ and on 4 April 2011¹⁶⁸² the National Organizing Committee of the first National Conference on Transparency and Social Control discussed issues of transparency and role of society in this process and adopted the conference's charter. These actions comply with article 13, article 60 p 6, article 61 p 1, 2 of UNCAC.

Brazil participated in the two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁶⁸³ and from 30 May to 3 June 2011.¹⁶⁸⁴

Brazil has ratified the UNCAC, implemented it and contributed to promotion of a transparent and inclusive UNCAC review process. Thus Brazil has been given a score of +1.

Analyst: Pavel Zhdanov

Canada: 0

Canada has partially complied with the commitment to combat corruption.

On 2 October 2007, Canada ratified the UNCAC.¹⁶⁸⁵

¹⁶⁷⁹ UNODC and the Federal Prosecutor's Office of Brazil Intensify Efforts to Combat Transnational Organized Crime, United Nations Office on Drugs and Crime 13 December 2011. Date of Access: 10 April 2011. <http://www.unodc.org/southerncone/en/frontpage/2010/12/13-unodc-e-mpf-unem-esforcos-para-combater-o-crime-organizado-transnacional.html>.

¹⁶⁸⁰ Decree of President of Brazil on 8 December 2010 to convene the first National Conference on Transparency and Social Control – Consocial, and other measures, The Office of the Comptroller General (CGU). Date of Access: 17 April 2011. <http://www.cgu.gov.br/consocial/arquivos/decreto-de-convocacao.pdf>.

¹⁶⁸¹ Held the First Meeting of the National Organizing Committee of the 1st Consocial, The Office of the Comptroller General (CGU) 1 March 2011. Date of Access: 10 April 2011. <http://www.cgu.gov.br/consocial/divulgacao/noticia001.asp>.

¹⁶⁸² Approved charter 1st Consocial, The Office of the Comptroller General (CGU) 4 April 2011. Date of Access: 10 April 2011. <http://www.cgu.gov.br/consocial/divulgacao/noticia003.asp>.

¹⁶⁸³ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011. http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

¹⁶⁸⁴ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011. http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP_-_States_Parties_-_02-06-2011.pdf.

Canada participated in the two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁶⁸⁶ and from 30 May to 3 June 2011.¹⁶⁸⁷

No facts of UNCAC implementation during the compliance period have been registered. Consequently, for ratification of the UNCAC and promotion of its transparent and inclusive review process Canada has been awarded a score of 0.

Analyst: Vitaly Nagornov

China: +1

China has fully complied with the commitment to combat corruption.

On 13 January 2006, China ratified the United Nations Convention against Corruption.¹⁶⁸⁸

On 15 December 2010, China adopted an amended anti-corruption regulation in which it sets out unprecedented penalties that include imposing punishments for corrupt Party officials, including those that left their posts or retired.¹⁶⁸⁹

On 23 December 2010, China's National Audit Office vowed to strengthen auditing and supervision of major state-funded projects to prevent corruption.¹⁶⁹⁰

On 29 December 2010, China released its first ever White Paper on the nation's anti-graft efforts, expressing its resolve to strengthen the fight against corruption.¹⁶⁹¹

China participated in the two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁶⁹² and from 30 May to 3 June 2011.¹⁶⁹³

¹⁶⁸⁵ UNCAC Signature and Ratification Status as of 31 March 2011, United Nations Office on Drugs and Crime 31 March 2011. Date of Access: 10 April 2011.

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹⁶⁸⁶ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

¹⁶⁸⁷ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP_-_States_Parties_-_02-06-2011.pdf.

¹⁶⁸⁸ United Nations Convention against Corruption

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹⁶⁸⁹ China upgrades anti-corruption regulation, Chinese Online Information Service 15 December 2010.

Date of Access: 15 December 2010. http://news.xinhuanet.com/english2010/china/2010-12/15/c_13650663.htm

¹⁶⁹⁰ China vows to audit major projects to curb graft, Government of China 23 December 2010. Date of Access: 23 December 2010. http://english.gov.cn/2010-12/23/content_1771879.htm

¹⁶⁹¹ China issues first anti-corruption white paper, pledging firmer actions, Government of China 29 December 2010. Date of Access: 29 December 2010. http://english.gov.cn/2010-12/29/content_1775348.htm

¹⁶⁹² Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011. http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

China has ratified the UNCAC and taken actions to implement and promote a transparent and inclusive UNCAC review process. Thus China was given a score of +1.

Analyst Svetlana Nikitina

France: 0

France has partially complied with the commitment to combat corruption.

On 11 July 2005, France ratified the UNCAC.¹⁶⁹⁴

France participated in the two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁶⁹⁵ and from 30 May to 3 June 2011.¹⁶⁹⁶

Consequently, for ratification of the UNCAC and promotion of a transparent UNCAC review process France has been awarded a score of 0.

Analyst: Vitaly Nagornov

Germany: -1

Germany has not complied with the commitment to combat corruption.

On 9 December 2010, German State Secretary Hans-Jürgen Beerfeltz on the occasion of International Anti-Corruption Day conducted a meeting with all relevant players from the government and private sectors, and civil society at the German Federal Ministry for Cooperation and Development. State Secretary Beerfeltz stated that Germany would continue efforts to prevent and reduce corruption in developing countries. According to his speech Germany ensures that its procedures and instruments are free from corruption, supports partner countries in pursuing anti-corruption reforms nationally and internationally, and cooperates with the United Nations, World Bank, EU, and OECD.¹⁶⁹⁷

¹⁶⁹³ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP_-_States_Parties_-_02-06-2011.pdf.

¹⁶⁹⁴ UNCAC Signature and Ratification Status as of 31 March 2011, United Nations Office on Drugs and Crime 31 March 2011. Date of Access: 28 April 2011.

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹⁶⁹⁵ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

¹⁶⁹⁶ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP_-_States_Parties_-_02-06-2011.pdf.

¹⁶⁹⁷ New anti-corruption activities in German development cooperation, Federal Ministry for Cooperation and Development of Germany 9 December 2010. Date of Access: 10 April 2011. http://www.bmz.de/en/press/aktuelleMeldungen/2010/december/20101209_pm_180_antikorruptionstag/index.html.

Germany participated as signatory/observer state in the two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁶⁹⁸ and from 30 May to 3 June 2011.¹⁶⁹⁹

Germany has not ratified the UNCAC and has not contributed to promotion of a transparent UNCAC review process. Therefore, Germany has been given a score of -1.

Analyst: Marina Klintsova

India: +1

India has fully complied with the commitment to combat corruption.

India ratified the UNCAC on 1 May 2011.¹⁷⁰⁰

India participated in the two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁷⁰¹ and from 30 May to 3 June 2011.¹⁷⁰²

On 4 August 2011, the Lokpal Bill which aims to provide a mechanism for dealing with complaints on corruption against public functionaries in high places was introduced in the Parliament. One of the main features of the proposed bill is establishment of a central government anti-corruption institution called Lokpal. The new institution will consist of a President and ten members, half of them judicial, will have its own prosecution and investigation wing with officers and staff necessary to carry out its functions.¹⁷⁰³

India has ratified the UNCAC, taken measures to implement it and contributed to the development of its inclusive review process. Thus it has been awarded a score of +1.

Analyst: Alexey Mironov

Indonesia: +1

Indonesia has fully complied with the commitment to combat corruption.

¹⁶⁹⁸ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011. http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

¹⁶⁹⁹ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011. http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP_-_States_Parties_-_02-06-2011.pdf.

¹⁷⁰⁰ UNCAC Signature and Ratification Status as of 31 March 2011, United Nations Office on Drugs and Crime 31 March 2011. Date of Access: 10 April 2011. <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹⁷⁰¹ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011. http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

¹⁷⁰² Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011. http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP_-_States_Parties_-_02-06-2011.pdf.

¹⁷⁰³ Parliamentary Bills Information System, Lok Sabha 4 August 2011. Date of Access: 4 October 2011. http://164.100.47.4/newsbios_search/intsessionreport3.aspx

Indonesia ratified the UNCAC on 19 September 2006.¹⁷⁰⁴

On 23 February 2011, the Indonesian authorities announced establishment of a working group to monitor implementation of the law of 1999 which requires officials of central and local governments to report their earnings before and after taking office.¹⁷⁰⁵

On 14 March 2011, a special group to consider the UNCAC implementation was formed in Corruption Eradication Commission (KPK). The Commission Chairman Busyro Muqoddas stated that the review was expected to contribute to improving the implementation of the UNCAC in Indonesia.¹⁷⁰⁶

Indonesia participated in the two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁷⁰⁷ and from 30 May to 3 June 2011.¹⁷⁰⁸

Indonesia has ratified the UNCAC and has taken measures to implement the UNCAC and promote a transparent and inclusive UNCAC review process. Thus it has been awarded a score of +1.

Analyst: Elena Martynova

Italy: +1

Italy has fully complied with the commitment to combat corruption.

Italy ratified the UNCAC on 5 October 2009.¹⁷⁰⁹

On 25-26 November 2010, the Anti-corruption and Transparency Service (Servizio Anticorruzione e Trasparenza, SAET) and the United Nations Development Programme (UNDP) held an advanced course on prevention and repression of corruption in the Public Administration. The course named “Advanced Training on Prevention of Corruption – Techniques and Methodologies” aimed at analysing the strategies and the rules for prevention of corruption and bad administration.¹⁷¹⁰

¹⁷⁰⁴ UNCAC Signature and Ratification Status as of 31 March 2011, United Nations Office on Drugs and Crime 31 March 2011. Date of Access: 10 April 2011.

