UNIVERSITY OF TORONTO

MUNK SCHOOL OF GLOBAL AFFAIRS

Join the Global Conversation

The

G20 Research Group

at Trinity College at the Munk School of Global Affairs in the University of Toronto
with the International Organizations Research Institute at the National Research University
Higher School of Economics, Moscow
present

2011 Cannes G20 Summit
Final Compliance Report

4 November 2011 to 1 June 2012

Prepared by
Krystel Montpetit, Robert Schuster, Hermonie Xie, Sarah Ellis and Ava-Dayna Sefa
G20 Research Group
Toronto
and
Andrei Sakharov, Andrey Shelepov, Mark Rakhmangulov and Vitaly Nagornov
International Organisations Research Institute
Moscow

16 June 2012

www.g20.utoronto.ca
g20@utoronto.ca

Contents

Preface	3
Research Team	4
Introduction and Summary	5
Table 1: 2011 Cannes Summit Selected Priority Commitments	8
Table 2: 2011 G20 Cannes Summit Final Compliance Scores	9
Table 3: 2011 G20 Cannes Summit Final Compliance: Members' Ranking	10
Table 4: 2011 G20 Cannes Summit Final Compliance: Commitment Ranking	10
Table 5: G20 Final Compliance by Member, 2008-2011	11
Appendix: General Considerations	13
Macroeconomic: Exchange Rates [16]	15
Macroeconomic: Fiscal Consolidation and Stimulation of Growth [78]	42
Macroeconomic: Emerging Market Resilience [91]	80
Finance: Basel III [147]	98
Finance: Over-the-Counter Derivatives [149]	127
Finance: Systemically Important Financial Institutions (SIFIs) [151]	142
IFI Reform: IMF Reform [25]	183
Socioeconomic: Combatting Global Unemployment [165]	217
Trade [46]	247
Development: Social Protection Floors [266]	286
Development: Remittances [77]	306
Food and Agriculture: Excessive Price Volatility [227]	325
Food and Agriculture: Food Export Restrictions [232]	346
Energy: Fossil Fuel Subsidies [236]	362
Energy: Clean Technology [242]	384
International Cooperation [282]	422

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 2011 Cannes Summit, held on 3-4 November 2011 in France over the period of 4 November 2011 to 31 May 2012. It covers 16 priority commitments selected from the 282 commitments made by the G20 members at Cannes.

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, senior researcher with the G20 Research Group. We are especially indebted to our HSE colleagues: Professor Marina Larionova and Mark Rakhmangulov.

Professor John Kirton
Co-director, G20 Research Group

Research Team

Professor John Kirton, Co-director, G20 Research Group
Professor Marina Larionova, Head, HSE International Organizations Research Institute
Sarah Ellis, Co-chair, G20 Research Group
Ava-Dayna Sefa, Co-chair, G20 Research Group
Krystel Montpetit, Co-director, Compliance Unit
Hermonie Xie, Co-director, Compliance Unit
Robert Schuster, Co-director, Compliance Unit
Mark Rakhmangulov, HSE Research Team Leader

Analysts at the University of Toronto

Faiyaz Abrar
Babajide Ajayi
Ahmed Al-Sa'd
Sayed Majeed Alaali
Gaston Alegre
Brandon Bailey
Amy Barlow
Ian Barnard
German Cairo
Jessica Coper
Michelle Cramer
Sohini Das
Melaney DaSilva
Alexandre De Palma
Julia Deutsch
Ryan Donnelly
Farisa Farzin
Cynthia Foley
Vera Gavrilova
Vanessa Guidorizzi
Carolina Hartley
Atifa Hasham
Julia Hein
Faiyyad Hosein
Kevin Hong
Rezwana Islam
Jihae Jang
William Johnston
Manasi Joshi
Michelle Lee
Cheng Li
James Li
Jason Li
Harry Malhi
Gabriela Martinez
Tobias McVey
Oluwaseun Adedapo
Onasanya
Rizal Adam Pany
Carol Park
Maria Carmela H.
Poblador
Alexandra Popa
Ugur Poyraz
Fern Ramoutar
Jordan Rivera
Mohammed Umer Saeed
Vitali Selivanov
Semra Sevi
Maggie Shi
HyunAh (Heidi) Shim
Nick Shorten
Graham Smith
David Stewart
Elizabeth Stratton
Kay Dyson Tam
Eleni Tsaliki
Hyrar Tumasyan
Nathan Udoh-Orok
Laurene Vasseur
Nikki Vukasovic
Dana Wagner
Yinan Yang
Yu Yao
Samantha Young
Milosz Zak
Josh Zakkai
Taufiq Zaman
Angela Zhang
Biljana Zorbic

Analysts at the National Research University Higher School of Economics

Polina Arkhipova
Natalia Churkina
Anastasiya Kuptsova
Tatyana Lanshina
Elena Martynova
Alexey Mironov
Vitaly Nagornov
Svetlana Nikitina
Yulia Ovchinnikova
Elizaveta Safonkina
Andrei Sakharov
Andrey Shelepov
Nadezhda Sporysheva
Anna Vekshina
Pavel Zhdanov

Introduction and Summary

The G20 2011 Cannes 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 16 priority commitments out of a total of 282 commitments made at the Cannes Summit on 3-4 November 2011. The report covers the compliance-relevant actions taken by the G20 members during the period from 4 November 2011 to 1 June 2012. This timeframe allows for an assessment of compliance for the period between the 2011 Cannes Summit and the 2012 Los Cabos Summit, which will be hosted by Mexico on 18-19 June 2012.

Methodology and Scoring System

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

The methodology uses a 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 results can therefore not be assessed. Each member assessed receives a score of -1, 0 or +1 for each commitment. For convenience, the scores in the tables have been converted to percentages, where -1 equals 0% and +1 equals 100%.[1]

Commitment Breakdown

The G20 made a total of 282 commitments at the Cannes Summit (the full list is available at http://www.g20.utoronto.ca/analysis/commitments-11-cannes.html).[2] These commitments, as identified by the G20 Research Group and HSE, are drawn from the official G20 Final Declaration: Building Our Common Future: Renewed Collective Action for the Benefit of All, the Cannes Action Plan for Jobs and Growth, and the Cannes Final Communiqué. They cover 13 issue areas ranging from finance to G20 summit institutionalization. Most commitments fall in the realms of economics: 91 commitments (32%), deal with finance; 37 commitments (13%), focus on food and agriculture; 34 commitments (12%), address IFI reform; 22 commitments (9%), focus on energy and development; 18 commitments (6%), and cover trade; 15 commitments (5%) (see Annex for the complete breakdown).

Selection of Commitments

Although G20 members made a total of 282 commitments at the Cannes Summit, the G20 Research Group has undertaken to assess compliance of all members for 16 priority commitments. 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 hosts, 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×(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 www.g8.utoronto.ca/evaluations/compliancemanual-090909.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 one. Primary criteria for priority commitment selection considers 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 measurability and ability to commit within a year, as well as tertiary criteria of significance as identified by scientific teams and relevant stakeholders in the host country.

For the 2011 G20 Cannes Final Compliance Report, the 16 priority commitments listed in Table 1 were selected from the 282 commitments made at the Cannes Summit.

The Final Compliance Scores

The assessment is based on relevant, publicly available information relating to action taken from 4 November 2011 to 1 June 2012. The final compliance scores by commitment are contained in Table 2. Country rankings are listed in Table 3 and commitment rankings are listed in Table 4.

For the period from 4 November 2011 to 1 June 2012, G20 members achieved an average final compliance score of +0.54, which translates to 77% on the percentage scale. This final compliance score is a small increase from the 2010 G20 Seoul Summit Final Compliance Score of 75% on the priority commitments assessed from the G20 Seoul Summit held in November 2010.

For comparative purposes, the final scores for compliance with commitments made at previous G20 summits are included in Table 5.

Compliance by Member

For compliance with the Cannes Summit's priority commitments, the United Kingdom is in first place with a score of +0.87, which translates to an overall average rate of compliance of 93.5%. The UK is followed by the European Union at +0.85 (93%), then Italy with +0.80 (90%). The lowest scoring members are Turkey with +0.20 (60%), Indonestia at +0.14 (57%) and finally Argentina with a score of +0.00 (50%). For more detailed information about compliance by G20 members, see Table 3.

The Compliance Gap Between Members

The difference between the highest and lowest G20 member compliance scores is +0.87.

G20 members that are also members of the G8 achieved an average compliance score of 0.68 (84%), whereas non-G8 members achieved a score of 0.47 (73.5%). This difference of 0.21 points is slightly lower than Seoul (0.30) and 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: 0.46 for the Toronto Summit in June 2010, 0.52 for the Pittsburgh Summit in September 2009 and 0.53 for the London summit in April 2009.

The BRICS average of 0.56 (78%) for Cannes is lower than that of the G8 and higher than the average of G20 non-G8 members. It has continued to increase compared to the 0.44 performance for Seoul, 0.07 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 many scores distributed from 0 to +1. Of the 16 commitments assessed for the G20 Cannes Summit, eight scored between -1.00 (0%) and +0.50 (75%) and eight scored above +0.50.

The highest scoring commitments were those on promoting clean energy technology and food export restrictions, each with a score of +0.95 (93.5%), and systemically important financial institutions with +0.85 (92.5%). The lowest scores were on the commitments on excessive price volatility with +0.15 (73.5%) and fiscal consolidation at +0.11 (55.5%). In the macroeconomic policies area, advanced economies' compliance performance is substantially lower than the emerging and developing markets' performance on enhancing the resilience of their economies. For more information on scoring by commitment, see Table 2.

Table 1: 2011 Cannes Summit Selected Priority Commitments

Priority Area	Commitment
Macro economy	*Exchange Rates:* [16] [We affirm our commitment to move more rapidly to] enhance exchange rate flexibility to reflect underlying economic fundamentals, avoid persistent exchange rate misalignments and refrain from competitive devaluation of currencies.
	Fiscal Consolidation: [78] [Advanced countries, taking into account different national circumstances, will adopt policies to] implement clear, credible and specific measures to achieve fiscal consolidation, including as set out in the country specific commitments below
	Emerging Market Resilience: [91] Emerging market economies commit to adopting macroeconomic policies to enhance the resilience of their economies
Finance	*Basel:* [147] We commit to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including: implementing Basel II, II.5 and III along the agreed timelines;
	OTC Derivatives: [149] [We commit to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including:] clearing and trading obligations for OTC derivatives;
	SIFIs: [152] [We commit to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including:] a comprehensive framework to address the risks posed by systemically-important financial institutions
IFI Reform	*IMF Quota:* [25] We will expeditiously implement in full the 2010 quota and governance reform of the IMF
Socioeconomic	*Combatting Global Unemployment:* [165] We are committed to renew our efforts to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis.
Trade	*Trade:* [47] We reaffirm our standstill commitments until the end of 2013, as agreed in Toronto, commit to roll back any new protectionist measure that may have risen, including new export restrictions and WTO-inconsistent measures to stimulate exports
Development	*Social Protection Floors:* [266] We therefore decide to support the implementation and expansion of nationally-designed social protection floors in developing countries, especially low income countries.
	Remittances: [267] We will work to reduce the average cost of transferring remittances from 10 per cent to 5 per cent by 2014, contributing to release an additional 15 billion USD per year for recipient families.
Food and Agriculture	*Excessive Price Volatility:* [227] We commit to mitigate the adverse effects of excessive price volatility for the most vulnerable through the development of appropriate risk-management instruments. These actions are detailed in the development section of this final Declaration.
	Food Export Restrictions: [228] According to the Action Plan, we agree to remove food export restrictions or extraordinary taxes for food purchased for non-commercial humanitarian purposes by the World Food Program and agree not to impose them in the future.
Energy	*Fossil Fuel Subsidies:* [236] We reaffirm our commitment to rationalise and phase-out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption, while providing targeted support for the poorest
	Clean Energy Technology: [242] We commit to encouraging effective policies that overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies.
International Cooperation	[282] Pursue consistent and effective engagement with non-members, regional and international organisations, including the United Nations, and other actors, and we welcome their contribution to our work as appropriate. We also encourage engagement with civil society. We request our Sherpas to make us proposals for the next meeting.

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: 2011 G20 Cannes 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	Macro economy: Exchange rates [16]	0	1	-1	1	1	1	1	0	0	1	-1	0	1	1	0	1	0	1	1	1	0.50
2	Macro economy: Fiscal consolidation [78]	n/a	1	n/a	1	n/a	-1	1	n/a	n/a	-1	-1	0	n/a	n/a	n/a	n/a	n/a	1	0	n/a	0.11
3	Macro economy: Market Resilience [91]	1	n/a	1	n/a	1	n/a	n/a	1	1	n/a	n/a	n/a	1	1	0	-1	1	n/a	n/a	n/a	0.70
4	Finance: Basel III [147]	-1	1	1	1	1	1	1	1	-1	1	1	0	1	0	1	1	-1	1	0	1	0.55
5	Finance: OTC Derivatives [149]	1	1	1	1	1	1	1	1	n/a	1	1	1	1	1	-1	0	-1	1	1	1	0.74
6	Finance: SIFIs [152]	0	1	1	1	1	1	1	1	1	1	1	1	1	0	0	1	1	1	1	1	0.85
7	IFI Reform [25]	-1	1	1	-1	1	1	1	1	0	1	1	1	1	0	0	0	1	1	-1	1	0.45
8	Socioeconomic [165]	1	0	1	1	1	0	1	1	-1	1	1	0	1	1	0	1	1	1	1	1	0.70
9	Trade [47]	-1	0	0	1	0	1	1	-1	-1	1	1	0	0	-1	1	1	0	1	0	1	0.25
10	Development: Social Protection Floors [266]	-1	1	0	1	0	1	1	-1	0	1	1	1	0	0	0	0	0	1	1	1	0.40
11	Development: Remittances [267]	-1	0	0	1	0	-1	-1	1	0	1	1	1	-1	1	1	1	-1	1	1	n/a	0.26
12	Food and Agriculture: Excessive Price Volatility [227]	0	0	1	1	-1	1	0	1	0	1	-1	0	0	1	-1	-1	1	-1	1	0	0.15
13	Food and Agriculture: Export Restrictions [228]	1	1	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0.95
14	Energy: Fossil Fuel [236]	0	1	1	0	1	1	0	1	0	1	0	1	1	1	n/a	1	0	1	0	1	0.63
15	Energy: Clean Energy [242]	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	0.95
16	International cooperation [152]	0	0	0	0	0	0	0	0	1	0	0	1	1	1	0	0	0	1	0	0	0.25
	Average	0.00	0.67	0.60	0.73	0.53	0.60	0.67	0.60	0.14	0.80	0.47	0.60	0.67	0.60	0.21	0.47	0.20	0.87	0.53	0.85	0.54

Compliance Overall Score: +0.5277

Table 3: 2011 G20 Cannes Summit Final Compliance: Members' Ranking

Rank	Member	Average Compliance Score	
1	United Kingdom	0.87	93.5%
2	European Union	0.85	92.5%
3	Italy	0.80	90%
4	Canada	0.73	86.5%
5	Australia	0.67	83.5%
6	Germany		
7	Mexico		
8	Korea	0.60	80%
9	France		
10	India		
11	Russia		
12	Brazil		
13	United States	0.53	76.5%
14	China		
15	Japan	0.47	73.5%
16	South Africa		
17	Saudi Arabia	0.21	60.5%
18	Turkey	0.20	60%
19	Indonesia	0.14	57%
20	Argentina	0.00	50%

Table 4: 2011 G20 Cannes Summit Final Compliance: Commitment Ranking

Rank	Member	Average Compliance Score	
1	Clean Energy Technology	0.95	93.5%
2	Food Export Restrictions		
3	Systemically Important Financial Institutions	0.85	92.5%
4	Over-the-counter Derivatives	0.74	86.5%
5	Socioeconomic	0.70	83.5%
6	Emerging Market Resilience		
7	Fossil Fuel Subsidies	0.64	82%
8	Basel III	0.55	80%
9	Exchange Rates	0.50	75%
10	IMF Reform	0.45	72.5%
11	Social Protection Floors	0.40	70%
12	Remittances	0.26	76.5%
13	Trade	0.25	62.5%
14	International Cooperation		
15	Excessive Price Volatility	0.15	73.5%
16	Fiscal Consolidation	0.11	55.5%

Table 5: G20 Final Compliance by Member, 2008-2011

G20 Member	Washington	London	Pittsburgh	Toronto	Seoul	Cannes
Argentina	0	-0.60	-0.13	0.00	-0.08	0.00
Australia	n/a	0.60	0.50	0.56	0.85	0.67
Brazil	1.00	0.20	-0.63	0.29	0.42	0.60
Canada	1.00	0.60	0.63	0.78	0.69	0.73
China	0	-0.40	0.13	0.38	0.42	0.53
France	1.00	0.80	0.63	0.56	0.77	0.60
Germany	1.00	0.80	0.63	0.56	0.54	0.67
India	0	-0.40	-0.38	-0.29	0.42	0.60
Indonesia	n/a	-0.40	-0.63	-0.13	0.36	0.14
Italy	1.00	0	0.13	0.56	0.77	0.80
Japan	1.00	0.20	0.50	0.56	0.62	0.47
Korea	n/a	0	0.75	0.56	0.46	0.60
Mexico	1.00	0	0.25	-0.14	0.58	0.67
Russia	0	0.40	0.38	0.13	0.59	0.60
Saudi Arabia	n/a	0.20	-0.13	-0.13	0.08	0.21
South Africa	1.00	0.40	0.63	-0.14	0.33	0.47
Turkey	n/a	0.20	-0.25	-0.14	0.17	0.20
United Kingdom	1.00	1.00	0.50	0.78	0.77	0.87
United States	0	0.40	1.00	0.33	0.38	0.53
European Union	1.00	0.60	0.38	0.57	0.82	0.85
G20 Average	0.67	0.23	0.24	0.28	0.50	0.54

Considerations and Limitations

Several elements 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 and not the G20 as a whole. An argument can be made that this commitment does not reflect compliance of the full G20. Nonetheless, all G20 members, regardless of the status of their economy, agreed to this commitment.

To complement the fiscal consolidation commitment's focus on developed economies, the commitment on emerging market resilience focuses on the accountability of emerging economies. The G20 considers Argentina, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, and Turkey to be emerging economies. The case for emerging market resilience is the same for fiscal consolidation: while the argument can be made that assessing compliance for a sub-group of the G20 does not reflect compliance for the G20 as a whole, all G20 members agreed to it.

While the purpose of the report is to monitor compliance with G20 commitments, it is necessary to ensure that the monitoring mechanism is realistic and considers the context within which the commitments are made. With new commitments, more attention must be paid to the initial implementation constraints faced by members. One way to accommodate these constraints is to regard the intent to implement policy measures as an illustration of compliance, or being "on track" towards compliance. This initial leeway should only granted for new commitments; intent is not a suitable indicator of compliance for medium-term or longstanding commitments. Over time as commitments become integrated in the G20 compliance mechanism, compliance guidelines should become more stringent (as members become more accustomed to the nature of the issue and the requirements for compliance).

See also Appendix: General Considerations.

Conclusions

G20 compliance performance for the chosen priority commitments, measured as a country average, has improved incrementally since the April 2009 London Summit (61.5%) through the September 2009 Pittsburgh Summit (62%) to the June 2010 Toronto Summit (64%) to the November 2010 Seoul Summit (75%) to the final point of the November 2011 Cannes Summit (77%) (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 a global governance institution. Many of the commitments assessed in this report have timelines that extend beyond the 2012 Los Cabos Summit or reflect medium- and long-term priorities. A unique feature of this report is the incorporation of deadlines for commitments monitored over multiple compliance cycles. The convergence of medium- and long-term commitments and those with deadlines in the near future reflects the nature of G20 decisions as a crisis management forum and a global governance steering institution. It also illustrates the multifaceted nature of compliance assessment. As the relationship among short-, medium- and long-term commitments becomes clearer, 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 immediately following the Cannes Summit. This draft has been produced as an invitation for others to provide additional or more complete information on compliance before the finished final report will be published in near future. 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 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 represents proportionally the amount of attention paid to each policy area in summit documents, reflects the relative 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 establishing new principles and norms, creating and highlighting issues and issue areas 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.

4. Some commitments cover several years and thus 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 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 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 text of actual, 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. Furthermore, compliance is assessed against the precise, particular commitment, rather than 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 interpretive guidelines attempt to provide an equitable method for assessing compliance.

10. Because the evaluative 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.

Macroeconomic: Exchange Rates [16]

Commitment [#16]:

"We affirm our commitment to move more rapidly to enhance exchange rate flexibility to reflect underlying economic fundamentals, avoid persistent exchange rate misalignments and refrain from competitive devaluation of currencies . . ."

Cannes Summit Final Declaration

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		0	
United Kingdom			+1
United States			+1
European Union			+1
Average Score		+0.5	

Background:

At the 2009 Pittsburgh Summit, G20 leaders committed under the G20 Framework for Strong, Sustainable, and Balanced Growth to "undertake monetary policies consistent with price stability in the context of market oriented exchange rates that reflect underlying economic fundamentals."[4]

At the 2010 Toronto Summit leaders vowed to further enhance exchange rate flexibility, particularly in emerging markets, and declared "Market-oriented exchange rates that reflect underlying economic fundamentals contribute to global economic stability."[5]

[4] G20 Leaders Statement: The Pittsburgh Summit, G20 Information Centre (Toronto) 24-25 September 2009. Date of Access: 4 February 2012. http://www.g20.utoronto.ca/2009/2009communique0925.html.

[5]The G20 Toronto Summit Declaration, G20 Information Centre (Toronto) 27 June 2010. Date of Access: 2 February 2012. http://www.g20.utoronto.ca/2010/to-communique.html.

At the 2010 Seoul Summit, G20 leaders agreed to the Seoul Action Plan, which promoted a move towards more market-determined exchange rates.[6] The average compliance score of the exchange rate commitment during the Seoul compliance cycle was 0.25. The commitment had the third lowest rate of compliance of all commitments profiled by the G20 Research Group during the Seoul compliance cycle.[7]

At the 2011 Cannes Summit, leaders agreed "exchange rate volatility creates a risk to growth and financial stability" and renewed their Seoul Summit commitment to avoid persistent exchange rate misalignments and to refrain from competitive devaluation.[8]

Commitment Features:
This commitment requires G20 members to avoid devaluing their currencies and to allow the value of their currency to be determined by market forces. Countries generally devalue their currencies in order to increase exports and boost growth and domestic employment. The commitment calls for an end to "currency wars" in which countries devalue their currencies and commits G20 members to promoting policies that enhance exchange rate flexibility.

Market-determined exchange rate or a floating exchange rate: An exchange rate which is determined by market forces with minimal government or central bank interference affecting the value of the currency. In a pure float there is no government or central bank intervention at all in the foreign exchange market, leaving the value of the currency subject entirely to market forces.

Devaluation: Reduction in the value of the domestic currency relative to foreign currencies.

Competitive devaluation: The phenomenon wherein countries intervene in the market to aggressively devalue their currencies, often by enacting or introducing policies that exert a strong downward pressure on the currency, usually with the intent of increasing their exports to address a balance of payments deficit or to increase domestic employment.

In an economic downturn, countries often engage in practices intended to stimulate economic growth. A subsidiary effect of some growth-stimulating policies can be the exertion of a downward pressure on the national currency. These policies, if they are not intended to purposely lower the value of the national currency to increase exports, should first and foremost be interpreted as attempts to stimulate growth and not as attempts to competitively devalue the currency. Such circumstances need to be examined thoroughly on a case-by-case basis.

[6] The G20 Seoul Summit Leaders Declaration, G20 Information Centre (Toronto) 12 November 2010. Date of Access: 3 February 2012. http://www.g20.utoronto.ca/2010/g20seoul.html.
[7] 2010 Seoul G20 Summit Final Compliance Report, G20 Information Centre (Toronto) 6 November 2011. Date of Access: 3 February 2012. http://www.g20.utoronto.ca/compliance/2010seoul-final/index.html.
[8] Cannes Summit Final Declaration – Building Our Common Future: Renewed Collective Action for the Benefit of All, G20 Information Centre (Toronto) 4 November 2011. Date of Access: 3 February 2012. http://www.g20.utoronto.ca/2011/2011-cannes-declaration-111104-en.html.

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.

Lead Analyst: Brandon Bailey
Co-Director of Compliance: Krystel Montpetit

Argentina: 0

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

Since the Cannes Summit in November 2011, Argentina has continued to tighten controls on foreign exchange and imports in an effort to stem capital flight, which has caused exchange rate volatility and the depreciation of its currency. Far from engaging in competitive devaluation of its currency since the Argentinian peso is naturally declining, the Argentinian government is nevertheless intervening in the foreign exchange market to prop its currency, thus moving away from a market-determined exchange rate.

Starting February 2012, the Argentinian government imposed new regulations on imports which now require all importers to seek government approval through Afip, a tax company, before they are allowed to bring goods into the country.[9] Although competitive devaluation was not the Argentinian government's main motivation behind the establishment of new regulations on imports — rectifying the balance of trade is, the restriction of imports nevertheless exerts a real upward pressure on the Argentinian peso since it reduces payment in a foreign currency and thus the demand for it.

Since the imposition of new foreign currency controls in October 2011,[10] the tax agency Afip has screened all requests by individuals and businesses to purchase foreign currency which has made it more difficult to access foreign currency.[11] This has contributed to reducing demand for foreign currency, skewing exchange rates in favour of Argentina.

The Argentine Central Bank's Monetary Program for 2012 reaffirms Argentina's decision to continue intervening in the foreign exchange market.[12] It says: "in order to maintain the balance

[9]Argentina Capital Flight Fell To $3.26B In 4Q On Forex Controls, Wall Street Journal (Buenos Aires) 16 February 2012. Date Accessed: 4 March 2012.http://online.wsj.com/article/BT-CO-20120216-719947.html

[10] Argentina Tightens Foreign Exchange Controls to Stem Faster Capital Flight, Bloomberg (Buenos Aires) 28 October 2011. Date Accessed: 4 March 2012.
http://www.bloomberg.com/news/2011-10-27/argentina-central-bank-toughens-foreign-exchange-rules-amid-capital-flight.html

[11]Argentina Capital Flight Fell To $3.26B In 4Q On Forex Controls, Wall Street Journal (Buenos Aires) 16 February 2012. Date Accessed: 4 March 2012.http://online.wsj.com/article/BT-CO-20120216-719947.html

[12] Monetary Program 2012, Banco Central De La República Argentina (Buenos Aires) December 2011. Date Accessed: 4 March 2012.
http://www.bcra.gov.ar/pdfs/polmon/Programa%20monetario%202012_i.pdf

in the monetary market, the Central Bank will sterilize any surplus between money supply and demand"[13] and that "sterilization needs in 2012 are expected to amount to about 30 per cent of the planned expansion of currency purchases on the foreign exchange market."[14]

On 9 March 2012, the Central Bank announced a new rule limiting foreign currency withdrawals for Argentines abroad. The rule, which took effect on 3 April 2012, will no longer allow overseas Argentines to withdraw foreign currency from their bank accounts in Argentina if their accounts do not already have the desired currency.[15]
Thus Argentina has been awarded a score of 0 for partially complying with tis commitment to move toward a more market determined exchange rate and refrain from devaluation of its currency.

Analyst: Sohini Das

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.

On 9 February 2012 the Reserve Bank of Australia (RBA) released a Statement on Monetary Policy. According to the RBA, The AUD, in trade-weighted terms, has appreciated "significantly" since December 2011, reading its highest point since the middle of 2011.[16] On a year-end basis underlying inflation is stable at 2.5%, the mid-point of the medium term target range of 2-3%.[17]

In response to the 'improved' inflation outlook at the end of the year 2011 the Board reduced the cash rate by a cumulative 50 basis points at their November and December meetings.[18] At its February meeting the Board decided to maintain a cash rate of 4.25%, relative to the 4.5% from November 2010.[19]

On 9 February 2012, The RBA said that "[o]ver the months ahead, the Board will continue to monitor information on economic and financial conditions and adjust the cash rate as necessary to foster sustainable growth and low inflation."[20]

---

[13] Monetary Program 2012, Banco Central De La República Argentina (Buenos Aires) December 2011. Date Accessed: 4 March 2012. http://www.bcra.gov.ar/pdfs/polmon/Programa%20monetario%202012_i.pdf
[14] Monetary Program 2012, Banco Central De La República Argentina (Buenos Aires) December 2011. Date Accessed: 4 March 2012. http://www.bcra.gov.ar/pdfs/polmon/Programa%20monetario%202012_i.pdf
[15] Central Bank To Limit Forex Withdrawals For Argentines Abroad, The Wall Street Journal (Buenos Aires) 11 March 2012. Date of Access: 29 April 2012. http://online.wsj.com/article/BT-CO-20120311-713687.html
[16] Statement on Monetary Policy, Reserve Bank of Australia (Sydney) 9 February 2012. Date of Access: 3 March 2012. http://www.rba.gov.au/publications/smp/index.html
[17] Statement on Monetary Policy, Reserve Bank of Australia (Sydney) 9 February 2012. Date of Access: 3 March 2012. http://www.rba.gov.au/publications/smp/index.html
[18] Statement on Monetary Policy, Reserve Bank of Australia (Sydney) 9 February 2012. Date of Access: 3 March 2012. http://www.rba.gov.au/publications/smp/index.html
[19] Statement on Monetary Policy, Reserve Bank of Australia (Sydney) 9 February 2012. Date of Access: 3 March 2012. http://www.rba.gov.au/publications/smp/index.html
[20] Statement on Monetary Policy, Reserve Bank of Australia (Sydney) 9 February 2012. Date of Access: 3 March 2012. http://www.rba.gov.au/publications/smp/index.html

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: Dave Stewart and Julian Ferling

Brazil: -1

Brazil has not complied with its commitment to move more rapidly to enhance exchange rate flexibility and refrain from competitive devaluation of its currency. Specifically, Brazil has not made progress in moving to enhance exchange rate flexibility and has not refrained from competitive devaluation of its currency.

On 18 December 2011, Finance Minister Guido Mantega said the Brazilian government would not allow the real to appreciate to USD1.60. He said the government would not let the currency rise as much as in the past and would consider increasing the levy on some short dollar positions in the derivatives market if it saw excessive valuations as well as raising taxes on imports to protect domestic industries from unfair competition.[21]

On 23 January 2012, Finance Minister Guido Mantega said that the government would continue to implement policies aimed at preventing currency gains in an attempt to ensure GDP growth of at least 4%.[22] On 3 February 2012, the Central Bank bought an unspecified amount of dollars in the currency forwards market to slow the real's 9% appreciation since the beginning of 2012.[23] When this proved insufficient to tamper the rise of its currency, Brazil's Central Bank bought once again an unspecified amount of dollars in the foreign exchange market on 7 February 2012.[24]

On 22 and 23 February 2012, the Central Bank intervened in the currency market by buying dollars in the spot market as yet another attempt to prevent the rapid rise of the real, still rising faster than other commodity currencies which may lead to speculation and unwanted levels of inflation.[25]

[21]Brazil Won't Let Real Reach 1.6 Per Dollar, Mantega Tells Estado, Bloomberg (New York) 18 December 2011. Date of Access: 28 March 2012. http://www.bloomberg.com/news/2011-12-18/brazil-won-t-let-real-reach-1-6-per-dollar-mantega-tells-estado.html

[22]Brazil Central Bank Buys Dollars for Second Day to Ease Currency's Rally, Bloomberg (New York) 6 February 2012. Date of Access: 4 March 2012. http://www.bloomberg.com/news/2012-02-06/brazil-real-snaps-four-day-advance-as-greek-talks-rekindle-growth-concern.html

[23]Brazil Central Bank Buys Dollars in Bid to Slow Real's 9% Rally This Year, Bloomberg (New York) 3 February 2012. Date of Access: 4 March 2012.http://www.bloomberg.com/news/2012-02-03/brazil-rate-futures-yields-fall-for-third-day-on-food-price-data.html

[24]Brazil Central Bank Buys Dollars for Second Day to Ease Currency's Rally, Bloomberg (New York) 6 February 2012. Date of Access: 4 March 2012. http://www.bloomberg.com/news/2012-02-06/brazil-real-snaps-four-day-advance-as-greek-talks-rekindle-growth-concern.html

[25]Brazil Cen Bank Makes First Spot Dlr Purchase Since Feb 6, Deutsche Boerse Group (Frankfurt) 22 February 2012. Date of Access: 4 March 2012. https://mninews.deutsche-boerse.com/index.php/brazil-cen-bank-makes-first-spot-dlr-purchase-feb-6?q=content/brazil-cen-bank-makes-first-spot-dlr-purchase-feb-6

On 1 March 2012, the Brazilian government announced the extension of a tax on foreign loans which is set to induce a weakening of the real.[26]Brazilian President Dilma Rousseff harshly criticized rich nations for engaging in a currency war, which has led to a wave of capital inflows entering emerging economies such as Brazil, exerting upward pressure on their currencies.[27] The Brazilian government warned that it would take further measures to stem the real from appreciating. Central Bank President Alexandre Tombini reaffirmed that "the bank was ready to intervene in the foreign exchange and derivatives markets whenever necessary."[28]

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

Analyst: Sohini Das

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.

In an interview with Maclean's on 20 December 2011, Bank of Canada Governor Mark Carney restated his belief that "there's no question" that a flexible, market-oriented exchange rate can act as a "shock absorber" to dampen the impact of economic crises.[29]

In February 2012, Canadian Prime Minister Stephen Harper travelled to China and concluded a "declaration of intent" on a Foreign Investment Promotion and Protection Agreement, seeking to establish a strong economic partnership between the two countries. In addition, the two countries agreed on agricultural initiatives to cement a stable, market-determined trading environment in the lucrative Chinese beef and Canadian canola seed trade.[30]

The Bank of Canada has not adjusted interest rates since September 2010. On 8 March 2012, Maclean's reported that the Bank of Canada believed the Canadian economic outlook had "marginally improved"[31] and that the country did not face a crisis akin to Europe that would require interest rates intervention.

---

[26] Brazil declares new 'currency war', CNN (New York) 2 March 2012. Date of Acess: 4 March 2012 http://www.cnn.com/2012/03/02/business/brazil-currency-war/

[27]Brazil slams rich countries over "currency war", Reuters (Brasilia) 1 March 2012. Date of Access: 4 March 2012 http://www.reuters.com/article/2012/03/02/us-brazil-economy-iof-idUSTRE8201VH20120302.

[28]Brazil slams rich countries over "currency war", Reuters (Brasilia) 1 March 2012. Date of Access: 4 March 2012 http://www.reuters.com/article/2012/03/02/us-brazil-economy-iof-idUSTRE8201VH20120302

[29]The EU's mess seen from Canada, Maclean's (Toronto) 20 December 2011. Date of Access: 5 March 2012. http://www2.macleans.ca/2011/12/20/the-eus-mess-seen-from-canada-bonus-fresh-mark-carney-quotes/

[30] Canada, China tighten trade ties, Financial Post (Toronto) 8 February 2012. Date of Access: 4 March 2012. http://business.financialpost.com/2012/02/08/canada-china-tighten-trade-ties/

[31]Bank of Canada singles out household debt as "biggest domestic risk," Maclean's (Toronto) 8 March 2012. Date of Access: 8 March 2012. http://www2.macleans.ca/2012/03/08/bank-of-canada-singles-out-household-debt-as-biggest-domestic-risk/

On 17 April 2012 the Bank of Canada announced its intention to maintain its target for the overnight rate at 1% and noted "the economic momentum in Canada is slightly firmer than expected."[32] The Bank of Canada went on to state "in light of the reduced slack in the economy and firmer underlying inflation, some modest withdrawal of the present considerable monetary policy stimulus may become appropriate, consistent with achieving the 2% inflation target over the medium term."[33] The next scheduled date for announcing the overnight rate target is 5 June 2012.

On 18 April 2012 markets responded to the indication that interest rates may be raised as the loonie closed up 0.96 of a cent at USD1.0099.[34] Bank of Montreal economist Douglas Porter described the Bank of Canada's statement as "hawkish" and "a pretty serious amping up of the message."[35] CIBC chief economist Avery Shenfeld forecasted the announcement could point to a possible fall tightening at the earliest as "Carney prefers to give markets plenty of heads-up to any change in policy direction."[36] As of 6 May 2012 the interest rate has remained unchanged.

Canada has worked toward a more market-determined exchange rate and refrained from competitive devaluation of its currency. Thus Canada has been awarded a score of +1.

Analyst: Brandon Bailey

China: +1

China has fully complied with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency. China has made progress toward fulfilling its commitment to enhance exchange rate flexibility to reflect underlying economic fundamentals, avoid persistent exchange rate misalignments and refrain from competitive devaluation of currencies.

On 14 November 2011, the International Monetary Fund (IMF) and the World Bank published the Financial System Stability Assessment (FSSA) and the Financial Sector Assessment (FSA) respectively, which constitutes China Financial Sector Assessment Program (FSAP) reports. The Financial System Stability Assessment (FSSA) states "While existing risk management approaches are reasonable for the current environment, there are weaknesses in execution and a

[32] Bank of Canada maintains overnight rate target at 1 per cent, Bank of Canada (Ottawa) 17 April 2012. Date of Access: 3 May 2012. http://www.bankofcanada.ca/2012/04/press-releases/fad-press-release-2012-04-17/

[33] Bank of Canada maintains overnight rate target at 1 per cent, Bank of Canada (Ottawa) 17 April 2012. Date of Access: 3 May 2012. http://www.bankofcanada.ca/2012/04/press-releases/fad-press-release-2012-04-17/

[34] Bank of Canada surprising signal of higher interest rates sends loonie higher, The Guardian (Charlottetown) 18 April 2012. Date of Access: 3 May 2012. http://www.theguardian.pe.ca/Business/2012-04-17/article-2957431/Bank-of-Canadas-surprising-signal-of-higher-interest-rates-sends-loonie-higher/1

[35] Bank of Canada surprising signal of higher interest rates sends loonie higher, The Guardian (Charlottetown) 18 April 2012. Date of Access: 3 May 2012. http://www.theguardian.pe.ca/Business/2012-04-17/article-2957431/Bank-of-Canadas-surprising-signal-of-higher-interest-rates-sends-loonie-higher/1

[36] Bank of Canada surprising signal of higher interest rates sends loonie higher, The Guardian (Charlottetown) 18 April 2012. Date of Access: 3 May 2012. http://www.theguardian.pe.ca/Business/2012-04-17/article-2957431/Bank-of-Canadas-surprising-signal-of-higher-interest-rates-sends-loonie-higher/1

material upgrade will be needed if any further interest rate or exchange rate liberalization occurs or if banks adopt more aggressive strategies."[37]

On 15 November 2011, the People's Bank of China, China's Central bank, announced that "the reforms of interest rate and exchange rate have made significant progress with market forces playing a fundamental role in the formation of interest rate and renminbi exchange rate. As for the planned reforms' timeframe, and while the direction of reforms was made clear in the 12th Five Year Plan, the concrete reform steps and sequence will hinge on real indicators of the Chinese economy coupled with flexibility."[38]

On 18 November 2011, Chinese Prime Minister Wen Jiabao attended the ASEAN-China Commemorative Summit on the fringe of the ASEAN and Related Summits in Nusa Dua on the Indonesian island of Bali. During the summit, Prime Minister Wen Jiabao told American President Barack Obama that China will strengthen the flexibility of the renminbi's exchange rate, and that it had already achieved notable success in exchange rate reform.[39] He affirmed that the Chinese government was closely observing fluctuations in the renminbi's exchange rate and would pursue exchange rate reforms.[40] He also mentioned that offshore forwards markets have showed "expectations of depreciation in the renminbi's exchange rate" since late September 2011.[41] He hastened to add: "This has not been determined by people but is a response of the market to the renminbi exchange rate."[42]

On 22 November 2011, the Government of China and the Government of Hong Kong agreed to a deal which will grant Hong Kong more access to the Chinese currency. Under the new agreement, Hong Kong will be able to access RMB400 billion from the Chinese Central Bank, up from RMB200 billion.[43]The deal will boast a lifespan of three years, replacing an existing agreement signed in 2009.[44] The Hong Kong Monetary Authority has significantly extended the

[37] People's Republic of China: Financial System Stability Assessment, International Monetary Fund, 14 November 2011. Date of Access: 1 March 2012. http://www.imf.org/external/pubs/ft/scr/2011/cr11321.pdf

[38] China FSAP Reports Published by the International Monetary Fund and the World Bank, The People's Bank of China, 15 November 2011. Date of Access: 1 March 2012. http://www.pbc.gov.cn/publish/english/955/2011/20111115115528030352648/20111115115528030352648_.html

[39] China's Wen tells Obama exchange rate reforms successful, Reuters, 19 November 2011. Date of Access: 4 February 2012. http://www.reuters.com/article/2011/11/19/us-china-usa-currency-idUSTRE7AI0JM20111119

[40] China's Wen tells Obama exchange rate reforms successful, Reuters, 19 November 2011. Date of Access: 4 February 2012. http://www.reuters.com/article/2011/11/19/us-china-usa-currency-idUSTRE7AI0JM20111119

[41] China's Wen tells Obama exchange rate reforms successful, Reuters, 19 November 2011. Date of Access: 4 February 2012. http://www.reuters.com/article/2011/11/19/us-china-usa-currency-idUSTRE7AI0JM20111119

[42] China's Wen tells Obama exchange rate reforms successful, Reuters, 19 November 2011. Date of Access: 4 February 2012. http://www.reuters.com/article/2011/11/19/us-china-usa-currency-idUSTRE7AI0JM20111119

[43]China to make more yuan currency available for trade, BBC News, 22 November 2011. Date of Access: 21 February 2012. http://www.bbc.co.uk/news/business-15831777

[44]China to make more yuan currency available for trade, BBC News, 22 November 2011. Date of Access: 21 February 2012. http://www.bbc.co.uk/news/business-15831777

operating hours of the renminbi payments system, so that renminbi transactions carried out in London during the European working day can be processed and settled speedily.[45]

On 1 December 2011, the People's Bank of China, China's Central Bank, announced a 0.5% points cut in "RMB required reserve ratio for deposit taking institutions," effective on 5 December 2011."[46] The cut is the "first since 2008."[47]

On 25 December 2011, the People's Bank of China announced "Enhanced Cooperation for Financial Markets Development between China and Japan," in which the bank emphasized that "these developments should be market-driven."[48]Holding the world's largest foreign-currency reserves — China holds about USD3.2 trillion while Japan holds USD1.3 trillion — China and Japan agreed to direct trading of their currencies.[49]The plan was announced during a visit to China by Japan's Prime Minister Yoshihiko Noda.[50]

For the year 2011, the Bank for International Settlements (BIS) contented that the renminbi's real value was up by 5.3%, a higher proportion than any other currency except Venezuela's bolivar.[51]

On January 16 2012, Central Bank Governor Zhou Xiaochuan met with Chancellor of the Exchequer George Osborne in Beijing. They exchanged views on current global and European economic situations and measures to enhance cooperation in monetary and financial areas between the two countries.[52]On the same day, the UK Treasury announced plans to make London the leading international centre for trading the renminbi.[53]

---

[45] Boost for City's China trade, BBC News, 15 January 2012. Date of Access: 4 February 2012 http://www.bbc.co.uk/news/business-16569868

[46] RMB Required Reserve Ratio for Deposit Taking Institutions Cut by 0.5 Per cent Points, People's Bank of China, 1 December 2011. Date of Access: 1 March 2012. http://www.pbc.gov.cn/publish/english/955/2011/20111201155734560100355/20111201155734560100355_.html

[47] China cuts bank reserve ratio to boost lending, BBC News, 19 February 2012. Date of Access: 21 February 2012. http://www.bbc.co.uk/news/business-17093005

[48]Enhanced Cooperation for Financial Markets Development between China and Japan, The People's Bank of China, 25 December 2011. Date of Access: 1 March 2012. http://www.pbc.gov.cn/publish/english/955/2011/20111225173248498166576/20111225173248498166576_.html

[49] Currency Agreement for Japan and China, The New York Times, 26 December 2011. Date of Access: 4 February 2012. http://www.nytimes.com/2011/12/27/business/global/china-and-japan-in-currency-agreement.html

[50] China and Japan plan direct currency exchange agreement, BBC News, 25 December 2011. Date of Access: 26 February 2012. http://www.bbc.co.uk/news/business-16330574

[51]A way to finance Europe's rescue, The New York Times, 21 November 2012. Date of Access: 4 February 2012. http://www.nytimes.com/2011/11/22/business/a-way-to-finance-europes-rescue.html

[52] Governor Zhou Xiaochuan met with UK Chancellor of the Exchequer GeorgeOsborne, The People's Bank of China, 18 January 2012. Date of Access: 1 March 2012. http://www.pbc.gov.cn/publish/english/955/2012/20120120145848735207347/20120120145848735207347_.html

[53] London seeks major role in yuan trading, BBC News, 16 January 2012. Date of Access: 21 February 2012. http://www.bbc.co.uk/news/business-16571765

On 29 January 2012, China's Prime Minister Wen Jiabao reiterated China's long-standing commitment to "further improve the [CNY] exchange rate formation mechanism, strengthen the flexibility of the [CNY] exchange rate in both directions, maintaining a basically stable [CNY] exchange rate at a reasonable and balanced level."[54] He added that the Chinese government will advance the renminbi's convertibility in an orderly manner and broaden the use of the currency in cross-border trade settlements.[55]

On 12 March 2012, Chinese central bank officials asserted that China's consequential trade deficit in February 2012 showed that the value of its currency was close to equilibrium after more than six years of gradual appreciation. Yi Gang, Deputy Central Bank Governor, speaking at the National People's Congress, the annual session of China's parliament, said: "This trade deficit is a positive sign that the renminbi exchange rate is close to its equilibrium level."[56]

On 14 March 2012, Prime Minister Wen Jiabao said Beijing will push for reforms, he added that the yuan's value may already be close to an optimum level. He mentioned that "We will step-up exchange rate reforms, especially in increasing two-way fluctuations," on the last day of the National People's Congress meeting.[57]"In the Hong Kong market, NDFs (non-deliverable forwards) have started to fluctuate both ways. This tells us the yuan is possibly near a balanced level."[58]

On 19 March 2012, the Managing Director of IMF Christine Lagarde visited China. She backed, in principle, China's hope of turning its currency into a global reserve currency. She mentioned that "What is needed is a roadmap with a stronger and more flexible exchange rate, more effective liquidity and monetary management, with higher quality supervision and regulation, with a more well-developed financial market, with flexible deposit and lending rates, and finally with the opening up of the capital account,"[59]

On 27 March 2012, China President Hu Jintao told U.S. President Barack Obama in Seoul that China plans to "let the market play a greater role, improve the flexibility of the yuan exchange rate, and maintain a basic stability of the rate at reasonable and balanced levels."[60]

---

[54] China's Wen: government debt risk "controllable", Reuters, 29 January 2012. Date of Access: 4 February 2012. http://www.reuters.com/article/2012/01/30/us-china-finance-idUSTRE80T01320120130

[55] China's Wen: government debt risk "controllable", Reuters, 29 January 2012. Date of Access: 4 February 2012. http://www.reuters.com/article/2012/01/30/us-china-finance-idUSTRE80T01320120130

[56] China hints at a halt in the renminbi rise, Financial Times (London) 12 March 2012. Date of Access: 15 May 2012. http://www.ft.com/intl/cms/s/0/972b0948-6c33-11e1-b00f-00144feab49a.html#axzz1ovOr1qMQ

[57] China to allow the yuan to float more freely, BBC News, 14 March 2012. Date of Access: 20 April 2012. www.bbc.co.uk/news/business-17362888

[58] China to allow the yuan to float more freely, BBC News, 14 March 2012. Date of Access: 20 April 2012. www.bbc.co.uk/news/business-17362888

[59] Lagarde says China must reform economy and yuan, BBC News, 19 March 2012. Date of Access: 20 April 2012. www.bbc.co.uk/news/business-17425356

[60] China Accelerates Markets Opening as QFII Quota Doubles, Bloomberg, 3 April 2012. Date of Access: 9 April 2012. http://www.bloomberg.com/news/2012-04-03/china-increases-qfii-by-50-billion-and-rqfii-by-50-billion-yuan.html

On 11 April 2012, China's central bank launched a new system to settle cross-border yuan payments, a key back-office project aimed at facilitating the Chinese currency's use in international trade and investment. The China International Payment System, known as CIPS, will be open to banks around the world and be the key infrastructure accommodating international yuan transactions.[61] Cross-border yuan trade settlement has amounted to 2.08 trillion yuan (USD333 billion) in 2011.[62] Li Bo, who is the head of People's Bank of China's second monetary policy department that implements yuan-related policies, said that "This is infrastructure that is conducive to expanding the use of the yuan in cross-border trade settlement, to serving the real economy and to capital account opening."[63] He mentioned without elaborating that the conditions for yuan convertibility "are increasingly ripe."[64] The new system, which will take one or two years to develop, will partly replace the existing cross-border yuan settlement system that mainly goes via Hong Kong. It will double the daily running time to 17 hours a day, from the current 8 hours a day, to allow banks in the Americas, Europe and Africa to participate.[65] Ultimately, the system will support simultaneous settlement of yuan and foreign currency transactions between banks.[66]

On 14 April 2012, the People's Bank of China decided to enlarge the floating band of RMB's trading prices against the US dollar. PBOC announced, "Effective from April 16, 2012 onwards, the floating band of RMB's trading prices against the US dollar in the inter-bank spot foreign exchange market is enlarged from 0.5 percent to 1 percent" in order to "meet market demands, promote price discovery, enhance the flexibility of RMB exchange rate in both directions, further improve the managed floating RMB exchange rate regime based on market supply and demand with reference to a basket of currencies."[67]

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

Analysts: Cheng Li and Krystel Montpetit

[61] China c.bank to build "expressway" for yuan settlement, Reuters, 11 April 2012. Date of Access: 12 April 2012.http://www.reuters.com/article/2012/04/11/china-yuan-system-idUSL3E8FB1U320120411

[62] China c.bank to build "expressway" for yuan settlement, Reuters, 11 April 2012. Date of Access: 12 April 2012.http://www.reuters.com/article/2012/04/11/china-yuan-system-idUSL3E8FB1U320120411

[63] PBOC Plans Payment System in Step Toward Convertibility, 11 April 2012. Date of Access: 12 April 2012. http://www.bloomberg.com/news/2012-04-11/pboc-plans-payment-system-in-step-toward-convertibility.html

[64] PBOC Plans Payment System in Step Toward Convertibility, 11 April 2012. Date of Access: 12 April 2012. http://www.bloomberg.com/news/2012-04-11/pboc-plans-payment-system-in-step-toward-convertibility.html

[65] China c.bank to build "expressway" for yuan settlement, Reuters, 11 April 2012. Date of Access: 12 April 2012.http://www.reuters.com/article/2012/04/11/china-yuan-system-idUSL3E8FB1U320120411

[66] China c.bank to build "expressway" for yuan settlement, Reuters, 11 April 2012. Date of Access: 12 April 2012.http://www.reuters.com/article/2012/04/11/china-yuan-system-idUSL3E8FB1U320120411

[67] The People's Bank of China Announcement [2012 No.4], The People's Bank of China, 14 April 2012. Date of Access: 26 April 2012.
http://www.pbc.gov.cn/publish/english/955/2012/20120414090756030448561/20120414090756030448561_.html

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 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. The European Central Bank manages the foreign exchange reserves and can intervene in foreign exchange markets to influence the exchange rate of the euro.[68]

On 20 February 2012, at a meeting of G20 Finance Ministers and Central Bank Governors, France and other members of G20 agreed to continue working towards the commitments made in the Cannes Action Plan. In a statement, G20 Finance Ministers and Central Bank Governors declared, "We agreed today to enhance monitoring and accountability to ensure that our commitments are achieved, including on fiscal, financial, structural, monetary and exchange rate, trade and development policies as mandated by our Leaders in Cannes."[69]

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

Analysts: Babajide Ajayi, Brandon Bailey and Krystel Montpetit

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 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. The European Central Bank manages the foreign exchange reserves and can intervene in foreign exchange markets to influence the exchange rate of the euro.[70]

On 18-20 February 2012, Mexico hosted a meeting of G20 Finance Ministers and Central Bank Governors. During this meeting, Germany and other members of G20, agreed to continue working towards the commitments made in the Cannes Action Plan. In a statement, G20 Finance Ministers and Central Bank Governors declared, "We agreed today to enhance monitoring and accountability to ensure that our commitments are achieved, including on fiscal, financial,

[68]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
[69] Mexico City G20 Communique, The Telegraph (London) 26 February 2012. Date of Access : 3 March 2012 http://www.telegraph.co.uk/finance/financialcrisis/9107453/Mexico-City-G20-Communique-full-text.html
[70]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

structural, monetary and exchange rate, trade and development policies as mandated by our Leaders in Cannes."[71]

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

Analysts: Babajide Ajayi, Brandon Bailey and Krystel Montpetit

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. Albeit refraining from competitive devaluation, it has moved away from a market-determined exchange rate by intervening to counter the depreciation of its currency.

On 22 November 2011, India's Finance Ministry asserted that the Reserve Bank of India had only a "limited" ability to curb the fall of the Indian rupee.[72] Finance Minister Pranab Mukherjee contended that the fall reflected uncertainty in the international market, adding that the Government of India "expect[s] there will be a self-correction."[73]

On 23 December 2011, IndiaPrime Minister Manmohan Singh acknowledged that the Indian economy faced many domestic hurdles, made obvious by the "sharp depreciation of the INR," which was a matter of concern.[74]

On 6 February 2012, Ratings Agency Standard and Poor's warned that there could be a downgrade in India's investment-grade credit rating.[75] The Ratings Agency stressed that Indian Finance Minister Pranab Mukherjee admitted that growth slowdown and high inflation had become serious challenges plaguing the Indian economy. He stated that "the options for fiscal steps as well as monetary measures are increasingly becoming limited. However, there is potential for policymaking in other areas," and "innovative remedies would be required to address these challenges."[76]Since March 2010, the Indian Central bank has increased interest rates on 13 different occasions in an effort to hold down rising prices, which were induced by falls in the Indian rupee.[77]

On 13 February 2012, in an interview to the Wall Street Journal, Governor of the Reserve Bank of India Dr Subbarao stated "by inclination, I believe that markets should be allowed to function

[71] Mexico City G20 Communique, The Telegraph (London) 26 February 2012. Date of Access : 3 March 2012 http://www.telegraph.co.uk/finance/financialcrisis/9107453/Mexico-City-G20-Communique-full-text.html

[72] India rupee hits all-time US dollar low, BBC News, 22 November 2011. Date of Access: 26 February 2012. http://www.bbc.co.uk/news/world-asia-15832048

[73] India rupee hits all-time US dollar low, BBC News, 22 November 2011. Date of Access: 26 February 2012. http://www.bbc.co.uk/news/world-asia-15832048

[74] India PM says growth hurt by 'negative comments', BBC News, 23 December 2011. Date of Access: 26 February 2012. http://www.bbc.co.uk/news/world-asia-india-16313085

[75] India economy: Growth to fall below 7% for 2011-2012, BBC News, 7 February 2012. Date of Access: 26 February 2012. http://www.bbc.co.uk/news/world-asia-india-16923108

[76] India central bank sells dollars to boost ailing rupee, BBC News, 15 December 2011. Date of Access: 26 February 2012. http://www.bbc.co.uk/news/world-asia-india-16193664

[77]India's inflation rate falls but remains above 9%, BBC News, 14 November 2011. Date of Access: 26 February 2012. http://www.bbc.co.uk/news/business-16173884

and that we should minimize our intervention and that's good for building the resilience of the economy."[78]

On 17 April 2012, the Reserve Bank of India cut interest rates by 50 basis points; its first reduction in three years in an effort to spur growth.[79]

On 7 May 2012, the India Times reported that the Reserve Bank of India likely intervened "to lift the currency of its intraday lows," according to a Mumbai-based brokerage firm who declined to be named. Traders said it was the eleventh time in 2012 that the Indian Central Bank is believed to have stepped into the market to prop up the rupee. The Reserve Bank of India (RBI) intervenes only to prevent sharp volatility and has a policy of not commenting on rupee movements or confirming forex market interventions.[80]

On 15 May 2012, Reuters confirmed the India Times' report asserting that the rupee strengthened "from a near record low against the dollar after the RBI stepped in with what various dealers described as massive intervention." Reuters reported that dealers asserted that the dollar sales via state-run banks totalled USD400-500 million, continuing a pattern of aggressive interventions in the April and May 2012 as the rupee threatened to touch the record low of 54.30. The Reserve Bank of India also adopted measures such as forcing exporters to convert half of their foreign currencies in their accounts in order to prop up the sliding rupee.[81]

Thus India has been awarded a score of 0 for partially complying with its commitment: albeit refraining from competitive devaluation of its currency, it has moved away from a market-determined exchange rate by intervening to prop up its currency.

Analysts: Cheng Li and Krystel Montpetit

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. Albeit refraining from competitive devaluation, Indonesia has moved away from a perfect market-determined exchange rate by intervening to counter the depreciation of its currency.

On 10 November 2011, Bank Indonesia, Indonesia's Central Bank, stated it "is continuously monitoring the developments of rupiah and ensures the adequacy of rupiah and foreign exchange liquidity needed to maintain the stability of domestic markets" in response to exchange rate

[78] Interview of RBI Governor, Dr. D Subbarao by Mr. Alex Frangos of The Wall Street Journal, Reserve Bank of India, 22 Feb 2012. Date of Access: 2 March 2012. http://rbi.org.in/scripts/BS_SpeechesView.aspx?Id=670

[79] RBI cuts repo rate by 50 bps; sees little room for more, Reuters, 17 April 2012. Date of Access: 16 May 2012.http://in.reuters.com/article/2012/04/17/rbi-rate-cut-repo-rate-crr-subbarao-gdp-idINDEE83G02Z20120417

[80] Rupee slides, Reserve Bank of India's intervention suspected, The Economic Times, India Times (Delhi) 7 May 2012. Date of Access: 18 May 2012. http://articles.economictimes.indiatimes.com/2012-05-07/news/31610623_1_rupee-slides-rupee-movements-central-bank

[81] RBI's 'massive' intervention sparks rupee gains, Reuters, 15 May 2012. Date of Access: 19 May 2012. http://in.reuters.com/article/2012/05/15/markets-india-rupee-rbi-idINDEE84E01Q20120515

depreciation.[82] Bank Indonesia noted that the volatility of the rupiah's exchange rate was diminishing.[83] On 23 November 2011, Head of treasury at ANZ Panin Bank Wiling Bolung claimed Bank Indonesia was "in the market to ease volatility rather than defend a specific level."[84]

In January 2012, on average, the rupiah depreciated by 0.28% to IDR9,060 per US dollar, but on point-to-point the rupiah appreciated by 0.65% to IDR8,990 per 1 US dollar. The increase in foreign exchange demand for imports, particularly fuel, put pressure on Rupiah exchange rate.[85]

As part of their 17 January 2012 review, Bank Indonesia reported that the rupiah exchange rate experienced downward pressure throughout the second half of 2011 as a result of European fiscal crises and "rising indications of weakening in the world economy."[86] However, the rupiah's depreciation was comparable to other currencies in the region.[87] Bank Indonesia asserted that the rupiah's fluctuations have been market-oriented, determined by global financial markets and external shocks stemming from pressure put on global markets by "the absence of new policies launched by the Fed in its FOMC to stimulate the economy and the release of a swollen ECB balance sheet."[88]

On 1 February 2012, Bank Indonesia spokesperson Difi A Johansyah announced that BI unexpectedly cut the benchmark interest rate by 25 basis points to 5.75% in order to boost Indonesia's economic growth in the midst of the global economy downturn. Difi added, "Bank Indonesia will continue to strengthen its policies through interest rate policy, foreign exchange policy, macro-prudential policies to manage capital flows and liquidity, and to coordinate with the government."[89]

On 4 May 2012, Bloomberg and the Jakarta Globe reported that the rupiah appreciated on speculation that Bank Indonesia, the Central Bank of Indonesia, intervened to "support the

[82] Board of Governor Decreased BI Rate to 6,00%, Bank Indonesia (Jakarta) 10 November 2011. Date of Access: 17 March 2012.
http://www.bi.go.id/web/en/Ruang+Media/Siaran+Pers/sp_133711.htm
[83] Board of Governor Decreased BI Rate to 6,00%, Bank Indonesia (Jakarta) 10 November 2011. Date of Access: 17 March 2012.
http://www.bi.go.id/web/en/Ruang+Media/Siaran+Pers/sp_133711.htm
[84]Rupiah touches 17-month low as funds sell assets, The Jakarta Post (Jakarta) 23 November 2011. Date of Access: 27 March 2012. http://www.thejakartapost.com/news/2011/11/23/rupiah-touches-17-month-low-funds-sell-assets.html
[85]BI Rate Lowered by 25 bps to 5.75%, Bank Indonesia (Jakarta) 9 February 2012. Date of Access: 14 May 2012.http://www.bi.go.id/web/en/Ruang+Media/Siaran+Pers/sp_140312.htm
[86] Monetary Policy Review: Economy, Monetary, and Banking, Bank Indonesia (Jakarta) 17 January 2012. Date of Access: 27 March 2012. http://www.bi.go.id/NR/rdonlyres/03FC1D42-8840-41E5-B908-F959211423DB/25136/zMPRJanuary2012rev.pdf
[87] Monetary Policy Review: Economy, Monetary, and Banking, Bank Indonesia (Jakarta) 17 January 2012. Date of Access: 27 March 2012. http://www.bi.go.id/NR/rdonlyres/03FC1D42-8840-41E5-B908-F959211423DB/25136/zMPRJanuary2012rev.pdf
[88] Monetary Policy Review: Economy, Monetary, and Banking, Bank Indonesia (Jakarta) 17 January 2012. Date of Access: 27 March 2012. http://www.bi.go.id/NR/rdonlyres/03FC1D42-8840-41E5-B908-F959211423DB/25136/zMPRJanuary2012rev.pdf
[89] BI Cuts Interest Rate Despite Inflation Fears, Jakarta Post (Jakarta) 10 February 2012
http://www.thejakartapost.com/news/2012/02/10/bi-cuts-interest-rate-despite-inflation-fears.html

currency to stem imported inflation after the rupiah dropped to a 23-month low."[90][91] If those reports are confirmed, it implies that Bank Indonesia moved away from a market-determined exchange rate by intervening to prop up the currency.

Thus Indonesia has been awarded a score of 0 for partially complying with its commitment: albeit refraining from competitive devaluation of its currency, it has moved away from a market-determined exchange rate by intervening to prop up its currency.

Analysts: Heidi Shim, Brandon Bailey and Krystel Montpetit

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 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 the process without risking its membership in the organization. The European Central Bank manages the foreign exchange reserves and can intervene in foreign exchange markets to influence the exchange rate of the euro.[92]

On 18-20 February 2012, Mexico hosted a meeting of G20 Finance Ministers and Central Bank Governors. During this meeting, Italy and other members of G20, agreed to continue working towards the commitments made in the Cannes Action Plan. In a statement, G20 Finance Ministers and Central Bank Governors declared, "We agreed today to enhance monitoring and accountability to ensure that our commitments are achieved, including on fiscal, financial, structural, monetary and exchange rate, trade and development policies as mandated by our Leaders in Cannes."[93]

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

Analysts: Yu Yao, Brandon Bailey and Krystel Montpetit

Japan: -1

Japan has failed to comply with its commitment to enhance exchange rate flexibility: it has not refrained from competitive devaluation, thus moving away from a market-determined exchange rate. However, Japanese Finance Minister Jun Azumi holds that upward movements in the yen

[90] Rupiah Advances to Pare Weekly Loss on Intervention Speculation, Bloomberg (New York) 4 May 2012. Date of Access: 5 May 2012. http://www.businessweek.com/news/2012-05-03/rupiah-rebounds-from-june-2010-low-on-intervention-speculation

[91] Indonesia's Rupiah Gains on Suspected Intervention; Bonds Fall, Jakarta Globe (Jakarta) 7 May 2011. Date of Access: 18 May 2012. http://www.thejakartaglobe.com/markets/indonesias-rupiah-gains-on-suspected-intervention-bonds-fall/516497

[92] 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

[93] Mexico City G20 Communique, The Telegraph (London) 26 February 2012. Date of Access : 3 March 2012http://www.telegraph.co.uk/finance/financialcrisis/9107453/Mexico-City-G20-Communique-full-text.html

result from international speculation and not Japanese economic fundamentals, thus compelling Japanese authorities to intervene in the market to tamper the undesired rise of the yen.[94]

From 31 October 2011 to 4 November 2011 the Bank of Japan sold approximately JPY9091.6billion for USD; specifically, the intervention entailed sales of JPY8072.2 billion on 31 October 2011, JPY282.6 billion on 1 November 2011, JPY227.9 billion on 2 November 2011, JPY202.8 billion on 3 November 2011, and JPY306.2 billion on 4 November 2011.[95] There were no interventions for the remainder of the quarter.[96] While the Ministry of Finance has not reported any interventions since,[97] in a speech to the National Diet on 24 January 2012 Minister of Finance Azumi said that "trends in exchange rate markets" still represent a "risk" to Japan.[98]

On 16 November 2011,the Bank of Japan, Japan's Central Bank, warned that the country's economic growth will likely be hurt by the European debt crisis, flooding in Thailand and a strong Japanese yen.[99] The Central Bank announced that it would leave its key interest unchanged between zero and 0.1% in order to boost growth.[100]

On 19 December 2011, the Ministry of Finance planned to raise the issuance limit for bills to fund currency intervention to JPY195 trillion (USD2.5 trillion), the first increase since 30 September 2011.[101] According to the Ministry of Finance, more than JPY65 trillion will be available for additional intervention.[102] Finance Minister Jun Azumi said the increase was needed so that he could be prepared to take "decisive" actions when needed.[103]

[94] Tokyo, Seoul warn after currency moves, The Wall Street Journal (New York) 18 May 2012. Date of Access: 20 May 2012.http://www.marketwatch.com/story/tokyo-seoul-warn-after-currency-moves-2012-05-18
[95] Foreign exchange intervention operations (October-December 2011), Ministry of Finance (Tokyo) 7 February 2012. Date of Access: 25 March 2012. http://www.mof.go.jp/english/international_policy/reference/feio/quarter/e2310_12.htm
[96] Foreign exchange intervention operations (October-December 2011), Ministry of Finance (Tokyo) 7 February 2012. Date of Access: 25 March 2012. http://www.mof.go.jp/english/international_policy/reference/feio/quarter/e2310_12.htm
[97] Foreign exchange intervention operations (January 30, 2012 – February 27, 2012), Ministry of Finance (Tokyo), 29 February 2012. Date of Access: 25 March 2012. http://www.mof.go.jp/english/international_policy/reference/feio/monthly/120229.htm
[98] Speech on Fiscal Policy by Minister of Finance Azumi at the 180th Session of the National Diet, Ministry of Finance (Tokyo) 24 January 2012. Date of Access: 25 March 2012. http://www.mof.go.jp/english/public_relations/statement/fiscal_policy_speech/e20120124.htm
[99] Bank of Japan issues growth warning as it holds rates, BBC News, 16 November 2011. Date of Access: 26 February 2012. http://www.bbc.co.uk/news/business-15751127
[100] Bank of Japan issues growth warning as it holds rates, BBC News, 16 November 2011. Date of Access: 26 February 2012. http://www.bbc.co.uk/news/business-15751127
[101] Japan Plans to Bolster Intervention War Chest, Bloomberg, 19 December 2011. Date of Access: 24 March 2012.http://www.bloomberg.com/news/2011-12-20/japan-plans-to-bolster-intervention-war-chest.html
[102] Japan Plans to Bolster Intervention War Chest, Bloomberg, 19 December 2011. Date of Access: 24 March 2012.http://www.bloomberg.com/news/2011-12-20/japan-plans-to-bolster-intervention-war-chest.html
[103] Japan Plans to Bolster Intervention War Chest, Bloomberg, 19 December 2011. Date of Access: 24 March 2012.http://www.bloomberg.com/news/2011-12-20/japan-plans-to-bolster-intervention-war-chest.html

On 7 February 2012, the Bank of Japan disclosed that the sale of Japanese yen on several occasions in November 2011 had been followed by relative stability in the Japanese yen's exchange rate.[104] The Japanese Ministry of Finance and Strategy confirmed that it intervened unannounced in foreign exchange markets to weaken the Japanese yen in November 2011.[105] Japanese Ministry of Finance and Strategy data reveals that Japan carried out JNY1.02 trillion worth of unannounced intervention during the first four days of November 2011 after selling a record JNY8.07 trillion on 31 October 2011.[106] Japanese Minister of Finance and Strategy Jun Azumi told reporters that the Ministry was "not rejecting any option" in the currency markets, indicating Tokyo was ready to intervene again if the yen rose in a manner that did not reflect market fundamentals. He affirmed that the Japanese government "will take every step to protect national interests when necessary."[107]

On 14 February 2012, the Bank of Japan announced that it would expand its asset purchase program by JNY10 trillion.[108] The Central Bank said in a statement:"The outlook for Japan's economy continues to entail high uncertainty regarding the prospects and outcomes of the European debt problem, the supply and demand balance of electricity and the effects of the yen's appreciation."[109] The Bank set an inflation goal of 1%, pledging to keep an easy policy until that price level is in sight.[110]

On 28 February 2012, Japanese Finance and Strategy Minister Jun Azumi said that he told his G20 counterparts that he is prepared to take firm measures against excessive currency moves, reaffirming his will and readiness to intervene against any sharp gain in the Japanese currency.[111] Azumi emphasised that "even in bilateral meetings, I clearly stated that Japan is prepared to take firm steps against excessive moves."[112] Finance and Strategy Minister Azumi also rejected suggestions that the G20 had hinted at softening its insistence that currenciesadhere to market

[104] Japan's Secret Yen Interventions Could Be Template For Future, The Wall Street Journal, 7 February 2012. Date of Access: 5 March 2012. http://online.wsj.com/article/BT-CO-20120207-719675.html

[105] Japan confirms stealth intervention to limit yen, Financial Times, 7 February 2012.Date of Access: 5 March 2012. http://www.ft.com/intl/cms/s/0/b91061ce-5168-11e1-a99d-00144feabdc0.html#axzz1oCqlCIWH

[106] Japan confirms stealth intervention to limit yen, Financial Times, 7 February 2012.Date of Access: 5 March 2012. http://www.ft.com/intl/cms/s/0/b91061ce-5168-11e1-a99d-00144feabdc0.html#axzz1oCqlCIWH

[107] Japan confirms stealth intervention to limit yen, Financial Times, 7 February 2012.Date of Access: 5 March 2012. http://www.ft.com/intl/cms/s/0/b91061ce-5168-11e1-a99d-00144feabdc0.html#axzz1oCqlCIWH

[108] Bank of Japan increases stimulus to boost growth, BBC News, 14 February 2012. Date of Access: 26 February 2012. http://www.bbc.co.uk/news/business-17022941

[109] Bank of Japan increases stimulus to boost growth, BBC News, 14 February 2012. Date of Access: 26 February 2012. http://www.bbc.co.uk/news/business-17022941

[110] UPDATE 2-Japan MOF official: nothing strange in forex moves, Reuters, 22 February 2012. Date of Access: 5 March 2012.http://www.reuters.com/article/2012/02/22/forex-japan-mof-idUSL4E8DM50D20120222

[111] UPDATE 1-Japan Azumi: told G20 Japan ready to take firm FX measures, Reuters, 27 February 2012. Date of Access: 5 March 2012.http://www.reuters.com/article/2012/02/28/japan-economy-idUSL4E8DS0BU20120228

[112] UPDATE 1-Japan Azumi: told G20 Japan ready to take firm FX measures, Reuters, 27 February 2012. Date of Access: 5 March 2012.http://www.reuters.com/article/2012/02/28/japan-economy-idUSL4E8DS0BU20120228

principles, saying that a mention of market volatility in the G20 statement did not signal a significant change in currency policy from previous statements.[113]

On 27 April 2012, the Bank of Japan announced enhancement of monetary easing regarding the Asset Purchase Program. The Bank "decided to increase the total size of the Program by about 5 trillion yen, from about 65 trillion yen to about 70 trillion yen."[114] The maximum outstanding amount of financial assets purchased through the Program shall be about 40 trillion yen.The maximum outstanding amount of loans provided through the Program shall be about 30 trillion yen.[115]

Thus Japan has been awarded a score of -1 for not complying with its commitment to refrain from competitive devaluation and move toward a market-determined exchange rate. It is however noted that Japanese authorities contend that the rise in the yen is not a reflection of economic fundamentals, but a reflection of international speculation driven by the uncertainties plaguing the global economy.[116]

Analysts: Cheng Li and Krystel Montpetit

Korea: 0

Korea has partially complied with its commitment: it has refrained from competitive devaluation, but it has moved away from a market-determined exchange rate by intervening to stem the decline of the won, which the Korean Minister of Strategy and Finance describes as an over-reaction to external events that does not reflect Korean economic fundamentals.[117]

The United States Department of the Treasury Office of International Affairs contends that "Korea officially maintains a market determined exchange rate, and its authorities intervene with the stated objective of smoothing [KRW] volatility."[118] The Report to Congress on International Economic and Exchange Rate Policies confirms that Korean financial authorities did not take any action to manipulate Korean currency when the currency was around KRW1151.80 per USD on

[113] UPDATE 1-Japan Azumi: told G20 Japan ready to take firm FX measures, Reuters, 27 February 2012. Date of Access: 5 March 2012.http://www.reuters.com/article/2012/02/28/japan-economy-idUSL4E8DS0BU20120228

[114] Enhancement of Monetary Easing, Bank of Japan, 27 April 2012. Date of Access: 28 April 2012. http://www.boj.or.jp/en/announcements/release_2012/k120427a.pdf

[115] Amendment to "Principal Terms and Conditions for the Asset Purchase Program", Bank of Japan, 27 April 2012. Date of Access: 28 April 2012. http://www.boj.or.jp/en/announcements/release_2012/rel120427c.pdf

[116] Tokyo, Seoul warn after currency moves, The Wall Street Journal (New York) 18 May 2012. Date of Access: 20 May 2012.http://www.marketwatch.com/story/tokyo-seoul-warn-after-currency-moves-2012-05-18

[117] Tokyo, Seoul warn after currency moves, The Wall Street Journal (New York) 18 May 2012. Date of Access: 20 May 2012.http://www.marketwatch.com/story/tokyo-seoul-warn-after-currency-moves-2012-05-18

[118] Report to Congress on International Economic and Exchange Rate Policies, Department of the Treasury Office of International Affairs (Washington) 27 December 2011. Date of Access: 5 March 2012. http://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/FX%20Report%202011.pdf

29 December 2011.[119] The report also asserts that the Bank of Korea did not automatically tighten monetary policy even when it faced with strong inflationary pressures.[120]

At the end of 2011, the USD/KRW exchange rate stood at 1,151.8 won to the dollar, up 17 won from the previous year, which corresponds to a depreciation of 1.5%. However, the average USD/KRW rate in 2011 was 1,108 won, down 48 won from the year before, corresponding to an appreciation of 4.3% and confirming that Korea has let its currency appreciate against the dollar.[121]

On 9 February 2012, the Bank of Korea announced that it would keep "the benchmark seven-day repurchase rate unchanged at 3.25% for an eighth month period as the economy slowed and exports declined due to European fiscal turmoil."[122]

However, on 18 May 2012, the Wall Street Journal reported that the Bank of Korea intervened to support the won after it fell to a five-month low of KRW1,175.4 against the dollar. Currency dealers cited in a Reuters report estimate the size of the Bank of Korea's intervention on 18 May 2012 at more than USD1 billion.[123]

Thus, Korea has been awarded a score of 0 for partially complying with its commitment: it has refrained from competitive devaluation, but it has moved away from a market-determined exchange rate by intervening to stem the decline of the won. It is however noted that the Korean authorities have intervened to counter a fall in the won that is argued to be attributed to extreme volatility in the market, not reflecting Korean economic fundamentals.

Analysts: Heidi Shim and Krystel Montpetit

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.

[119]Stronger won exposed to more volatility, The Korea Herald (Seoul) 10 January 2012. Date of Access: 2 March 2012. http://www.koreaherald.com/business/Detail.jsp?newsMLId=20120110000848

[120]Report to Congress on International Economic and Exchange Rate Policies, Department of the Treasury Office of International Affairs (Washington) 27 December 2011. Date of Access: 5 March 2012. http://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/FX Report 2011.pdf

[121]Foreign Exchange Market Trends (2011), The Bank of Korea (Seoul) 31 January 2012. Date of Access: 20 March 2012. http://www.bok.or.kr/contents/total/eng/boardView.action?menuNaviId=634&boardBean.brdid=10559&boardBean.menuid=634

[122]Rising oil price may see gov't fail to achieve inflation target, Korea Jooang Daily (Seoul) 27 Feburary 2012. Date of Access: 3 March 2012. http://koreajoongangdaily.joinsmsn.com/news/article/html/039/2949039.html

[123]Tokyo, Seoul warn after currency moves, The Wall Street Journal (New York) 18 May 2012. Date of Access: 20 May 2012.http://www.marketwatch.com/story/tokyo-seoul-warn-after-currency-moves-2012-05-18

On 20 January 2012 the Central Bank of Mexico, the Bank of Mexico, kept the interest rate at a steady 4.5% for the 24th consecutive meeting.[124] Bank of Mexico Governor Agustin Carstens said that "the current monetary policy posture is conducive to reaching the permanent inflation target" according to official minutes from the meeting.[125]

On November 82011, Manuel Sánchez, a member of the Governing Board of the Bank of Mexico, said that a flexible exchange rate was desirable because "flexibility helps prevent the build-up of unsustainable balance-of-payments disequilibria which in the past were common causes of currency and banking crises."[126]

On 9 December 2011, Sánchez said in a statement that the "[t]he important role played by long-term investors in the government securities market" is a reflection of their confidence in Mexico's "flexible exchange rate regime."[127]

On 14 February 2012, Mexican Finance Minister Antonio Meade said that G20 countries must work to avoid a dangerous spiral of currency devaluations, stating "[i]f we get caught in this spiral it is clear, and I am convinced, that it will end badly."[128]

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: Dave Stewart and Julian Ferling

[124] Mexico Sees No Risks on Horizon to Inflation Targets, Meade Says, Bloomberg (New York) February 09 2012. Date of Access: 26 February 2012. http://www.bloomberg.com/news/2012-02-09/mexico-sees-no-risks-on-horizon-to-inflation-targets-meade-says.html

[125] Mexico Sees No Risks on Horizon to Inflation Targets, Meade Says, Bloomberg (New York) February 09 2012. Date of Access: 26 February 2012. http://www.bloomberg.com/news/2012-02-09/mexico-sees-no-risks-on-horizon-to-inflation-targets-meade-says.html

[126] The Strengths and Challenges of Mexico's financial System, Mexico Financial Day 2011, CEO Roundtable (New York) 8 November 2011. Date of Access: 12 February 2012. https://docs.google.com/viewer?a=v&q=cache:JEbflqnrVuQJ:www.bis.org/review/r111110e.pdf+november+8+2011+manuel+sanchez&hl=en&gl=ca&pid=bl&srcid=ADGEESiVerudaViptUddBBqq2Npff5STtoPww7Z53tO1rzxOH66m8C8j7aw18avuXY21Iz9r9K69phBbC4ZX7kMLhRAaVB4BqSbYml06uUOPctWsi6i8UHLLrKs7OTYY14Ci4MfwDw3k&sig=AHIEtbQdIgk1Z5tUaNgX9DezT1Bto6sdaA

[127]Mexico's Economic Integration and Outlook, United States-Mexico Chamber of Commerce, California Regional Chapter (Los Angeles) 9 December 2011. Date of Access 22 February 2012. https://docs.google.com/viewer?a=v&q=cache:n7l2pSIIptYJ:www.bis.org/review/r111220b.pdf+The+important+role+played+by+long-term+investors+in+the+government+securities+market+seems+to+reflect+their+confidence+in+the+sound+management+of+public+debt+as+well+as+the+flexible+exchange+rate+regime+mexico&hl=en&gl=ca&pid=bl&srcid=ADGEESijrWi8r2l52AGkIQFmZ2SUKQ3i4niIBe1pXLbvi6t-trGU8NV9cnTLULeqRVZCim8PqmpyAkYS__1x-iYYxb0t6bsFyllr6sCTQB8z5UuuvbC7edhdg5Qx3ccah49grPJ-1hEH&sig=AHIEtbS26thtXGpngyE6GAEYPd2aqX_3Lw

[128] INTERVIEW-Mexico Finmin says G20 Must Avoid Devaluation Spiral, Reuters (Mexico City) 14 February 2012. Date of Access February 282012. http://www.sharenet.co.za/news/INTERVIEWMexico_finmin_says_G20_must_avoid_devaluation_spiral/482b6c968248cfa14019602dd7678ca6

Russia: +1
Russia has complied with its commitment to enhance exchange rate flexibility to reflect underlying economic fundamentals, avoid persistent exchange rate misalignments and refrain from competitive devaluation of currencies.

Russia has taken measures to move toward a more market-determined exchange rate of its national currency.

On 28 October 2011, the Russian Central Bank Board of Directors approved Guidelines for the Single State Monetary Policy in 2012 and for 2013 and 2014. According to the Guidelines the exchange rate policy conducted by the Central Bank will be aimed at "consistently scaling down the Bank's direct intervention in the rate-setting process and creating conditions for the transition to a floating exchange rate regime."[129]

Russian authorities have refrained from competitive devaluation of the ruble.

From 4 November 2011 to 31 May 2012 Russian ruble exchange rate to the US dollar decreased by 8.6%[130] and increased by 2.1% to the euro.[131]

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: Mark Rakhmangulov

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. Specifically, Saudi Arabia has failed to follow a market-determined exchange rate system but has refrained from competitive devaluation of its currency.

Since Saudi Arabia has followed a fixed exchange rate regime since 1986 (USD1 = SAR3.75), it has not moved toward a more market-determined exchange rate nor has it engaged in competitive devaluation.

Thus Saudi Arabia has been awarded a score of 0 for failing to move toward a more market-determined exchange rate, but for refraining from competitive devaluation.

Analyst: Brandon Bailey

South Africa: +1
South Africa has fully 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 and has refrained from competitive devaluation of its currency.

[129] Guidelines for the Single State Monetary Policy in 2012 and for 2013 and 2014, Bank of Russia 28 October 2011. Date of Access: 2 April 2012. http://cbr.ru/eng/today/publications_reports/on_12-eng.pdf.
[130] RUB/USD Basic Chart, Yahoo! Finance. Date of Access: 2 April 2012. http://finance.yahoo.com/q/bc?s=RUBUSD=X&t=1y.
[131] RUB/EUR Basic Chart, Yahoo! Finance. Date of Access: 2 April 2012. http://finance.yahoo.com/q/bc?s=RUBEUR=X&t=1y.

On 13 November 2011, Rob Davies, South African Trade and Industry Minister, maintained that the rand was overvalued as it did not reach to the competitive exchange rate.[132] In compliance with G20, he recognized that "there was little South Africa could do about its exchange rate, noting the central bank was constrained by its need to manage inflation."[133]

However, on 1 March 2012, Dr. Monde Mnyande, Chief Economist and Advisor to the South African Governor, stated that South Africa had been consistent with its non-interventionist position dealing with its exchange rate policies. He however pointed out that the current international economic situation challenges South African policies "in terms of balancing upward pressure on domestic inflation and weak domestic economic activity within the context of more limited fiscal space than at the onset of the global financial crisis."[134] Despite Dr. Mnyande's remark, South Africa has refrained from competitive devaluation of its currency.

Thus, South Africa has been awarded a score of +1 for fully complying with its commitment to move toward a more market-determined exchange rate and to refrain from competitive devaluation of its currency.

Analyst: Heidi Shim

Turkey: 0

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

Since the Cannes Summit in November 2011, Turkey has refrained from competitively devaluing its currency, but the Turkish Central Bank has intervened in the foreign exchange market in order to prop up the Turkish lira twice, not fully fulfilling its commitment to move toward a market-determined exchange rate.

On 27 December 2011, the Turkish Central Bank released the Monetary and Exchange Rate Policy for 2012, which stated that the Central Bank would continue to implement a floating exchange rate regime in 2012. The foreign exchange rate would not be used as a policy tool, and would be determined by market forces of supply and demand.[135]

However, on 30 December 2011, the Turkish Central Bank sold around USD750 million during a direct intervention in the foreign exchange market after the lira hit a record low on 28 December 2011. The Central Bank also sold bonds to reduce liquidity in the market in order to further

[132] Rand swings a worry, Business Report (Cape Town) 13 November 2011. Date of Access: 4 March 2012. http://www.iol.co.za/business/markets/south-africa/rand-swings-a-worry-1.1177113

[133] Rand swings a worry, Business Report (Cape Town) 13 November 2011. Date of Access: 4 March 2012. http://www.iol.co.za/business/markets/south-africa/rand-swings-a-worry-1.1177113

[134] Address by Chief Economist and Adviser to the Governor Dr Monde Mnyande at the 6th Annual Risk and Return South Africa Conference (Cape Town) 1 and 2 March 2012. Date of Access: 5 March 2012. http://www.resbank.co.za/Publications/Speeches/Detail-Item-View/Pages/default.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblist=a01d874c-c3f6-4b93-a9dc-c984cf8652cf&sarbitem=336

[135] Monetary Exchange Rate Policy for 2012, Central Bank of the Republic of Turkey (Ankara) 27 December 2011. Date of Access: 4 March 2011. http://www.tcmb.gov.tr/yeni/announce/2012/Mon_Exc_Pol_2012.php

strengthen the lira's value.[136] The Central Bank justified the intervention on the grounds of the anticipated announcement of year-end inflation figures at just over 10% and the need to begin disinflation "sooner than market expectations."[137]

On 22 March 2012, Turkey's Central Bank tightened its monetary policy by not lending at its benchmark rate. The higher interest rates helped stem a decline in the lira.[138] These measures were negated after the Central Bank offered TRY5 billion at the benchmark rate on 5 April 2012. The lira gained less than 0.1% compared to as much as 0.4% earlier in the day.[139]

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

Analyst: Sohini Das

United Kingdom: +1

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

On 3 November 2011, Financial Secretary to the Treasury Mark Hoban stated that "the G20 recognised the importance of moving towards more market determined exchange rate systems refraining from competitive devaluation of currencies. It is vital that the G20 resist all forms of protectionism. And in the EU, reforms in to economic governance emphasise the importance of effective discipline to constrain those whose behaviour might threaten regional economic stability. "[140] The British Financial Secretary to the Treasury went on to reiterate the importance of moving towards a more market determined exchange rate and refraining from competitive devaluation of currencies, which can be consider as they want to make a process of doing it. Furthermore, on 9 December 2011, British Chief Secretary to the Treasury Danny Alexander asserted that "it helps to impose discipline over inflation by limiting the ability to use exchange rate devaluation to compensate for high domestic inflation."[141]

---

[136] Turkey gives lira brief boost; stocks end year down, Reuters (Istanbul) 30 December 2011. Date of Access: 4 March 2011.http://www.reuters.com/article/2011/12/30/markets-turkey-idUSL6E7NU17620111230

[137] Turkey fails to stop lira slipping, Financial Times (Istanbul) 2 January 2012. Date of Access: 4 March 2012. http://www.ft.com/intl/cms/s/0/df709d72-3555-11e1-84b9-00144feabdc0.html#axzz1oCpkK500

[138]Turkey Tightens by Halting Benchmark Funding; Yields Climb, Bloomberg Businessweek (Istanbul) 22 March 2012. Date Accessed: 29 April 2012. http://www.businessweek.com/news/2012-03-22/turkey-tightens-by-halting-benchmark-funding-yields-climb

[139]Turkish Lira Erases Gains as Central Bank Provides Cheap Funding, Bloomberg (Istanbul) 5 April 2012. Date Accessed: 29 April 2012 http://www.bloomberg.com/news/2012-04-05/turkish-lira-erases-gains-as-central-bank-provides-cheap-funding.html

[140] Speech by The Financial Secretary to the Treasury, Mark Hoban MP at Chatham House, HM TREASURY (London), 3 Nov 2011. Date of Access: 3 March 2012. http://www.hm-treasury.gov.uk/speech_fst_031110.htm

[141] Speech by the Chief Secretary to the Treasury, Rt Hon Danny Alexander MP, at the Scottish Council for Development and Industry, HM TREASURY (London) 9 December 2011. Date of Access: 2 March 2012. http://www.hm-treasury.gov.uk/speech_cst_091211.htm

Since the 2011 Cannes G20 Summit, ergo since it committed to refrain from competitive devaluation, the Bank of England's Monetary Policy Committee has not conducted a new round of quantitative easing, which can exert a downward pressure on the currency even if it is not the main motivation of the Central Bank. The Bank of England's last round of quantitative easing — his second one since 2009 — took place on 6 October 2011.[142]

The United Kingdom has thus moved toward a market-determined exchange rate and has refrained from competitive devaluation, earning the country a score of +1.

Analyst: Yu Yao

United States: +1

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

On 13 July 2011, the Federal Reserve released the Monetary Report to the Congress, in which[143] it stated 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 engendered by the two rounds of quantitative easing (QE) conducted by the Federal Reserve, which can be deemed as competitive devaluation, but to tighter monetary policies in other countries and to investors' return to safe haven currencies, which include the American dollar.

On 25 January 2012, Chairman of the Federal Reserve Ben Bernanke stated that "the Committee decided to keep the target range for the federal funds rate at 0 to ¼% and currently anticipates that economic conditions are likely to warrant exceptionally low levels for the federal rate at least until late 2014.[144].

However, the Federal Reserve has thus far not announced a new round of quantitative easing, injecting additional liquidity in the economy, which could have exerted a downward pressure on the dollar. Since the November 2011 Cannes Summit, ergo since it committed to refraining from the competitive devaluation of its currency, the Federal Reserve of the United States has not engaged in a new bout of quantitative easing. Many economists had forecasted that the Federal Reserve would announce a third round of quantitative easing in the first quarter of 2012, expanding its monetary policy once again, but, as of 27 March 2012, it has not.

On 11 Apirl 2012, Vice Chair of the Federal Reserve Janet L. Yellen stated "such a policy involves keeping the funds rate close to zero until late 2015. This highly accommodative policy path generates, according to the FRB/US model, a notably faster reduction in unemployment than in the baseline outlook. In addition, the inflation rate runs close to the FOMC's longer-run goal of

[142]Pointing fingers and pushing levers, The Economist (London) 6 October 2011. Date of Access; 21 March 2012. http://www.economist.com/blogs/freeexchange/2011/10/europes-central-banks-and-crisis

[143] Monetary Report of the Congress, Board of Governors the Federal Reserve System (Washington) 13 July 2011. Date of Access: 1 March 2012. http://www.federalreserve.gov/monetarypolicy/files/20110713_mprfullreport.pdf

[144]Transcript of Chairman Bernanke's Press Conference, Board of Governors the Federal Reserve System (Washington) 25 January 2012. Date of Access: 1 March 2012. http://www.federalreserve.gov/mediacenter/files/FOMCpresconf20120125.pdf

2 percent over coming years."[145] In the speech, Vice Chair of the Federal Reserve Janet L. Yellen claimed to maintain a highly accommodative monetary policy stance longer.

Therefore, the United States fulfilled its commitment to move toward a market-determined exchange and has refrained from competitive devaluation. It thus receives a score of +1

Analyst: Yu Yao

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.

In December 2011 and February 2012, the European Central bank introduced the Long-Term Refinancing Operation (LTRO). LTRO functions by providing cheap 3-year ECB loans to Eurozone banks at the low benchmark level of 1%.[146] Some economists refer to LTRO as "quantitative easing by the back door" because the ECB is prevented by its mandate from functioning in the same capacity as the Federal Reserve and is limited from printing more euro to help indebted Eurozone countries.[147] By offering cheap liquidity to Eurozone's banks through the LTRO, the ECB counts on the banks to use the cheap loans to buy Eurozone sovereign bonds, averting a worsening of the debt crisis.[148] Like in the case of quantitative easing, the ECB's LTRP can potentially exert a downward pressure on the currency.[149] However, since the LTRO's purpose is clearly not to correct a balance-of-payments deficit by boosting exports, but to avert a worsening of the Eurozone debt crisis, the LTRO is not to be interpreted as competitive devaluation.

On 18-20 February 2012, at the Meeting of G20 Finance Ministers and Central Bank Governors, the European Union along with other G20 members declared "We agreed today to enhance monitoring and accountability to ensure that our commitments are achieved, including on fiscal, financial, structural, monetary and exchange rate, trade and development policies as mandated by our Leaders in Cannes."[150]

[145] The Economic Outlook and Monetary Policy, Money Marketeers of New York University (New York) 11 April 2012. Date of Access: 25 April 2012.

[146] ECB Long Term Refinancing Operation (LTRO) in Focus 29 February 2012. Date of Access: 24 March 2012 http://www.schweitzfinance.com/2012/02/29/ecb-long-term-refinancing-operation-ltro-in-focus/

[147] ECB Long Term Refinancing Operation (LTRO) in Focus 29 February 2012. Date of Access: 24 March 2012 http://www.schweitzfinance.com/2012/02/29/ecb-long-term-refinancing-operation-ltro-in-focus/

[148] Eurozone crisis live: ECB lends banks €529bn but markets fall on US QE doubts - 29 February 2012. Date of Access 24 March 2012 http://www.guardian.co.uk/business/2012/feb/29/eurozone-debt-crisis-ecb-loans-ltro

[149] ECB Long Term Refinancing Operation (LTRO) in Focus 29 February 2012. Date of Access: 25 March 2012 http://www.schweitzfinance.com/2012/02/29/ecb-long-term-refinancing-operation-ltro-in-focus/

[150] Mexico City G20 Communique, The Telegraph (London) 26 February 2012. Date of Access : 3 March 2012

On 3 May 2012 the ECB decided at its monthly meeting to maintain its record-low 1% main interest rate.[151] This was unsurprising as all 47 banks and think-tanks surveyed by Dow Jones Newswires had expected the interest rate to remain static.[152] An "official with knowledge of the matter," according to The Wall Street Journal, claims the ECB "sent signals in discussions that they are not currently considering another long-term refinancing operation" at the recent spring meetings of the IMF.[153] It is therefore unlikely the ECB will announce a new LTRO in the near future, ostensible out of fear "that continuing to provide cheap money through long-term maturity loans will only encourage banks to become 'addicted' to central bank funding" and "delay the reforms that both banks and governments need to make to their balance sheets."[154]

The European Union has moved toward a market-determined exchange rate and, despite LTRO potentially exerting a downward pressure on the euro, it has nonetheless refrained from competitive devaluation. Thus the European Union has been awarded a score of +1.

Analysts: Babajide Ajayi, Brandon Bailey and Krystel Montpetit

[151] ECB Keeps Interest Rates at Record Low, the Wall Street Journal (New York) 3 May 2012. Date of Access: 5 May 2012. http://online.wsj.com/article/SB10001424052702304746604577381661518900688.html?mod=googlenews_wsj

[152] ECB Leaves Interest Rates Unchanged, The Financial (Tbilisi) 3 May 2012. Date of Access: 5 May 2012. http://finchannel.com/Main_News/Markets/108599_ECB_Leaves_Interest_Rates_Unchanged/

[153] ECB Keeps Interest Rates at Record Low, the Wall Street Journal (New York) 3 May 2012. Date of Access: 5 May 2012. http://online.wsj.com/article/SB10001424052702304746604577381661518900688.html?mod=googlenews_wsj

[154] ECB Keeps Interest Rates at Record Low, the Wall Street Journal (New York) 3 May 2012. Date of Access: 5 May 2012. http://online.wsj.com/article/SB10001424052702304746604577381661518900688.html?mod=googlenews_wsj

Macroeconomic: Fiscal Consolidation and Stimulation of Growth [78]

Commitment [#78]:

"Advanced countries, taking into account different national circumstances, will adopt policies to build confidence and support growth, and implement clear, credible and specific measures to achieve fiscal consolidation, including as set out in the country specific commitments below."

Cannes Action Plan for Growth and Jobs

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
India		n/a	
Indonesia		n/a	
Italy	-1		
Japan	-1		
Korea		0	
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		+0.11	

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.[155] During the G20 Finance Ministers and Central Bank Governors' Meeting in Busan, Korea in June 2010, the leaders solidified their commitment to fiscal consolidation, stating that recent economic events highlighted the need for sustainable public finances and the need to "deliver fiscal sustainability, differentiated for and tailored to national circumstances.[156]

[155] G20 Finance Ministers and Central Bank Governors' Communiqué, G20 Finance Ministers and Central Bank Governors' Meeting (Washington) 23 April 2010. Date of Access: 2 February 2012. http://www.g20.utoronto.ca/2010/g20finance100605.html.

[156] G20 Finance Ministers and Central Bank Governors' Communiqué, G20 Finance Ministers and Central Bank Governors' Meeting (Busan) 5 June 2010. Date of Access: 2 February 2012. 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."[157] 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."[158]

At 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.[159] The commitment called on advanced economies to formulate and implement clear, credible, ambitious, and growth-friendly medium-term fiscal consolidation plans in line with the Toronto commitment. The average compliance score of the fiscal consolidation commitment during the Seoul compliance cycle was 0.89. The commitment had the second highest rate of compliance of all commitments profiled by the G20 Research Group during the Seoul compliance cycle.[160]

In the Cannes communiqué, the leaders of advanced economies committed "to adopt policies to build confidence and support growth and implement clear, credible and specific measures to achieve fiscal consolidation."[161] In the *Cannes Action Plan for Growth and Jobs,* the leaders of advanced economies reiterated said commitment by pledging to "adopt policies to build confidence and support growth, and implement clear, credible and specific measures to achieve fiscal consolidation, including as set out in the country specific commitments below" (see Table 6).[162] They vowed to take into account different national circumstances. Each country's specific commitment is assessed allowing for its national circumstances as outlined in the member-specific annex of the *Cannes Action Plan for Jobs and Growth.*

[157] The G20 Toronto Summit Declaration, G20 Toronto Summit (Toronto) 27 June 2010. Date of Access: 2 February 2012. http://www.g20.utoronto.ca/2010/to-communique.html.
[158] The G20 Toronto Summit Declaration, G20 Information Centre (Toronto) 27 June 2010. Date of Access: 2 February 2012. http://www.g20.utoronto.ca/2010/to-communique.html.
[159] Policy Commitments by G20 Members, G20 Information Centre (Toronto) 12 November 2010. Date of Access: 2 February 2012. http://www.g20.utoronto.ca/2010/g20seoul-commitments.pdf.
[160] 2010 Seoul G20 Summit Final Compliance Report, G20 Information Centre (Toronto) 6 November 2011. Date of Access: 3 February 2012. http://www.g20.utoronto.ca/compliance/2010seoul-final/index.html.
[161] Communiqué: G20 Leaders Summit, G20 Research Centre (Toronto) 4 November 2011. Date of Access: 3 February 2012. http://www.g20.utoronto.ca/2011/2011-cannes-communique-111104-en.html.
[162] Cannes Action Plan for Jobs and Growth, G20 Research Centre (Toronto) 4 November 2011. Date of Access: 3 February 2012. http://www.g20.utoronto.ca/2011/2011-cannes-action-111104-en.html.

Table 6: Member-Specific Fiscal Consolidation Commitments[163]

Commitment	Objective	Timeframe
AUSTRALIA		
Fiscal Policy		
Return to budget surplus and reduce national debt.	1) Contribute to the sustainability of public finances 2) Increase capacity to respond to unanticipated shocks 3) Help manage the impact of the mining investment boom	The Government has maintained strict fiscal discipline, including limiting real annual expenditure growth to 2%, to ensure the national budget is on track to return to surplus in FY2012-13. The Australian Government net debt is projected to peak at 7.2% of GDP in 2011-12 and fall to zero by 2019-20.
Structural Reforms to Stimulate Growth		
1) Introduce a price on carbon through an emissions trading scheme 2) Tax reforms 3) Workforce training and participation reform	1) Drive sustainable growth through structural change in the economy, moving production towards less emissions-intensive industries, at least cost. Drive investment and provide new job opportunities in clean energy sources and support long-term competitiveness as the world moves to a carbon constrained economy. Social security payments will be increased to assist in the transition to a carbon price, with an increase of 1.7% in the rates of pensions, allowances and family payments in 2012-13. 2) Enhance the efficiency and competitiveness of the tax system to build a stronger economy. These reforms build on the 2010 tax reform package (consisting of new resource tax arrangements and a cut to the company tax rate from 30% to 29%): income tax arrangements have been improved, including a trebling of the tax-free threshold. 3) Increase participation in the Australian workforce and build a stronger economy in the face of capacity constraints and an ageing population. Drive the Vocational Education and Training sector to be more responsive and flexible to the needs of individuals and industry, to meet	1) A carbon price mechanism will commence from 1 July 2012, beginning with a fixed price of A$23 per tonne and increasing by 2.5% a year in real terms, before transitioning to a fully flexible cap-and-trade emissions trading scheme from 1 July 2015. The Government has committed to reduce carbon pollution by 5% from 2000 levels by 2020 irrespective of what other countries do, and by up to 15% or 25% depending on the scale of global action. Meeting targets will require cutting expected pollution by at least 23% in 2020. Social security payment increases will start from May-June 2012. 2) Tax-free thresholds will more than triple in 2012-13 to A$18,200 and to A$19,400 in 2015-16. An extra one million people should be relieved from the need to lodge an income tax return. The cut to the company tax rate applies from 1 July 2012 for small business companies and from 1 July 2013 for all other companies. New resource tax arrangements will start from July 2012. 3) The 2011-12 Budget package announced a A$3 billion investment over six years to reform the training system and develop greater workforce participation.

[163] Annex of Commitments per Member for the Cannes Action Plan for Jobs and Growth, G20 Research Centre (Toronto) 4 November 2011. Date of Access: 3 February 2012. http://www.g20.utoronto.ca/2011/2011-cannes-action-annex-111104-en.pdf.

	the changing needs of the Australian economy resulting from structural adjustment.	The package includes A$558 million in partnership with industry to create up to 130,000 new training places, over A$200 million to support apprentice progression, and A$1.75 billion for reform of the vocational education and training system. The package also supports key groups at risk of falling behind (over A$260 million to build better skills for workforce participation, incentives for employers that provide new opportunities for around 35,000 very long-term unemployed, and better support for 50,000 single parents).
CANADA		
Fiscal Policy		
1) The Government will implement the Deficit Reduction Action Plan, which will support a return to balanced budgets over the medium term. The Plan will engage with about 70 federal organizations to identify annual savings equal to roughly 5% of total federal direct program spending by 2014-2015.	1) Return to balanced budgets	1) Medium-term.
Structural Reforms to Stimulate Growth		
1) Canada is implementing the next phase of the Economic Action Plan with strategic investments focused on enhancing the drivers of growth: supporting job creation; families/communities; supporting research, education and skills development and eliminating tariffs on machinery and manufacturing inputs; and, preserving Canada's fiscal advantage. Canada is also working with the US to establish a new long-term partnership that willaccelerate the legitimate flow of people/goods between both countries.	1) Create the right environment to attract investment and promote productivity growth. Ensure a high quality of life for Canadians.	1) As the private sector moves ahead as the engine of growth and job creation, the government will return its focus toward sustainable actions that create the conditions for long-term economic prosperity.
FRANCE		
Fiscal Policy		

1) Achieve a stronger than previously announced deficit reduction in 2011 & 2012 in order to adhere to the G-20 Toronto commitment despite a lower economic growth. If needed, additional measures will be taken to stick to the announced deficit target. 2) Adopt a constitutional rule, which establishes multi-year budget laws with higher legal status than annual budget laws. 3) Reduce the least efficient tax expenditures and social security exemptions. 4) Complement the 2010 pension reform (which progressively increases both legal age of entitlement — to 62, and age of entitlement to a full pension — to 67) by an increase in the length of the contributory period.	1) Increase fiscal sustainability through mid-term fiscal consolidation. 2) This constitutional reform should reinforce the credibility of the fiscal consolidation strategy. 3) Increase public revenues without any adverse effects on growth or employment. Move toward a growth-friendly tax system. 4) Ensure the sustainability of the pension system in the long run.	1) The deficit target is now 5.7% in 2011 (versus 6% as previously announced), and 4.5% (versus 4.6% as previously announced), in 2012, while keeping the deficit targets of 3% in 2013 and 2% in 2014. 2) The reform, which was passed by both the National Assembly and the Senate, now has to be voted by the Congress (a 3/5th majority is required). 3) An extra €11 billion in 2011-2012 of discretionary tax measures in addition to the efforts already undertaken (€11.6 billion in 2011 and €2 billion in 2012). 4) The contributory period will be extended to 41.5 years. That will apply to people born in 1955. It will continue to be adjusted for the next generations in line with gains in life expectancy.
Structural Reforms to Stimulate Growth		
1) Adopt a law to reinforce competition in consumer services. 2) The government has set out to reinforce alternating work-study mechanisms. Additional incentives will be provided to encourage the hiring of jobseekers aged over 45 on "professionalization" contracts.	1) Increase competition in the following sectors: retail, energy, telecommunication and real estate. 2) Improve labor market efficiency through increasing labor market participation at both extremes of the working population, with the view to achieve an employment rate of 75% by 2020.	1) A first draft of the reform is to be adopted by the Parliament before end 2011. 2) Increasing the number of young people on alternating work-study schemes from 600,000 now to 800,000 in 2015.
GERMANY		
Fiscal Policy		
Increase fiscal sustainability in accordance with the G-20 Toronto commitment.	1) At least halve the fiscal deficit. 2) Stabilize or reduce public debt.	General budget deficit-to GDP ratio will decrease from 4.3% in 2010 to 1.5% in 2011. From 2014 onwards, general government budget will be balanced. Gross government debt-to-GDP ratio will decrease from 84% (2010) to 81% (2011) and 72% (2015).
Structural Reforms to Stimulate Growth		
1) Strengthen further expenditures for education and R&D 2) Increase labour market efficiency and employment opportunities.	1) To increase growth potential and employment. 2) Reducing labour market inefficiencies are of great importance to increase employment. While past re-forms where predominantly about work	Draft law of 3/2011, effective spring 2012, facilitates recognition of qualifications acquired abroad. Since 5/2011, all workers from countries that acceded to the EU in 2004 no longer need a work permit. For occupations where demand

	incentives, the new reforms are primarily about enhancing labour market participation and better accommodating international labour migration and promote integration.	exceeds supply immigration regulations were relaxed in 6/2011. Expanding scope of child-care will facilitate combining work and family life. Germany considers lowering personal income tax rates in particular for lower and medium incomes effective from January 2013, while respecting fiscal consolidation needs. Further reforms to streamline labour market instruments
ITALY		
Fiscal Policy		
1) To reach a close-to-balance budget by 2013 and a rapidly declining debt to GDP ratio starting in 2012. 2) To amend the Constitution to introduce the balanced budget rule.	1) To accelerate the adjustment of public finances 2) To reinforce the credibility of the fiscal adjustment	1) Full implementation of the 2011 60 billion euro fiscal package approved last September, reinforced by: a) linking the retirement age to life expectancy to set the requirement at a minimum of 67 years by 2026; b) a plan (by November 30, 2011) to sell public assets worth 5 billion euro a year for the next three years; b) (by December 31, 2011) a committee of experts, working with national and international institutions, to draft an action plan to reduce public debt; 2) Being examined by the Parliament. Introduction of the balanced budget rule in the Constitution foreseen by mid-2012.
Structural Reforms to Stimulate Growth		
1) Reduce the North-South dualism by a comprehensive review of European structural funds programme (Eurosud Plan) 2) Undertake a comprehensive public spending review 3) Undertake a reform of the fiscal and welfare systems 4)Increase competitiveness, mainly by boosting liberalization in retail and professional activities, provide incentives to the privatization of local public services and enhance the Antitrust Authority's powers of intervention 5) Reform the labour market, particularly by the support to decentralized (firm level) and	1) To increase the competitiveness of the economy	1) By mid-November 2011 2) Plan to be adopted by December 2011 3) By 2012 4) Partly being implemented in the 2011 fiscal package and partly to be approved in 2012 5) Partly included in the 2010 and 2011 fiscal packages and partly to be approved by May 2012 6) Starting with the reorganization of the courts' geographical distribution, partly agreed in the 2011 fiscal package and to be defined in 2012 7) Partly on-going, also within the fiscal federalism, and partly to be defined in the coming months 8) By December 2011 9) By 2011 10) By 2011

productivity linked wage negotiations, and change in hiring and dismissals rules and procedures 6) Restructure the justice system 7) Reform the public administration, particularly by empowering the local authorities, cutting red tape, reducing unnecessary burden on business activities and through labour flexibility 8) Promote and optimize human capital, particularly by increasing accountability and autonomy of universities and schools 9) Support innovation and entrepreneurship also through tax incentives on capitalization 10) Speed up the infrastructure development, mainly by regulatory measures to facilitate project financing.		
JAPAN		
Fiscal Policy		
Fiscal consolidation	1) For the national and local governments' primary balance, the deficit ratio to GDP shall be halved from the ratio in FY 2010 by FY 2015 at the latest, and the surplus shall be achieved by FY 2020 at the latest. 2) From FY 2021, a stable reduction in the ratio of public debt to GDP for both national and local governments shall be maintained. 3) The Medium-term Fiscal Framework is to be formulated every year to provide fiscal framework for the subsequent three years, thereby taking measures both on revenue and expenditure sides as well as restraining the amount of new government bonds issued. 4) While implementing substantial fiscal measures for reconstruction from the earthquake, necessary fiscal resources shall be secured partly through efforts to economize on expenditures and to secure non-tax revenues. The remaining gap shall be filled by temporary taxation	1) Halved from FY 2010 to FY 2015, surplus by FY 2020 2) FY 2021 onwards 3) The latest Framework covers the three-year period between FY 2012 and FY 2014. 4) ——— 5) Submit the bills by the end of FY 2011 to implement the comprehensive reform of the tax system, including consumption tax.

	measures, thereby achieving fiscal sustainability. (note) The total of these fiscal measures is estimated at least 19 trillion yen (equivalent to about 4% of GDP), including fiscal measures already taken, in five years. 5) Flesh out the "Definite Plan for the Comprehensive Reform of Social Security and Tax" which sets out policies including a gradual increase in the consumption tax to 10% by the middle of 2010's and submit the bills by the end of FY2011 to realize these policies.	
Structural Reforms to Stimulate Growth		
Achieve strong growth by accelerating efforts to implement the "New Growth Strategy" formulated last year, and by enhancing the strategy with the formulation of "innovative strategy for energy and the environment" in response to the aftermath of the Earthquake	3% nominal growth rate and 2% real growth rate should be possible.	Average growth rate between now and FY 2020
KOREA		
Fiscal Policy		
Pursue Mid-term Consolidation with the aim to reach a balanced budget excluding social security fund by 2013.	1) According to the Mid-term Fiscal Framework(11-15), the fiscal targets (GDP, %) for 2015 are +2.5% for consolidated budget balance, +0.3% for budget balance excluding social security fund, and 27.9% for government debt. 2) Increase revenue by streamlining exemptions & reductions under national tax exemption rate (13.4% for 2012), and by expanding taxation on omitted tax bases. Expenditure cut (10%) applies to projects lagging behind in performance. 3) Along with these measures, the standard for fiscal statistics will be upgraded from 1986 GFS to 2001 GFS.	1) 2011-2015 * New National fiscal management plan (2011-15) targeting a balanced budget by 2013 was published in September 2011. 2) 2011-2014. 3) Expected to calculate and release fiscal statistics under the new standard from 2012.
Structural Reforms to Stimulate Growth		
1) Enhance service industry deregulation and the market competition for qualified professionals 2) Introduce multiple labor unions and pursue measures to increase women's labor	1) Deregulation will focus on the education and tourism service sectors. Market competition will focus on lowering the entry barrier for certified lawyers, judicial scriveners at this early stage.	1) 2011, Comprehensive plan for hosting foreign education institutions and proposals to boost marine industry. Pursue revision of the Attorney-at-law Act (2011) and Certified Judicial Scriveners Act (2012), and

participation rate 3) Pursue reforms to facilitate green growth	2) Step up various efforts on promotion, guidance and training for a smooth implementation of the recently introduced "Paid Time-off System"(2010) and "Multiple Trade Unions(2011)" Step up various efforts on promotion, guidance and training for a smooth implementation of the recently introduced "Paid Time-off System"(2010) and "Multiple Trade Unions(2011)" 3) Achieve national target to cut green-house gas emissions by 30% below BAU (Business As Usual) levels by 2020. Double R&D investment in green technology from 2008 to 2012.	proposals for advancing accounting services (2011). 2) 2011-12, provide guidance and supervision in key branches countrywide and pursue promotion and training through local governments. 2011, submit a Bill to parliament for improving the holiday and leave system. 3) Introduce green-house gas & energy target management system (2012) and emissions trading system (2015) KRW 1.4 tn(2008) => 2.5 tn(2011) => 2.8 tn(2012) => minimum 2.8 tn(2013)
UNITED KINGDOM		
Fiscal Policy		
1) The UK will implement its planned reductions in public spending as set out in the 2010 Spending Review contributing to the UK's overall fiscal consolidation. 2) The UK will manage long-term fiscal pressures including through accelerating the rise in the State Pension Age (SPA) from 65 to 66 and through reforms to public sector pensions.	1) Achieve a cyclically adjusted current balance by end of the rolling five-year forecast period and set public sector net debt on a falling path by 2015-16. To support confidence, mitigate risks to the recovery and bring down debt and debt interest payments. 2) To underpin sustainable public finances and help restore private-sector confidence, and underpin sustainable economic growth.	1) The plans are being delivered: £6.2 billion of savings announced in May 2010 for FY10-11 were achieved; and Departments have produced detailed business plans to put the consolidation into effect. 2) The UK has committed to bring forward the rise in SPA to 2020 from 2026. This will save c. £30bn between 2016-17 and 2025-26.
Structural Reforms to Stimulate Growth		
1) The UK is undergoing a wide range of structural reforms. In particular, the Government will reform national planning policy to ensure land is released where houses are needed and is providing strong new financial incentives for local councils to promote house building.	1) To put the UK on a path to sustainable, long-term economic growth.	1) New financial incentives to promote development locally are already in place, and a new planning framework will aim to be implemented by December 2012.
UNITED STATES		
Fiscal Policy		
Will identify between $1.2 and $1.5 trillion in additional federal deficit reduction to go along with the $900 billion in agreed spending reductions included in the August 2, 2011, Budget Control Act .	Will put government finances on a stronger, more sustainable footing and will fully secure U.S. adherence to the Toronto commitments. The independent Congressional Budget Office estimates that as a result of spending reductions of at least $2.1	1) Caps imposed on discretionary spending from 2012-2021. Additional spending reductions of at least $1.2 trillion will begin FY2013, to be made over the same time period to 2021.

	trillion, the U.S. federal budget deficit will decline by 2015 to between 1.1 and 3.5 percent of GDP depending on which current policies are continued (Bush tax cuts, etc.) Will lead to a more balanced U.S. economy.	
Structural Reforms to Stimulate Growth		
Will require employers who do not currently provide workplace pensions to establish automatic enrolment of employees in direct deposit Individual Retirement Accounts (IRAs).	Will strengthen private pension planning, boost private saving, and help rebalance the U.S. economy.	2012

Commitment Features:
The commitment is composed of two distinguishable features. First, advanced economies, taking into account different national circumstances, are called on to adopt policies to build confidence and support growth. Second, advanced economies, taking into account different national circumstances, are called on to implement clear, credible and specific measures to achieve fiscal consolidation. To register full compliance, advanced countries must comply with both the fiscal consolidation component of this commitment and the growth stimulation component of this commitment. More specifically, each member country must adopt both its nationally differentiated fiscal policies and its nationally differentiated structural reforms to stimulate growth in order to register full compliance for this commitment. Said nationally differentiated fiscal policies and nationally differentiated structural reforms to stimulate growth are laid out in the Annex of Commitments per Member for the Cannes Action Plan for Jobs and Growth.

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

Scoring Guidelines:

-1	Member does not implement nationally differentiated policies to build confidence and support growth AND does not implement nationally differentiated clear, credible and specific measures to achieve fiscal consolidation.
0	Member implements nationally differentiated policies to build confidence and support growth OR implements nationally differentiated clear, credible and specific measures to achieve fiscal consolidation.
+1	Member implements nationally differentiated policies to build confidence and support growth AND implements nationally differentiated clear, credible and specific measures to achieve fiscal consolidation.

Lead Analyst: Brandon Bailey
Co-Director of Compliance: Krystel Montpetit

Australia: +1
Australia has fully complied with its commitment to implement its G20 differentiated approach to fiscal consolidation and to the stimulation of growth. Australia has successfully implemented its nationally differentiated policies to build confidence and support growth and implemented its nationally differentiated clear, credible and specific measures to achieve fiscal consolidation. More specifically, Australia has abided by its fiscal commitment to return to budget surplus and to reduce national debt, and has made significant progress in adopting its nationally differentiated structural reforms to stimulate growth which are as follows: (1) the introduction of a price on

carbon through an emissions trading scheme; (2) the implementation of tax reforms; and (3) the implementation of workforce training and participation reform.

Australia's fiscal deficit is projected to return to zero in 2012-2013 only three years after it peaked at 6.4% of GDP in 2008, ensuring Australia a very good fiscal standing.[164] Projections forecast a budget surplus of AUD3.5 billion or 0.2% of GDP in 2012-2013.[165] The Australian government's fiscal strategy is two-fold, consisting of the implementation of a 2% cap on annual real public spending growth until the budget returns to surplus and the upholding of the 2% annual spending cap in time of positive growth until budget surpluses account for at least 1% of GDP.[166] Overall, the return to a balanced budget only three years after the deficit peaked represents an AUD52.9 billion consolidation and said return to surplus will be the fastest in 44 years.[167] The Australian government's fiscal strategy, coupled with more varied sources of tax revenue as well as public and private investments constitute a solid strategy in a climate of global economic uncertainty.[168]

The Australian government's reform of the tax system has strengthened the government's position against tax avoidance and produced several important revenue sources.[169] Specifically, a temporary tax, levied as a result of natural disasters, has completely financed recovery efforts, and is part of a greater fiscal strategy of the Gillard Government to effectively respond to exogenous economic shocks.[170] The Australian Government has also introduced an array of new tax schemes which include: (1) two new resource rent taxes — the Minerals Resource Rent Tax (MRRT) and the Petroleum Resource Rent Tax (PRRT); (2) an emissions tax scheme which propounds a three-year fixed price on emissions of AUD23 per tonne by 1 July 2012 before transitioning to a floating, cap-and trade model which will link Australia to international carbon markets;[171]and (3) a tax on dumping coal and mining dredge spoils into the Great Barrier Reef.[172]

[164]Budget 2011-2012, Australian Government (Sydney) 2011. Date of Access: 19 March 2012. http://www.budget.gov.au/2011-12/content/bp1/html/bp1_bst3-01.htm
[165]Budget 2011-2012, Australian Government (Sydney) 2011. Date of Access: 19 March 2012. http://www.budget.gov.au/2011-12/content/bp1/html/bp1_bst3-01.htm
[166]Budget 2011-2012, Australian Government (Sydney) 2011. Date of Access: 19 March 2012. http://www.budget.gov.au/2011-12/content/bp1/html/bp1_bst3-01.htm
[167]Budget 2011-2012, Australian Government (Sydney) 2011. Date of Access: 19 March 2012. http://www.budget.gov.au/2011-12/content/bp1/html/bp1_bst3-01.htm
[168] Country Notes: Australia, OECD Restoring Public Finances (Paris) 2011. Date of Access: 19 March 2012. http://www.oecd.org/dataoecd/29/30/47840059.pdf
[169] Plan for Tougher Tax Laws Surprises Experts, The Australian (Canberra) 2 March 2012. Date of Access: 19 March 2012. http://www.theaustralian.com.au/business/economics/plan-for-tougher tax-law-surprises experts/story-e6frg926-1226286667247
[170]Budget 2011-2012, Australian Government (Sydney) 2011. Date of Access: 19 March 2012. http://www.budget.gov.au/2011-12/content/bp1/html/bp1_bst3-01.htm
[171] Kevin Rudd Carbon Plans 'A Threat to the Budget', says Treasury Modelling, The Australian (Sydney) February 27, 2012. Date of Access: 19 March 2012. http://www.theaustralian.com.au/national-affairs/climate/kevin-rudd-carbon-plans-a-threat-to-budget-says-treasury-modelling/story-e6frg6xf-1226282104201
[172] Reef Levy a Risk to Jobs, Warn Ports, as Tony Burke Defends Dumping Charges, The Australian (Sydney) 2 March 2012. Date of Access: 19 March 2012. http://www.theaustralian.com.au/national-affairs/reef-levy-a-risk-to-jobs-warn-ports-as-tony-burke-defends-dumping-charges/story-fn59niix-1226286730668

Australian Treasurer Wayne Swan also plans to raise the tax-free threshold to at least AUD21, 000 and to eliminate Australia's Low Income Tax Offset program; two measures which aim to boost work incentives.[173] The new tax measures implemented by the Australian Government and the increased revenue they will generate make it all the more likely that Australia will register its projected AUD3.5 billion surplus in the 2012-2013 fiscal year, thus complying with its fiscal consolidation commitment.[174]

The 2011-2012 Australian Federal Budget inducted the reform of apprenticeships with its provision of AUD200 million to be allocated to increased mentoring and to the modernisation of the apprenticeship system.[175] The Budget also laid down the foundation for the reform of the vocational education and training sector by committing AUD7 billion in funding to the states and territories over five years from 2012-13 and AUD1.75 billion in additional funding over this timeframe for states and territories willing to sign up to even more ambitious reforms of the vocational education and training sector.[176] What is more, the 2011-2012 Budget complements the reforms by investing AUD558 million in a National Workforce Development Fund, which will set up 130, 000 high quality training places tailored to the needs of various industries.[177] Aiming to increase workforce participation, the Budget also allocates AUD263 million to help Australians develop better reading, writing and numeracy skills.[178]

Moreover, the Australian government has implemented a multitude of significant pro-growth measures which collectively aim to offset federal budget cut. Said pro-growth measures include (1) the injection of hundreds of millions of dollars into high-tech and everyday infrastructure maintenance, redevelopment and expansion;[179](2) the issuance of exploration permits for offshore

[173] Modernizing and Improving The Personal Tax System, A Tax Plan for Our Future (Sydney) 2011. Date of Access: 19 March 2012. http://www.futuretax.gov.au/content/Content.aspx?doc=FactSheets/personal_tax_system.htm
[174] Strong Growth in Company, Super and PAYG Revenue, The Australian (Sidney) 24 February 2012. Date of Access: 19 March 2012. http://www.theaustralian.com.au/national-affairs/treasury/strong-growth-in-company-super-and-payg-revenue/story-fn59nsif-1226279955360
[175] I nvesting now to create a high-skilled workforce, 2011-2012 Australian Federal Budget (Canberra) Date of Access: 1 April 2012. http://www.budget.gov.au/2011-12/content/glossy/skills/html/skills_overview_10.htm
[176] Investing now to create a high-skilled workforce, 2011-2012 Australian Federal Budget (Canberra) Date of Access: 1 April 2012. http://www.budget.gov.au/2011-12/content/glossy/skills/html/skills_overview_10.htm
[177] Investing now to create a high-skilled workforce, 2011-2012 Australian Federal Budget (Canberra) Date of Access: 1 April 2012. http://www.budget.gov.au/2011-12/content/glossy/skills/html/skills_overview_10.htm
[178] Investing now to create a high-skilled workforce, 2011-2012 Australian Federal Budget (Canberra) Date of Access: 1 April 2012. http://www.budget.gov.au/2011-12/content/glossy/skills/html/skills_overview_10.htm
[179] Cash Injection for State's Biggest Infrastructure Projects, Office of the Minister for Infrastructure and Transport (Sydney) 17 November 2011. Date of Access: 19 March 2012. http://www.minister.infrastructure.gov.au/aa/releases/2011/November/AA209_2011.aspx

petroleum which attracted investments totaling AUD380 million;[180] (3) the December 2011 set up of a renewable energy venture capital fund designed to support companies in the renewable energy sector and to foster growth in the green economy;[181](4) the 24 February 2012 announcement of a AUD5 million grant to James Cook University to develop a macro-algae to biofuels project and the opening of applications under the new AUD15 million Advanced Biofuels Investment Readiness (ABIR) Program; (5) the AUD100 million investment in carbon capture in the Latrobe Valley whose aim is to stimulate growth in the renewable resource economy; and (6) the AUD1 billion in funding for transition to environmentally-friendly and non-polluting practices as prescribed by the Clean Technology Investment Program.[182]

The Government of Australia's sustained fiscal consolidation efforts compounded by its implementation of sound pro-growth reforms spanning many different fields guarantee the country a good standing. The Government of Australia has fully complied with its commitment to implement its nationally differentiated policies to build confidence and support growth as well as implement its nationally differentiated clear, credible and specific measures to achieve fiscal consolidation. It has thus been awarded a score of +1.

Analysts: Milosz Zak, Brandon Bailey and Krystel Montpetit

Canada: +1

Canada has fully complied with its commitment to implement its G20 differentiated approach to fiscal consolidation and to the stimulation of growth. Canada has successfully implemented its nationally differentiated policies to build confidence and support growth and implemented its nationally differentiated clear, credible and specific measures to achieve fiscal consolidation. More specifically, Canada has abided by its fiscal commitment to implement the Deficit Reduction Action Plan, which will support a return to balanced budgets over the medium term, and has made significant progress in adopting the next phase of its Economic Action Plan.

The IMF, in its Fiscal Monitor Update published on 24 January 2012, stated that Canada's cyclically adjusted fiscal deficit continues to fall since it reached its projected peak of 5.6% in 2010.[183] The IMF projects a fiscal deficit of 4.4% and 3.6% of GDP in 2012 and 2013

[180] New Offshore Petroleum Exploration Investment Worth $380M, Office of the Minister for Resources and Energy Minister for Tourism (Sydney) 18 November 2011. Date of Access: 19 March 2012. http://minister.ret.gov.au/MediaCentre/MediaReleases/Pages/NewOffshorePetroleumExploratioInvestment380M.aspx

[181] $200m Renewable Energy Venture Capital Fund Launched, Office of the Minister for Resources and Energy Minister for Tourism (Sydney) 15 December 2011. Date of Access: 19 March 2012. http://minister.ret.gov.au/MediaCentre/MediaReleases/Pages/200mRenewableEnergyVentureCapitalFundLaunched.aspx

[182] $1 Billion to Help Australian Manufacturing Move to a Cleaner Future, Office of the Minister for Climate Change and Energy Efficiency (Sydney) 16 February 2012. Date of Access: March 19 2012. http://www.climatechange.gov.au/minister/greg-combet/2012/media-releases/February/mr20120216.aspx

[183] IMF Fiscal Monitor update, International Monetary Fund (Washington) 24 January 2012. Date of Access: 3 March 2012.http://www.imf.org/external/pubs/ft/fm/2012/update/01/fmindex.htm

respectively, ascertaining Canada's steady progress towards a balanced budget.[184] The Canadian national debt is expected to fall to 84.7% of GDP in 2013.[185]

In the Federal Government's last fiscal update delivered on 29 March 2012, the Canadian government projected a deficit of CAD24.9 billion in 2011-2012 and a return to surplus of CAD3.4 billion a year earlier than planned in 2015-2016.[186] The earlier-than-projected return to surplus has "in part been facilitated by the sizeable further reductions in departmental spending which represented the realization of the Deficit Reduction Action Plan"[187] whose implementation the Government of Canada committed to at the 2011 G20 Cannes Summit. The budget indicates that the Canadian government has identified "CAD5.2 billion in ongoing savings in the out-years of the fiscal projection"[188], thus making significant progress in its commitment to comply with its Deficit Reduction Action Plan.

At the 2011 Cannes G20 Summit, Canada pledged to continue to move forward with the next phase of its Economic Action Plan. Prior to the 2011 Cannes Summit, the Canadian Parliament passed the 2011 Budget, allowing for the allocation of resources which are instrumental in the next phase of Canada's Economic Action Plan.[189] This new phase seeks to "support job creation," "support families and communities," "invest in innovation, education and training," and "preserve Canada's fiscal advantage."[190]

The next phase of Canada's Economic Action Plan, which Canada lists as an integral portion of its *Cannes Action Plan* commitments, seeks to support job creation by "helping businesses and entrepreneurs succeed, keeping taxes low, investing in projects of national importance, and maintaining Canada's brand as one of the best places to invest."[191] The plan's priorities to support job creation include: (1) the provision of a temporary hiring credit for small businesses; (2) the extension of the work-sharing program and the Targeted Initiative for Older Workers; (3) the support of the manufacturing and processing sector by extending the accelerated capital cost allowance treatment for investments in manufacturing and processing machinery and equipment; (4) the renewal of the Best 13 Weeks and Working While on Claim EI projects; (5) the extension of the temporary 15% Mineral Exploration Tax Credit; (6) the provision of renewed funding of almost CAD100 million over two years for research and development of green energy; and (7)

[184] IMF Fiscal Monitor update, International Monetary Fund (Washington) 24 January 2012. Date of Access: 3 March 2012.http://www.imf.org/external/pubs/ft/fm/2012/update/01/fmindex.htm
[185] IMF Fiscal Monitor update, International Monetary Fund (Washington) 24 January 2012. Date of Access: 3 March 2012.http://www.imf.org/external/pubs/ft/fm/2012/update/01/fmindex.htm
[186] 2012 Federal Budget, RBC Economics Research (Toronto) 29 March 2012. Date of Access: 1 April 2012. http://www.rbc.com/economics/market/pdf/fedbud12.pdf
[187] 2012 Federal Budget, RBC Economics Research (Toronto) 29 March 2012. Date of Access: 1 April 2012. http://www.rbc.com/economics/market/pdf/fedbud12.pdf
[188] 2012 Federal Budget, RBC Economics Research (Toronto) 29 March 2012. Date of Access: 1 April 2012. http://www.rbc.com/economics/market/pdf/fedbud12.pdf
[189] Government of Canada Re-introduces the next phase of Canada's Economic Action Plan – A Low-Tax Plan for Jobs and Growth, Canada's Economic Action Plan (Ottawa) 6 June 2011. Date of Access: 14 March 2012. http://www.actionplan.gc.ca/eng/media.asp?id=4181
[190] Government of Canada Re-introduces the next phase of Canada's Economic Action Plan – A Low-Tax Plan for Jobs and Growth, Canada's Economic Action Plan (Ottawa) 6 June 2011. Date of Access: 14 March 2012. http://www.actionplan.gc.ca/eng/media.asp?id=4181
[191] The Next Phase of Canada's Economic Action Plan: A Low-Tax Plan for Jobs and Growth, the Government of Canada (Ottawa) 6 June 2011. Date of Access: 25 March 2012. http://www.budget.gc.ca/2011/plan/Budget2011-eng.pdf

the contribution of CAD150 million toward construction of an all-season road between Inuvik and Tuktoyaktuk.[192] Canada has made concrete progress on each of these priorities.

On 8 November 2011, the Canadian government made available extensions of up to 16 weeks for employers with new, active and recently ended work-sharing agreements.[193] In doing so, it achieved its goal to extend the program, which offers employment insurance income support to employees willing to work a reduced work-week while their employer recovers from temporary slowdowns that would otherwise induce lay-offs.[194]

On 15 December 2011, legislation to implement an extension of the mineral exploration tax credit received Royal Assent. This credit allows for flow-through share investors to claim a 15% credit for expenses that are flowed through to them in mineral exploration.[195]

On 16 December 2011, legislation to implement the hiring credit for small businesses received Royal Assent. Small businesses can qualify for a credit of up to CAD1000.[196] This represents an attempt by the Canadian government to facilitate job creation and economic growth in accordance with their growth-friendly commitments under the *Cannes Action Plan.*

On 29 December 2011, Canadian Minister of Finance Jim Flaherty announced the final stage of the Canadian government's incremental reduction in federal corporate income tax would come into effect shortly. It did on 1 January 2012, completing a lowering of the tax rate from 22.12% in 2007 to 15% in 2012.[197]

On 21 March 2012, the Canadian government announced that CAD50 million had been allocated to extend the Targeted Initiative for Older Workers program until 2013-2014.[198] The program is a federal-provincial-territorial employment program that "provides employment activities for

[192] The Next Phase of Canada's Economic Action Plan: A Low-Tax Plan for Jobs and Growth, the Government of Canada (Ottawa) 6 June 2011. Date of Access: 25 March 2012. http://www.budget.gc.ca/2011/plan/Budget2011-eng.pdf
[193] Extending the Work-Sharing Program (Update of Economic & Fiscal Projections 2011), Canada's Economic Action Plan (Ottawa) 13 March 2012. Date of Access: 27 March 2012. http://actionplan.gc.ca/initiatives/eng/index.asp?mode=2&initiativeID=336
[194] Extending the Work-Sharing Program (Update of Economic & Fiscal Projections 2011), Canada's Economic Action Plan (Ottawa) 13 March 2012. Date of Access: 27 March 2012. http://actionplan.gc.ca/initiatives/eng/index.asp?mode=2&initiativeID=336
[195] Extending the Mineral Exploration Tax Credit (Budget 2011), Canada's Economic Action Plan (Ottawa) 21 March 2012. Date of Access: 27 March 2012. http://actionplan.gc.ca/initiatives/eng/index.asp?mode=2&initiativeID=331
[196] Hiring Credit for Small Business (Budget 2011), Canada's Economic Action Plan (Ottawa) 13 March 2012. Date of Access: 27 March 2012. http://actionplan.gc.ca/initiatives/eng/index.asp?mode=2&initiativeID=191
[197] Harper government provides more tax relief to create jobs and growth in 2012 and beyond, Canada's Economic Action Plan (Ottawa) 29 December 2011. Date of Access: 25 March 2012. http://actionplan.gc.ca/eng/media.asp?id=4636
[198] Extending the Targeted Initiative for Older Workers (Budget 2011), Canada's Economic Action Plan (Ottawa) 21 March 2012. Date of Access: 27 March 2012. http://actionplan.gc.ca/initiatives/eng/index.asp?mode=2&initiativeID=332

unemployed older workers in vulnerable communities with populations of less than 250 000 to help them stay in the workforce."[199]

On 21 March 2012, the Canadian government reiterated its commitment to extend the temporary accelerated capital cost allowance treatment for investment in machinery and equipment in the manufacturing and processing sector for an additional two years and added that a 50% straight-line rate will be provided for eligible assets acquired before 2014.[200] While the extension is projected to reduce federal revenues by CAD65 million between 2012 and 2016,[201] the Canadian government asserts it will "help businesses make additional investments needed to improve their productivity and create jobs."[202]

On 26 March 2012, Canadian Minister of Natural Resources Joe Oliver outlined the government's commitment to "balance economic growth with environmental protection."[203] Citing Canada's Economic Action Plan, he noted the Canadian government had created "a better climate for investment" but that the Canadian government must monitor "big projects with the most significant impacts on the environment and work to mitigate those impacts" to create "a regulatory system that protects Canadians and promotes environmental stewardship while supporting Canada's competitive advantage."[204]

On 27 March 2012, Canadian Minister of State for Science and Technology noted that "Canada's long-term economic competitiveness depends on support for innovative businesses that create jobs and growth."[205] He pledged to review business research and development in Economic Action Plan 2012 to facilitate the transfer of "innovative ideas into the marketplace where they can generate jobs, growth, and prosperity."[206]

---

[199] Extending the Targeted Initiative for Older Workers (Budget 2011), Canada's Economic Action Plan (Ottawa) 21 March 2012. Date of Access: 27 March 2012. http://actionplan.gc.ca/initiatives/eng/index.asp?mode=2&initiativeID=332

[200] Extending Assistance for Canada's Manufacturing and Processing Sector (Budget 2011), Canada's Economic Action Plan (Ottawa) 21 March 2012. Date of Access: 27 March 2012. http://actionplan.gc.ca/initiatives/eng/index.asp?mode=2&initiativeID=330

[201] Extending Assistance for Canada's Manufacturing and Processing Sector (Budget 2011), Canada's Economic Action Plan (Ottawa) 21 March 2012. Date of Access: 27 March 2012. http://actionplan.gc.ca/initiatives/eng/index.asp?mode=2&initiativeID=330

[202] Extending Assistance for Canada's Manufacturing and Processing Sector (Budget 2011), Canada's Economic Action Plan (Ottawa) 21 March 2012. Date of Access: 27 March 2012. http://actionplan.gc.ca/initiatives/eng/index.asp?mode=2&initiativeID=330

[203] Minister Oliver: Natural Resources Powering Canada's Economy, Marketwatch New York), 26 March 2012. Date of Access: 27 March 2012. http://www.marketwatch.com/story/minister-oliver-natural-resources-powering-canadas-economy-2012-03-26

[204] Minister Oliver: Natural Resources Powering Canada's Economy, Marketwatch (New York), 26 March 2012. Date of Access: 27 March 2012. http://www.marketwatch.com/story/minister-oliver-natural-resources-powering-canadas-economy-2012-03-26

[205] Economic Action Plan 2012 to help Canadian Businesses Become Innovation Leaders, Marketwire (New York) 27 March 2012. Date of Access: 28 March 2012. http://www.marketwatch.com/story/economic-action-plan-2012-to-help-canadian-businesses-become-innovation-leaders-2012-03-27

[206] Economic Action Plan 2012 to help Canadian Businesses Become Innovation Leaders, Marketwire (New York) 27 March 2012. Date of Access: 28 March 2012. http://www.marketwatch.com/story/economic-action-plan-2012-to-help-canadian-businesses-become-innovation-leaders-2012-03-27

Funding for the construction of the all-season road between Inuvik and Tuktoyaktuk was guaranteed by the 2011 budget, but construction is not slated to begin in 2012-2013.[207]

Furthermore, in order to "promote research in leading-edge technologies," the next phase of the Economic Action Plan seeks to: (1) provide CAD80 million in new Industrial Research Assistance Program funding over three years; (2) establish ten new Canada Excellence Research Chairs; (3) increase the budgets of all three federal granting councils by CAD47 million annually; (4) improve commercialization and supporting demonstration of new technologies in the marketplace; (5) enhance and expand eligibility for the Canada Student Loan and Grant Program; and (6) help apprentices in the skilled trades and workers in regulated professions by making occupational, trade, and professional examination fees eligible for the Tuition Tax Credit.[208]

Since the November 2011 Cannes Summit, Canada's Economic Action Plan has championed a large number of projects that target growth in ways prescribed by Canada's commitments in the *Cannes Action Plan for Jobs and Growth.*[209]Following his 5 March 2012 meeting with Canada's leading private sector forecasters to examine the Economic Action Plan, Canadian Finance Minister Jim Flaherty reiterated that the government seeks to improve "the well-being of Canadians over the long term by securing the recovery, eliminating the deficit, and investing in the drivers of long-term economic growth."[210]

On 17 April 2012, the IMF Fiscal Monitor noted that in the post-recession recovery "provincial revenues are rising again, by an estimated 5.2% in 2010-11 and by a projected 4.2% in 2011-2012."[211] It described the Economic Action Plan as "expansionary at both the federal and subnational level" as the CDN60.2 billion stimulus package was "set to be largely channelled through provinces."[212] The Fiscal Monitor forecasts Canada's general government net debt for 2012 will be 35.4% of Canada's GDP and will peak at 37.5% in 2014 before being reduced to 35.6% by 2017.[213]

The Government of Canada has fully complied with its commitment to implement its nationally differentiated policies to build confidence and support growth as well as implement its nationally

---

[207] Completing Canada's highway from coast to cast to coast (Budget 2011), Canada's Economic Action Plan (Ottawa) 19 March 2012. Date of Access: 27 March 2012. http://actionplan.gc.ca/initiatives/eng/index.asp?mode=2&initiativeID=219

[208] The Next Phase of Canada's Economic Action Plan: A Low-Tax Plan for Jobs and Growth, the Government of Canada (Ottawa) 6 June 2011. Date of Access: 25 March 2012. http://www.budget.gc.ca/2011/plan/Budget2011-eng.pdf

[209] News, Canada's Economic Action Plan (Ottawa) 4 November 2012-15 March 2012. Date of Access: 17 March 2012. http://www.actionplan.gc.ca/eng/media.asp?category=1&featureId=27&page=1

[210] Minister of Finance meets with private sector forecasters on the economic, Canada's Economic Action Plan (Ottawa) 5 March 2012. Date of Access: 17 March 2012. http://www.actionplan.gc.ca/eng/media.asp?category=1&featureId=27&id=5063

[211]IMF Fiscal Monitor, International Monetary Fund (Washington) 17 April 2012. Date of Access: 6 May 2012. http://www.imf.org/external/pubs/ft/fm/2012/01/pdf/fm1201.pdf

[212]IMF Fiscal Monitor, International Monetary Fund (Washington) 17 April 2012. Date of Access: 6 May 2012. http://www.imf.org/external/pubs/ft/fm/2012/01/pdf/fm1201.pdf

[213]IMF Fiscal Monitor, International Monetary Fund (Washington) 17 April 2012. Date of Access: 6 May 2012. http://www.imf.org/external/pubs/ft/fm/2012/01/pdf/fm1201.pdf

differentiated clear, credible and specific measures to achieve fiscal consolidation. It has thus been awarded a score of +1.

Analysts: Brandon Bailey and Krystel Montpetit

France: -1

France has not complied with its commitment to implement its G20 differentiated approach to fiscal consolidation and to the stimulation of growth. Despite making significant progress against its policy commitments, France has not fully implemented nationally differentiated policies to build confidence and support growth nor has it fully implemented nationally differentiated clear, credible and specific measures to achieve fiscal consolidation. More specifically, France has thus far complied with three out of four fiscal policy commitments and one out of two structural reform commitments, not registering full compliance for either the fiscal consolidation component or the growth stimulation component.

The French government propounded fiscal measures for 2012-2016, which were subsequently approved by the French Parliament, with the aim of keeping "the planned fiscal adjustment profile consistent with the Toronto commitment."[214] The new medium-term fiscal package includes the following Cannes commitments: (1) the reduction of the least efficient tax expenditures and social security exemptions and (2) the increase in the length of the contributory period as a complement to the 2010 pension reform which progressively increases both legal age of entitlement to 62 and the age of entitlement to a full pension to 67.[215] However, this fiscal package does not include the adoption of a constitutional rule which establishes multi-year budget laws with higher legal status than annual budget laws.[216] Thus, despite making significant progress against its fiscal policy commitments laid out in the G-20 Cannes Action Plan by complying with three out of four of them, France has, as of 1 April 2012, yet to comply with the fourth outstanding one.[217]

At the G20 Deputies meeting held in Mexico on 19-20 January 2012, the International Monetary Fund, in its Global Economic Prospects and Policy Changes document, contended that "while French policies were well aligned, projected outcomes however relied on optimistic assumptions, especially regarding economic growth over the 2012–2016 period."[218]

As for recent policy developments against France's commitments to implement structural reforms to boost growth, on 25 January 2012, the International Monetary Fund bemoaned the fact that the French Parliament had yet to adopt the law to reinforce competition in consumer services, not

[214] Global Economic Prospects and Policy Changes, prepared by Staff of the International Monetary Fund, Meeting of G20 Deputies (Mexico City) January 19-20 2012. Date of Access: 1 April 2012. http://www.imf.org/external/np/g20/pdf/012012.pdf

[215] Global Economic Prospects and Policy Changes, prepared by Staff of the International Monetary Fund, Meeting of G20 Deputies (Mexico City) January 19-20 2012. Date of Access: 1 April 2012. http://www.imf.org/external/np/g20/pdf/012012.pdf

[216] Global Economic Prospects and Policy Changes, prepared by Staff of the International Monetary Fund, Meeting of G20 Deputies (Mexico City) January 19-20 2012. Date of Access: 1 April 2012. http://www.imf.org/external/np/g20/pdf/012012.pdf

[217] Global Economic Prospects and Policy Changes, prepared by Staff of the International Monetary Fund, Meeting of G20 Deputies (Mexico City) January 19-20 2012. Date of Access: 1 April 2012. http://www.imf.org/external/np/g20/pdf/012012.pdf

[218] Global Economic Prospects and Policy Changes, prepared by Staff of the International Monetary Fund, Meeting of G20 Deputies (Mexico City) January 19-20 2012. Date of Access: 1 April 2012. http://www.imf.org/external/np/g20/pdf/012012.pdf

complying with one of its G20 structural reform commitments.[219] The bill which aims to increase competition in the business, energy, telecommunications and real estate sectors was slated to be adopted by the French Parliament before the end of 2011.[220] However, since the French Senate expressed its intent to significantly alter the bill in December 2011, the process was considerably delayed and the bill has yet to be adopted as of 1 April 2012.[221]

On January 19-20 2012, the International Monetary Fund however reported that the French government had set out to increase the number of young people on alternating work-study schemes from 600,000 now to 800,000 in 2015 as well as provide additional incentives to encourage the hiring of jobseekers aged over 45 on "professionalization" contracts, thus confirming that France has complied with the second structural reform to boost growth it committed to.[222]

Clear fiscal consolidation targets as outlined by Former French Finance Minister François Baroin maintain that the French 4.5% of GDP deficit target for 2012 will be achieved.[223] France's real quandary lies in stunted growth, which contributes to enlarging the fiscal deficit every year: French GDP growth forecasts slipped from a previously expected 0.6% to 0.4% in 2012.

On 29 January 2012, Former French President Nikolas Sarkozy announced a EUR13billion cut in France's labour costs via the proposed reformed value-added tax (VAT), asserting that the VAT increase constitutes "a form of social VAT," whereby the rate is increased to fund a cut in labour taxes, thus enabling France to improve its global attractiveness to international investment and foster the creation of jobs.[224]

In February 2012, the French Government officially introduced adjustments to the value-added tax (VAT), increasing the standard rate of the VAT to 21.2%, which is similar to the VAT rate in other EU countries.[225] The VAT increase represents a rise from the previous 19.6% rate and was

[219] Le FMI déplore le retard de la loi "conso", Le Figaro (Paris) 25 January 2012. Date of Access : 1 April 2012. http://www.lefigaro.fr/flash-eco/2012/01/25/97002-20120125FILWWW00603-le-fmi-deplore-le-retard-de-la-loi-conso.php

[220] Le FMI déplore le retard de la loi "conso", Le Figaro (Paris) 25 January 2012. Date of Access : 1 April 2012. http://www.lefigaro.fr/flash-eco/2012/01/25/97002-20120125FILWWW00603-le-fmi-deplore-le-retard-de-la-loi-conso.php

[221] Le FMI déplore le retard de la loi "conso", Le Figaro (Paris) 25 January 2012. Date of Access : 1 April 2012. http://www.lefigaro.fr/flash-eco/2012/01/25/97002-20120125FILWWW00603-le-fmi-deplore-le-retard-de-la-loi-conso.php

[222] Global Economic Prospects and Policy Changes, prepared by Staff of the International Monetary Fund, Meeting of G20 Deputies (Mexico City) January 19-20 2012. Date of Access: 1 April 2012. http://www.imf.org/external/np/g20/pdf/012012.pdf

[223] Le Projet de Loi de Finances Rectificative Pour 2012 Présenté en Conseil des Ministers, La Communication en Conseil des Ministres (Paris) 9 February 2012. Date of Access: March 19 2012. http://www.gouvernement.fr/gouvernement/le-projet-de-loi-de-finances-rectificative-pour-2012-presente-en-conseil-des-ministres

[224] France to raise VAT rate in 2012, TMF Group (Amsterdam) 29 January 2012. Date of Access: 28 March 2012. http://www.tmf-vat.com/tmf-in-the-media/france-to-raise-vat-rate-in-2012.html

[225] France- Financial transactions tax, increased VAT rate, and reporting requirements for foreign accounts are included in new finance law, KPMG (Washington) 6 March 2012. Date of Access: 28 March 2012.
http://www.kpmg.com/global/en/issuesandinsights/articlespublications/taxnewsflash/pages/france-financial-transactions-tax-increased-vat-rate-foreign-accounts.aspx

part of a wider package called *The first corrective Finance Law for 2012*, which also (1) introduced a tax on financial transactions; (2) increased the rate of social contributions on capital income to 15.5%; (3) increased the penalties for taxpayers who fail to report an interest on foreign accounts and life insurance contracts purchased from foreign insurance companies; (4) and increased penalties with respects to tax fraud.[226] The package marks an attempt to reform the economy and reduce the government deficit.[227]

What is more, the 2012 French budget introduced new taxes on sugary drinks, increased taxes on the wealthy, and attempted to close tax loopholes while simultaneously vowing to cut over 30 000 jobs in the public sector.[228]

On 2 March 2012, Former French President Nicolas Sarkozy along with German Chancellor Angela Merkel was the driving force behind the ratification of the fiscal compact by 25 of the 27 EU member states.[229] The fiscal compact was ratified by all member states of the EU, except the Czech Republic and the United Kingdom. Said fiscal compact requires all signatories to have national budgets in balance or surplus within a year of ratification lest the European Court of Justice fine the country up to 0.1% of their national GDP.[230] A bailout from the euro zone's rescue scheme will only be available to countries who have committed to the new regime.[231] At the signing ceremony on 2 March 2012, President of the European Council Herman Von Rompuy declared that the Fiscal Compact would "help prevent a repetition of the sovereign debt crisis."[232] The fiscal compact will be legally binding after ratification by 12 of the 17 euro area member states;[233] the European Council hopes this will be achieved within five years.[234]

---

[226] France- Financial transactions tax, increased VAT rate, and reporting requirements for foreign accounts are included in new finance law, KPMG (Washington) 6 March 2012. Date of Access: 28 March 2012.
http://www.kpmg.com/global/en/issuesandinsights/articlespublications/taxnewsflash/pages/france-financial-transactions-tax-increased-vat-rate-foreign-accounts.aspx

[227] France to raise VAT rate in 2012, TMF Group (Amsterdam) 29 January 2012. Date of Access: 28 March 2012. http://www.tmf-vat.com/tmf-in-the-media/france-to-raise-vat-rate-in-2012.html

[228] France unveils slashed 2012 budget, Belfast Telegraph (Belfast) 28 September 2011. Date of Access: 28 March 2012. http://www.belfasttelegraph.co.uk/news/world-news/france-unveils-slashed-2012-budget-16056395.html

[229] 25 EU Leaders Sign Fiscal Compact Treaty, EurActiv (Brussels) March 5 2012. Date of Access: 19 March 2012. http://www.euractiv.com/future-eu/25-eu-leaders-sign-fiscal-compact-treaty-news-511260

[230] The fiscal compact ready to be signed, European Council (Brussels) 31 January 2012. Date of Access: 28 March 2012. http://european-council.europa.eu/home-page/highlights/the-fiscal-compact-ready-to-be-signed-(2)?lang=en

[231] Pact for budget discipline signed by 25 EU states, Reuters (Brussels) 2 March 2012. Date of Access: 28 March 2012. http://www.reuters.com/article/2012/03/02/us-eu-fiscal-idUSTRE8210GP20120302

[232] Pact for budget discipline signed by 25 EU states, Reuters (Brussels) 2 March 2012. Date of Access: 28 March 2012. http://www.reuters.com/article/2012/03/02/us-eu-fiscal-idUSTRE8210GP20120302

[233] Pact for budget discipline signed by 25 EU states, Reuters (Brussels) 2 March 2012. Date of Access: 28 March 2012. http://www.reuters.com/article/2012/03/02/us-eu-fiscal-idUSTRE8210GP20120302

[234] The fiscal compact ready to be signed, European Council (Brussels) 31 January 2012. Date of Access: 28 March 2012. http://european-council.europa.eu/home-page/highlights/the-fiscal-compact-ready-to-be-signed-(2)?lang=en

Throughout the first quarter of 2012, Former President Sarkozy has repeatedly voiced his support for a financial transactions tax (FTT) as a key element of overall financial stability and a measure to enable faster fiscal consolidation.[235] On 29 January 2012, Former President Sarkozy announced plans to unilaterally introduce a 0.1% financial transaction tax (FTT) in France in an attempt to set an example for other European countries.[236] The tax will apply to share purchases including high frequency trading and credit-default swap (CDS) transactions but will not, unlike the European Commission proposal, apply to bond trading.[237] Former President Sarkozy hopes the tax will generate EUR1billion in new income but the Bank of France has already questioned the feasibility of a unilateral tax and the nation's financial sector has been vocally opposed.[238] On 29 February 2012, the FTT legislation was officially adopted by the French Parliament, and it is slated to take effect on 1 August 2012.[239]

On 6 May 2012, France elected Francois Hollande as the new President of the French Republic. President-elect Hollande has stated that "austerity can no longer be the only option" and has pledged to renegotiate the EU fiscal pact aimed at slashing government debt.[240] He campaigned on including growth as an ECB mandate such that "the central bank favours growth over inflation."[241] It is too early for President-elect Hollande to have achieved anything concrete, but there is disagreement over whether renegotiation of the fiscal pact is achievable or desirable.