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹⁷⁰⁵ Optimalisasi Pokja untuk Tingkatkan Kepatuhan LHKPN, Komisi Pemberantasan Korupsi Republik Indonesia 23 Februari 2011 Date of Access: 11 March 2011

<http://www.kpk.go.id/modules/news/article.php?storyid=1885>

¹⁷⁰⁶ KPK dan UNODC Tinjau Ulang Konvensi PBB Antikorupsi 14 March 2011 Date of Access: 31 March 2011 <http://www.kpk.go.id/modules/news/article.php?storyid=1930>

¹⁷⁰⁷ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

¹⁷⁰⁸ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP_-_States_Parties_-_02-06-2011.pdf.

¹⁷⁰⁹ UNCAC Signature and Ratification Status as of 31 March 2011, United Nations Office on Drugs and Crime 31 March 2011. Date of Access: 10 April 2011.

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹⁷¹⁰ Concluso il corso avanzato sulla prevenzione e la repressione della corruzione nella pubblica amministrazione, Anti-corruption and Transparency Service 26 November 2010. Date of Access: 10 April 2011. http://www.anticorruzione.it/site/ArtId_837/355/DesktopDefault.aspx

On 1 March 2011, the Council of Ministers has approved the bill¹⁷¹¹ containing “Dispositions for prevention and repression of corruption and illegality in public administration.” The bill foresees the National anticorruption plan to reduce anticorruption risks in Public Administration implementing one of the provisions of article 5 “Preventive anti-corruption policies and practices” of the UNCAC. The measures on transparency focus on the three areas most liable to corruption – contracts, contributions, employments. The bill also provides for establishment of the institution of the Observatory on corruption and other illicit activities against the Public Administration.¹⁷¹²

Italy participated in the two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁷¹³ and from 30 May to 3 June 2011.¹⁷¹⁴

Consequently, for ratification of the UNCAC, implementation of its provisions and participation in the review process Italy has been awarded a score of +1.

Analyst: Anna Vekshina

Japan: -1

Japan has not complied with the commitment to combat corruption.

Japan has not ratified the UNCAC yet.¹⁷¹⁵ However, on 13 April 2011, at the 20th Session of the Commission on Crime Prevention and Criminal Justice Japanese Representative in the International Organizations in Vienna Tsutomu Osawa confirmed Japan’s commitment to work towards a prompt conclusion of the UNCAC. He noted that most of the UNCAC provisions had been incorporated into the Japanese legislation and were successfully enforced. “Japan is willing to contribute to the review mechanism, which ensures implementation of UNCAC, in an appropriate manner,” he added.¹⁷¹⁶

¹⁷¹¹ “DDL Anticorruzione,” Italian Government 1 March 2011. Date of Access: 10 April 2011.

http://www.governo.it/GovernoInforma/Dossier/anticorruzione_ddl/Brunetta_anticorruzione.pdf

¹⁷¹² Anticorruzione: via libera del governo DDL, Anti-corruption and Transparency Service 2 March 2010.

Date of Access: 10 April 2011. http://www.anticorruzione.it/site/ArtId_822/355/DesktopDefault.aspx

¹⁷¹³ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02 - Resumed_IRG - LoP - FINAL_LIST_OF_PARTICIPANTS.pdf.

¹⁷¹⁴ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP - States_Parties - 02-06-2011.pdf.

¹⁷¹⁵ UNCAC Signature and Ratification Status as of 31 March 2011, United Nations Office on Drugs and Crime 31 March 2011. Date of Access: 10 April 2011.

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹⁷¹⁶ 20th Session of the Commission on Crime Prevention and Criminal Justice: Statement by Ambassador Tsutomu OSAWA of Japan Under the Agenda Item 5 (a), (b), Permanent Mission of Japan to the International Organizations in Vienna 13 April 2011. Date of access: 18 July 2011. www.vie-mission.emb-japan.go.jp/Statements/s20110411_20100513/s20110413.html

Under Comprehensive Economic Partnership Agreement between Japan and the Republic of India signed on 16 February 2011, the parties agreed to take appropriate measures to prevent and combat corruption of its public officials regarding matters covered by the Agreement.¹⁷¹⁷

Japan participated as signatory/observer state in the two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁷¹⁸ and from 30 May to 3 June 2011¹⁷¹⁹

However, Japan was scored -1 for its non-compliance since it still has to ratify UN Convention against Corruption and demonstrate more determination in its implementation and promotion of the review process.

Analyst: Ekaterina Maslovskaya

Korea: +1

Korea has fully complied with the commitment to combat corruption.

On 10 December 2003, Korea signed the UNCAC; and on 27 March 2008 ratified it.¹⁷²⁰

On 13 January 2011, the Anti-Corruption and Civil Rights Commission (ACRC) presented the guidelines on the anti-corruption and integrity policies for 2011. According to the guidelines, enhancing integrity of high-ranking officials will be the ACRC's top priority in 2011. The Commission planned to complete the development of a standard model for integrity assessment on high-ranking officials by February 2011. Furthermore, the ACRC will monitor unfair employment of family, relatives, or campaign strategists of a public official in affiliated organizations, and the acts of giving undue benefits such as a private contact to a public official's relatives or retired officials since such irregular practices have been found to slacken discipline among public officials. The Commission will also keep tabs on intervention in granting concessions, diversion of government budget for other purposes, and private use of public properties. To implement those primary tasks, the ACRC has intended to conduct "Clean Hands Korea" campaign jointly with local governments and public companies.¹⁷²¹

¹⁷¹⁷ Comprehensive Economic Partnership Agreement Between Japan and the Republic of India, Ministry of Foreign Affairs of Japan 16 February 2011. Date of access: 11 April 2011.

http://www.mofa.go.jp/region/asia-paci/india/epa201102/pdfs/ijcepa_ba_e.pdf

¹⁷¹⁸ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02 - Resumed_IRG - LoP - FINAL_LIST_OF_PARTICIPANTS.pdf.

¹⁷¹⁹ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP - States_Parties - 02-06-2011.pdf.

¹⁷²⁰ United Nations Convention against Corruption, UNCAC signature and ratification status as of 31 March 2011, United Nations Office on Drugs and Crime 31 March 2011. Date of Access: 10 April 2011.

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>

¹⁷²¹ ACRC issues guidelines for 2011 Anti-Corruption Policy, the Anti-Corruption and Civil Rights Commission 11 February 2011. Date of access: 10 April 2011. http://www.acrc.go.kr/eng_index.html

Korea participated in the two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁷²² and from 30 May to 3 June 2011.¹⁷²³

Korea has ratified the UNCAC, taken measures to implement it and contributed to promotion of the UNCAC review mechanism. Thus the country has been awarded a score of +1.

Analyst: Anna Vekshina

Mexico: +1

Mexico has fully complied with the commitment to combat corruption.

Mexico signed the UNCAC on 9 December 2003 and ratified it on 20 July 2004.¹⁷²⁴

On 2 March 2011, Mexican President Felipe Calderón submitted a bill to strengthen the legal framework aimed at fighting corruption, simplifying the procedures for making denunciations and encouraging public participation.¹⁷²⁵

On 2 June 2011, regional Centre of Excellence for Latin America and the Caribbean was established in Mexico by National Institute for Statistics and Geography (INEGI) in cooperation with United Nations Office on Drugs and Crime. The Centre is aimed at monitoring government crime as well as promoting international cooperation in the respective area. The working plan for 2011-2012 concentrates on combating corruption and other priorities.¹⁷²⁶

Mexico participated in the two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁷²⁷ and from 30 May to 3 June 2011.¹⁷²⁸

Thus Mexico has been awarded a score of +1.

Analyst: Polina Arkhipova

¹⁷²² Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

¹⁷²³ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP_-_States_Parties_-_02-06-2011.pdf.

¹⁷²⁴ United Nations Convention against Corruption, United Nations Office on Drugs and Crime 31 March 2011. Date of access: 3 April 2011. <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>

¹⁷²⁵ Bills to Strengthen Legal Framework to Combat Corruption, Presidencia de la Republica, México 3 March 2011. Date of Access: 5 April 2011.

<http://www.presidencia.gob.mx/index.php?DNA=88&page=1&Contenido=63620>

¹⁷²⁶ INAUGURAN INEGI Y UNODC CENTRO REGIONAL DE EXCELENCIA PARA AMÉRICA LATINA Y EL CARIBE, United Nations Office on Drugs and Crime Mexico, Central America and the Caribbean, 2 June 2011. Date of Access: 17 July 2011.

<http://www.unodc.org/mexicoandcentralamerica/frontpage/index.html>

¹⁷²⁷ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

¹⁷²⁸ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP_-_States_Parties_-_02-06-2011.pdf.

Russia: +1

Russia has fully complied with the commitment to combat corruption.

Russia ratified the UNCAC on 9 May 2006.¹⁷²⁹

On 21 January 2011, Russian President approved a list of instructions issued following a meeting of the Council for Countering Corruption. Russian Prosecutor General was instructed to check whether the information submitted by public servants on their incomes and assets is “complete and authentic.”¹⁷³⁰

On 28 April 2011, Russian President submitted to the State Duma draft federal law On Amendments to Certain Legislative Acts of the Russian Federation in Connection with Improving Public Anti-Corruption Management. Several federal laws would be amended to improve “the mechanism for anti-corruption expert investigations.”¹⁷³¹

Russia participated in the two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁷³² and from 30 May to 3 June 2011.¹⁷³³

Thus it has been awarded a score of +1.

Analyst: Mark Rakhmangulov

Saudi Arabia: -1

Saudi Arabia has failed to comply with the commitment to combat corruption.