President-elect Hollande's electoral platform included the following policy promises: (1) a return to a balanced budget by 2017 rather than Former President Sarkozy's 2016, a reduction of the deficit to 3% by the end of 2013 and a return to the retirement age of 60 for those who started working at 18 and have contributed at least 41 years.[242]He also aims to introduce two new tax rates, most notably a 75% marginal tax rate on incomes above EUR1 million and a new 45% tax band on people with annual incomes above EUR450 000.[243]

[235] Moraliser le Secteur Financier par la Taxe sur les Transactions Financières, Ministre du Budget, des Comptes Publics et de la Réforme de l'Etat (Paris) 30 January 2012. Date of Access: 19 March 2012. http://www.porte-parole.gouv.fr/?p=5997

[236] French president announces unilateral financial transaction tax, Deutsche Welle (Berlin) 30 January 2012. Date of Access: 28 March 2012. http://www.dw.de/dw/article/0,,15701290,00.html

[237] France plans Tobin tax on financial transactions, The Guardian (London) 30 January 2012. Date of Access: 28 March 2012. http://www.guardian.co.uk/business/2012/jan/30/france-tobin-tax-nicolas-sarkozy

[238] France plans Tobin tax on financial transactions, The Guardian (London) 30 January 2012. Date of Access: 28 March 2012. http://www.guardian.co.uk/business/2012/jan/30/france-tobin-tax-nicolas-sarkozy

[239] French Financial Transaction Tax; French Parliament Adopts Proposed Legislation on Financial Transaction Tax with Few Amendments, Sullivan & Cromwell LLP (New York) 6 March 2012. Date of Access: 28 March 2012. http://www.sullcrom.com/French-Financial-Transaction-Tax-03-06-2012/

[240] End of Austerity?, BBC (London) 7 May 2012. Date of Access: 7 May 2012. http://www.bbc.co.uk/news/business-17980926

[241] France: Sarkozy v Hollande on the economy, BBC (London) 2 May 2012. Date of Access: 7 May 2012. http://www.bbc.co.uk/news/business-17811579

[242] France: Sarkozy v Hollande on the economy, BBC (London) 2 May 2012. Date of Access: 7 May 2012. http://www.bbc.co.uk/news/business-17811579

[243] France: Sarkozy v Hollande on the economy, BBC (London) 2 May 2012. Date of Access: 7 May 2012. http://www.bbc.co.uk/news/business-17811579

On 11 May 2012, the European Commission forecasted that France will fail to meet its 2013 deficit target of 3% of GDP if there are no policy changes. The European Commission's spring forecast started that "under the usual no-policy-change assumption, the expected outcome remains significantly above the official target of 3% of GDP." According to the European Commission's forecasts, the deficit will narrow to 4.5% of GDP in 2012 from 5.2% in 2011, and reach only 4.2% in 2013, overshooting its deficit target by 1.2%.[244]

Despite making significant progress against its policy commitments, France has thus far not implemented its nationally differentiated policies to build confidence and support growth in full nor has it implemented its nationally differentiated clear, credible and specific measures to achieve fiscal consolidation in full. France has thus been awarded a score of -1.

Analysts: Milosz Zak, Brandon Bailey and Krystel Montpetit

Germany: +1

Germany fully complied with its commitment to implement its G20 differentiated approach to fiscal consolidation and to the stimulation of growth. Germany has successfully implemented its nationally differentiated policies to build confidence and support growth and implemented its nationally differentiated clear, credible and specific measures to achieve fiscal consolidation. More specifically, Germany has abided by its fiscal commitment to increase fiscal sustainability in accordance with the G-20 Toronto commitment and has made significant progress in strengthening further expenditures for education and R&D as well as increasing labour market efficiency and employment opportunities.

At the G20 deputies meeting held in Mexico City on 19-20 January 2012, the International Monetary Fund independently confirmed that the "fiscal consolidation plan announced by the German government and supported by the national fiscal rule is in line with the Toronto commitment."[245]

The IMF Fiscal Monitor Update published on 24 January 2012[246] asserted that Germany is the main contributor to deficit reduction in the Eurozone with a fall of 2.25% of GDP in its cyclically adjusted deficit in 2011. The IMF projects a German fiscal deficit of 0.7% and 0.1% of GDP in 2012 and 2013 respectively. Gross Government Debt to GDP is expected to decline to 79.8% of GDP in 2013, exceeding the expectations of the latest IMF forecast which put forth a Gross Government Debt to GDP of 81.6% in 2012.[247]

What is more, the German Federal Ministry of Finance publishes a monthly report which provides key statistics and trends on the federal budget as well as the government's fiscal policy

[244] Spring forecast: towards a slow recovery Economic and Financial Affairs (Brussels) 11 May 2012. Date of Access: 19 May 2012. http://ec.europa.eu/economy_finance/eu/forecasts/2012_spring_forecast_en.htm

[245] Global Economic Prospects and Policy Changes, prepared by Staff of the International Monetary Fund, Meeting of G20 Deputies (Mexico City) January 19-20 2012. Date of Access: 1 April 2012. http://www.imf.org/external/np/g20/pdf/012012.pdf

[246]IMF Fiscal Monitor update, International Monetary Fund (Washington) 24 January 2012. Date of Access: 3 March 2012. http://www.imf.org/external/pubs/ft/fm/2012/update/01/fmindex.htm

[247] IMF Fiscal Monitor update, International Monetary Fund (Washington) 24 January 2012. Date of Access: 3 March 2012. http://www.imf.org/external/pubs/ft/fm/2012/update/01/fmindex.htm

and fiscal consolidation plan. The latest report, which was released in February 2012,[248] reveals that actual net borrowing for 2011 was EUR17.3 billion, down from EUR44 billion in 2010. The estimated 2012 net borrowing is EUR26.1 billion, with a strong probability that the German Government's actual borrowing will be lower than its targeted borrowing programme, a clear sign of a successful fiscal consolidation.[249]

On 12 December 2011, the German Federal Ministry of Finance announced that the deficit in 2011 will be EUR17.3 billion lower than expected, down from a target of EUR48.4 billion. The major shortfall in the targeted deficit is primarily accounted by cyclical components of tax revenues, spending reductions in the labour market as well as lower interest dues and warranties.[250]

In conjunction with its spending reduction efforts, the German Government has shown progress in reforming its rigid labour market to boost employment and growth. Starting 1 January 2012, the German Government added doctors and specialized engineers to a list of professions that will now benefit from an easier, unencumbered access to the labour market.[251] Furthermore, it announced that skilled workers from new EU member countries no longer require a work permit as of 1 January 2012, eliminating barriers which breed inefficiency and reducing distortions in the labour market.[252]

According to the OECD Economic Policy Reforms 2012 blueprint, the German Government has taken concrete measures to reform its economy and boost growth. Said measures include: (1) the shift from labour income taxation to property and consumption taxation which began in 2007 and continued onto 2011; (2) the ongoing abatement of regulatory barriers to competition and the ongoing thrust to improve educational outcomes; and (3) the increased public childcare access for

[248] Abstract of the Federal Ministry of Finance's Monthly Report, Federal Ministry of Finance (Berlin) September 2011. Date of Access: 3 March 2012.
http://www.bundesfinanzministerium.de/nn_103424/DE/BMF__Startseite/Publikationen/Monatsbericht__des__BMF/2012/02/english/translated-abstracts/120222agmb001,templateId=raw,property=publicationFile.pdf

[249] Abstract of the Federal Ministry of Finance's Monthly Report, Federal Ministry of Finance (Berlin) September 2011. Date of Access: 3 March 2012.
http://www.bundesfinanzministerium.de/nn_103424/DE/BMF__Startseite/Publikationen/Monatsbericht__des__BMF/2012/02/english/translated-abstracts/120222agmb001,templateId=raw,property=publicationFile.pdf

[250] Deficit in 2011 will turn out with 17.3 billion euros significantly lower than expected; consolidation policy of the Federal Government will continue, Federal Ministry of Finance (Berlin) 1 December 2012. Date of Access 3 March 2012.http://www.bundesfinanzministerium.de/nn_54090/DE/Presse/Pressemitteilungen/Finanzpolitik/2012/01/20120112-PM03.html?__nnn=true

[251] Foreign Workers Cabinet Approves rules, Federal Ministry of Labour and Social Affairs (Berlin), 22 June 2011. Date of Access: 3 March 2012.
http://www.bmas.de/DE/Themen/Arbeitsmarkt/Auslaenderbeschaeftigung/zulassung-in-engpassberufen.html

[252] Foreign Workers Cabinet Approves rules, Federal Ministry of Labour and Social Affairs (Berlin), 22 June 2011. Date of Access: 3 March 2012.
http://www.bmas.de/DE/Themen/Arbeitsmarkt/Auslaenderbeschaeftigung/zulassung-in-engpassberufen.html

working mothers by 2013, which aims to eliminate the main bottleneck to full-time female labour participation.[253]

Finally, the IMF, in its Global Economic Prospects and Policy Changes which was presented at the Meeting of G-20 Deputies on 19-20 January 2012, stated that the German government's tax reform agenda is "generally aligned with the objective of making tax regime more employment friendly, but specific measures are still to be adopted."[254] It also acknowledged that the German government's identification of education, research and development and innovation as policy priority areas was in line with its first Cannes structural reform commitment.[255]

On 17 April 2012, the latest IMF Fiscal Monitor stated that Germany's cyclically adjusted deficit fell significantly in 2011 owing to the "expiration of one-off financial sector measures implemented in 2010" including fiscal tightening from consolidation measures, the removal of stimulus spending, and structural changes in the labour market which had led to lower payments of unemployment benefits.[256] In 2012, the lowering of the headline deficit is expected is to be moderate.[257]

On 18 April 2012, the German Federal Ministry of Finance announced it adopted the 2012 update of the German Stability Programme.[258] This programme is an apparent indicator that Germany will be able to meet with all fiscal consolidation measures laid down by the EU while still promoting growth. The program, having been adopted by Germany, will now move forward to the European Commission and the ECOFIN Council. This program will take the government debt from 82% of GDP at the end of this year to 73% in 2016 when the stability programme's term ends.

As per the Stability and Growth Pact, which requires each EU Member State to set a medium-term budgetary objective under which the state's structural deficit remains below 1% of GDP, Germany will meet its medium-term objective of a structural deficit no higher than 0.5% of GDP as early as 2012.[259] Furthermore, by reducing its general government deficit by 3.3 percentage points to 1.0 percent of GDP by the end of 2011, Germany had achieved compliance with the

---

[253] Germany Economic Policy Reforms 2012: Going for Growth, OECD, 2012. Date of Access: 3 March 2012. http://www.oecd.org/dataoecd/33/16/49655560.pdf

[254] Global Economic Prospects and Policy Changes, prepared by Staff of the International Monetary Fund, Meeting of G20 Deputies (Mexico City) January 19-20 2012. Date of Access: 1 April 2012. http://www.imf.org/external/np/g20/pdf/012012.pdf

[255] Global Economic Prospects and Policy Changes, prepared by Staff of the International Monetary Fund, Meeting of G20 Deputies (Mexico City) January 19-20 2012. Date of Access: 1 April 2012. http://www.imf.org/external/np/g20/pdf/012012.pdf

[256] IMF Fiscal Monitor, International Monetary Fund (Washington) 17 April 2012. Date of Access: 6 May 2012. http://www.imf.org/external/pubs/ft/fm/2012/01/pdf/fm1201.pdf

[257] IMF Fiscal Monitor, International Monetary Fund (Washington) 17 April 2012. Date of Access: 6 May 2012. http://www.imf.org/external/pubs/ft/fm/2012/01/pdf/fm1201.pdf

[258] Germany adopts 2012 Stability programme, Federal Ministry of Finance (Berlin) 18 April 2012. Date of Access 29 May 2012. http://www.bundesfinanzministerium.de/nn_103466/EN/Topics/Fiscal-policy/Articles/20120418-Germany-adopts-2012-Stability-Programme.html?__nnn=true

[259] Germany adopts 2012 Stability programme, Federal Ministry of Finance (Berlin) 18 April 2012. Date of Access 29 May 2012. http://www.bundesfinanzministerium.de/nn_103466/EN/Topics/Fiscal-policy/Articles/20120418-Germany-adopts-2012-Stability-Programme.html?__nnn=true

financial balance requirements set out under the Stability and Growth Pact's corrective arm while also fulfilling its voluntary commitment under last year's Euro Plus Pact to reduce its deficit below the 3% threshold two years earlier than required under the Stability and Growth Pact's excessive deficit procedure.

On 20 April 2012, the German Federal Ministry of Finance announced its latest fiscal figures which showed that the actual financial deficit of EUR24.040 million was lower than the estimated deficit for this period of EUR35.163 million showing continued performance by Germany in reducing its fiscal deficit.[260]

The information provided by both the German Ministry of Finance as well as the OECD and the IMF prove that Germany is firmly committed to fiscal consolidation and the stimulation of growth through a reduction in its targeted borrowing programme and the implementation of labour market liberalization measures as well as increased investments in education and R&D.

Germany has thus fully complied with its commitment to implement nationally differentiated policies to build confidence and support growth and to implement its nationally differentiated clear, credible and specific measures to achieve fiscal consolidation. It is thus awarded a score of +1.

Analysts: Faiyyad Hosein and Krystel Montpetit

Italy: -1

Italy has not complied with its commitment to implement its G20 differentiated approach to fiscal consolidation and to the stimulation of growth. Despite making significant progress against its policy commitments, Italy has not implemented nationally differentiated policies to build confidence and support growth in full nor has it fully implemented its nationally differentiated clear, credible and specific measures to achieve fiscal consolidation.

The Italian government has partially complied with its fiscal policy commitment to reach a close-to-balance budget by 2013 and a rapidly declining debt to GDP ratio starting in 2012. The IMF Fiscal Monitor Update published on 24 January 2012[261] revealed that Italy's fiscal balance is showing modest improvements. The IMF projects a fiscal deficit of 2.8% and 2.3% of GDP in 2012 and 2013 respectively, confirming that Italy is moving closer to a balanced budget. However, Gross Government debt to GDP is expected to rise to 126.6% of GDP in 2013, marginally up from the forecasted figure of 125.3% in 2012.[262]

In respect to Italy's second fiscal policy commitment to amend the Constitution to introduce a balanced budget obligation to Article 81 of the Italian constitution, which was approved by the Italian Lower House on 7 September 2011 and which will come into effect in 2014, the Constitution has yet to be amended as of 20 May 2012.

[260] Federal Budget and fiscal policy key figures, Federal Ministry of Finance (Berlin) 20 April 2012. Date of Access 29 May 2012. http://www.bundesfinanzministerium.de/nn_103466/EN/Press-and-publications/Publications/Articles/2012-04-federal-budget.html?__nnn=true

[261] IMF Fiscal Monitor update, International Monetary Fund (Washington) 24 January 2012. Date of Access: 3 March 2012. http://www.imf.org/external/pubs/ft/fm/2012/update/01/fmindex.htm

[262] IMF Fiscal Monitor update, International Monetary Fund (Washington) 24 January 2012. Date of Access: 3 March 2012. http://www.imf.org/external/pubs/ft/fm/2012/update/01/fmindex.htm

As for Italy's commitment to the implementation of structural reforms to stimulate growth, the new technocrat government under the leadership of Mario Monti has thus far passed a sizeable number of measures to foster sustainable growth in conjunction with severe austerity measures, heeding talk that the success of austerity measures in Italy depends on the compounded implementation of robust measures to stimulate growth. Said measures to kick-start the Italian economy include: (1) the introduction of a tax relief for businesses that reinvest their profits in their sector or other sectors; and (2) the 20 January 2012 formal adoption of a package of measures to reform the Italian labour market. More specifically, the Italian Government under the leadership of Mario Monti will liberalize certain professions such as taxi drivers, pharmacists, doctors, lawyers and notaries by means of reforming their licensing systems and abolishing minimum tariffs for their services in order to allow competition. The Italian Government will further undertake to reform Article 18 of Italy's labour code, which mandates companies which employ 15 or more workers to re-hire rather than to compensate any employee whose licensing had no justifiable ground. The planned reforms to Article 18 strive to ease the dismissal of employees so that it goads companies into hiring more permanent employees instead of short-term temporary employees[263]; and (3) the implementation of an Enterprise Finance Guarantee (EFG) scheme for small and medium sized enterprises (SMEs) which lack an adequate security for a normal commercial loan. The Government provides the lender with a guarantee for which the borrower pays a premium.[264]

On 17 April 2012, the latest IMF Fiscal Monitor stated that Italy has been progressing with reforms in the areas of investments in infrastructure, the liberalization of product markets, and reducing the complexity of administration.[265] The Italian government also intends to further liberalize the labour market through a series of reforms that have been submitted to parliament. The Fiscal Monitor notes that a legislative package intended to work toward fiscal consolidation was approved in December 2011 will be "enough to bring the budget into balance in cyclically adjusted terms next year."[266]

The Fiscal Monitor also notes that Italy is aggressively reforming pensions.[267] As part of a three-year austerity and growth package passed in January, the retirement age for women will be increased to 62 from 60 and men will be required to work 42 years rather than the previous 40 to receive a full pension.[268] The structural budget balance rule is currently making progress in the Italian parliament.

Despite its staunch commitment to reforming various rigid systems, mechanisms and markets to promote growth in Italy, the Mario Monti government still falls short of its commitments to conduct a comprehensive public spending review, to restructure the justice system, to reduce the

[263] Italy vs. the unions, Financial Post (London) 27 December 2011. Date of Access: 21 March 2012. http://business.financialpost.com/2011/12/27/italy-vs-the-unions/

[264] Mario Monti's austerity measures lack the Innovation Italy needs, The Guardian (UK) 5 December 2011. Date of Access: 3 March 2012. http://www.guardian.co.uk/commentisfree/2011/dec/05/mario-monti-austerity-measures-italy

[265] IMF Fiscal Monitor, International Monetary Fund (Washington) 17 April 2012. Date of Access: 6 May 2012. http://www.imf.org/external/pubs/ft/fm/2012/01/pdf/fm1201.pdf

[266] IMF Fiscal Monitor, International Monetary Fund (Washington) 17 April 2012. Date of Access: 6 May 2012. http://www.imf.org/external/pubs/ft/fm/2012/01/pdf/fm1201.pdf

[267] IMF Fiscal Monitor, International Monetary Fund (Washington) 17 April 2012. Date of Access: 6 May 2012. http://www.imf.org/external/pubs/ft/fm/2012/01/pdf/fm1201.pdf

[268] Italian labor unions protest pension overhaul, Press TV (Tehran) 13 April 2012. Date of Access: 4 May 2012. http://www.presstv.ir/detail/236012.html

North-South dualism by a comprehensive review of European structural funds programme (Eurosud Plan) and to increase the accountability and the autonomy of Italian universities and schools.

The Financial Stability report published by the Bank of Italy in April 2012 states that Italy is making significant progress to improve its public finances and expects the Debt-to-GDP ratio to fall in 2013.[269] It shows that Italian government bonds forward rates are lower given that the market is taking their consolidation efforts as realistic.

Italian Prime Minister Mario Monti announced on 18 April 2012 that Italy should shift priority from austerity to growth. This was due to a belief that further consolidation could lead to a deeper and more protracted recession. He has now shifted his deficit goals to balance the budget to 2014 instead of 2012.[270] Italian bond yields only rose slightly, given the market's credible belief in the Monti administration and that Italy's main problem is a weak economy and not fiscal slippage.[271]

Despite making significant progress against its policy commitments, Italy has thus far not fully implemented nationally differentiated policies to build confidence and support growth nor has it implemented its nationally differentiated clear, credible and specific measures to achieve fiscal consolidation in full. It is thus awarded a score of -1.

Analysts: Faiyyad Hosein and Krystel Montpetit

Japan: -1

Japan has not complied with its commitment to implement its G20 differentiated approach to fiscal consolidation and to the stimulation of growth. Japan has not made sufficient progress in implementing nationally differentiated policies to build confidence and support growth nor has it been fully successful in implementing nationally differentiated clear, credible and specific measures to achieve fiscal consolidation. More specifically, Japan has not made sufficient progress in updating its medium-term fiscal consolidation plan following the worsening of the budget and debt deficits nor has it sufficiently accelerated efforts to implement "the New Growth Strategy" and enhanced the strategy with the formulation of "innovative strategy for energy and the environment" in response to the aftermath of the Earthquake.

The Highlights of FY 2012 budget published by the Japanese Ministry of Finance show targeted expenditures to amount to JPY90, 333 billion in 2012, down from JPY92, 411 billion in 2011.[272] The Japanese Government's medium-term fiscal framework for fiscal consolidation precludes the issuance of new sovereign bonds to exceed that of FY2011, except for the issuance of reconstruction bonds. Fiscal discipline is entrenched in the budget with a maximum of JPY 38,335 billion in new special-deficit financing bond issuance. A special amount of JPY 5,909.0 billion has been aside for the issuance of reconstruction bonds in the FY2012 budget, reaffirming

[269] Financial Stability Report No. 3, Bank of Italy, (Rome) April 2012. Date of Access: 29 April 2012. http://www.bancaditalia.it/pubblicazioni/stabilita-finanziaria/rapporto-stabilita finanziaria/2012/rsf_2012/en_stabfin_3_2012/1-Financial-Stability-Report.pdf

[270] Italy shifts priority from austerity to growth, Reuters (Rome) 18 April 2012. Date of Access: 29 April 2012. http://news.yahoo.com/italy-shifts-priority-austerity-growth-144834094--business.html

[271] Italy shifts priority from austerity to growth, Reuters (Rome) 18 April 2012. Date of Access: 29 April 2012. http://news.yahoo.com/italy-shifts-priority-austerity-growth-144834094--business.html

[272] Highlights of the Budget for FY2012, Ministry of Finance, Japan – December 2011. Date of Access: 3 March 2012.http://www.mof.go.jp/english/budget/budget/fy2012/e20111224a.pdf

Japan's commitment to rebuilding the economy devastated by the 2011 natural disasters. In December 2011, Japan's draft 2012 budget forecasted the total outstanding long-term debt of central and local governments to rise to 195% in 2012 from an overestimated 192% in 2011, clearly indicating a worsening of the overall Japanese debt situation.[273]

The IMF Fiscal Monitor Update published on 24 January 2012[274] stated that the Government of Japan must imperatively clarify its medium-term debt reduction strategy to quell concerns following the marginal increase in the country's fiscal deficit in 2011. The IMF projects a fiscal deficit of 10.2% and 8.8% of GDP in 2012 and 2013 respectively, up from 8.2% of GDP and 8.5% of GDP in 2010 and in 2011 respectively. Gross Government debt to GDP is expected to rise to 246.8% of GDP in 2013, up from the forecasted figure of 241% of GDP in 2012.[275]
On 22 June 2010, the Japanese government unveiled a fiscal plan set to tackle the burgeoning public debt by reducing yearly budget deficits.[276] The fiscal plan calls for a surplus in the primary budget balance by 2020-21 and a reduction of the debt-to-GDP ratio starting 2021-22.[277] This fiscal plan is in line with the G20 country specific fiscal consolidation mandate for Japan, but since the March disasters, the Japanese government has failed to outline and release an updated and credible plan to meet the June 2010 fiscal plans' objectives.

Despite the Japanese Government's proposal to raise the consumption tax rate from the current level of 5% to 8% in 2014, and to 10% in late-2015, as part of a social security and tax reform plan, the Diet — the Japanese parliament — has yet to approve this measure. What is more, an outline of the consumption tax increases beyond 2015 and reforms to entitlement spending are still needed. The Government of Japan has thus far failed to implement a comprehensive reform of the tax reform including the much-awaited consumption tax.

In terms of measures to boost private domestic demand, the Japanese government has announced that Japan would join negotiations for the Trans Pacific Partnership (TPP) regional free trade agreement. Beyond boosting exports, the TPP could revive domestic services through greater market liberalization, deregulation, and inward foreign direct investment. More progress is however needed in labor market reforms to raise participation by the young, elderly, and women.

Despite the previously mentioned shortcomings, it however noted that the Government of Japan has been focused on rebuilding its economy and has now a clear mandate to limit its new bond issuance.

Since Japan has made insufficient progress in implementing nationally differentiated policies to build confidence and support growth and has not successfully implemented nationally

[273] Japan's Fiscal Condition, Ministry of Finance, Japan – December 2011. Date of Access: 3 March 2012. http://www.mof.go.jp/english/budget/budget/fy2012/e20111224b.pdf
[274] IMF Fiscal Monitor update, International Monetary Fund (Washington) 24 January 2012. Date of Access: 3 March 2012. http://www.imf.org/external/pubs/ft/fm/2012/update/01/fmindex.htm
[275] IMF Fiscal Monitor update, International Monetary Fund (Washington) 24 January 2012. Date of Access: 3 March 2012. http://www.imf.org/external/pubs/ft/fm/2012/update/01/fmindex.htm
[276]FACTBOX-Budget deficits of richer G20 nations, Reuters (Washington) 27 June 2010. Date of Access:
27 October 2010. www.reuters.com/article/idUSN2412302520100627
[277]FACTBOX-Budget deficits of richer G20 nations, Reuters (Washington) 27 June 2010. Date of Access:
27 October 2010. www.reuters.com/article/idUSN2412302520100627

differentiated clear, credible and specific measures to achieve fiscal consolidation, it has thus been awarded a score of -1.

Analysts: Faiyyad Hosein and Krystel Montpetit

Korea: 0

Korea has partially complied with its commitment to implement its G20 differentiated approach to fiscal consolidation and to the stimulation of growth. Korea has not fully implemented its nationally differentiated policies to build confidence and support growth, but it has fully implemented its nationally differentiated clear, credible and specific measures to achieve fiscal consolidation. More specifically, Korea has abided by its fiscal commitment to pursue mid-term consolidation with the aim to reach a balanced budget excluding social security fund by 2013. It has also made substantial progress in introducing multiple labor unions and pursuing measures to increase women's labor participation rate as well as pursuing reforms to facilitate green growth, but it has not made sufficient progress in enhancing service industry deregulation and the market competition for qualified professionals since the Cannes Summit.

According to the Korean Ministry of Strategy and Finance and his publication on "The results of 2011 economic policies and Main Tasks for 2012,"[278] Korea has experienced sound progress in fiscally consolidating, speeding the deregulation of the service industry, reforming the labour market and facilitating green growth as mandated by its G20 Cannes Summit differentiated approach to growth-friendly fiscal consolidation. The 2012 budget shows government revenues exceeding total expenditures by 4% albeit both saw 5.5% increase in both since the 2011 budget. This is line with the country's fiscal policy commitment to reach fiscal balance in 2013.

The Korean Ministry of Strategy and Finance has persistently reiterated the strength of Korea's fiscal position, asserting that the country was within reach of a balanced budget. The Ministry stressed that its 2012 budget will focus "[….] on job creation while pursuing fiscal balance in 2013," and that it will keep its spending increases to the lowest possible level until the country achieves a balanced budget in 2013. The budget deficit stood at 2% in 2011 and is projected to be 1% in 2012 and 0% by 2013, thus returning the Korean budget to balance.[279]According to the Korean Ministry of Finance, the consolidated fiscal accounts registered a surplus of KRW27.1 trillion Won as of the end of November 2011. This is a real testimony to Korea's excellent fiscal standing and commitment to balanced finances.[280]

In keeping with its structural reformcommitment to facilitate green growth, a special multi-party committee of the Korean National Assembly on climate change pushed forward the enactment of the Greenhouse Gas Emission Trade Act on 8 February 2012.[281] In doing so, the government would overcome industry opposition to begin structuring the third emissions-trading program in

[278] Results of 2011 Economic Policies and Main Tasks for 2012, Korean Ministry of Strategy & Finance, 30 December 2011. Date of Access: 3 March 2012 http://english.mosf.go.kr/

[279]2012 Budget Centers on Job Creation while Pursuing Fiscal Balance in 2013, Korean Ministry of Strategy & Finance, 27 September 2011. Date of Access: 7 October 2011. http://english.mosf.go.kr/

[280]Consolidated Fiscal Account Posts Surplus of 27.1 Trillion Won as of End-November, 2011, Korean Ministry of Strategy & Finance, 30 January 2012. Date of Access: 3 March 2012. http://english.mosf.go.kr/

[281] South Korean Lawmakers Vote for Limits on Greenhouse-Gas Emissions, Bloomberg (New York) 8 February 2012. Date of Access: 27 March 2012. http://www.bloomberg.com/news/2012-02-08/south-korea-moves-closer-to-setting-limits-on-carbon-emissions.html

the Asia-Pacific region.[282] The bill was scheduled to be presented to the Assembly's Plenary Session on 16 February 2012,[283] but its appearance before the plenary has been indefinitely postponed.[284] Government sources told Reuters News Agency that the delay was caused by "domestic political issues" and not by "continuing disagreement over the emissions trading bill."[285] The bill has faced numerous delays over the past two years, with its 8 February 2012 committee clearance having been hailed as a major milestone.[286]The government is optimistic that it can pass the legislation before elections scheduled in April.[287] If introduced, the legislation will adhere to the Korean government's *Cannes Action Plan* commitment to introduce greenhouse gas and energy target management by establishing a full cap-and-trade scheme by 2015.[288] The proposed scheme holds that participating firms would receive 95% of the carbon allowances they need to hold for free during the first five years, but it does not detail neither how many firms will be covered by the scheme nor how the market will operate.[289]

The Korean Ministry of Environment is also very committed to fostering green growth; his five-year action plan includes the following objectives: (1) the development of green technologies; (2) a reduction in fossil fuel use; and (3) the mitigation of greenhouse emissions amongst many other green targets. The Korean Ministry of Environment's 2020 objective is to create a national greenhouse gas inventory system in which major players begin reporting emissions. This five-year plan proposes the development of the following green technologies: (1) solar cells; (2) bio energy; and (3) light water reactors.[290] On 30 December 2011, the Korean Ministry of Environment released its 2012 Annual Policy Report in which it emphasized its objective to significantly reduce greenhouse gases through the allotment of a green card and the delivery of

[282] South Korean Lawmakers Vote for Limits on Greenhouse-Gas Emissions, Bloomberg (New York) 8 February 2012. Date of Access: 27 March 2012. http://www.bloomberg.com/news/2012-02-08/south-korea-moves-closer-to-setting-limits-on-carbon-emissions.html
[283] South Korean Lawmakers Vote for Limits on Greenhouse-Gas Emissions, Bloomberg (New York) 8 February 2012. Date of Access: 27 March 2012. http://www.bloomberg.com/news/2012-02-08/south-korea-moves-closer-to-setting-limits-on-carbon-emissions.html
[284] South Korean carbon trading bill faces further delay, BusinessGreen (London) 16 February 2012. Date of Access: 28 March 2012. http://www.businessgreen.com/bg/news/2152958/south-korean-carbon-trading-delay
[285] South Korean carbon trading bill faces further delay, BusinessGreen (London) 16 February 2012. Date of Access: 28 March 2012. http://www.businessgreen.com/bg/news/2152958/south-korean-carbon-trading-delay
[286] South Korean carbon trading bill faces further delay, BusinessGreen (London) 16 February 2012. Date of Access: 28 March 2012. http://www.businessgreen.com/bg/news/2152958/south-korean-carbon-trading-delay
[287] South Korean carbon trading bill faces further delay, BusinessGreen (London) 16 February 2012. Date of Access: 28 March 2012. http://www.businessgreen.com/bg/news/2152958/south-korean-carbon-trading-delay
[288] South Korean carbon trading bill faces further delay, BusinessGreen (London) 16 February 2012. Date of Access: 28 March 2012. http://www.businessgreen.com/bg/news/2152958/south-korean-carbon-trading-delay
[289] South Korean carbon trading bill faces further delay, BusinessGreen (London) 16 February 2012. Date of Access: 28 March 2012. http://www.businessgreen.com/bg/news/2152958/south-korean-carbon-trading-delay
[290] Five Year Action Plans, Korean Ministry of Environment, Date of Access: 3 March 2012 http://eng.me.go.kr/content.do?method=moveContent&menuCode=pol_gre_strategies

2,500 new green vehicles.[291] The Korean Ministry of Environment also laid out its vision to be the world's 7th green growth and 5th green power by 2050.[292]

As for pursuing measures to increase women's labour participation, the Korean Ministry of Gender Equality and Family has since 2010 undertook a project whose aim is to increase the job opportunities for women with child-related career interruptions. The Ministry reports than from January 2011 until December 2011, "21 career courses were set up, with 411 people completing their training, and the employment rate after the training was 62.3%, with 256 people given the chance to continue their career. On 28 February 2012, the Ministry reported that, in 2012, the program will aim to "achieve qualitative rather than quantitative advancement, by providing education which satisfies the needs of the consumer and reforming the tools of employment support."[293]Pursuant to the Trade Union and Labor Relations Adjustment Act amended on January 1, 2010, multiple unions have been allowed in Korean workplaces since 1 July 2011.[294] The number of multiple unions in Korean workplaces has steadily increased since 1 July 2011 with the creation of 167 new unions in the first ten days after the implementation of the system of multiple unions alone.[295]

Since the Cannes Summit and as of 1 April 2012, Korea has still not taken any specific measure to enhance its service industry deregulation. A recent study by the Mckinsey Global Institute confirms that Korea has failed to deregulate its services sector and estimates that if the Korean government does not take any measure to liberalize the service industry, unemployment could rise to 12% in the near future.[296]

On 17 April 2012, the latest IMF Fiscal Monitor stated net consolidated debt declined in Korea due to the substantial accumulation of central bank net foreign assets.[297] This report also further confirms that the government is expected to balance its budget in 2013.[298]

---

[291] MOE releases 2012 annual policy report, Korean Ministry of Environment, 30 December 2011. Date of Access: 26 March 201. http://eng.me.go.kr/board.do?method=view&docSeq=9705&bbsCode=new_infocus&currentPage=1&searchType=&searchText=

[292] Vision and goals of green growth, Korean Ministry of Environment, Date of Access: 26 March 2012

[293]Giving wings of hope to highly educated women with career interruptions, Ministry of Gender Equality and Family, Republic of Korea (Seoul) 28 February 2012. Date of Access: 1 April 2012. http://english.mogef.go.kr/sub03/sub03_21.jsp?menuID=euc0200&id=euc0200&cate=&key=&search=&order=&desc=asc&syear=&smonth=&sdate=&eyear=&emonth=&edate=&deptcode=&menuID=euc0200&pg=1&mode=view&idx=6867

[294]167 new unions created under new multiple union system, The Hankyoreh (Seoul) 12 July 2011. Date of Access: 1 April 2012. http://english.hani.co.kr/arti/english_edition/e_national/486965.html

[295]167 new unions created under new multiple union system, The Hankyoreh (Seoul) 12 July 2011. Date of Access: 1 April 2012. http://english.hani.co.kr/arti/english_edition/e_national/486965.html

[296]Debt and deleveraging: Uneven progress on the path to growth, Report, McKinsey Global Institute, January 2012. Date of Access: 14 April 2012. http://www.mckinsey.com/Insights/MGI/Research/Financial_Markets/Uneven_progress_on_the_path_to_growth

[297]IMF Fiscal Monitor, International Monetary Fund (Washington) 17 April 2012. Date of Access: 6 May 2012. http://www.imf.org/external/pubs/ft/fm/2012/01/pdf/fm1201.pdf

Korea has partially complied with its commitment to fiscal consolidation and the stimulation of growth. Korea is in an excellent fiscal position and is expected to balance its budget by 2013. However, since Korea has thus far only implemented reforms in two of the three key areas outlined in its differentiated mandate, the country has not fully complied with its structural reform commitments. Korea is thus awarded a score of 0.

Analysts: Faiyyad Hosein, Brandon Bailey and Krystel Montpetit

United Kingdom: +1

The United Kingdom has fully complied with its commitment to implement its G20 differentiated approach to fiscal consolidation and to the stimulation of growth. The United Kingdom has successfully implemented its nationally differentiated policies to build confidence and support growth and implemented its nationally differentiated clear, credible and specific measures to achieve fiscal consolidation. More specifically, the United Kingdom has abided by its fiscal commitments to implement its planned reductions in public spending as set out in the 2010 Spending Review as well as to accelerate the rise in the State Pension Age (SPA) from 65 to 66 and to reform public sector pensions to manage long-term fiscal pressures. It has also adopted its nationally differentiated structural reforms to stimulate growth including the housing and land planning reform.

In its Global Economic Prospects and Policy Changes presented at the G20 Deputies Meeting held in Mexico on 19-20 January 2012, the International Monetary Fund deemed the British Government's fiscal consolidation plan credible and confirmed that the United Kingdom remains committed to putting the government debt-to-GDP ratio on a downward path by 2016. In light of recent downgrades to the growth outlook — the deficit is forecast to fall only from 9.3 to 6.0% of GDP between 2011-2014-, the U.K. authorities no longer project to halve the overall public-sector deficit during this time period. However, the British Government has budgeted additional consolidation in 2015–2017 to maintain its medium-term fiscal goals. Said fiscal consolidation includes the following growth-friendly measures: (1) the reduction of the main corporate tax from 28% to 26% and the gradual reduction to 23% by 2014; (2) modest cuts in spending with low multipliers such as public employee wages to fund higher spending on items with high multipliers such as infrastructure spending; and (3) the announcement of the raise of the state pension age to 67 between 2026 and 2028, which is expected to save GBP60 billion at today's prices and clearly denotes the British government's commitment to welfare reform.[299]

Since the United Kingdom Treasury released the Comprehensive Spending review 2010 in October 2010, progress has been registered.[300] The 2011 budget in which the Office of Budget Responsibility for the United Kingdom forecasted that net public sector borrowing will decline from its peak of 11.1% of GDP in 2009-2010 to 1.5% of GDP in 2015-2016 is emblematic of this progress.[301] This fiscal consolidation trend was also evident on 22 November 2011 as newly released Office for National Statistics data showed that public sector net borrowing totaled

[298] IMF Fiscal Monitor, International Monetary Fund (Washington) 17 April 2012. Date of Access: 6 May 2012. http://www.imf.org/external/pubs/ft/fm/2012/01/pdf/fm1201.pdf
[299] Autumn Statement: 'Longer wait' for state pension, BBC (UK) 29 November 2011. Date of Access: 3 March 2011. http://www.bbc.co.uk/news/business-15940392
[300] Spending Review 2010, HM Treasury (London) 20 October 2010: Date of Access: October 21 2010. cdn.hm-treasury.gov.uk/sr2010_completereport.pdf
[301] Budget 2011, HM Treasury (London) 23 March 2011. Date of Access: 24 March 2011. http://cdn.hm-treasury.gov.uk/2011budget_complete.pdf

GBP68.3 billion in the first seven months of the 2011-12 financial year compared with GBP78.7 billion at the same period in 2010-11.[302]

The IMF Fiscal Monitor Update published on 24 January 2012[303] revealed that the UK's cyclically adjusted fiscal deficit fell. The IMF projects a fiscal deficit of 7.8% and 6.5% of GDP in 2012 and 2013 respectively; a substantial fall since the 8.8% of GDP in 2011, clearly demonstrating that the United Kingdom continues to move towards the achievement of a balanced budget. Gross Government debt to GDP is expected to rise to 90.3% of GDP in 2013, up from the forecasted figure of 86.6% in 2012. The IMF World Economic outlook update, which was published on 24 January 2012,[304] projects that the United Kingdom will experience negative rates of growth in 2012 and 2013: -1.0% and -0.4% respectively. Despite the forecasted slight recession plaguing the British economy in 2012 and 2013, the British government will nevertheless experience a decline in its fiscal deficits in 2012 and 2013, a true testament to the success of its fiscal consolidation policies.

On 12 January 2012,[305] the United Kingdom implemented a new legislation to block tax avoidance, which will contribute to increasing government revenues and reducing the budget deficit. The British government was quoted as saying that tax avoidance is unacceptable at a time when governments strive to reduce their fiscal deficit. The David Cameron government also presented a new tax legislation draft that, if implemented in the Finance Bill 2012, would increase the competitiveness of the British economy.[306]

In regard to its commitment to the implementation of structural reforms to stimulate growth, the United Kingdom has undertaken to reform cumbersome land planning regulations, implemented the 2011 draft National Planning Policy Framework which will expedite the planning process and ratified the New Homes Bonus which aim to incentivize local communities and boost economic development.[307]

The United Kingdom's 2012 budget states that public sector net borrowing is expected to fall to 4.3% in 2014-2015 and 1.1% in 2016 — 2017.[308] It further states that cyclically adjusted primary balance has been halved over the last two years from 7% to 3.4% and by the end of 2011 — 2012 and that almost 40% of the fiscal consolidation plan under the 2010 comprehensive spending

[302] Osborne on course to hit deficit reduction targets, The Guardian (UK) 22 November 2011. Date of Access: 4 March 2012. http://www.guardian.co.uk/business/2011/nov/22/osborne-on-course-deficit-reduction
[303] IMF Fiscal Monitor update, International Monetary Fund (Washington) 24 January 2012. Date of Access: 3 March 2012.http://www.imf.org/external/pubs/ft/fm/2012/update/01/fmindex.htm
[304] World Economic Outlook Update, International Monetary Fund (Washington) 24 January 2012. Date of Access: 3 March 2012. http://www.imf.org/external/pubs/ft/weo/2012/update/01/
[305] Government takes action to block tax avoidance involving post-cessation trade relief, HM Treasury (London) 12 January 2012. Date of Access: 4 March 2012.http://www.hm-treasury.gov.uk/press_02_12.htm
[306] Draft tax legislation gives greater predictability and clarity, HM Treasury (London) 6 December 2011. Date of Access: 4 March 2012.http://www.hm-treasury.gov.uk/press_139_11.htm
[307] UK Economic Policy Reforms 2012: Going for Growth, OECD, 2012. Date of Access: 4 March 2012. http://www.oecd.org/dataoecd/34/14/49654269.pdf
[308] Executive Summary 2012 Budget, HM Treasury (London) 21 March 2012. Date of Access: 29 April 2012. http://cdn.hm-treasury.gov.uk/budget2012_executive_summary.pdf

review will have been achieved.[309] The budget shows the government is committed to a simpler, fairer and more efficient tax system that will support growth. The government wishes to target growth in conjunction with fiscal consolidation and expect its total policy decision will yield positive GBP470 million in 2012 — 2013, before moving to negative GBP1.710 million in 2013 — 2014 and then turning positive again until 2017.[310]

Despite slipping back into recession after numbers confirmed that the British GDP had contracted by 0.2% in the first quarter of 2012 and 0.3% in the last quarter of 2011, UK Prime Minister David Cameron stressed that the country would nevertheless abide by the tenets of its austerity plan.[311]

The United Kingdom has successfully implemented its nationally differentiated policies to build confidence and support growth and implemented its nationally differentiated clear, credible and specific measures to achieve fiscal consolidation. It has thus been awarded a score of +1.

Analysts: Faiyyad Hosein and Krystel Montpetit

United States: 0

The United States has partially complied with its commitment to implement its G20 differentiated approach to fiscal consolidation and to the stimulation of growth. The United States has successfully implemented its nationally differentiated clear, credible and specific measures to achieve fiscal consolidation, but it has not implemented its nationally differentiated policies to build confidence and support growth. More specifically, the United States has identified between USD1.2 trillion in additional federal deficit reduction to go along with the USD900 billion in agreed spending reductions included in the 2 August 2011 Budget Control Act, but, as of 1 April 2012, it has not passed any legislation compelling employers who do not currently provide workplace pensions to establish automatic enrolment of employees in direct deposit Individual Retirement Accounts (IRAs).

American President Barack Obama's Plan for Economic Growth and Deficit Reduction unveiled in September 2011 meets both the deficit and debt Toronto objectives.[312] Furthermore, since the Congressional Joint Select Committee on Deficit Reduction failed to reach consensus on a medium term consolidation plan on 22 November 2011, the August Budget Control Act triggered USD1.2 trillion in automatic spending cuts, which will primarily apply to the defence and domestic components of the U.S. budget.[313]

---

[309] Executive Summary 2012 Budget, HM Treasury (London) 21 March 2012. Date of Access: 29 April 2012. http://cdn.hm-treasury.gov.uk/budget2012_executive_summary.pdf

[310] Executive Summary 2012 Budget, HM Treasury (London) 21 March 2012. Date of Access: 29 April 2012. http://cdn.hm-treasury.gov.uk/budget2012_executive_summary.pdf

[311] UK PM: Must redouble efforts to deliver policies, Wall Street Journal (London), 29 April 2012. Date of Access: 29 April 2012. http://online.wsj.com/article/SB10001424052702303916904577374651557219984.html?mod=googlenews_wsj

[312] Global Economic Prospects and Policy Changes, prepared by Staff of the International Monetary Fund, Meeting of G20 Deputies (Mexico City) January 19-20 2012. Date of Access: 1 April 2012. http://www.imf.org/external/np/g20/pdf/012012.pdf

[313] US Supercommitee fails to reach agreement as Across the Board cuts loom, Bloomberg, 21 November 2011. Date of Access: 4 March 2012. http://www.bloomberg.com/news/2011-11-21/supercommittee-fails-to-reach-agreement-on-1-2-trillion-deficit-reduction.html

However it is noted that the International Monetary Fund contents that further measures are needed to ensure medium-term fiscal sustainability and more progress is needed in the areas of revenue-raising measures as well as health and pension entitlements.[314]The IMF Fiscal Monitor Update published on 24 January 2012[315] argues that the United States must imperatively clarify its mid-term debt reduction strategy and outline a plan which cuts entitlement spending and raises revenues. The IMF projects a fiscal deficit of 8% and 6.4% of GDP in 2012 and 2013 respectively, confirming that the United States is moving towards the achievement of a balanced budget. Gross Government debt to GDP is however expected to rise to 112% of GDP in 2013, up from the forecasted figure of 107.6% in 2012.

In respect to structural reforms to boost growth, the United States has thus far taken no measure to compel employers who do not currently provide workplace pensions to establish automatic enrolment of employees in direct deposit Individual Retirement Accounts (IRAs).[316]

The United States' 2013 Budget puts forth a reduction in discretionary spending from 8.7% of GDP in 2011 to 5% of GDP in 2022. Other key facts about the 2013 budget include: (1) a USD4 trillion in balanced, deficit reduction, which will be incremental to the USD1 trillion in discretionary cuts prescribed by the Budget Control Act and will beget a deficit of less than 3% of GDP by 2018[317]; (2) a commitment that the Budget will impose USD2.50 in spending cuts for every USD1 in revenue from individuals who earn more than USD250 000 per year and from closing corporate loopholes. The spending cuts must include the deficit reduction enacted in 2011;[318](3) USD24 billion in savings cuts in 2013 and a total of USD520 billion in savings cuts through 2022[319]; (4) a projection that the deficit will narrow to USD1.3 trillion or 8.5% of GDP in 2012; USD901 billion or 5.5% of GDP in 2013; 3.4% in 2015; USD575 billion or 2.7% of GDP in 2018; and USD704 billion or 2.8% of GDP in 2022.[320] The deficit projections put forth by the American Office of Management and Budget are in line with the United States' Cannes G20 Summit mandate to bring its deficit between 1.1 and 3.5 percent of GDP by 2015.[321]

On 13 February 2012, President Obama submitted the United States federal budget request for 2013. The United States 2013 budget intends to foster growth through several growth stimulating measures. These measures seek to "jumpstart growth" by extending the payroll tax cut, extending 100% first-year depreciation deduction for certain property, providing a temporary 10% tax credit

[314]Global Economic Prospects and Policy Changes, prepared by Staff of the International Monetary Fund, Meeting of G20 Deputies (Mexico City) January 19-20 2012. Date of Access: 1 April 2012. http://www.imf.org/external/np/g20/pdf/012012.pdf
[315]IMF Fiscal Monitor update, International Monetary Fund (Washington) 24 January 2012. Date of Access: 3 March 2012.http://www.imf.org/external/pubs/ft/fm/2012/update/01/fmindex.htm
[316]Supplemental Materials, Budget of the US Government, 13 February 2012. Date of Access: 4 March 2012. http://www.whitehouse.gov/omb/budget/Supplemental
[317] Budget Overview, Office of Management and Budget, 13 February 2012. Date of Access: 4 March 2012. http://www.whitehouse.gov/omb/overview
[318]Budget Overview, Office of Management and Budget, 13 February 2012. Date of Access: 4 March 2012. http://www.whitehouse.gov/omb/overview
[319] Fiscal Year 2013, Cuts, Consolidations and Savings, Budget of the US Government, 13 February 2012. Date of Access: 4 March 2012.
http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/ccs.pdf
[320] Budget Overview, Office of Management and Budget, 13 February 2012. Date of Access: 4 March 2012. http://www.whitehouse.gov/omb/overview
[321]Budget Overview, Office of Management and Budget, 13 February 2012. Date of Access: 4 March 2012. http://www.whitehouse.gov/omb/overview

for new jobs and wage increases, and providing temporary tax credits for domestic clean energy manufacturing.[322] The payroll tax cut dates back to a package passed in 2010 that reduced the payroll tax rate from 6.2% to 4.2% for 2011; its extension to the end of 2012 is projected by the United States government to provide a total of USD1000 in tax relief for a household earning USD50000. The budget estimates the extension will "provide USD94 billion in benefits over the next 10 years."[323]

On the growth front, President Obama claims the 2013 budget's extension of the 100% first-year depreciation deduction for certain property, which acts as a "powerful incentive for businesses to invest for an additional year," will provide USD58 billion in benefits this year.[324]

Furthermore, the provision of a 10% tax credit for new jobs and wage increases will provide a new income tax credit for employers who increase their payroll up to USD5 million. According to the budget, the credit will provide USD18 billion in benefits over the next decade.[325]

What is more, temporary tax credits for domestic clean energy manufacturing will extend tax credits in an attempt to facilitate nearly USD20 billion of investment in clean energy manufacturing. These investments are projected to include windmills and solar panels.[326] In previous years, this Advanced Energy Tax Credit was "oversubscribed more than three times over."[327] The budget projects nearly USD20 billion will be leveraged by the additional USD5 billion in tax credits.[328]

---

322 Administration's FY2013 Budget Proposes Tax Policy to Boost Growth, Create Jobs and Improve Opportunity for Middle Class, U.S. Department of the Treasury (Washington) 13 February 2012. Date of Access: 28 March 2012. http://www.treasury.gov/press-center/press-releases/Pages/tg1414.aspx

323 Administration's FY2013 Budget Proposes Tax Policy to Boost Growth, Create Jobs and Improve Opportunity for Middle Class, U.S. Department of the Treasury (Washington) 13 February 2012. Date of Access: 28 March 2012. http://www.treasury.gov/press-center/press-releases/Pages/tg1414.aspx

324 Administration's FY2013 Budget Proposes Tax Policy to Boost Growth, Create Jobs and Improve Opportunity for Middle Class, U.S. Department of the Treasury (Washington) 13 February 2012. Date of Access: 28 March 2012. http://www.treasury.gov/press-center/press-releases/Pages/tg1414.aspx

325 Administration's FY2013 Budget Proposes Tax Policy to Boost Growth, Create Jobs and Improve Opportunity for Middle Class, U.S. Department of the Treasury (Washington) 13 February 2012. Date of Access: 28 March 2012. http://www.treasury.gov/press-center/press-releases/Pages/tg1414.aspx

326 Administration's FY2013 Budget Proposes Tax Policy to Boost Growth, Create Jobs and Improve Opportunity for Middle Class, U.S. Department of the Treasury (Washington) 13 February 2012. Date of Access: 28 March 2012. http://www.treasury.gov/press-center/press-releases/Pages/tg1414.aspx

327 Administration's FY2013 Budget Proposes Tax Policy to Boost Growth, Create Jobs and Improve Opportunity for Middle Class, U.S. Department of the Treasury (Washington) 13 February 2012. Date of Access: 28 March 2012. http://www.treasury.gov/press-center/press-releases/Pages/tg1414.aspx

328 Administration's FY2013 Budget Proposes Tax Policy to Boost Growth, Create Jobs and Improve Opportunity for Middle Class, U.S. Department of the Treasury (Washington) 13 February 2012. Date of Access: 28 March 2012. http://www.treasury.gov/press-center/press-releases/Pages/tg1414.aspx

In order to stimulate American innovation and manufacturing, the United States will allocate USD140.8 billion for overall Research & Development, USD2.2 billion for manufacturing Research & Development, and tax incentive for manufacturers who create jobs in the United States.[329]

Finally, the 2013 budget proposes the enhancement of the infrastructure of America through the implementation of a National Infrastructure Bank to fund projects of national importance, the set-up of a next generation wireless broadband network for public safety users as well as a six-year surface transportation reauthorization bill for USD476 billion to enhance transportation and job creation.[330] Thus the 2013 budget has targeted key areas in order to enhance the overall growth of the United States moving forward.

To present a "credible and plan to address budget deficits,"[331] the 2013 budget proposes to allow the 2001 and 2003 income tax cuts to expire for households earning above USD250 000 and limit tax expenditures for the richest Americans by installing a cap for itemized deductions at 28%.[332] Furthermore, the budget asserts efforts to eliminate the interest loophole for hedge fund managers could raise more than USD13 billion over the next decade and that closing a loophole concerning the special depreciation rules for purchases of corporate jets and other airplanes will raise USD2 billion over the next decade.[333] Combined, these measures represent clear goals to increase total revenue in an attempt to achieve fiscal consolidation.

On 17 April 2012, the most recent IMF Fiscal Monitor stated headline terms the United States deficit in 2012 is expected to be reduced by 1.5%.[334]However, in its assessment of policy implementation relating to fiscal institutions, the Fiscal Monitor noted that "efforts to define a credible medium-term adjustment program are still lagging in the United States."[335] Further fiscal consolidation of 1.5% of GDP is in the working for 2013, inclusive of the automatic spending cuts due to the lack of success of the Congressional Supercommitee to agree on a deficit reduction plan.[336]

---

[329]2013 Budget Overview, Office of Management and Budget (Washington). Date of Access: 26 March 2012. http://www.whitehouse.gov/omb/overview

[330] 2013 Budget Overview, Office of Management and Budget (Washington). Date of Access: 26 March 2012. http://www.whitehouse.gov/omb/overview

[331]Administration's FY2013 Budget Proposes Tax Policy to Boost Growth, Create Jobs and Improve Opportunity for Middle Class, U.S. Department of the Treasury (Washington) 13 February 2012. Date of Access: 28 March 2012. http://www.treasury.gov/press-center/press-releases/Pages/tg1414.aspx

[332]Administration's FY2013 Budget Proposes Tax Policy to Boost Growth, Create Jobs and Improve Opportunity for Middle Class, U.S. Department of the Treasury (Washington) 13 February 2012. Date of Access: 28 March 2012. http://www.treasury.gov/press-center/press-releases/Pages/tg1414.aspx

[333]Administration's FY2013 Budget Proposes Tax Policy to Boost Growth, Create Jobs and Improve Opportunity for Middle Class, U.S. Department of the Treasury (Washington) 13 February 2012. Date of Access: 28 March 2012. http://www.treasury.gov/press-center/press-releases/Pages/tg1414.aspx

[334]IMF Fiscal Monitor, International Monetary Fund (Washington) 17 April 2012. Date of Access: 6 May 2012. http://www.imf.org/external/pubs/ft/fm/2012/01/pdf/fm1201.pdf

[335]IMF Fiscal Monitor, International Monetary Fund (Washington) 17 April 2012. Date of Access: 6 May 2012. http://www.imf.org/external/pubs/ft/fm/2012/01/pdf/fm1201.pdf

[336]IMF Fiscal Monitor, International Monetary Fund (Washington) 17 April 2012. Date of Access: 6 May 2012. http://www.imf.org/external/pubs/ft/fm/2012/01/pdf/fm1201.pdf

The United States has successfully implemented its nationally differentiated clear, credible and specific measures to achieve fiscal consolidation, but it has not implemented its nationally differentiated policies to build confidence and support growth. It has thus been awarded a score of 0.

Analysts: Faiyyad Hosein, Brandon Bailey and Krystel Montpetit

Macroeconomic: Emerging Market Resilience [91]

Commitment [#91]

"Emerging market economies commit to adopting macroeconomic policies to enhance the resilience of their economies"

G20 Cannes Action Plan for Growth and Jobs

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina			+1
Australia		N/A	
Brazil			+1
Canada		N/A	
China			+1
France		N/A	
Germany		N/A	
India			+1
Indonesia			+1
Italy		N/A	
Japan		N/A	
Korea		N/A	
Mexico			+1
Russia			+1
Saudi Arabia		0	
South Africa	-1		
Turkey			+1
United Kingdom		N/A	
United States		N/A	
European Union		N/A	
Average Score		0.7	

Background:

At the Seoul Summit G20 members asked the Financial Stability Board (FSB), the International Monetary Fund (IMF) and the World Bank to report on measures that emerging market economies could adopt to enhance financial stability. This was partly a reflection that since 2008 problems in advanced economies were the focus of the financial regulatory reform debate.[337] The shift in focus towards emerging market economies and developing economies (EMDE) is recognition that these countries have a significant effect on global recovery.[338]

The FSB, IMF and World Bank released their findings in an October 2011 report. Five key market stability issues were selected as the focus from which to derive recommendations. The issues were selected based on "their degree of materiality for a reasonably broad range of EMDEs; their implications for regulatory, supervisory or other financial sector policies; and the

[337] Financial Stability Issues in Emerging Market and Developing Economies, FSB, IMF and World Bank (Basel) 20 October 2011. Date of Access: 4 February 2012. http://www.financialstabilityboard.org/publications/r_111019.pdf.

[338] Financial Stability Issues in Emerging Market and Developing Economies, FSB, IMF and World Bank (Basel) 20 October 2011. Date of Access: 4 February 2012. http://www.financialstabilityboard.org/publications/r_111019.pdf.

extent to which these issues are not already being addressed by other international workstreams."[339]

The five identified stability issues for EMDEs are:

1. Application of international financial standards
2. Promoting cross-border supervisory cooperation
3. Expanding the regulatory and supervisory perimeter
4. Management of foreign exchange risks
5. Developing domestic capital markets

It is possible for the FSB, IMF and World Bank to make common recommendations to address these issues because the financial systems of EMDEs share certain characteristics. For example, EMDEs typically have a relatively smaller financial system than those in advanced economies, a larger role for the state than for capital markets or other financial institutions, greater dependence on foreign capital, greater use of international currencies in domestic markets, and weak institutional and market infrastructures.[340]

Commitment features:
The country focus of this commitment is on the emerging market economies among the G20 members. These members are Argentina, Brazil, China, Indonesia, India, Mexico, Russia, Saudi Arabia, South Africa, and Turkey.

A range of macroeconomic policies can be categorized as those which enhance market resilience. Not all significant policies will be considered in this analysis, however, since some are treated as separate commitments in this report. Market resilient policies which are not considered here but which are analyzed elsewhere in this report are those introduced to: enhance exchange rate flexibility; mitigate price volatility in agriculture; regulate OTC derivatives and SIFIs; and implement Basel-led reforms such as raising capital requirements.

Instead, policies of focus are those that follow the recommendations made by the FSB, IMF and World Bank to address EDME stability issues (listed above). The key recommendations are:

- Strengthening supervisory independence, resources and capacity;
- Adjusting prudential frameworks to reflect the growth in, and the risks arising from, small-scale non-bank lending and deposit-taking institutions;
- Strengthening the management of foreign exchange risks;
- Promoting the development of a domestic investor base;
- Taking measures at both national and regional levels to deepen capital market liquidity; and
- Ensuring the robustness of the infrastructure for clearing and settlement systems.[341]

[339] Financial Stability Issues in Emerging Market and Developing Economies, FSB, IMF and World Bank (Basel) 20 October 2011. Date of Access: 4 February 2012. http://www.financialstabilityboard.org/publications/r_111019.pdf.
[340] Financial Stability Issues in Emerging Market and Developing Economies, FSB, IMF and World Bank (Basel) 20 October 2011. Date of Access: 4 February 2012. http://www.financialstabilityboard.org/publications/r_111019.pdf.
[341] Financial Stability Issues in Emerging Market and Developing Economies, FSB, IMF and World Bank (Basel) 20 October 2011. Date of Access: 4 February 2012. http://www.financialstabilityboard.org/publications/r_111019.pdf.

In order to achieve compliance, G20 members that adopt policies in line with these recommendations must be clear that the intent is to enhance market resilience. Attention is paid to policies that are termed 'macroprudential.'

Policy commitments made by G20 members are listed in an annex to the G20 Cannes Action Plan for Jobs and Growth.[342]

Definitions:
Resiliency: An ability to recover readily; a form of stability.

Macroprudential policies: The objective is to limit systemic risk; the scope is the financial system as a whole (including real and financial sectors); and the instruments are prudential tools meant to target the sources of systemic risk.[343]

Scoring Guidelines:

-1	G20 member does not adopt policies to enhance market resilience and does not declare intent to do so.
0	G20 member is in the process of adopting policies OR declares intent to adopt policies to enhance market resilience.
+1	G20 member adopts policies to enhance market resilience.

Argentina: +1
Argentina has fully complied with its commitment to adopt macroeconomic policies to enhance the resilience of its economies. The Ministry of Economy and Public Finance (MEcon) has pursued new programs on top of existing schemes. The country experienced a 2% budget deficit in 2011.[344]

On 16 February 2012, MEcon announced the Oil Plus and Gas Plus programs, which provide tax credit certificates "to promote the development in energy, promoting increased production and reserves, as well as promote the expansion and growth of activities related to exploration and production of hydrocarbons and their derivatives"[345] and "encourage the investments needed to increase gas production from the private sector in exploration and development of new gas prospects,"[346] respectively. The program was offered to all private sector companies.

[342] Cannes Action Plan for Jobs and Growth – annex of commitments per member, G20 (Cannes) 4 November 2011. Date of Access: 4 February 2012. http://www.g20.utoronto.ca/2011/2011-cannes-action-annex-111104-en.pdf.
[343] Macroprudential Policy Tools and Frameworks, FSB, IMF and Bank for International Settlements (Basel) 27 October 2011. Accessed 4 February 2012. http://www.financialstabilityboard.org/publications/r_111027b.pdf.
[344] World Fact Book: Argentina, Central Intelligence Agency (Langley) 21 February 2012. Date of Access: 5 March 2012. https://www.cia.gov/library/publications/the-world-factbook/geos/ar.html.
[345] Oil Program Plus, Ministry of Economy and Public Finance (Buenos Aires) 16 February 2012. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=2606&order=fecha%20desc&cantidad=3.
[346] Gas Plus Program, Ministry of Economy and Public Finance (Buenos Aires) 16 February 2012. Date of Access: 4 March 2012 http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=2721&order=fecha%20desc&cantidad=3.

On 8 November 2011, MEcon announced 14 instruments to support the private sector, categorized into tax benefits and financial facilities. The four tax-benefit programs are the LPI-Investment Promotion Act,[347] the Special Tax and Customs in the Provinces of Tierra Del Fuego, Antarctica and South Atlantic Islands,[348] the Incentive Scheme for the Production of Capital Goods,[349] Promotion System Software Industry,[350] and the Temporary Admission Arrangements.[351] These programs are generally aimed at attracting private investment in various industries and regions with favourable tax schemes. In addition, the Temporary Admission Arrangements eliminate tariffs and taxes levied on consumer products and components of domestically manufactured goods to make Argentina's exports more competitive.

The ten schemes that provide financial facilities are Fontar,[352] Fontsoft,[353] Improvement in the Productive Sector Environmental Performance of the Basin Creek Massacre,[354] The Subline BICE-Productive and Competitiveness of the Province of Mendoza,[355] Program for the Financing

---

[347] LPI-Investment Promotion Act (ACT 26 360), Ministry of Economy and Public Finance (Buenos Aires) 8 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=1021&order=fecha%20desc&cantidad=3.

[348] The Special Tax and Customs in the Province of Tierra Del Fuego, Antarctica and South Atlantic Islands (LAW 19640), Ministry of Economy and Public Finance (Buenos Aires) 8 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=1033&order=fecha%20desc&cantidad=3.

[349] Incentive Scheme for the Production of Capital Goods – Decree 379/01, Ministry of Economy and Public Finance (Buenos Aires) 8 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=1018&order=fecha%20desc&cantidad=3.

[350] Promotion System Software Industry (LAW 25922), Ministry of Economy and Public Finance (Buenos Aires) 8 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=1024&order=fecha%20desc&cantidad=3.

[351] Temporary Admission Arrangements, Ministry of Economy and Public Finance (Buenos Aires) 8 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=879&order=fecha%20desc&cantidad=3.

[352] Technological Innovation Program II – Fontar, Ministry of Economy and Public Finance (Buenos Aires) 8 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=4093&order=fecha%20desc&cantidad=3.

[353]Non-refundable Contributions – Fonsoft, Ministry of Economy and Public Finance (Buenos Aires) 8 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=1817&order=fecha%20desc&cantidad=3.

[354] Subline BICE Improvement in the Productive Sector Environmental Performance of Basin Creek Massacre, Ministry of Economy and Public Finance (Buenos Aires) 8 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=4089&order=fecha%20desc&cantidad=3.

[355] Subline BICE-Productivity and Competitiveness of the Province of Mendoza (IDB LOAN No. 1640/OC-AR), Ministry of Economy and Public Finance (Buenos Aires) 8 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=4087&order=fecha%20desc&cantidad=3.

of Investments,[356] Program for the Financing of Investment in Renewable Energy,[357] Finance Exports of Goods and Services,[358] Subline Financing of Capital Goods National Origin,[359] SME Financing Line and Cooperative,[360] and Financing Investment Productive Activities for SMEs.[361] These programs are specifically targeted at vulnerabilities faced by micro, small and medium enterprises and disadvantaged industries such as agriculture, with financial subsidies to help beneficiary companies increase productivity and competitiveness.

On 7 November 2011, MEcon announced 12 financial facilities programs and two credit relief programs.

The financial facilities programs are the Modernization Project Credits,[362] Regional Development Program and Industry (PRODER),[363] CAE-BICE,[364] Young SMEs,[365] Productive Investments

[356] Program for the Financing of Investments – Combined Rate – BICE, Ministry of Economy and Public Finance (Buenos Aires) 8 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=2141&order=fecha%20desc&cantidad=3.

[357] Program for the Financing of Investment in Renewable Energy – BICE, Ministry of Economy and Public Finance (Buenos Aires) 8 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=2136&order=fecha%20desc&cantidad=3.

[358] Finance Exports of Goods and Services (POSFINANCIACIÓN) – BICE, Ministry of Economy and Public Finance (Buenos Aires) 8 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=2147&order=fecha%20desc&cantidad=3.

[359] Subline Financing of Capital Goods of National Origin – BICE, Ministry of Economy and Public Finance (Buenos Aires) 8 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=4075&order=fecha%20desc&cantidad=3.

[360]SME Financing Line and Cooperative - BICE, Ministry of Economy and Public Finance (Buenos Aires) 8 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=4073&order=fecha%20desc&cantidad=3.

[361]Financing Investment Productive Activities for SMEs – Pears and Apples – BNA, Ministry of Economy and Public Finance (Buenos Aires) 8 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=4064&order=fecha%20desc&cantidad=3.

[362] Article 2 – Modernization Project Credits – Fontar, Ministry of Economy and Public Finance (Buenos Aires) 8 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=1708&order=fecha%20desc&cantidad=3.

[363] Regional Development Program and Industry (PRODER) – BNA, Ministry of Economy and Public Finance (Buenos Aires) 8 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=1351&order=fecha%20desc&cantidad=3.

[364] CAE-BICE, Ministry of Economy and Public Finance (Buenos Aires) 7 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=3161&order=fecha%20desc&cantidad=3.

[365] Young SMEs, Ministry of Economy and Public Finance (Buenos Aires) 7 November 2011. Date of Access: 4 March 2012.http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=2264&order=fecha%20desc&cantidad=3.

Financing,[366] Productive Investment Financing — Tourism,[367] Financing Program for Production of Bicentennial,[368] Financing Investment Productive Activities for SME — Agricultural Production and Value Added at Source,[369] Financing Investment Productive Activities for SME — Production of corn, grain sorghum, sunflowers and wheat,[370] Financing Investment Productive Activities for SMEs — Dairy Sector,[371] Financing Investment Productive Activities for SMEs — Various,[372] and Financing Investment Productive Activities for SMEs — Won and Meat. As mentioned, these financing schemes are aimed to help SMEs and/or vulnerable sectors of the economy become more resilient and productive.

The two credit programs are Line of Credit to Finance Sector[373] and Bonus Rate Regime of SEPyME.[374] These programs provide a credit line at a subsidized rate (i.e. subsidized loans) to agricultural producers and SMEs, thereby encouraging private investment.

[366] Productive Investments Financing – BNA SSEPyME, Ministry of Economy and Public Finance (Buenos Aires) 7 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=4065&order=fecha%20desc&cantidad=3.

[367] Productive Investments Financing – Tourism – BNA, Ministry of Economy and Public Finance (Buenos Aires) 7 November 2011. Date of Access: 4 March 2012.http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=4069&order=fecha%20desc&cantidad=3.

[368] Financing Program Production of Bicentennial, Ministry of Economy and Public Finance (Buenos Aires) 7 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=3127&order=fecha%20desc&cantidad=3.

[369] Financing Investment Productive Activities for SMEs – Agricultural Production and Value Added at Source – BNA, Ministry of Economy and Public Finance (Buenos Aires) 7 November 2011. Date of Access: 4 March 2012.http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=4063&order=fecha%20desc&cantidad=3.

[370] Financing Investment Productive Activities for SMEs – Production corn, grain sorghum, sunflowers and wheat – BNA, Ministry of Economy and Public Finance (Buenos Aires) 7 November 2011. Date of Access: 4 March 2012.http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=4062&order=fecha%20desc&cantidad=3.

[371] Ministry of Economy and Public Finance (Buenos Aires) 7 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=4056&order=fecha%20desc&cantidad=3.

[372] Financing Investment Productive Activities for SMEs – Dairy Sector – BNA, Ministry of Economy and Public Finance (Buenos Aires) 7 November 2011. Date of Access: 4 March 2012. http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=4055&order=fecha%20desc&cantidad=3.

[373] Line of Credit to Finance Sector Tambero, Ministry of Economy and Public Finance (Buenos Aires) 7 November 2011. Date of Access: 4 March 2012.http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=712&order=fecha%20desc&cantidad=3.

[374] Bonus Rate Regime of SEPyME, Ministry of Economy and Public Finance (Buenos Aires) 7 November 2011. Date of Access: 4 March 2012.http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=944&order=fecha%20desc&cantidad=3.

Therefore, Argentina is awarded a score of +1 for compliance with its commitment of adopting macroeconomic policies to enhance market resilience, evident in its numerous policies that target vulnerable sectors of the economy.

Analyst: Jason Li

Brazil: +1

Brazil has complied with its commitment to use macroeconomic policy to enhance market resilience.

On 7 March 2012, the Monetary Policy Committee (COPOM) of the Central Bank of Brazil decided to reduce the Special Clearance and Escrow System (SELIC) rate, which is the country's main mechanism to execute monetary policy, from 10.5 to 9.7% without bias.[375] The Committee evaluated that "deceleration of the Brazilian economy in the second half of 2011 was higher than expected" and "constitute[d] an economic environment in which a much above-than-usual uncertainty level prevails."[376] As such the adjustments in the SELIC rate was targeted to decreasing risks by deepening the availability of credit.

On 18 January 2012, COPOM decided to reduce the SELIC rate from 11.0% to 10.5% without bias.[377] By pursuing a moderate reduction in the SELIC rate, COPOM aimed to "ensure the timely convergence of inflation to the targets path."[378] Thus, the adjustment in the SELIC rate is a management mechanism for inflation, used to ensure stability in the market.

On 30 November 2011, COPOM decided to lower the SELIC rate from 11.5% to 11.0% without bias.[379] The measure was aimed at "decreasing risks to the confirmation of a scenario in which inflation timely converges to the midpoint target."[380] By lowering the risk of uncontrolled inflation, COPOM is enhancing market resilience.

Therefore, Brazil has complied with its commitment to pursue macroeconomic policies to protect market resilience through adjustments of the SELIC rate to control inflation, and is awarded a score of +1.