On 9 January 2004, Saudi Arabia signed the UNCAC, but has not yet ratified it.¹⁷³⁴

Thus Saudi Arabia has not ratified the UNCAC and has neither implemented it or carried out an inclusive review process, hence it has been awarded a score of -1.

Analyst: Anna Vekshina

South Africa: +1

South Africa has fully complied with its commitment on fighting corruption.

¹⁷²⁹ United Nations Convention against Corruption, UNCAC signature and ratification status as of 31 March 2011, United Nations Office on Drugs and Crime 31 March 2011. Date of Access: 10 April 2011. <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>

¹⁷³⁰ Presidential instructions following meeting of the Council for Countering Corruption, President of Russia 21 January 2011. Date of Access: 10 April 2011. <http://eng.kremlin.ru/news/1662>.

¹⁷³¹ Draft law to improve public anti-corruption management submitted to State Duma, President of Russia 28 April 2011. Date of Access: 29 April 2011. <http://eng.kremlin.ru/news/2148>.

¹⁷³² Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011. <http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02 - Resumed IRG - LoP - FINAL LIST OF PARTICIPANTS.pdf>.

¹⁷³³ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011. http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP - States Parties - 02-06-2011.pdf.

¹⁷³⁴ United Nations Convention against Corruption, UNCAC signature and ratification status as of 31 March 2011, United Nations Office on Drugs and Crime 31 March 2011. Date of Access: 10 April 2011. <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>

On 9 December 2003, the Government of South Africa signed the UNCAC and ratified it on 22 November 2004.¹⁷³⁵

On 10 February 2011, at the Joint Sitting of Parliament in his state of the nation address Jacob G Zuma, President of the Republic of South Africa, declared that Special Anti-Corruption Unit has been established in the Department of Public Service and Administration to handle corruption-related disciplinary cases involving public servants on 25 November 2010.¹⁷³⁶ According to the President, about ZAR44 million (USD6.68 million) had been recovered from public servants who were illegally benefiting from housing subsidies, while the cleaning of the social grants system of fraud was also continuing. The Special Investigating Unit was directed to probe alleged maladministration or corruption in various government departments, municipalities and institutions.¹⁷³⁷

The South Africa participated in the two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁷³⁸ and from 30 May to 3 June 2011.¹⁷³⁹

The South Africa has ratified the UNCAC and has taken measures to implement it and promote its review process. Thus it is awarded a score of +1.

Analyst: Yuriy Zaytsev

Turkey: +1

Turkey has fully complied with the commitment on corruption.

On 9 November 2006, Turkey ratified the United Nations Convention against Corruption.¹⁷⁴⁰

On 3 December 2010, at Grand National Assembly of Turkey, the Turkish government adopted the Law on the Court of Accounts.¹⁷⁴¹

On 26 December 2010, at Grand National Assembly of Turkey, the Turkish government adopted the Central Government Accountability Act.¹⁷⁴²

¹⁷³⁵ United Nations Convention against Corruption

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹⁷³⁶ Minister Baloyi on Special Anti-Corruption Unit launch, the official web site of the Department of Public Service and Administration, 25 November 2010. Date of access: 29 April, 2011.

<http://www.dpsa.gov.za/article.php?id=16>

¹⁷³⁷ State of the Nation Address By His Excellency Jacob G Zuma, President of the Republic of South Africa, at the Joint Sitting Of Parliament, Cape Town, the Department of International Relations and Cooperation of the Republic of the South Africa, 10 February 2011. Date of access: 28 April, 2011.

<http://www.dirco.gov.za/docs/speeches/2011/jzum0210.html>

¹⁷³⁸ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

<http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02 - Resumed IRG - LoP - FINAL LIST OF PARTICIPANTS.pdf>.

¹⁷³⁹ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP - States Parties - 02-06-2011.pdf.

¹⁷⁴⁰ United Nations Convention against Corruption, United Nations Office on Drugs and Crime 01 March 2011. Date of Access: 04 April 2011. <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹⁷⁴¹ Kanun No. 6085 of 3 December 2010, SAYIŞTAY KANUNU, Türkiye Büyük Millet Meclisi 3 December 2010. Date of Access: 9 April 2011. <http://www.tbmm.gov.tr/kanunlar/k6085.html>.

Turkey participated in the two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁷⁴³ and from 30 May to 3 June 2011.¹⁷⁴⁴

Turkey has ratified the UNCAC, taken actions to implement it and promote its review mechanism. Thus it has been awarded a score of +1.

Analyst: Victor Kobyletskiy

United Kingdom: +1

The UK has fully complied with the commitment to combat corruption.

On 9 February 2006, the UK ratified the UNCAC.

On 1 July 2011, the new Bribery Act, which received Royal Assent in April 2010, is planned to come into force in the UK. The UK is making preparations for this new Act to become effective. On 30 March 2011, the official Guidance on the Bribery Act with safeguards businesses can put in place to prevent bribery was published.¹⁷⁴⁵

The UK is also participating in promotion of a transparent and inclusive review process. The UK participated in the two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁷⁴⁶ and from 30 May to 3 June 2011.¹⁷⁴⁷

On 2-4 February 2011, the UK Department for International Development also supported the first civil society training on the UNCAC review mechanism held by the UNODC and Transparency International in Austria. This training aimed at strengthen the civil society's capacity to play an active role in the review process, including through dialogue with states parties.¹⁷⁴⁸

¹⁷⁴² Kanun No. 6092 of 26 December 2010, 2009 YILI MERKEZİ YÖNETİM KESİN HESAP KANUNU, Türkiye Büyük Millet Meclisi 26 December 2010. Date of Access: 9 April 2011.

<http://www.tbmm.gov.tr/kanunlar/k6085.html>.

¹⁷⁴³ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

¹⁷⁴⁴ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP_-_States_Parties_-_02-06-2011.pdf.

¹⁷⁴⁵ Uk Clamps Down on Corruption With New Bribery Act, Ministry of Justice 30 March 2011. Date of Access: 9 April 2011. <http://www.justice.gov.uk/news/newsrelease300311a.htm>

¹⁷⁴⁶ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

¹⁷⁴⁷ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP_-_States_Parties_-_02-06-2011.pdf.

¹⁷⁴⁸ UNODC-TI Training for CSOs on the UNCAC Review Process, UNCAC Coalition 7 March 2011.

Date of Access: 9 April 2011. <http://www.uncaccoalition.org/en/home/162-unodc-ti-training-for-csos-on-the-uncac-review-process.html>

The United Kingdom has ratified the UNCAC, implements the UNCAC developing new legislation and takes part in promotion of a transparent and inclusive review process. Thus it has been awarded a score of +1.

Analyst: Natalia Churkina

United States: 0

The United States has partially complied with the commitment to combat corruption.

On 30 October 2006, the United States ratified the UN Convention against Corruption.¹⁷⁴⁹

On 19 March 2011, the United States and Brazil announced their intention to establish a new framework for cooperation on international anti-corruption efforts.¹⁷⁵⁰

The US participated in the two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁷⁵¹ and from 30 May to 3 June 2011.¹⁷⁵²

In January 2010, Presidents Barack Obama and Hu Jintao agreed to strengthen cooperation on combating transnational crime and corruption. On 26 July 2011, the 6th meeting of China-U.S. Anticorruption Working Group of the Joint Liaison Group was held.¹⁷⁵³

The U.S. ratified the UNCAC and contributed to development of its review process, but no significant facts of its implementation have been registered during the compliance period. Therefore the score is 0.

Analyst: Tatyana Lanshina

European Union: +1

The European Union has partially complied with the commitment to combat corruption.

The European Union signed the UNCAC on 15 September 2005 and approved it on 12 November 2008.¹⁷⁵⁴

¹⁷⁴⁹ United Nations Convention against Corruption, United Nations Office on Drugs and Crime status as of 31 March 2011, Date of Access: 8 April 2011.

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

¹⁷⁵⁰ Fact Sheet on U.S. – Brazil Democracy, Human Rights, and Labor Cooperation, The White House, Office of the Press Secretary 19 March 2011, Date of Access: 11 April 2011.

http://www.whitehouse.gov/sites/default/files/uploads/Brazil_Democracy_Human_Rights.pdf.

¹⁷⁵¹ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

¹⁷⁵² Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011.

http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP_-_States_Parties_-_02-06-2011.pdf.

¹⁷⁵³ U.S. Official at U.S.-China Anti-Corruption Group Meeting, IIP Digital 26 July 2011, Date of Access: 22 September 2011. http://iipdigital.usembassy.gov/st/english/texttrans/2011/07/20110726170720su0_5604931.html#axzz1ZFHKew2e.

¹⁷⁵⁴ Signatories to the United Nations Convention Against Corruption, United Nations Office on Drugs and Crime (Vienna) 9 December 2009. Date of Access: 10 April 2011.

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>.

On 18 February 2011, interim reports from the European Commission were presented to the European Parliament and the European Council on progress in Bulgaria¹⁷⁵⁵ and Romania¹⁷⁵⁶ under the Co-operation and Verification Mechanism. This mechanism was set up to help both countries “remedy shortcomings in the areas of judicial reform and the fight against corruption and to monitor progress in these areas through periodical reports.”