Analyst: Jason Li

375 165th Meeting, Central Bank of Brazil (Brasilia) 7 March 2012. Date of Access: 28 April 2012. http://www.bcb.gov.br/?STATEMENT165.

376 Minutes of the 165th Meeting of the Monetary Policy Committee (COPOM), Central Bank of Brazil (Brasilia) 7 March 2012. Date of Access: 28 April 2012. http://www4.bcb.gov.br/pec/gci/ingl/COPOM/COPOM20120323-165th%20Copom%20Minutes.pdf.

377 164th Meeting, Central Bank of Brazil (Brasilia) 18 January 2012. Date of Access: 5 March 2012. http://www.bcb.gov.br/?STATEMENT164.

378 Minutes of the 164th Meeting of the Monetary Policy Committee (COPOM), Central Bank of Brazil (Brasilia) 17 January 2012. Date of Access: 5 March 2012. http://www4.bcb.gov.br/pec/gci/ingl/COPOM/COPOM20120131-164th%20Copom%20Minutes.pdf.

379 163rd Meeting, Central Bank of Brazil (Brasilia) 30 November 2011. Date of Access: 5 March 2012. http://www.bcb.gov.br/?STATEMENT163.

380 Minutes of the 163rd Meeting of the Monetary Policy Committee (COPOM), Central Bank of Brazil (Brasilia) 29 November 2011. Date of Access: 5 March 2012. http://www4.bcb.gov.br/pec/gci/ingl/COPOM/COPOM20111130-163rd%20Copom%20Minutes.pdf.

China: +1

China has fully complied with its commitment to adopt macroeconomic policies to enhance the resilience of its economy.

On 6 April 2012, the People's Bank of China (PBC) issued a press release promising to "continue to promote in-depth reforms in China's financial sector, strengthen the financial stability and crisis management framework, increase the supervisory effectiveness of the financial industry, and further improve the financial infrastructure and financial services, so as to support the stable and sound development of the economy."[381] This statement of intent is in response to five detailed assessment reports by the IMF and the World Bank praising the country's high level of adherence to international financial standards and codes.

China expanded a program to allow "qualified investors to invest yuan-based funds raised in Hong Kong in the mainland securities market within a permitted quota"[382] that is aimed to shore up the domestic capital market. On 3 April 2012, Xinhua, China's state news agency announced that the government would expand its RMB Qualified Foreign Institutional Investors (RQFII) pilot program "by increasing the investment quota by 50 billion yuan (7.94 billion U.S.dollars) from the previous 20 billion yuan."[383]

On 24 February 2012, the PBC reduced the Renminbi required reserve ratio for deposit-taking financial institutions by 0.5 percentage points.[384] According to Xinhua the reduction is meant "to ease short-term credit crunch and secure growth in the wake of a lackluster external market"[385] by increasing liquidity in the banking system, and "to strengthen support of the real economy," said Lian Ping, chief economist of the Bank of Communications.

On 16 February 2012, Xinhua announced that the PBC "will further strengthen [small and mid-sized] banks' daily financial risk monitoring, their soundness appraisals and their reporting upon financial emergencies, in an effort to prevent systematic and regional financial risks."[386]

[381] Strengthen International Cooperation and Promote Sound Development, People's Bank of China (Beijing) 6 April 2012. Date of Access: 29 April 2012. http://www.pbc.gov.cn/publish/english/955/2012/20120406080446691826646/20120406080446691826646_.html.

[382] China Expands RQFII, QFII Investment Quota, Xinhua News Agency (Beijing) 4 April 2012. Date of Access: 29 April 2012. http://news.xinhuanet.com/english/china/2012-04/04/c_131506130.htm.

[383] China Expands RQFII, QFII Investment Quota, Xinhua News Agency (Beijing) 4 April 2012. Date of Access: 29 April 2012. http://news.xinhuanet.com/english/china/2012-04/04/c_131506130.htm.

[384] RMB Required Reserve Ratio for Deposit Taking Institutions Cut by 0.5 Percentage Points, People's Bank of China (Beijing) 18 February 2012. Date of Access: 5 March 2012. http://www.pbc.gov.cn/publish/english/955/2012/20120227172256393663207/20120227172256393663207_.html.

[385] China cuts RRR to ease credit crunch, secure growth, Xinhua News Agency (Beijing) 18 February 2012. Date of Access: 5 March 2012. http://news.xinhuanet.com/english/china/2012-02/18/c_131418271.htm.

[386] China should reform banks to prevent risk: Central Bank, Xinhua News Agency (Beijing) 16 February 2012. Date of Access: 5 March 2012. http://news.xinhuanet.com/english/china/2012-02/16/c_122713248.htm.

On 9 February 2012, the PBC announced the implementation of the Measures for the Pilot Program of Investment by Fund Management Companies and Securities Companies Approved as Renminbi Qualified Foreign Institutional Investors (RQFII) in Domestic Securities Market Program.[387] According to Xinhua, the trials for RQFII, launched in December 2011, were designed "to widen investment channels for overseas yuan funds on the Chinese mainland."[388] The measures allow investors "to invest yuan-based funds raised in Hong Kong in the mainland securities market within a permitted quota" and the total investment quota is approximately 20 billion yuan (USD3.2 billion).[389] A government official also said that RQFII "will help diversify investment products for overseas RMB funds and facilitate off-shore RMB business."[390] The RQFII is tightly regulated with the use of quotas and in addition to promoting the domestic investor base is also a mechanism to manage foreign exchange risks.

On 18 January 2012, the Ministry of Commerce released a notice to further improve management measures concerning foreign-invested companies. The measures are aimed to "regulate the approval procedures and foreign exchange management of foreign-funded investment companies, and promote the development of foreign-invested investment companies."[391]Ensuring that foreign-funded investment companies should be noted and "registered in the system of administration of review" and ensuring that other types of enterprises are not allowed to be name themselves as 'Investment Company'... or similar terms does this.[392] Such measures reflect China's commitment to macroprudential strategies by strengthening supervisory independence and regulation in the investment sector.

On 28 December 2011, central bank governor Zhou Xiaochuan gave a keynote speech at the Central Economic Work Conference, stating that in 2012 the PBC would adhere to the principle

[387] PBC Announcement on Implementation of RQFII Pilot Program, People's Bank of China (Beijing) 9 February 2012. Date of Access: 5 March 2012. http://www.pbc.gov.cn/publish/english/955/2012/20120227171723053208048/20120227171723053208048_.html.

[388] China's regulatory body considers expanding RQFII program: report, Xinhua News Agency (Beijing) 15 January 2012. Date of Access: 5 March 2012. http://news.xinhuanet.com/english/china/2012-01/15/c_131361239.htm.

[389] China's regulatory body considers expanding RQFII program: report, Xinhua News Agency (Beijing) 15 January 2012. Date of Access: 5 March 2012. http://news.xinhuanet.com/english/china/2012-01/15/c_131361239.htm.

[390] China to launch RQFII trials, Xinhua News Agency (Beijing) 16 December 2011. Date of Access: 5 March 2012. http://news.xinhuanet.com/english/china/2011-12/16/c_131311460.htm.

[391] Notice on Further Improving Management Measures Concerning Foreign-invested Companies by Ministry of Commerce and State Administration for Foreign Exchange, Ministry of Commerce (Beijing) 18 January 2012. Date of Access: 5 March 2012. http://english.mofcom.gov.cn/aarticle/policyrelease/domesticpolicy/201202/20120207955891.html.

[392] Notice on Further Improving Management Measures Concerning Foreign-invested Companies by Ministry of Commerce and State Administration for Foreign Exchange, Ministry of Commerce (Beijing) 18 January 2012. Date of Access: 5 March 2012. http://english.mofcom.gov.cn/aarticle/policyrelease/domesticpolicy/201202/20120207955891.html.

of "making progress while maintaining stability."[393] This is done by expanding domestic demand "to develop the real sector, to deepen reform and promote innovation, and to safeguard and improve the livelihood of people."[394]

On 16 November 2011, the PBC released the China Monetary Policy Report for the third quarter of 2011. The PBC reaffirmed its commitment to improve the macroprudential policy framework and "to maintain a proper volume of all-system financing aggregates."[395] It promised to "combine the adjustment of aggregates in the form of money, credit, and liquidity management with stronger macro-prudential management, and to properly adjust the measures in line with the macroeconomic changes and the soundness of the banking system."[396] This is done with the intention to "encourage financial institutions to maintain sound operations, to adjust lending, and to boost their risk-prevention capability," in line with the Cannes Summit commitment.[397]

Therefore, China is awarded a score of +1 for its compliance to the commitment to adopt macroeconomic policies to enhance its market resilience both in terms of widening investment markets and increasing supervisory measures.

Analyst: Jason Li

India: +1

India has complied with its commitment to enhance market resilience through macroprudential policies.

On 10 March 2012, the RBI reduced the cash reserve ratio (CRR) from 5.5% to 4.75%, a measure to address "the persistent structural liquidity deficit."[398] This follows a cut in the CCR effective 28 January 2012 of 50 bps from 6.0% to 5.5%.[399] The monetary policy goals behind the CRR

[393] PBC Will Continue to Implement Prudent Monetary Policy and Promote Stable and Healthy Economic Development, People's Bank of China (Beijing) 28 December 2011. Date of Access: 5 March 2012. http://www.pbc.gov.cn/publish/english/955/2012/20120106163202059869012/20120106163202059869012_.html.

[394] PBC Will Continue to Implement Prudent Monetary Policy and Promote Stable and Healthy Economic Development, People's Bank of China (Beijing) 28 December 2011. Date of Access: 5 March 2012. http://www.pbc.gov.cn/publish/english/955/2012/20120106163202059869012/20120106163202059869012_.html.

[395] China Monetary Policy Report Quarter Three, 2011, People's Bank of China (Beijing) 16 November 2011. Date of Access: 5 March 2012. http://www.pbc.gov.cn/image_public/UserFiles/english/upload/File/2011Q3MPR.pdf.

[396] China Monetary Policy Report Quarter Three, 2011, People's Bank of China (Beijing) 16 November 2011. Date of Access: 5 March 2012. http://www.pbc.gov.cn/image_public/UserFiles/english/upload/File/2011Q3MPR.pdf.

[397] China Monetary Policy Report Quarter Three, 2011, People's Bank of China (Beijing) 16 November 2011. Date of Access: 5 March 2012. http://www.pbc.gov.cn/image_public/UserFiles/english/upload/File/2011Q3MPR.pdf.

[398] Mid-Quarter Monetary Policy Review: March 2012, Reserve Bank of India (Mumbai) 15 March 2012. Date of Access: 18 March 2012. http://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=26124.

[399] Third Quarter Review of Monetary Policy 2011-12 Press Statement by Dr. D. Subbarao, Governor, Reserve Bank of India (Mumbai) 24 January 2012. Date of Access: 18 March 2012. http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=25841.

cuts, according to central bank governor Dr. D. Subbarao, are "to manage liquidity to ensure that it remains in moderate deficit" and "to respond to increasing downside risks to growth."[400] These policies aim to increase India's resilience in the face of significantly tightened liquidity since November 2011.[401]

On 17 January 2012, the RBI announced that banks could allow unlisted companies to hedge the price risk of commodities, with the exception of gold, silver and platinum, in international markets.[402] The focus of this measure is on risk containment.[403]

On 23 November 2011, the RBI effectively promoted the domestic investor base by hiking interest rates on Non-Resident (External) Rupee Term Deposits and on Foreign Currency Non-Resident (Bank) Deposits, both effective 23 November 2011.[404]

On 1 December 2011, the Reserve Bank of India (RBI) implemented Guidelines on Credit Default Swaps for corporate bonds.[405] The guidelines are a set of prudential policies aimed to help banks or investors manage credit risk associated with corporate bonds.[406]

On 21 February 2012, the RBI released its Draft Guidelines of Liquidity Risk Management and Basel III Framework on Liquidity Standards.[407] In addition to addressing Basel Principles, the guidelines address deficiencies in liquidity risk management through consolidation and/or harmonization of various instructions and guidelines issued by the RBI.[408]

[400] Third Quarter Review of Monetary Policy 2011-12 Press Statement by Dr. D. Subbarao, Governor, Reserve Bank of India (Mumbai) 24 January 2012. Date of Access: 18 March 2012. http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=25841.

[401] Macroeconomic and Monetary Developments: Third Quarter Review 2011-12, Reserve Bank of India (Mumbai) 23 January 2012. Date of Access: 18 March 2012. http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=25835.

[402] Risk Management and Inter-Bank Dealings – Commodity Hedging, Reserve Bank of India (Mumbai) 17 January 2012. Date of Access: 4 May 2012. http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=6946&Mode=0.

[403] RBI Allows Unlisted Cos to Hedge Commodity Price Risk, The Hindu Business Line (Mumbai) 17 January 2012. Date of Access: 4 May 2012. http://www.thehindubusinessline.com/industry-and-economy/banking/article2808878.ece.

[404] RBI Hikes Interest Rates on NRE and FCNR (B) Deposits, Reserve Bank of India (Mumbai) 23 November 2011. Date of Access: 18 March 2012. http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=25471.

[405] Introduction of Credit Default Swaps (CDS) for Corporate Bonds, Reserve Bank of India (Mumbai) 30 November 2011. Date of Access: 18 March 2012. http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=25511.

[406] Prudential Guidelines on Credit Default Swaps (CDS), Reserve Bank of India (Mumbai) 30 November 2011. Date of Access: 18 March 2012. http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=6852&Mode=0.

[407] Liquidity Risk Management and Basel III Framework on Liquidity Standards – Draft Guidelines, Reserve Bank of India (Mumbai) 21 February 2012. Date of Access: 18 March 2012. http://www.rbi.org.in/Scripts/bs_viewcontent.aspx?Id=2498.

[408] RBI Releases Draft Guidelines on Liquidity Risk Management and Basel III Framework on Liquidity Standards, Reserve Bank of India (Mumbai) 21 February 2012. Date of Access: 18 March 2012. http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=25997.

India therefore receives a compliance score of +1 to reflect its implementation of prudential policies and guidelines to enhance market resilience.

Analysts: Dana Wagner and Manasi Joshi

Indonesia: +1

Indonesia has fully complied with its commitment to enhance market resilience. Bank Indonesia has implemented macroprudential policies aimed at cooling inflation and has signaled intention to grow the rural and Islamic banking sectors to strengthen resilience and promote the domestic investor base.

On 9 February 2012, Bank Indonesia decreased its benchmark interest rate to 5.75%, a cut of 25 basis points, in a step to boost Indonesia's economic growth.[409] The decision was intended to achieve "inflation target and exchange rate stability" and the central bank said it will "continue to strengthen monetary and macro-prudential policy."[410] This follows a 50 bps decrease implemented on 10 November 2011 to 6%, a decision that was also taken to reduce the impacts of the worsening global economy on domestic markets.[411]

On 5 December 2011, Bank Indonesia launched two sets of guidelines, contained in the Generic BPR Apex Model and the BPR Business Model, on how to establish a rural bank and manage it sustainably.[412] The guidelines aim to grow rural banks, because of their critical role in overall market resilience, by improving financial performance and capital, management, and business strategy.[413]

On 16 March 2012, the central bank set rules that will limit housing loans and set minimum down payments for auto purchases. These are set to take effect on 15 June 2012.[414] The prudential policies are intended to prevent excessive lending that could lead to price bubbles.[415] Cooling the auto sector is important for market resilience because manufacturing, along with the transportation and communication sectors, is leading Indonesia's economic growth.[416]

[409] BI Rate Lowered by 25 bps to 5.75%, Bank Indonesia (Jakarta) 9 February 2012. Date of Access: 18 March 2012. http://www.bi.go.id/web/en/Ruang+Media/Siaran+Pers/sp_140312.htm.

[410] BI Rate Lowered by 25 bps to 5.75%, Bank Indonesia (Jakarta) 9 February 2012. Date of Access: 18 March 2012. http://www.bi.go.id/web/en/Ruang+Media/Siaran+Pers/sp_140312.htm.

[411] Board of Governor Decreased BI Rate to 6,00%, Bank Indonesia (Jakarta) 10 November 2011. Date of Access: 18 March 2012. http://www.bi.go.id/web/en/Ruang+Media/Siaran+Pers/sp_133711.htm.

[412] Bank Indonesia Launches the Generic BPR Apex Model Book and the BPR Business Model Book, Bank Indonesia (Jakarta) 5 December 2011. Date of Access: 18 March 2012. http://www.bi.go.id/web/en/Ruang+Media/Siaran+Pers/sp_134211.htm.

[413] Bank Indonesia Launches the Generic BPR Apex Model Book and the BPR Business Model Book, Bank Indonesia (Jakarta) 5 December 2011. Date of Access: 18 March 2012. http://www.bi.go.id/web/en/Ruang+Media/Siaran+Pers/sp_134211.htm.

[414] Indonesia sets rules to prevent housing, auto loan bubbles, Reuters (Jakarta) 16 March 2012. Date of Access: 18 March 2012. http://www.reuters.com/article/2012/03/16/indonesia-economy-cbank-idUSL4E8EG1XD20120316.

[415] Indonesia sets rules to prevent housing, auto loan bubbles, Reuters (Jakarta) 16 March 2012. Date of Access: 18 March 2012. http://www.reuters.com/article/2012/03/16/indonesia-economy-cbank-idUSL4E8EG1XD20120316.

[416] BI Rate Lowered by 25 bps to 5.75%, Bank Indonesia (Jakarta) 9 February 2012. Date of Access: 18 March 2012. http://www.bi.go.id/web/en/Ruang+Media/Siaran+Pers/sp_140312.htm.

Indonesia's policies to enhance market resilience are further evidenced by two rating agency upgrades. On 18 January 2012, Moody's Investors Service upgraded the sovereign rating to Baa3, citing resilient economic growth, "the presence of policy buffers and tools that address financial vulnerabilities," and "a healthier banking system capable of withstanding stress."[417] On 15 December 2011, Fitch Ratings upgraded the sovereign credit rating to BBB-, reflecting Indonesia's "strengthened external liquidity, low and declining public debt ratios, and a prudent overall macro policy framework."[418] A recent affirmation of BB+ long-term and B short-term sovereign credit ratings from Standard and Poor's signals Indonesia's "declining public sector debt burden, strengthening external liquidity, and resilient economic performance."[419]

Bank Indonesia committed to implement policies in 2012 to develop the Islamic banking sector, said Deputy Governor Halim Alamsyah on 14 December 2011. Development of Islamic banking will enhance Indonesia's resilience because the sector is relatively insulated from global financial shocks. This is due to the financing portfolio of Islamic banks, which is allocated almost entirely to productive sectors and which is primarily extended to domestic business — the sector is therefore not directly linked to foreign trade.[420]

As a result of the numerous macroprudential policies implemented by Indonesia to enhance market resilience, as well as decisions taken by government to further enhance resilience, Indonesia receives a +1 compliance score.

Analysts: Dana Wagner and Manasi Joshi

Mexico: +1

Mexico has complied with its commitment to adopt macroeconomic policies to enhance market resilience. The Mexican economy has grown at a moderate pace since the crisis, enabled by resilience-focused improvements in employment, credit, and investment conditions.[421] Mexico has continued to implement macroprudential policies since the Cannes Summit.

On 29 November 2011, Mexico's Foreign Exchange Commission announced a two-part policy "with the goal of preserving the orderly functioning of the foreign exchange market."[422] First, the Bank of Mexico temporarily suspended auction of FX options which grant the right to sell dollars

---

[417] Moodys Upgrades Indonesia Sovereign Rating, Bank Indonesia (Jakarta) 18 January 2012. Date of Access: 18 March 2012. http://www.bi.go.id/web/en/Ruang+Media/Siaran+Pers/sp_140212.htm.

[418]Fitch Rating Upgraded Indonesia to Investment Grade, Bank Indonesia (Jakarta) 15 December 2011. Date of Access: 18 March 2012. http://www.bi.go.id/web/en/Ruang+Media/Siaran+Pers/SP_13452011.htm.

[419] S&P Affirmed Indonesia Sovereign Rating at BB+, Outlook Positive, Bank Indonesia (Jakarta) 23 April 2012. Date of Access: 4 May 2012. http://www.bi.go.id/web/en/Ruang+Media/Siaran+Pers/sp_140912.htm.

[420] Bank Indonesia hosts Seminar on Outlook for Islamic Banking in 2012, Bank Indonesia (Jakarta) 14 December 2011. Date of Access: 18 March 2012. http://www.bi.go.id/web/en/Ruang+Media/Siaran+Pers/sp_134411.htm.

[421] Mexico: Review Under the Flexible Credit Line Arrangement, International Monetary Fund (Washington) December 2011. Date of Access: 15 March 2012. http://www.imf.org/external/pubs/ft/scr/2011/cr11367.pdf.

[422] Mexico Suspends Monthly Dlr Option Sales to Ensure Liquidity, Market News International (Mexico City) 29 November 2011. Date of Access: 15 March 2012. https://mninews.deutsche-boerse.com/index.php/mexico-suspends-monthly-dlr-option-sales-ensure-liquidity?q=content/mexico-suspends-monthly-dlr-option-sales-ensure-liquidity.

to the Bank. Second, the central bank announced it would provide FX liquidity up to USD 400 million per day when the currency depreciated by more than 2% from the previous day's rate.[423]

On 9 January 2012, the Ministry of the Economy and numerous large corporations and industrial associations in Mexico signed an amendment to the Agreement for Continuous Improvement of Business Practices.[424] Goals of the amendments include strengthening the domestic market for SMEs and protecting small producers.[425] This is done through regulatory advancements, for example, a grievance mechanism aimed to enhance conflict resolution between businesses.[426]

At the time of writing, Mexico's Finance Ministry is considering issuing sovereign bonds in Japanese yen and euros in an effort to diversify its investor base and exposure to international markets.[427]

Mexico has implemented market resilient policies since the Cannes Summit, primarily through policies to manage foreign exchange risks and enhance supervisory mechanisms, and therefore receives a compliance score of +1.

Analyst: Dana Wagner

Russia: +1

Russia has fully complied with the commitment to enhance the resilience of its economy.

Russia has undertaken measures to ensure the robustness of its infrastructure for clearing and settlement systems.

On 7 December 2011, Russian President Dmitry Medvedev signed a law, providing for the establishment of central depository in the Russian securities market. This depository will improve settlement system infrastructure in Russia.[428]

Russian authorities have taken measures aimed at deepening financial market liquidity.

---

[423] Mexico: Review Under the Flexible Credit Line Arrangement, International Monetary Fund (Washington) December 2011. Date of Access: 15 March 2012. http://www.imf.org/external/pubs/ft/scr/2011/cr11367.pdf.

[424] Press release No. 003/12, Ministry of the Economy (Mexico City) 9 January 2012. Date of Access: 13 March 2012. http://www.economia.gob.mx/eventos-noticias/sala-de-prensa/comunicados/7132-boletin-003-1.

[425] Signing of Agreement Amending the Agreement for Continuous Improvement of Business Practices, Ministry of the Economy, (Mexico City) 9 January 2012. Date of Access: 15 March 2012. http://www.economia.gob.mx/eventos-noticias/sala-de-prensa/discursos/7166-firma-del-convenio-modificatorio-del-convenio-de-concertacion-para-la-mejora-continua-de-practicas-comerciales.

[426] Signing of Agreement Amending the Agreement for Continuous Improvement of Business Practices, Ministry of the Economy, (Mexico City) 9 January 2012. Date of Access: 15 March 2012. http://www.economia.gob.mx/eventos-noticias/sala-de-prensa/discursos/7166-firma-del-convenio-modificatorio-del-convenio-de-concertacion-para-la-mejora-continua-de-practicas-comerciales.

[427] Update: Mexico Weighs Issuing Bonds in Yen, Euros to Diversify, The Wall Street Journal (New York City) 8 March 2012. Date of Access: 15 March 2012. http://online.wsj.com/article/BT-CO-20120308-716617.html.

[428] Federal Law On Central Depository Is Signed, Office of the President (Moscow) 7 December 2011. Date of Access: 31 March 2012. http://kremlin.ru/news/13880.

On 9 December 2011, Russian President instructed the Government to facilitate the formation of liquid futures market in Russia for trading in contracts on domestically-produced commodities.[429]

On 28 December 2011, Russian Presidential Aide Arkady Dvorkovich declared that the instruments of increasing liquidity in the banking sector used by the Central Bank and the Government, which had been created during the world financial crisis, may be re-introduced in case of the situation in the global economy deteriorates.[430]

Russian authorities have taken measures to strengthen supervisory independence, resources and capacity.

On 9 December 2011, Russian President gave instructions to the Government, concerning the establishment of a special authority to manage Russia's government debt, as well as Reserve Fund and National Welfare Fund assets.[431]

On 22 March 2012, Russian President instructed the Government to propose amendments to legislation in the financial sphere aimed at ensuring market stability and strengthening supervisory independence. Amendments should, inter alia, give to the Russian Central Bank «the right to use an informed judgment in exercising supervisory functions» and facilitate the establishment of a Financial Stability Council in Russia.[432]

Russia has followed the recommendations made by the FSB, IMF and World Bank to address several EDME stability issues. Thus, it is awarded a score of +1.

Analyst: Andrey Shelepov

Saudi Arabia: 0

Saudi Arabia has partially complied with its commitment to enhance market resilience. It is in the process of implementing policies to increase financial supervision.

On 4 February 2012, the Saudi Arabian Monetary Agency and The Capital Market Authority signed a memorandum of cooperation to strengthen oversight of financial entities through better inter-agency coordination.[433] The framework will improve supervision, oversight, and risk

[429] Instructions following meeting of the International Advisory Board on establishing and developing an international financial centre in Russia, Office of the President (Moscow) 9 December 2011. Date of Access: 31 March 2012. http://kremlin.ru/assignments/13925.
[430] Presidential Aide Arkady Dvorkovich answered journalists' questions following a meeting on economic issues, Office of the President (Moscow) 28 December 2011. Date of Access: 31 March 2012. http://eng.news.kremlin.ru/ref_notes/70.
[431] Instructions following meeting of the International Advisory Board on establishing and developing an international financial centre in Russia, Office of the President (Moscow) 9 December 2011. Date of Access: 31 March 2012. http://eng.kremlin.ru/news/3204.
[432] Instructions following meeting on economic issues, Office of the President (Moscow) 22 March 2012. Date of Access: 31 March 2012. http://eng.kremlin.ru/news/3575.
[433] Memorandum of Co-operation Between Saudi Arabian Monetary Agency and The Capital Market Authority, Saudi Arabian Monetary Agency (Riyadh) 4 February 2012. Date of Access: 18 March 2012. http://www.sama.gov.sa/sites/samaen/News/Pages/agreesett.aspx.

management "leading to the development of the financial sector and enhancing its stability."[434] A committee has been established to implement this framework.

A partial compliance score of 0 is assigned because Saudi Arabia has not fully implemented policies to strengthen market resilience through supervisory capacity, but is in the process of implementation.

Analysts: Dana Wagner and Manasi Joshi

South Africa: -1

South Africa has not complied with its commitment to use macroeconomic policy to enhance market resilience.

On 29 March 2012, the Monetary Policy Committee released a statement on the South African Reserve Bank's monetary policies, noting that the "domestic economic growth remains constrained, but the improved performance of the economy in the fourth quarter of 2011, and some positive developments in the global economy indicate a slightly better outlook than previously expected," as such "the Committee is of the view that at this stage the current stance of monetary policy is appropriate to support the real economy."[435] In other words, the MPC made no adjustments and pursued no new programs.

On 1 March 2012, the South African Reserve Bank implemented changes to its monetary policies, primarily the allocation of the amounts tendered by banks in the weekly main repo auctions based on a "pro rata basis, up to the announced average daily liquidity requirement for the week in instances where the auction is over-subscribed."[436] This is to correct problems that have arisen from the previous system where banks were able to absorb the whole amount offered at the auctions, leading to the money-market being in a surplus position for which banks are penalized. However, the Bank emphasizes that the "refinements mentioned above are operational in nature and do not in any way reflect a change in the monetary policy stance of the Bank."[437] Thus these changes are not targeted to protect market resilience.

On 19 January 2012, the MPC released its monetary policy statements. While acknowledging that the "global outlook remains clouded," the central bank's governor, Gill Marcus "feels that given the lack of demand pressures, monetary tightening at this stage would not be appropriate. At the same time, the nominal policy rate is at a long term low and the real policy rate is slightly

[434] Memorandum of Co-operation Between Saudi Arabian Monetary Agency and The Capital Market Authority, Saudi Arabian Monetary Agency (Riyadh) 4 February 2012. Date of Access: 18 March 2012. http://www.sama.gov.sa/sites/samaen/News/Pages/agreesett.aspx.

[435] Statement of the Monetary Policy Committee, South African Reserve Bank (Pretoria) 29 March 2012. Date of Access: 29 April 2012. http://www.resbank.co.za/Publications/Detail-Item-View/Pages/Publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblist=21b5222e-7125-4e55-bb65-56fd3333371e&sarbitem=5005.

[436] Publication Detail D1/2012, South African Reserve Bank (Pretoria) 23 January 2012. Date of Access: 5 March 2012. http://www.resbank.co.za/publications/detail-item-view/pages/publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblist=21b5222e-7125-4e55-bb65-56fd3333371e&sarbitem=4944.

[437] South African Reserve Bank's monetary policy operational procedures, South African Reserve Bank (Pretoria) 22 February 2012. Date of Access: 5 March 2012. http://www.resbank.co.za/publications/detail-item-view/pages/publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblist=21b5222e-7125-4e55-bb65-56fd3333371e&sarbitem=4968.

negative, indicating a monetary policy stance that is accommodative of the real economy."[438] Interest rates were held steady and no change in monetary policy was proposed.

Therefore, as South Africa's change in monetary policy has been operational and not explicitly intended to enhance market resilience as no further macroeconomic policies have been adopted it is awarded a score of -1.

Analyst: Jason Li

Turkey: +1

Turkey has fully complied with its commitment to use macroeconomic policies to enhance market resilience. The Central Bank of the Republic of Turkey (CBRT) releases monthly press reports that track economic developments on its Monetary Policy Committee (MPC) meetings, open market operations, and interest rates — which indicate a high and consistent level of supervisory independence.[439]

On 18 April 2012, the MPC announced that it has decided to keep the short term interest rates determined on 21 February 2012 but indicated that "additional monetary tightening may be implemented more frequently in the forthcoming period."[440] The Bank also stated in the summary of the MPC meeting that the policy stance is aimed to "facilitate price stability and financial stability" and the monetary policy stance may be revised if it has an "adverse effect on the medium-term inflation outlook."[441]

The Bank is taking steps to protect its supervisory capability to intervene in the economy to protect the resilience of the markets. On 29 March 2012, the Bank announced that it had "enabled the facility that allows holding up to the entire amount of reserve requirements for precious metal deposit accounts, and up to 10% of reserve requirements for FX liabilities excluding precious metal deposit accounts and Turkish lira liabilities in the form of standard gold."[442] One aim of this decision is to "provide the banking system with more flexibility in liquidity management."[443]

[438] Statement of Monetary Policy Committee, South African Reserve Bank (Pretoria) 19 January 2012. Date of Access: 5 March 2012. http://www.resbank.co.za/Publications/Detail-Item-View/Pages/Publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblist=21b5222e-7125-4e55-bb65-56fd3333371e&sarbitem=4930.

[439] Press Releases, Central Bank of the Republic of Turkey (Ankara). Date of Access: 5 March 2012. http://www.tcmb.gov.tr/yeni/announce/2012/announce.php.

[440] Decision of the Monetary Policy Committee, Central Bank of the Republic of Turkey (Ankara) 18 April 2012. Date of Access: 29 April 2012. http://www.tcmb.gov.tr/yeni/announce/2012/ANO2012-18.pdf.

[441] Summary of the Monetary Policy Committee Meeting, Central Bank of the Republic of Turkey (Ankara) 18 April 2012. Date of Access: 29 April 2012. http://www.tcmb.gov.tr/yeni/announce/2012/ANO2012-19.pdf.

[442] Press Release on the Facility of Maintaining Reserve Requirements as "Standard Gold", Central Bank of the Republic of Turkey (Ankara) 29 March 2012. Date of Access: 29 April 2012. http://www.tcmb.gov.tr/yeni/announce/2012/ANO2012-15.htm.

[443] Press Release on the Facility of Maintaining Reserve Requirements as "Standard Gold", Central Bank of the Republic of Turkey (Ankara) 29 March 2012. Date of Access: 29 April 2012. http://www.tcmb.gov.tr/yeni/announce/2012/ANO2012-15.htm.

On 21 February 2012, the MPC announced its decision to adjust the short term interest rates.[444] It held the one-week repo rate at 5.75%. The lending rate for overnight interest rates was cut from 12.5% to 11.5%; the interest rate on borrowing facilities provided for primary dealers via repo transactions was cut from 12% to 11%; and the lending rate for late liquidity window interest rates was cut from 15.5% to 14.5%. These measures are part of a "rebalancing process" to improve the current account deficit.[445] Although the cuts may have an inflationary effect on the economy, the bank also said that a "cautious monetary policy stance should be maintained for a while in order to keep inflation outlook consistent with the medium term targets."[446]

On 23 November 2011, the MPC decided that the "impacts of the measures undertaken on credit, domestic demand, and inflation expectations would be monitored closely and the amount of Turkish lira funding via one-week repo auctions would be adjusted on both sides."[447] It also set the one-week repo rate at 5.75%.[448] One-week repo auctions are employed to facilitate banks' liquidity management and assist them in estimating their total funding cost as well as to help slow inflation while supporting growth in the markets. The MPC emphasized its continued monitoring on "global developments closely and take the needed measures promptly to maintain the stability in the domestic financial markets."[449]

Therefore, Turkey is awarded a score of +1 for pursuing a flexible monetary policy and vigilant supervision of the economy to enhance market resilience.

Analyst: Jason Li

[444] Decision of the Monetary Policy Committee, Central Bank of the Republic of Turkey (Ankara) 21 February 2012. Date of Access: 5 March 2012. http://www.tcmb.gov.tr/yeni/announce/2012/ANO2012-10.pdf.

[445] Decision of Monetary Policy Committee, Central Bank of the Republic of Turkey (Ankara) 21 February 2012. Date of Access: 5 March 2012. http://www.tcmb.gov.tr/yeni/announce/2012/ANO2012-10.pdf.

[446] Decision of Monetary Policy Committee, Central Bank of the Republic of Turkey (Ankara) 21 February 2012. Date of Access: 5 March 2012. http://www.tcmb.gov.tr/yeni/announce/2012/ANO2012-10.pdf.

[447] Press Release on Open Market Operations, Central Bank of the Republic of Turkey (Ankara) 25 November 2011. Date of Access: 5 March 2012. http://www.tcmb.gov.tr/yeni/announce/2011/ANO2011-55.htm.

[448] Decision of Monetary Policy Committee, Central Bank of the Republic of Turkey (Ankara) 23 November 2012. Date of Access: 5 March 2012. http://www.tcmb.gov.tr/yeni/announce/2011/ANO2011-53.pdf.

[449] Decision of the Monetary Policy Committee, Central Bank of the Republic of Turkey (Ankara) 22 December 2011. Date of Access: 18 March 2012. http://www.tcmb.gov.tr/yeni/announce/2011/ANO2011-58.pdf.

Finance: Basel III [147]

Commitment [#147]:

"We commit to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including: implementing Basel II, II.5 and III along the agreed timelines"

Cannes Summit Final Declaration

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		0	
Saudi Arabia			+1
South Africa			+1
Turkey	-1		
United Kingdom			+1
United States		0	
European Union			+1
Average Score		+0.55	

Background:

The Basel III framework on bank capital and liquidity standards is a continuation of Basel I, Basel II and Basel II.5 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 banking supervision in order to instil prudent practices in capital markets and foster a resilient international financial system (see Table 7).[450]

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

[450] 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.[451]

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."[452] The official Basel III framework was put forth by the BCBS to the international community on 26 July 2010.[453] 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."

On 8 January 2012, the Group of Governors and Heads of Supervision (GHOS) met to discuss the Basel Committee for Banking Supervision's "strategy for assessing implementation of the Basel regulatory framework".[454] The Basel Committee's member countries accepted to "undergo a detailed peer review of its implementation of all components of the Basel regulatory framework."[455] This peer review "will assess implementation of Basel II and Basel II.5 (ie the July 2009 enhancements on market risk and resecuritisations)" as well as of Basel III. The objectives of the Committee's reviews are to ensure that member states' domestic rules and regulations comply with the international minimum standards and "to ensure consistency in practice across banks and jurisdictions".[456] The first series of peer reviews will be conducted in the first quarter of 2012 and will focus on the European Union, Japan, and the United States.[457]

[451] 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
[452] 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
[453] 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
[454] Basel III liquidity standard and strategy for assessing implementation of standards endorsed by Group of Governors and Heads of Supervision, Basel Committee on Banking Supervision (Basel) 8 January 2012. Date of Access: 27 January 2012. http://www.bis.org/press/p120108.htm
[455] Basel III liquidity standard and strategy for assessing implementation of standards endorsed by Group of Governors and Heads of Supervision, Basel Committee on Banking Supervision (Basel) 8 January 2012. Date of Access: 27 January 2012. http://www.bis.org/press/p120108.htm
[456] Basel III liquidity standard and strategy for assessing implementation of standards endorsed by Group of Governors and Heads of Supervision, Basel Committee on Banking Supervision (Basel) 8 January 2012. Date of Access: 27 January 2012. http://www.bis.org/press/p120108.htm
[457] Basel III liquidity standard and strategy for assessing implementation of standards endorsed by Group of Governors and Heads of Supervision, Basel Committee on Banking Supervision (Basel) 8 January 2012. Date of Access: 27 January 2012. http://www.bis.org/press/p120108.htm

Table 7: Basel 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	1–2.5

Commitment features:
As Basel II and 2.5 are integral parts of Basel III and they were due to be implemented from end 2006 and end-2011 respectively, only measures concerning Basel III implementation are considered to be compliance with this commitment.

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 implementing measures consistent with the Basel III framework, initiating a public consultation process on Basel III guidelines, conducting regular stress tests to determine the health of major banks, or issuing a report assessing the regulators' progress in implementing Basel III regulations. Since the deadlines for implementation of Basel III are set beyond the upcoming Los Cabos 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 Seoul summit were counted towards the final score for the Seoul compliance cycle. Actions taken since the Cannes summit will be counted as delivery on the Cannes pledge over the current compliance cycle.

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.

Lead Analyst: Alexandre De Palma

Argentina: -1
Argentina is working towards the implementation of the Basel II standards, but has yet to prove its commitment to implement Basel II.5 and Basel III. It has thus failed to comply with its commitment to implement the financial sector reform agenda.

On 27 January 2012 the Central Bank of Argentina issued Comunicación "A"5272, which modifies and amends the regulations on minimum capital requirements for financial institutions and on minimum capital requirements for operational risks.[458]

On 14 February 2012 the Central Bank of Argentina issued Comunicación "A" 5282, which modifies and amends the regulations on minimum capital requirements for financial institutions and on consolidated supervision.[459]

A 27 January 2012 article by The Wall Street Journal reports on Argentina's increase in bank capital requirements to buffer against global financial turbulence. The minimum capital requirement will be at an average of 15 per cent of gross income over the last three years and the central bank announced an increase in the total capitalization requirements for the banking system by 1.2 per cent.[460] The Bank's main goal is to bring Argentina in line with the Basel II accords.[461]

In April 2012, the Basel Committee on Banking Supervision (BCBS) and the Bank of International Settlements (BIS) updated their Progress report on Basel III implementation. According to the report, Argentina received a classification 1 (of 4) for a lack of progress made towards the adoption of regulatory rules.[462] Thus far, the country has not published any draft law, regulation, or other official document towards implementing Basel III.[463]

Argentina has failed to take steps toward translating Basel III bank capital and liquidity standards into national laws and regulations. It has thus been awarded a score of -1.

Analyst: Taufiq Zaman

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 16 November 2011 the Australian Regulation Authority (APRA) released a consultation package for the implementation of Basel III liquidity reforms. This package is aimed at gaining input from stakeholders on the implementation of Basel III reforms. APRA intends to publish a

[458] Comunicación "A" 5272, Banco Central de la República Argentina (Buenos Aires), 17 January 2012. Date of Access: 20 March 2012. http://www.bcra.gov.ar/pdfs/comytexord/A5272.pdf

[459] Comunicación "A" 5282, Banco Central de la República Argentina (Buenos Aires), 14 February 2012. Date of Access: 20 March 2012. http://www.bcra.gov.ar/pdfs/comytexord/A5282.pdf

[460] Argentina Raises Bank Capital Requirements As Risk Buffer, The Wall Street Journal (**) 27 January 2012. Date of Access: 25 February 2012 http://online.wsj.com/article/BT-CO-20120127-711004.html.

[461] Argentina Raises Bank Capital Requirements As Risk Buffer, The Wall Street Journal (**) 27 January 2012. Date of Access: 25 February 2012 http://online.wsj.com/article/BT-CO-20120127-711004.html

[462] Progress report on Basel III implementation, Bank of International Settlements and Basel Committee on Banking Supervision (Basel) April 2012. Date of Access: 18 May 2012. http://www.bis.org/publ/bcbs215.pdf

[463] Progress report on Basel III implementation, Bank of International Settlements and Basel Committee on Banking Supervision (Basel) April 2012. Date of Access: 18 May 2012. http://www.bis.org/publ/bcbs215.pdf

final draft of *Prudential Standards of Liquidity* by mid-2012 and has currently circulated a draft.[464] "APRA proposes to apply the new global liquidity standards to the larger authorised deposit-taking institutions (ADIs). These new standards are the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR)."[465] Pursuant to this goal, APRA co-hosted a workshop with the Financial Services Institute of Australia (FINSIA) on 23 November 2011 to further collaborate on all issues related to Basel III implementation with stakeholders. At this conference it was also emphasized that the revised minimum requirements for Tier 1 common equity and the capital conservation buffer are targeted for an accelerated implementation of 1 January 2013 and 1 January 2016 respectively.[466]

On 30 March 2012, the Australian Prudential Regulation Authority (APRA) released a set of 5 draft prudential standards on capital requirements for public consultation.[467] APRA has expressed that it will consult end-2012 on reporting standards and consequential amendments to other prudential standards required to implement Basel III capital reforms. Final prudential standards and reporting forms are expected to come into effect by 1 January 2013.[468]

In April 2012, the BCBS and BIS updated their Progress report on Basel III implementation. According to the report, Australia received a classification 2 (of 4) for publishing draft regulations — such as public consultations or legislative deliberations — towards implementing Basel III.[469]

Hence Australia registers a score of +1 for stating its progress towards integration of Basel III, and for taking regulatory steps to implement the new standards outlined in the Basel III framework.

Analyst: Nick Shorten

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.

[464] Discussion Paper: Implementing Basel III Liquidity Reforms in Australia, Australian Prudential Regulation Authority (Sydney) 16 November 2011. Date of Access: 23 February 2012. http://www.apra.gov.au/MediaReleases/Pages/11_26.asp

[465] Discussion Paper: Implementing Basel III Liquidity Reforms in Australia, Australian Prudential Regulation Authority (Sydney) 16 November 2011. Date of Access: 23 February 2012. http://www.apra.gov.au/MediaReleases/Pages/11_26.asp

[466] Australian Prudential Regulatory Authority's Basel III Implementation Introductory Remarks by ARPA Chairman John F Laker at the ARPA Finsi Workshop (Sydney) 23 November 2011. Date of Access: 23 February 2012. http://www.apra.gov.au/Speeches/Documents/APRA-Finsia%20Basel%20III%20Implementation%2023%20November%202011.pdf

[467] Implementing Basel III capital reforms in Australia, Australian Prudential Regulation Authority (Sydney) 30 March 2012. Date of Access: 18 May 2012. http://www.apra.gov.au/adi/PrudentialFramework/Documents/Basel_III_capital_response_to_submissions_30_March_2012.pdf

[468] Implementing Basel III capital reforms in Australia, Australian Prudential Regulation Authority (Sydney) 30 March 2012. Date of Access: 18 May 2012. http://www.apra.gov.au/adi/PrudentialFramework/Documents/Basel_III_capital_response_to_submissions_30_March_2012.pdf

[469] Progress report on Basel III implementation, Bank of International Settlements and Basel Committee on Banking Supervision (Basel) April 2012. Date of Access: 18 May 2012. http://www.bis.org/publ/bcbs215.pdf

On 9 November 2011, Luiz Awazu Pereira da Silva,Deputy Governor of Central Bank of Brazil, confirmed that Brazil's policy of a combination of Microprudential (MiP) and Macroprudential (MaP) frameworks has proven successful in establishing a stable financial system, through limiting the risk of wide financial distress, maintaining the provisions of financial services, and reducing costs for the real economy. Additionally, he stated his support for regulatory measures of the financial system promoted by the G20, the FSB, and the Basel III agenda.[470]

On 9 February 2012, Aldo Luiz Mendes, Deputy Governor for Monetary Policy at the Central Bank of Brazil, stated that Brazilian banks' capital adequacy ratio stood above the minimum capital adequacy ratio prescribed by Basel III. Mr. Mendes thus concluded that Brazil was prepared to deal with further deterioration in global economic conditions.[471]

On 17 February 2012, the Central Bank of Brazil began public consultation on a draft regulation to raise capital requirements for banks from the present 11 per cent to 13 per cent by 2017.[472]

On 1 March 2012, the Central Bank of Brazil announced new guidance for its core Tier 1 capital requirements, in accordance with the Basel III regulations. The bank said that it expected to reach a core Tier 1 capital level of 9 per cent by January 2013, later declining to 7.6 per cent in January 2014. Central Bank of Brazil also stated that it plans to begin the implementation of the Basel III regulations in January 2013.[473]

In April 2012, the BCBG and BIS updated their Progress report on Basel III implementation. According to the report, Brazil received a classification 2 (of 4) for publishing draft regulations — such as public consultations or legislative deliberations — towards implementing Basel III.[474]

Brazil has taken regulatory steps and started defining a timeline for the implementation of Basel III liquidity and capital standards. Therefore, it has been awarded a score of +1.

Analyst: Alexandre de Palma, Hermonie Xie

[470]Session 10: From Weathering the Crisis to Re-Building Prosperity: New Policy Perspectives The Role of Financial Regulation – Presentation by Luiz Awazu Pereira da Silva, Banco Central do Brasil (Brasilia) 9 November 2011. Date of Access: 2 March 2012. http://www.bcb.gov.br/pec/appron/apres/Luiz_Awazu_Pereira_Apresentacao_BNDES_09-11-2011.pdf.

[471] Brazil Economic and Financial Fundamentals: A General View and Perspectives – Presentation by Aldo Luiz Mendes, Banco Central do Brasil (Brasilia) 9 February 2012. Date of Access: 2 March 2012. http://www.bcb.gov.br/pec/appron/apres/BEST_Aldo_Mendes_09022012.pdf.

[472]Brazil plans to raise bank capital rules in 2017, Reuters (New York) 17 February 2012. Date of Access: 18 May 2012. http://www.reuters.com/article/2012/02/17/brazil-banks-capital-idUSL2E8DHCTM20120217

[473]Banco do Brasil Unviels Guidance For Its Tier I Capital, The Wall Street Journal (New York) 1 March 2012. Date of Access: 9 March 2012. http://online.wsj.com/article/BT-CO-20120301-709871.html.

[474]Progress report on Basel III implementation, Bank of International Settlements and Basel Committee on Banking Supervision (Basel) April 2012. Date of Access: 18 May 2012. http://www.bis.org/publ/bcbs215.pdf

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.

Since the Cannes Summit, the Office of the Superintendent of Financial Institutions (OSFI) has announced the set-up of a framework for the eventual implementation of Basel III capital requirements by 2013, in accordance to the BCSC timetable. OSFI expects that the six major banks in Canada will meet the new common equity Tier 1 risk ratio by January of 2013.[475]

According to the 30 January 2012 FSB Peer Review of Canada, Canadian authorities "are also working on a number of other regulatory initiatives, notably Basel III implementation.[476]Indeed, the Bank of Canada has commenced discussions on the implementation of the countercyclical capital buffer.[477] In December 2012, Bank of Canada published a working paper examining the extent to which bank leverage regulation should be countercyclical.[478]

On 21 December 2011, OSFI began work on its announced framework by introducing new editions of Capital Adequacy Requirements (CAR) A and A-1 Guidelines. The revised A and A-1 guidelines are to incorporate the changes due to Basel II by Basel 2.5[479]. With completion of Basel 2.5 regulations, OSFI expects Basel III regulation implementation to advance without any difficulty.

On 28 February 2012, OSFI also introduced new liquidity guidelines for banks in the form of Final Revised Guideline B-6 Liquidity Principles, which is a part of Basel III. This is a revision to the previous Liquidity Guidelines that were published as early as December 1995.[480]

Unlike OSFI's revisions of Capital Requirements as addressed by Basel III, OSFI does not plan to implement the liquidity coverage ratio or net stable funding ratio prior to the BCBS deadlines. In the period in between, OSFI expects to continue the use of its own domestic cash flow measures by major currency and will consult with small banks and foreign bank branches in Canada to establish the application of new liquidity measures that are appropriate with the focused scope of their operations.[481]

---

[475]Financial Stability Board: Peer Review of Canada, Review Report (Ottawa), 30 January 2012. Date of Access: 2 March 2012 http://www.financialstabilityboard.org/publications/r_120130.pdf
[476] Peer Review of Canada, Financial Stability Board (Basel) 30 January 2012. Date of Access: 1 March 2012. http://www.financialstabilityboard.org/publications/r_120130.pdf.
[477] Peer Review of Canada, Financial Stability Board (Basel) 30 January 2012. Date of Access: 1 March 2012. http://www.financialstabilityboard.org/publications/r_120130.pdf.
[478]Working Paper 2011-32: Bank Leverage Regulation and Macroeconomic Dynamics, Bank of Canada (Ottawa) December 2011. Date of Access: 9 March 2012. http://www.bankofcanada.ca/wp-content/uploads/2011/12/wp2011-32.pdf.
[479]A and A-1 Capital Adequacy Requirements (CAR) (Ottawa), 21 December 2011. Date of Access: 2 March 2012 http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/guidelines/capital/guidelines/CAR_GIAS_12_e.pdf
[480] Final Revised Guideline B-6 – Liquidity Principles (Ottawa), 28 February 2012. Date of Access: 2 March 2012 http://www.osfibsif.gc.ca/app/DocRepository/1/eng/guidelines/prudential/guidelines/b6_let_e.pdf
[481]Financial Stability Board: Peer Review of Canada, Review Report (Ottawa), 30 January 2012. Date of Access: 2 March 2012 http://www.financialstabilityboard.org/publications/r_120130.pdf

In March 2012, the OSFI issued a draft regulation for definition of capital and counterparty credit risk to banks.[482]

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, and for taking action to translate parts of the Basel III standards into national regulations.

Analyst: Hyrar Tumasyan, Alexandre de Palma

China: +1

China continues its progress towards the implementation of the Basel III standards and has thus complied with its commitment.

On 6 March 2012, China's Banking Regulatory Commission (CBRC) announced that it intended to implement "more stringent" capital adequacy ratios in the second half of 2012. Presently, CBRC is consulting with industry stakeholders as well as seeking approval from the State Council on the Basel III rules.[483]

In April 2012, the BCBS and BIS updated their Progress report on Basel III implementation. According to the report, China received a classification 2 (of 4) for publishing draft regulations — such as public consultations or legislative deliberations — towards implementing Basel III.[484] The BCBG and BIS expect the new legal and regulatory frameworks (which will apply to all banking institutions) to be finalized and enforced by Q3 2012.[485]

China is pursuing its work towards the integration of Basel III standards in national regulations and has thus been awarded a score of +1.

Analyst: Alexandre de Palma

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.

As a member country of the European Union, France is subject to the Union's regulations and directives.

On 30 November 2011 the European Banking Authority published "consultation papers on guidelines to the Incremental Default and Migration Risk Charge (IRC) and on guidelines to

[482]Progress report on Basel III implementation, Bank of International Settlements and Basel Committee on Banking Supervision (Basel) April 2012. Date of Access: 18 May 2012. http://www.bis.org/publ/bcbs215.pdf

[483] China Rules, Print-Room Tips, Credit Suisse: Compliance, Bloomberg L.P. (New York) 6 March 2012. Date of Access: 9 March 2012. http://www.bloomberg.com/news/2012-03-06/china-rules-print-room-tips-credit-suisse-buy-back-compliance.html.

[484]Progress report on Basel III implementation, Bank of International Settlements and Basel Committee on Banking Supervision (Basel) April 2012. Date of Access: 18 May 2012. http://www.bis.org/publ/bcbs215.pdf

[485]Progress report on Basel III implementation, Bank of International Settlements and Basel Committee on Banking Supervision (Basel) April 2012. Date of Access: 18 May 2012. http://www.bis.org/publ/bcbs215.pdf

Stressed VaR" (Value at Risk).[486][487][488] Both proposals are intended to become amendments to the CRD III (Capital Requirements Directive) and to enter into force on 31 December 2011.

On 6 December 2011, the inaugural meeting of the FSB Regional Consultative Group for Europe took place in Luxenbourg. Discussions touched upon regulatory reforms for systemically important banks: more specifically, Basel III capital and liquidity standards, effective resolution regimes, shadow banking and cooperation between authorities in home and host countries.[489]

On 8 December 2011 the European Banking Authority published a formal Recommendation stating that "national supervisory authorities should require the banks included in the sample to strengthen their capital positions by building up an exceptional and temporary capital buffer against sovereign debt exposures to reflect market prices as at the end of September. In addition, banks will be required to establish an exceptional and temporary buffer such that the Core Tier 1 capital ratio reaches a level of 9per cent by the end of June 2012."[490]

On 19 December 2011 the European Banking Authority published the compliance table regarding the 27 September 2011 EBA Guidelines on Internal Governance that "aim at enhancing and consolidating supervisory expectations and to ultimately improve the sound implementation of internal governance arrangements."[491]

On 20 December 2011 the European Banking Authority issued "a consultation paper on draft Implementing Technical Standards (ITS) on supervisory reporting requirements for institutions". The draft ITS puts forwards asset of rules pertaining to the Capital Requirements Regulation (CRR), a subset of the CRD IV (Capital Requirements Directive) proposal being discussed by

[486] EBA consultation papers on guidelines to the Incremental Default and Migration Risk Charge (IRC) and on guidelines to Stressed VaR, European Banking Authority (London) 30 November 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/EBA-consultation-papers-on-guidelines-to-the-Incre.aspx

[487] EBA Consultation Paper on the Draft Guidelines on the Incremental Default and Migration Risk Charge (IRC) (CP49), European Banking Authority (London) 30 November 2011. Date of Access: 17 March 2012.
http://www.eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2011/CP49/EBA-BS-2011-165-(CP-on-GL-IRC)-FINAL.pdf

[488] EBA Consultation Paper on the Draft Guidelines on Stressed Value at Risk (Stressed VaR) (CP48), European Banking Authority (London) 30 November 2011. Date of Access: 17 March 2012.
http://www.eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2011/CP48/EBA-BS-2011-166r-(CP48-on-GL-Stressed-VaR)-FINAL.pdf

[489] Press Release: Meeting of the Financial Stability Board Regional Consultative Group for Europe, Financial Stability Board (Basel) 6 December 2011. Date of Access: 8 March 2012. http://www.financialstabilityboard.org/press/pr_111206.pdf

[490] The EBA publishes Recommendation and final results of bank recapitalisation plan as part of co-ordinated measures to restore confidence in the banking sector, European Banking Authority (London) 8 December 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/The-EBA-publishes-Recommendation-and-final-results.aspx

[491] The EBA has published compliance table regarding Guidelines on Internal Governance (GL44), European Banking Authority (London) 19 December 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/EBA-published-compliance-table-regarding-Guideline.aspx

European Union institutions. "The EBA intends to finalise the draft ITS and submit it to the Commission by 30 June 2012."[492]

On 25 January 2012 the European Central Bank expressed its opinion "on [1] a proposal for a Directive on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and [2] a proposal for a Regulation on prudential requirements for credit institutions and investment firms".[493] The ECB supports the proposed directive as well as the proposed regulation, and puts forwards recommendations pertaining to macro-prudential supervision, own funds, capital buffers, liquidity, leverage, supervisory reporting, the enhancement of information-sharing arrangements and other issues. The ECB further proposes amendments to the proposed directive and to the proposed regulation.[494]

In February 2012, Banque de France released a report on France's progress on a series of domestic reforms undertaken to comply with the principles adopted by the G20 in 2009 regarding financial stability and supervision of financial markets. [495] Thus, as of 31 December 2011, the regulations for increased capital requirements to trading activity and operations came into force.

On 13 February 2012 the European Banking Authority published a Consultation Paper on draft Implementing Technical Standards (ITS) on reporting of large exposures (CP51). The draft ITS is "requested by Article 383 of the Capital Requirements Regulation (CRR) and represents an addendum to the [20 December 2011] ITS proposal on supervisory reporting requirements".[496]

On 2 May 2012 the Council of the European Union "examined proposals to amend the EU's rules on capital requirements for banks and investment firms [...] with a view to starting the negotiations with the European Parliament aimed at adoption of texts at first reading."[497] On 15 May 2012 the Council reached an agreement "on a general approach on two proposals, [...] [which] set out to amend and replace the existing capital requirement directives and divide them

[492] EBA Consultation paper on draft ITS on supervisory reporting requirements, European Banking Authority (London) 20 December 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/EBA-consultation-paper-on-draft-ITS-on-supervisory.aspx

[493] Opinion of the European Central Bank (CON/2012/5), European Central Bank (Frankfurt), 25 January 2012. Date of Access: 17 March 2012. http://www.ecb.int/ecb/legal/pdf/en_con_2011_5_f.pdf

[494] Opinion of the European Central Bank (CON/2012/5), European Central Bank (Frankfurt), 25 January 2012. Date of Access: 17 March 2012. http://www.ecb.int/ecb/legal/pdf/en_con_2011_5_f.pdf

[495]Réforme du système financier en Europe et en France, Fédération Bancaire Française (Paris) February 2012. Date of Access: 8 March 2012. http://www.fbf.fr/fr/files/8HTAX9/Fiche_reforme_systeme_financier_fevrier2012.pdf.

[496] EBA publishes a consultation paper on draft ITS on reporting of large exposures, European Banking Authority (London), 13 February 2012. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2012/EBA-publishes-a-consultation-paper-on-draft-ITS-on.aspx

[497] Press Release 9359/12, 3163rd Council meeting, Economic and Financial Affairs, Council of the European Union (Brussels), 2 May 2012. Date of Access: 18 May 2012. http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/130020.pdf

into two new legislative instruments: a regulation establishing prudential requirements that institutions need to respect and a directive governing access to deposit-taking activities."[498]

France, as a member of the European Union, has taken regulatory steps towards the implementation of Basel III standards and has therefore been awarded a score of +1.

Analyst: Alexandre de Palma, Biljana Zorbic

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.

As a member country of the European Union, Germany is subject to the Union's regulations and directives.

On 30 November 2011 the European Banking Authority published "consultation papers on guidelines to the Incremental Default and Migration Risk Charge (IRC) and on guidelines to Stressed VaR" (Value at Risk).[499][500][501] Both proposals are intended to become amendments to the CRD III (Capital Requirements Directive) and to enter into force on 31 December 2011.

On 8 December 2011 the European Banking Authority published a formal Recommendation stating that "national supervisory authorities should require the banks included in the sample to strengthen their capital positions by building up an exceptional and temporary capital buffer against sovereign debt exposures to reflect market prices as at the end of September. In addition, banks will be required to establish an exceptional and temporary buffer such that the Core Tier 1 capital ratio reaches a level of 9per cent by the end of June 2012."[502]

On 19 December 2011 the European Banking Authority published the compliance table regarding the 27 September 2011 EBA Guidelines on Internal Governance that "aim at enhancing and

[498] Press Release 9733/12, 3167th Council meeting, Economic and Financial Affairs, Council of the European Union (Brussels), 15 May 2012. Date of Access: 18 May 2012. http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/130268.pdf

[499] EBA consultation papers on guidelines to the Incremental Default and Migration Risk Charge (IRC) and on guidelines to Stressed VaR, European Banking Authority (London) 30 November 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/EBA-consultation-papers-on-guidelines-to-the-Incre.aspx

[500] EBA Consultation Paper on the Draft Guidelines on the Incremental Default and Migration Risk Charge (IRC) (CP49), European Banking Authority (London) 30 November 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2011/CP49/EBA-BS-2011-165-(CP-on-GL-IRC)-FINAL.pdf

[501]EBA Consultation Paper on the Draft Guidelines on Stressed Value at Risk (Stressed VaR) (CP48), European Banking Authority (London) 30 November 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2011/CP48/EBA-BS-2011-166r-(CP48-on-GL-Stressed-VaR)-FINAL.pdf

[502] The EBA publishes Recommendation and final results of bank recapitalisation plan as part of co-ordinated measures to restore confidence in the banking sector, European Banking Authority (London) 8 December 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/The-EBA-publishes-Recommendation-and-final-results.aspx

consolidating supervisory expectations and to ultimately improve the sound implementation of internal governance arrangements."[503]

On 20 December 2011 the European Banking Authority issued "a consultation paper on draft Implementing Technical Standards (ITS) on supervisory reporting requirements for institutions". The draft ITS puts forwards asset of rules pertaining to the Capital Requirements Regulation (CRR), a subset of the CRD IV (Capital Requirements Directive) proposal being discussed by European Union institutions. "The EBA intends to finalise the draft ITS and submit it to the Commission by 30 June 2012."[504]

On 23 January 2012, German Finance Minister Wolfgang Schaeuble said that Germany was actively seeking to implement Basel III requirements on bank capitalization, thus rejecting media rumours that Germany was to seek the relaxation of the regulation.[505]

On 25 January 2012 the European Central Bank expressed its opinion "on [1] a proposal for a Directive on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and [2] a proposal for a Regulation on prudential requirements for credit institutions and investment firms".[506] The ECB supports the proposed directive as well as the proposed regulation, and puts forwards recommendations pertaining to macro-prudential supervision, own funds, capital buffers, liquidity, leverage, supervisory reporting, the enhancement of information-sharing arrangements and other issues. The ECB further proposes amendments to the proposed directive and to the proposed regulation.[507]

On 13 February 2012 the European Banking Authority published a Consultation Paper on draft Implementing Technical Standards (ITS) on reporting of large exposures (CP51). The draft ITS is "requested by Article 383 of the Capital Requirements Regulation (CRR) and represents an addendum to the [20 December 2011] ITS proposal on supervisory reporting requirements".[508]

[503] The EBA has published compliance table regarding Guidelines on Internal Governance (GL44), European Banking Authority (London) 19 December 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/EBA-published-compliance-table-regarding-Guideline.aspx
[504] EBA Consultation paper on draft ITS on supervisory reporting requirements, European Banking Authority (London) 20 December 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/EBA-consultation-paper-on-draft-ITS-on-supervisory.aspx
[505] France, Germany to implement Basel III rules: Schaeuble, Reuters (Paris) 23 January 2012. Date of Access: 15 March 2012. http://www.reuters.com/article/2012/01/23/eurozone-schaeuble-idUSL5E8CN15X20120123.
[506] Opinion of the European Central Bank (CON/2012/5), European Central Bank (Frankfurt), 25 January 2012. Date of Access: 17 March 2012. http://www.ecb.int/ecb/legal/pdf/en_con_2011_5_f.pdf
[507] Opinion of the European Central Bank (CON/2012/5), European Central Bank (Frankfurt), 25 January 2012. Date of Access: 17 March 2012. http://www.ecb.int/ecb/legal/pdf/en_con_2011_5_f.pdf
[508] EBA publishes a consultation paper on draft ITS on reporting of large exposures, European Banking Authority (London), 13 February 2012. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2012/EBA-publishes-a-consultation-paper-on-draft-ITS-on.aspx

On 2 May 2012 the Council of the European Union "examined proposals to amend the EU's rules on capital requirements for banks and investment firms [...] with a view to starting the negotiations with the European Parliament aimed at adoption of texts at first reading."[509] On 15 May 2012 the Council reached an agreement "on a general approach on two proposals, [...] [which] set out to amend and replace the existing capital requirement directives and divide them into two new legislative instruments: a regulation establishing prudential requirements that institutions need to respect and a directive governing access to deposit-taking activities."[510]

Germany, as a member of the European Union, has taken regulatory steps towards the implementation of Basel III standards and has therefore been awarded a score of +1.

Analyst: Alexandre de Palma, Hyrar Tumasyan

India: +1

India 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 30 December 2011 the Reserve Bank of India released draft guidelines on Basel III Capital Regulations. The draft guidelines set out proposals for minimum capital requirements, a capital conservation buffer as well as a new leverage ratio. The capital requirements would phase in starting on 1 January 2012 and should be fully implemented by 31 March 2017.[511]The Guidelines were compiled in response to the BCBS's reform package "Basel III: A global regulatory framework for more resilient banks and banking systems."[512] The Guidelines regulated: (1) Tier 1 capital must be at least 7 per cent of risk-weighted assets (RWAs); (2) total capital must be at least 9 per cent of RWAs; (3) the capital conservation buffer in the form of Common Equity must remain at 2.5 per cent of RWAs; (4) for banks to compute a credit value adjustments (CVA) risk capital charge for their OTC derivatives sales; (5) for banks to operate at a minimum Tier 1 leverage ratio of 5.5 per cent. The Guidelines also has established a timeline for the implementation of the new regulations with most regulations effective of 1 January 2013.[513]

On 21 February 2011 the Reserve Bank of India released draft guidelines on liquidity risk management and Basel III framework on liquidity standards. "The Basel III rules text on liquidity prescribing two minimum global regulatory standards viz. liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) for liquidity risk and a set of five monitoring tools. The Reserve Bank, being a member of the BCBS, is fully committed to the objective of the Basel III reform package and, therefore, intends to implement these proposals for banks operating in India.

[509] Press Release 9359/12, 3163rd Council meeting, Economic and Financial Affairs, Council of the European Union (Brussels), 2 May 2012. Date of Access: 18 May 2012. http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/130020.pdf

[510] Press Release 9733/12, 3167th Council meeting, Economic and Financial Affairs, Council of the European Union (Brussels), 15 May 2012. Date of Access: 18 May 2012. http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/130268.pdf

[511] RBI Releases Draft Guidelines on Basel III Capital Regulations, Reserve Bank of India (New Delhi), 30 December 2011. Date of Access:19 March 2012. http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=25697

[512] RBI Releases Draft Guidelines on Basel III Capital Regulations, Reserve Bank of India (New Delhi), 30 December 2011. Date of Access:19 March 2012. http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=25697

[513]RBI Releases Draft Guidelines on Basel III Capital Regulations, Reserve Bank of India (New Delhi) 30 December 2011. Date of Access: 15 March 2012. http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=25697.

Accordingly, draft guidelines on Liquidity Risk Management and Basel III Framework on Liquidity Standards have been prepared." Banks are asked to submit the liquidity returns under the Basel III regulation to the Reserve Bank by June 2012.[514]

On 3 March 2012 Shri B. Mahapatra, Executive Director of the Reserve Bank of India, recalled that "The Reserve Bank of India has issued the draft guidelines on capital and liquidity rules of Basel III on 30 December 2011 and 21 February 2012, respectively. The Reserve Bank's approach has been to adopt Basel III capital and liquidity guidelines with more conservatism and at a quicker pace."[515]

On 2 May 2012 the Reserve Bank of India published its Guidelines on Implementation of Basel III Capital Regulations in India. The document states that "as a matter of prudence, it has been decided that scheduled commercial banks (excluding LABs and RRBs) operating in India shall maintain a minimum total capital (MTC) of 9 per cent of total risk weighted assets (RWAs) as against a MTC of 8 per cent of RWAs as prescribed in Basel III."[516] Furthermore, RBI sets minimum Common Equity Tier 1 capital requirements at "5.5 per cent of riskweighted assets (RWAs)"[517] versus the 4.5 per cent recommended by the Basel Committee on Banking Supervision. Moreover, RBI announces that the "minimum Common Equity, Tier 1 and Total Capital requirements will be phased-in between January 1, 2013 and January 1, 2015" while "Capital ratios and deductions from Common Equity will be fully phased-in and implemented as on March 31, 2018."[518]

India has taken regulatory steps towards the implementation of Basel III standards and has thus been awarded a score of +1.

Analyst: Alexandre de Palma

Indonesia: -1

Indonesia has failed to take any steps towards the implementation of the Basel III standards since the Cannes summit.

[514] RBI Releases Draft Guidelines on Liquidity Risk Management and Basel III Framework on Liquidity Standards, reserve Bank of India (New Delhi), 21 February 2011. Date of Access: 19 March 2012.http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=25997

[515] Implications of Basel III for Capital, Liquidity and Profitability of Banks, Reserve Bank of India (New Delhi), 3 March 2012. Date of Access: 19 March 2012. http://www.rbi.org.in/scripts/BS_SpeechesView.aspx?Id=673

[516] Guidelines of Implementation of Basel III Capital Regulations in India, Reserve Bank of India (New Delhi), 2 May 2012. Date of Access: 17 May 2012. http://rbidocs.rbi.org.in/rdocs/content/pdfs/FBSEIII020512_I.pdf

[517] Guidelines of Implementation of Basel III Capital Regulations in India, Reserve Bank of India (New Delhi), 2 May 2012. Date of Access: 17 May 2012. http://rbidocs.rbi.org.in/rdocs/content/pdfs/FBSEIII020512_I.pdf

[518] Guidelines of Implementation of Basel III Capital Regulations in India, Reserve Bank of India (New Delhi), 2 May 2012. Date of Access: 17 May 2012. http://rbidocs.rbi.org.in/rdocs/content/pdfs/FBSEIII020512_I.pdf

On 21 November 2011, representatives from the Indonesian authorities attended the inaugural meeting of the FSB Regional Consultative Group for Asia, where topics of discussion included financial regulatory reforms for SIFIs and the Basel III capital framework.[519]

In April 2012, the BCBS and the BIS updated their Progress report on Basel III implementation. According to the report, Indonesia received a classification 1 (of 4) for a lack of progress made towards the adoption of regulatory rules. Thus far, the country has not published any draft law, regulation, or other official document towards implementing Basel III.[520] However, the BCBS and BIS expect a draft regulation to be released for consultation in Q2 2012.[521]

Indonesia has not complied with its commitment to translate the Basel III framework in national regulations and has thus been awarded a score of -1.

Analyst: Alexandre de Palma, Hermonie Xie

Italy: +1

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

As a member country of the European Union, Italy is subject to the Union's regulations and directives.

On 30 November 2011 the European Banking Authority published "consultation papers on guidelines to the Incremental Default and Migration Risk Charge (IRC) and on guidelines to Stressed VaR" (Value at Risk).[522][523][524] Both proposals are intended to become amendments to the CRD III (Capital Requirements Directive) and to enter into force on 31 December 2011.

[519] Press Release: FSB Regional Consultative Group for Asia Inaugural Meeting, Financial Stability Board (Basel) 21 November 2011. Date of Access: 2 March 2012. http://www.financialstabilityboard.org/press/pre_111121.pdf.

[520] Progress report on Basel III implementation, Bank of International Settlements and Basel Committee on Banking Supervision (Basel) April 2012. Date of Access: 18 May 2012. http://www.bis.org/publ/bcbs215.pdf

[521] Progress report on Basel III implementation, Bank of International Settlements and Basel Committee on Banking Supervision (Basel) April 2012. Date of Access: 18 May 2012. http://www.bis.org/publ/bcbs215.pdf

[522] EBA consultation papers on guidelines to the Incremental Default and Migration Risk Charge (IRC) and on guidelines to Stressed VaR, European Banking Authority (London) 30 November 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/EBA-consultation-papers-on-guidelines-to-the-Incre.aspx

[523] EBA Consultation Paper on the Draft Guidelines on the Incremental Default and Migration Risk Charge (IRC) (CP49), European Banking Authority (London) 30 November 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2011/CP49/EBA-BS-2011-165-(CP-on-GL-IRC)-FINAL.pdf

[524] EBA Consultation Paper on the Draft Guidelines on Stressed Value at Risk (Stressed VaR) (CP48), European Banking Authority (London) 30 November 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2011/CP48/EBA-BS-2011-166r-(CP48-on-GL-Stressed-VaR)-FINAL.pdf

On 6 December 2011, the Italian financial authorities attended the inaugural FSB Regional Consultative Group Meeting for Europe, where topics of discussion included: regulatory financial reforms, a framework for dealing with SIFIs, improved cooperation between authorities, and the increased Basel III capital and liquidity requirements for banks.[525]

On 8 December 2011 the European Banking Authority published a formal Recommendation stating that "national supervisory authorities should require the banks included in the sample to strengthen their capital positions by building up an exceptional and temporary capital buffer against sovereign debt exposures to reflect market prices as at the end of September. In addition, banks will be required to establish an exceptional and temporary buffer such that the Core Tier 1 capital ratio reaches a level of 9 per cent by the end of June 2012."[526]

On 8 December 2011, the Bank of Italy (BoI) issued a press release reaffirming its commitment to the recapitalization of banks for increased stability, and requiring a plan of action to be submitted by Italian banks by 20 January 2012. The Italian banks are expected to use private sources of funding to meet the targets, although the BoI would consider selling selected assets after consultation with the EBA to help achieve targets.[527]

On 19 December 2011 the European Banking Authority published the compliance table regarding the 27 September 2011 EBA Guidelines on Internal Governance that "aim at enhancing and consolidating supervisory expectations and to ultimately improve the sound implementation of internal governance arrangements."[528]

On 20 December 2011 the European Banking Authority issued "a consultation paper on draft Implementing Technical Standards (ITS) on supervisory reporting requirements for institutions". The draft ITS puts forwards asset of rules pertaining to the Capital Requirements Regulation (CRR), a subset of the CRD IV (Capital Requirements Directive) proposal being discussed by European Union institutions. "The EBA intends to finalise the draft ITS and submit it to the Commission by 30 June 2012."[529]

On 25 January 2012 the European Central Bank expressed its opinion "on [1] a proposal for a Directive on the access to the activity of credit institutions and the prudential supervision of credit

[525] Press Release: FSB Regional Consultative Group for Europe holds its first meeting, Financial Stability Board (Basel) 6 December 2011. Date of Access: 1 March 2012. http://www.financialstabilityboard.org/press/pr_111206.pdf.

[526] The EBA publishes Recommendation and final results of bank recapitalisation plan as part of co-ordinated measures to restore confidence in the banking sector, European Banking Authority (London) 8 December 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/The-EBA-publishes-Recommendation-and-final-results.aspx

[527] Press Release: EBA Recommendation about bank capital, Banca d'Italia (Rome) 8 December 2012. Date of Access: 1 March, 2012. http://www.bancaditalia.it/media/comsta/2011/eba_racc_2011/CS_eba_EN.pdf.