On 17 March 2011, the European Commission published draft decision on reform of the European Anti-fraud Office (OLAF).¹⁷⁵⁷ The aim of OLAF reform is “to improve the efficiency and accountability of OLAF, while safeguarding its investigative independence.” The proposed reform includes measures in the areas of reinforcing accountability, enhancing efficiency, and improving international and intra-EU cooperation of the OLAF.¹⁷⁵⁸

On 13-14 April 2011, a conference on European Standards for European Partners against Corruption (EPAC) / European Anti-Corruption Network (EACN) members was held. Experts and representatives of state authorities discussed establishing standards of combating corruption at the EU level, which complies with article 60 p 6, article 61 p 1, 2.¹⁷⁵⁹

The EU participated in the two sessions of the UNCAC Implementation Review Group in Vienna from 29 November to 1 December 2010¹⁷⁶⁰ and from 30 May to 3 June 2011.¹⁷⁶¹

The EU has ratified the UNCAC, taken measures to implement it and promote a transparent and inclusive UNCAC review process. Thus it has been awarded a score of +1.

Analyst: Pavel Zhdanov

¹⁷⁵⁵ Interim Report from the European Commission to the European Parliament and The Council on Progress in Bulgaria under the Co-operation and Verification Mechanism, European Commission 18 February 2011. Date of Access: 10 April 2010. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52011DC0081:EN:HTML>.

¹⁷⁵⁶ Interim Report from the European Commission to The European Parliament and the Council on Progress in Romania under the Co-operation and Verification Mechanism, European Commission 18 February 2011. Date of Access: 10 April 2010. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52011DC0080:EN:HTML>.

¹⁷⁵⁷ Commission Decision Amending its Decision (1999/352/EC/ECSC, Euratom) of 28 April 1999 Establishing the European Anti-fraud Office, European Commission 17 March 2011. Date of Access: 10 April 2011. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=SEC:2011:0343:FIN:EN:PDF>.

¹⁷⁵⁸ Commission Proposes Reform of European Anti-Fraud Office (OLAF), Portal Europa 17 March 2011. Date of Access: 10 April 2011. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/321&format=HTML&aged=0&language=EN&guiLanguage=en>.

¹⁷⁵⁹ EPAC/EACN Project Conference on “European Standards for EPAC/EACN Members,” Hungarian Presidency of the Council of the European Union 14 April 2011. Date of Access: 10 April 2011. <http://www.eu2011.hu/event/epaceacn-project-conference-%E2%80%9CEuropean-standards-epaceacn-members%E2%80%9D>.

¹⁷⁶⁰ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 1 December 2010. Date of Access: 10 April 2011. http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/29Nov-1Dec2010/2010-12-02_-_Resumed_IRG_-_LoP_-_FINAL_LIST_OF_PARTICIPANTS.pdf.

¹⁷⁶¹ Implementation Review Group. Final list of participants, United Nations Office on Drugs and Crime 2 June 2010. Date of Access: 15 October 2011. http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/30May-3June2011/FINAL_LOP_-_States_Parties_-_02-06-2011.pdf.

13. International Cooperation

Commitment [#152]:

“We will increase our efforts to conduct G20 consultation activities in a more systematic way, building on constructive partnerships with international organizations, in particular the UN, regional bodies, civil society, trade unions and academia.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina		0	
Australia		0	
Brazil		0	
Canada		0	
China		0	
France		0	
Germany		0	
India		0	
Indonesia		0	
Italy		0	
Japan		0	
Korea		0	
Mexico		0	
Russia			+1
Saudi Arabia		0	
South Africa		0	
Turkey		0	
United Kingdom		0	
United States		0	
European Union		0	
Average Score		+0.05	

Commitment Features:

This commitment calls for closer international cooperation between the G20 and the United Nations, regional bodies, civil society, trade unions, and academia. During the G20 Seoul Summit, G20 members recognized the wide influence of their decisions and thus they have called for more consultation between the G20 and the wider international community. Furthermore, Korean President Lee Myung-bak stated that international cooperation is a necessary prerequisite for the international economy to find a path “towards strong, sustainable and balanced growth.”¹⁷⁶² G20 members will be evaluated on their efforts to cooperate in G20 consultations with the international organizations specified above.

¹⁷⁶² Lee calls for concrete action by G20, The Korean Herald. 3 November 2010. Date of Access: 3 January 2011. <http://www.koreaherald.com/national/Detail.jsp?newsMLId=20101103000531>

Scoring Guidelines:

-1	Member does not partake in G20 efforts involving consultation activities with any of the following partners: UN, regional bodies, civil society, trade unions and academia.
0	Member partakes in G20 efforts involving consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia BUT no efforts are made to make the relationships more systematic.
+1	Member partakes in G20 efforts involving consultation activities with more than one of the following partners: UN, regional bodies, civil society, trade unions and academia AND efforts are made to make the relationships more systematic.

International Cooperation Reports compiled by Analyst Sameer Singh

Argentina: 0

Argentina has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10 November 2011, Argentina was elected to serve a two-year term (2010-2012) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹⁷⁶³

On 25-26 March 2011, Argentina attended the annual general meeting of the Inter-American Development Bank in Calgary, Canada. Finance ministers, government officials, and civil society representatives from the Americas and the Caribbean attended this meeting.¹⁷⁶⁴

On 8-16 December, an International Monetary Fund mission visited Argentina at the request of Argentine authorities to provide economic assistance.¹⁷⁶⁵

On 25 August 2011, delegates from Argentina and the 33 member countries of the Forum for East Asia and Latin America Cooperation (FEALAC) met in Buenos Aires, Argentina, to discuss the challenges of world economic crisis and enhanced inter-regional cooperation and trade.¹⁷⁶⁶

Thus, Argentina has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

Australia: 0

Australia has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

From 29 November 2010 to 10 December 2010, Australia attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹⁷⁶⁷

¹⁷⁶³ Economic and Social Council Elects 41-Member Executive Board for UN Women (UN) 10 November 2010 Date of Access: 25 April 2011 <http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹⁷⁶⁴ About the Annual Meeting: Inter-American Development Bank. (Calgary) 1 February 2011 Date of Access: 25 April 2011 <http://www.iadb.org/en/annual-meeting/2011/about-the-annual-meeting,2929.html>

¹⁷⁶⁵ Statement by an IMF Technical Mission to Argentina. (Buenos Aires) 16 December 2010 Date of Access: 25 April 2011 <http://www.imf.org/external/np/sec/pr/2010/pr10499.htm>

¹⁷⁶⁶ Latin American, Asian leaders seek to boost economic ties (Buenos Aires) 25 August 2011 Date of Access: 1 October 2011 <http://www.thefreelibrary.com/LatAm,+Asia+leaders+seek+to+boost+economic+ties-a01612503566>

From 29 to 30 March 2011, Australia and Indonesia co-chaired the Fourth Bali Regional Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational crime.¹⁷⁶⁸

On 25 August 2011, delegates from Australia and the 33 member countries of the Forum for East Asia and Latin America Cooperation (FEALAC) met in Buenos Aires, Argentina to discuss the challenges of world economic crisis and enhanced inter-regional cooperation and trade.¹⁷⁶⁹

Thus, Australia has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

Brazil: 0

Brazil has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

From 29 November to 10 December 2010, Brazil attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹⁷⁷⁰

From 25 to 26 March 2011, Brazil attended the annual general meeting of the Inter-American Development Bank in Calgary, Canada. Finance ministers, government officials and civil society representatives from the Americas and the Caribbean attended this meeting.¹⁷⁷¹

On 14 April 2011, Brazil attended the Third BRIC Summit in Sanya, China¹⁷⁷²

On 25 August 2011, delegates from Brazil and the 33 member countries of the Forum for East Asia and Latin America Cooperation (FEALAC) met in Buenos Aires, Argentina to discuss the challenges of world economic crisis and enhanced inter-regional cooperation and trade.¹⁷⁷³

On 10 September 2011, representatives of the BRICS (Brazil, Russia, India, China, South Africa) countries met in Paris and discussed plans for the development of inter-parliamentary ties within their group.¹⁷⁷⁴

¹⁷⁶⁷ List of parties at UNFCCC. (Cancun) 29 November 2010 Date of Access 25 April 2011

http://unfccc.int/parties_and_observers/parties/annex_i/items/2774.php

¹⁷⁶⁸ Co-chairs' Statement of the Fourth Bali Regional Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational Crime (Bali) 29 March 2011 Date of Access 25 April 2011 <http://www.baliprocess.net/index.asp?pageID=2145831461>

¹⁷⁶⁹ Latin American, Asian leaders seek to boost economic ties (Buenos Aires) 25 August 2011 Date of Access: 1 October 2011

<http://www.thefreelibrary.com/LatAm,+Asia+leaders+seek+to+boost+economic+ties-a01612503566>

¹⁷⁷⁰ List of parties at UNFCCC. (Cancun) 29 November 2010 Date of Access 25 April 2011

http://unfccc.int/parties_and_observers/parties/non_annex_i/items/2833.php

¹⁷⁷¹ About the Annual Meeting: Inter-American Development Bank. (Calgary) 1 February 2011 Date of Access: 25 April 2011 <http://www.iadb.org/en/annual-meeting/2011/about-the-annual-meeting,2929.html>

¹⁷⁷² South Africa to join BRIC group. (Sanya) 14 April 2011 Date of Access 25 April 2011

<http://www.chinadaily.com.cn/china/brics2011/index.html>

¹⁷⁷³ Latin American, Asian leaders seek to boost economic ties (Buenos Aires) 25 August 2011 Date of Access: 1 October 2011

<http://www.thefreelibrary.com/LatAm,+Asia+leaders+seek+to+boost+economic+ties-a01612503566>

On 4 October 2011, the fifth Brazil-European Union Summit was held in Brussels, Belgium where global, regional and bilateral issues including climate change, international finance, the economic situation, the G20 process, human rights and energy were covered.¹⁷⁷⁵