[528] The EBA has published compliance table regarding Guidelines on Internal Governance (GL44), European Banking Authority (London) 19 December 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/EBA-published-compliance-table-regarding-Guideline.aspx

[529] EBA Consultation paper on draft ITS on supervisory reporting requirements, European Banking Authority (London) 20 December 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/EBA-consultation-paper-on-draft-ITS-on-supervisory.aspx

institutions and investment firms and [2] a proposal for a Regulation on prudential requirements for credit institutions and investment firms". The ECB supports the proposed directive as well as the proposed regulation, and puts forwards recommendations pertaining to macro-prudential supervision, own funds, capital buffers, liquidity, leverage, supervisory reporting, the enhancement of information-sharing arrangements and other issues. The ECB further proposes amendments to the proposed directive and to the proposed regulation.[530]

On 13 February 2012 the European Banking Authority published a Consultation Paper on draft Implementing Technical Standards (ITS) on reporting of large exposures (CP51). The draft ITS is "requested by Article 383 of the Capital Requirements Regulation (CRR) and represents an addendum to the [20 December 2011] ITS proposal on supervisory reporting requirements".[531]

On 18 February 2012 Ignazio Visco, Governor of the Bank of Italy issued a speech urging Italy to rapidly implement and extend financial reforms[532]. Mr. Visco described the Italian banking system as "solid", but hit hard by sovereign debt strains, as reflected by the cut to Italian credit ratings by Moody's a few days prior.[533] Despite Moody's citing "uncertainty over the Euro areas prospects for institutional reform," Mr. Visco stressed Italy's proactive measures towards financial reform, including planning additional capital requirements for SIFIs in accordance with Basel III, expanding the range of assets available to banks as collateral for refinancing operations, and making "clearly defined" eligibility criteria for future collateral selection. Mr. Visco concluded by stating that it was "important that the banks prepare for the introduction of Basel III," and praising Italian banks for complying with the increased capital requirements, "even in difficult times."[534]

On 2 May 2012 the Council of the European Union "examined proposals to amend the EU's rules on capital requirements for banks and investment firms [...] with a view to starting the negotiations with the European Parliament aimed at adoption of texts at first reading."[535] On 15 May 2012 the Council reached an agreement "on a general approach on two proposals, [...] [which] set out to amend and replace the existing capital requirement directives and divide them

[530] Opinion of the European Central Bank (CON/2012/5), European Central Bank (Frankfurt), 25 January 2012. Date of Access: 17 March 2012. http://www.ecb.int/ecb/legal/pdf/en_con_2011_5_f.pdf
[531] EBA publishes a consultation paper on draft ITS on reporting of large exposures, European Banking Authority (London), 13 February 2012. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2012/EBA-publishes-a-consultation-paper-on-draft-ITS-on.aspx
[532] Italy must rapidly implement, extend reforms: central bank, Reuters (New York) 18 February 2012. Date of Access: 1 March 2012. http://www.reuters.com/article/2012/02/18/us-italy-economy-cenbank-idUSTRE81H0CU20120218.
[533] Moody's cuts Italy, Spain and Portugal's credit ratings, BBC News (London) 14 February 2012. Date of Access: 1 March 2012. http://www.bbc.co.uk/news/business-17023792.
[534] Address by Governor Ignazio Visco at the 18th ASSION FOREX Conference, Banca d'Italia (Rome) 18 February 2012. Date of Access: 1 March 2012. http://www.bancaditalia.it/interventi/integov/2012/forex-18022012/en_Visco_180212.pdf.
[535] Press Release 9359/12, 3163rd Council meeting, Economic and Financial Affairs, Council of the European Union (Brussels), 2 May 2012. Date of Access: 18 May 2012. http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/130020.pdf

into two new legislative instruments: a regulation establishing prudential requirements that institutions need to respect and a directive governing access to deposit-taking activities."[536]

Italy, as a member of the European Union, has taken regulatory steps towards the implementation of Basel III Standards and has thus been awarded a score of +1.

Analyst: Alexandre de Palma

Japan: +1

Japan has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel II.5 framework.

On 22 November 2012 the Financial Services Agency (FSA) of Japan published the results of its public consultation on the "Draft Partial Revisions of Public Notices on Capital Adequacy Ratios of Financial Instruments Business Operators, etc." The draft revisions intend to make Japanese regulations compliant with Basel II.5 by "(1) [raising] the risk weights of securitized products and re-securitized products; (2) [introducing] monitoring requirements concerning external ratings use; (3) [capturing] trading account related stress VaR, additional risks (credit risks), etc. and (4) [introducing] expected exposure method", among other measures. The FSA further indicated, "this revised public notice shall apply starting on March 31, 2012".[537]

On 30 March 2012, the FSA published an amendment to administrative notice on capital adequacy rules for internationally active banks based on Basel III. The new rules will be implemented on 31 March 2013.[538]

Japan has taken regulatory steps towards its financial sectors compliance with the Basel II.5 standards and has thus been awarded a score of +1.

Analyst: Alexandre de Palma, Taufiq Zaman

Korea: 0

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

On 24 February 2012, the Financial Supervisory Service (FSS) announced that BIS capital adequacy ratios and tier 1 capital ratio under Basel II was at 13.94 per cent and 11.59 per cent on average across domestic banks at the end of December 2011. These ratios decreased 0.61 per cent and 0.53 per cent from the previous year due to a decrease in the amount of hybrid securities and subordinated debt held as capital by Korean domestic bank.[539]

---

[536] Press Release 9733/12, 3167th Council meeting, Economic and Financial Affairs, Council of the European Union (Brussels), 15 May 2012. Date of Access: 18 May 2012. http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/130268.pdf

[537] FSA Newsletter No.102 2012, Financial Services Agency (Tokyo), 2 February 2012. Date of Access: 18 March 2012. http://www.fsa.go.jp/en/newsletter/2012/01a.html#tp03

[538] Publication of amendment to administrative notice on capital adequacy rules for internationally active banks based on Basel III, Financial Services Agency (Tokyo), 30 March 2012. Date of Access: 17 May 2012. http://www.fsa.go.jp/en/news/2012/20120330-1.html

[539] Domestic Banks' BIS Capital Ratios as of end-December 2011 (preliminary), Financial Supervisory Service (Seoul) 24 February 2012. Date of Access: 23 February 2012. http://english.fss.or.kr/fss/en/media/release/view.jsp?bbsid=1289277491315&category=null&idx=1330071715487&num=633&color=green

In March 12 2012 press release pertaining to the consolidated BIS capital ratios of bank holding companies in Korea, the Financial Supervisory Service (FSS) stated that it "will encourage bank holding companies to strengthen capital adequacy management against a probability of global economic recession and upcoming implementation of Basel III."[540]

In April 2012, the BCBS and the BIS updated their Progress report on Basel III implementation. According to the report, Korea received a classification 1 (of 4) for a lack of progress made towards the adoption of regulatory rules. The BCBS and BIS expect draft regulation to be published by the first half of 2012.[541]

Korea has declared its intent to implement the new bank capital and liquidity standards set in the Basel III framework. Thus, Korea has been awarded a score of 0.

Analyst: Nick Shorten

Mexico: +1

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

On 12 January 2012, Guillermo Babatz, the President of the National Securities and Banking Commission, announced that banks of Mexico are introduced to a new regulation on publicly traded shares. "Banks that issue subordinated debt will need to make it convertible to publicly traded shares if they want it to count toward their capital requirements", explained Mr. Babatz.[542]Mr. Babatz also added that Mexico expects to adopt the new regulations by mid-2012, thus becoming the first G20 member country to adhere to the Basel III accord on capital requirements.

On 31 May 2012, Mexican authorities published draft rules aimed at incorporating Basel III provisions into national legislation.[543]

Mexico has taken measures to apply the standards set in the Basel III framework and has thus been awarded a score of +1.

Analyst: Alexandre de Palma

Russia: 0

Russia has partially complied with its commitment to implement the financial sector reform agenda agreed up through Seoul, including Basel II, II.5 and III.

[540]Bank Holding Companies' Capital Adequacy as of end-December 2011, Financial Supervisory Service (Seoul), 12 March 2012. Date of Access: 18 March 2012. http://english.fss.or.kr/fss/en/media/release/view.jsp?bbsid=1289277491315&category=null&idx=1331515259701&num=637&color=green

[541]Progress report on Basel III implementation, Bank of International Settlements and Basel Committee on Banking Supervision (Basel) April 2012. Date of Access: 18 May 2012. http://www.bis.org/publ/bcbs215.pdf

[542]Mexico to Encourage Banks to List Shares, Babatz Says, Bloomberg (New York) 12 January 2012. Date of Access: 8 March 2012. http://mobile.bloomberg.com/news/2012-01-13/mexico-to-encourage-banks-to-list-shares-babatz-says-1-.

[543] Report to G20 Leaders on Basel III implementation, Basel Committee on Banking Supervision 11 June 2012. Date of Access: 15 June 2012. http://www.bis.org/publ/bcbs220.pdf.

On 14 February 2012, the Russian State Duma started the procedure of second reading of amendments to federal legislation, which, inter alia, provide for the Russian Central Bank's right to define risk-management practices to be implemented by commercial banks, which allows meeting the requirements of Pillar II of Basel II Accord.[544]

However, Pillar II of Basel II Accord is expected to be fully implemented in Russia not earlier than in 2014 according to the BCBS,[545] and Russian authorities declared that Basel III standards are to be translated into national regulations starting from 2012.[546]

Thus, Russia has declared its intent to translate the new bank capital and liquidity standards into national legislation, but no actions to translate the Basel III bank capital and liquidity standards into national laws and regulations during the compliance cycle has been registered. Thus, Russia has been awarded a score of 0.

Analyst: Andrey Shelepov

Saudi Arabia: +1
Saudi Arabia has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework.

In a 30 November 2011 speech to The Institute of Banking/Moody's Analytics Sympoisum, H.E. Dr. Abdulrahman Al-Hamidy, Vice-Governor of the Saudi Arabian Monetary Agency (SAMA), pointed out that Saudi Arabia's "Banking Control Law (BCL) already provides for a clear definition of capital and also provides for legal capital, liquidity and leverage ratios and limits on large exposures. The BCL also allows SAMA to introduce appropriate and relevant international standards such as those emanating from the Basel Committee or the Financial Stability Board." Vice-Governor H.E. Dr. Al-Hamidy reckons that SAMA's assessment concluded "that the transition to Basel III in the Basel agreed time frames should be smooth. Saudi banks already maintain a high level of core common equity capital. [...] Similarly Saudi Banks maintain a high level of liquidity [...]. SAMA already requires banks to keep conservation buffers above the minimum and has introduced stringent stress testing requirements."[547]

In April 2012, the BCBG and BIS updated their Progress report on Basel III implementation. According to the report, Saudi Arabia received a classification 3 (of 4) for issuing finalized regulations to banks.[548]

---

[544] Draft federal law №521063-5 On Introducing Amendments to Federal Laws On Banks and Banking Activities and On Central Bank of the Russian Federation, Russian State Duma 12 March 2012. Date of Access: 31 March 2012. http://asozd.duma.gov.ru/main.nsf/%28Spravka%29?OpenAgent&RN=521063-5.

[545] Progress report table on the Basel II adoption, Basel Committee on Banking Supervision 18 October 2011. Date of Access: 31 March 2012. http://www.bis.org/publ/bcbs/b2prog_rep_table.htm.

[546] 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: 31 March 2011. http://www1.minfin.ru/ru/official/index.php?id4=12478.

[547] Risk Strategies for Basel III Compliance and Beyond, Saudi Arabia Monetary Agency (SAMA) (Riyadh), 30 November 2011. Date of Access: 2 March 2012. http://www.sama.gov.sa/sites/samaen/News/Pages/Risk%20Strategies%20for%20BaselIII.aspx

[548] Progress report on Basel III implementation, Bank of International Settlements and Basel Committee on Banking Supervision (Basel) April 2012. Date of Access: 18 May 2012. http://www.bis.org/publ/bcbs215.pdf

By assessing its ability to implement the Basel III standards and by having set stringent requirements to its banks, Saudi Arabia has fully complied with its commitment and has thus been awarded a score of +1.

Analyst: Hyrar Tumasyan

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.

On 18 November 2011 the National Treasury of the Republic of South Africa and the South African Reserve Bank confirmed that "on 31 October 2011, the Minister of Finance approved amended Regulation" intended to give effect to "Basel 2.5" and to "strengthen the risk coverage of the capital framework; reduce risks from certain securitisation and off-balance-sheet activities; discourage excessive lending; strengthen board and senior management oversight in banks and banking groups; increase public disclosure; and strengthen the oversight of bankers remuneration." The amended Regulations "will be implemented with effect from 1 January 2012."[549]

In 15 December 2011 Government Gazette No. 34838 the South African Reserve Bank issued "Regulations relating to Banks" which aim at establishing "basic principles relating to the maintenance of effective risk management by banks."[550]

On 8 February 2012 the Circular 2/2012 issued by the South African Reserve Bank confirms that the Office of the Registrar of Banks "is in the process of finalising Draft 1 of the proposed amended Regulations relating to Banks (the Amended Regulations for Basel III), which is due to be issued for comment at the end of March 2012." The proposed Amendments "will essentially deal with the minimum requirements contained in the Basel III framework, which are to be phased in as from 1 January 2012."[551]

On 30 March 2012, the Bank Supervision Department of the South African Reserve Bank "released draft 1 of the complete set of proposed amended Regulations relating to Banks, for comment." The draft regulation sets Capital Adequacy Ratio at 9.5%, composed of an 8%

[549] Press Release: Amended Bank Regulations to Give Effect to "Basel 2.5", South African National Treasury (Pretoria) 18 November 2011. Date of Access: 23 February 2012. http://www.treasury.gov.za/comm_media/press/2011/2011111801.pdf

[550] Regulations relating to Banks: Published in Government Gazette No. 34838, dated 15 December 2011, South African National Treasury (Pretoria) 19 December 2011. Date of Access: 14 March 2012. http://www.resbank.co.za/publications/detail-item-view/pages/publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblist=21b5222e-7125-4e55-bb65-56fd3333371e&sarbitem=52

[551] Circular 2/2012 Regulations relating to Banks and related matters – Executive Summary, Office of the Registrar of Banks of the South African Reserve Bank (Pretoria) 8 February 2012. Date of Access: 14 March 2012. http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/4958/C2%20of%202012.pdf

minimum prescribed capital adequacy ratio and a 1.5% additional systemic requirement specified by the Registrar.[552]

South Africa has taken regulatory steps towards the implementation of the standards set in the Basel III framework and has thus been awarded a score of +1.

Analyst: Nick Shorten, Alexandre de Palma

Turkey: -1

Turkey is assessing its progress towards the implementation of the Basel II standards, but has yet to prove its commitment to implement Basel II.5 and Basel III. It has thus failed to comply with its commitment to implement the financial sector reform agenda.

On 31 January 2012 Erdem Başçi, the Governor of the Central Bank of Turkey, presented a speech at the Inflation Report press conference. The speech highlights on the central bank's continued focus on financial stability and careful assessment on the impact of the macro-prudential measures on the inflation outlook.[553]

On 7 March 2012 the Banking Regulation and Supervision Agency published the Turkish Banking Sector's Non-Consolidated Main Indicators. As of January 2012, the Capital Adequacy Standard Ratio of the Turkish Banking Sector was 16.8%, down from 18.4% in January 2011.[554]

On 15 March 2012 the Banking Regulation and Supervision Agency publish a progress report on Turkish Banks' implementation of Basel II.[555]

In April 2012, the BCBS and the BIS updated their Progress report on Basel III implementation. According to the report, Turkey received a classification 1 (of 4) for a lack of progress made towards the adoption of regulatory rules. The BCBS and BIS expect draft regulation to be published in mid-2012.[556]

Turkey has failed to take steps toward translating Basel III bank capital and liquidity standards into national laws and regulations. It has thus been awarded a score of -1.

Analyst: Taufiq Zaman

---

552 Proposed amended Regulations related to Banks, South African Reserve Bank (Pretoria) 30 march 2012. Date of Access: 18 may 2012. http://www.resbank.co.za/Publications/Detail-Item-View/Pages/Publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblist=21b5222e-7125-4e55-bb65-56fd3333371e&sarbitem=5007

553 Latest economic outlook and macroeconomic developments in Turkey, Erdem Başçi - Governor of the Central Bank of the Republic of Turkey (Istanbul) 31 January 2012. Date of Access: 26 February 2012 http://www.bis.org/review/r120221a.pdf?frames=0

554 Turkish Banking Sector Non-Consolidated Main Indicators, Banking Regulation and Supervisory Agency (Ankara) January 2012. Date of Access: 21 March 2012. http://www.bddk.org.tr/websitesi/english/Announcements/Press_Releases/10718press_release__january_2012_.pdf

555 Bankacılık Sektörü Basel II İlerleme Raporu Yayımlandı, Banking Regulation and Supervisory Agency (Ankara) 15 March 2012. Date of Access 21 March 2012. http://www.bddk.org.tr/WebSitesi/turkce/Duyurular/Basin_Aciklamalari/10728basin_aciklamasi_basel.pdf

556 Progress report on Basel III implementation, Bank of International Settlements and Basel Committee on Banking Supervision (Basel) April 2012. Date of Access: 18 May 2012. http://www.bis.org/publ/bcbs215.pdf

United Kingdom: +1
The United Kingdom has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework.

As a member country of the European Union, the United Kingdom is subject to the Union's regulations and directives.

On 23 November 2011, The Bank of England's interim Financial Policy Committee (FPC) announced its main proposals for financial reform in the British financial services industry. The committee recommended that banks should limit distributions and consider raising external capital in the following months if they found that earnings were insufficient to build capital levels further. Further, it indicated that the Financial Services Authority should give further consultations to banks on improving resilience of balance sheets without exacerbating market fragility, and without reducing lending to the real economy. Finally, the FPC recommended the FSA encourage banks to disclose leverage ratios not later than by 2013, as required by the Basel III agreement.[557]

On 19 December 2011 the Government of the United Kingdom published its response to the Independent Commission on Banking's report published in September 2011. "The Coalition Government warmly welcomes the ICB's recommendations." The Government states that it strongly supports the ICB's "three objectives: make banks better able to absorb losses; make it easier and less costly to sort out banks that still get into trouble; and curb incentives for excessive risk-taking." The Government further supports the ICB's dual approach, which consists of "ring-fencing vital banking services and increasing banks' loss-absorbency." In order to comply with the ICB's recommended timeline, the Government of the United Kingdom "will bring forward a White Paper in spring 2012 which will set out detailed proposals on the ICB's recommendations, and launch a consultation."[558]

On 20 December 2011, the Bank of England released a discussion paper that outlined new key features the Bank of England might adopt in its expanded role as a financial supervisor, including: (1) countercyclical capital buffers for minimum (common equity) liquidity requirements, (2) sectoral capital requirements (variable risk weights that balance each bank's lending to its stock), (3) a maximum leverage ratio, (4) use of central counterparties (CCR), and (5) disclosure requirements, among others. These particular new features would involve establishing a common solvency rule akin to the G7 countries' standard.[559]

In a 31 January 2012 speech at the Euromoney conference Mark Hoban MP, the Financial Secretary to the Treasury, confirmed that the Government will require "ring fenced retail banks to

[557] Financial Stability Report, Bank of England (London) 1 December 2011. Date of Access; 8 March 2012. http://www.bankofengland.co.uk/publications/Documents/fsr/2011/fsrsum1112.pdf.
[558]The Government response to the Independent Banking Commission on Banking, HM Treasury (London), 19 December 2011. Date of Access: 18 March 2012 http://cdn.hm-treasury.gov.uk/govt_response_to_icb_191211.pdf
[559] Instruments of Macroprudential Policy – Discussion Paper, Bank of England (London) 20 December 2011. Date of Access: 1 March 2012.
http://www.bankofengland.co.uk/publications/Documents/other/financialstability/discussionpaper111220.pdf.

hold equity capital of at least 10 per cent, more than required under the Basel III agreement, with minimum loss absorbing capacity for the bigger banks of at least 17 per cent."[560]

On 30 November 2011 the European Banking Authority published "consultation papers on guidelines to the Incremental Default and Migration Risk Charge (IRC) and on guidelines to Stressed VaR" (Value at Risk).[561][562][563] Both proposals are intended to become amendments to the CRD III (Capital Requirements Directive) and to enter into force on 31 December 2011.

On 8 December 2011 the European Banking Authority published a formal Recommendation stating that "national supervisory authorities should require the banks included in the sample to strengthen their capital positions by building up an exceptional and temporary capital buffer against sovereign debt exposures to reflect market prices as at the end of September. In addition, banks will be required to establish an exceptional and temporary buffer such that the Core Tier 1 capital ratio reaches a level of 9% by the end of June 2012."[564]

On 19 December 2011 the European Banking Authority published the compliance table regarding the 27 September 2011 EBA Guidelines on Internal Governance that "aim at enhancing and consolidating supervisory expectations and to ultimately improve the sound implementation of internal governance arrangements."[565]

On 20 December 2011 the European Banking Authority issued "a consultation paper on draft Implementing Technical Standards (ITS) on supervisory reporting requirements for institutions." The draft ITS puts forwards asset of rules pertaining to the Capital Requirements Regulation (CRR), a subset of the CRD IV (Capital Requirements Directive) proposal being discussed by

[560] Speech by the Financial Secretary to the Treasury, Mark Hoban MP, at the Euromoney Conference, HM Treasury (London), 31 January 2012. Date of Access: 18 March 2012. http://www.hm-treasury.gov.uk/speech_fst_310112.htm

[561] EBA consultation papers on guidelines to the Incremental Default and Migration Risk Charge (IRC) and on guidelines to Stressed VaR, European Banking Authority (London) 30 November 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/EBA-consultation-papers-on-guidelines-to-the-Incre.aspx

[562] EBA Consultation Paper on the Draft Guidelines on the Incremental Default and Migration Risk Charge (IRC) (CP49), European Banking Authority (London) 30 November 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2011/CP49/EBA-BS-2011-165-(CP-on-GL-IRC)-FINAL.pdf

[563]EBA Consultation Paper on the Draft Guidelines on Stressed Value at Risk (Stressed VaR) (CP48), European Banking Authority (London) 30 November 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2011/CP48/EBA-BS-2011-166r-(CP48-on-GL-Stressed-VaR)-FINAL.pdf

[564] The EBA publishes Recommendation and final results of bank recapitalisation plan as part of co-ordinated measures to restore confidence in the banking sector, European Banking Authority (London) 8 December 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/The-EBA-publishes-Recommendation-and-final-results.aspx

[565] The EBA has published compliance table regarding Guidelines on Internal Governance (GL44), European Banking Authority (London) 19 December 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/EBA-published-compliance-table-regarding-Guideline.aspx

European Union institutions. "The EBA intends to finalise the draft ITS and submit it to the Commission by 30 June 2012."[566]

On 25 January 2012 the European Central Bank expressed its opinion "on [1] a proposal for a Directive on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and [2] a proposal for a Regulation on prudential requirements for credit institutions and investment firms." The ECB supports the proposed directive as well as the proposed regulation, and puts forwards recommendations pertaining to macro-prudential supervision, own funds, capital buffers, liquidity, leverage, supervisory reporting, the enhancement of information-sharing arrangements and other issues. The ECB further proposes amendments to the proposed directive and to the proposed regulation.[567]

On 13 February 2012 the European Banking Authority published a Consultation Paper on draft Implementing Technical Standards (ITS) on reporting of large exposures (CP51). The draft ITS is "requested by Article 383 of the Capital Requirements Regulation (CRR) and represents an addendum to the [20 December 2011] ITS proposal on supervisory reporting requirements."[568]

A 3 May 2012 article by the telegraph reports that on 2 May 2012 Britain's Chancellor George Osborne "blocked a European Union agreement on new rules to increase capital requirements for banks" as he considered said measures to be too weak. The newspaper further reports that Mr. Osborne "also pushed for standardised definitions of banking capital rather than allowing country-by-country variations."[569] On 15 May 2012, the European Union's finance ministers struck a deal that "will allow the UK to implement key policies recommended by the Independent Commission on Banking (ICB) last year, such as retail ring-fences and 10pc capital buffers, designed to protect the country from another financial crisis."[570] The Council reached an agreement "on a general approach on two proposals, [...] [which] set out to amend and replace the existing capital requirement directives and divide them into two new legislative instruments: a

[566] EBA Consultation paper on draft ITS on supervisory reporting requirements, European Banking Authority (London) 20 December 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/EBA-consultation-paper-on-draft-ITS-on-supervisory.aspx

[567] Opinion of the European Central Bank (CON/2012/5), European Central Bank (Frankfurt), 25 January 2012. Date of Access: 17 March 2012. http://www.ecb.int/ecb/legal/pdf/en_con_2011_5_f.pdf

[568] EBA publishes a consultation paper on draft ITS on reporting of large exposures, European Banking Authority (London), 13 February 2012. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2012/EBA-publishes-a-consultation-paper-on-draft-ITS-on.aspx

[569] Chancellor George Osborne blocks EU's Basel III rules, The Telegraph (London), 3 May 2012. Date of Access: 18 May 2012. http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/9243959/Chancellor-George-Osborne-blocks-EUs-Basel-III-rules.html

[570] George Osborne wins battle for tougher rules on UK banks, The Telegraph (London), 15 May 2012. Date of Access: 18 May 2012. http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/9267929/George-Osborne-wins-battle-for-tougher-rules-on-UK-banks.html

regulation establishing prudential requirements that institutions need to respect and a directive governing access to deposit-taking activities."[571]

The United Kingdom has taken regulatory steps towards the implementation of the standards set in the Basel III framework. Moreover, as a member of the European Union, the United Kingdom has also worked towards the transcription of Basel III standards in the EU's regulations. It has thus been awarded a score of +1.

Analyst: Biljana Zorbic, Alexandre de Palma

United States: 0

The United States has partially complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework.

On 22 November 2011 "The Federal Reserve Board [...] issued a final rule requiring top-tier U.S. bank holding companies with total consolidated assets of $50 billion or more to submit annual capital plans for review." The Federal Reserve Board stresses that bank holding companies subject to the rule are "expected to have credible plans that show they have sufficient capital so that they can continue to lend to households and businesses, even under adverse conditions, and are well prepared to meet regulatory capital standards agreed to by the Basel Committee on Banking Supervision as they are implemented in the United States."[572]

On 7 December 2011 "the federal bank regulatory agencies [...] announced they [were] seeking comment on a notice of proposed rulemaking (NPR) that would amend an earlier NPR" which "was based largely on the revisions to the market risk framework published by the Basel Committee on Banking Supervision since 2005." Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the federal bank regulatory agencies will replace "references to, and requirements of, reliance on credit ratings from their regulations and replace them with appropriate alternatives for evaluating creditworthiness. The agencies believe that the capital requirements resulting from the implementation of these alternative standards would be generally consistent with the standards in the Basel Committee's revisions."[573]

On 15 December 2011 "Three federal bank regulatory agencies [...] announced they [were] seeking comment on a notice of proposed rulemaking that would revise the market risk capital rules for banking organizations with significant trading activity. The proposed rule would implement changes approved by the Basel Committee on Banking Supervision to its market risk framework."[574]

[571] Press Release 9733/12, 3167th Council meeting, Economic and Financial Affairs, Council of the European Union (Brussels), 15 May 2012. Date of Access: 18 May 2012. http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/130268.pdf

[572] Press release, Board of Governors of the Federal Reserve System (Washington, D.C.), 22 November 2011. Date of Access: 19 March 2012. http://www.federalreserve.gov/newsevents/press/bcreg/20111122a.htm

[573] Agencies Seek Comment on Additional Revisions to the Market Risk Capital Rules, Board of Governors of the Federal reserve System (Washington, D.C.), 7 December 2011. Date of Access: 19 March 2012. http://www.federalreserve.gov/newsevents/press/bcreg/20111207a.htm

[574] Agencies Seek Comment on Market Risk and Basel II Advanced Approaches, Board of Governors of the Federal Reserve System (Washington, D.C.), 15 December 2012. Date of Access: 19 March 2012. http://www.federalreserve.gov/newsevents/press/bcreg/20101215b.htm

On 20 December 2012 the Federal Reserve Board "proposed steps to strengthen regulation and supervision of large bank holding companies and systemically important nonbank financial firms." The proposal includes measures "addressing issues such as capital, liquidity, credit exposure, stress testing, risk management, and early remediation requirements." The Board will "issue a proposal to implement a risk-based capital surcharge based on the framework and methodology developed by the Basel Committee on Banking Supervision [and] one or more proposals to implement quantitative liquidity requirements based on the Basel III liquidity rules."[575]

On 13 March 2012 the Federal Reserve announced summary results of the Comprehensive Capital Analysis and Review (CCAR) that was announced on 2 November 2012. The Federal reserve concluded that "despite the large hypothetical declines, the post-stress capital level in the test exceeds the actual aggregate tier 1 common ratio for the 19 firms prior to the government stress tests conducted in the midst of the financial crisis in early 2009, and reflects a significant increase in capital during the past three years." It further stressed that "15 of the 19 bank holding companies were estimated to maintain capital ratios above all four of the regulatory minimum levels under the hypothetical stress scenario." The agency adds that the stress-tests also assessed the banks' "plans to meet international capital agreements as new requirements are phased in beginning in 2013."

The United States has declared intent to take regulatory steps towards the implementation of the Basel Committee on Banking Supervision's guidelines as set in the Basel III framework and has thus been awarded a score of 0.

Analyst: Alexandre de Palma

European Union: +1
The European Union 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 30 November 2011 the European Banking Authority published "consultation papers on guidelines to the Incremental Default and Migration Risk Charge (IRC) and on guidelines to Stressed VaR" (Value at Risk).[576][577][578] Both proposals are intended to become amendments to the CRD III (Capital Requirements Directive) and to enter into force on 31 December 2011.

[575] Press Release, Board of Governors of the Federal Reserve System (Washington, D.C.), 20 December 2012. Date of Access: 19 March 2012.
http://www.federalreserve.gov/newsevents/press/bcreg/20111220a.htm
[576] EBA consultation papers on guidelines to the Incremental Default and Migration Risk Charge (IRC) and on guidelines to Stressed VaR, European Banking Authority (London) 30 November 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/EBA-consultation-papers-on-guidelines-to-the-Incre.aspx
[577] EBA Consultation Paper on the Draft Guidelines on the Incremental Default and Migration Risk Charge (IRC) (CP49), European Banking Authority (London) 30 November 2011. Date of Access: 17 March 2012.
http://www.eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2011/CP49/EBA-BS-2011-165-(CP-on-GL-IRC)-FINAL.pdf
[578] EBA Consultation Paper on the Draft Guidelines on Stressed Value at Risk (Stressed VaR) (CP48), European Banking Authority (London) 30 November 2011. Date of Access: 17 March 2012.
http://www.eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2011/CP48/EBA-BS-2011-166r-(CP48-on-GL-Stressed-VaR)-FINAL.pdf

On 8 December 2011 the European Banking Authority published a formal Recommendation stating that "national supervisory authorities should require the banks included in the sample to strengthen their capital positions by building up an exceptional and temporary capital buffer against sovereign debt exposures to reflect market prices as at the end of September. In addition, banks will be required to establish an exceptional and temporary buffer such that the Core Tier 1 capital ratio reaches a level of 9 per cent by the end of June 2012."[579]

On 19 December 2011 the European Banking Authority published the compliance table regarding the 27 September 2011 EBA Guidelines on Internal Governance that "aim at enhancing and consolidating supervisory expectations and to ultimately improve the sound implementation of internal governance arrangements."[580]

On 20 December 2011 the European Banking Authority issued "a consultation paper on draft Implementing Technical Standards (ITS) on supervisory reporting requirements for institutions." The draft ITS puts forwards asset of rules pertaining to the Capital Requirements Regulation (CRR), a subset of the CRD IV (Capital Requirements Directive) proposal being discussed by European Union institutions. "The EBA intends to finalise the draft ITS and submit it to the Commission by 30 June 2012."[581]

On 25 January 2012 the European Central Bank expressed its opinion "on [1] a proposal for a Directive on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and [2] a proposal for a Regulation on prudential requirements for credit institutions and investment firms." The ECB supports the proposed directive as well as the proposed regulation, and puts forwards recommendations pertaining to macro-prudential supervision, own funds, capital buffers, liquidity, leverage, supervisory reporting, the enhancement of information-sharing arrangements and other issues. The ECB further proposes amendments to the proposed directive and to the proposed regulation.[582]

On 13 February 2012 the European Banking Authority published a Consultation Paper on draft Implementing Technical Standards (ITS) on reporting of large exposures (CP51). The draft ITS is

[579] The EBA publishes Recommendation and final results of bank recapitalisation plan as part of co-ordinated measures to restore confidence in the banking sector, European Banking Authority (London) 8 December 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/The-EBA-publishes-Recommendation-and-final-results.aspx

[580] The EBA has published compliance table regarding Guidelines on Internal Governance (GL44), European Banking Authority (London) 19 December 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/EBA-published-compliance-table-regarding-Guideline.aspx

[581] EBA Consultation paper on draft ITS on supervisory reporting requirements, European Banking Authority (London) 20 December 2011. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2011/EBA-consultation-paper-on-draft-ITS-on-supervisory.aspx

[582] Opinion of the European Central Bank (CON/2012/5), European Central Bank (Frankfurt), 25 January 2012. Date of Access: 17 March 2012. http://www.ecb.int/ecb/legal/pdf/en_con_2011_5_f.pdf

"requested by Article 383 of the Capital Requirements Regulation (CRR) and represents an addendum to the [20 December 2011] ITS proposal on supervisory reporting requirements."[583]

On 2 May 2012 the Council of the European Union "examined proposals to amend the EU's rules on capital requirements for banks and investment firms [...] with a view to starting the negotiations with the European Parliament aimed at adoption of texts at first reading."[584] On 15 May 2012 the Council reached an agreement "on a general approach on two proposals, [...] [which] set out to amend and replace the existing capital requirement directives and divide them into two new legislative instruments: a regulation establishing prudential requirements that institutions need to respect and a directive governing access to deposit-taking activities."[585]

The European Union has taken regulatory steps towards the implementation of the Basel III standards and has thus been awarded a score of +1.

Analyst: Alexandre de Palma

[583] EBA publishes a consultation paper on draft ITS on reporting of large exposures, European Banking Authority (London), 13 February 2012. Date of Access: 17 March 2012. http://www.eba.europa.eu/News--Communications/Year/2012/EBA-publishes-a-consultation-paper-on-draft-ITS-on.aspx

[584] Press Release 9359/12, 3163rd Council meeting, Economic and Financial Affairs, Council of the European Union (Brussels), 2 May 2012. Date of Access: 18 May 2012. http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/130020.pdf

[585] Press Release 9733/12, 3167th Council meeting, Economic and Financial Affairs, Council of the European Union (Brussels), 15 May 2012. Date of Access: 18 May 2012. http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/130268.pdf

Finance: Over-the-Counter Derivatives [149]

Commitment [#149]:

"[We commit to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including:] clearing and trading obligations for OTC derivatives"

Cannes 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		Not applicable	
Italy			+1
Japan			+1
Korea			+1
Mexico			+1
Russia			+1
Saudi Arabia	-1		
South Africa		0	
Turkey	-1		
United Kingdom			+1
United States			+1
European Union			+1
Average Score		+0.74	

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."[586] 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. The Cannes Summit Declaration further reaffirms G20 leaders' commitment to implement the financial sector agenda. While the Cannes Summit Declaration only explicitly mentions the "clearing and trading obligations for OTC derivatives," the scope of its commitment includes all the reforms "agreed up to Seoul." Standardization and reporting to trade repositories are thus considered as part of the reforms that target the OTC derivatives market.

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

[586]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

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 deadline, and believes that in order for this target to be achieved, jurisdictions need to take substantial, concrete steps toward implementation immediately."[587]

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"[588] and noted that "few FSB members have the legislation or regulations in place to provide the framework for operationalizing the commitments."[589] The FSB "concludes that jurisdictions should aggressively push forward to meet the end-2012 deadline in as many reform areas as possible."[590]

A 9 December 2011 *Joint Statement on Regulation of OTC Derivatives Markets* released by the U.S. Securities and Exchange Commission informs that "the authorities responsible for regulation of the over-the-counter (OTC) derivatives markets in Canada, the European Union, Hong Kong, Japan, Singapore, and the United States [...] addressed the cross-border issues related to the implementation of new legislation and rules to govern the OTC derivatives markets in their respective jurisdictions."[591]

Commitment Features:
On 25 October 2010 FSB published a report on Implementing OTC Derivatives Market Reforms.[592]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.[593] The specific timelines and processes associated with these four recommendation areas are outlined in Table 8.

---

[587] 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
[588] 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
[589] 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
[590] 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
[591] Joint Statement on Regulation of OTC Derivatives Markets, U.S. Securities and Exchange Commission (Washington, D.C.) 9 December 2011. Date of Access 24 January 201.
http://www.sec.gov/news/press/2011/2011-260.htm
[592] 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
[593] 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

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.

Table 8: 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	IOSCO, with involvement of other appropriate authorities, should conduct an analysis by 31 January 2011 of: (i) the characteristics of the various exchanges and electronic platforms that could be used for derivatives trading; (ii) the characteristics of a market that make exchange or electronic platform trading practicable; (iii) the benefits and costs of increasing exchange or electronic platform trading, including identification of benefits that are incremental to those provided by increasing standardisation, moving to central clearing and reporting to trade repositories; and (iv) the regulatory actions that may be advisable to shift trading to exchanges or electronic trading platforms. In addition, authorities should consider increasing public price and volume transparency for all derivatives transactions.
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 largest banks — derivatives dealers 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 non-discriminatory manner with respect to ANY of 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.

Lead Analyst: Alexandre De Palma

Argentina: +1

Argentina's regulation complies with the Pittsburgh 2009 G20 Summit commitments to strengthen OTC derivatives markets regulation.

The 11 October 2011 FSB Report on OTC Derivatives Market Reforms notes that Argentina, "whose derivatives markets already [is] dominated by exchange-traded derivatives trading," does "not plan to implement trading requirements."[594]

Argentina complies with the G20 commitment to strengthen OTC derivatives markets regulation and has therefore earned a score of +1.

Analyst: Laurène Vasseur

Australia: +1

Australia has fully complied with its commitment to strengthen regulation of OTC Derivatives markets by drafting regulatory proposals and consulting with market participants on (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 November 19, 2011, the Treasury released a discussion paper on 'Handling and Use of Client Money in Relation to Over-the-Counter (OTC) Derivatives Transactions'. The purpose of the paper is to discuss the issues relating to the holding of client money in connection with OTC derivatives transactions and to review whether client monies provisions of the Corporations Act 2001 provide sufficient protection for investors.[595]

[594] 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

[595] Handling and use of client money in relation to over-the-counter derivatives transactions, The Treasury of the Australian Government 19 November 2011. Date of Access: March 2nd 2012. http://www.treasury.gov.au/documents/2231/PDF/DP_Client_Monies_OTC.pdf

On 24 January 2012 the Corporations and Markets Advisory Committee (CAMAC) published a report on Derivatives and considered that "the Australian legislation regulating derivatives compares favourably with overseas regulatory systems, and regulatory initiatives in local OTC derivatives markets are fully in line with international developments."[596] The report further highlights the recommendations and progresses made by Australian regulatory agencies as regards standardisation, electronic trading, central clearing, risk mitigation, and protection of the customers of OTC derivatives products.[597]

In its 27 March 2012 Financial Stability Review, the Reserve Bank of Australia recalled, "the Council of Financial Regulators (CFR) continued to develop policy proposals on the regulation of OTC derivatives markets."[598]

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: Rizal Adam Pany

Brazil: +1

Brazil's regulation complies with the Pittsburgh 2009 G20 Summit commitments to strengthen OTC derivatives markets regulation.

The 11 October 2011 FSB Report on OTC Derivatives Market Reforms notes that Brazil, "whose derivatives markets already [is] dominated by exchange-traded derivatives trading," does "not plan to implement trading requirements."[599]

A 9 November 2011 article by the Financial Times reported that BM&FBovepsa would source clearinghouse technology from Cinnober, a Swedish trading technology company. "Cícero Vieira Neto, chief operating, clearing and depository officer of BM&FBovespa, said the new system would allow users to net positions in different classes of assets and contracts."[600]

Brazil complies with the G20 commitment to strengthen OTC derivatives markets regulation and has therefore earned a score of +1.

Analyst: Laurène Vasseur

[596] Media Release Derivatives, Corporations and Markets Advisory Committee (Sydney) 24 January 2012. Date of Access: 12 April 2012. http://www.camac.gov.au/camac/camac.nsf/byHeadline/Whats+NewMedia+Release+definiation+of+derivatives?openDocument

[597] Derivatives, Corporations and Markets Advisory Committee (Sydney) 22 December 2011. Date of Access: 12 April 2012. http://www.camac.gov.au/camac/camac.nsf/byHeadline/PDFFinal+Reports+2011/$file/Derivatives_Report_Dec2011.pdf

[598] Financial Stability Review, Reserve Bank of Australia (Sydney) 27 March 2012. Date of Access: 12 April 2012. http://www.rba.gov.au/publications/fsr/2012/mar/pdf/0312.pdf

[599] 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

[600] Cinnober wins BM&FBovepsa clearing deal, Financial Times (London), 9 November 2011. Date of Access: 12 april 2012. http://www.ft.com/intl/cms/s/0/209ba770-0ab2-11e1-b9f6-00144feabdc0.html#axzz1rtKqSMTD

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.

The Bank of Canada's 2010 Financial System Review suggested that Canadian derivatives markets are sufficiently standardized due to headway in standardization through the International Swaps and Derivatives Association (ISDA).[601]

The 30 January 2012 FSB peer review report reported that Canada is considering two options for fulfilling its G20 commitment to increase the use of CCPs for OTC derivatives: (1) Canadian market participants could clear certain systemically important products on a CCP located in Canada, with other products cleared offshore; or (2) all products would be cleared at existing and planned global CCPs located in the United States and Europe.[602]

The 11 October 2011 FSB progress report noted that legislation on central clearing and exchange or electronic platform trading is under review. On 25 November 2011, the Canadian Securities Administrators (CSA) published a public consultation paper on the surveillance and enforcement of OTC derivatives markets.[603] This paper recommended further study on market surveillance mechanisms by provincial regulators.

On 23 June 2011, the CSA published a different consultation paper that proposed requiring all OTC derivatives transactions entered into by a Canadian counterparty be reported to an approved trade repository, with Canadian regulators having access to that data.[604] On 30 November 2011, Quebec amended its *Derivatives Act* in accordance with the CSA's trade repository recommendations.[605] According to the Security and Exchange Commission's 31 January 2012 Joint Report on International Swap Regulation, Ontario intends to establish a regulatory framework for trade repositories for all derivatives, while Alberta intends to propose statutory amendments defining and providing recognition for trade repositories.[606]

[601] 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

[602] Peer Review of Canada, Financial Stability Board (Basel) 30 January 2012. Date of Access 27 February 2012 http://www.financialstabilityboard.org/publications/r_120130.pdf

[603] Public Consultation Paper on Derivatives: Surveillance and Enforcement. Canadian Securities Administrators (Toronto) 25 November 2011. Date of Access: 27 February 2012 http://www.osc.gov.on.ca/en/SecuritiesLaw_csa_20111125_91-403_cp-derivatives.htm

[604] Public Consultation Paper on Derivatives: Trade Depositories, Canadian Securities Administrators (Toronto) 23 June 2011. Date of Access: 27 February 2012. http://www.osc.gov.on.ca/documents/en/Securities-Category9/csa_20110623_91-402_trade-repositories.pdf

[605] An Act to amend various legislative provisions mainly concerning the financial sector, National Assembly of Quebec (Quebec City) 30 November 2011. Date of Access: 27 February 2012. http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=5&file=2011C26A.PDF

[606] Joint Report on International Swap Regulation, Securities and Exchange Commission and Commodity Futures Trading Commission (Washington) 31 January 2012. Date of Access: 27 February 2012. www.sec.gov/news/studies/2012/sec-cftc-intlswapreg.pdf

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.

Analyst: Graham Smith

China: +1

There were no further developments for this commitment during the Cannes summit cycle from November 2011 to June 2012.

China has taken steps towards three of the four FSB recommendation areas for OTC derivatives market reforms and has therefore earned a score of +1.

Analyst: Rizal Adam Pany

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.

On 9 February 2012, the Council of the European Union reached agreement on new regulations regarding OTC derivatives and market infrastructure. These new rules require that i) detailed information on OTC derivative contracts entered into by EU financial and non-financial firms are reported to trade repositories and made accessible to supervisory authorities, and that ii) trade repositories publish aggregate positions by class of derivatives accessible to all market participants.[607] Moreover, the EU will now require mandatory CCP-clearing for contracts that have been standardized, while also requires the use of electronic platforms for the timely confirmation of the terms of OTC derivatives contracts.[608] On 29 March 2012 the European Parliament adopted the legislative package.[609]

France (via the EU) has taken steps toward compliance with all four FSB recommendation areas for OTC derivatives reform and has therefore earned a score of +1

Analyst: Graham Smith

Germany: +1

Germany 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.

[607] EUROPA – New European rules on Over-the-Counter Derivatives and Market infrastructures – Frequently Asked Questions (Brussels) 9 February 2012. Date of Access: 27 February 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/91&format=HTML&aged=0&language=EN&guiLanguage=en

[608] EUROPA – New European rules on Over-the-Counter Derivatives and Market infrastructures – Frequently Asked Questions (Brussels) 9 February 2012. Date of Access: 27 February 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/91&format=HTML&aged=0&language=EN&guiLanguage=en

[609] Clamping down on the derivatives trade, European Parliament (Brussels, Strasbourg) 29 March 2012. Date of Access: 12 April 2012. http://www.europarl.europa.eu/news/en/pressroom/content/20120329IPR42137/html/Clamping-down-on-the-derivatives-trade

On 9 February 2012, the Council of the European Union reached agreement on new regulations regarding OTC derivatives and market infrastructure. These new rules require that i) detailed information on OTC derivative contracts entered into by EU financial and non-financial firms are reported to trade repositories and made accessible to supervisory authorities, and that ii) trade repositories publish aggregate positions by class of derivatives accessible to all market participants.[610] Moreover, the EU will now require mandatory CCP-clearing for contracts that have been standardized, while also requires the use of electronic platforms for the timely confirmation of the terms of OTC derivatives contracts.[611] On 29 March 2012 the European Parliament adopted the legislative package.[612]

Germany (via the EU) has taken steps toward compliance with all four FSB recommendation areas for OTC derivatives reform and has therefore earned a score of +1

Analyst: Biljana Zorbic

India: +1

There were no further developments for this commitment during the Cannes summit cycle from November 2011 to June 2012.

India has taken steps towards three of the four FSB recommendation areas for OTC derivatives market reforms and has therefore earned a score of +1.

Analyst: Alexandre de Palma

Indonesia: N/A

Indonesia does not have an OTC derivatives market and cannot be scored for this commitment.

Italy: +1

Italy 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 9 February 2012, the Council of the European Union reached agreement on new regulations regarding OTC derivatives and market infrastructure. These new rules require that i) detailed information on OTC derivative contracts entered into by EU financial and non-financial firms are reported to trade repositories and made accessible to supervisory authorities, and that ii) trade repositories publish aggregate positions by class of derivatives accessible to all market

610 EUROPA – New European rules on Over-the-Counter Derivatives and Market infrastructures – Frequently Asked Questions (Brussels) 9 February 2012. Date of Access: 27 February 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/91&format=HTML&aged=0&language=EN&guiLanguage=en

611 EUROPA – New European rules on Over-the-Counter Derivatives and Market infrastructures – Frequently Asked Questions (Brussels) 9 February 2012. Date of Access: 27 February 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/91&format=HTML&aged=0&language=EN&guiLanguage=en

612 Clamping down on the derivatives trade, European Parliament (Brussels, Strasbourg) 29 March 2012. Date of Access: 12 April 2012. http://www.europarl.europa.eu/news/en/pressroom/content/20120329IPR42137/html/Clamping-down-on-the-derivatives-trade

participants.[613] Moreover, the EU will now require mandatory CCP-clearing for contracts that have been standardized, while also requires the use of electronic platforms for the timely confirmation of the terms of OTC derivatives contracts.[614] On 29 March 2012 the European Parliament adopted the legislative package.[615]
Italy (via the EU) has taken steps toward compliance with all four FSB recommendation areas for OTC derivatives reform and has therefore earned a score of +1

Analyst: Alexandre de Palma

Japan: +1
Japan has fully complied with its commitment to strengthen regulation of OTC derivatives by: (1) increasing standardization; (3) establishing exchange or electronic platform trading; (4) establishing trade repositories for OTC derivatives transactions.

On 22 February 2012 Shozaburo Jimi, Minister of State for Financial Services, announced that "[the Government plans] to submit the bill to partially amend the Financial Instruments and Exchange Act. This bill includes provisions for [...] putting in place necessary measures concerning regulations of over-the-counter derivatives transactions"[616]

Japan 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.

Analyst: Alexandre de Palma

Korea: +1
Korea has fully complied with its commitment to strengthen regulation of OTC derivatives by starting planning for the implementation of (2) central clearing; (3) exchange or electronic platform trading; (4) trade repositories for OTC derivatives transactions.

A 1 March 2012 article by Risk.net reported that at the 28 February 2012 Risk/Return Korea 2012 conference Shim Jae-Sung, a KRX executive, declared that "[Korea wants] to adopt the CCP approach because the international consensus is that it's a necessary step, and we hope this approach will mitigate the final level of risk facing the Korean financial sector."[617]

---

[613] EUROPA – New European rules on Over-the-Counter Derivatives and Market infrastructures – Frequently Asked Questions (Brussels) 9 February 2012. Date of Access: 27 February 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/91&format=HTML&aged=0&language=EN&guiLanguage=en
[614] EUROPA – New European rules on Over-the-Counter Derivatives and Market infrastructures – Frequently Asked Questions (Brussels) 9 February 2012. Date of Access: 27 February 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/91&format=HTML&aged=0&language=EN&guiLanguage=en
[615] Clamping down on the derivatives trade, European Parliament (Brussels, Strasbourg) 29 March 2012. Date of Access: 12 April 2012. http://www.europarl.europa.eu/news/en/pressroom/content/20120329IPR42137/html/Clamping-down-on-the-derivatives-trade
[616] Policy Statement by Shozaburo Jimi, Minister of State for Financial Services, at the Committee on Financial Affairs of the House of Representatives, Financial Services Agency (Tokyo) 22 February 2012. Date of Access 19 April 2012. http://www.fsa.go.jp/en/announce/state/20120222-1.html
[617] Lack of liquidity in OTC derivatives market must not prevent the creation of a Korean CCP, Risk.net (London), 1 March 2012. Date of Access: 20 April 2012. www.risk.net/asia-risk/news/2156287/lack-liquidity-otc-derivatives-market-prevent-creation-korean-ccp

Korea 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.

Analyst: Alexandre de Palma

Mexico: +1
Mexico has fully complied to its' commitment to strengthen regulation of OTC Derivatives markets by developing regulation on central clearing, exchange or electronic platform trading, and reporting to trade repositories

In a March 2012 assessment of Mexico's financial sector, the International Monetary Fund noted that the Comisión Nacional Bancaria y de Valores (CNBV) "presently has no power whatsoever over the OTC derivatives market. Working arrangements are in place between the CNBV and BoM regarding MexDer. The division of roles and responsibilities with respect to the OTC market are under discussion but have not yet been determined." The report further considers that "there are gaps with respect to the supervision of the derivatives market owing to the fact that there is no specific legislation in this area. [...]This gap in legislation is particularly problematic given the G20's drive for additional regulation in the OTC and exchange traded derivatives markets."[618]

A 17 March 2012 article by FOW.com recalls that "MexDer, the derivatives subsidiary of the Bolsa Mexicana de Valores, has been active in implementing direct connections between itself and users such as US-based FCMs, as well as revamping technology [, in order to gain market share] in the area of OTC clearing for interest rate swaps." In April and August 2011, the Chicago Mercantile Exchange (CME) and MexDer "launched their south-to-north connection to provide Mexican investors with access to CME Group's derivative contracts [as well as] a reverse connection giving CME traders access to MexDer's contracts, including interest rate and lesser traded equity index derivatives."[619,620]

Mexico 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.

Analyst: Laurène Vasseur

Russia: +1
Russia has fully complied with its commitment to comply with FSB recommendations on strengthening regulation and supervision of OTC derivatives markets.

Russian authorities have taken measures with respect to OTC standardization.

---

[618] Mexico: Detailed Assessment of Observance of International Organization of Securities Commissions (IOSCO) Objectives and Principles of Securities Regulation, International monetary Fund (Washington, D.C.) March 2012. Date of Access: 20 April 2012. http://www.imf.org/external/pubs/ft/scr/2012/cr1268.pdf

[619] Beyond Brazil : Latin American markets set to expand in 2012, FOW.com (London) 17 March 2012. Date of Access: 20 April 2012. http://www.fow.com/Article/2997317/Beyond-Brazil-Latin-American-markets-set-to-expand-in-2012.html

[620] CME Group to MexDer Order Routing Now Available, CME Group (Chicago). Date of Access: 20 April 2012. http://www.cmegroup.com/international/partnership-resources/MexDer.html

On 21 November 2011, Russian authorities adopted amendments to the Federal Law on Clearing and Clearing Activities, which are aimed at enhancing effectiveness of its implementation and increasing the use of standardised OTC products in the Russian market.[621]

Russia has taken actions to stimulate organized platform trading in OTC derivatives.

On 21 November 2011, Russian President signed a law regulating the procedure of organized trading in different financial assets, including standardised derivatives.[622]

Russia has taken measures to establish trade repositories in the OTC derivative market.

On 14 November 2011, the Russian Federal Service for Financial Markets issued draft order providing for the establishment of trade repositories and defining the procedure of collecting data on OTC derivative transactions.[623]

Russia has undertaken measures with respect to three of the four FSB recommendation areas concerning OTC derivatives regulation. Thus, it is awarded a score of +1.

Analyst: Andrey Shelepov

Saudi Arabia: -1

Since the last compliance cycle, Saudi Arabia has failed to take steps toward compliance with any of the four FSB recommendations areas on OTC derivatives market reform and has therefore been awarded a score of -1.

Analyst: Alexandre de Palma

South Africa: 0

South Africa has partially complied to its' commitment to strengthen regulation of OTC Derivatives markets by starting a regulatory process that shall (1) grant the Registrar of Securities Services the power to define rules and standards pertaining to the OTC Derivatives Market, (2) enable the set-up of CCPs for central clearing, and (3) enable the set-up of a trade repository.

On 27 March 2012 the National Treasury published an Explanatory Memorandum that promotes and seeks comments on the Financial Market Bill expected to go through parliament in 2012. The Financial Market Bill draws upon the conclusions of the OTC Derivatives Regulation Working Group that was set up in 2010. "Clause 77 of the bill authorises the Registrar of Securities Services, in accordance with the regulation stipulated by the Minister, to prescribe requirements, conditions and standards to regulate the OTC derivatives market. The bill further provides for an independent clearing house/central counterparty and trade repository to be set up to expedite central clearing and reporting of OTC derivatives transactions." The regulation is expected to

[621] Federal Law of 21 November 2011 No. 327-FZ on Making Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Adoption of Federal Law on Organised Trading, Office of the President (Moscow) 21 November 2011. Date of Access: 31 March 2012. http://graph.document.kremlin.ru/page.aspx?1582356.

[622] Federal Law of 21 November 2011 No. 325-FZ on Organised Trading, Office of the President (Moscow) 21 November 2011. Date of Access: 31 March 2012. http://graph.document.kremlin.ru/page.aspx?1582223.

[623] Russian Federal Service for Financial Markets Draft Order on the Procedure of Keeping the Register of Contracts Concluded under the Master Agreement, National Securities Market Association 14 November 2011. Date of Access: 31 March 2012. http://www.nfa.ru/docs/fcsm20111114.pdf.

follow a three-pronged process. Phase 1 will witness the implementation of a code of conduct, the definition of the conditions of registration of market participants, and the implementation of central reporting requirements. Phase 2 will strengthen standardisation, central clearing and central trading "where appropriate." Phase 3 will set standards for risk management, margining, and capital requirements for non-centrally cleared derivatives.[624]

South Africa has taken steps towards the regulation of the OTC Derivatives market and has thus been awarded the score of 0.

Analyst: Alexandre de Palma

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.

On October 2011 the Financial Stability Board's OTC Derivative Market Reform progress report noted that Turkey has not increased initiatives to standardise derivatives and there has not been any legislative or regulatory steps to increase the use of standardise products. "Investment firms are prohibiting from dealing in OTC derivatives in Turkey; banks use mostly plain vanilla products with standardised features."[625]

Since the last compliance cycle, Turkey has failed to take steps toward compliance with any of the four FSB recommendations areas on OTC derivatives market reform and has therefore been awarded a score of -1.

Analyst: Rizal Adam Pany

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.

On 30 January 2012 David Lawton, Acting Director, Markets, Financial Services Authority, stated that "the extension of the transaction reporting obligations to over the counter (OTC) derivatives, such as credit default swaps (CDS), is long overdue. We already require this in the UK and have found the data useful for market surveillance." David Lawton further insisted that the FSA supports "the proposals in MiFID II to define a new type of trading venue — the

---

[624] Reducing the risks of over-the-counter derivatives in South Africa, National Treasury of the Republic of South Africa (Pretoria) 27 March 2012. Date of Access: 12 April 2012.
http://www.treasury.gov.za/legislation/bills/2012/FMB/Annexure%20B%20Reducing%20the%20Risks%20of%20OTC%20Derivatives.pdf
[625] OTC Derivatives Market Reforms: Progress on Implementation, Financial Stability Board (Basel) 11 October 2011. Date of Access: 2 March 2012.
http://www.financialstabilityboard.org/publications/r_111011b.pdf

organised trading facility (OTF) — as the basis for bringing an existing trading space for liquid and standardised OTC derivatives within a more structured regulatory box."[626]

On 9 February 2012, the Council of the European Union reached agreement on new regulations regarding OTC derivatives and market infrastructure. These new rules require that i) detailed information on OTC derivative contracts entered into by EU financial and non-financial firms are reported to trade repositories and made accessible to supervisory authorities, and that ii) trade repositories publish aggregate positions by class of derivatives accessible to all market participants.[627] Moreover, the EU will now require mandatory CCP-clearing for contracts that have been standardized, while also requires the use of electronic platforms for the timely confirmation of the terms of OTC derivatives contracts.[628] On 29 March 2012 the European Parliament adopted the legislative package.[629]

The United Kingdom has taken steps toward compliance 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.

Throughout 2011, the SEC and CFTC released new rules and recommendations for standardization, central clearing, and regulatory oversight of OTC derivatives markets. While a number of key Dodd-Frank derivatives regulations have yet to be published, the SEC published a tentative timeline for implementation that suggests the following regulations will be adopted before June 2012: (1) rules for clearing agencies for security-based swaps; (2) rules regarding the registration and regulation of security-based swap data repositories; (3) rules regarding mandatory clearing of security-based swaps; and (4) rules regarding the end-user exception to mandatory clearing of security-based swaps.[630] Moreover, in a 24 February 2012 speech, SEC

[626] MiFID II: A Regulator's viewpoint, Speech by David Lawton, Acting Director, Markets, FSA at the BBA MiFID Conference, London, Financial Services Authority (London), 30 January 2012. Date of Access: 12 April 2012. http://www.fsa.gov.uk/library/communication/speeches/2012/0130-dl.shtml

[627] EUROPA – New European rules on Over-the-Counter Derivatives and Market infrastructures – Frequently Asked Questions (Brussels) 9 February 2012. Date of Access: 27 February 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/91&format=HTML&aged=0&language=EN&guiLanguage=en

[628] EUROPA – New European rules on Over-the-Counter Derivatives and Market infrastructures – Frequently Asked Questions (Brussels) 9 February 2012. Date of Access: 27 February 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/91&format=HTML&aged=0&language=EN&guiLanguage=en

[629] Clamping down on the derivatives trade, European Parliament (Brussels, Strasbourg) 29 March 2012. Date of Access: 12 April 2012. http://www.europarl.europa.eu/news/en/pressroom/content/20120329IPR42137/html/Clamping-down-on-the-derivatives-trade

[630] Implementing Dodd-Frank Wall Street Reform and Consumer Protection Act — Upcoming Activity (Washington). Date of Access: 27 February 2012. http://www.sec.gov/spotlight/dodd-frank/dfactivity-upcoming.shtml#01-06-12

Chairman Mary Schapiro stated her hope that "in the near term, [the SEC and CFTC] will complete the last remaining proposals regarding capital, margin, segregation and recordkeeping requirements."[631]

The G20 commitment to establishing central counterparties for central clearing of OTC derivatives contracts has international implications. In response, the SEC and CFTC delivered to the US Congress on 31 January 2012 a report on how swaps are regulated in the United States, Asia, and Europe to identify areas of regulation that are similar and other areas of regulation that could be harmonized.[632]

On 13 January 2012 the Securities and Exchange Commission and the Financial Industry Regulation Authority (FINRA) published a Notice of Filing and Immediate Effectiveness of Proposed Rule Change to extend to January 17, 2013 the implementation of FINRA Rule 0180 (Application of Rules to Security-Based Swaps), which "temporarily limits, with certain exceptions, the application of FINRA rules with respect to security-based swaps."[633]

On 7 March 2012 the Securities and Exchange Commission and the Financial Industry Regulation Authority (FINRA) published a Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change to Extend the Implementation of FINRA Rule 4240 (Margin Requirements for Credit Default Swaps), which "intended to address concerns arising from counterparty credit risk posed by CDS, including, among other things, risks to the financial system arising from credit risk resulting from bilateral CDS transactions and from a concentration of credit risk to a central counterparty that clears and settles CDS."[634] The SEC and FINRA also published a Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change to Amend FINRA Rule 4240 (Margin Requirements for Credit Default Swaps) "to limit the application of the rule at this time to certain transactions in credit default swaps that are security-based swaps and to make other revisions to update the rule. FINRA Rule 4240 implements an interim pilot program with respect to margin requirements for certain transactions in credit default swaps."[635]

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: Graham Smith

[631] Remarks by SEC Chairman: Remarks at the Practicing Law Institute's SEC Speaks (Washington) 24 February 2012. Date of Access: 27 February 2012. http://www.sec.gov/news/speech/2012/spch022412mls.htm
[632] SEC and CFTC - Joint Report on International Swap Regulation (Washington) 31 January 2012. Date of Access: 27 February 2012. http://www.sec.gov/news/studies/2012/sec-cftc-intlswapreg.pdf
[633] Securities and Exchange Commission Release No. 34-66156; File No. SR-FINRA-2012-004, Securities and Exchange Commission (Washington, D.C.), 13 January 2012. Date of Access: 20 May 2012. http://sec.gov/rules/sro/finra/2012/34-66156.pdf
[634] Securities and Exchange Commission Release No. 34-66528; File No. SR-FINRA-2012-014, Securities and Exchange Commission (Washington, D.C.), 7 March 2012. Date of Access: 20 May 2012. http://sec.gov/rules/sro/finra/2012/34-66528.pdf
[635] Securities and Exchange Commission Release No. 34-66527; File No. SR-FINRA-2012-015, Securities and Exchange Commission (Washington, D.C.), 7 March 2012. Date of Access: 20 May 2012. http://sec.gov/rules/sro/finra/2012/34-66527.pdf

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.

On 9 February 2012, the Council of the European Union reached agreement on new regulations regarding OTC derivatives and market infrastructure. These new rules require that i) detailed information on OTC derivative contracts entered into by EU financial and non-financial firms are reported to trade repositories and made accessible to supervisory authorities, and that ii) trade repositories publish aggregate positions by class of derivatives accessible to all market participants.[636] Moreover, the EU will now require mandatory CCP-clearing for contracts that have been standardized, while also requires the use of electronic platforms for the timely confirmation of the terms of OTC derivatives contracts.[637] On 29 March 2012 the European Parliament adopted the legislative package.[638]

The European Union has taken steps toward compliance with all four FSB recommendation areas for OTC derivatives reform and has therefore earned a score of +1

Analyst: Alexandre de Palma

[636] EUROPA – New European rules on Over-the-Counter Derivatives and Market infrastructures – Frequently Asked Questions (Brussels) 9 February 2012. Date of Access: 27 February 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/91&format=HTML&aged=0&language=EN&guiLanguage=en

[637] EUROPA – New European rules on Over-the-Counter Derivatives and Market infrastructures – Frequently Asked Questions (Brussels) 9 February 2012. Date of Access: 27 February 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/91&format=HTML&aged=0&language=EN&guiLanguage=en

[638] Clamping down on the derivatives trade, European Parliament (Brussels, Strasbourg) 29 March 2012. Date of Access: 12 April 2012. http://www.europarl.europa.eu/news/en/pressroom/content/20120329IPR42137/html/Clamping-down-on-the-derivatives-trade

Finance: Systemically Important Financial Institutions (SIFIs) [151]

Commitment [#151]:

"We commit to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions."

Cannes Summit Final Declaration

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			+1
Italy			+1
Japan			+1
Korea			+1
Mexico			+1
Russia		0	
Saudi Arabia		0	
South Africa			+1
Turkey			+1
United Kingdom			+1
United States			+1
European Union			+1
Average Score		+0.85	

Background:

At the recent summits, the G20 leaders summoned the Financial Stability Board (FSB) to develop a policy framework to address the systemic and moral hazard risk associated with SIFIs.[639]

The FSB defines Systemically Important Financial Institutions (SIFIs) as "financial institutions whose disorderly failure, because of their size, complexity, and systemic interconnectedness, would cause significant disruption to the wise financial system and economic activity."[640] In order to prevent such outcome, governments are often left with no choice but to bail out failed

[639] Policy Measures to Address Systemically Important Financial Institutions, Financial Stability Board (Basel) 4 November 2012. Date of Access: 7 February 2012. http://www.financialstabilityboard.org/publications/r_111104bb.pdf.

[640] G20 Leaders endorse Financial Stability Board policy framework for addressing systemically important financial institution, Financial Stability Board (Basel) 12 November 2010. Date of Access: 7 February 2012. http://www.financialstabilityboard.org/press/pr_101111a.pdf.

SIFIs using public funds.[641] In turn, G-SIFIs are described as "financial institutions that are globally systemic" and whose "failure poses [a great risk] to the global financial system."[642]

At the 2010 Seoul G20 Summit, the G20 leaders endorsed the policy framework, work processes and timelines suggested by the FSB in the report "Reducing the moral hazard posed by systemically important financial institutions."[643] Shortly after, the FSB established a Peer Review Council whose responsibilities are to conduct an initial assessment of the implementation of national G-SIFI policies by end-2012 and to report annually to the FSB on the adequacy and global consistency of national G-SIFI policies.[644] On 19 July 2011, the FSB and the Basel Committee on Banking Supervision (BCBS) launched a public consultation on a package of proposed policy measures to address SIFIs.[645] After taking into consideration the comments and suggestions that were submitted by various national authorities during the consultation process launched on 3 October 2011, the FSB approved the package of policy measures, "Key Attributes of Effective Resolution Regimes of Financial Institutions" and presented it at the Cannes G20 Summit held on 3-4 November 2011.[646]

At the Cannes Summit on 4 November 2011, the G20 Leaders endorsed the Financial Stability

Board (FSB)'s policy framework on systemically important financial institutions (G-SIFIs), comprising a new international standard for resolution regimes, more intensive and effective supervision, and requirements for cross-border cooperation and recovery and resolution planning as well as, from 2016, additional loss absorbency for those banks determined as global systemically important financial institutions (G-SIFIs).[647]

More specifically, the policy framework comprised Key Attributes of effective resolution regimes, Global Systemically Important Banks: Assessment Methodology and the Additional Loss Absorbency Requirement; and Intensity and Effectiveness of SIFI Supervision. Specific measures focus on global SIFIs (G-SIFIs) to reflect the greater risks that these institutions pose to the global financial system. To this end, the FSB identified the initial group of 29 G-SIFIs for which the resolution-related requirements will need to be met by end-2012, and additional loss

[641] Policy Measures to Address Systemically Important Financial Institutions, Financial Stability Board (Basel) 4 November 2012. Date of Access: 7 February 2012. http://www.financialstabilityboard.org/publications/r_111104bb.pdf.
[642] Progress in the Implementation of the G20 Recommendations for Strengthening Financial Stability, Financial Stability Board (Basel) 15 February 2011. Date of Access: 7 February 2012. http://www.financialstabilityboard.org/publications/r_110219.pdf.
[643] Progress in the Implementation of the G20 Recommendations for Strengthening Financial Stability, Financial Stability Board (Basel) 15 February 2011. Date of Access: 7 February 2012. http://www.financialstabilityboard.org/publications/r_110219.pdf.
[644] FSB releases consultation documents on measures to address systemically important financial institutions, Financial Stability Board (Basel) 19 July 2011. Date of Access: 7 February 2012. http://www.financialstabilityboard.org/press/pr_110719.pdf.
[645] FSB releases consultation documents on measures to address systemically important financial institutions, Financial Stability Board (Basel) 19 July 2011. Date of Access: 7 February 2012. http://www.financialstabilityboard.org/press/pr_110719.pdf.
[646] Meeting of Financial Stability Board, Financial Stability Board (Basel) 3 October 2011. Date of Access: 7 February 2012. http://www.financialstabilityboard.org/press/pr_111003.pdf.
[647] Extending the G-SIFI Framework to domestic systemically important banks, Progress Report to the G20 Ministers and Governors, Financial Stability Boars (Basel) 16 April 2012. Date of Access: 17 May 2012.

absorbency requirements to be met from 2016.[648] The FSB also published an initial list of G-SIBs, to be updated each year in November.[649] G20 nations will implement the FSB standards and recommendations within the agreed timelines and commit to undertake the necessary legislative changes, step up cooperation amongst authorities and strengthen supervisory mandates and powers.[650]

To extend expeditiously this framework to all systemically important financial institutions, the FSB in consultation with the BCBS, is working assessment methodology for Key Attributes (first draft expected by mid-2012); thematic peer review to assess implementation of the Key Attributes (second half 2012); G-SIFI resolvability assessments, recovery & resolution plans and cross-border cooperation agreements (by end-2012); and work on extension to domestic banks (report to G20 Ministers and Governors in April 2012), global insurance companies (methodology by June 2012), and global non-banks (methodology by end-2012).[651]

Commitment Features:
On 4 November 2011, the FSB announced that the development of the critical policy measures, as part of the endorsed framework, had been completed.[652]In accordance with "Key Attributes of Effective Resolution Regimes of Financial Institutions,"[653]the comprised policy measures include:

(1) A new international standard to serve as a point of reference for reform of national resolution regimes that would outline "the responsibilities, instruments and powers that all national resolution regimes should have to enable authorities to resolve failing financial firms in an orderly manner and without exposing the taxpayer to the risk of loss";

(2) Requirements for resolvability assessment as well as for recovery and resolution planning for G-SIFIs, as well as the development of institution-specific cross-border cooperation agreements that would allow the institution's home and host authorities to be better prepared for and have a plan of cooperation in case of a crisis. Resolution-related requirements include: (1) recovery and resolution planning for G-SIFIs, (2) institution-specific cross-border cooperation agreements.

[648] Benchmarking Indian Regulatory Practices to the G20 Financial Reforms Agenda, Reserve Bank of India (Mumbai) 27 March 2012. Date of Access: 16 May 2012. http://www.rbi.org.in/scripts/PublicationsView.aspx?id=14020
[649] Benchmarking Indian Regulatory Practices to the G20 Financial Reforms Agenda, Reserve Bank of India (Mumbai) 27 March 2012. Date of Access: 16 May 2012. http://www.rbi.org.in/scripts/PublicationsView.aspx?id=14020
[650] Benchmarking Indian Regulatory Practices to the G20 Financial Reforms Agenda, Reserve Bank of India (Mumbai) 27 March 2012. Date of Access: 16 May 2012. http://www.rbi.org.in/scripts/PublicationsView.aspx?id=14020
[651] Benchmarking Indian Regulatory Practices to the G20 Financial Reforms Agenda, Reserve Bank of India (Mumbai) 27 March 2012. Date of Access: 16 May 2012. http://www.rbi.org.in/scripts/PublicationsView.aspx?id=14020
[652] Policy Measures to Address Systemically Important Financial Institutions, Financial Stability Board (Basel) 4 November 2012. Date of Access: 7 February 2012. http://www.financialstabilityboard.org/publications/r_111104bb.pdf.
[653] Policy Measures to Address Systemically Important Financial Institutions, Financial Stability Board (Basel) 4 November 2012. Date of Access: 7 February 2012. http://www.financialstabilityboard.org/publications/r_111104bb.pdf..

(3) Requirements of banks identified as G-SIFIs to have additional loss absorption capacity rising from 1% to 2.5% of risk-weighted assets to be met with common equity;

(4) More rigorous supervision of SIFIs through stronger supervisory mandates, increased resources and powers as well as higher expectations for risk management functions, data aggregation capacities, risk governance, and internal controls. Supervision-related requirements are defined as: (1) stronger government's supervisory mandate over banks, (2) increased resources and powers for regulatory agencies/governments/new bodies, (3) better risk management functions, data aggregation capacities, risk governance and internal controls.

Implementations of the developed policy measures are set to begin in early 2012, with a target of full implementation by 2019.[654]

The initial list of G-SIFIs published by the FSB and to be updated each year in November now includes the following banks: Bank of America, Bank of China, Bank of New York Mellon, Banque Populaire CdE, Barclays, BNP Paribas, Citigroup, Commerzbank, Credit Suisse, Deutsche Bank, Dexia, Goldman Sachs, Group Credit Agricole, HSBC, ING Bank, JP Morgan Chase, Lloyds Banking Group, Mitsubishi UFJ FG, Mizuho FG, Morgan Stanley, Nordea, Royal Bank of Scotland, Santander, Société Générale, State Street, Sumitomo Mitsui FG, UBS, Unicredit Group, Wells Fargo.

Scoring Guidelines:

-1	The member country does not take any action in compliance with the FSB policy measures to meet the resolution-related requirements AND the strengthened supervision requirement.
0	The member country takes actions in compliance with the FSB policy measures to meet the resolution-related requirements OR the strengthened supervision requirement.
+1	The member country takes actions in compliance with the FSB policy measures to meet the resolution-related requirements AND the strengthened supervision requirement.

Lead Analyst: Vera Gavrilova
Co-Director of Compliance: Krystel Montpetit

Argentina: 0

Argentina has partially complied with its commitment to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions. Argentina has taken action in compliance with the FSB policy measures to meet the requirements for strengthened supervision, but not the resolution-related requirements.

Argentina is not home to any systematically important financial institution. Argentine authorities have nevertheless signed Memorandums of Understanding (MoUs) with many other financial

[654] Policy Measures to Address Systemically Important Financial Institutions, Financial Stability Board (Basel) 4 November 2012. Date of Access: 7 February 2012. http://www.financialstabilityboard.org/publications/r_111104bb.pdf.

institutions supervisors, for consolidated supervision and information sharing and those MoUs have been put into practice.[655]

Hence Argentina has taken action in compliance with the FSB policy measures to meet the requirements for strengthened supervision, but not the resolution-related requirements. Thus Argentina is awarded a score of 0.