Thus, Brazil has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

Canada: 0

Canada has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

From 29 November to 10 December 2010, Canada attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹⁷⁷⁶

On 26 January 2011, Prime Minister Stephen Harper announced support for new development projects on the issue of maternal and children's health at the first meeting of the United Nations Commission on Information and Accountability for Women's and Children's Health, in Geneva, Switzerland.¹⁷⁷⁷

On 25-26 March 2011, Canada hosted the annual general meeting of the Inter-American Development Bank in Calgary. Finance ministers, government officials and civil society representatives from the Americas and the Caribbean attended this meeting.¹⁷⁷⁸

Thus, Canada has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

China: 0

China has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10 November 2010, China was elected to serve a three-year term (2010-2013) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹⁷⁷⁹ On 29

¹⁷⁷⁴ BRICS countries can add new format to their cooperation (Paris) 10 September 2011 Date of Access 10 October 2011 http://www.assemblee-nationale.fr/international/en/conf_08-09-2011.asp

¹⁷⁷⁵ Fifth European Union-Brazil Summit (Brussels) 4 October 2011 Date of Access 10 October 2011 http://eeas.europa.eu/delegations/brazil/press_corner/all_news/news/2011/20111010_01_en.htm

¹⁷⁷⁶ List of parties at UNFCCC. (Cancun) 29 November 2010 Date of Access 25 April 2011 http://unfccc.int/parties_and_observers/parties/annex_i/items/2774.php

¹⁷⁷⁷ PM announces new maternal, newborn and children health initiatives. (Geneva) 26 January 2011 Date of Access 25 April 2011 <http://pm.gc.ca/eng/media.asp?id=3909>

¹⁷⁷⁸ About the Annual Meeting: Inter-American Development Bank. (Calgary) 1 February 2011 Date of Access: 25 April 2011 <http://www.iadb.org/en/annual-meeting/2011/about-the-annual-meeting,2929.html>

¹⁷⁷⁹ Economic and Social Council Elects 41-Member Executive Board for UN Women (UN) 10 November 2010 Date of Access: 25 April 2011 <http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

November-10 December 2010, China attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹⁷⁸⁰

On 11-15 April 2011, China attended the 44th Session of the Commission on Population and Development, Forty-fourth session in New York.¹⁷⁸¹ On 14 April 2011, China hosted the Third BRIC Summit in Sanya.¹⁷⁸²

On 25 August 2011, delegates from China and the 33 member countries of the Forum for East Asia and Latin America Cooperation (FEALAC) met in Buenos Aires, Argentina, to discuss the challenges of world economic crisis and enhanced inter-regional cooperation and trade.¹⁷⁸³

On 10 September 2011, representatives of the BRICS (Brazil, Russia, India, China, South Africa) countries met in Paris and discussed plans for the development of inter-parliamentary ties within their group.¹⁷⁸⁴

On 27 September 2011, Chinese Foreign Minister Yang Jiechi met with Arab League Secretary General Nabil al-Arabi at the United Nations to further enhance bilateral strategic cooperation with the group.¹⁷⁸⁵

Thus, China has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

France: 0

France has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 29 November-10 December 2010, France attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹⁷⁸⁶

On 10 November 2010, France was elected to serve a two-year term (2010-2012) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹⁷⁸⁷

¹⁷⁸⁰ List of parties at UNFCCC. (Cancun) 29 November 2010 Date of Access 25 April 2011

http://unfccc.int/parties_and_observers/parties/non_annex_i/items/2833.php

¹⁷⁸¹ Commission on Population and Development, Forty-fourth session. (UN) 15 April 2011 Date of Access 25 April <http://www.un.org/esa/population/cpd/cpd2011/cpd44.htm>

¹⁷⁸² South Africa to join BRIC group. (Sanya) 14 April 2011 Date of Access 25 April 2011

<http://www.chinadaily.com.cn/china/brics2011/index.html>

¹⁷⁸³ Latin American, Asian leaders seek to boost economic ties (Buenos Aires) 25 August 2011 Date of Access: 1 October 2011

<http://www.thefreelibrary.com/LatAm,+Asia+leaders+seek+to+boost+economic+ties-a01612503566>

¹⁷⁸⁴ BRICS countries can add new format to their cooperation (Paris) 10 September 2011 Date of Access 10 October 2011 http://www.assemblee-nationale.fr/international/en/conf_08-09-2011.asp

¹⁷⁸⁵ Chinese Foreign Minister meets Arab League chief, German Foreign Minister

http://news.xinhuanet.com/english2010/china/2011-09/27/c_131161300.htm (UN) 27 September 2011 Date of Access 10 October 2011

¹⁷⁸⁶ List of parties at UNFCCC. (Cancun) 29 November 2010 Date of Access 25 April 2011

http://unfccc.int/parties_and_observers/parties/annex_i/items/2774.php

On 10 July 2011, founder of the Grameen Bank professor Muhammad Yunus was invited to Paris to launch an International Working Group on microfinance ahead of the G8/G20 meeting in Cannes in November 2011.¹⁷⁸⁸

Thus, France has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

Germany: 0

Germany has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 29 November-10 December 2010, Germany attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹⁷⁸⁹

On 1 January 2011, Germany began its two-year term as one of five non-permanent members of the United Nations Security Council.¹⁷⁹⁰

On 3-6 February 2011, United Nations Secretary General Ban Ki-Moon visited Germany to discuss cooperation between the United Nations and Germany in areas of peace, human rights, sustainable development, disarmament and non-proliferation, and the situations in North Africa, Côte d'Ivoire, Iran, and the peace process in the Middle East.¹⁷⁹¹

On 11-15 April 2011, Germany attended the 44th Session of the Commission on Population and Development, Forty-fourth session in New York.¹⁷⁹²

Thus, Germany has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

¹⁷⁸⁷ Economic and Social Council Elects 41-Member Executive Board for UN Women (UN) 10 November 2010 Date of Access: 25 April 2011 <http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹⁷⁸⁸ Professor Yunus launches G20 international working group on microfinance in Paris (Paris) 10 July 2011 Date of Access 10 October 2011 http://www.thefinancialexpress-bd.com/more.php?page=detail_news&news_id=142287&date=2011-07-10

¹⁷⁸⁹ List of parties at UNFCCC. (Cancun) 29 November 2010 Date of Access 25 April 2011 http://unfccc.int/parties_and_observers/parties/annex_i/items/2774.php

¹⁷⁹⁰ The General Assembly elects Colombia, Germany, India, Portugal, and South Africa to serve two-year terms on Security Council. (UN) 12 October 2010 Date of Access 25 April <http://www.un.org/News/Press/docs/2010/ga11009.doc.htm>

¹⁷⁹¹ Activities of Secretary-General in Germany. (UN) 8 February 2011 Date of Access 10 October <http://www.un.org/News/Press/docs/2011/sgt2766.doc.htm>

¹⁷⁹² Commission on Population and Development, Forty-fourth session. (UN) 15 April 2011 Date of Access 25 April <http://www.un.org/esa/population/cpd/cpd2011/cpd44.htm>

India: 0

India has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10 November 2011, India was elected to serve a two-year term (2010-2012) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹⁷⁹³ On 29 November-10 December 2010, India attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹⁷⁹⁴

On 10 December 2010, President Manmohan Singh attended the annual European Union-India Summit in Brussels.¹⁷⁹⁵

On 1 January 2011, India began its two-year term as one of five non-permanent members of the United Nations Security Council.¹⁷⁹⁶

On 10-14 January 2011, World Bank President Robert Zoellick visited India to enhance partnership between the two parties and share development practices.¹⁷⁹⁷

On April 11-15 2011, India attended the 44th Session of the Commission on Population and Development, Forty-fourth session in New York.¹⁷⁹⁸ On 14 April 2011, India attended the Third BRIC Summit in Sanya, China.¹⁷⁹⁹

On 10 September 2011, representatives of the BRICS (Brazil, Russia, India, China, South Africa) countries met in Paris and discussed plans for the development of inter-parliamentary ties within their group.¹⁸⁰⁰

Thus, India has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

¹⁷⁹³ Economic and Social Council elects 41-member executive board for UN women. (UN) 10 November 2010 Date of Access: 25 April 2011 <http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹⁷⁹⁴ List of parties at UNFCCC. (Cancun) 29 November 2010 Date of Access 25 April 2011 http://unfccc.int/parties_and_observers/parties/non_annex_i/items/2833.php

¹⁷⁹⁵ EU-India Business Joint Declaration. (Brussels) 10 December 2010 Date of Access 25 April 2011 <http://euindia.summitsfeb.be/about-euindia/presentation/>

¹⁷⁹⁶ General Assembly elects Colombia, Germany, India, Portugal, South Africa to serve two-year terms on Security Council. (UN) 12 October 2010 Date of Access 25 April 2011 <http://www.un.org/News/Press/docs/2010/ga11009.doc.htm>

¹⁷⁹⁷ India-World Bank Strengthen Ties. (New Delhi) 14 January 2011 Date of Access 25 April 2011 http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0_contentMDK:22808746~menuPK:34463~pagePK:34370~piPK:34424~theSitePK:4607,00.html

¹⁷⁹⁸ Commission on Population and Development, Forty-fourth session. (UN) 15 April 2011 Date of Access: 25 April 2011 <http://www.un.org/esa/population/cpd/cpd2011/cpd44.htm>

¹⁷⁹⁹ South Africa to join BRIC group. (Sanya) 14 April 2011 Date of Access 25 April 2011 <http://www.chinadaily.com.cn/china/brics2011/index.html>

¹⁸⁰⁰ BRICS countries can add new format to their cooperation (Paris) 10 September 2011 Date of Access 10 October 2011 http://www.assemblee-nationale.fr/international/en/conf_08-09-2011.asp

Indonesia: 0

Indonesia has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

In 2011, Indonesia assumed the Chairmanship of the Association of Southeast Asian Nations (ASEAN). On 10-13 February 2011, Indonesia chaired the Fourth ASEAN Intergovernmental Commission on Human Rights in Solo.¹⁸⁰¹ On 29-30 March 2011, Indonesia and Australia co-chaired the Fourth Bali Regional Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational Crime.¹⁸⁰² On 8 April 2011, Indonesia hosted the 15th ASEAN Finance Minister's Meeting in Bali.¹⁸⁰³ On 9 April 2011, Indonesia hosted the ASEAN-Japan Ministerial Meeting in Jakarta.¹⁸⁰⁴

On 10 November 2011, Indonesia was elected to serve a three-year term (2010-2013) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹⁸⁰⁵ On 29 November – 10 December 2010, Indonesia attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹⁸⁰⁶

On 2 February 2011, International Monetary Fund Managing Director Dominique Strauss-Kahn visited Indonesia to discuss global economic prospects and financial market developments.¹⁸⁰⁷

On 11-15 April 2011, an Indonesian delegation attended the 44th Session of the Commission on Population and Development, Forty-fourth session in New York and on 16 April 2011 Indonesian Permanent Representative to the United Nations Ambassador Hasan Kleib was elected as chairman of the United Nations' 45th Session of Commission on Population and Development, Forty-fourth session¹⁸⁰⁸

On 25 August 2011, delegates from Indonesia¹⁸⁰⁹ and the 33 member countries of the Forum for East Asia and Latin America Cooperation (FEALAC) met in Buenos Aires, Argentina, to discuss the challenges of world economic crisis and enhanced inter-regional cooperation and trade.

¹⁸⁰¹ Press Release of the Fourth ASEAN Intergovernmental Commission on Human Rights (Solo, Indonesia) 13 February 2011 Date of Access 25 April 2011 <http://www.asean.org/25872.htm>

¹⁸⁰² Co-chairs' Statement of the Fourth Bali Regional Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational Crime (Bali) 29 March 2011 Date of Access 25 April 2011 <http://www.baliprocess.net/index.asp?pageID=2145831461>

¹⁸⁰³ Joint Media Statement of the 15th ASEAN Finance Ministers' Meeting (AFMM)

(Bali) 8 April 2011 Date of Access 25 April 2011. <http://www.asean.org/26157.htm>

¹⁸⁰⁴ Chairman's Statement on the Special ASEAN-Japan Ministerial Meeting. (Jakarta) 9 April 2011 Date of Access 25 April 2011 <http://www.asean.org/26149.htm>

¹⁸⁰⁵ Economic and Social Council elects 41 member executive board for UN women. (UN) 10 November 2010 Date of Access: 25 April 2011 <http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹⁸⁰⁶ List of parties at UNFCCC. (Cancun) 29 November 2010 Date of Access 25 April 2011 http://unfccc.int/parties_and_observers/parties/non_annex_i/items/2833.php

¹⁸⁰⁷ Statement by IMF Managing Director at the Conclusion of his Visit to Indonesia. (Jakarta) 2 February 2011 Date of Access 25 April 2011 <http://www.imf.org/external/np/sec/pr/2011/pr1126.htm>

¹⁸⁰⁸ Commission on Population and Development, Forty-fourth session. (UN) 15 April 2011 Date of Access 25 April 2011 <http://www.un.org/esa/population/cpd/cpd2011/cpd44.htm>

¹⁸⁰⁹ Latin American, Asian leaders seek to boost economic ties (Buenos Aires) 25 August 2011 Date of Access: 1 October 2011 <http://www.thefreelibrary.com/LatAm,+Asia+leaders+seek+to+boost+economic+ties-a01612503566>

Thus, Indonesia has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

Italy: 0

Italy has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10 November 2011, Italy was elected to serve a two-year term (2010-2012) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹⁸¹⁰

On 29 November-10 December 2010, Italy attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹⁸¹¹

On 28 March 2011, President of Italy Giorgio Napolitano addressed the United Nations General Assembly expressing support for democratic movements in North Africa, the Middle East and the Persian Gulf.¹⁸¹²

Thus, Italy has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

Japan: 0

Japan has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10 November 2010, Japan was elected to serve a three-year term (2010-2013) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹⁸¹³

On 29 November-10 December 2010, Japan attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹⁸¹⁴

On 9 April 2011, Japan attended the Special ASEAN-Japan Ministerial Meeting in Jakarta, Indonesia.¹⁸¹⁵

¹⁸¹⁰ Economic and Social Council elects 41 member executive board for UN women. (UN) 10 November 2010 Date of Access: 25 April 2011 <http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹⁸¹¹ List of parties at UNFCCC. (Cancun) 29 November 2010 Date of Access 25 April 2011 http://unfccc.int/parties_and_observers/parties/annex_i/items/2774.php

¹⁸¹² Secretary-General Says ‘Grand Old Man of Italian Republic’ Champion of Public Principle, Good Governance, Openness and Honesty as Democracy’s Highest Goods (UN) 28 March 2011 Date of Access 25 April 2011 <http://www.un.org/News/Press/docs/2011/ga11061.doc.htm>

¹⁸¹³ Economic and Social Council elects 41 member executive board for UN women. (UN) 10 November 2010 Date of Access: 25 April 2011 <http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹⁸¹⁴ List of parties at UNFCCC. (Cancun) 29 November 2010 Date of Access 25 April 2011 http://unfccc.int/parties_and_observers/parties/annex_i/items/2774.php

¹⁸¹⁵ Chairman’s Statement on the Special ASEAN-Japan Ministerial Meeting. (Jakarta) 9 April 2011 Date of Access 25 April 2011 <http://www.asean.org/26149.htm>

On 11-15 April 2011, Japan attended the 44th Session of the Commission on Population and Development, Forty-fourth session in New York.¹⁸¹⁶

On 25 August 2011, delegates from Japan and the 33 member countries of the Forum for East Asia and Latin America Cooperation (FEALAC) met in Buenos Aires, Argentina to discuss the challenges of world economic crisis and enhanced inter-regional cooperation and trade.¹⁸¹⁷

Thus Japan has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

Korea: 0

Korea has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10-11 November 2010, Korea hosted the fifth G20 Heads of Government meeting in Seoul to discuss the global financial system and the world economy. The theme of the summit was “Shared Growth Beyond Crisis.”¹⁸¹⁸

On 29 November-10 December 2010, Korea attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹⁸¹⁹ On 10 November 2011, Korea was elected to serve a three-year term (2010-2013) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹⁸²⁰ On 1-2 December 2010, Korea took part in the Organization for Security and Cooperation in Europe Summit in Astana, Kazakhstan.¹⁸²¹ On 28 February - 2 March 2011, Korea attended and addressed the United Nations Human Rights Council in Geneva, Switzerland.¹⁸²²

On 10 February 2011, Korea announced it would host the third Global Model United Nations Conference (GMUN) from 10-14 August 2010 in Incheon.¹⁸²³

¹⁸¹⁶ Commission on Population and Development, Forty-fourth session. (UN) 15 April 2011 Date of Access 25 April 2011 <http://www.un.org/esa/population/cpd/cpd2011/cpd44.htm>

¹⁸¹⁷ Latin American, Asian leaders seek to boost economic ties (Buenos Aires) 25 August 2011 Date of Access: 1 October 2011 <http://www.thefreelibrary.com/LatAm,+Asia+leaders+seek+to+boost+economic+ties-a01612503566>

¹⁸¹⁸ The G20's Role in the Post-Crisis World (Seoul) 1 September 2010 Date of Access 25 April 2011 <http://www.g20.utoronto.ca/biblio/clubofmadrid2010.pdf>

¹⁸¹⁹ List of parties at UNFCCC (Cancun) 29 November 2010 Date of Access 25 April 2011 http://unfccc.int/parties_and_observers/parties/non_annex_i/items:2833.php

¹⁸²⁰ Republic of Korea Elected to the Inaugural Executive Board of UN Women. (UN) 10 November 2010 Date of Access 25 April 2011 <http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹⁸²¹ Foreign Minister Kim Sung-Hwan Attends Meeting of Foreign Ministers of OSCE Partners for Cooperation (Astana) 2 December 2010 Date of Access 25 April 2011 <http://www.mofat.go.kr/english/press/pressrelease/index.jsp>

¹⁸²² 2nd Vice Minister Delivers Keynote Speech at UN Human Rights Council (Geneva) 2 March 2011 Date of Access 25 April 2011 <http://www.mofat.go.kr/english/press/pressrelease/index.jsp>

¹⁸²³ Incheon to host model UN conference (Incheon) 14 August 2010 Date of Access 25 April 2011 <http://un.mofat.go.kr/eng/am/un/information/news/index.jsp>

On 16 February 2011, the International Monetary Fund signed a borrowing agreement with the Bank of Korea to provide 500 million Special Drawing Rights as loan resources for low-income countries.¹⁸²⁴

Thus Korea has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

Mexico: 0

Mexico has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10 November 2011, Mexico was elected to serve a three-year term (2010-2013) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹⁸²⁵

On 29 November-10 December 2010, Mexico hosted the United Nations Climate Change Conference COP 16/CMP 6 in Cancun.¹⁸²⁶

On 24 February 2011 the Government of Mexico became a signatory to the Nagoya Protocol to the Biodiversity Convention in New York¹⁸²⁷