Analysts: Ian Barnard and Krystel Montpetit

Australia: +1

Australia has fully complied with its commitment to the full and timely implementation of the financial sector reform agenda agreed upon through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions. Australia has taken actions in compliance with the FSB policy measures to meet both (1) the resolution-related requirements and (2) the requirements for strengthened supervision.

On 21 February 2012, Governor of the Reserve Bank of Australia Glenn Stevens urged Australian regulators and policy makers to ensure the implementation of new regulations stemming from the global financial crisis are handled carefully to avoid unintended consequences.[656]

On 22 December 2011, the Australian Prudential Regulation Authority (APRA) published a Prudential Standard APS 910 Financial Claims Scheme (APS 910) that implements some of the operational requirements of the Financial Claims Scheme (FCS) for authorized deposit-taking institutions (ADIs). It is designed to protect depositors (up to a defined amount) and to provide them with timely access to their deposits in the event that their ADI becomes insolvent and is declared to be subject to the FCS. APS 910 came in effect on 1 January 2012. Allowing for the two-year transition period, ADIs will need to comply with the standard not later than 31 December 2013 unless granted an extended transition.[657]

On 26 September 2011, the Financial Stability Board published a peer review of Australia, which provided an overview of the Australian financial system structure and regulatory framework as well as assessed its banking supervision, securities regulation and insurance regulation and supervision. Before the onset of the 2011 Cannes Summit where Australia committed to abide by the banking supervisory and resolution-related requirements prescribed by the FSB, the FSB peer review had already established that "the Australian authorities [already] have 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

[655] FSB-G20-Monitoring Progress – Argentina September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104e.pdf

[656] Post-GFC rules must be handled carefully says Glenn Stevens, The Australian (Surry Hills) 21 February 2012. Date of Access: 5 March 2012. http://www.theaustralian.com.au/business/post-gfc-rules-must-be-handled-carefully-says-glenn-stevens/story-e6frg8zx-1226277336758.

[657] APRA releases new prudential standard for Financial Claims Scheme, Australian Prudential Regulation Authority (Sydney) 22 December 2011. Date of Access: 5 March 2012. http://www.apra.gov.au/MediaReleases/Pages/11_30.aspx

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."[658]

On 27 March 2012, the Reserve Bank of Australia (RBA) published its semi-annual "Financial Stability Review," which provided an update on the Australian financial system.[659] On the topic of "International Regulatory Agenda and Australia," the RBA reports that APRA has commenced preliminary work on living wills in Australia, focusing initially on recovery planning in the ADI industry. Currently, APRA is reviewing the draft plans that the ADIs submitted in the end of 2011. The finalised plans are to be signed off by the ADIs' boards by mid-2012.[660] Also, the RBA reports that the Australian government agreed to undergo an IMF Financial Sector Assessment Program (FASP) in 2012, which will be a follow-up from Australia's first FSAP conducted in 2005-2006 and is consistent with a recent commitment of FSB members to undergo an FSAP every five years.[661]

Hence Australia has taken actions in compliance with the FSB policy measures to meet both (1) the resolution-related requirements and (2) the requirements for strengthened supervision. Thus Australia is awarded a score of +1.

Analyst: Sayed Majeed Alaali

Brazil: +1

Brazil has complied with its commitment to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions. Brazil has taken actions in compliance with the FSB policy measures to meet the resolution-related requirements and the requirements for strengthened supervision.

On 8 February 2012, in its Peer Review Report on Deposit Insurance Systems, the FSB reported that "Brazil's temporary guarantee of special time deposits issued by banks is being phased out by 1 January 2016"[662]. In the same report, regarding the establishment of formalised arrangements for effective information sharing regarding a payout or a resolution situation, it is reported that Brazil "is in the process of mandating members of the governing board of the private deposit insurance agencies (DIAs) to be subject to a confidentiality commitment."[663]

[658] Peer Review of Australia, Review Report, Financial Stability Board (Basel) 26 September 2011. Date of Access: 20 March 2012. http://www.financialstabilityboard.org/publications/r_110926b.pdf

[659] Financial Stability Review March 2012, Reserve Bank of Australia (Sydney) 27 March 2012. Date of Access: 1 May 2012. http://www.rba.gov.au/publications/fsr/index.html.

[660] Financial Stability Review March 2012, Reserve Bank of Australia (Sydney) 27 March 2012. Date of Access: 28 April 2012. http://www.rba.gov.au/publications/fsr/2012/mar/html/dev-fin-sys-arch.html

[661] Financial Stability Review, Reserve Bank of Australia (Sydney) 27 March 2012. Date of Access: 28 April 2012. http://www.rba.gov.au/publications/fsr/2012/mar/html/dev-fin-sys-arch.html

[662] Thematic Review on Deposit Insurance Systems: Peer Review Report, Financial Stability Board (Basel) 8 February 2012. Date of Access: 2 March 2012. http://www.financialstabilityboard.org/publications/r_120208.pdf.

[663] Thematic Review on Deposit Insurance Systems: Peer Review Report, Financial Stability Board (Basel) 8 February 2012. Date of Access: 2 March 2012. http://www.financialstabilityboard.org/publications/r_120208.pdf.

Furthermore, in relation to strong robustness standards for core financial infrastructure, the Central Bank of Brazil is conducting regular scenario planning and simulations to assess the capability of the system to respond to crises.[664] The latest was completed in February 2012.[665]

On 21 March 2012, the CBC released its biannual Financial Stability Report. According to the report, the results of the stress tests conducted in 2011 confirmed the robustness of the banking system.[666] Thus, in all analysed scenarios — even the most extreme ones — the capital requirements remained well above the levels currently regulated by the National Monetary Council (NMC).[667] The report also states that, despite the latest expansion of the banking system and the consequent increased exposure to risks, the capital base remains strong and consistently exceeds the minimum national prudential requirement of 11%, peaking at 16.3% in December 2011.

On 21 March 2012, the International Monetary Fund (IMF) and the World Bank (WB) completed the assessment of the Brazilian financial system under the IMF and WB Financial Sector Assessment Program (FASP).[668] The FSAP mission claimed the Brazilian financial system "stable, with low levels of systemic risk and sizable buffers." The FSAP assessment also remarked on the strength of Brazil's financial markets infrastructure and regulation and supervision. Furthermore, the FSAP suggested that reforms in the resolution and liquidity regimes could ensure the country's legislative framework is aligned with the latest international developments and standards.

Hence Brazil has taken actions in compliance with the FSB policy measures to meet both the resolution-related requirements and the requirements for strengthened supervision. Thus Brazil is awarded a score of +1.

Analyst: Eleni Tsaliki

Canada: +1

Canada has fully complied with its commitment to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions. Canada has taken actions in compliance with the FSB policy measures to meet both (1) the resolution-related requirements and (2) the requirements for strengthened supervision.

On 3 November 2011, Government of Canada introduced the Financial System Review Act — a product of its five-year review of legislation governing federally regulated financial institutions

[664] Working Paper Series, Banco Central do Brasil (Brasilia) 2012. Date of Access: 2 March 2012. http://www.bcb.gov.br/?red-workingpapers.

[665] Working Paper 267: Sudden Floods, Macroprudention Regulation and Stability in an Open Economy, Banco Central do Brasil (Brasilia) 5 February 2012. Date of Access: 8 March 2012. http://www.bcb.gov.br/pec/wps/ingl/wps267.pdf.

[666] Financial Stability Report, Banco Central do Brasil (Brasilia) 21 March 2012. Date of Access: 22 April 2012. http://www.bcb.gov.br/?RELESTAB201203.

[667] Financial Stability Report, Banco Central do Brasil (Brasilia) 21 March 2012. Date of Access: 22 April 2012. http://www.bcb.gov.br/?RELESTAB201203

[668] Statement at the Conclusion of the IMF and World Bank Financial Sector Assessment Program Mission to Brazil, International Monetary Fund (Washington) 21 March 2012. Date of Access: 3 May 2012. http://www.imf.org/external/np/sec/pr/2012/pr1297.htm.

launched on September 20, 2010.[669] The aim of the Act is to maintain the stability of the financial sector and to ensure the growth of the financial institutions on a sound basis. The Act will come in effect by 30 April 2012. Some of its key legislative measures of the Act include: (1) regulators' ability to share information efficiently with international counterparts; (2) expanding the finance minister's mandate into approving substantial foreign acquisitions[670]; (3) providing federal financial institutions with enhanced flexibility to issue shares to foreign banks owned by foreign governments; and (4) allowing foreign operations to engage only in permitted activities in the country.[671]

In addition, some measures are aiming at improving the efficiency of Canada's financial system. Thus the Act will enable the Superintendent of Financial Institutions (SFI) to issue a certificate to assist financial institutions in documenting incorporation information. The Canada Deposit Insurance and Corporation Act will be fine-tuned to enhance the Corporation's ability to protect insured depositors and manage the resolution of a member institution. Additionally, "limited testimonial immunity will be provided to the Office of the Superintendent of Financial Institutions (OSFI) and the Commissioner of the Financial Consumer Agency of Canada (FCAC), as well as their employees and agents, to enhance operational efficiencies and protect the confidentiality of information."[672]

The Financial System Review Act will also work to enhance the supervisory powers of the government of Canada, and specifically, the FCAC. Thus, in accordance with the Act, the maximum penalty for a violation of a consumer provision will be increased, consistent with penalties for other violations under financial institutions statutes.[673]

According to the FSB Peer Review of Canada, Canadian authorities "are also working on a number of other regulatory initiatives, notably Basel III implementation, the strengthening of resolution regimes, the introduction of a national securities regulator, and the development of central counterparties (CCPs)":[674]

---

[669] Backgrounder: Financial System Review Act, Department of Finance Canada (Ottawa) 23 November 2011. Date of Access: 8 March 2012. http://www.fin.gc.ca/n11/data/11-120_1-eng.asp.

[670] Canadian Government Introduces Amendments to Bank Act, Osler, Hoskin & Harcourt LLP (Ottawa) 30 November 2011. Date of Access: 1 March 2012. http://www.osler.com/NewsResources/Details.aspx?id=4005.

[671] Backgrounder: Financial System Review Act, Department of Finance Canada (Ottawa) 23 November 2011. Date of Access: 1 March 2012. http://www.fin.gc.ca/n11/data/11-120_1-eng.asp.

[672] Backgrounder: Financial System Review Act, Department of Finance Canada (Ottawa) 23 November 2011. Date of Access: 1 March 2012. http://www.fin.gc.ca/n11/data/11-120_1-eng.asp.

[673] Backgrounder: Financial System Review Act, Department of Finance Canada (Ottawa) 23 November 2011. Date of Access: 1 March 2012. http://www.fin.gc.ca/n11/data/11-120_1-eng.asp.

[674] Peer Review of Canada, Financial Stability Board (Basel) 30 January 2012. Date of Access: 1 March 2012. http://www.financialstabilityboard.org/publications/r_120130.pdf.

1) Resolution regimes: The OSFI is presently undertaking a living will/recovery planning exercise with the country's large banks.[675] As part of the exercise, the banks are required to develop a reverse liquidity stress test to assess their point of non-viability. First drafts of recovery plans were submitted in early 2011, with a further recovery plan submission expected by February 2012, in order to initiate the process of review by national authorities and international regulatory counterparts.[676]
2) Basel III: Bank of Canada has commenced discussions on the implementation of the countercyclical capital buffer.[677] In December 2012, Bank of Canada published a working paper examining the extent to which bank leverage regulation should be countercyclical.[678]
3) Central Counterparties (CCPs): On 21 February 2012, the Canadian Derivatives Clearing Corporation (CDCC) launched its fixed income CCP services.[679]

Regarding security issues, although no single national regulator model is yet in place, institution-specific cross-border cooperation agreements have been being arranged. On 10 February 2012, the Ontario Securities Commission (OSC), Quebec Autorité des marches financiers (AMF), Ontario Securities Commission, Alberta Securities Commission (ASC), and British Columbia Securities Commission Sign Regulatory Cooperation (BSCS) along with Australian Securities and Investments Commission (ASIC) announced a "comprehensive" arrangement that is meant to "facilitate their supervision of regulated entities that operate both in Australia and Canada."[680]

On 28 February 2012, the OSFI published the "Revised Guideline B-6 Liquidity Principles," complying with the updated BCBS principles.[681] Furthermore, the Canadian Development Consultants International (CDIC) in its Quarterly Financial Report on 16 November 2011 stated the formation of Complex Resolution Division which will be responsible for "resolution planning and preparedness for complex member institutions. New international best practice requires that

[675] Guideline: Liquidity Principles, B-6, Office of the Superintendent of Financial Institutions Canada (Ottawa), February 2012. Date of Access: 9 March 2012. http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/guidelines/prudential/guidelines/b6_e.pdf.
[676] Peer Review of Canada, Financial Stability Board (Basel) 30 January 2012. Date of Access: 1 March 2012. http://www.financialstabilityboard.org/publications/r_120130.pdf.
[677] Peer Review of Canada, Financial Stability Board (Basel) 30 January 2012. Date of Access: 1 March 2012. http://www.financialstabilityboard.org/publications/r_120130.pdf.
[678] Working Paper 2011-32: Bank Leverage Regulation and Macroeconomic Dynamics, Bank of Canada (Ottawa) December 2011. Date of Access: 9 March 2012. http://www.bankofcanada.ca/wp-content/uploads/2011/12/wp2011-32.pdf.
[679] Clearing and Settlement Systems, Bank of Canada (Ottawa) 21 February 2012. Date of Access: 9 March 2012. http://www.bankofcanada.ca/financial-system/payments/other-clearing-and-settlement-systems/#corporation.
[680] Ontario Securities Commission, Australian Securities and Investments Commission, Quebec Autorité des marches financiers, Ontario Securities Commission, Alberta Securities Commission and British Columbia Securities Commission Sign Regulatory Cooperation Arrangement, Ontario Securities Commission (Toronto) 10 February 2012. Date of Access: 1 March 2012. http://www.osc.gov.on.ca/en/NewsEvents_nr_20120210_osc-asic-mou.htm.
[681] Guideline B-6: Liquidity Principles, Office of the Superintendent of Financial Institutions Canada (Ottawa) 28 February 2012. Date of Access: 1 March 2012. http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?ArticleID=4803.

resolution plans be developed to address the potential failure of even the largest financial institutions."[682]

On 3 April 2012, the OSFI published its "Plan and Priorities for 2012-2015" with "Priority A" being the "Response to Risks Emanating from the Economy" through:

1) identifying, monitoring, and reporting on emerging risks that have an impact on Federally Regulated Financial Institutions (FRFIs), through, among others, liquidity reviews, assessment of shadow banking, and business models and strategies;
2) developing and promoting improved risk management practices and strong governance standards for FRFIs through continuous cross-system reviews and regular macro-economic stress-tests; and
3) participating and achieving strong results in the International Monetary Fund's (IMF) Financial Sector Assessment Program (FSAP), as well as ongoing peer reviews by the FSB and the Basel Committee.[683]

Regarding banking reforms, the OSFI identifies its primary objectives as to make domestic adjustments on the regulatory framework as required by global regulations and establish a credible resolution framework for major banks in Canada.[684] Moreover, the OSFI confirms that it will continue "to perform accurate risk assessments of financial institutions and […] to adjust the regulatory capital framework as required" and to monitor and participate in domestic and international efforts in increase financial stability.[685]

On 5 April 2012, Julie Dickson, Superintendent of the OSFI, spoke of the role of board of directors in management and risk governance of financial institutions.[686] Ms. Dickson touched on the areas where the OSFI expects to focus: (1) updating key areas of the Corporate Governance Guideline; (2) adding in boards financial industry experience; (3) implementing third-party reviews; (4) separating risk and audit committees in complex institutions; (5) adding the concept of Risk Appetite to complex organisations in order to identify risks, accept them, manage them, discuss them and elevate scenarios that would cause material losses; and (6) updating and establishing real estate underwriting policies in compliance with the OSFI's guideline as well as

[682] Quarterly Narrative Discussion, Canada Deposit Insurance Corporation (Ottawa) 16 November 2011. Date of Access: 1 March 2012. http://www.cdic.ca/multimedia/Website/Documents/QFR/QFR_2011Q2_narrative.pdf.
[683] Plan and Priorities for 2012-2015, Office of the Superintendent of Financial Institutions Canada (Ottawa) 3 April 2012. Date of Access: 24 April 2012. http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/osfi/PP_2012_2015_e.pdf.
[684] Plan and Priorities for 2012-2015, Office of the Superintendent of Financial Institutions Canada (Ottawa) 3 April 2012. Date of Access: 24 April 2012. http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/osfi/PP_2012_2015_e.pdf
[685] Plan and Priorities for 2012-2015, Office of the Superintendent of Financial Institutions Canada (Ottawa) 3 April 2012. Date of Access: 24 April 2012. http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/osfi/PP_2012_2015_e.pdf
[686] Remarks by Julie Dickson Superintendent of the Office of the Superintendent of Financial Institutions Canada (OSFI) to the Toronto Board of Trade (Toronto) 5 April 2012. Date of Access: 24 April 2012. http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/speeches/jd20120405_e.pdf.

the FSB's draft international Principles for Sound Residential Mortgage Underwriting Practices as real estate is directly related to Canada's financial stability.[687]

Hence Canada has taken actions in compliance with the FSB policy measures to meet both (1) the resolution-related requirements and (2) the requirements for strengthened supervision. Thus Canada is awarded a score of +1.

Analyst: Eleni Tsaliki

China: +1

China has fully complied with its commitment to the full and timely implementation of the financial sector reform agenda agreed upon through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions. China has taken actions in compliance with the FSB policy measures to meet both (1) the resolution-related requirements and (2) the requirements for strengthened supervision.

In August 2011, the agency released draft regulations that would require all banks to maintain a minimum capital adequacy ratio of 10.5%, with systemically important banks subject to 11.5%. The new capital requirements were originally scheduled to take effect in January 2012, but were delayed in order to avoid the exacerbation of already-tight credit conditions.[688]

On 17-18 November 2011, China Banking Regulatory Commission (CBCR) convened the Supervisory College of China Construction Bank (CCB) in line with requirements laid by the G20 to enhance cross-border supervisory cooperation on large financial groups. During the supervisory college, the CBRC briefed its supervisory framework, methodologies, and overall supervisory assessment of CCB.[689]

On 14 December 2011, Chairman of CBRC, Shang Fulin delivered a speech following the Central Economic Work Conference in which he emphasized "that departments and local offices of the CBRC at all levels should enhance the effectiveness of financial supervision, defend bottom line firmly."[690] He stressed that it's a priority to "improve risk control system, strengthen external supervision and internal control and raise risk management capability."[691]

---

[687] Remarks by Julie Dickson Superintendent of the Office of the Superintendent of Financial Institutions Canada (OSFI) to the Toronto Board of Trade (Toronto) 5 April 2012. Date of Access: 24 April 2012. http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/speeches/jd20120405_e.pdf.

[688] China may soften new bank capital requirements, Reuters (Shanghai) 13 February 2012. Date of Access: 4 March 2012. http://www.reuters.com/article/2012/02/14/china-banks-capitalratio-idUSL4E8DE05020120214.

[689] CCB Supervisory College, China Banking Regulatory Commission (Beijing) 18 November 2011. Date of Access: 4 March 2012. http://www.cbrc.gov.cn/EngdocView.do?docID=EEF864BEDBF64643BA2E9CDF455D4238.

[690] Remarks by Shang Fulin following the Central Economic Work Conference, China Banking Regulatory Commission (Beijing) 14 December 2011. Date of Access: 4 March 2012. http://www.cbrc.gov.cn/chinese/home/docView/2C2CFADDBDB844DF97E544E0386362D4.html.

[691] Remarks by Shang Fulin following the Central Economic Work Conference, China Banking Regulatory Commission (Beijing) 14 December 2011. Date of Access: 4 March 2012. http://www.cbrc.gov.cn/chinese/home/docView/2C2CFADDBDB844DF97E544E0386362D4.html.

On 28 December 2011, the People's Bank of China (PBC) held a meeting to deliberate on and make plans for implementing the spirit of the recently held Central Economic Work Conference. Central Bank Governor, Zhou Xiaochuan presided over the meeting and required PBC to "analyze and take stock lessons from the global financial crisis, pace and priority of macroeconomic management, and properly handle the relationship among maintaining stable and relatively fast economic growth."[692] He also stated that "PBC will vigorously guide the optimization of the credit structure, step up financial support to key areas and weak links in the economy, and keep all-system financing aggregates at reasonable volumes; continue to deepen the financial system reform, steadily promote the financial market development."[693]

On 8 January 2012, the CBRC held the 2012 supervision working conference. Chairman Shang Fulin attended the meeting and delivered a speech stressing that year 2012 is of strategic importance to the reforms and development of China's banking industry. He laid out specific requirements on the supervisory work of CBRC: (1) guarding against major risks and defending the bottom risk lines; (2) improving financial services and boosting scientific development of the real economy; (3) deepening institutional reform and accelerating the transformation of development mode; (4) enhancing regulatory capability and raising the effectiveness of supervisory work; (5) enhancing team building and improving internal management.[694]

On 11-12 January 2012, the CBRC held the 2012 large bank supervisory work conference which reviewed the developments and supervisory progress of large banks in 2011, analyzed the latest situation and challenges facing large banks' reform, development and supervision, and outlined the supervisory focuses in 2012. The conference acknowledged the following developments and progress: (1) the offsite surveillance system featuring CARPLES risk indicators framework was fully implemented; (2) corrective work was further promoted to sort out lending to Local Government Funding Platforms (LGFP), with both dynamic monitoring and on-site examination undertaken to cross-check the bottom line and mitigate risks; (3) broad examinations on compliance of credit extension were carried out, with a series of problematic loans being resolved and violations of rules being addressed; (4) the licensing work was further improved, including the optimization in licensing procedures and other services; (5) banks' sound operations were further emphasized. The corporate governance was further enhanced by the intensification of the supervision of directors' performance while banks' risk management capabilities were further strengthened by conducting an assessment on banks to implement Basel II. Also, the conference outlined the concrete supervisory work of large banks in 2012: (1) give full play to on-site examination to identify and mitigate major risks, including credit, market and operational risks,

[692]PBC Will Continue to Implement Prudent Monetary Policy and Promote Stable and Healthy Economic Development, The People's Bank of China (Beijing) 28 December 2011. Date of Access: 4 March 2012. http://www.pbc.gov.cn/publish/english/955/2012/20120106163202059869012/20120106163202059869012_.html.

[693]PBC Will Continue to Implement Prudent Monetary Policy and Promote Stable and Healthy Economic Development, The People's Bank of China (Beijing) 28 December 2011. Date of Access: 4 March 2012. http://www.pbc.gov.cn/publish/english/955/2012/20120106163202059869012/20120106163202059869012_.html.

[694]Chairman Shang Fulin emphasized scientific supervision at the 2012 supervision working conference, China Banking Regulatory Commission (Beijing) 8 January 2012. Date of Access: 4 March 2012. http://www.cbrc.gov.cn/chinese/home/docView/E9C7CE6167524D6A9015A6BC03BA3705.html.

while at the same time to guide banks to perform dynamic stress tests; (2) take advantage of implementing new international regulatory rules to enhance the supervision on systemically important banks (SIBs). CARPLES framework should be integrated into the supervision of SIBs so as to improve the consolidated supervisory capability and improve crisis management contingency planning; (3) urge banks to establish risk review compliance planning and capital replenishment measures in the process of implementing Basel II; (4) accelerate the issuance of guidelines on banks performance assessment, call banks to establish sound annual operational planning and improve performance assessment mechanism.[695]

On 6 April 2012, the International Monetary Fund (IMF) and the World Bank released five detailed assessment reports as part of the 2011 Financial Sector Assessment Program. The reports encompassed the topics of: (1) systemically important payments system, (2) securities settlements systems and central counterparties, (3) securities regulation, (4) insurance principles, and (5) effective banking supervision.[696]The Basel Core Principles for Effective Banking Supervision report asserted that "[regulation] and supervision of China's banking system has made impressive progress in the past few years, led by an activist, forward-looking regulator [CBRC], with a clear safety and soundness mandate that has been supported by banks and by the State. Significant improvements in risk measurement and risk management have occurred. These improvements are backed up by a regulatory system that demands high-quality capital and liquidity, often through simple and basic regulatory requirements."[697] However, the report warns that although "CBRC itself is performing excellently," "[implementation of CBRC guidance] by banks needs to be improved, in some cases materially."[698]

In regards to the resolution-related requirements, the China Banking Regulatory Commission (CBRC) has signed supervisory Memorandums of Understanding (MOUs) with international and regional supervisory authorities. Furthermore, it has established regular meeting mechanism with its counterparts in the United States, the United Kingdom, Japan, Singapore, Canada and Hong Kong to exchange information. The Supervisory MOUs have also incorporated information sharing during crises since 2010.[699]

What is more, the People's Bank of China (PBC) is showing progress in "implementing a clearly-layered risk resolution and payment arrangement for SIFIs, strengthening responsibilities of institutions, shareholders and creditors, quickening the establishment of deposit insurance

[695]The CBRC held 2012 Large Bank Supervisory Work Conference,China Banking Regulatory Commission (Beijing) 1 March 2012. Date of Access: 4 March 2012. http://www.cbrc.gov.cn/chinese/home/docView/42FB68DEDF5549AB87680962F862E903.html.
[696]IMF Releases Background Material for its Assessment of China under the Financial Sector Assessment Program, International Monetary Fund (Washington) 5 April 2012. Date of Access: 1 May 2012. http://www.imf.org/external/np/sec/pr/2012/pr12123.htm.
[697]People's Republic of China: Detailed Assessment Report: Basel Core Principles for Effective Banking Supervision, International Monetary Fund (Washington) 5 April 2012. Date of Access: 1 May 2012. http://www.imf.org/external/pubs/ft/scr/2012/cr1278.pdf.
[698] People's Republic of China: Detailed Assessment Report: Basel Core Principles for Effective Banking Supervision, International Monetary Fund (Washington) 5 April 2012. Date of Access: 1 May 2012. http://www.imf.org/external/pubs/ft/scr/2012/cr1278.pdf.
[699] FSB-G20-Monitoring Progress – China September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104e.pdf

mechanism, and giving full play of its supportive role as the central bank."[700] PBC is also negotiating with foreign authorities to set up a cooperative mechanism of cross-border bank resolution, and the CBRC is goading large domestic commercial banks into devising contingency plans.[701]

Finally, in China, the Law of the People's Republic of China on Enterprise Bankruptcy applies to the bankruptcy of financial institutions. Regarding different sectors, Risk Resolution Regulations of Securities Companies regulates bankruptcy of securities companies while the Administrative Measures of Insurance Protection Fund regulates that of insurance companies.[702]

Hence China has taken actions in compliance with the FSB policy measures to meet both (1) the resolution-related requirements and (2) the requirements for strengthened supervision. Thus China is awarded a score of +1.

Analyst: Sayed Majeed Alaali

France: +1

France has fully complied with its commitment to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions. France has taken actions in compliance with the FSB policy measures to meet both (1) the resolution-related requirements and (2) the requirements for strengthened supervision.

On 14 February 2012, the French Prudential Supervisory Authority (APC) released a methodological guidance which outlines the procedures to report solvency ratios for credit and business institutions.[703] This document is a follow-up to an earlier published guide for calculation of minimum solvency ratios. The two documents compounded aim to facilitate the implementation of regulations on minimum solvency requirements as a way to regulate minimum capital requirements.

On 9 February 2012, the European Banking Authority's (EBA) Board of Supervisors released a preliminary assessment of banks' capital plans as part of an exercise to assess possible capital shortfalls of the banks. The participating banks submitted their capital plans in response to the EBA's Recommendation on Recapitalization on 20 January 2012. Four French banks were involved in the exercise: BNP Paribas, Banque Populaire et Caisse d'Epargne (BPCE), Crédit Agricole and Société Générale. The four banks submitted their capital plans to the ACP on 13 January 2012, demonstrating their ability to meet the Core Tier 1 target ratio of 9% by 30 June

[700] FSB-G20-Monitoring Progress – China September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104e.pdf

[701] FSB-G20-Monitoring Progress – China September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104e.pdf

[702] FSB-G20-Monitoring Progress – China September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104e.pdf

[703] Guide Méthodologique Relatif Aux Modalités De Déclaration De Ration De Solvabilité (COREP) 2012, Autorité de contrôle prudentiel (Paris) 14 February 2012. Date of Access: 8 March 2012. http://www.acp.banque-france.fr/fileadmin/user_upload/acp/International/Les_grands_enjeux/2012-guide-methodologique-modalites-de-declaration-du-ratio-de-solvabilite.pdf.

2012.[704] Throughout February 2012 and beyond, the Board of Supervisors will cooperate with the ACP to evaluate the viability of the submitted plans. Banks are expected to receive finalized evaluation and guidelines from the ACP in early March.[705]

On 22 February 2012, France's largest bank, BNP Paribas announced it had sold its North American energy business to Wells Fargo & Co. as part of the bank's plan to reduce its dollar funding needs by USD65 billion before the end of 2012. The sale is in compliance with the bank's restructuring plan to increase its capital buffers to meet the new EBA capital regulations. To comply with the new EBA capital and liquidity rules, BNP Paribas announced in September 2011 that it would decrease risk-weighted assets by EUR70 billion and eliminate nearly 1,400 jobs at its corporate and investment bank.[706] In March 2012, BNP Paribas announced that it was already more than two-thirds along in its restructuring program.[707] Furthermore, BNP Paribas confirmed that the bank had reached its capital-ratio target six month ahead of the EBA's June 2012 deadline. The bank stated that its current core Tier 1 capital ratio stood at 9.6% as of the end of December 2011. The bank assured that it would have its core Tier 1 capital ratio of 9% by 1 January 2013 under Basel III regulations without raising fresh capital.[708]

The core Tier 1 capital ratio of France's second largest bank, Société Générale, stood at 9.9% as of December 2012. Such numbers put the bank six months ahead of schedule in complying with the EBA capital regulations. Frederic Oudéa, Chief Executive of Société Générale, explained: "The group accelerated its transformation in order to adapt to the new capital and liquidity constraints […]."[709]

---

[704] European Banking Authority test on European banks' capital requirements: Results for French banks, Autorité de contrôle prudential (Paris) 8 December 2011. Date of Access: 8 March 2012. http://www.acp.banque-france.fr/fileadmin/user_upload/acp/International/Les_grands_enjeux/201112-EBA-test-on-european-banks-capital-requirements-results.pdf.

[705] The European Banking Authority's Board of Supervisors makes its first aggregate assessment of banks' capital plans, European Banking Authority (London) 9 February 2012. Date of Access: 8 March 2012. http://www.eba.europa.eu/News--Communications/Year/2012/The-EBAs-Board-of-Supervisors-makes-its-first-agg.aspx.

[706] Update: BNP Paribas Cuts Dollar Needs With Energy Business Sale, The Wall Street Journal (New York) 22 February 2012. Date of Access: 4 March 2012. http://online.wsj.com/article/BT-CO-20120222-705264.html.

[707] French Election Gives Country's Banks a Fresh Headache, The Wall Street Journal (New York) 1 May 2012. Date of Access: 1 May 2012. http://blogs.wsj.com/eurocrisis/2012/05/01/french-election-gives-countrys-banks-a-fresh-headache/?mod=google_news_blog.

[708] BNP Paribas Profit Hit by Greece, The Wall Street Journal (New York) 15 February 2012. Date of Access: 4 March 2012. http://online.wsj.com/article/SB10001424052970204795304577224270191082822.html?mod=googlenews_wsj.

[709] Société Générale Profit Fell 89% in 4th Quarter, The New York Times (New York) February 16, 2012. Date of Access: 4 March 2012. http://dealbook.nytimes.com/2012/02/16/societe-generale-profit-drops-89/.

Similarly, François Pérol, Chief of BPCE, assured that "[June] 2012 will not be a problem for [BPCE]; we will meet the requirement without any difficulty."[710]

Finally, Crédit Agricole confirmed its intention to comply with Basel III regulations and achieve core Tier 1 capital ratio of 10% by the end of 2013.[711] As of 10 November 2011, the bank's core Tier 1 capital ratio stood at 8.9%.[712] In mid-March 2012, the bank announced that it had cut its financing needs by EUR31 billion of the planned EUR50 billion, as part of its restructuring program.[713]

On 29 March 2012, the FSB disclosed public comments received on the FSB consultation on a Common Template for Global Systemically Important Banks.[714] The French Banking Federation (FBF) submitted comments on the behalf of France.[715] Further consultative actions at national and international levels are planned to take place throughout 2012.

In regards to resolution-related requirements, the European Commission has worked on entrusting the European Banking Authority (EBA) with 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 since 6 January 2011.[716]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

[710] Les dépréciations d'actifs plombent le bénéfice de BPCE, Le Tribune (Paris) 23 February 2012. Date of Access: 4 March 2012. http://www.latribune.fr/entreprises-finance/banques-finance/industrie-financiere/20120223trib000684544/les-depreciations-d-actifs-plombent-le-benefice-de-bpce.html.
[711] Crédit Agricole: meeting the challenge, Crédit Agricole Group (Paris) 14 December 2011. Date of Access: 4 March 2012. http://www.credit-agricole.com/en/News/Press-releases/Financial-press-releases/Credit-Agricole-meeting-the-challenge.
[712] Third quarter and first nine months of 2011: Good results and strong capacity at Group level to weather the sovereign debt crisis, Crédit Agricole Group (Paris) 10 November 2011. Date of Access: 4 March 2012. http://www.credit-agricole.com/en/News/Press-releases/Financial-press-releases/Third-quarter-and-first-nine-months-of-2011-Good-results-and-strong-capacity-at-Group-level-to-weather-the-sovereign-debt-crisis.
[713] Fitch Says French Bank Restructuring Eases Rating Pressure, The Wall Street Journal (New York) 10 April 2012. Date of Access: 1 May 2012. http://online.wsj.com/article/BT-CO-20120410-711010.html.
[714] Comments received on the FSB consultative document on a Common Template for Global Systemically Important Banks, Financial Stability Board (Basel) 29 March 2012. Date of Access: 1 May 2012. http://www.financialstabilityboard.org/publications/r_120328k.pdf.
[715] FSB Response – FSB Consultation Paper on a Common Data template for Global Systemically Important Banks, Federation Bancaire Francaise (Paris) 8 November 2011. Date of Access: 1 May 2012. http://www.financialstabilityboard.org/publications/r_120328c.pdf.
[716] 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

(CRD).[717] Furthermore, the Commission has worked on establishing resolution colleges of supervisors to supervise cross-border SIFIs and to require its members to set up a bank resolution fund to cover the costs of resolution tools.[718] The Banque de France and French Prudential Supervisory Authority strongly support and participate to the building of an EU framework for cross-border crisis management in the banking sector.[719]

What is more, the French Prudential Supervisory Authority and Banque de France organized supervisory colleges meetings for all French banks where "supervisors exchanged on the various legal frameworks and agreed to investigate further all potential impediments to a coordinated solution."[720] The French Prudential Supervisory Authority and Banque de France asserted that information sharing among supervisors will be continued, and that it will be discussed annually at the core supervisory colleges. Said discussions have taken place throughout 2011 and 2012 with banking institutions concerned by the resolution plans in the context of Crisis Management Group meetings.[721]

Hence France has taken actions in compliance with the FSB policy measures to meet both (1) the resolution-related requirements and (2) the requirements for strengthened supervision. Thus France is awarded a score of +1.

Analyst: Vera Gavrilova

Germany:+1

Germany has fully complied with its commitment to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions. Germany has taken actions in compliance with the FSB policy measures to meet both (1) the resolution-related requirements and (2) the requirements for strengthened supervision.

On 23 January 2012, German Finance Minister Wolfgang Schäuble stated that Germany actively sought to implement Basel III requirements on bank capitalization, thus rejecting media rumours that Germany was to seek the relaxation of the regulation.[722]

---

[717] 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

[718] 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

[719] FSB-G20 Monitoring Progress – France September 2010 [For Publication in March 2011], FinancialStability Board (Basel) 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_111104f.pdf

[720] FSB-G20 Monitoring Progress – France September 2010 [For Publication in March 2011], FinancialStability Board (Basel) 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_111104f.pdf

[721] FSB-G20 Monitoring Progress – France September 2010 [For Publication in March 2011], FinancialStability Board (Basel) 12 November 2010. Date of Access: 10 April 2011. http://www.financialstabilityboard.org/publications/r_111104f.pdf

[722] France, Germany to implement Basel III rules: Schaeuble, Reuters (Paris) 23 January 2012. Date of Access: 15 March 2012. http://www.reuters.com/article/2012/01/23/eurozone-schaeuble-idUSL5E8CN15X20120123.

On 8 December 2011, the Deutsche Bundesbank reported Germany's results as part of the EU-wide survey on bank recapitalisation. According to the report, six of the 13 surveyed German banks experienced a capital shortfall. The combined value of the German banks' capital shortfall amounted to EUR13.1 billion, with approximately 65% of the shortfall accounted for by two institutions: Commerzbank, with a capital requirement of EUR5.3 billion, and Deutsche Bank, with a required funding of EUR3.2 billion. Both banks were identified as G-SIFIs by the FSB in November 2011.[723] Additionally, notable capital shortfalls were reported for the following banks: the Norddeutsche Landesbank, the Landesbank Hessen-Thüringen, the DZ Bank, and the WestLB. Raimund Röseler, the Head of Banking Supervision at the Federal Financial and Supervisory Authority (BaFin), explained: "The current recapitalisation survey does not pre-empt Basel III, nor does it prejudice a waiver of the zero weighting of EEA countries' sovereign bonds."[724] Finally, the credit institutions were asked to develop plans outlining the strategy to achieve the required capital buffer and present them to the BaFin by 20 January 2012 for evaluation by the European Banking Authority (EBA).

On 11 November 2011, the Bundesbank released its "Financial Stability Review," in which Germany's Central Bank assessed the state of the national financial system.[725] The Bundesbank reported an improvement in both the quantity and the quality of Germany banks' capital. Thus the Tier 1 capital ratio currently averages 13.1% for 13 major German banks, while leverage — measure as total assets to Tier 1 capital — presently stands at 33%. Additionally, risk-weighted assets have declined, reducing capital requirements by nearly 30%. Moreover, the Bundesbank welcomed the European initiative to recapitalise large banks. Finally, the Bundesbank emphasised that financial market participants must be held responsible for their operations on the market: "That also means that systemically important financial institutions must be able to exit the market without the financial system collapsing," explained Member of the Bundesbank's Executive Board Andreas Dombert.[726]

On 8 December 2011, the Association of German Banks responded to the stress test results released by the EBA. "The stress test has not helped to stabilise the markets. The opposite is the case. The arbitrarily set requirement to hold 9 per cent core Tier 1 capital while at the same time taking account of the risks arising from European government bonds is very difficult to understand," — said Michael Kemmer, the General Manager of the Association. Mr. Kemmer also said that over the past years, German banks had built up "massive amounts" of capital and were "anything by undercapitalized." The Association has pointed at the fact that calculation

[723] Policy Measures to Address Systemically Important Financial Institutions, Financial Stability Board (Basel) 4 November 2012. Date of Access: 7 February 2012. http://www.financialstabilityboard.org/publications/r_111104bb.pdf.
[724] Joint Press Release: Results for Germany of the EU-wide survey on bank recapitalisation, Deutsche Bundesbank (Frankfurt am Main) 8 December 2011. Date of Access: 15 March 2012. http://www.bundesbank.de/download/presse/publikationen/eba_bankenumfrage/20110812.eba_bankenumfrage_pn.en.pdf.
[725] Financial Stability Review 2011, Deutsche Bundesbank (Frankfurt am Main) 11 November 2011. Date of Access: 15 March 2012. http://www.bundesbank.de/download/volkswirtschaft/finanzstabilitaetsberichte/finanzstabilitaetsbericht2011.en.pdf.
[726] Press release: Financial Stability Review 2011, Deutsche Bundesbank (Frankfurt am Main) 10 November 2011. Date of Access: 15 March 2012. http://www.bundesbank.de/download/presse/pressenotizen/2011/20111110.finanzstabilitaetsbericht.en.php.

methods and evaluation criteria had repeatedly been changed, thus undermining the credibility of the EBA.[727]

Since the adoption of the Draft Restructuring Act (Restrukturierungsgesetz) by the German government on 25 August 2010, Germany has efficiently strengthened its resolution regime.[728] Since the act came into force on 1 January 2011, Germany has benefited from the establishment of a framework for resolving banks in distress that encompass:[729] (1) the establishment of rules and mechanisms for the reorganization of banks; (2) the 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) the establishment of a restructuring fund for credit institutions; and (4) the extension of the limitation periods for management and supervisory board members' liability towards stock corporations and banks.[730]

On 19 January 2012, Commerzbank announced that it had successfully recouped 57% of the EUR5.3 billion capital shortfall identified by the EBA. Commerzbank intends to cover the remainder by the end of June 2012, achieving a total core Tier 1 capital ratio of 11%. Commerzbank also said that its capitalization measures will not force the bank to request support from the government, will not limit the bank's loan business and will not impair its domestic customer-oriented business.[731]

On 8 December 2011, Deutsche Bank confirmed its intentions to meet the required Tier 1 capital ratio of 9% by June 2012.[732]

Hence Germany has taken actions in compliance with the FSB policy measures to meet both (1) the resolution-related requirements and (2) the requirements for strengthened supervision. Thus Germany is awarded a score of +1.

Analyst: Vera Gavrilova

India: +1

India has fully complied with its commitment to the full and timely implementation of the financial sector reform agenda agreed upon through Seoul, including a comprehensive framework

[727] Association of German Banks: Results of the stress test are arbitrary, Association of German Banks (Berlin) 8 December 2011. Date of Access: 15 March 2012. http://www.germanbanks.org/press-room/press-releases/association-of-german-banks-results-of-the-stress-test-are-arbitrary.

[728] 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

[729] 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

[730] 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

[731] Commerzbank met 57% of capital shortfall by end of 2011, Dow Jones Newswires Financial News (New York) 19 January 2012. Date of Access: 15 March 2012. http://www.efinancialnews.com/story/2012-01-19/commerzbank-met-capital-shortfall.

[732] Deutsche Bank Update - EU Wide Capital Exercise, Deutsche Bank (Frankfurt am Main) 8 December 2011. Date of Access: 15 March 2012. http://www.db.com/ir/en/content/ir_releases_2011_3711.htm.

to address the risk posed by systemically important financial institutions. India has taken actions in compliance with the FSB policy measures to meet both the requirements for strengthened supervision and the resolution-related requirements.

On 21 February 2012, the Reserve Bank of India released draft Guidelines on Liquidity Risk Management and Basel III Framework for Liquidity Standards for comments and feedback. The draft Guidelines aim to provide India's banks with harmonizing guidance for the implementation of the Basel Committee's on Banking Supervision (BCBS) Principles for Sound Liquidity Risk Management and Supervision. Banks are asked to submit the liquidity returns under the Basel III regulation to the Reserve Bank by June 2012.[733]

On 16 January 2012, ING Vysya Bank, the only Indian bank identified as a G-SIFI by the FSB in November 2011[734], reported a Tier 1 capital ratio of 10.99%, which is above the national requirement.[735]

In regards to resolution-related requirements, in March 2012, the Reserve Bank of India set up an internal Working Group on resolution as reported in its Monetary Policy Statement 2012-2013 published on 10 May 2012.[736] The mission of this Working Group chaired by Shri B. Mahapatra is to identify the current gaps in the Indian resolution regime for the banking system, based on the Financial Stability Board key attributes guidelines, as well as to suggest the nature and extent of the legislative and regulatory changes needed to address those gaps.[737]

Hence India has taken actions in compliance with the FSB policy measures to meet both the strengthened supervision requirements and the resolution-related requirements. Thus India is awarded a score of +1.

Analysts: Vera Gavrilova and Krystel Montpetit

Indonesia: +1

Indonesia has fully complied with its commitment to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions. Indonesia has taken sufficient actions to meet both the requirements for strengthened supervision and resolution-related requirements.

In late November 2011, although the FSB has thus far not identified any Indonesian G-SIFI, the Central Bank of Indonesia (BI) carried out stress tests on domestic banks, reporting "minimal

---

733 RBI Releases Draft Guidelines on Liquidity Risk Management and Basel III Framework on Liquidity Standards, Reserve Bank of India (New Delhi) 21 February 2012. http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=25997.

734 Financial Results: Third Quarter and Period ended 31 December 2011 Investor Presentation, ING Vysya Bank (Bangalore) 16 January 2012. Date of Access: 15 March 2012. http://www.ingvysyabank.com/pdf's/InvestorPresentationQ32012.pdf.

735 Financial Results: Third Quarter and Period ended 31 December 2011 Investor Presentation, ING Vysya Bank (Bangalore) 16 January 2012. Date of Access: 15 March 2012. http://www.ingvysyabank.com/pdf's/InvestorPresentationQ32012.pdf.

736 Monetary Policy Statement 2012-2013, Reserve Bank of India (Mumbai) 10 May 2012. Date of Access: 19 May 2012. http://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/01MPSB100512.pdf

737 Monetary Policy Statement 2012-2013, Reserve Bank of India (Mumbai) 10 May 2012. Date of Access: 19 May 2012. http://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/01MPSB100512.pdf

exposure" to possible euro zone downgrades.[738] In reaction to this result, Moody's and Fitch Ratings upgraded Indonesia's sovereign debt rating, citing the "presence of policy buffers and tools that address financial vulnerabilities,"[739] and the "prudent overall macro policy framework,"[740] deployed by the government. Moody's Vice President Beatrice Woo noted that "the [Indonesian] banks are always aligned with the government," and are much stronger because of it.[741]

Indonesia is committed to "enhancing effectiveness of information sharing both with domestic and foreign authorities" in the banking sector and "continuing to establish cross-border supervisory Memorandums of Understanding with other relevant authorities, especially with home supervisors of systemically relevant foreign financial institutions considering foreign banks have a large and growing share of the Indonesian market."[742] Memorandums of Understanding with the Korean, the Australian and the Cayman Island authorities are currently being devised.[743]

Indonesia has completed the draft of the Financial Sector Safety Net law (FSN).[744] This law entrusts authorities — Bank Indonesia, the Indonesian Ministry of Finance and the Indonesian Deposit Insurance Corporation — with the power to promptly put into place measures which will prevent systemic risk including the exercise of resolutions of failing financial institutions (bank and non-bank).[745] The law FSN law whose main aims are to strengthen legal powers, to clarify the division of responsibilities of different national authorities for dealing with weak and failing banks and to prevent systemic crisis is currently being discussed in the Indonesian Parliament.[746]

Hence Indonesia has taken actions in compliance with the FSB policy measures to meet both the requirements for strengthened supervision and the resolution-related requirements. Thus Indonesia is awarded a score of +1.

Analysts: Ian Barnard and Krystel Montpetit

[738] Stress tests show Indonesia's banks are OK, Reuters (New York) 26 November 2011. Date of Access: 2 March 2012. http://arabnews.com/economy/article538892.ece.
[739] Press Release: Moody's upgrades Indonesia sovereign rating, Bank Indonesia (Jakarta) 18 January 2012. Date of Access: 2 March 2012. http://www.bi.go.id/web/en/Ruang+Media/Siaran+Pers/sp_140212.htm.
[740] Press Release: Fitch rating upgraded Indonesia to investment grade, Bank Indonesia (Jakarta) 15 January 2012. Date of Access: 2 March 2012. http://www.bi.go.id/web/en/Ruang+Media/Siaran+Pers/SP_13452011.htm.
[741] Global bank ratings down, Indonesia's on the rise, The Jakarta Post (Jakarta) 4 March 2012. Date of Access: 2 March 2012. http://www.thejakartapost.com/news/2012/02/27/global-bank-ratings-down-indonesia-s-rise.html.
[742] FSB-G20-Monitoring Progress – Indonesia, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104j.pdf
[743] FSB-G20-Monitoring Progress – Indonesia, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104j.pdf
[744] FSB-G20-Monitoring Progress – Indonesia, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104j.pdf
[745] FSB-G20-Monitoring Progress – Indonesia, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104j.pdf
[746] FSB-G20-Monitoring Progress – Indonesia, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104j.pdf

Italy: +1

Italy has fully complied with its commitment to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions. Italy has taken actions in compliance with the FSB policy measures to meet both the resolution-related requirements and the requirements for strengthened supervision.

On 27 April 2012, Italian financial authorities attended the second meeting of the Financial Stability Board's Regional Consultative Group for Europe in Basel, where topics of discussion included the extension of the G-SIFI policy framework to domestic systemically important banks and non-banking entities.[747]

On 26 April 2012, Banca d'Italia (BoI) issued a Financial Stability Report, which stated that "Italian banks now have the liquidity needed to meet maturity liabilities and finance the economy, [as well as] an ample stock of additional collateral." BoI continues to remain committed to "strengthening banks' capital while not restricting credit to the economy," noting that the Italian core Tier 1 capital ratio had risen to 9.3 percent.[748]

On 18 February 2012, Governor of the Bank of Italy Ignazio Visco urged the Italian government to rapidly implement and extend financial reforms[749]. Mr. Visco described the Italian banking system as "solid," but hit hard by sovereign debt strains, as reflected by the downgrade in credit rating by Moody's a few days prior.[750] Despite Moody's citing of "uncertainty over the Euro areas prospects for institutional reform," Mr. Visco stressed Italy's proactive measures towards financial reform, including the planning of additional capital requirements for SIFIs in accordance with Basel III, the expansion of the range of assets available to banks as collateral for refinancing operations, and the implementation of "clearly defined" eligibility criteria for future collateral selection. Mr. Visco concluded by stressing that it was "important that the banks prepare for the introduction of Basel III," and praising Italian banks for complying with the increased capital requirements, "even in difficult times."[751]

On 8 December 2011, the Bank of Italy issued a press release reiterating its commitment to the recapitalization of banks for increased stability, and requesting a plan of action to be submitted by Italian banks by 20 January 2012. The Italian banks are expected to use private sources of

[747] Press Release: Second meeting of the FSB Regional Consultative Group for Europe, Financial Stability Board (Basel) 27 April 2012. Date of Access: 27 April 2012 http://www.financialstabilityboard.org/press/pr_1201427a.pdf

[748] Financial Stability Report No. 3, Banca d'Italia (Rome) 26 April 2012. Date of Access: 28 April 2012. http://www.bancaditalia.it/pubblicazioni/stabilita-finanziaria/rapporto-stabilita-finanziaria/2012/rsf_2012

[749] Italy must rapidly implement, extend reforms: central bank, Reuters (New York) 18 February 2012. Date of Access: 1 March 2012. http://www.reuters.com/article/2012/02/18/us-italy-economy-cenbank-idUSTRE81H0CU20120218.

[750] Moody's cuts Italy, Spain and Portugal's credit ratings, BBC News (London) 14 February 2012. Date of Access: 1 March 2012.http://www.bbc.co.uk/news/business-17023792.

[751] Address by Governor Ignazio Visco at the 18th ASSION FOREX Conference, Banca d'Italia (Rome) 18 February 2012. Date of Access: 1 March 2012. http://www.bancaditalia.it/interventi/integov/2012/forex-18022012/en_Visco_180212.pdf.

funding to meet the targets, although the BoI would consider selling selected assets after consultation with the EBA to help achieve targets.[752]

On 6 December 2011, the Italian financial authorities attended the inaugural FSB Regional Consultative Group Meeting for Europe, where topics of discussion included: regulatory financial reforms, a framework for dealing with SIFIs, improved cooperation between authorities, and the increased Basel III capital and liquidity requirements for banks.[753]

In response to the reform measures from the BoI and EBA, UniCredit, which was identified as a SIFI by the FSB in November 2011[754], launched a rights issue on capital markets in early January 2012 to cover its predicted capital shortfall[755], successfully raising the money required by the end of January.[756] UniCredit was one of the 34 banks downgraded by S&P in February 2012.[757]

On 27 April 2012, the FSB hosted the second meeting of the FSB Regional Consultative Group for Europe in Basel. Among other topics, participants discussed the development of an extension of the G-SIFIs policy framework to the domestic systemically important banks and non-banking entities, and the process of deleveraging in the European financial sector.[758]

In regards to resolution-related requirements, the largest Italian banks have engaged in devising their Recovery and Resolution Plans (RRPs).[759] A Crisis Management Group (CMG), which was set up in 2009, has already examined the definition of the work plan for drafting RRPs, and another CMG for another large banking group is under preparation.[760] The Bank of Italy also

[752] Press Release: EBA Recommendation about bank capital, Banca d'Italia (Rome) 8 December 2012. Date of Access: 1 March, 2012. http://www.bancaditalia.it/media/comsta/2011/eba_racc_2011/CS_eba_EN.pdf.
[753] Press Release: FSB Regional Consultative Group for Europe holds its first meeting, Financial Stability Board (Basel) 6 December 2011. Date of Access: 1 March 2012. http://www.financialstabilityboard.org/press/pr_111206.pdf.
[754] Policy Measures to Address Systemically Important Financial Institutions, Financial Stability Board (Basel) 4 November 2011. Date of Access: 1 March 2012. http://www.financialstabilityboard.org/publications/r_111104bb.pdf.
[755] European Bank Capital: By hook or by crook, The Economist (New York) 14 January 2012. Date of Access: 1 March 2012. http://www.economist.com/node/21542779.
[756] Successful end to UniCredit rights issue, The Wall Street Journal (New York) 27 January 2012. Date of Access: 1 March 2012. http://online.wsj.com/article/SB10001424052970204573704577187171303253162.html.
[757] S&P downgrades 34 Italian banks, Reuters (New York) 10 February 2012. Date of Access: 29 February 2012. http://www.reuters.com/article/2012/02/10/us-italy-banks-idUSTRE8191R320120210.
[758] Second Meeting of the Financial Stability Board Regional Consultative Group for Europe, Financial Stability Board (Basel) 27 April 2012. Date of Access: 1 May 2012. http://www.financialstabilityboard.org/press/pr_120427a.pdf.
[759] FSB-G20-Monitoring Progress – Italy, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104k.pdf
[760] FSB-G20-Monitoring Progress – Italy, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104k.pdf

participated as host authority in two meetings of CMGs established for non-Italian banking groups.[761]

Since 6 January 2011, the European Commission has worked on entrusting the European Banking Authority (EBA) with 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.[762]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).[763] Furthermore, the Commission has worked on establishing resolution colleges of supervisors to supervise cross-border SIFIs and to require its members to set up a bank resolution fund to cover the costs of resolution tools.[764] The Bank of Italy actively participates in the European Union process which reviews resolution regimes that ensure an orderly winding down of large cross-border financial institutions, by contributing to the European Banking Authority (EBA) work in the field of early intervention tools and to the EU Commission work for enhancing banking crisis management framework.[765]

The Bank of Italy is also actively participating in the FSB SIFI project which aims to define the proposals to make SIFIs resolution a viable option.[766] Finally, the Committee for the safeguarding of financial stability, the Domestic Standing Group in Italy, has led the cooperation efforts as well as the sharing of information and assessments among supervisory authorities and the Italian Ministry of Economy and Finance since its establishment in 2008.[767]
Hence Italy has taken actions in compliance with the FSB policy measures to meet both the resolution-related requirements and the requirements for strengthened supervision. Thus Italy is awarded a score of +1.

Analysts: Ian Barnard and Krystel Montpetit

---

761 FSB-G20-Monitoring Progress – Italy, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104k.pdf

762 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

763 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

764 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

765 FSB-G20-Monitoring Progress – Italy, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104k.pdf

766 FSB-G20-Monitoring Progress – Italy, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104k.pdf

767 FSB-G20-Monitoring Progress – Italy, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104k.pdf

Japan: +1
Japan has fully complied with its commitment to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions. Japan has taken actions in compliance with the FSB policy requirements for a strengthened supervision of the national financial system and a strengthened resolution regime.

On 8 November 2011, the Japanese Bankers Association (JBA) released its feedback on the consultation paper "Understanding Financial Linkages: A Common Data Template for Global

Systemically Important Banks" released on 6 October 2011 by the FSB.[768] The feedback included comments on the scope and depth of the collected data, the frequency of data collection, as well as the issues of access, disclosure and confidentiality of the data.

On 19 April 2012, the Bank of Japan (BOJ) released its semi-annual Financial System Report. In the Report, the BOJ assessed: (1) the environment surrounding Japan's financial system, (2) Japan's financial institutions' performance of financial intermediation, (3) risks in the financial system, (4) resilience of the financial system through stress testing, and (5) challenges to the stability of Japan's financial system.[769]The Report asserted that Japan has been successful in maintaining the stability of its financial system. The Report identified three primary challenges that Japan's financial institutions needed to address in order to ensure "the long-lasting stability": (1) the effectiveness of risk management, (2) the strength of capital bases, and (3) the strength of profit bases.[770]

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.[771] 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).[772]

In November 2011, the FSB announced the names of Japan's three G-SIFIs: Mitsubishi UFJ Financial Group, Mizuho Financial Group, and Sumitomo Mitsui Financial Group. The three banks will be required to have additional loss absorption capacity of 2.5% of risk-weighted assets.

[768] Comments on the Financial Stability Board's Consultative Document Understanding Financial Linkages: A Common Data Template for Global Systemically Important Banks, Japanese Bankers Association (Tokyo) 8 November 2011. Date of Access: 15 March 2012. http://www.zenginkyo.or.jp/en/news/entryitems/news111108.pdf.
[769] Financial Stability Report, Bank of Japan (Tokyo) 19 April 2012. Date of Access: 1 May 2012. http://www.boj.or.jp/en/research/brp/fsr/data/fsr120419a1.pdf.
[770] Financial Stability Report, Bank of Japan (Tokyo) 19 April 2012. Date of Access: 1 May 2012. http://www.boj.or.jp/en/research/brp/fsr/data/fsr120419a1.pdf.
[771] 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
[772] 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

Currently, Mitsubishi UFJ Financial Group reports a Tier 1 capital ratio of 12.82%.[773] Mizuho Financial Group announced a Tier 1 capital ratio of 11.56%, as of 31 December 2011.[774] Sumitomo Mitsui Financial Group stated its Tier 1 capital ratio amounted to 12.49%, as of 31 December 2011.[775]

In 2012, Japan intends to undergo The International Monetary Fund's (IMF) Financial Sector Assessment Program, a review of the country's financial systems.[776]

Hence Japan has taken actions to meet both the supervisory-related requirements and the resolution-related requirements. Thus Japan is awarded a score of +1.

Analyst: Vera Gavrilova

Korea: +1

Korea has fully complied with its commitment to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions. Korea has taken actions in compliance with the FSB policy measures to meet the requirements for strengthened supervision and the resolution-related requirements.

Korea has pursued improvement in its financial regulatory and supervisory system by keenly participating in discussions related to financial regulations and by proactively introducing financial regulations.[777] The Bank of Korea participates in FSB's activities, helping relevant bodies to gain a better understanding of the country's newly introduced international financial regulations.

The Bank of Korea is liable for monitoring the financial system and evaluating its stability. It is the main contributor in maintaining financial stability by recognizing potential risk factors and prevents them from causing financial system instability.[778] The Bank of Korea semi-annually publishes a Financial Stability Report that analyzes the potential risks of its financial system and provides an overall assessment of its stability. In February 2012, the Korean Financial Supervisory Service (FSS) introduced an examination system in order to improve the transparency and objectivity of firms. The disclosure will offer a checklist that covers all the

[773] Investor Relations FAQ, Mitsubishi UFJ Financial Group (Tokyo) September 2011. Date of Access: 15 March 2012. http://www.mufg.jp/english/investors/faqs/#a0105.

[774] Announcement regarding Capital Adequacy Ratio as of December 31, 2011, Mizuho Financial Group (Tokyo) 14 February 2012. Date of Access: 15 March 2012. http://www.mizuho-fg.co.jp/english/release/pdf/20120214release_eng.pdf.

[775] Capital Ratio as of December 31, 2011, Sumitomo Mitsui Financial Group (Tokyo) 14 February 2012. Date of Access: 15 March 2012. http://www.smbc.co.jp/news_e/e510071_01.html.

[776] Big Financial Sectors Under Review in 2012 By IMF, International Monetary Fund (Washington) 13 January 2012. Date of Access: 15 March 2012. http://www.imf.org/external/pubs/ft/survey/so/2012/pol011312a.htm.

[777] Current Situation, The Bank of Korea (Seoul) 2012. Date of Access: 2 March 2012. http://www.bok.or.kr/broadcast.action?menuNaviId=1797.

[778] The BOKs Role in Ensuring Financial Stability, The Bank of Korea (Seoul) 2012. Date of Access: 2 March 2012. http://www.bok.or.kr/broadcast.action?menuNaviId=1624.

recent information and will evaluate the risk of failures.[779] The Korean FSS intends to publish a management report that has a newly developed model in which it evaluates the likelihood of failures.[780]

On 10-11 April, The Bank of Korea, the Bank of International Settlement, and the International Monetary Fund held a joint conference regarding "Macro-financial linkages: Implications for monetary and financial stability policies." The conference program included discussions on the topics of bank liquidity regulation; macro-prudential policies in theory and practice; and monetary policy and financial stability. Addressing the conference, Choongsoo Kim, Governor of the Bank of Korea, noted that "[…] we need to continuously monitor and track how [measures to reform financial regulations] will affect the sustainability of world economic growth in the medium- and long-term. In doing so, we should be careful so that the strengthening of financial regulation does not weaken the benign function of finance, which is to drive the growth of the real economy through seamless financial intermediation."[781]

On 8 February 2012, the Korean FSS publicized its 2012 policy directions, which include the enhancement of cooperation with overseas supervisors and hosting congregations. The Korean FSS will augment the supervision of risk management among financial service companies. Financial firms, with the inclusion of commercial banks, will be ordered to accumulate more loan loss provisions and to refrain from providing shareholders with excessive dividends. The FSS intends to prevent local financial companies from being destabilized by external factors, thus instructing them to secure adequate foreign currency liquidity.

In regards to resolution-related requirements, Korea is set to implement an in-depth study on the applicability of Recovery and Resolution Plans (RRPs) of G-SIFIs to its domestic SIFIs and get ready to take the necessary measures.[782] In the meantime, Korea participates in Supervisory Colleges and Crisis Management Groups (CMGs) to implement Recovery and Resolution Plans.[783]

[779] The Commerciality & Social Responsibility of Banks, Knowledge, Insight, and Frontier (Seoul) 4 February 2012. Date of Access: 1 March 2012. http://www.kif.re.kr/kif2/eng/publication/pub_detail.aspx?menuid=10&nodeid=850&volumeid=2986.

[780] The Commerciality & Social Responsibility of Banks, Knowledge, Insight, and Frontier (Seoul) 4 February 2012. Date of Access: 1 March 2012. http://www.kif.re.kr/kif2/eng/publication/pub_detail.aspx?menuid=10&nodeid=850&volumeid=2986.

[781] Bank of Korea, BIS and IMF Conclude Joint Conference on Macro-Financial Linkages and Policy Implications, International Monetary Fund (Washington) 16 April 2012. Date of Access: 26 April 2012. http://www.imf.org/external/np/sec/pr/2012/pr12136.htm.

[782] FSB-G20-Monitoring Progress – Korea, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104m.pdf

[783] FSB-G20-Monitoring Progress – Korea, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104m.pdf

Hence Korea has made efforts to comply with the recommendations put forth by the G20 group and FSB and has taken actions to meet the requisites.[784] The governments' actions have led Korea to fully comply with its commitment to reduce the systemic risks presented by SIFIs with respect to: (1) resolution (2) more rigorous supervision of SIFIs through stronger supervisory mandates. Thus Korea is awarded a score of +1.

Analysts: German Cairo and Krystel Montpetit

Mexico: +1

Mexico has fully complied with its commitment to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions. Mexico has taken actions in compliance with the FSB policy measures to meet both (1) the resolution-related requirements and (2) the requirements for strengthened supervision.

On 8 November 2011, Manuel Sánchez, Deputy Governor of Banco de México, in his speech at the Mexico Financial Day 2011 in New York, reported that "Mexico has made substantial improvements on regulation and supervision. However, the agenda for financial authorities needs to embrace the further enhancement of micro-prudential standards for banks, such as capitalization and liquidity requirements; macro-prudential measures to detect early systemic risk factors and counteract them; and the design of an expedient bank resolution mechanism."[785]

On 15 December 2011, the Council for Financial System Stability reported that "the Council took note of the actions undertaken by the Secretariat Finance and Public Credit and the National Banking and Securities order to meet its recommendation… of adopting measures to generate the incentives to improve transparency and encourage prudent fiscal policies in the states, through changes to banking regulation in building provisions and reserves, among others."[786]

On 1 May 2012, Gerardo Rodriguez Regordosa, Deputy Secretary of Finance and Public Credit, in his article in El Financiero, stated that Mexico has made strong commitments to strengthen international financial regulation and that intends to comply with these agreements in a timely fashion.[787]

In regards to resolution-related requirements, the legal framework for banking resolution was considerably improved to "support the decision process through the implementation of an orderly resolution procedure that clearly sets responsibilities for all relevant authorities" since the

[784] FSB-G20-Monitoring Progress – Korea, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012.
http://www.financialstabilityboard.org/publications/r_111104m.pdf.

[785] The Strengths and Challenges of Mexico's Financial System Remarks by Manuel Sánchez Member of the Governing Board of the Bank of Mexico at the Mexico Financial Day 2011 CEO Roundtable, Banco de Mexico (Mexico City) 8 November 2011. Date of Access: 3 March 2012.
http://www.banxico.org.mx/publicaciones-y-discursos/discursos-y-presentaciones/discursos/%7BBBC8C1B3-2D22-3AFD-364C-14D034A4C70F%7D.pdf.

[786] Analiza El Consejo De Stablidad La Evolucion De La Crisis En Europa Y Los Posibles Canales De Contagio A La Economia Nacional, Consejo de Estabilidad del Sistema Financiero (Mexico City) 15 December 2011. Date of Access: 3 March 2012.
http://www.consar.gob.mx/sala_prensa/pdf/boletines/2011/BP_17_2011.pdf.

[787] Retos, compromisos y logros del G20, El Financiero (Mexico City) 1 May 2012. Date of Access: 3 May 2012.
http://www.elfinanciero.com.mx/index.php?option=com_k2&view=item&id=17589&Itemid=43.

amendment of the Mexican banking law in 2006.[788] As of September 2011, Mexican financial authorities were preparing an amendment to the banking law to enhance the resolution processes. Authorities are assessing proposals to include the obligation of banks to devise periodic Recovery Plans.[789]What is more, authorities are "planning to further strengthen cooperation mechanisms through crisis management groups and supervisory colleges."[790] Finally, Banco de Mexico and the CNBV (Comisión Nacional Bancaria y de Valores) participate in a number of supervisory colleges and crisis management groups, contributing to the review of Recovery and Resolution Plans (RRP) for a number of global financial institutions.[791]

Hence Mexico has taken actions in compliance with the FSB policy measures to meet both the resolution-related requirements and the requirements for strengthened supervision. Thus Mexico is awarded a score of +1.

Analysts: Eleni Tsaliki and Krystel Montpetit

Russia: 0

Russia has partially complied with its commitment to improve resolution regimes and strengthen supervision of SIFIs.

Russian authorities have taken measures in accordance with the FSB requirements for strengthened supervision.

On 16 November 2011, Russian Deputy Finance Minister Sergey Storchak announced that work was underway to define the list of Russian systemically important banks similar to the G-SIFIs list put forth by the FSB.[792]

On 17 November 2011, Russian Finance Ministry proposed amendments to the Federal Law on Central Bank of the Russian Federation (Bank of Russia) which provide for appointing central bank's authorised representatives to commercial banks identified as systemically important in order to collect information on credit activities.[793]

Russia has taken actions to strengthen SIFIs supervision. However, no measures concerning resolution planning and resolvability assessment of Russian SIFIs during the compliance period have been registered. Thus, Russia is given a score of 0.

Analyst: Andrey Shelepov

---

[788] FSB-G20-Monitoring Progress – Mexico, Financial Stability Board (Basel) September 2011. Date of Access: 14 May 2012. http://www.financialstabilityboard.org/publications/r_111104n.pdf

[789] FSB-G20-Monitoring Progress – Mexico, Financial Stability Board (Basel) September 2011. Date of Access: 14 May 2012. http://www.financialstabilityboard.org/publications/r_111104n.pdf

[790] FSB-G20-Monitoring Progress – Mexico, Financial Stability Board (Basel) September 2011. Date of Access: 14 May 2012. http://www.financialstabilityboard.org/publications/r_111104n.pdf

[791] FSB-G20-Monitoring Progress – Mexico, Financial Stability Board (Basel) September 2011. Date of Access: 14 May 2012. http://www.financialstabilityboard.org/publications/r_111104n.pdf

[792] Statements of Deputy Finance Minister of the Russian Federation S.Storchak to RIA Novosti Information Agency, Ministry of Finance of the Russian Federation 16 November 2011. Date of Access: 31 March 2012. http://www1.minfin.ru/ru/press/speech/index.php?pg4=5&id4=14690.

[793] Draft Federal Law on Making Amendments to Articles 74 and 76 Federal Law on Central Bank of the Russian Federation (Bank of Russia), Ministry of Finance of the Russian Federation 17 November 2011. Date of Access: 31 March 2012. http://www.minfin.ru/ru/legislation/projorders/index.php?id4=14697.

Saudi Arabia: 0

Saudi Arabia has partially complied with its commitment to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions. Saudi Arabia has taken action in compliance with the FSB policy measures to meet the requirements for strengthened supervision, but not the resolution-resolution requirements.

On 30 November 2011, during his speech at the Moody's Analytics Symposium on "Risk Strategies for Basel-III Compliance and Beyond," the Saudi Arabian Monetary Agency (SAMA) Vice Governor Dr. Abdulrahman Al-Hamidy stressed that steps have already been taken to increase regulations on domestic SIFIs. He stated that "SAMA has already started the Basel III implementation process by publishing its plans, introducing relevant prudential returns and providing guidance to banks. As a part of its implementation plans, SAMA has conducted quantitative impact studies on selected banks."[794] More specifically, he contended that the implementation strategy focuses on the "implementation of various other standards of BCBS and FSB, besides Basel-III. These include, inter alia, the FSB Principles and Standards on Compensation, BCBS Principles on Stress testing, plans to introduce rules for D-SIFIs, etc."[795]

On 2 March 2012, SAMA, in its 47th Annual Report on The Latest Economic Developments 1432H (2011G), however announced that the national implementation of the risk-based capital requirements will not begin until 1January 2013.[796] Despite this delay in the implementation of the new capital requirements, Saudi Arabia has taken action in compliance strengthened supervision by conducting quantitative impact studies on selected banks.

It is important to note that no Saudi Bank currently qualifies as a G-SIFI, although some GSIFIs have a branch operation in Saudi Arabia. SAMA is "following on these subjects and is preparing for the implementation of recommendations emanating from these committees as needed."[797]

Hence Saudi Arabia has taken action in compliance with the FSB policy measures to meet the requirements for strengthened supervision, but not the resolution-related requirements. Thus Saudi Arabia is awarded a score of 0.

Analyst: Sayed Majeed Alaali

[794] Remarks by Dr. Abdulrahman Al-Hamidy at the Moody's Analytics Symposium on Risk Strategies for Basel-III Compliance and Beyond, Saudi Arabian Monetary Agency. (Riyadh) 30 November 2011. Date of Access: 2 March 2012. http://www.sama.gov.sa/sites/samaen/News/Pages/Risk%20Strategies%20for%20BaselIII.aspx

[795] Remarks by Dr. Abdulrahman Al-Hamidy at the Moody's Analytics Symposium on Risk Strategies for Basel-III Compliance and Beyond, Saudi Arabian Monetary Agency. (Riyadh) 30 November 2011. Date of Access: 2 March 2012. http://www.sama.gov.sa/sites/samaen/News/Pages/Risk%20Strategies%20for%20BaselIII.aspx

[796] 46th Annual Report on The Latest Economic Developments 1432H (2011G), Saudi Arabian Monetary Agency (Riyadh) July 2010. Date of Access: 2 March 2012. http://www.sama.gov.sa/sites/samaen/ReportsStatistics/ReportsStatisticsLib/6500_R_Annual_En_47_2011_10_27.pdf.

[797] FSB-G20-Monitoring Progress – Saudi Arabia, Financial Stability Board (Basel) September 2011. Date of Access: 14 May 2012. http://www.financialstabilityboard.org/publications/r_111104q.pdf

South Africa: +1
South Africa has fully complied with its commitment to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions. South Africa has taken actions in compliance with the FSB policy requirements for strengthened supervision of the national financial system and a strengthened resolution regime.

On 1 January 2012, the South African Reserve Bank published the amended regulations relating to banks that were proposed on 31 October 2011. The regulations consist of a list of forms that banks must complete and submit to the Reserve Bank. Some of the issues presented are: calculation of averages, gross balances and trading activities. The regulation seeks to: (1) strengthen measures providing risk cover; (2) prevent excessive levels of lending; and (3) reduce risks relating to securitisation and off-balance-sheet activities.[798]

On 30 March 2012, the South African Reserve Bank released a first draft of the complete set of proposed amended Regulations relating to Banks.[799] Among the topics touched by the proposed amended Regulations are capital and leverage, operational risk, and consolidated supervision. Comments from banks, controlling companies and all other parties are to be submitted by 18 May 2012.

On 9 March 2012, the National Treasury published the first draft of the Financial Services Laws General Amendment (FSLGA) Bill, which proposes amendments to eleven domestic financial services laws.[800] The objective of the FSLGA Bill is to address shortcomings and strengthen the financial-sector regulatory framework as recommended by the IMF/World Bank Financial Sector Assessment Program (FSAP) evaluation of 2010 of South Africa's compliance to international financial regulatory principles in respect to insurance, banking and securities regulation.[801] The Bill is to be released for public consultation leading to the expected tabling in the second half of 2012.

On 3 April 2012, Parliament of South Africa tabled the Financial Markets (FM) Bill.[802] The FM Bill covers the topics of the regulation of securities exchanges, central securities depositories,

[798] Amended Bank Regulations Now in Operation, Sabinet Law (Centurion) 10 January 2012. Date of Access: 4 March 2012. http://www.sabinetlaw.co.za/finances/articles/amended-bank-regulations-now-operation.
[799] Proposed amended Regulations relating to Banks, South African Reserve Bank (Pretoria) 30 March 2012. Date of Access: 27 April 2012. http://www.resbank.co.za/Publications/Detail-Item-View/Pages/Publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblist=21b5222e-7125-4e55-bb65-56fd3333371e&sarbitem=5007.
[800] Request for public comment: Draft Financial Services Laws General Amendment Bill, 2012, National Treasury of the Republic of South Africa (Pretoria) 9 March 2012. Date of Access: 3 May 2012. http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=25740&tid=59727.
[801] Financial Stability Review – March 2012, South African Reserve Bank (Pretoria) 25 April 2012. Date of Access: 3 May 2012. http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/5025/FSR%20March%202012.pdf.
[802] Press Release: Financial Markets Bill 2012, National Treasury of the Republic of South Africa (Pretoria) 5 April 2012. Date of Access: 3 May 2012. http://www.treasury.gov.za/comm_media/press/2012/2012040401.pdf.

clearing houses and their respective members. The FM Bill will work to align South Africa's legislative framework with local and international developments and standards.[803]

On 25 April 2012, the South African Reserve Bank published its semi-annual Financial Stability Review.[804] The Review reports that the banking sector is "stable with banks well capitalized," and the capital-adequacy ratio exceeds the minimum prudential requirement of 9.5%. The Review also informs of the Bank's continuing monitoring of the credit exposure of the five largest South African banks to the troubled Greece, Italy, Ireland, Portugal, and Spain.