On 25-26 March 2011, Mexico attended the annual general meeting of the Inter-American Development Bank in Calgary, Canada. Finance ministers, government officials, and civil society representatives from the Americas and the Caribbean attended this meeting.¹⁸²⁸ On 25 August 2011, delegates from Mexico and the 33 member countries of the Forum for East Asia and Latin America Cooperation (FEALAC) met in Buenos Aires, Argentina, to discuss the challenges of world economic crisis and enhanced inter-regional cooperation and trade.¹⁸²⁹

Thus, Mexico has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

¹⁸²⁴ IMF Signs SDR 500 Million Borrowing Agreement with the Bank of Korea to Support Lending to Low-Income Countries (IMF) 16 February 2011 Date of Access 25 April 2011 <http://www.imf.org/external/np/sec/pr/2011/pr1150.htm>

¹⁸²⁵ Economic and Social Council elects 41 member executive board for UN women. (UN) 10 November 2010 Date of Access: 25 April 2011 <http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹⁸²⁶ List of parties at UNFCCC. (Cancun) 29 November 2010 Date of Access 25 April 2011 http://unfccc.int/parties_and_observers/parties/non_annex_i/items/2833.php

¹⁸²⁷ Secretary-General, Hailing Mexico on Signing Nagoya Protocol to Biodiversity Convention, Urges Similar Action by Other States Parties (UN) 24 February 2011 Date of Access 25 April 2011 <http://www.un.org/News/Press/docs/2011/sgsm13411.doc.htm>

¹⁸²⁸ About the Annual Meeting: Inter-American Development Bank. (Calgary) 1 February 2011 Date of Access: 25 April 2011 <http://www.iadb.org/en/annual-meeting/2011/about-the-annual-meeting,2929.html>

¹⁸²⁹ Latin American, Asian leaders seek to boost economic ties (Buenos Aires) 25 August 2011 Date of Access: 1 October 2011 <http://www.thefreelibrary.com/LatAm,+Asia+leaders+seek+to+boost+economic+ties-a01612503566>

Russia: +1

Russia has fully complied with the commitment on international cooperation.

On 13 January 2011, Russian Foreign Minister reaffirmed Russia's position on the need of G20 and UN cooperation, saying that this "will conform with the UN role as a center for coordination of its members' activities."¹⁸³⁰

On 17 January 2011, G8/G20 Sherpa Arkady Dvorkovich met with 15 representatives of Russian civil society, including the representatives of academia, to discuss issues on the G20 agenda and "the role of Russian NGOs in preparation for the 2011 summits in France."¹⁸³¹ Regular meetings between the Russian Sherpa and the Russian civil society representatives are systematic and organized in the framework of the Advisory Panel of Russian civil society organizations on development assistance and engagement with the G8 and G20 and thus represent systematic consultation activities with civil society and academia.

On 21 July 2011, Russian President met with Russian trade union leaders and discussed a proposal of creating a G20 working group on employment and social protection.¹⁸³²

No facts of Russia's partaking in G20 efforts involving systematic consultation activities with the UN and regional bodies during the compliance period have been registered.

During the compliance period Russia has partaken in consultations on G20 issues with civil society, trade unions and academia and made efforts to make the relationships more systematic. Thus Russia has been awarded a score of +1.

Analyst: Mark Rakhmangulov

Saudi Arabia: 0

Saudi Arabia has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10 November 2010, Saudi Arabia was elected to serve a three-year term (2010-2013) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹⁸³³

On 11-12 December 2010, Saudi Arabia hosted a Workshop on Security Council resolution 1540 (2004) on preventing terrorists from gaining access to weapons of mass destruction in Riyadh.¹⁸³⁴

¹⁸³⁰ Press Conference on 2010 Foreign Policy Outcomes at MFA of Russia, Russian Ministry of Foreign Affairs 13 January 2011. Date of Access 3 April 2011.

http://www.mid.ru/brp_4.nsf/0/02105390C32B1239C3257819003FF6A3

¹⁸³¹ Mr. Dvorkovich, the Aide to the President of the Russian Federation, met representatives of Russian NGOs, Russian Movement against Poverty 18 January 2011. Date of Access 3 April 2011.

http://www.protivbed.ru/news_eng/n118.html

¹⁸³² Meeting with trade union leaders, President of Russia 21 July 2011. Date of Access 22 July 2011.

<http://kremlin.ru/news/12054>.

¹⁸³³ Economic and Social Council elects 41 member executive board for UN women. (UN) 10 November 2010 Date of Access: 25 April 2011 <http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹⁸³⁴ Saudi Arabia Set to Host Workshop on Implementation of Security Council Resolution 1540 (2004) (Riyadh) 9 December 2010 Date of Access 25 April 2011

<http://www.un.org/News/Press/docs/2010/dc3275.doc.htm>

On 7 September 2011, Saudi Arabia's finance minister attended the Exceptional Meeting for the Council of Arab Ministers of Finance in Abu Dhabi, United Arab Emirates.¹⁸³⁵

Thus, Saudi Arabia has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

South Africa: 0

South Africa has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 29 November-10 December 2010, South Africa attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹⁸³⁶ On 29-30 November 2010, South Africa participated in the Third Africa-EU Summit in Sirte, Libya.¹⁸³⁷

On 1 January 2011, South Africa began its two-year term as one of five non-permanent members of the United Nations Security Council.¹⁸³⁸

On 14 April 2011, South Africa joined Brazil, Russia, India and China to form the BRICS partnership at the Third BRIC Summit in Sanya, China.¹⁸³⁹

On 10 September 2011, representatives of the BRICS (Brazil, Russia, India, China, South Africa) countries met in Paris and discussed plans for the development of inter-parliamentary ties within their group.¹⁸⁴⁰

On 16 September 2011, South Africa held the fourth South Africa-European Union Summit in Kruger National Park, South Africa and reaffirmed a commitment to a strategic partnership.¹⁸⁴¹

Thus, South Africa has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

¹⁸³⁵ UAE hosts Exceptional Meeting for Council of Arab Ministers of Finance in Abu Dhabi (Abu Dhabi) 8 September 2011 Date of Access 25 April 2011 <http://www.ameinfo.com/274324.html>

¹⁸³⁶ List of parties at UNFCCC. (Cancun) 29 November 2010 Date of Access 25 April 2011 http://unfccc.int/parties_and_observers/parties/non_annex_i/items/2833.php

¹⁸³⁷ Africa and Europe in partnership. (Tripoli) 30 November 2010 Date of Access 25 April 2011 <http://www.africa-eu-partnership.org/3rd-africa-eu-summit>

¹⁸³⁸ General Assembly elects Colombia, Germany, India, Portugal, South Africa to serve two-year terms on security council. (UN) 12 October 2010 Date of Access 25 April <http://www.un.org/News/Press/docs/2010/ga11009.doc.htm>

¹⁸³⁹ South Africa to join BRIC group. (Paris) 10 September 2011 Date of Access 10 October 2011 <http://www.chinadaily.com.cn/china/brics2011/index.html>

¹⁸⁴⁰ BRICS countries can add new format to their cooperation. (Paris) 10 September 2011 Date of Access 10 October 2011 http://www.assemblee-nationale.fr/international/en/conf_08-09-2011.asp

¹⁸⁴¹ Fourth South Africa European Union Summit <http://allafrica.com/stories/201109161078.html>

Turkey: 0

Turkey has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 9-13 May 2011, Turkey hosted a United Nations summit on least developed countries. The conference will address poverty, food security, energy and climate change among the world's poorest 48 countries and will be chaired by UN Secretary General Ban Ki-moon¹⁸⁴²

On 29 November-10 December 2010, Turkey attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹⁸⁴³

On 4 January 2011, Turkey donated USD 2 million to the United Nations World Food Program (WFP) to help Chad and Niger recover from drought.¹⁸⁴⁴ On 4 February 2011, Turkish Environment and Forestry Minister Veysel Eroglu confirmed that Turkey had formally proposed to host the 10th United Nations Forestry Forum to be held in 2013.¹⁸⁴⁵ On 22 February 2011, Turkey was selected to fill a position at the United Nations Habitat Governing Council by the UN Economic and Social Council, with the term ending 31 December 2014.¹⁸⁴⁶ On 24 February 2011, Turkish First Lady Emine Erdogan addressed the 55th session of the UN Commission on the Status of Women at the United Nations focusing on the tragedy of women in Bangladesh, Bosnia and Herzegovina, the Gaza Strip, Iraq and Pakistan.¹⁸⁴⁷

On 11 March 2011, the Government of Turkey and the United Nations Development Programme signed a strategic cooperation agreement. "Those agreements will boost institutional cooperation between Turkey and UNDP" according to Foreign Minister Ahmet Davutoglu.¹⁸⁴⁸

On 13 April 2011, Turkish Prime Minister Recep Tayyip Erdoğan addressed European lawmakers at the Parliamentary Assembly of the Council Europe (PACE) in Strasbourg, warning against "increasing polarization in Europe."¹⁸⁴⁹

¹⁸⁴² Turkey to host UN summit on least developed countries. (UN) 12 April 2011 Date of Access 25 April 2011 <http://english.ahram.org.eg/NewsContent/2/9/9887/World/International/WiresTurkey-to-host-UN-summit-on-least-developed-c.aspx>

¹⁸⁴³ List of parties at UNFCCC. (Cancun) 29 November 2010 Date of Access 25 April 2011 http://unfccc.int/parties_and_observers/parties/non_annex_i/items/2833.php

¹⁸⁴⁴ Turkey grants UN food body \$2 mln for Chad, Niger. (UN) 05 January 2011 Date of Access 25 April 2011 <http://www.wfp.org/content/turkey-grants-un-food-body-2-mln-chad-niger>

¹⁸⁴⁵ Turkey eager to host 10th UN forestry forum. (UN) 04 February 2011 Date of Access 25 April 2011 <http://en.trend.az/regions/met/turkey/1823481.html>

¹⁸⁴⁶ Turkey selected member to UN's Habitat governing council. (Nairobi) 22 February 2011 Date of Access 25 April 2011 <http://www.worldbulletin.net/?aType=haber&ArticleID=70138>

¹⁸⁴⁷ Emine Erdoğan carries tragedy of women to UN session. (UN) 24 February 2011 Date of Access 25 April 2011 <http://www.todayszaman.com/news-236498-emine-erdogan-carries-tragedy-of-women-to-un-session.html>

¹⁸⁴⁸ Turkey and UNDP sign strategic cooperation deal. (UN) 11 March 2011 Date of Access 25 April 2011 <http://www.worldbulletin.net/?aType=haber&ArticleID=70941>

¹⁸⁴⁹ Turkish premier addresses lawmakers at the Council of Europe. (Strasbourg) 13 April 2011 Date of Access 25 April 2011 <http://www.todayszaman.com/news-240937-turkish-premier-addresses-lawmakers-at-the-council-of-europe.html>

Thus, Turkey has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

United Kingdom: 0

The United Kingdom has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10 November 2011, the UK was elected to serve a three-year term (2010-2013) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹⁸⁵⁰

On 29 November-10 December 2010, the UK attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹⁸⁵¹

On 11-15 April 2011, the UK attended the 44th Session of the Commission on Population and Development, Forty-fourth session in New York.¹⁸⁵²

Thus, the United Kingdom has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

United States: 0

The United States has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 10 November 2011, the US was elected to serve a two-year term (2010-2013) on the Executive Board for United Nations Women at the UN Economic and Social Council.¹⁸⁵³

On 29 November-10 December 2010, the United States attended the United Nations Climate Change Conference COP 16/CMP 6 in Cancun, Mexico.¹⁸⁵⁴

On 25-26 March 2011, the United States attended the annual general meeting of the Inter-American Development Bank in Calgary, Canada. Finance ministers, government officials and civil society representatives from the Americas and the Caribbean attended this meeting.¹⁸⁵⁵

¹⁸⁵⁰ Economic and Social Council elects 41 member executive board for UN women. (UN) 10 November 2010 Date of Access: 25 April 2011 <http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹⁸⁵¹ List of parties at UNFCCC. (Cancun) 29 November 2010 Date of Access 25 April 2011 http://unfccc.int/parties_and_observers/parties/annex_i/items/2774.php

¹⁸⁵² Commission on Population and Development, Forty-fourth session. (UN) 15 April 2011 Date of Access 25 April <http://www.un.org/esa/population/cpd/cpd2011/cpd44.htm>

¹⁸⁵³ Economic and Social Council elects 41 member executive board for UN women. (UN) 10 November 2010 Date of Access: 25 April 2011 <http://www.un.org/News/Press/docs/2010/ecosoc6452.doc.htm>

¹⁸⁵⁴ List of parties at UNFCCC. (Cancun) 29 November 2010 Date of Access 25 April 2011 http://unfccc.int/parties_and_observers/parties/annex_i/items/2774.php

¹⁸⁵⁵ About the Annual Meeting: Inter-American Development Bank. (Calgary) 1 February 2011 Date of Access: 25 April 2011 <http://www.iadb.org/en/annual-meeting/2011/about-the-annual-meeting,2929.html>

On April 11-15 2011, the United States attended the 44th Session of the Commission on Population and Development, Forty-fourth session in New York.¹⁸⁵⁶

Thus, the United States has been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

European Union: 0

The European Union has partially complied with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

On 8 November 2011, Members of the European Parliament expressed support for the United Nations forests programme¹⁸⁵⁷ and attended the United Nations climate change conference in Cancun, Mexico.¹⁸⁵⁸

On 10 November 2011, civil society organizations from the European Union and countries on the Mediterranean littoral met in Rome from 10 to 12 November for the annual Euro-Mediterranean Summit of Economic and Social Councils and Similar Institutions. They adopted a statute for the future Civil Society Assembly and agreed to seek consultative body status within the Union for the Mediterranean.¹⁸⁵⁹ On 19 November 2011, the European Economic and Social Committee called for more engagement of social partners and civil society in economic reform for the Baltic States.¹⁸⁶⁰ On 29 November 2011, Members of the European Parliament met with representatives from Africa, the Caribbean, and the Pacific in Kinshasa, Democratic Republic of Congo, to discuss the United Nations Millennium Development Goals.¹⁸⁶¹ On 3 December 2010, the European Economic and Social Committee called for greater involvement of civil society organizations in the Middle East peace process.¹⁸⁶² On 9 December 2010, the European Economic and Social Committee called for civil society to play a greater role in EU-Russia relations.¹⁸⁶³

¹⁸⁵⁶ Commission on Population and Development. (UN) 15 April 2011 Date of Access 25 April <http://www.un.org/esa/population/cpd/cpd2011/cpd44.htm>

¹⁸⁵⁷ Ahead of Cancún climate talks: MEPs support UN forests programme. (Brussels) 8 November 2010 Date of Access 25 April 2011 <http://www.europarl.europa.eu/en/headlines/content/20101025STO89966/html/Ahead-of-Cancún-climate-talks-MEPs-support-UN-forests-programme>

¹⁸⁵⁸ European Parliament delegation to join UN climate talks in Cancún. (Brussels) 03 December 2010 Date of Access 25 April 2011 <http://www.europarl.europa.eu/en/pressroom/content/20101203IPR05688/html/European-Parliament-delegation-to-join-UN-climate-talks-in-Cancún>

¹⁸⁵⁹ EU and Mediterranean civil society reach historic deal on a joint Assembly. (Brussels) 12 November 2010 Date of Access 25 April 2011 <http://europa.eu/rapid/pressReleasesAction.do?reference=CES/10/112&format=HTML&aged=0&language=EN&guiLanguage=en>

¹⁸⁶⁰ EESC urges social partners and civil society in the Baltic States to take ownership of the economic reform. (Vilnius) 19 November 2010 Date of Access 25 April 2011 <http://www.eesc.europa.eu/?i=portal.en.press-releases.11708>

¹⁸⁶¹ ACP-EU: Kinshasa summits looks at UN goals, mortality of mothers. (Kinshasa) 29 November 2010 Date of Access 25 April 2011 <http://www.europarl.europa.eu/en/headlines/content/20101119STO96283/html/ACP-EU-Kinshasa-summits-looks-at-UN-goals-mortality-of-mothers>

¹⁸⁶² EESC steps up dialogue with organized civil society in the Middle East to advance peace process. (Brussels) 4 December 2010 Date of Access 25 April 2011 <http://www.eesc.europa.eu/?i=portal.en.press-releases.13680>

¹⁸⁶³ Civil society needs to play a greater role in EU-Russia relations says the EESC. (Brussels) 9 December 2010 Date of Access 25 April 2011 <http://www.eesc.europa.eu/?i=portal.en.press-releases.13742>

On 25 January 2011, the President of the European Economic and Social Committee called on agriculture ministers to involve civil society in discussions on trade and global food security.¹⁸⁶⁴ On 27 and 28 January 2011, Members of the European Parliament and representatives from civil society met at the third Citizens' Agora to discuss financial, economic crises and poverty.¹⁸⁶⁵

On 1 February 2011 the European Economic and Social Committee called on the European Commission to introduce a simplified, results-oriented future cohesion policy to increase cooperation with civil society organizations.¹⁸⁶⁶ On 18 February 2011, president of the Committee of the Regions Mercedes Bresso outlined her ideas for future cooperation between organized civil society and the Committee of the Regions.¹⁸⁶⁷ On 15 March 2011, the European Union organized public hearings on the EU budget in conjunction with organized European civil society.¹⁸⁶⁸

Thus, the European Union was been awarded a score of 0 for partially complying with its commitment involving systematic consultation activities with at least one the following partners: UN, regional bodies, civil society, trade unions and academia.

Analyst: Sameer Singh

¹⁸⁶⁴ Organised civil society to have a strong say in food and security policy at European and global level policy. (Berlin) 25 January 2011 Date of Access 25 April 2011 <http://www.eesc.europa.eu/?i=portal.en.press-releases.14030>

¹⁸⁶⁵ Citizen's Agora on crises and poverty: civil society to table proposals. (Brussels) 24 January 2011 Date of Access 25 April 2011 <http://www.europarl.europa.eu/en/pressroom/content/20110124IPR12355/html/Citizens%27-Agora-on-crises-and-poverty-civil-society-to-table-proposals>

¹⁸⁶⁶ Partnership with civil society to make cohesion policy a reality for Europeans. (Brussels) 1 February 2011 Date of Access 25 April 2011 <http://www.eesc.europa.eu/?i=portal.en.press-releases.14848>

¹⁸⁶⁷ Organized civil society and regions for a common commitment to contribute to the success of the EU2020 strategy. (Brussels) 18 February 2011 Date of Access 25 April 2011 <http://www.eesc.europa.eu/?i=portal.en.press-releases.15090>

¹⁸⁶⁸ High level hearing provides opportunity for exchange with European organized society. (Brussels) 14 March 2011 Date of Access 25 April 2011 <http://www.eesc.europa.eu/?i=portal.en.press-releases.15403>