South Africa does not have any G-SIFIs in its jurisdiction. However, where appropriate the South African Government committed to applying the principles of resolution of SIFI's to its national systemically financial institutions.[805] What is more, South Africa is in the process of strengthening its resolution regime as the process is an integral part of the reforms that are currently taking place in South Africa's regulatory framework towards a twin peaks model.[806]

South Africa has made progress towards complying with the stronger supervision of its national financial system to reduce the systemic risks and to meet the resolution-related requirements.[807] Thus South Africa is awarded a score of +1.

Analysts: German Cairo and Krystel Montpetit

Turkey: +1

Turkey has made sufficient progress with its commitment to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions. Turkey has taken actions in compliance with the FSB supervision-related requirements and the resolution-related requirements.

The Banking Regulation and Supervision Agency (BRSA) is a public agency that ensures the confidence and stability in Turkey's financial markets. The regulations put forth by the BRSA contribute to the achievement of long-run economic growth and stability of the country. Owing to

[803] Financial Stability Review – March 2012, South African Reserve Bank (Pretoria) 25 April 2012. Date of Access: 3 May 2012. http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/5025/FSR%20March%202012.pdf.

[804] Financial Stability Review – March 2012, South African Reserve Bank (Pretoria) 25 April 2012. Date of Access: 3 May 2012. http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/5025/FSR%20March%202012.pdf.

[805] FSB-G20-Monitoring Progress – Saudi Arabia, Financial Stability Board (Basel) September 2011. Date of Access: 14 May 2012. http://www.financialstabilityboard.org/publications/r_111104s.pdf

[806] FSB-G20-Monitoring Progress – Saudi Arabia, Financial Stability Board (Basel) September 2011. Date of Access: 14 May 2012. http://www.financialstabilityboard.org/publications/r_111104s.pdf

[807] FSB-G20-Monitoring Progress – South Africa September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104s.pdf.

this regulation in Turkey, the banking sector maintains one of the highest Capital Adequacy Ratios and net profits of the G20 countries.[808]

On 24 November 2011, the Turkish state launched a competition investigation into 12 of Turkey's top banks. "We need real competition in the sector; the banks should not be fixing prices and rates" said Deputy Prime Minister Ali Babacan.[809] Their main emphasis is on credit cards, given lending growth, the unsecured nature of credit card loans can cause economic decline if loans turn sour.[3]

In an interview with the Financial Times, Ali Babacan said: "We can't have independent institutions which are like independent countries; we cannot have a republic of the banking authority or a republic of the central bank."[3] The competition authority announced that the probe will look into both private and state-owned Turkish banks such as GarantiBank, Akbank, Isbank, Yapi Kredi, Ziraat Bankasi and Halkbank, as well as foreign groups such as HSBC and ING Vysya.[3]

It is worth noting that Turkey has no institution classified as G-SIFI's[810] and, due to the relatively small size of Turkish banks' foreign subsidiaries and affiliated partnerships[811], the home country supervisor, the Turkish Banking Regulatory and Supervision Agency (BRSA), did not arrange any meetings in Turkey with counterpart authorities.[812] However, the BRSA has attended the meetings arranged by home country supervisory authorities of cross-border financial groups operating in Turkey.[813] In addition, the BRSA exchanges information with foreign counterpart authorities during the supervisory process.[814]

[808] The Banking Sector in Turkey 2007-2011, The Banks Association of Turkey (İstanbul) 16 February 2012. Date of Access: 3 March 2012. http://www.tbb.org.tr/Dosyalar_eng/Arastirma_ve_Raporlar/The_Banking_Sector_in_Turkey_2007-2011.pdf.

[809] Turkey: regulators v banks, Financial Times (London) 24 November 2011. Date of Access: 3 March 2012. http://blogs.ft.com/beyond-brics/2011/11/24/turkey-regulators-v-banks/#axzz1oBc2MTeX.

[810] FSB-G20-Monitoring Progress – Turkey September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104v.pdf

[811] FSB-G20-Monitoring Progress – Turkey September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104v.pdf

[812] FSB-G20-Monitoring Progress – Turkey September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104v.pdf

[813] FSB-G20-Monitoring Progress – Turkey September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104v.pdf

[814] FSB-G20-Monitoring Progress – Turkey September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104v.pdf

Hence Turkey has taken sufficient actions in compliance with the FSB policy measures to meet the strengthened supervision-related requirements and the resolution-related requirements.[815] Thus Turkey is awarded a score of +1.

Analysts: German Cairo and Krystel Montpetit

United Kingdom: +1

The United Kingdom has fully complied with its commitment to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions. The United Kingdom has taken actions in compliance with the FSB policy measures to meet both (1) the resolution-related requirements and (2) the requirements for strengthened supervision. Specifically, the United Kingdom has taken steps to carry out the Independent Commission on Banking's final report on banking reform, and has accordingly shown both cooperation and compliance with national and European Union regulations.

On 20 December 2011, the Bank of England's Financial Policy Committee (FPC) adopted the government's white paper for financial reform, which entrusts the Central Bank with new powers for macro-prudential supervision of the economy.[816] The FPC will have the power to make recommendations to the new Twin Peaks agencies, the Financial Conduct Authority (FCA), and Prudential Regulation Authority (PRA), for enforcement of new regulatory standards. The FCA and PRA will replace the current Financial Services Authority (FSA). The new features proposals include policies which have a direct effect on the balance sheet of financial institutions, terms and conditions of transactions, in particular financial markets and market structures.[817][818]

On 20 December 2011, the Bank of England released a discussion paper that outlined new key features the Bank of England may adopt in its expanded role as financial supervisor. Said new features include: (1) countercyclical capital buffers for minimum (common equity) liquidity requirements; (2) sectorial capital requirements (variable risk weights that balance each bank's lending to its stock); (3) a maximum leverage ratio; (4) use of central counterparties (CCR); and (5) disclosure requirements. These particular new features will mandate the establishment of a common solvency rule akin to the G7 countries' standard.[819]

[815] FSB-G20-Monitoring Progress – Turkey September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104v.pdf

[816] A new approach to financial regulation: the blueprint for reform, Her Majesty's Treasury (London) June 2011. Date of Access: 1 March 2012. http://www.hm-treasury.gov.uk/d/consult_finreg__new_approach_blueprint.pdf

[817] News Release – Instruments of Macroprudential Policy – Discussion Paper, Bank of England (London) 20 December 2011. Date of Access: 1 March 2012. http://www.bankofengland.co.uk/publications/Pages/news/2011/160.aspx.

[818] Instruments of Macroprudential Policy – Discussion Paper, Bank of England (London) 20 December 2011. Date of Access: 1 March 2011. http://www.bankofengland.co.uk/publications/Documents/other/financialstability/discussionpaper111220.pdf.

[819] Instruments of Macroprudential Policy – Discussion Paper, Bank of England (London) 20 December 2011. Date of Access: 1 March 2012. http://www.bankofengland.co.uk/publications/Documents/other/financialstability/discussionpaper111220.pdf.

On 23 November 2011, the Bank of England's interim FPC announced its main proposals for financial reform in the British financial services industry. The committee recommended that banks should limit distributions and consider raising external capital in the following months if they found that earnings were insufficient to further build capital levels. Further, it indicated that the Financial Services Authority should give further consultations to banks on improving resilience of balance sheets without exacerbating market fragility, and without reducing lending to the real economy. Finally, the FPC recommended the FSA encourage banks to disclose leverage ratios no later than end-2013, as prescribed by the Basel III agreement.[820]

On 19 November 2011, Chancellor of the Exchequer George Osborne announced the British government's intention to adopt parts of the proposals for reform put forth in the Independent Commission on Banking Report. The government's main priorities towards 2019 will be to "make banks better able to absorb losses, make it easier and less costly to sort out banks that still get into trouble; and curb incentives for excessive risk-taking."[821]

On 28 March 2012 the Bank of England published its record of the interim Financial Policy Committee meeting, held 16 March 2012. The record includes recommendations made to Her Majesty's Treasury regarding macro prudential tools. Specifically, the FPC's power to Direct action by the PRA and the FCA, and secondly, the FPC's opinion regarding financial stability and proposed financial reform, including Twin Peaks and beyond. The FPC acknowledge the importance of systemic risk, posed by "excessive balance sheet leverage and fragile funding positions amongst financial institutions"[822], evaluating the efficacy of both balance sheet instruments and countercyclical capital buffers as countermeasures. The FPC recommended that financial institutions acquire sectorial capital requirements against exposures to specific sectors, citing it would increase the FPC's ability to target risk — more so than a countercyclical buffer.[823]

On 27 April 2012, the FSB hosted the second meeting of the FSB Regional Consultative Group for Europe in Basel. Among other topics, participants discussed the development of an extension of the G-SIFIs policy framework to the domestic systemically important banks and non-banking entities, and the process of deleveraging in the European financial sector.[824]

Regarding resolution-related requirements, a Financial Services Authority (FSA) pilot project on Recovery and Resolution Plans (RRPs) involving a small number of large UK banks is currently underway and will contribute to the development of UK and international policy in this area as outlined in the FSA's consultation paper Recovery and Resolution Plans (CP11/16), published in

[820] Financial Stability Report, Bank of England (London) 1 December 2011. Date of Access; 8 March 2012. http://www.bankofengland.co.uk/publications/Documents/fsr/2011/fsrsum1112.pdf.
[821] The Government response to the Independent Commission on Banking, Her Majesty's Treasury (London) 19 November 2011. Date of Access: 6 March 2012. http://cdn.hm-treasury.gov.uk/govt_response_to_icb_191211.pdf.
[822] Record of The Interim Financial Policy Committee Meeting, Bank of England (London) 28 March 2012. Date of Access: 20 April 2012. http://www.bankofengland.co.uk/publications/Documents/records/fpc/pdf/2012/record1203.pdf.
[823] Record of The Interim Financial Policy Committee Meeting, Bank of England (London) 28 March 2012. Date of Access: 27 April 2012. http://www.bankofengland.co.uk/publications/Documents/records/fpc/pdf/2012/record1203.pdf.
[824] Second Meeting of the Financial Stability Board Regional Consultative Group for Europe, Financial Stability Board (Basel) 27 April 2012. Date of Access: 1 May 2012. http://www.financialstabilityboard.org/press/pr_120427a.pdf.

August 2011. The CP covers the proposed requirement for certain financial services firms to prepare and maintain RRPs and separately (for some of these firms and others) to make additional preparations in relation to their investment client money and custody assets holdings.

Since the UK implemented a new Banking Act in February 2009, a legal framework for a Special Resolution Regime, which provides the UK authorities with "a variety of tools to resolve a failing bank or building society (a private sector purchaser tool; a bridge bank tool; Temporary Public Ownership (TPO); and new bank insolvency and bank administration procedures)"[825] has been in place.[826]

Since the UK Financial Services Authority published its consultation paper Recovery and Resolution Plans (CP11/16) in August 2011, "covering the proposed requirement for certain financial services firms to prepare and maintain RRPs and separately to make additional preparations in relation to their investment client money and custody assets holdings"[827], progress has been registered.

Hence the United Kingdom has taken actions in compliance with the FSB policy measures to meet both (1) the resolution-related requirements and (2) the requirements for strengthened supervision. Thus the United Kingdom is awarded a score of +1.

Analysts: Tobias McVey and Krystel Montpetit

United States: +1

The United States has fully complied with its commitment to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions. The United States has taken actions in compliance with the FSB policy measures to meet both (1) the resolution-related requirements and (2) the requirements for strengthened supervision. Specifically, the United States drafted further national regulatory measures aimed at meeting its commitments for financial supervision and new financial accounting standards.

On 17 November 2011, five regulators including the Federal Reserve, the Consumer Financial Protection Bureau (CFPB), the Federal Depositors Insurance Corporation (FDIC), the Office of the Controller of the Currency (OCC) and the National Credit Union Administration (NCUA) released a joint statement explaining the method to measure the total assets of an insured bank, thrift or credit union. This measure determines which supervision and enforcement responsibilities will be applied under the Dodd-Frank Wall Street Reform and Consumer Protection Act.[828]

---

[825] FSB-G20-Monitoring Progress – United Kingdom September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104w.pdf

[826] FSB-G20-Monitoring Progress – United Kingdom September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104w.pdf

[827] FSB-G20-Monitoring Progress – United Kingdom September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104w.pdf

[828] Agencies Issue Statement to Clarify Supervisory and Enforcement Responsibilities For Federal Consumer Financial Laws, The Federal Deposit Insurance Corporation (Washington) 17 November 2011. Date of Access: 5 March 2012. http://www.fdic.gov/news/news/press/2011/pr11179.html.

On 17 January 2012, the FDIC published a notice of proposed rulemaking (NPR) that will require large insured depository institutions to conduct annual capital-adequacy stress tests. This will apply to FDIC-insured state nonmember banks and FDIC-insured state-chartered savings associations with total consolidated assets of more than USD10 billion. As of 30 September 2011, the FDIC regulated 23 state non-member banks with total assets of more than USD10 billion.[829]On 26 January 2012, the FDIC hosted its second meeting of the Systemic Resolution Advisory Committee (SRAC), inviting private sector contributions to develop the government's policies for resolving large financial companies. The advisory committee was created after Dodd-Frank was ratified, serving the purpose of providing advice and recommendations in regards to the failure and the resolution of a systematically important financial company.[830] The discussion included living will preparations and a discussion on the coordination of international efforts to standardize resolution regimes across jurisdictions in order to minimize risk.

The SRAC will directly advise the FDIC on "the effects on financial stability and economic conditions from a systemically important company's failure; how resolution strategies would affect stakeholders and customers of these entities; the tools available to the FDIC to wind down the operations of a failed organization; and the tools needed to assist in cross-border relations with foreign regulators and governments when a systemic company has international operations."[831]

On 21 March 2012, the FDIC extended the comment period on the introduction of Section 165i) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, until April 30, 2012.[832] The law requires state, non-member banks and savings associations with more than US10 billion in consolidated assets to conduct an annual series of stress tests.[833]

On 26 March 2012, the Board of Governors of the Federal Reserve System, the FDIC, and the Office of the Comptroller of the Currency proposed replacing the 2001 leveraged finance guidance. The agencies are seeking industry's comments on the topics of Establishing a Sound Risk-Management Framework, Underwriting Standards, Valuation Standards, Pipeline Management and Reporting and Analytics. The guidance is intended to improve on weaknesses in

[829] FDIC Board Proposes Stress Testing Regulation for Large Banks, The Federal Deposit Insurance Corporation (Washington) 17 January 2012. Date of Access: 6 March 2012. http://www.fdic.gov/news/news/press/2012/pr12004.html.
[830] FDIC Conducts Meeting of Systemic Resolution Advisory Committee, The Federal Deposit Insurance Corporation (Washington) 25 January 2012. Date of Access: 6 March 2012. http://www.fdic.gov/news/news/press/2012/pr12008.html.
[831] FDIC Conducts Meeting of Systemic Resolution Advisory Committee, The Federal Deposit Insurance Corporation (Washington) 25 January 2012. Date of Access: 6 March 2012. http://www.fdic.gov/news/news/press/2012/pr12008.html.
[832] FDIC Extends Comment Period on Stress Test Proposal, Federal Deposit Insurance Corporation (Washington) 21 March 2012. Date of Access: 27 April 2012. http://www.fdic.gov/news/news/press/2012/pr12031.html.
[833] Federal Register Vol.77, No. 55, Office of the Comptroller of the Currency, Treasury (OCC) (Washington) 21 March 2012. Date of Access: 20 April 2012. http://www.fdic.gov/regulations/laws/federal/2012/2012-01-23_proposed-rule_extension.pdf.

leveraged lending that occurred before the financial crisis, by improving prudent underwriting practices.[834]

On 30 March 2012, the Federal Reserve System, the FDIC, and the OCC issued guidance about the implementation and date for section 716 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, also known as the Swaps Pushout provision. "Section 716 prohibits certain types of Federal assistance, such as discount window lending and deposit insurance, for certain uses to a swaps entity, subject to specified exceptions, with respect to its swap, security-based swap, or other activity."[835]

On 19 April 2012, the Federal Reserve Board announced a statement clarifying section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, also known as the Volcker Rule. The section requires that an entity covered by section 619 has the full two-year period provided by the statute to fully conform its activities and investments lest the Board extends this period. This requires banking entities to conform their activities and investments regarding the prohibitions and restrictions included in the statute on proprietary trading, hedge fun and private equity investment activities.[836]

On 20 April 2012, the Federal Reserve Board announced the formation of the Model Validation Council. The council will advise the Federal Reserve with independent expert advice on its process to assess models used in stress tests of banking institutions.[837]

Regarding resolution-related requirements, regulators have reviewed the initial recovery plans of American financial firms to further refine them ever since firms submitted them to U.S. financial regulators on August 16, 2010.[838]The Dodd-Frank Act requires resolution plans for all large bank holding companies and non-bank financial companies subject to heightened supervision by the U.S. Federal Reserve.[839] Under the Dodd-Frank Act, the Federal Deposit Insurance Corporation (FDIC) has the power to set up a "bridge firm in order to maximize value in an orderly liquidation process for a financial group"[840], and has now drafted regulations for the implementation of its

[834] Agencies Propose Revisions to Leveraged Finance Guidance, Federal Deposit Insurance Corporation (Washington) 26 March 2012. Date of Access: 20 April 2012. http://www.fdic.gov/news/news/press/2012/pr12034.html.
[835] Board of Governors of the Federal Reserve System, The Federal Reserve System (Washington) 30 March 2012. Date of Access: 27 April 2012. http://www.federalreserve.gov/newsevents/press/bcreg/20120330a.htm.
[836] Volcker Rule Conformance Period Clarified, Federal Deposit Insurance Corporation (Washington) 19 April 2012. Date of Access: 27 April 2012. http://www.fdic.gov/news/news/press/2012/pr12041.html.
[837] Press Release, The Federal Reserve System (Washington) 20 April 2012. Date of Access: 27 April 2012. http://www.federalreserve.gov/newsevents/press/bcreg/20120420a.htm.
[838] FSB-G20-Monitoring Progress – United States September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104x.pdf
[839] FSB-G20-Monitoring Progress – United States September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104x.pdf
[840] FSB-G20-Monitoring Progress – United States September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104x.pdf

authority under Title II. A first set of interim final rules was adopted in January 2011; a second set of rules was proposed in March 2011; and a final rule was approved in July 2011.[841]

Hence the United States of America has taken actions in compliance with the FSB policy measures to meet both (1) the resolution-related requirements and (2) the requirements for strengthened supervision. Thus the United States of America is awarded a score of +1.

Analysts: Tobias McVey and Krystel Montpetit

European Union: +1

The European Union has fully complied with its commitment to the full and timely implementation of the financial sector reform agenda agreed up through Seoul, including a comprehensive framework to address the risk posed by systemically important financial institutions. The European Union has taken actions in compliance with the FSB policy measures to meet both (1) the resolution-related requirements and (2) the requirements for strengthened supervision. Specifically, the European Union has taken steps to enhance greater supervisory authority and harmonization of standards in the European banking system.

The European Banking Authority (EBA) has adopted several reforms intended to harmonize regulatory standards across Europe including proposals to capture Incremental Default and Migration risks in banks' trading books. This set of guidelines, released on 30 November 2011, are intended to instruct institutions about the Internal Model Approach (IMA) used to accurately calculate the capital requirements for specific interest risk in the trading book, targeting especially incremental risk capital charge (IRC).[842]

On 13 February 2012, pursuing its consultations with the financial services industry; the EBA published a consultation paper on Supervisory reporting requirements for large exposures[843] as part of the Capital Requirements Regulation (CRR). The consultation paper discusses earlier 2011 proposals that expanded the mandate of the EBA to adopt the Basel III requirements. The consultation paper included Implementing Technical Standards (ITS) for supervision requirements, and will be part of a single 'rulebook' meant to boost harmonization of European regulatory standards and IT solutions for credit institutions and investment firms in Europe.

On 23 March 2012, the Joint Expert Group on Reconciliation of credit institutions' statistical and supervisory reporting requirements (JEGR) published the second edition manual for European Central Bank (ECB) and the EBA reporting frameworks. The manual is part of the JEGR's

[841] FSB-G20-Monitoring Progress – United States September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012. http://www.financialstabilityboard.org/publications/r_111104x.pdf

[842] EBA Consultation Paper on the Draft Guidelines on the Incremental Default and Migration Risk Charge (IRC), European Banking Authority (London) 30 November 2011. Date of Access: 5 March 2012. http://www.eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2011/CP49/EBA-BS-2011-165-(CP-on-GL-IRC)-FINAL.pdf.

[843] EBA Consultation Paper on Draft Implementing Technical Standards on Supervisory reporting requirements for large exposures, European Banking Authority (London) 13 February 2012. Date of Access: 8 March 2012. http://www.eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP51/CP51-ITS-on-reporting-of-LE.pdf.

mandate to provide those "definitions, concepts, valuation rules, reporting templates, etc."[844], which are required to reconcile statistical and supervisory frameworks related to monetary financial institutions, particularly those required for separate reporting to the ECB and EBA. The manual identifies overlap and provides a classification system for the purpose of simplifying reporting to the separate frameworks: international accounting standards (FINREP), capital adequacy data requirements (COREP) and Large Exposures (LE) for EBA reporting, and statistical reporting framework for monetary financial institutions' balance sheet items (BSI).[845]

On 27 April 2012, the FSB hosted the second meeting of the FSB Regional Consultative Group for Europe in Basel. Among other topics, participants discussed the development of an extension of the G-SIFIs policy framework to the domestic systemically important banks and non-banking entities, and the process of deleveraging in the European financial sector.[846]

In regards to resolution-related requirements, the EU Commission legislative proposal for a Crisis Management Directive aims to implement a legal framework for crisis management in the EU which boasts a range of resolution powers that must be available to authorities in all EU members.[847] The proposal is set to include requirements for (i) drawing up of recovery and resolution plans by institutions and resolution authorities; and (ii) crisis management groups or resolution colleges to be established for cross -border banking groups,[848] thus "conferring functions on resolution colleges, providing for rules for their operation and imposing enhanced information sharing requirements."[849]

[844] MFI Balance Sheet and Interest Rate Statistics and EBA Guidelines on FINREP and COREP/Large Exposures: Bridging The Reporting Requirements – Methodological Manual Second Edition, European Banking Authority (London) 23 March 2012. Date of Access: 20 April 2012.
http://www.ecb.europa.eu/pub/pdf/other/mfibalancesheetinterestratesstatisticsebsguidelines201203en.pdf

[845] Second Version of the classification system between EBA/ECB reporting frameworks, European Banking Authority (London) 23 March 2012. Date of Access: 20 April 2012.
http://www.eba.europa.eu/News--Communications/Year/2012/Updated-classification-system-between-the-reportin.aspx

[846] Second Meeting of the Financial Stability Board Regional Consultative Group for Europe, Financial Stability Board (Basel) 27 April 2012. Date of Access: 1 May 2012.
http://www.financialstabilityboard.org/press/pr_120427a.pdf.

[847] FSB-G20-Monitoring Progress – European Union September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012.
http://www.financialstabilityboard.org/publications/r_111104x.pdfhttp://www.financialstabilityboard.org/publications/r_111104y.pdf

[848] FSB-G20-Monitoring Progress – European Union September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012.
http://www.financialstabilityboard.org/publications/r_111104x.pdfhttp://www.financialstabilityboard.org/publications/r_111104y.pdf

[849] FSB-G20-Monitoring Progress – European Union September 2011, Financial Stability Board (Basel) September 2011. Date of Access: 4 March 2012.
http://www.financialstabilityboard.org/publications/r_111104x.pdfhttp://www.financialstabilityboard.org/publications/r_111104y.pdf

Hence the European Union has taken actions in compliance with the FSB policy measures to meet both (1) the resolution-related requirements and (2) the requirements for strengthened supervision. Thus the European Union is awarded a score of +1.

Analysts: Tobias McVey and Krystel Montpetit

IFI Reform: IMF Reform [25]

Commitment [#25]:

"We will expeditiously implement in full the 2010 quota and governance reform of the IMF."
Cannes Summit Final Declaration

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		0	
Italy			+1
Japan			+1
Korea			+1
Mexico			+1
Russia		0	
Saudi Arabia		0	
South Africa		0	
Turkey			+1
United Kingdom			+1
United States	-1		
European Union			+1
Average Score		+0.5	

Background:

On 15 December 2011, the IMF's Board of Governors approved a package of reforms of the Fund's quotas and governance as part of the 14th General Review of Quotas.[850] Once approved, the package will result in both a 100% increase in total quotas and major shifts of quota shares to reflect the shifting weights of the member countries in the world economy. Additionally, the reforms will change the size and composition of the Executive Board of the IMF.[851]

Quota shares are central to the IMF's financing. Each member country is assigned a quota, calculated as a function of its relative position in the global economy. A member's assigned quota determines the country's maximum financial commitment to the IMF, its voting power as well as the degree of the country's access to the IMF's financial resources.[852]

[850] Factsheet: IMF Quotas, International Monetary Fund (Washington) 13 September 2011. Date of Access: 7 February 2012. http://www.imf.org/external/np/exr/facts/quotas.htm.

[851] IMF Executive Board Approves Major Overhaul of Quotas and Governance, International Monetary Fund (Washington) 5 November 2010. Date of Access: 7 February 2012. http://www.imf.org/external/np/sec/pr/2010/pr10418.htm.

[852] Factsheet: IMF Quotas, International Monetary Fund (Washington) 13 September 2011. Date of Access: 7 February 2012. http://www.imf.org/external/np/exr/facts/quotas.htm.

The reform package is the most recent development in a series of reforms. Specifically, it builds on the 2008 reform package, which came into power on 3 March 2011. The entire series of reforms aims to reinforce the representation of dynamic economies through quota increases for 54 member countries and strengthen the participation of low-income countries.[853]

Specifically, the 14th General Review of Quotas will: double quotas from SDR238.4 billion to SDR476.8 billion; shift 6% of quota shares from over-represented to under-represented countries; shift 6% of quota shares to dynamic emerging markets and developing countries (EMDCs); and ensure the quota and voting shares of the poorest member countries, defined as member countries which are eligible to borrow from the Poverty Reduction and Growth Trust (PRGT) and whose per capita income fall below US1.135,000 in 2008, or twice that amount for small countries.[854]

The shifts in quota and voting shares will result in a major realignment of weights of the IMF member countries: once the reforms become effective, China will for instance become the third largest shareholder and four EMDCs — China, Brazil, India, and Russia — will be amongst the ten largest members.

Table 9 details the pre-Singapore quota and voting shares, the 2008 post-second round quota and voting shares, as well as the newly proposed quota and voting shares under the 2010 Reform of every G20 member.

The IMF's ongoing effort to fairly reflect the allocation of world economic weights results in a continuous revision of the quota formula. A comprehensive review of the formula, which was utilized in the 14th General Review of Quotas, is anticipated to be completed in January 2013. The reform package will also alter the size and composition of the Executive Board of the IMF. The Executive Board is currently made up of 24 Directors, with five Directors appointed and 19 elected by member countries, and the Managing Director which serves as the Board's chair.[855]

The governance reform will specifically:

(1) Maintain the size of the Executive Board at 24 members and call for a revision of the Board's composition every eight years;
(2) Call for the advanced European countries to reduce their combined Board representation by two chairs;
(3) End the category of appointed Executive Directors, thus leaving an all-elected Executive Board;
(4) Allow the appointment of second Alternative Executive Directors to enhance the representation of multi-country constituencies.[856]

[853] The IMF's 2008 Quota and Voice Reforms Take Effect, International Monetary Fund (Washington) 3 March 2011. Date of Access: 7 February 2012. http://www.imf.org/external/np/sec/pr/2011/pr1164.htm.
[854] IMF Executive Board Approves Major Overhaul of Quotas and Governance, International Monetary Fund (Washington) 5 November 2010. Date of Access: 7 February 2012. http://www.imf.org/external/np/sec/pr/2010/pr10418.htm.
[855] IMF Executive Board Approves Major Overhaul of Quotas and Governance, International Monetary Fund (Washington) 5 November 2010. Date of Access: 7 February 2012. http://www.imf.org/external/np/sec/pr/2010/pr10418.htm.
[856] IMF Executive Board Approves Major Overhaul of Quotas and Governance, International Monetary Fund (Washington) 5 November 2010. Date of Access: 7 February 2012. http://www.imf.org/external/np/sec/pr/2010/pr10418.htm.

Table 9: International Monetary Fund Quota and Voting Shares

Country	Quota share %			Voting share %		
	Pre-Singapore	Post-second round	2010 proposed	Pre-Singapore	Post-second round	2010 proposed
Argentina	0.990	0.888	0.669	0.981	0.869	0.661
Australia	1.514	1.358	1.379	1.494	1.312	1.332
Brazil	1.420	1.783	2.316	1.402	1.714	2.218
Canada	2.980	2.672	2.313	2.928	2.554	2.215
China	2.980	3.996	6.394	2.928	3.806	6.071
France	5.024	4.505	4.228	4.929	4.286	4.025
Germany	6.086	6.110	5.588	5.968	5.803	5.310
India	1.945	2.442	2.751	1.916	2.337	2.629
Indonesia	0.973	0.872	0.975	0.964	0.854	0.951
Italy	3.301	3.306	3.162	3.242	3.154	3.017
Japan	6.228	6.556	6.464	6.108	6.225	6.138
Korea	0.764	1.412	1.800	0.760	1.364	1.731
Mexico	1.210	1.521	1.869	1.196	1.467	1.796
Russia	2.782	2.494	2.706	2.734	2.386	2.587
Saudi Arabia	3.268	2.930	2.080	3.210	2.799	1.995
South Africa	0.874	0.784	0.640	0.867	0.770	0.634
Turkey	0.451	0.611	0.977	0.453	0.607	0.953
United Kingdom	5.024	4.505	4.228	4.929	4.286	4.025
United States	17.380	17.670	17.428	17.023	16.727	16.498

The endorsed reform package calls for the reform of the quota and voting shares to be implemented by October 2012, and the Executive Board reform to take effect by late 2012.

Commitment Features:
The commitment unambiguously calls for the full implementation of both the quota and governance components of the IMF reform. In order to comply with the commitment, the member must hence accept or formally declare its intent to accept both the shift in quota shares as well as the reform of the Executive Board by the Annual Meeting of the Board of Governors in October 2012. A country which only accepts or formally declares its intent to accept one of the two components of the IMF reform will partially comply with the commitment. A country that does not approve or formally declare its intent to approve any of the two components of the reform will not comply with the commitment.

Scoring:

-1	Member does not accept the shifting of the quota shares AND the re-shuffling of the Executive Board.
0	Member accepts the shifting of the quota shares OR the re-shuffling of the Executive Board.
+1	Member accepts both the shifting of the quota shares AND the re-shuffling of the Executive Board.

Lead Analyst: Vera Gavrilova
Co-director of Compliance: Krystel Montpetit

Argentina: -1

Argentina has not complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. Argentina has not formally accepted the shifting of the quota shares or the re-shuffling of the Executive Board.[857]

On 16 April 2011, President of Banco Central de Chile José De Gregorio speaking on behalf of Argentina at the Twenty-Third Meeting of the IMFC on the matter of the 2008 round of the IMF reforms said: "After the approval of the quota and governance reform package late last year, we support the timeline for implementation by the 2012 Annual Meetings."[858]

However, the Government of Argentina has issued no official statement about its position on the 2010 quota and the governance reforms.

On 21 April 2012, Minister of Economy and Public Finance of Argentina Hernán Lorenzino explained the delay in ratification of the reforms by slow motion of the legislative system: "Most countries, as our constituency members [Argentina, Bolivia, Chile, Paraguay, Peru, and Uruguay], are doing their utmost to achieve progress on the 2010 quota and governance reform but in many cases it depends of forces that are beyond the Fund or countries' good will. […] In the case of parliament approval of the 2010 quota and governance reform, each country's executive power can only submit the law project and wait for the decision of the legislative power; the political party in power could instruct its legislators to accelerate the steps but this intervention is sometimes counterproductive."[859]

For Argentina, the 2010 quota reform will entail a decrease in quota shares from its pre-Singapore level of 0.99% and its post-Second Round level of 0.888% to a new level of 0.669%[860] as well as a decrease in its voting shares from a pre-Singapore level of 0.981% and a post-Second Round level of 0.869 to a new level of 0.661%.[861]

[857] Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 11 March 2012. http://www.imf.org/external/np/pp/eng/2011/121311.pdf.

[858] Statement by José De Gregorio President, Banco Central de Chile, Chile on behalf of Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay at the Twenty-Third Meeting of the IMFC, International Monetary Fund (Washington) 16 April 2011. Date of Access: 12 March 2012. http://www.imf.org/External/spring/2011/imfc/statement/eng/chl.pdf.

[859] Statement by Hernán Lorenzino Minister of Economy and Public Finance, Argentina On behalf of Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay at the Twenty-Fifth Meeting of the International Monetary and Financial Committee, International Monetary Fund (Washington) 21 April 2012. Date of Access: 5 May 2012. http://www.imf.org/External/spring/2012/imfc/statement/eng/arg.pdf.

[860] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 11 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[861] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 11 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

Argentina was not supportive of the previous round of IMF reforms, not complying with the previous round of the IMF reforms, the Amendment on Voice and Participation as well as Amendment to Expand the Fund's Investment Authority.[862]

Argentina has not formally accepted the 2010 quota or the governance reforms. Thus Argentina is awarded a score of -1.

Analyst: Jordan Rivera and Vera Gavrilova

Australia: +1

Australia has fully complied with its commitment toexpeditiously implement in full the 2010 quota and governance reforms of the IMF. Australia has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board.

As of 13 December 2011, Australia had officially accepted both the shifting of the quota shares and the re-shuffling of the Executive Board.[863]By doing so, Australia has consented to a decrease in its quota shares from a pre-Singapore level of 1.514%, but an increase from its post-Second Round level of 1.358% to a new level of 1.379%, as well as a decrease in its voting shares from a pre-Singapore level of 1.494, but an increase from a post-Second Round level of 1.312% to a new level of 1.332%.[864] Although nearly doubling the absolute amount of its quota shares from SDR3.3 billion to SDR6.6 billion, Australia's proportion of quota shares will decline as dynamic emerging market and developing countries gain extra quota shares and Australia go from being the fifteenth largest IMF shareholder to being the seventeenth largest one.[865]

In November 2011, Australia, alongside South Africa, co-chaired the G20's IMF Working Group which laid the groundwork for the IMF quota and governance reforms delivered by G20 Leaders at the Seoul Summit.[866]On 23 September 2011, at the 2011 Annual Meeting of the World Bank Group and 3[the IMF, Mr. Wayne Swan, Governor of the World Bank and the IMF for Australia and Deputy Prime Minister of Australia, expressed his support for the quota and governance reforms: "Australia welcomes the significant reforms that increase the flexibility and resourcing of IMF programs and lending instruments for low-income countries."[867] Mr. Swan added that Australia considers the timely implementation of the quota and governance reforms a key priority.

---

[862] Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 11 March 2012. http://www.imf.org/external/np/sec/misc/consents.htm.

[863] Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2011/121311.pdf.

[864] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[865] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[866] The G20, Australian Government, Department of Foreign Affairs and Trade (Sydney). Date of Access: 6 March 2012. www.dfat.gov.au/trade/g20/index.html.

[867] Statement by the Hon. Wayne Swan, Governor of the Bank and the Fund for Australia, International Monetary Fund (Washington) 23 September 2011. Date of Access: 6 March 2012. www.imf.org/external/am/2011/speeches/pr41e.pdf.

On 21 April 2012, Mr. Swan reiterated Australia's supportive position of the IMF reform at the Twenty-Fifth Meeting of International Monetary and Financial Committee: "For the Fund to remain credible, legitimate and relevant, we must look beyond our individual short term interests to maintain the momentum of IMF governance reform. We must complete the 2010 quota and governance reforms by the annual meetings inOctober. We must deliver on our commitment to revise the quota formula by January 2013,by introducing a new formula that is credible, robust and broadly accepted, and that better captures the changing global economic dynamics."[868]

Australia has spoken in favour of the underlying principle of the governance reform, which calls for selecting leaders of the IMF on the basis of greater transparency and a merit-based approach. "In order to maintain trust, credibility and legitimacy in the eyes of its stakeholders, there must be an open and transparent selection process which results in the most competent person being appointed as managing director, regardless of their nationality,"— spoke Mr. Swan on the matter on the 2011 elections of the IMF's Managing Director.[869]

Australia was supportive of the previous rounds of the reforms: on 9 September 2009, Australia consented to both the Amendment on Voice and Participation and the Amendment to Expand the Fund's Investment Authority.[870]

Australia has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board and hence has fully complied with the commitment on the 2010 quota and governance reform. Thus Australia is awarded a score of +1.

Analyst: Vitali Selivanov

Brazil: +1

Brazil has fully complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. Brazil accepted the shifting of the quota shares and the Executive Board governance reform.[871]

According to the IMF as of 12 June 2012, Brazil had officially accepted both the shift in quota shares and the governance reform.[872] With the proposed realignment in quota and voting shares,

[868] Statement by Mr. Wayne Swan, Governor of the Bank and the Fund for Australia, International Monetary Fund (Washington) 21 April 2012. Date of Access: 28 April 2012. http://www.imf.org/External/spring/2012/imfc/statement/eng/aus.pdf .

[869] Joint Statement by South African Finance Minister Pravin Gordhan and Australian Deputy Prime Minister and Treasurer Wayne Swan, on the Selection Process of the Managing Director of the IMF, Ministry of Finance of The Republic of South Africa (Johannesburg) 22 May 2011. Date of Access: 6 March 2012.
http://www.treasury.gov.za/comm_media/press/2011/2011052201.pdf. \

[870] Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 5 March 2012. http://www.imf.org/external/np/sec/misc/consents.htm.

[871] Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2011/121311.pdf.

[872] Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 12 June 2012. Date of Access: 15 June 2012. http://www.imf.org/external/np/sec/misc/consents.htm.

Brazil will experience a sharp increase in its quota shares from a pre-Singapore level of 1.420% and a post-Second Round level of 1.783% to a new level of 2.316%, as well as an increase in its voting shares from a pre-Singapore level of 1.402% and a post-Second Round level of 1.714 to a new level of 2.218%.[873]

On 9 October 2010, at the Twenty-Second Meeting of the International and Monetary Financial Committee (IMFC), Minister of Finance of Brazil Guido Mantega spoke extensively on the matter of the quota and voting shares and governance reforms of the IMF.[874] Mr. Mantega emphasized that "the realignment of quota shares remains the centerpiece of IMF reform." Mr. Mantega explained that Brazil maintains that "[the] main focus should remain the shift in quotas and voting power from advanced countries to EMDCs." Mr. Mantega expressed Brazil's dissatisfaction with the 2008 round of reforms. Specifically, he pointed that, although Brazil ranks among the top ten economies according to the 2009 data, it "will only reach the 14th position in the ranking of quota shares in the Fund after the 2008 quota and voice reform enter into force." Mr. Mantega announced that Brazil hopes "the current [2010] quota review to result in a 5 to 6 percentage point net shift in quota shares from advanced countries to EMDCs […]."

Moreover, Mr. Mantega welcomed the governance reform: "We favor an enhancement of the relative representation of EMDCs in the Board, while preserving its current size." However, Mr. Mantega expressed concerns that "changes in Board composition would have little effect if it were not accompanied by an increase in the voting power of chairs held by EMDCs." Finally, Mr. Mantega called on the IMF members to "depart from the obsolete practice of reserving the position of Managing Director to a European national and that of the President of the World Bank to a US national" and to implement an election "on the basis of an open and merit-based process."[875]

On 16 April 2011, at the Twenty-Third Meeting of the IMFC, Mr. Mantega criticized the slow pace of the acceptance of the quota and governance reforms by the IMF members: "A few advanced countries continue to have a disproportionate weight in the Fund's governance. The agreement on quota and governance reform adopted by the IMF Board of Governors last year is a positive step. However, roughly four months after the adoption of this reform, only ten countries — three of them from our constituency — have accepted the proposed amendment on the reform of the Executive Board." Mr. Mantega called "the attempts to repair the Fund's longstanding legitimacy deficit" slow and insufficient. Mr. Mantega urged the IMF and the member countries

[873] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[874] Statement by Guido Mantega, Minister of Finance, Ministerio da Fazenda, Brazil On behalf of Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname, Trinidad and Tobago at Twenty-Second Meeting of the International and Monetary Financial Committee, International Monetary Fund (Washington) 9 October 2010. Date of Access: 7 March 2012. http://www.imf.org/External/AM/2010/imfc/statement/eng/bra.pdf.

[875] Statement by Guido Mantega, Minister of Finance, Ministerio da Fazenda, Brazil On behalf of Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname, Trinidad and Tobago at the Twenty-Second Meeting of the International and Monetary Financial Committee, International Monetary Fund (Washington) 9 October 2010. Date of Access: 7 March 2012. http://www.imf.org/External/AM/2010/imfc/statement/eng/bra.pdf.

to "deploy efforts to ensure that the 2010 reform comes into effect no later than the 2012 Annual Meetings."[876]

On 22 September 2011, Brazil, along with the other BRICS countries, reiterated its concern with "the slow pace of quota and governance reforms in the IMF" and their implementation, which is "now lagging." The BRICS urged for the 15th General Review of Quota and to "move ahead with the comprehensive review of the quota formula by January 2013 and the completion of the next review of quotas by January 2014."[877]

On 26 February 2012, Mr. Mantega announced that the emerging markets and developing countries are ready to continue to provide financing and loans to Europe to prevent the spread of the European debt crisis, but "will only help under two conditions; first that they strengthen their firewall and second for the IMF [voting rights] reform be implemented."[878]

On 29 March 2012, at the Fourth BRICS Summit in New Delhi, the five nations — Brazil, Russian, India, China, and South Africa — collectively demanded additional voting quotas from the Fund and expressed their dissatisfaction with the slow pace of the reform.[879] The BRICS group appeared especially frustrated with the United States, the largest contributor to the Fund's resources, delaying the ratification of the reform.[880]

On 21 April 2012, at the International Monetary Fund's steering committee, Mr. Mantega repeatedly signalled his dissatisfaction with the quotas representation of dynamic developing economies in the IMF's executive board and reiterated that the IMF needs to rebalance its quota systems. Mr. Mantega pointed out that Brazil is "the world's sixth-largest economy" has "voting powers equivalent to the much tinier Netherlands."[881] He emphasized that "the BRICS unanimously agreed to support the IMF" but that they have not planned to unveil the amounts that they we will make available.[882] Mr. Mantega, speaking on behalf of China, Russia, India and Brazil confirmed that the IMF contributions will be announced "at the Los Cabos meeting in

[876] Statement by Guido Mantega Minister of Finance, Ministerio da Fazenda, Brazil On behalf of Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama,Suriname, Trinidad and Tobago at the Twenty-Third Meeting of the International and Monetary Financial Committee, International Monetary Fund (Washington) 16 April 2011. Date of Access: 7 March 2012. http://www.imf.org/External/spring/2011/imfc/statement/eng/bra.pdf.

[877] Intergovernmental Group Of Twenty-Four On International Monetary Affairs And Development Communiqué, International Monetary Fund (Washington) 22 September 2011. Date of Access: 3 March 2012. http://www.imf.org/external/np/cm/2011/092211.htm.

[878] Brazil wants more IMF power for extra Eurozone funds, BBC News Business (London) 26 February 2012. Date of Access: 7 March 2012. http://www.bbc.co.uk/news/business-17170157.

[879] Brics Wants World Bank, IMF Reforms, The Wall Street Journal (New York) 29 March 2012. Date of Access: 4 May 2012. http://online.wsj.com/article/SB10001424052702303816504577311012331186378.html.

[880] G20 doubles IMF's war chest amid fears on Europe, Reuters (Washington) 20 April 2012. Date of Access: 4 May 2012. http://www.reuters.com/article/2012/04/20/us-imf-idUSBRE83I19X20120420.

[881] Brazil blasts Europe, US dominance at IMF, The Economic Times (Washington) 20 April 2012. Date of Access: 25 April 2012. http://articles.economictimes.indiatimes.com/2012-04-20/news/31374076_1_quota-share-economies-guido-mantega.

[882] Highlights-G20, IMF/World Bank meetings in Washington, Thomson Reuters (Washington) 20 April 2012. Date of Access: 24 April 2012. http://www.reuters.com/article/2012/04/20/g-idUSL2E8FJJ9O20120420.

June." When asked why the BRICS are not announcing contribution the IMF now, Mr. Mantega explained that "emerging countries are generally poorer than advanced economies, and it's always difficult to explain why you're giving money that will benefit a rich country."[883] He pointed that the money is conditioned to "the completion of the IMF's quota reform so that emerging countries have larger representation" and he argued that voting within the fund should be proportional to the countries' output.

Under the quota reform, Brazil is expected to ascend to the top ten shareholders of the IMF, meriting the position of tenth largest IMF shareholder, with the second largest increase in quota shares amongst all IMF members.[884]

Brazil has accepted the shifting of the quota shares but has not formally accepted the governance reform. Thus Brazil is awarded a score of 0.

Analysts: Gaston Alegre, Vera Gavrilova, and Alexandra Popa

Canada: -1

Canada has not complied with its commitment toexpeditiously implement in full the 2010 quota and governance reforms of the IMF. Canada has not formally accepted neither the shifting of the quota shares nor the re-shuffling of the Executive Board.

According to the IMF as of 12 June 2012, Canada has not officially consented to either the quota shares or the governance reform of the IMF.[885]

However, on both 16 April 2011 and 24 September 2011, at the Twenty-Third and Twenty-Forth Meetings of the International Financial and Monetary Committee, Minister of Finance of Canada James Flaherty announced that Canada "[was] firmly behind the new quota and governance reform agreement, as it [constituted] a significant deliverable for the IMF and the G-20, which delivered on its commitment to reach a new quota deal by January 2011."[886] In his September statement, Mr. Flaherty assured that "throughout 2011, Canada should begin the necessary domestic legislative steps to bring the new quota agreement into effect, and should encourage

[883] Highlights-G20, IMF/World Bank meetings in Washington, Thomson Reuters (Washington) 21 April 2012. Date of Access: 24 April 2012. http://www.reuters.com/article/2012/04/21/g-idUSL2E8FL1OC20120421.

[884] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 7 March 2012. www.imf.org/external/pp/longres.aspx?id=4501.

[885] Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 12 June 2012. Date of Access: 15 June 2012. http://www.imf.org/external/np/sec/misc/consents.htm.

[886] Statement prepared for the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund by the Honourable JAMES MICHAEL FLAHERTY, Minister of Finance for Canada, on behalf of Antigua and Barbuda, the Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. International Monetary Fund (Washington) 16 April 2011. Date of Access: 7 March 2012. http://www.imf.org/External/spring/2011/imfc/statement/eng/can.pdf.

other IMF members to do the same in a timely manner."[887] In support of the IMF governance reforms, Mr. Flaherty stated his ideals that "all IMF members should carry out the necessary steps to ratify the 2010 agreement in a timely manner" and that "Canada, Ireland and our Caribbean constituents have begun this process" in ensuring their deliverance on their IMF commitments.

On 21 April 2012, Mr. Flaherty reported that "countries in our constituency [Antigua and Barbuda, The Bahamas, Belize, Barbados, Dominica, Grenada, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent, and the Grenadines]" are progressing well towards the full implementations of the 2010 reforms by the indicated deadline.[888] Mr. Flaherty also reiterated Canada's support for the ongoing process of quota review and assured that "over the coming year, [Canada] will be actively engaged in the review of the quota formula to ensure that the formula is a simple and transparent reflection of relative and evolving economic positions in the global economy while also protecting the voice and representation of the Fund's poorest and smallest members."

Canada was supportive of the previous 2008 round of the IMF reforms, accepting both the Amendment on Voice and Participation and the Amendment to Expand the Fund's Investment Authority on 8 July 2009.[889]

With the realignment in quota shares, Canada will experience a decrease in quota shares from a pre-Singapore level of 2.98% and a post-Second Round level of 2.672% to a new level of 2.313%.[890] Canada will no longer remain one of the top ten largest shareholders of the IMF: it will slip from a pre-Singapore position as eighth largest IMF shareholder to that of eleventh largest IMF shareholder.[891] Canada will also see its voting shares decrease from a pre-Singapore level of 2.928% and a post-Second Round level of 2.554% to a new level of 2.215%.[892]

[887] Statement prepared for the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund by the Honourable JAMES MICHAEL FLAHERTY, Minister of Finance for Canada, on behalf of Antigua and Barbuda, the Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines, International Monetary Fund (Washington) 24 September 2011. Date of Access: 7 March 2012. http://www.imf.org/External/AM/2011/imfc/statement/eng/can.pdf.

[888] Statement by the Honourable James Michael Flaherty, Minister of Finance for Canada, on behalf of Antigua and Barbuda, the Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines, International Monetary Fund (Washington) 21 April 2012. Date of Access: 28 April 2012. http://www.imf.org/External/spring/2012/imfc/statement/eng/can.pdf.

[889] Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 5 March 2012. http://www.imf.org/external/np/sec/misc/consents.htm.

[890] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[891] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[892] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

The Government of Canada has not formally accepted the shifting of the quota shares and the re-shuffling of the Executive Board. Thus Canada is awarded a score of -1.

Analysts: Michelle Lee and Vera Gavrilova

China: +1

China has fully complied with its commitment toexpeditiously implement in full the 2010 quota and governance reforms of the IMF. China has officially accepted both the shifting of the quota shares and the re-shuffling of the Executive Board.[893]

As of 13 December 2011, China had officially accepted both the shift in quota shares and the re-shuffling of the Executive Board. The Government of China agreed to a very sharp increase in quota shares: it held a pre-Singapore level of 2.98% and a post-Second Round level of 3.996% and, in accordance with the 2010 reform, it will now hold 6.394%.[894] This is slated to be the largest increase among all IMF members.[895]With the realignment in quota shares, China will be the third largest IMF shareholder behind the United States and Japan, climbing from a pre-Singapore position of ninth largest IMF shareholder and a Post Second Round position of sixth largest IMF shareholder to a new position of third largest IMF shareholder.[896] China will also experience a sharp increase in its voting shares which will increase from a pre-Singapore level of 2.928% and a post-Second round level of 3.806% to a new level of 6.071%.

On 23 September 2011, at the Annual Meetings with the World Bank and International Monetary Fund, Governor of the Bank for the People's Republic of China Xie Xuren spoke in support of the IMF reforms: " [... the] IMF should continue to improve its quota and governance structure. As an international institution based on quota, IMF must put the 2010 quota reform package into effect as soon as possible [...]."[897]

On 16 April 2011, Deputy Governor of People's Bank of China Yi Gang endorsed the 2010 round of the IMF reforms and called upon other country members of the IMF to ratify the reforms as soon as possible: "Increasing the voice and representation of emerging and developing economies in the Fund's decision-making and management is an important part of the Fund's governance reform, and also the general consensus of its member countries. The adoption of the Fund's 2010 quota and governance reform is a breakthrough. We call on all member countries to accelerate their approval process to make sure that these reforms could take effect prior to next

[893] Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2011/121311.pdf.

[894] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[895] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[896] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[897] Governor Statement No. 14 by Hon. XIE XUREN, Governor of the Bank for the PEOPLE'S REPUBLIC OF CHINA at the 2011 Annual Meetings, World Bank, International Monetary Fund (Washington) 23 September 2011. Date of Access: 7 March 2012. http://www.imf.org/external/am/2011/speeches/pr14e.pdf.

year's Annual Meetings, and urge that the Fund continue to make substantive progress in reforming other parts of its governance, including the merit-based selection of the Management."[898]

On 9 November 2011, in an address to the 2011 International Finance Forum in Beijing, Managing Director of the International Monetary Fund the Hon. Christine Lagarde spoke in support of the China's increase in shareholder position as an integral part of global economy, "[stressing] the importance of IMF governance reforms" in which its changes led to China holding a position in the top three shareholders.[899]

On 29 March 2012, at the Fourth BRICS Summit in New Delhi, the five nations — Brazil, Russian, India, China, and South Africa — collectively demanded additional voting quotas from the Fund and expressed their dissatisfaction with the slow pace of the reform.[900]

After the 2010 reform package was introduced on 5 November 2010, then IMF Managing Director Dominique Strauss-Kahn stated that the Chinese Government was" willing to have this position" and that it was" willing to be better represented in the IMF... [thus showing] they do care about multilateral institutions."[901]

China has previously stated its dissatisfaction with the governance of the IMF. More specifically, on 24 May 2011, China, alongside Brazil, Russia and India, released a statement demanding the abandon of the "obsolete unwritten convention" which stipulates that the IMF Managing Director must be European.[902]

China was supportive of the previous 2008 round of IMF reforms, having accepted both the Amendment on Voice and Participation and the Amendment to Expand the Fund's Investment Authority on 29 June 2009.[903]

---

[898] Statement of Yi Gang Deputy Governor, People's Bank of China, on behalf of People's Republic of China at the Twenty-Third Meeting of the International Financial and Monetary Committee, International Monetary Fund (Washington) 16 April 2011. Date of Access: 11 March 2012. http://www.imf.org/External/spring/2011/imfc/statement/eng/chn.pdf.

[899] An Address to the 2011 International Finance Forum By Christine Lagarde, International Monetary Fund (Beijing) 9 November 2011. Date of Access: 11 March 2012. http://www.imf.org/external/np/speeches/2011/110911.htm.

[900] Brics Wants World Bank, IMF Reforms, The Wall Street Journal (New York) 29 March 2012. Date of Access: 4 May 2012. http://online.wsj.com/article/SB10001424052702303816504577311012331186378.html.

[901] Transcript of a Press Briefing on IMF reforms by the Hon. DOMINIQUE STRAUSS-KAHN, Managing Director of the International Monetary Fund, International Monetary Fund (Washington) 5 November 2010. Date of Access: 7 March 2012. http://www.imf.org/external/np/tr/2010/tr110510.htm.

[902] Statement by the IMF Executive Directors Representing Brazil, Russia, India, China and South Africa on the Selection Process for Appointing an IMF Managing Director, International Monetary Fund (Washington) 24 May 2011. Date of Access: 7 March 2012. http://www.imf.org/external/np/sec/pr/2011/pr11195.htm.

[903] Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 5 March 2012. http://www.imf.org/external/np/sec/misc/consents.htm.

China has accepted both the shift in quota shares and the re-shuffling of the Executive Board. China is thus awarded a score of +1.

Analyst: Michelle Lee

France: +1

France has fully complied with its commitment toexpeditiously implement in full the 2010 quota and governance reforms of the IMF. France has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board.[904]

As of 13 December 2011, France had officially agreed to both the shift in quota shares and the governance reform. Most specifically, France agreed to a decrease in its quota shares from a pre-Singapore level of 5.024% and a post-Second Round level of 4.505% to a new level of 4.228%.[905] This decrease results from a transfer of 5 basis points or 0.05% in quota shares to Spain; the cost of which is equally borne out by France, Germany, Italy and the United Kingdom. France's new quota shares will amount to SDR20 million, and, as a result of the substantial increase in China's quota shares, which will propel China to the rank of third largest IMF shareholder, France will slip from its position as fourth largest IMF shareholder to that of fifth largest IMF shareholder.[906] France also consented to a decrease in its voting shares from a pre-Singapore level of 4.929% and a post-Second Round of 4.286% to a new level of 4.025%.[907]

On 8 October 2010, then French Minister of Finance Christine Lagarde explained France's take on the reforms: "To be acceptable to everyone, quota reform must be fair. As I have said, France is prepared to do its part to bring about greater representation for dynamic emerging countries among the Fund's shareholders. What France and Europe are *not* prepared to do is to serve as an "adjustment variable" in an arrangement that disregards economic realities, that fails to establish principles that apply to all and that all apply. To put it bluntly, the reform cannot and must not generate new imbalances by turning the over-represented countries of today into the under-represented countries of tomorrow." Ms. Lagarde also said that the "quota reform is not all there is to governance reform. To enhance the long-term legitimacy, credibility and efficiency of the Fund, we must make sure that the Governors be more involved with IMF governance and operations. That, in my opinion, means granting the IMFC [International Monetary Fund Council] decision-making powers."[908]

---

[904] Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2011/121311.pdf.

[905] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[906] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[907] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[908] Statement by the Hon. Christine Lagarde, Governor of the Fund and the Bank for France, International Monetary Fund (Washington) 8 October 2010. Date of Access: 7 March 2012. http://www.imf.org/external/am/2010/speeches/pr36e.pdf.

On 6 July 2011, Former French Minister of Finance and newly instituted IMF Managing Director Christine Lagarde assured IMF First Deputy Managing Director John Lipsky of France's intent to accept the reforms: "Before I left France, I made sure our quota increase was duly wrapped up in the parliamentary process and approved by my parliament. So we must complete the 2010 reform, and governance and quotas must be adjusted to reflect the new architecture of the world."[909]

On 7 November 2011, a communiqué published by the French Ministry of International Affairs described the G20 decision to increase IMF funds as "unanimously welcomed."[910]

France was supportive of the previous round of the IMF reforms, duly consenting to the 2008 round of the IMF reforms, the Amendment on Voice and Participation and the Amendment to Expand the Fund's Investment Authority on 17 October 2008.[911]

On 13 October 2008, five days prior France consented to the quota shares and governance reform, Ms. Lagarde, then French Minister of Finance, expressed support of the reform of the IMF governance and the re-working of the quota shares: "The IMF […] has continued to apply its ambitious reform agenda that we fully support. The agreements found between Member States in the first half of this year on the reform of the IMF quotas and voting shares on the one hand, on the new income model on the other hand, were great achievements."[912]

On 21 April 2012, François Baroin, Minister for the Economy, Finance, and Industry of France, stressed the need of the IMF to verify its legitimacy "the eyes of its Member States" with a "swift" implementation of the reform.[913] Mr. Baroin also announced that France has done its part and fully ratified the reform.

France has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board and is thus awarded a score of +1.

Analyst: Vera Gavrilova

[909]Transcript of a Press Conference by International Monetary Fund Managing Director Christine Lagarde with First Deputy Managing Director John Lipsky and External Relations Director Caroline Atkinson, International Monetary Fund (Washington) 6 July 2011. Date of Access: 7 March 2012. http://www.imf.org/external/np/tr/2011/tr070611.htm.

[910] Cannes G20 Summit: Communiqué issued following the Council of Ministers' meeting, The French Ministry of International Affairs (Paris) 4 November 2011. Date of Access: 5 March 2012. https://pastel.diplomatie.gouv.fr/editorial/actual/ael2/bulletin.gb.asp?liste=20111108.gb.html&submit=consulter.

[911]Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 5 March 2012. http://www.imf.org/external/np/sec/misc/consents.htm.

[912] Statement by the Hon. Christine Lagarde, Governor of the Fund and the Bank for France, at the Joint Annual Discussion, International Monetary Fund (Washington) 18 October 2008. Date of Access: 5 March 2012. http://www.imf.org/external/am/2008/speeches/pr20e.pdf.

[913] Statement by François Baroin, Minister for the Economy, Finance and Industry, France, at the Twenty-Fifth Meeting of the International Monetary and Financial Committee, International Monetary Fund (Washington) 21 April 2012. Date of Access: 3 May 2012. http://www.imf.org/External/spring/2012/imfc/statement/eng/fra.pdf.

Germany: +1

Germany has made progress on its commitment toexpeditiously implement in full the 2010 quota and governance reforms of the IMF. Germany has declared its intent to accept both the shifting of the quota shares and the re-shuffling of the Executive Board.

As of now, Germany has not officially consented to the shift in quota shares and the governance reform. The Government of Germany has however expressed its formal support of the reform measures.

On 23 September 2011, Germany's favourable stance on the IMF reforms was made evident by Governor of the IMF for Germany Jens Weidmann's comments: "Germany has started the necessary legislative process to ratify the seventh amendment of the Articles of Agreement and prepares in this context her consent to the sizeable quota increase under the 14th General Review of quotas, which will be completed in spring 2012."[914] The Hon. Weidmann continued: "A fair representation of all members is crucial for the legitimacy of the Fund. In our view the 2008 quota and voice reform as well as the quota adjustments under the 14th General Review of Quotas have achieved a fair balance of the quota and voting shares of the various member countries in the IMF."

On 16 April 2011, Germany's Minister of Finance Wolfgang Schäuble also endorsed the IMF reforms by stating: "Germany welcomes the progress in implementing the IMF reform agenda [and] is fully committed to support the overall goal of the IMFreform, i.e. to strengthen the Fund's legitimacy and effectiveness."[915]

However sanctioned by both the minister of finance and the governor of the Fund for Germany, the reforms have yet to be ratified by the Bundestag — the German parliament.[916] As the economic powerhouse of the Eurozone, Germany has led the resolution efforts of the Eurozone debt crisis and austerity talks in parliament succeeded in overshadowing all discussions on the ratification of the IMF reform.[917] As of 19 March 2011, the prospects of ratification remain uncertain.

On 20 April 2012, at a one-to-one meeting, Japanese Finance Minister Jun Azumi called on Mr. Schäuble to exercise leadership and rush the Bundestag to ratify the IMF reform as soon as

---

[914] Statement by the Hon. Jens Weidmann, Governor of the Fund for Germany, International Monetary Fund (Washington) 23 September 2011. Date of Access: 7 March 2012. www.imf.org/external/am/2011/speeches/pr26e.pdf.

[915]Statement by Wolfgang Schäuble Federal Minister of Finance, Bundesministerium der Finanzen, Germanyon behalf of Germany, International Monetary Fund (Washington) 16 April 2011. Date of Access: 7 March 2012. www.imf.org/external/spring/2011/imfc/statement/eng/deu.pdf.

[916] Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 7 March 2012. www.imf.org/external/np/pp/eng/2011/121311.pdf.

[917] No drama, but a whole heap of uncertainty, The Economist (New York) 2 March 2012. Date of Access: 7 March 2012. http://www.economist.com/blogs/charlemagne/2012/03/european-summit.

possible.[918] Mr. Azumi was quoted saying: "Germany bears grave responsibility; [and] I'd like Germany to meet expectations."

The next day, on 21 April 2012, Mr. Schäuble reassured the international financial authorities present at a meeting of the International Monetary and Financial Committee (IMFC) of Germany's intent to ratify the reform before the deadline: "In Germany, the parliamentary process for the acceptance of the governance reform is well underway and is expected to be completed in time by summer 2012."[919]

Germany was supportive of the previous rounds of the IMF reforms: on 4 February 2009, Germany consented to both the Amendment on Voice and Participation and the Amendment to Expand the Fund's Investment Authority.[920]

In accordance with the new realignment of quota shares, Germany will experience a decline in its quota shares from a pre-Singapore level of 6.086% and a post-Second Round level of 6.11% to a new level of 5.588%.[921] This decrease results from a transfer of 5 basis points or 0.05% in quota shares to Spain; the cost of which is equally borne out by France, Germany, Italy and the United Kingdom. Furthermore, as a result of the substantial increase in China's quota shares, China will replace Germany as third largest IMF shareholder and Germany will slip to the position of fourth largest IMF shareholder.[922]Germany's voting shares are also expected to decrease from a pre-Singapore level of 5.968% and a Post Second Round level of 5.803% to a new level of 5.31%.[923]

The impending transfer of two chairs on the Executive Board from the EU to the emerging market and developing countries (EMDCs) as well as the shift to an all-elected Executive Board, which will spell the end of the appointed Executive Directors who represent the top strata of the IMF Board and have historically been awarded to the member countries holding the five largest IMF quotas, are expected to undermine Germany's position of major shareholder of the IMF.[924]

[918] Japan Pushes Germany To Ratify IMF Reform In Time, The Wall Street Journal (New York) 20 April 2012. Date of Access: 4 May 2012. http://online.wsj.com/article/BT-CO-20120420-714934.html.
[919]Statement by Wolfgang Schäuble Federal Minister of Finance, Bundesministerium der Finanzen, Germanyon behalf of Germany, International Monetary Fund (Washington) 21 April 2012. Date of Access: 28 April 2012.
www.imf.org/External/spring/2012/imfc/statement/eng/deu.pdf.
[920]Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 5 March 2012.
http://www.imf.org/external/np/sec/misc/consents.htm.
[921] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012.
http://www.imf.org/external/np/pp/eng/2010/103110.pdf.
[922] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012.
http://www.imf.org/external/np/pp/eng/2010/103110.pdf.
[923] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012.
http://www.imf.org/external/np/pp/eng/2010/103110.pdf.
[924] No drama, but a whole heap of uncertainty, The Economist (New York) 2 March 2012. Date of Access: 7 March 2012. http://www.economist.com/blogs/charlemagne/2012/03/european-summit.

Germany has declared its intent to accept both the shift in quota shares and the re-shuffling of the Executive Board as well as stated its plan to ratify the reforms in the near future. Thus Germany is awarded a score of +1.

Analyst: Vitali Selivanov

India: +1

India has fully complied with its commitment toexpeditiously implement in full the 2010 quota and governance reforms of the IMF. India has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board.[925]

On 26 October 2011, at a meeting chaired by Prime Minister Manmohan Singh,the Union Cabinet ratified an increase in India's quota shares from a post-Second Round level of 2.442% to a new level of 2.751%.[926] India's quota is slated to rise from SDR5821 million to SDR13,114 million,[927]allowing India to climb from its Post-Second Round position as eleventh largest IMF shareholder to its new position as eight largest IMF shareholder.[928] India will be one of four EMDCs to earn a spot in the top 10 of the largest IMF shareholders. The 2010 IMF Reform will also boost India's voting shares to 2.629% from a pre-Singapore level of 1.916% and a post-Second Round level of 2.337%.

Expressing his satisfaction with and his support of the reforms, Indian Information and Broadcasting Minister and Spokesperson Ambika Soni said to the press after the Union Cabinet meeting: "When the Fourteenth General Review of Quotas becomes effective, it will result in a major realignment of quota shares among members to better reflect the global realities. All the BRIC countries would now be among the ten largest quota shareholders at the IMF."[929]

On 23 September 2011, Governor of the Bank and the Fund for India Pranab Mukherjee spoke supportively of the quota reform: "[We] should continue to pay attention to implementing the 2010 quota reforms quickly."[930]

On 20 March 2012, on her visit to the country, Ms. Lagarde welcomed "that India has approved its participation in the IMF's 2010 Quota and Governance Reforms" and expressed the Fund's

[925]Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2011/121311.pdf.

[926] Increase in India's quota in the International Monetary Fund, The Priest India (New Delhi) 26 October 2011. Date of Access: 21 February 2012. http://www.thepriest.in/2011/10/increase-in-indias-quota-in.html.

[927]Government nod to up India's quota in IMF to 2.75%, The Tribune Edition India (Chandigarh) 25 October 2011. Date of Access: 21 February 2012. http://www.tribuneindia.com/2011/20111026/biz.htm#7.

[928] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[929]Cabinet okays increase in India's quota in IMF, The Times of India (New Delhi) 26 October 2011. Date of Access: 11 March 2012. http://articles.timesofindia.indiatimes.com/2011-10-26/india/30323801_1_round-of-quota-review-quota-share-cabinet-okays.

[930] Statement by the Hon. PRANAB MUKHERJEE, Governor of the Bank and the Fund for INDIA, International Monetary Fund (Washington) 23 September 2011. Date of Access: 11 March 2012. http://www.imf.org/external/am/2011/speeches/pr11e.pdf.

"appreciation for India's role as an important voice to the world on behalf of the interests of emerging and developing economies."[931]

On 21 April 2012, Mr. Mukherjee repeatedly called upon the IMF members to adhere to the timeline for completing the reform despite the "little consensus on the way forward [and] wide divergences in positions by members."[932]

On 29 March 2012, at the Fourth BRICS Summit in New Delhi, the five nations — Brazil, Russian, India, China, and South Africa — collectively demanded additional voting quotas from the Fund and expressed their dissatisfaction with the slow pace of the reform.[933] The BRICS group appeared especially frustrated with the United States, the largest contributor to the Fund's resources, delaying the ratification of the reform.[934]

India has previously stated its dissatisfaction with governance of the IMF. Specifically, on 24 May 2011, the Government of India along with those of Brazil, Russia and China released a statement demanding the abandon of the "obsolete unwritten convention," which stipulates that the IMF Managing Director must be European.[935]
India was supportive of the previous 2008 round of IMF reforms, accepting the Amendment on Voice and Participation on 30 November 2008.[936]
India has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board. Thus India is awarded a score of +1.

Analyst: Jessica Coper

Indonesia: 0
Indonesia has partially complied with its commitment toexpeditiously implement in full the 2010 quota and governance reforms of the IMF. Indonesia has accepted the shifting of the quota shares but has not consented to the re-shuffling of the Executive Board.[937]

---

[931] IMF Managing Director Visits India, Meets Prime Minister Manmohan Singh and Participates in India-China Conference India, International Monetary Fund (Washington) 20 March 2012. Date of Access: 3 May 2012. http://www.imf.org/external/np/sec/pr/2012/pr1295.htm.
[932] Statement by Pranab Mukherjee, Minister of Finance, at the 25th meeting of International Monetary and Financial Committee, International Monetary Fund (Washington) 21 April 2012. Date of Access: 24 April 2012. http://www.imf.org/External/spring/2012/imfc/statement/eng/ind.pdf.
[933] Brics Wants World Bank, IMF Reforms, The Wall Street Journal (New York) 29 March 2012. Date of Access: 4 May 2012. http://online.wsj.com/article/SB10001424052702303816504577311012331186378.html.
[934] G20 doubles IMF's war chest amid fears on Europe, Reuters (Washington) 20 April 2012. Date of Access: 4 May 2012. http://www.reuters.com/article/2012/04/20/us-imf-idUSBRE83I19X20120420.
[935] Statement by the IMF Executive Directors Representing Brazil, Russia, India, China and South Africa on the Selection Process for Appointing an IMF Managing Director, International Monetary Fund (Washington) 24 May 2011. Date of Access: 7 March 2012. http://www.imf.org/external/np/sec/pr/2011/pr11195.htm.
[936] Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 5 March 2012. http://www.imf.org/external/np/sec/misc/consents.htm.

In September 2011, Indonesia welcomed the IMF as an important partnerand declared its commitment to extend their cooperation.[938] In March 2012, the government of Indonesia expressed its willingness to increase its funds in the IMF as a countermeasure to the financial crisis.[939] According to the IMF as of 12 June 2012, Indonesia had officially accepted the shift in quota shares but has not accepted the IMF Board reform.

Indonesia was supportive of the previous 2008 round of IMF reforms, accepting both the Amendment on Voice and Participation and the Amendment to Expand the Fund's Investment Authority on 1 June 2010.[940]

Indonesia's percentage of quota shares is slated to slightly increase from its pre-Singapore level of 0.973 and its post-Second Round level of 0.872 to now stand at 0.975. As for Indonesia's percentage of voting shares, it will slightly decrease from its pre-Singapore level of 0.964, but increase from its post-Second Round level of 0.854 to now reach 0.951.[941]

Indonesia has accepted the 2010 quota but has not consented to the governance reforms. Thus Indonesia is awarded a score of 0.

Analyst: Jessica Coper

Italy: +1

Italy has fully complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. Italy has ratified the new quota shares reform and accepted the reshuffling of the Executive Board.

As of 12 June 2012, Italy has consented to both the quota shares realignment and the governance reform of the IMF.[942]

---

[937] Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2011/121311.pdf.

[938] Asia and the IMF, International Monetary Fund (Washington) 13 September 2011. Date of Access: 4 March 2012. http://www.imf.org/external/np/exr/facts/asia.HTM.

[939] Government Willing to Boost IMF Funds to Save the World Economy, Ministry of Finance (Jakarta) 1 March 2012. Date of Access: 4 March 2012. http://www.depkeu.go.id/Eng/Read/?type=ixNews&id=22757&thn=2012&name=ne_010312_4.htm.

[940] Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 5 March 2012. http://www.imf.org/external/np/sec/misc/consents.htm.

[941] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf

[942] Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 12 June 2012. Date of Access: 15 June 2012. http://www.imf.org/external/np/sec/misc/consents.htm

On 16 April 2011, at the Twenty-Third Meeting of the International Monetary and Financial Committee, Mr.Tremonti welcomed the fact that "the 2010 reform package will further align representation in the IMF with global economic realities."

On 21 April 2012, Italy's Minister of Economy and Finance Vittorio Grilli criticized the IMF members for the lack of actions on the reform.[943] Mr. Grilli warned the members that "despite some progress in the implementation of the 2010 quota and governance reform, [they were] still far from the objective of finalizing it by the time of the next Annual Meetings." As Italy has already ratified the reform, Mr. Grilli called "more efforts" from the remaining members of the Fund that have not consented.

Once the 2010 quota reform effective, Italy will a decline in its quota shares from a pre-Singapore high of 3.301% and a post-Second Round high of 3.306 to a new level of 3.162%.[944] This decrease results from the voluntary redistribution of 5 basis points of quota shares to Spain made in equal parts by France, Germany, Italy, and the United Kingdom.[945] Even with the 2010 realignment in quota shares, Italy will remain among the ten largest shareholders of the IMF, but it will slip from sixth largest IMF shareholder to seventh largest IMF shareholder.[946]Italy will also experience a decline in its voting shares from a pre-Singapore level of 3.242% and a post-Second Round level of 3.154% to a new level of 3.017%.

Italy has asserted the intent to ratify the shifting of the quota shares, but has declared no intent to consent to the governance reform. Thus Italy is awarded a score of 0.

Analysts: Michelle Lee and Vera Gavrilova

Japan: +1

Japan has fully complied with its commitment toexpeditiously implement in full the 2010 quota and governance reforms of the IMF. Japan has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board.

As of 13 December 2011, Japan had accepted both the shifts in quota shares and the re-shuffling of the Executive Board. It will now hold 6.466% of quota shares, which correspond to an increase from its pre-Singapore level of 6.228%, but a decrease from its post-Second Round level of

[943]Statement by Vittorio Grilli, Minister of Economy and Finance, Ministero dell'Economia e delle Finanze, Italy On behalf of Albania, Greece, Italy, Malta, Portugal, San Marino, Timor-Leste at the Twenty-Fifth Meeting of the International Financial and Monetary Committee, International Monetary Fund (Washington) 21 April 2012. Date of Access: 28 April 2012. http://www.imf.org/External/spring/2012/imfc/statement/eng/ita.pdf.

[944] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf

[945] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf

[946] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf

6.556%, and 6.14% of voting shares, which correspond to an increase from its pre-Singapore level of 6.108%, but a decrease from its post-Second Round level of 6.225%.[947]

On 24 September 2011, Minister of Finance of Japan and Governor of the IMF for Japan Jun Azumi stressed Japan's commitment to the IMF and the 2010 reforms. In his speech to the International Monetary and Financial Committee, Mr. Azumi reminded that Japan was the very first IMF country member to consent to the 2010 quota increase. Mr. Azumi also urged "faster progress from countries that have not completed their procedures to approve the quota increase and the amendment of the Fund's Articles of Agreement."[948]

On 16 January 2012, at the Asian Financial Forum, David Lipton, First Deputy Managing Director for International Monetary Fund Hong Kong, accentuated the importance of the reforms to the countries of Asia: "The IMF passed an important package of quota and voice reforms, through which emerging Asia's representation in the Fund will increase by 27%. Thanks to the reform there will be three Asian economies (China, Japan and India) among the ten largest shareholders in the Fund, with Japan and China being the second and third largest members respectively."

On 21 April 2012, Mr. Azumi spoke of Japan's active involvement in global financial governance and support of the functions of the IMF.[949] Mr. Azumi illustrated his statement by pointing out that Japan has completed parliamentary procedures in support of the IMF reform. Mr. Azumi also spoke of the IMF staff diversity and, specifically, Japan's willingness to take on further responsibility in governance of the Fund: "Japan is ready to make as much of a contribution to the Fund in terms of human resources as in terms of financial resources."[950]

In the meantime, Japan actively advocates for other IMF member countries to take action on the IMF reform. Thus, on 25 April 2012, Mr. Azumi assured the Japanese media of Japan's intentions to "try to convince the United States" to consent to the reform.[951] Additionally, on 20 April 2012, at a one-to-one meeting, Mr. Azumi called on Germany's Minister of Finance Wolfgang Schäuble to exercise leadership and rush the Bundestag to ratify the IMF reform as soon as possible.[952] Mr. Azumi was quoted saying: "Germany bears grave responsibility; [and] I'd like Germany to meet expectations."

[947] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf

[948] Statement by Jun Azumi, Minister of Finance, Ministry of Finance, Japan On behalf of Japan, International Monetary Fund (Washington) 24 September 2011. Date of Access: 7 March 2012. http://www.imf.org/External/AM/2011/imfc/statement/eng/jpn.pdf.

[949] Statement by Jun Azumi, Minister of Finance, Ministry of Finance, Japan On behalf of Japan, International Monetary Fund (Washington) 21 April 2012. Date of Access: 28 April 2012. http://www.imf.org/External/spring/2012/imfc/statement/eng/jpn.pdf.

[950] Statement by Jun Azumi, Minister of Finance, Ministry of Finance, Japan On behalf of Japan, International Monetary Fund (Washington) 21 April 2012. Date of Access: 28 April 2012. http://www.imf.org/External/spring/2012/imfc/statement/eng/jpn.pdf.

[951] Japan to keep U.S. thinking about IMF reforms: Azumi, The Japan Times (Kyodo) 25 April 2012. Date of Access: 4 May 2012. http://www.japantimes.co.jp/text/nb20120425a1.html.

[952] Japan Pushes Germany To Ratify IMF Reform In Time, The Wall Street Journal (New York) 20 April 2012. Date of Access: 4 May 2012. http://online.wsj.com/article/BT-CO-20120420-714934.html.

In October 2012, the IMF will hold its annual meeting together with the World Bank Group in Tokyo. It is the 60th anniversary of Japan joining the IMF and World Bank Group.[953]

In 2009, the Japanese government granted a credit line worth USD100 billion for the IMF to mobilize funds amid the global financial turmoil of 2008. On 17 April 2012, Mr. Azumi announced the Japanese authorities' intention to contribute USD 60 billion in additional resources to the IMF in order to strengthen the adequacy of the global resources available to prevent and fight crises and to promote global economic stability.[954]

Japan has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board and hence has fully complied with the commitment on the 2010 quota and governance reform. Thus Japan is awarded a score of +1.

Analyst: Vitali Selivanov

Korea: +1

Korea has fully complied with its commitment toexpeditiously implement in full the 2010 quota and governance reforms of the IMF. Korea has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board.[955]

As of 13 December 2011, Korea had accepted both the increases in quota shares and the governance reform. By consenting to the quota reforms, Korea has accepted an increase in its quota shares from a pre-Singapore level of 0.764% and a 2008 post-Second Round level of 1.412% to a new level of 1.80%. The increase of 0.39% from the 2008 post-Second Round level is the third largest amongst the IMF country members, propelling Korea to the new position of sixteenth largest IMF shareholder. At the same time, Korea's voting shares will increase from a pre-Singapore level of 0.76% and a post-Second Round level of 1.364% to a new level of 1.731%.[956]

On 23 September 2011, at the 2011 Annual Meetings of the International Monetary Fund and the World Bank Group, the Honorable Jaewan Bahk, the Governor of the Bank and the Fund for the Republic of Korea, upheld the quota and governance reforms of the IMF as "historical achievements."[957]

[953] Strengthening the Asia/IMF Relationship in a Highly Uncertain Global Environment, International Monetary Fund (Washington) 16 January 2012. Date of Access: 7 March 2012. http://www.imf.org/external/np/speeches/2012/011612.htm.

[954] Japan eyes $50 bil. loans to IMF to address Eurozone crisis, The Mainichi Daily News (Tokyo) 23 February 2012. Date of Access: 7 March 2012. http://mdn.mainichi.jp/mdnnews/business/news/20120223p2g00m0bu152000c.html.

[955] Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2011/121311.pdf.

[956] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[957] Statement by the Hon. JAEWAN BAHK, Governor of the Bank and the Fund for the REPUBLIC OF KOREA, at the 2011 Annual Meetings of the IMF and the WBG, International Monetary Fund (Washington) 23 September 2011. Date of Access: 12 March 2012. http://www.imf.org/external/am/2011/speeches/pr24e.pdf.

Korea was supportive of the previous round of the IMF reforms, consenting to the 2008 round of the IMF reforms — the Amendment on Voice and Participation and the Amendment to Expand the Fund's Investment Authority — on 22 November 2009.[958]

On 9 October 2010, after officially endorsing the quota reforms, Korean Minister of Strategy and Finance Jeung-Hyun Yoon urged the IMF country members to ratify the reform as soon as possible. Mr. Yoon also reiterated Korea's "consistent support for governance reforms to increase the traction of the Fund's advice with policymakers, improve accountability and legitimacy to the membership, and improve the representation of dynamic emerging market economies at the Board in line with their global economic weight." Finally, Mr. Yoon repeated Korea's calls "to end the long-standing convention of European Managing Directors and clearly indicate the future appointments will be made purely on merit."[959]

On 21 April 2012, Deputy Prime Minister and Treasurer of Australia Wayne Swan spoke on behalf of Korea at the Twenty-Fifth Meeting of the International Monetary and Financial Committee and reminded the financial heads that "[they] must look beyond [their] individual short term interests to maintain the momentum of IMF governance reform."[960]

Korea has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board and is thus awarded a score of +1.

Analysts: Vera Gavrilova and Carolina Hartley

Mexico: +1

Mexico has fully complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. Mexico has ratified the shifting of the quota shares and accepted the governance reform.[961]

On 14 May 2012, Mexico's Senate ratified the 2010 IMF reform, approving a nearly USD7 billion increase in Mexico's contributions to the IMF.[962] The Mexican Senate was first presented

---

[958] Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 5 March 2012. http://www.imf.org/external/np/sec/misc/consents.htm.

[959] Statement by Mr. Jeung-Hyun Yoon, Minister of Strategy and Finance, Republic of Korea to the International Monetary and Financial Committee 9 October 2010 On behalf of the constituency comprising Australia, Kiribati, Korea (Republic of), Marshall Islands (Republic of the), Micronesia (Federated States of), Mongolia, New Zealand, Palau (Republic of), Papua New Guinea, Samoa, Seychelles, Solomon Islands and Vanuatu at the Twenty-Second Meeting of the IMFC, International Monetary Fund (Washington) 9 October 2010. Date of Access: 12 March 2012. http://www.imf.org/External/AM/2010/imfc/statement/eng/kor.pdf.

[960] Statement by Mr. Wayne Swan Deputy Prime Minister and Treasurer of Australia On behalf of the constituency comprising Australia, Kiribati, Korea (Republic of),Marshall Islands (Republic of the), Micronesia (Federated States of), Mongolia,New Zealand, Palau (Republic of), Papua New Guinea, Samoa, Seychelles,Solomon Islands, Tuvalu, Uzbekistan and Vanuatu, International Monetary Fund (Washington) 21 April 2012. Date of Access: 5 May 2012. http://www.imf.org/External/spring/2012/imfc/statement/eng/aus.pdf.

[961] Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 12 June 2011. Date of Access: 15 June 2012. http://www.imf.org/external/np/sec/misc/consents.htm.

with a request from the federal government to double its quota contributions to the IMF on 14 December 2012.[963] The ratified reform will increase Mexico's quota shares from a pre-Singapore level of 1.21 percentage points to a new level of 1.869 percentage points, which is tantamount to a USD14 billion increase.[964] Mexico's increase is the fifth largest among the IMF member countries.[965]

At the same time, Mexico's voting shares are slated to increase from a pre-Singapore level of 1.196 percentage points and a post-Second Round level of 1.467 percentage points to a new level of 1.796 percentage points, but the Government of Mexico has not officially accepted the re-shuffling in voting shares nor has expressed intent to do so in the near future.[966]

On 20 April 2012, the financial leaders of the G20 pledged USD430 billion to the IMF emergency fund to be used if the Euro zone crisis worsens or global financial conditions deteriorate.[967] It was reported that the governments of large developing economies suggested to tie the additional funds to a larger role in governance of the Fund. However, Mexico's Deputy Finance Minister Gerardo Rodriguez said that the urgency of providing additional funds made such a tie impossible. Instead, Mr. Rodriguez called to adhere to the established timeline for revision of the governance reform, leaving any further discussions "for 2013 and 2014."[968] Bank of Mexico Governor Agustin Carsten added that "the decision to boost IMF resources will buy the euro zone some time to sort out the politics of what is left to be done."[969] Mr. Carsten maintained that "this will benefit the entire world, which is why you see countries doing this."

---

[962] DECRETO por el que se reforma el Artículo 3o. del Decreto que autorizó al Ejecutivo Federal a firmar, en representación del Gobierno de México, el texto del Convenio sobre el Fondo Monetario Internacional., Secretaria de Gobernacion (Mexico) 14 May 2012. Date of Access: 15 June 2012. http://dof.gob.mx/nota_detalle.php?codigo=5247279&fecha=14/05/2012.

[963] Mexico Seeks Senate Approval To More Than Double IMF Quota, The Wall Street Journal (New York) 14 December 2011. Date of Access: 8 March 2012. http://online.wsj.com/article/BT-CO-20111214-713513.html.

[964] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[965] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[966] Mexico Seeks Senate Approval To More Than Double IMF Quota, The Wall Street Journal (New York) 14 December 2011. Date of Access: 8 March 2012. http://online.wsj.com/article/BT-CO-20111214-713513.html.

[967] I.M.F. Adds $430 Billion in Emergency Lending Ability, The New York Times (New York) 20 April 2012. Date of Access: 4 May 2012. http://www.nytimes.com/2012/04/21/business/global/imf-adds-430-billion-in-emergency-lending-ability.html.

[968] UPDATE: Mexico Says IMF Funding Too Urgent To Be Tied To Reform, The Wall Street Journal (New York) 20 April 2012. Date of access: 4 May 2012. http://online.wsj.com/article/BT-CO-20120420-714851.html.

[969]Canada in the minority opposing more IMF firepower, The Globe and Mail (Washington) 23 April 2012. Date of Access: 25 April 2012. http://www.theglobeandmail.com/report-on-business/international-news/canada-in-the-minority-opposing-more-imf-firepower/article2409991/.

Mexico has accepted the shifting of the quota shares and consented to the governance reform. Thus Mexico is awarded a score of +1.

Analysts: Gaston Alegre, Vera Gavrilova and Alexandra Popa

Russia: 0
Russia has partially complied with the commitment on the IMF reform.

According to the IMF as of 22 May 2012 Russia had consented to its proposed quota increase but had not accepted the Board Reform Amendment.[970] On 26 April 2012 the Russian Government introduced a draft law to accept the IMF Board Reform Amendment to the State Duma (Russian Parliament). Deputies had to submit their comments, proposals and remarks by 1 June 2012.[971]

Russia has accepted the increase of the quota shares but has not formally accepted the re-shuffling of the Executive Board yet. Thus, it has been awarded a score of 0.

Analyst: Mark Rakhmangulov

Saudi Arabia: 0
Saudi Arabia has made some progress on its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. Saudi Arabia has accept the shifting of the quota shares but has not accepted the re-shuffling of the Executive Board.

According to the IMF as of 12 June 2012, Brazil had officially accepted the shift in quota shares but has not accepted the governance reform.[972]

In accordance with the proposed realignment of quota shares, Saudi Arabia will experience the largest decrease amongst IMF country members: a 0.85% decrease from its post- Second Round level as Saudi Arabia's quota shares decline from 2.93% to 2.08%. Furthermore, Saudi Arabia's voting shares will fall from a post-Second Round level of 2.799% to a new level of 1.995%.[973]

Currently, Saudi Arabia holds a chair on the Board of Executive Directors with the authority to appoint its Executive Director. The governance reform will overhaul this authority, introducing the election procedure for all Executive Directors.[974]

Saudi Arabia has neither declared its intent nor officially accepted either the shift in quota shares or the governance reforms. Thus Saudi Arabia is awarded a score of -1.

Analysts: Vera Gavrilova and Carolina Hartley

---

[970] Acceptances of the Proposed Amendment of the Articles of Agreement on Reform of the Executive Board and Consents to 2010 Quota Increase, International Monetary Fund 22 May 2012. Date of access: 4 June 2012. http://www.imf.org/external/np/sec/misc/consents.htm.
[971] Draft Law № 63279-6, Russian State Duma. Date of access: 4 June 2012. http://asozd.duma.gov.ru/main.nsf/(Spravka)?OpenAgent&RN=63279-6.
[972] Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 12 June 2012. Date of Access: 15 June 2012. http://www.imf.org/external/np/sec/misc/consents.htm.
[973] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.
[974]G20 reaches agreement on 'historic' IMF reform, France24 (Paris) 23 October 2010. Date of Access: 12 March 2012. http://www.france24.com/en/20101023-g20-reaches-agreement-%E2%80%98historic%E2%80%99-international-monetary-fund-reform-south-korea.

South Africa: 0

South Africa has partially complied with its commitment toexpeditiously implement in full the 2010 quota and governance reforms of the IMF. South Africa has currently accepted the shifting of the 2010 quota reform.[975] However, South Africa has declared no intent to accept the re-shuffling of the Executive Board.

As of 13 December 2011, the Government of South Africa had accepted the shift in quota shares, but, as of now, it still has not officially accepted the governance reform. The 2010 quota shares reform will beget a 1.4 basis point decrease in South Africa's quota shares from their post-Second Round level as they decrease from 0.78 to a new level of 0.64. South Africa will also experience a decrease in voting shares from their post-Second Round level since they will slip from 0.77% to 0.63%.

On 24 September 2011, Ngozi Okonjo-Iweala, the Nigerian Coordinating Minister of the Economy and the Minister of Finance, spoke on behalf of the government of South Africa at the Twenty-Forth Meeting of the IFMC about the "historic reforms" of the IMF. Mr.Okonjo-Iweala invited "all members [of the IMF] to quickly consent to the respective quota shares increases to enable the increased quotas to become effective by December 31, 2011." Additionally, Mr. Okonjo-Iweala welcomed "the agreement for the immediate start of the comprehensive review of the current quota formula and its completion by January 2013." Mr. Okonjo-Iweala spoke extensively of the "critical" weakness of the quota formula and urged for its review. Mr. Okonjo-Iweala also pronounced the European countries' decision to scale down their representation on the Executive Board by two chairs in favour of the EMDCs a "commendable development." "It is in this spirit that we continue to pursue a third Chair for Sub-Saharan Africa at the Fund," concluded Mr. Okonjo-Iweala.[976] The African Region Group (ARG) currently holds two chairs on the Executive Board and South Africa actively campaigns for the ARG to receive a third chair.[977]

In early November 2011, during the G20 Summit in Cannes, President of South Africa Jacob Zuma asserted that his "specific objective" was "to increase the voice and participation of sub-Saharan Africa and the creation of a third chair for sub-Saharan Africa."[978]

---

[975] Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2011/121311.pdf.

[976] Statement by Ngozi Okonjo-Iweala, Coordinating Minister of the Economy and Minister of Finance, Federal Ministry of Finance, Nigeria On behalf of Angola, Botswana, Burundi, Eritrea, Ethiopia, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Sierra Leone, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe at the Twenty-Forth Meeting of the International Financial and Monetary Committee, International Monetary Fund (Washington) 24 September 2011. Date of Access: 11 March 2012. http://www.imf.org/External/AM/2011/imfc/statement/eng/nga.pdf.

[977] Statement by Pravin Gordhan, minister of finance on IMF reform, Mail and Guardian Online (Cape Town) 20 May 2011. Date of Access: 3 March 2012. http://mg.co.za/printformat/single/2011-05-20-imf-should-be-more-representative/.

[978] At G20 Zuma talks IMF reform again, Daily Maverick, 4 November 2011. Date of Access: 3 March 2012. http://dailymaverick.co.za/article/2011-11-04-at-g20-zuma-talks-imf-reform-again.

On 22 September 2011, South Africa, along with the BRIC countries, expressed its concern with "the slow pace of quota and governance reforms in the IMF" and their implementation, which is "now lagging." The BRICS also urged for the 15th General Review of Quota: "We must also move ahead with the comprehensive review of the quota formula by January 2013 and the completion of the next review of quotas by January 2014."[979][980]

On 29 June 2011, following the appointment of Ms. Christine Lagarde as Managing Director of the IMF, South African Minister of Finance Pravin J. Gordhan expressed his confidence that Ms. Lagarde will continue to endorse the reforms of the IMF: "[The] reforms of the Fund's quotas and governance in 2010 should be implemented at short notice, and a comprehensive review of the current quota formula should be approved."[981]

On 11 November 2010, Mr. Gordhan welcomed the reform which will father a better representation of the emerging countries and give a louder voice to African countries.[982] Mr. Grodham welcomed the six% shift in IMF voting rights from Europe to EMDCs and declared Africa's hope for better representation on the IMF Executive Board of Directors: "[We] think that Africa needs to have three [chairs] on the IMF [Executive Board]."

On 21 April 2012, Mr. Gordhan spoke of "obvious democratic deficits in the institution" that stand in the way of the legitimacy of the IMF.[983] Mr. Gordhan expressed fear that South Africa is "destined" to lose more quota share in the upcoming 2013 round of the quota review, as it has been since 1978. Thus, Mr. Gordhan proclaimed that South Africa cannot be "counted upon to continue to support reforms that seek to legitimize the IMF, while simultaneously undermining representation of a large number of countries." Lastly, Mr. Gordhan renewed his "long-lasting call for enhanced representation at the IMF Executive Board through a third chair" for the Sub-Saharan African countries.

On 29 March 2012, at the Fourth BRICS Summit in New Delhi, the five nations — Brazil, Russian, India, China, and South Africa — collectively demanded additional voting quotas from the Fund and expressed their dissatisfaction with the slow pace of the reform.[984] The BRICS

[979] BRICS Finance Ministers' Joint Communiqué, National Treasury (Pretoria) 22 September 2011. Date of Access: 21 February 2012. http://www.treasury.gov.za/comm_media/press/2011/BRICS%20Finance%20Ministers%20Communique%20-%20Washington%20DC%20-%20September%2022%202011.pdf.

[980] Intergovernmental Group Of Twenty-Four On International Monetary Affairs And Development Communiqué, International Monetary Fund (Washington) 22 September 2011. Date of Access: 3 March 2012. http://www.imf.org/external/np/cm/2011/092211.htm.

[981] Statement by Pravin Gordhan, minister of finance on the appointment of Mrs. Christine Lagarde as managing director of the IMF, Ministry of Finance of the Republic of South Africa (Pretoria) 29 June 2011. Date of Access: 3 March 2012. http://www.treasury.gov.za/comm_media/press/2011/2011062903.pdf.

[982] South Africa welcomes IMF steps to reform, SouthAfrica.info (Pretoria) 4 November 2010. Date of Access: 3 March 2012.http://www.southafrica.info/news/international/imf-161110.htm.

[983] Statement by Pravin J. Gordhan, Minister of Finance, at the 25th meeting of International Monetary and Financial Committee, International Monetary Fund (Washington) 21 April 2012. Date of Access: 24 April 2012. http://www.imf.org/External/spring/2012/imfc/statement/eng/zaf.pdf.

[984] Brics Wants World Bank, IMF Reforms, The Wall Street Journal (New York) 29 March 2012. Date of Access: 4 May 2012. http://online.wsj.com/article/SB10001424052702303816504577311012331186378.html.

group appeared especially frustrated with the United States, the largest contributor to the Fund's resources, delaying the ratification of the reform.[985]

South Africa was supportive of the previous 2008 round of IMF reforms, accepting both the Amendment on Voice and Participation and the Amendment to Expand the Fund's Investment Authority on 21 June 2010.[986]

South Africa has consented to the 2010 quota reform but has not accepted nor shown the intent to accept the governance reform. Thus South Africa is awarded a score of 0.

Analyst: Jessica Coper

Turkey: +1

Turkey has complied with its commitment toexpeditiously implement in full the 2010 quota and governance reforms of the IMF. Despite failing to officially accept the shift in quota shares and the governance reform yet, the Government of Turkey has expressed its clear intent to accept both the shifting of the quota shares and the re-shuffling of the Executive Board.[987]

On 23 September 2011, the Honorable Ali Babacan, the Deputy Prime Minister and Governor of the IMF for Turkey, formally sanctioned both IMF reforms and explained Turkey's stance on the reforms: "[…] we should pay attention to solving the long-lasting representation problem. This is a critical issue for the Fund's legitimacy. Therefore, we call for the timely completion of the 14th quota review in IMF and implementation of the envisaged restructuring at the Board of Executive Directors. We have achieved a significant success by approving these reforms. We should not undermine them by delaying their implementation. All the members should undertake their part to conclude much needed reforms."[988]

The topic of the IMF reforms was tabled for discussion in the Turkish parliament on 9 January 2012.[989] It also presently sits on the agenda of Turkey's General Assembly. Turkey's Foreign Relations Commission adopted the suggested reforms on 15 February 2012.

For Turkey, the quota reform will entail a quota shares increase from its pre-Singapore level of 0.451% to a new level of 0.977%, which corresponds to the fourth largest increase amongst IMF

[985] G20 doubles IMF's war chest amid fears on Europe, Reuters (Washington) 20 April 2012. Date of Access: 4 May 2012. http://www.reuters.com/article/2012/04/20/us-imf-idUSBRE83I19X20120420.

[986] Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 5 March 2012. http://www.imf.org/external/np/sec/misc/consents.htm.

[987] Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 11 March 2012. http://www.imf.org/external/np/pp/eng/2011/121311.pdf.

[988] Statement by the Hon. Ali Babacan, Governor of the Fund for Turkey, International Monetary Fund (Washington) 23 September 2011. Date of Access: 11 March 2012. http://www.imf.org/external/am/2011/speeches/pr08e.pdf

[989] Turkey on the IMF quota and governance reforms, Today's Zaman (Istanbul) 16 March 2012. Date of Access: 5 May 2012. http://www.todayszaman.com/columnist-274492-on-the-imf-quota-and-governance-reforms.html.

members,[990] and a voting shares increase from its pre-Singapore level of 0.453% to a new level of 0.953%.[991]

Turkey was supportive of the previous round of the IMF reforms, consenting to the previous 2008 round of the IMF reforms, the Amendment on Voice and Participation and the Amendment to Expand the Fund's Investment Authority on 10 June 2010.[992]

Turkey has expressed its intent to implement both the quota and the governance reforms of the IMF. It is thus awarded a score of +1.

Analysts: Jordan Rivera and Vera Gavrilova

United Kingdom: +1

The United Kingdom has fully complied with its commitment toexpeditiously implement in full the 2010 quota and governance reforms of the IMF. The UK has ratified both the shifting of the quota shares and the re-shuffling of the Executive Board.[993]

On 16 April 2012, at the Twenty-Third Meeting of the IMFC, George Osborne, Chancellor of the Exchequer of Her Majesty's Treasury,stated the United Kingdom's support of the 2010 quota and governance reforms: "We welcome the entry into effect of the 2008 quota and governance reform and urge all members to ratify the 2010 reforms no later than the 2012 Annual Meetings." Mr. Osborne also reflected on the positive effects of the reforms on the future of the IMF: "These changes deliver greater quota and board representation to the dynamic emerging and developing countries and will provide more balanced representation on the IMF Board."[994]

In its statement, on 24 September 2011, at the Twenty-Fourth Meeting of the IMFC, Mr. Osborne said that the "historical" governance reform would ensure "that the IMF [remained] credible and legitimate, providing more balanced representation on the Executive Board and increasing the

[990] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 11 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[991] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 11 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[992]Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 11 March 2012. http://www.imf.org/external/np/sec/misc/consents.htm.

[993]Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2011/121311.pdf.

[994] Statement by George Osborne Chancellor of the Exchequer, Her Majesty's Treasury, United Kingdom on behalf of United Kingdom at the Twenty-Third Meeting of the International Monetary and Financial Committee, International Monetary Fund (Washington) 16 April 2011. Date of Access: 8 March 2012. http://www.imf.org/External/spring/2011/imfc/statement/eng/gbr.pdf.

quota and representation of dynamic emerging and developing economies." Mr. Osborne urged other IMF member countries to ratify the reforms "no later than the 2012 Annual Meetings."[995]

On 20 April 2012, at the Twenty-Fifth Meeting of the IMFC, Mr. Osborne repeatedly indorsed the reform: "The UK has agreed the quota increase and ratified the Executive Board reforms in 2011 and would encourage those members who have not yet done so to do the same."[996]

On the same day, Mr. Osborne announced that the UK has pledged additional GBP9.3 billion for the IMF's emergency fund,[997] which is just below the funding limit that can be granted without a parliamentary vote.[998] The UK's pledge, however, was made contingent on the United States ratifying the 2010 quota reforms.[999]

Following the quota shares redistribution, the United Kingdom's will experience a decline in its quota shares from a pre-Singapore level of 5.024 percentage points and a post-Second Round level of 4.505 percentage points to a new level of 4.228 percentage points.[1000] This decline in quota shares results from a transfer of 5 basis points or 0.05% in quota shares to the underrepresented county of Spain; the cost of which is equally borne out by France, Germany, Italy and the United Kingdom[1001] As for the United Kingdom's slip from its position of fifth largest IMF shareholder to sixth largest IMF shareholder, it can be attributed to China's major gain of 2.39 percentage points in quota shares from its post-Second Round level, which propelled the country to the position of third largest IMF shareholder behind Japan and the United States.[1002]The United Kingdom will also experience a sharp decline in its voting shares from a

[995] Statement by George Osborne Chancellor of the Exchequer, H.M. Treasury, United Kingdom on behalf of United Kingdom at the Twenty-Fourth Meeting of the International Monetary and Financial Committee, International Monetary Fund (Washington) 24 September 2011. Date of Access: 8 March 2012. http://www.imf.org/External/AM/2011/imfc/statement/eng/gbr.pdf.
[996] Statement by George Osborne Chancellor of the Exchequer, United Kingdom On behalf of the United Kingdom at the Twenty-Fifth Meeting of the International Monetary and Financial Committee, International Monetary Fund (Washington) 20 April 2012. Date of Access: 4 May 2012. http://www.imf.org/External/spring/2012/imfc/statement/eng/gbr.pdf.
[997] IMF doubles its lending firepower, BBC News (London) 20 April 2012. Date of Access: 4 May 2012. http://www.bbc.co.uk/news/business-17790831.
[998] Britain commits £9.3bn to IMF fund, The Financial Times (Washington) 20 April 2012. Date of Access: 24 April 2012. http://www.ft.com/intl/cms/s/0/aaf81e68-8af9-11e1-bc84-00144feab49a.html.
[999]United States curbs use of extra $430bn of IMF firepower, The Telegraph (Washington) 21 April 2012. Date of Access: 5 May 2012. http://www.telegraph.co.uk/finance/financialcrisis/9218915/United-States-curbs-use-of-extra-430bn-of-IMF-firepower.html
[1000] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.
[1001] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.
[1002] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

pre-Singapore high of 4.929% and a post-Second Round level of 4.286% to a new level of 4.025%.[1003]

The United Kingdom has ratified both the shifting of the quota shares and the re-shuffling of the Executive Board, fully complying with the commitment. Thus the United Kingdom is awarded a score of +1.

Analysts: Gaston Alegre, Vera Gavrilova and Alexandra Popa

United States: -1

The United States has not made progress on its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF.[1004] Thus far, the United States has not ratified either the shifting of the quota shares or the re-shuffling of the Executive Board,[1005] but it has declared its intent to consent to the governance reform.

On 24 September 2011, at the Twenty-Forth Meeting of the IMFC, Secretary of the Treasury of the United States Timothy F. Geithner sanctioned the governance reform of the IMF and formally declared its assent to the said reform: "[The United States] have agreed to enhance the legitimacy of the IMF though essential reforms to the Fund's governance structure in order to better reflect the realities of today's global economy."[1006]

On 23 September 2011, at the 2011 Annual Meetings of the IMF and the WBG, Mr. Geithner highlighted the positive consequences of the reforms on the inner workings of the IMF: "We [the IMF country members] have made significant progress in strengthening the functioning of the IMF, including through agreements to reform the Fund's governance structure and to increase its resources."[1007]

On 21 April 2012, at the Twenty-Fifth Meeting of the IMFC, Mr. Geithner repeatedly endorsed the "full implementation of the reform of the Executive Board" describing it as "critical to

[1003] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[1004] Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2011/121311.pdf.

[1005] Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2011/121311.pdf.

[1006] Statement by Timothy F. Geithner Secretary of the Treasury United States of America at the Twenty-Fourth Meeting of the International Monetary and Financial Committee, International Monetary Fund (Washington) 24 September 2011. Date of Access: 12 March 2012. http://www.imf.org/External/AM/2011/imfc/statement/eng/usa.pdf.

[1007] Statement by the Hon. Timothy F. Geithner, Governor of the Bank and the Fund for the United States, International Monetary Fund (Washington) 23 September 2011. Date of Access: 12 March 2012. http://www.imf.org/external/am/2011/speeches/pr31e.pdf.

improving the legitimacy and effectiveness of the Fund."[1008] Mr. Geithner urged Europe to "move forward on Europe's Board reform commitments in time for the 2012 Board election."

Also at the Twenty-Fifth Meeting of the IMFC, an anonymous US official informed the media that although the United States welcomed the increased lending capacity of the IMF, they did not approve its tie to the altering of the voting shares.[1009] It was also explained that the United States supported the BRICS' risen voting share but, again, did not agree with the accompanying attempt to boost the Fund's resources.

In the meantime, other IMF members hope to pursue the US to take action on the IMF reform. Thus, on 25 April 2012, Minister of Finance of Japan and Governor of the IMF for Japan Jun Azumi assured the Japanese media of Japan's intentions to "try to convince the United States" to consent to the reform.[1010] Moreover, Chancellor of the Exchequer of Her Majesty's TreasuryGeorge Osborne announced that the UK's pledge of GBP9.3 billion for the IMF's emergency fund was contingent on the United States ratifying the 2010 quota reforms.[1011]

In alignment with the quota reform, the United States will experience the ninth largest decrease in its quota shares from a 2008 post-Second Round level of 17.67% to a new level of 17.428%. The voting shares of the United States will also decrease from a 2008 post- Second Round level of 16.727% to a new level of 16.498%. Although experiencing a sharp decline in its quota and voting shares, the United States will nevertheless remain the top shareholder of the IMF.[1012]

The United States currently holds a chair on the Board of Executive Directors with the authority to appoint its Executive Director. The governance reform will overhaul this authority, introducing the election procedure for all Executive Directors.[1013]

The United States has declared its intent to consent to the governance reform. However, the United States has not officially accepted the IMF reforms. Thus the United States is awarded a score of -1.

Analysts: Vera Gavrilova and Carolina Hartley

[1008] Statement by Timothy F. Geithner Secretary of the Treasury United States of America at the Twenty-Fifth Meeting of the International Monetary and Financial Committee, International Monetary Fund (Washington) 21 April 2012. Date of Access: 5 May 2012. http://www.imf.org/external/spring/2012/imfc/statement/eng/usa.pdf.

[1009] HIGHLIGHTS-G20, IMF/World Bank meetings in Washington, Reuters (Washington) 21 April 2012. Date of Access: 5 May 2012. http://www.reuters.com/article/2012/04/20/g-idUSL2E8FJJ9O20120420.

[1010] Japan to keep U.S. thinking about IMF reforms: Azumi, The Japan Times (Kyodo) 25 April 2012. Date of Access: 4 May 2012. http://www.japantimes.co.jp/text/nb20120425a1.html.

[1011] United States curbs use of extra $430bn of IMF firepower, The Telegraph (Washington) 21 April 2012. Date of Access: 5 May 2012. http://www.telegraph.co.uk/finance/financialcrisis/9218915/United-States-curbs-use-of-extra-430bn-of-IMF-firepower.html.

[1012] IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

[1013] G20 reaches agreement on 'historic' IMF reform, France24 (Paris) 23 October 2010. Date of Access: 12 March 2012. http://www.france24.com/en/20101023-g20-reaches-agreement-%E2%80%98historic%E2%80%99-international-monetary-fund-reform-south-korea.

European Union: +1

The European Union has made progress on its commitment toexpeditiously implement in full the 2010 quota and governance reforms of the IMF since the European Union has declared its formal intent to accept both the shifting of the quota shares and the re-shuffling of the Executive Board.

On 19 December 2011, the finance ministers of the 27 European Union member countries jointly embraced the IMF reforms and formally declared the intent of each EU member country to ratify said reforms: "The EU will also work expeditiously to implement in full the 2010 quota and governance reform of the IMF. The EU would welcome G20 members and other financially strong IMF members to support the efforts to safeguard global financial stability by contributing to the increase in IMF resources so as to fill global financing gaps."[1014]

On 24 September 2011, Deputy Prime Minister and Minister of Finance of Belgium Didier Reynders announced that the Board of Governors of the European Union had requested that the Executive Board of the IMF reviews the quota formula. The basis for the request was the notion that "[the] quota formula should be based on economic criteria that are relevant for the mandate of the Fund, [… which] concerns the inter-linkages between national economies." Specifically, Mr. Reynders said that factors, such as a member's financial openness as well as trade and financial inter-linkages, should be taken into consideration when determining the member's quota.[1015]

On 21 April 2012, at the Twenty-Fifth Meeting of the IMFC, Danish Finance Minister Margrethe Vestager spoke on behalf of European Union Council of Economic and Finance Ministers and reiterated the European Union's support of the reforms: "The EU Member States are aware of their responsibility in successfully implementing the 2010 IMF reform and are working on implementing it in full. […] A number of EU Member States have already concluded national ratification procedures and the process is on-going in the remaining Member States. The process is projected to be completed by most Member States by mid-2012."[1016] Ms. Vestager also confirmed that the European Union would give up two IMF board chairs this year as outlined by the governance reform.[1017] Vice President of the European Commission Olli Rehn corroborated

[1014] Statement by EU Finance Ministers, Council of the European Union, 19 December 2011. Date of Access: 11 March 2012. http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/127062.pdf

[1015] Statement by Didier Reynders Deputy Prime Minister and Minister of Finance, Ministere des Finances, Belgium On behalf of Austria, Belarus, Belgium, Czech Republic, Hungary, Kosovo, Luxembourg, Slovak Republic, Slovenia, Turkey at the Twenty-Fourth Meeting of the IMFC, International Monetary Fund (Washington) 24 September 2011. Date of Access: 12 March 2012. http://www.imf.org/External/AM/2011/imfc/statement/eng/bel.pdf.

[1016] Statement by Margrethe Vestager, EU Council of Economic and Finance Ministers, at the Twenty-Fifth Meeting of the International Monetary and Financial Committee, International Monetary Fund (Washington) 21 April 2012. Date of Access: 5 May 2012. http://www.imf.org/External/spring/2012/imfc/statement/eng/eucefm.pdf.

[1017] G20 doubles IMF's war chest amid fears on Europe, Reuters (Washington) 20 April 2012. Date of Access: 5 May 2012. http://www.reuters.com/article/2012/04/20/us-imf-idUSBRE83I19X20120420.

Ms. Vestager's words and verified that the process of ratification of the reforms by the European Union members is anticipated to be completed before the deadline.[1018]

The 27 member countries of the European Union have jointly expressed their intent to ratify both the quota and government reforms. The European Union is thus awarded a score of +1.

Analysts: Jordan Rivera and Vera Gavrilova

[1018] Statement by Mr. Olli Rehn, Vice President of the European Commission, at the Twenty-Fifth Meeting of the International Monetary and Financial Committee, International Monetary Fund (Washington) 21 April 2012. Date of access: 5 May 2012. http://www.imf.org/External/spring/2012/imfc/statement/eng/ec.pdf.

Socioeconomic: Combatting Global Unemployment [165]

Commitment [# 165]

"We are committed to renew our efforts to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis"

Cannes Summit Final Declaration: Building Our Common Future

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina			+1
Australia		0	
Brazil			+1
Canada			+1
China			+1
France		0	
Germany			+1
India			+1
Indonesia	-1		
Italy			+1
Japan			+1
Korea		0	
Mexico			+1
Russia			+1
Saudi Arabia		0	
South Africa			+1
Turkey			+1
United Kingdom			+1
United States			+1
European Union			+1
Average Score		+0.7	

Background:

Commitments for reducing unemployment and creating decent jobs have been part of G20 summitry since its emergence. The Framework on Strong, Sustainable and Balanced Growth agreed at the G20's Pittsburgh Summit in 2009 puts quality jobs at the heart of economic recovery. G20 leaders reinforced this emphasis at the G20 summits in Toronto and Seoul.[1019] At the Cannes Summit leaders decided to set up a committee that would provide feedback to the G20 with respect to employment.[1020] Furthermore, they tasked international organizations like the International Monetary Fund, International Labor Organization and the World Bank to monitor how economic reforms will impact job creation.[1021]

[1019] G20 Labour and Employment Ministers' Conclusions, G20 Information Centre (Toronto) 27 September 2011. Date of Access: 5 February 2012. http://www.g20.utoronto.ca/2011/2011-labour-110927-en.html.

[1020] Cannes Summit Final Declaration: Building Our Common Future, G20 Information Centre (Toronto) 4 November 2011. Date of Access: 3 February 2012. http://www.g20.utoronto.ca/2011/2011-cannes-declaration-111104-en.html.

[1021] Cannes Summit Final Declaration- Building Our Common Future: Renewed Collective Action for the Benefit of All, G20 Information Centre (Toronto) 4 November 2011. Date of Access: 3 February 2012. http://www.g20.utoronto.ca/2011/2011-cannes-declaration-111104-en.html.

Commitment Features:

This commitment refers to renewing existing measures. This means that fulfillment does not require the establishment of novel initiatives but may be realized by providing additional regulation or resources in support of existing policies. The commitment is adamant that merely reducing unemployment is insufficient without the promotion of decent jobs. At their meeting in Paris from 26 September 2011 until 27 September 2011, the G20 ministers of labour and employment define decent jobs with reference to the International Labour Organization's 1998 Declaration on Fundamental Principles and Rights at Work[1022]. These principles enshrine:

- Workers' freedom of association and the right to collective bargaining[1023]
- The elimination of all forms of forced or compulsory labor[1024]
- The effective abolition of child labor[1025]
- The Elimination of discrimination in respect of employment and occupation[1026]

The ministers further declare that policies which combat unemployment and promote decent jobs, especially for youth and others negatively affected by economic crisis, include initiatives that:

- Reemphasize employment as a key objective of economic policy[1027]
- Promote smooth transitions from education, life-long learning and training into employment[1028]
- Establish training systems based on dual learning or apprenticeships, alternating in-class and in-enterprise education[1029]
- Strengthen policies that support small and medium-sized enterprises, especially to formalize their workforce and improve working conditions[1030]

[1022] G20 Labour and Employment Ministers' Conclusions, G20 Information Centre (Toronto) 27 September 2011. Date of Access: 5 February 2012. http://www.g20.utoronto.ca/2011/2011-labour-110927-en.html.

[1023] Declaration on Fundamental Principles and Rights at Work, International Labour Organization (Geneva) 18 June 1998. Date of Access: 5 February 2012. http://www.ilo.org/declaration/thedeclaration/textdeclaration/lang--en/index.htm.

[1024] Declaration on Fundamental Principles and Rights at Work, International Labour Organization (Geneva) 18 June 1998. Date of Access: 5 February 2012. http://www.ilo.org/declaration/thedeclaration/textdeclaration/lang--en/index.htm.

[1025] Declaration on Fundamental Principles and Rights at Work, International Labour Organization (Geneva) 18 June 1998. Date of Access: 5 February 2012. http://www.ilo.org/declaration/thedeclaration/textdeclaration/lang--en/index.htm.

[1026] Declaration on Fundamental Principles and Rights at Work, International Labour Organization (Geneva) 18 June 1998. Date of Access: 5 February 2012. http://www.ilo.org/declaration/thedeclaration/textdeclaration/lang--en/index.htm.

[1027] G20 Labour and Employment Ministers' Conclusions, G20 Information Centre (Toronto) 27 September 2011. Date of Access: 5 February 2012. http://www.g20.utoronto.ca/2011/2011-labour-110927-en.html.

[1028] G20 Labour and Employment Ministers' Conclusions, G20 Information Centre (Toronto) 27 September 2011. Date of Access: 5 February 2012. http://www.g20.utoronto.ca/2011/2011-labour-110927-en.html.

[1029] G20 Labour and Employment Ministers' Conclusions, G20 Information Centre (Toronto) 27 September 2011. Date of Access: 5 February 2012. http://www.g20.utoronto.ca/2011/2011-labour-110927-en.html.

Scoring Guidelines:

-1	G20 member does not renew efforts to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis AND does not declare the intention to do so.
0	G20 member is in the process of renewing efforts to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis OR declares the intent to do so.
+1	G20 member renews efforts to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis.

Lead Analyst: Robert Schuster and Semra Sevi

Argentina: +1

Argentina has fully complied with its commitment to renew efforts to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis.

On 10 November 2011, the University of Buenos Aires' Faculty of Law alongside The Ministry of Labor established a training course designed to facilitate the transition from school to future employment in the Department of Justice. It will allow students to learn about specific tasks undertaken by the Judiciary Office, the Defense Attorney General, and Public Ministry in order to develop their skills and facilitate their transition after graduation.[1031]

On 23 November 2011, the Ministry of Labor, Employment and Social Security presented the "Strategic Plan: Continuous Education, Innovation and Employment. Argentina 2020."[1032] This plan will encourage the training of a million workers in high technical jobs, give access to half a million workers to the acknowledgement of their work experience, and fiscal incentives to enterprises in order for them to educate more than half a million workers.[1033]

On 30 November 2011, The Ministry of Labor established the Center for Vocational Training, an area of over 1,000 square meters designed to study welding, software development and IT.[1034]

[1030] G20 Labour and Employment Ministers' Conclusions, G20 Information Centre (Toronto) 27 September 2011. Date of Access: 5 February 2012. http://www.g20.utoronto.ca/2011/2011-labour-110927-en.html.

[1031] Trabajo Puso en Marcha el Curso de Capacitacion Para el ingreso Democratico A la Justicia, Ministerio de Trabajo, Empleo y Seguridad Social (Buenos Aires) 10 November 2011. Date of Access: 1 March 2012. http://www.trabajo.gov.ar/downloads/prensa/111110_capacitacion.pdf.

[1032] "Strategic Plan: Continuous Education, Innovation and Employment. Argentina 2020" Presented, Ministry of Labour, Employment and Social Security (Buenos Aires) 23 November 2011. Date of Access: 29 February 2012. http://www.trabajo.gov.ar/downloads/prensa/111123_formacioncontinuatecnopolis_eng.pdf.

[1033] "Strategic Plan: Continuous Education, Innovation and Employment. Argentina 2020" Presented, Ministry of Labour, Employment and Social Security (Buenos Aires) 23 November 2011. Date of Access: 29 February 2012. http://www.trabajo.gov.ar/downloads/prensa/111123_formacioncontinuatecnopolis_eng.pdf.

[1034] Tomada Asistio a la Inauguracion de Un Nuevo Centro de Capacitacion y Formacion Profesional, Ministerio de Trabajo, Empleo y Seguridad Social (Buenos Aires) 30 November 2011. Date of Access: 1 March 2012. http://www.trabajo.gov.ar/downloads/prensa/111130_lorenzomiguel.pdf.

On 15 December 2011, Argentinian President Cristina Fernandez de Kirchner expressed her content in regards to the amount of jobs that have been generated over the past five years in the automotive industry. She also expressed her commitment to battling unemployment stating, "I want all young Argentines to have a job,"[1035]" I am very committed to this cause."[1036]

On 29 March 2012, the Labor Minister met with employment managers from all over Argentina to stress the importance of strengthening measures to promote employment, training and education. He also insisted that they have a higher commitment to fight undeclared and precarious work as well as labour exploitation.[1037]

Argentina has invested in the renewal and generation of efforts to combat unemployment and promote decent jobs amidst the aftermath of the global economic crisis. Thus it is awarded a score of +1.

Analyst: Grabriela Martinez

Australia: 0

Australia has partially complied with its commitment to combat youth unemployment and promote decent jobs. Though Australia displays intent to combat unemployment and has taken measures to develop a skilled workforce, measures do not renew or expand initiatives that directly foster decent jobs.

In order to tackle the issue of youth unemployment the Government of Australia has primarily focused on continued funding for its Learn or Earn policy. On 2 November 2011, Prime Minister Julia Gillard, explained that "we have been very driven by the research that if young people leave school early,"[1038] they are "far more likely than not to lead […] a lifetime of disadvantage."[1039] She further explained that this would result in a situation where the youth would be "at best only intermittently engaged in the labour market for the rest of their lives."[1040] Thus, on 4 November 2011, Prime Minister Gillard reconfirmed that "we are on a journey of change in relation to youth unemployment. We've particularly focused on learn or earn, on making sure that our education

[1035] CFK: 'We have to reach out to the unemployed', Buenos Aires Herald (Buenos Aires) 15 December 2011. Date of Access: 1 March 2012. http://www.buenosairesherald.com/articles/print.aspx?ix=87473.

[1036] CFK: 'We have to reach out to the unemployed', Buenos Aires Herald (Buenos Aires) 15 December 2011. Date of Access: 1 March 2012. http://www.buenosairesherald.com/articles/print.aspx?ix=87473.

[1037] Labour Minister met Employment Managers from all over the country (Buenos Aires) 29 March 2012. Date of Access: 3 May 2012. https://docs.google.com/viewer?url=http%3A%2F%2Fwww.trabajo.gov.ar%2Fdownloads%2Fprensa%2F120329_tomada_gerentesdeempleo_eng.pdf.

[1038] Remarks to the Business 20 Roundtable, Cannes, Prime Minister of Australia (Canberra) 2 November 2011. Date of Access: 2 March 2012. http://www.pm.gov.au/press-office/remarks-business-20-roundtable-cannes.

[1039] Remarks to the Business 20 Roundtable, Cannes, Prime Minister of Australia (Canberra) 2 November 2011. Date of Access: 2 March 2012. http://www.pm.gov.au/press-office/remarks-business-20-roundtable-cannes.

[1040] Remarks to the Business 20 Roundtable, Cannes, Prime Minister of Australia (Canberra) 2 November 2011. Date of Access: 2 March 2012. http://www.pm.gov.au/press-office/remarks-business-20-roundtable-cannes.

and our support systems work so young people are either in training or they're in the workforce."[1041]

The Learn or Earn policy essentially attempts to provide an incentive for the youth of Australia to stay in school in order to qualify for a youth allowance. Though this does develop a skilled workforce it does little to produce decent jobs for the youth. Nevertheless, this focus on education as a means to develop skills has been accompanied by an investment of AUD1.75 billion in the education and training system.[1042]

Other complementary measures undertaken by the Government of Australia are outlined in the 2011-2012 Budget. First, AUD45.2 million has been allocated to extend the Priority Employment Area initiative until 2013.[1043] This includes deploying Local Employment Coordinators to 20 vulnerable regions throughout Australia. Second, AUD101 million will be invested in a national mentoring program aimed to help 40,000 apprentices finish training.[1044] This includes another AUD100 million to be invested in more flexible training models as a means to allow for the development of specific skills.[1045]

Another relevant initiative the Australian government has initiated has been the National Green Jobs Corps program. Although, the Australian government committed AUD79.6 million to deliver over two years 10,000 places nationally for young people aged 17 to 24, this program was closed to new participants as of 31 December 2011.[1046]

On 13 April 2012, the Council of Australian Governments announced AUD1.75 billion in funding to transform the national training system to better respond to the needs of the economy and provide Australians with the skills needed to obtain a job.[1047] This is in addition to the AUD7.2 billion the Government of Australia will invest through the National Agreement for

[1041] Transcript of Press Conference, Cannes, Prime Minister of Australia (Canberra) 4 November 2011. Date of Access: 2 March 2012. http://www.pm.gov.au/press-office/transcript-press-conference-cannes-0.

[1042] Budget Speech 2011-2012, Australian Government Budget 2011-2012 (Canberra). 10 May 2011. Date of Access: 2 March 2012. http://www.budget.gov.au/2011-12/content/speech/html/speech.htm.

[1043] Budget 2011-12: Priority Employment Area Initiatives – Extension, Australian Government Department of Human Services (Canberra). Date of Access: 2 March 2012. http://www.humanservices.gov.au/corporate/publications-and-resources/budget/measures/job-seekers/25129.

[1044] Budget Speech 2011-2012, Australian Government Budget 2011-2012 (Canberra). 10 May 2011. Date of Access: 2 March 2012. http://www.budget.gov.au/2011-12/content/speech/html/speech.htm.

[1045] Budget Speech 2011-2012, Australian Government Budget 2011-2012 (Canberra). 10 May 2011. Date of Access: 2 March 2012. http://www.budget.gov.au/2011-12/content/speech/html/speech.htm.

[1046] National Green Jobs Corps, Australian Government Department of Education, Employment and Workplace Relations (Canberra) Date of Access: 2 March 2012. http://www.deewr.gov.au/Employment/JobsandTraining/Pages/newgreenjobs.aspx

[1047] COAG Signs up to Skills for All Australians, Prime Minister of Australia (Canberra) 12 April 2012. Date of Access: 26 April 2012. http://www.pm.gov.au/press-office/coag-signs-skills-all-australians.

Skills and Workforce Development over the next five years.[1048] These initiates are in the hopes of ensuring that "students receive high quality training that meets the needs of industry and students."[1049]

Thus, the Australian Government receives a score of 0 for undertaking measures to combat unemployment.

Analyst: Harry Malhi

Brazil: + 1

Brazil has fully complied with its commitment on socioeconomic development, implementing measures that aim to combat unemployment and promote decent jobs.

Labour Ministry figures indicate that 1.94 million payroll jobs were created in 2011, compared to 2.54 million in 2010.[1050] While growth has slowed relative to previous years, the Government of Brazil under the direction of President Dilma Rousseff has attempted to maintain positive growth in the aftermath of the 2008 global financial crisis.

Since August 2011, President Dilma Rousseff has lowered borrowing costs, cut taxes on goods and investments, and has pledged to boost public work projects to ensure 4.5% economic growth.[1051] Overall, unemployment fell to a record low of 4.7% in December, before rising to 5.5% in January.[1052]

On 6 December 2011, Brazil's Labour Minister Carlos Lupi resigned from his post due to allegations of corruption.[1053] Since then, acting Labour Minister Paulo Roberto Pinto has sought to reaffirm the President's commitment to job creation. On 24 January 2012, Paulo Roberto Pinto asserted that there should be another two million jobs created in 2012.[1054] By 23 February 2012,

[1048] Improving the Quality of Skills Training, Prime Minister of Australia (Canberra) 19 March 2012. Date of Access: 26 April 2012. http://www.pm.gov.au/press-office/improving-quality-skills-training.

[1049] COAG Signs up to Skills for All Australians, Prime Minister of Australia (Canberra) 12 April 2012. Date of Access: 26 April 2012. http://www.pm.gov.au/press-office/coag-signs-skills-all-australians.

[1050] Job Creation Slows in Brazil, Associated Press (Brasilia) 24 January 2012. Date of Access: 4 March 2012. http://finance.yahoo.com/news/job-creation-slows-brazil-193242854.html.

[1051] Brazil Created More Jobs Than Analysts Forecast in January, Bloomberg (Brasilia) 23 February 2012. Date of Access: 4 March 2012. http://www.bloomberg.com/news/2012-02-23/brazil-created-more-jobs-than-analysts-forecast-in-january-1-.html.

[1052] Brazil Created More Jobs Than Analysts Forecast in January, Bloomberg (Brasilia) 23 February 2012. Date of Access: 4 March 2012. http://www.bloomberg.com/news/2012-02-23/brazil-created-more-jobs-than-analysts-forecast-in-january-1-.html.

[1053] Brazil's Labor Minister Quits Amid Allegations of Corruption, CNN (Brazil) 4 December 2011. Date of Access: 4 March 2012. http://articles.cnn.com/2011-12-04/americas/world_americas_brazil-labor-minister-quits_1_president-dilma-rousseff-labor-minister-corruption-scandal?_s=PM:AMERICAS.

[1054] Brazil Job Creation Fell in December, Rose in Year, The Wall Street Journal (New York) 24 January 2012. Date of Access: 4 March 2012. http://www.marketwatch.com/story/brazil-job-creation-fell-in-december-rose-in-year-2012-01-24.

the Labour Department reported that the country generated 118,895 jobs in the month of January.[1055]

On 28 February 2012, Brazilian Central Bank President Alexandre Tombin proposed the formulation of new policies which would spur economic growth, ultimately producing more jobs.[1056] Elaborating upon this scheme, on 1 March 2012, Brazilian Finance Minister Mr. Guido Mantega stated that while the Brazilian government was ready to take actions to slow capital inflows, the country would still encourage foreign direct investment so as to generate further employment and tax revenue.[1057]

It has been shown that Brazilian companies continue to hire: employment grew by 0.1%, and wages rose by 1.3% in March.[1058] Despite slowed growth in the Brazilian services sector after a five-year peak in February, the recent growth in employment and rise in real wages have helped offset the struggling manufacturing sector's downward effect on the economy.[1059] On 3 April 2012, the government announced a plan to increase tax breaks and interest rate cuts to bolster domestic industry.[1060] Finance Minister Guido Mantega announced that, "[t]he government is launching these new measures to strengthen the Brazilian economy and respond to the problems created by the crisis of the world economy."[1061]

The planning of the 2014 FIFA World Cup and the 2016 Olympic and Paralympic Games to be held in Rio de Janeiro has already proved promising in terms of employment rates. Ricardo Gomyde, special advisor to Brazil's Ministry of Sports, said he expects 332,000 permanent jobs and 381,000 temporary jobs to be created through 2014 due to the World Cup build-out.[1062]

[1055] Brazil Created More Jobs Than Analysts Forecast in January, Bloomberg (Brasilia) 23 February 2012. Date of Access: 4 March 2012. http://www.bloomberg.com/news/2012-02-23/brazil-created-more-jobs-than-analysts-forecast-in-january-1-.html.

[1056] Brazil Policy Aims at Growth, Prices at Target, Tombini Says, Bloomberg Business Week (Brasilia) 29 February 2012. Date of Access: 4 March 2012. http://www.businessweek.com/news/2012-02-29/brazil-policy-aims-at-growth-prices-at-target-tombini-says.html.

[1057] Brazil Steps Up Battle to Curb Real's Rise, The Wall Street Journal (Brasilia) 1 March 2012. Date of Access: 4 March 2012. http://online.wsj.com/article/SB10001424052970203986604577255793224099580.html?mod=googlenews_wsj.

[1058] U.S. Job Market Weak; Brazil Job Market Strong, Forbes (New York City) 26 April 2012. Date of Access: 27 April 2012. http://www.forbes.com/sites/kenrapoza/2012/04/26/u-s-job-market-weak-brazil-job-market-strong/.

[1059] Brazil March services growth slower, off 5-yr high, Reuters (Sao Paolo) 4 April 2012. Date of Access: 27 April 2012. http://www.reuters.com/article/2012/04/04/brazil-economy-pmi-idUSL2E8F3AK920120404.

[1060] Brazil March services growth slower, off 5-yr high, Reuters (Sao Paolo) 4 April 2012. Date of Access: 27 April 2012. http://www.reuters.com/article/2012/04/04/brazil-economy-pmi-idUSL2E8F3AK920120404.

[1061] Brazil unveils new steps to revive industrial sector, Associated Foreign Press (Sao Paolo) 3 April 2012. Date of Access: 27 April 2012. http://news.yahoo.com/brazil-unveils-steps-revive-industrial-sector-211947201.html.

[1062] FIFA World Cup Forecast To Add $70 Billion to Brazil's Economy, Forbes (New York City) 7 August 2011. Date of Access: 4 March 2012.http://www.forbes.com/sites/kenrapoza/2011/07/08/fifa-world-cup-forecast-to-add-70-bln-to-brazils-economy.

Sectors related to tourism, construction, electricity, information technology, telecommunications, among others will likely see the most job creation. The Olympic Games are expected to create an additional 120,000 jobs per year until 2016, and then a further 130,000 jobs per year until 2027, according to research by the Brazilian Ministry of Sport.[1063]

Despite such moves towards improving the country's socioeconomic environment, there remain upwards of seven million child labourers in the country.[1064] According to the United States' Department of Labour, there has been thorough documentation of 1,300 children working in the footwear industry, and less detailed information on children working in the textile, garment, and tin industries.[1065]

Brazil has been a leader in championing the need for job creation at the Cannes Summit. The Government of Brazil has both demonstrated an active desire and has also taken measures to promote decent jobs. Thus, Brazil has been awarded a score of +1 for its efforts to combat unemployment and promote decent jobs.

Analyst: Samantha Young

Canada: +1

Canada has fully complied with its commitment to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis.

On 23 February 2012, Minister of Human Resources and Skills Development Diane Finley stressed that "our government's top priority is creating jobs and economic growth,"[1066] and that the "youth are tomorrow's workforce, so by investing in their skill development, we are helping them contribute to Canada's long-term growth, competitiveness and overall prosperity."[1067]

The Government of Canada has exemplified this issue as a top priority by continuing its investment in its Youth Employment Strategy, which is a "commitment to help young people, particularly those facing barriers to employment, get the information and gain the skills, work experience and abilities they need to make a successful transition into the labour market."[1068] This strategy includes investment in three key programs: Skills Link which aims at helping youth gain valuable experience; Career Focus which provides funding for employers to hire young post-secondary graduates; and Canada Summer Jobs which also provides funding for not-for-profit

[1063] Rio World Cup and Olympic Legacy: Economics, Rio Times Online (Rio de Janeiro) 13 September 2011. Date of Access: 4 March 2012. http://riotimesonline.com/brazil-news/rio-business/rio%E2%80%99s-world-cup-and-olympic-legacy-economics.

[1064] Child Labor In Brazil, United Nations (New York City) 2012. Date of Access: 4 March 2012. http://www.un.org/works/goingon/labor/goingon_labor.html.

[1065] Brazil, United States Department of Labor (Washington) 2012. Date of Access: 4 March 2012. http://www.dol.gov/ilab/media/reports/iclp/sweat/brazil.htm.

[1066] Government of Canada Invests to Help Youth Get Jobs, Canada's Economic Action Plan (Ottawa) 23 February 2012. Date of Access: 2 March 2012. http://www.actionplan.gc.ca/eng/media.asp?id=4950.

[1067] Government of Canada Invests to Help Youth Get Jobs, Canada's Economic Action Plan (Ottawa) 23 February 2012. Date of Access: 2 March 2012. http://www.actionplan.gc.ca/eng/media.asp?id=4950.

[1068] Youth Employment Strategy, Service Canada (Ottawa) 16 February 2012. Date of Access: 2 March 2012. http://www.servicecanada.gc.ca/eng/epb/yi/yep/newprog/yesprograms.shtml.

organizations, public-sector employers and small businesses to create summer jobs for young people.[1069]

Moreover, in 2011 the Government of Canada invested over CAD300 million in the Youth Employment Strategy with continued investment for 2012.[1070] Furthermore, as outlined in the 2011 Economic Action Plan Budget, the government has provided an additional CAD20 million to help the Canadian Youth Business Foundation to support young entrepreneurs over a period of two years.[1071]

On 16 March 2012, Minister of State for Democratic Reform Tim Uppal reiterated that "our government's Youth Employment Strategy is helping youth develop the skills and gain the experience they need to get jobs now and prepare for the workforce of tomorrow."[1072]

In February to April 2012, in order to reinforce its commitment to combating youth unemployment, the Government of Canada announced new funding to support the youth in cities and regions across Canada. This included, but was not limited to, Halifax,[1073] Sault Ste. Marie,[1074] Saint John,[1075] Toronto,[1076] London,[1077] Winnipeg,[1078] Vancouver Island,[1079] Regina,[1080]

[1069] Backgrounder: Government of Canada Invests to Help Youth get Jobs, Canada's Economic Action Plan (Ottawa) 23 February 2012. Date of Access: 2 March 2012. http://www.actionplan.gc.ca/eng/media.asp?id=4951

[1070] Government of Canada Invests to Help Youth Get Jobs, Canada's Economic Action Plan (Ottawa) 23 February 2012. Date of Access: 2 March 2012. http://www.actionplan.gc.ca/eng/media.asp?id=4950.

[1071] Supporting Young Entrepreneurs (Budget 2011), Canada's Economic Action Plan (Ottawa) Date of Access: 2 March 2012.http://actionplan.gc.ca/initiatives/eng/index.asp?mode=3&initiativeID=314.

[1072] Government of Canada Invests to Help Youth in Edmonton get Jobs, Canada's Economic Action Plan (Ottawa) 16 March 2012. Date of Access: 26 April 2012. http://www.actionplan.gc.ca/eng/media.asp?category=1&featureId=27&id=5100.

[1073] Government of Canada Invests to Help Youth in Halifax get Jobs, Canada's Economic Action Plan (Ottawa) 23 February 2012. Date of Access: 2 March 2012. http://www.actionplan.gc.ca/eng/media.asp?id=5023.

[1074] Government of Canada Invests to Help Youth in Sault Ste. Marie get Jobs, Canada's Economic Action Plan (Ottawa) 13 March 2012. Date of Access: 26 April 2012. http://www.actionplan.gc.ca/eng/media.asp?category=1&featureId=27&id=5121.

[1075] Government of Canada Invests to Help Youth in Saint John get Jobs, Canada's Economic Action Plan (Ottawa) 12 March 2012. Date of Access: 26 April 2012. http://www.actionplan.gc.ca/eng/media.asp?category=1&featureId=27&id=5136.

[1076] Government of Canada Invests to Help Youth in Toronto get Jobs, Canada's Economic Action Plan (Ottawa) 23 February 2012. Date of Access: 2 March 2012. http://www.actionplan.gc.ca/eng/media.asp?id=5022.

[1077] Government of Canada Invests to Help Youth in London get Jobs, Canada's Economic Action Plan (Ottawa) 20 March 2012. Date of Access: 26 April 2012. http://www.actionplan.gc.ca/eng/media.asp?category=1&featureId=27&id=5168.

[1078] Government of Canada Invests to Help Youth in Winnipeg get Jobs, Canada's Economic Action Plan (Ottawa) 23 February 2012. Date of Access: 2 March 2012. http://www.actionplan.gc.ca/eng/media.asp?id=4982.

[1079] Government of Canada Invests to Help Youth in Vancouver Island get Jobs, Canada's Economic Action Plan (Ottawa) 23 February 2012. Date of Access: 2 March 2012. http://www.actionplan.gc.ca/eng/media.asp?id=4977.

Kamloops,[1081] Charlottetown,[1082] Edmonton,[1083] eastern Newfoundland[1084] and Saskatchewan.[1085,1086] Additionally, the government announced an investment of CAD2.5 million for southern Ontario to benefit the youth involved in the fields of science and technology in order to stimulate innovation through skills training.[1087]
On 29 March 2012, the Minister of State Jim Flaherty tabled the Economic Action Plan 2012 which reconfirmed the Government of Canada's commitment to the creation of jobs by extending the hiring credit for small business for another year.[1088]

Thus, Canada receives a score of +1 in combating youth unemployment and promoting decent jobs.

Analyst: Harry Malhi

China: +1
China has fully complied with its commitments to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis.

On 21 November 2012, the Ministry of Education announced that college majors with poor employment prospects will be phased out to reduce the number of unemployed graduates. It also ordered education authorities to take measures to help graduates find jobs, including offering loan forgiveness and tuition waivers for relocating to remote areas, encouraging small businesses to

---

[1080] Government of Canada Invests to Help Youth in Regina get Jobs, Canada's Economic Action Plan (Ottawa) 23 February 2012. Date of Access: 2 March 2012. http://www.actionplan.gc.ca/eng/media.asp?id=4986.
[1081] Government of Canada Invests to Help Youth in Kamloops get Jobs, Canada's Economic Action Plan (Ottawa) 23 February 2012. Date of Access: 2 March 2012. http://www.actionplan.gc.ca/eng/media.asp?id=4980.
[1082] Government of Canada Invests to Help Youth in Charlottetown get Jobs, Canada's Economic Action Plan (Ottawa) 5 March 2012. Date of Access: 26 April 2012. http://www.actionplan.gc.ca/eng/media.asp?category=1&featureId=27&id=5151.
[1083] Government of Canada Invests to Help Youth in Edmonton get Jobs, Canada's Economic Action Plan (Ottawa) 16 March 2012. Date of Access: 26 April 2012. http://www.actionplan.gc.ca/eng/media.asp?category=1&featureId=27&id=5100.
[1084] Government of Canada Invests to Help Youth in eastern Newfoundland get Jobs, Canada's Economic Action Plan (Ottawa) 23 February 2012. Date of Access: 2 March 2012. http://www.actionplan.gc.ca/eng/media.asp?id=4988.
[1085] Government of Canada Invests to Help Youth in southeast Saskatchewan get Jobs, Canada's Economic Action Plan (Ottawa) 23 February 2012. Date of Access: 2 March 2012. http://www.actionplan.gc.ca/eng/media.asp?id=4983.
[1086] Government of Canada Invests to Help Youth in northern Saskatchewan get Jobs, Canada's Economic Action Plan (Ottawa) 21 March 2012. Date of Access: 26 April 2012. http://www.actionplan.gc.ca/eng/media.asp?category=1&featureId=27&id=5123.
[1087] Government of Canada Invests in Southern Ontario's Future Science and Tech Innovators, Canada's Economic Action Plan (Ottawa) 22 February 2012. Date of Access: 2 March 2012. http://www.actionplan.gc.ca/eng/media.asp?id=4928.
[1088] The Government of Canada Delivers Economic Action Plan 2012 — A Plan for Jobs, Growth and Long-Term Prosperity, Canada's Economic Action Plan (Ottawa) 29 March 2012. Date of Access: 26 April 2012. http://www.actionplan.gc.ca/eng/media.asp?category=1&featureId=27&id=5210.

employ graduates, and asking universities and research institutes to employ graduates in research projects.[1089]

On 29 December 2011, the State Council subsidized vocational training, and offered tax breaks and small loan guarantees to help 5.2 million laid-off workers return to the workplace, as well as increasing support to college graduates.[1090]

On 8 February 2012, the State Council released a plan to boost employment in the 2011-2015 period, aiming to create 45 million jobs and keeping the unemployment rate within 5%.[1091]

On 5 March 2012, Premier Wen Jiabao presented a government report at the National People's Congress, promising to create more than 9 million jobs in towns and cities for 2012 by supporting service industries, high-tech enterprises, and small businesses.[1092]
China has renewed efforts to combat unemployment and promote decent jobs, especially for youth. Thus, it is awarded a score of +1.

Analyst: James Li

France: 0
France has partially complied with its commitment to reduce unemployment and create decent jobs. French President Nicolas Sarkozy has forwarded a number of employment-generating policies in his campaign platform; yet many of these will only be implemented should he be re-elected as President.

Having suffered from economic decline since the onset of the global financial crisis, France has witnessed an increase in unemployment. The number of people without jobs in France rose in September 2011 to its highest level since early 2000.[1093]Labour ministry data indicates that French unemployment rose to 9.4% in the fourth quarter of 2011, with 2.7 million people officially out of work.[1094]

On 9 January 2012, President Nicolas Sarkozy met with German Chancellor Angela Merkel to discuss an economic growth plan.[1095] Germany and France have set out to implement new

[1089] China to Phase Out College Majors with Bleak Employment Outlook, Xinhua (Beijing) 21 November 2011. Date of Access 5 March 2012. http://news.xinhuanet.com/english2010/china/2011-11/22/c_122314999.htm.
[1090] Social Security Net Widens; 12 Mln Jobs Added, Xinhua (Beijing) 29 December 2011. Date of Access 5 March 2012. http://news.xinhuanet.com/english/china/2011-12/29/c_131333794.htm.
[1091] China Releases Plan to Create 45 Mln Jobs, Xinhua (Beijing) 8 February 2012. Date of Access 5 March 2012. http://news.xinhuanet.com/english/china/2012-02/08/c_131398824.htm.
[1092] Highlights: Wen's Gov't Work Report, People's Daily (Beijing) 5 March 2012. Date of Access 5 March 2012. http://english.peopledaily.com.cn/90785/7747706.html#.
[1093] Update 1-French Unemployment Hits 11-Year High, Reuters (London) 26 October 2011. Date of Access: 4 March 2012. http://www.reuters.com/article/2011/10/26/france-economy-unemployment-idUSL5E7LQ4JA20111026.
[1094] A Quick Guide to Europe's Deteriorating Youth Unemployment Nightmare, Business Insider (New York City) 1 March 2012. Date of Access: 4 March 2012. http://www.businessinsider.com/europe-youth-unemployment-2012-3?op=1.
[1095] Merkel and Sarkozy Meet to Discuss Growth, The Daily Telegraph (London) 9 January 2012. Date of Access: 4 March 2012. http://www.telegraph.co.uk/finance/financialcrisis/9001519/Merkel-and-Sarkozy-meet-to-discuss-growth.html.

measures to revive economic growth in Europe and reduce youth unemployment. Such measures would include action to increase cross-border labour mobility, to complement budget discipline, and debt reduction in the Eurozone.[1096]

With rising unemployment in France, President Nicolas Sarkozy has made it a top priority to stimulate growth and to create jobs.[1097]On 18 January 2012, the French president announced a EUR430 million package of short-term measures to support job creation. Meeting with trade unions and employers' organisations, President Nicolas Sarkozy promised a larger package of reforms at the end of the month.[1098]

On 23 February 2012, in an interview with France 2 television, the French president stated, "Work is the answer to the crisis."[1099] President Nicolas Sarkozy announced proposed employment reforms, focusing on efforts to assist low-income households. Such reforms include reforms of minimum wage policies and more stringent checks on the country's most powerful executives.[1100]

The French government has forged more commercial links in order to revitalize the economy. On 24 February 2012, Nicolas Sarkozy confirmed a temporary supply deal with Royal Dutch Shell to restart the Petit-Couronne refinery.[1101] Similarly, on 1 March 2012, Sarkozy secured EUR17 million from ArcelorMittal in order to revivean idled steel mill in northeastern France.[1102]

The Organization for Economic Co-operation and Development (OECD) contends that a modest recovery is underway in France, which is translating into a slow decline in the country's unemployment rate.[1103] However, youth unemployment remains high at 23.3%, while older

[1096]Germany and France to Discuss Growth Plan, The Financial Times (Paris) 8 January 2012. Date of Access: 4 March 2012. http://www.ft.com/intl/cms/s/0/e99059f0-3a0a-11e1-a8dc-00144feabdc0.html#axzz1oB1bHVkM.

[1097]Germany and France to Discuss Growth Plan, The Financial Times (Paris) 8 January 2012. Date of Access: 4 March 2012. http://www.ft.com/intl/cms/s/0/e99059f0-3a0a-11e1-a8dc-00144feabdc0.html#axzz1oB1bHVkM.

[1098] Sarkozy Pumps €430m Into Job Creation, The Financial Times (Paris) 18 January 2012. Date of Access: 4 March 2012.http://www.ft.com/intl/cms/s/0/3c21fefe-41e9-11e1-a586-00144feab49a.html.

[1099] Sarkozy Proposes Welfare Change for Low-Paid, Reuters (Paris) 22 February 2012. Date of Access: 4 March 2012. http://www.reuters.com/article/2012/02/22/us-france-election-sarkozy-idUSTRE81L1ZP20120222.

[1100] Sarkozy Proposes Welfare Change for Low-Paid, Reuters (Paris) 22 February 2012. Date of Access: 4 March 2012. http://www.reuters.com/article/2012/02/22/us-france-election-sarkozy-idUSTRE81L1ZP20120222.

[1101] Update 1-France, Shell Agree to Restart Petit-Couronne Plant, Reuters (Paris) 24 February 2012. Date of Access: 4 March 2012. http://www.reuters.com/article/2012/02/24/france-refinery-petitcouronne-idUSL5E8DO3A620120224.

[1102] Update 5-Sarkozy Claims Steel Plant Goal, Hits Protest, Reuters (Paris) 1 March 2012. Date of Access: 4 March 2012. http://www.reuters.com/article/2012/03/01/france-arcelormittal-idUSL5E8E10WP20120301.

[1103] OECD Employment Outlook 2011 – How Does France Compare?, OECD (Paris) 15 September 2011. Date of Access: 4 March 2012. http://www.oecd.org/dataoecd/8/0/48683436.pdf.

workers fare only slightly better.[1104] In order to begin tackling the youth unemployment problem, President Nicolas Sarkozy has proposed strengthening its apprenticeship system, modeled after the German system.[1105]

Despite the French government's efforts, the number of unemployed people rose in March for the eleventh consecutive month.[1106] Unemployment figures have reached almost 10%.[1107] On 10 April 2012, the Bank of France announced that the French economy showed no growth in the first quarter, and there are no signs of a strong recovery in the coming months.[1108] The Bank of France noted that industrial activity did improve, but France has lost more industrial jobs than any other country in Europe over the past decade.[1109]

President Nicolas Sarkozy has proposed a series of policy reforms that gesture towards reduced unemployment and greater job creation. While some measures have taken effect already, several initiatives depend on the outcome of the French presidential elections. Thus, France has been awarded a score of 0 for its promotion of socioeconomic development.

Analyst: Samantha Young

Germany: +1

Germany has fully complied with its commitment to reduce unemployment and promote decent jobs.

The country has remained economically strong in the face of the present turmoil in the Eurozone. On 30 November 2011, Heinrich Alt, deputy head of the German Federal Labour Agency stated that, "[t]he German labour market is proving robust."[1110] Chancellor Angela Merkel has sought to maintain Germany's productivity and competitiveness amidst the credit crisis that has engulfed the majority of the region.

[1104] A Quick Guide To Europe's Deteriorating Youth Unemployment Nightmare, Business Insider (New York City) 1 March 2012. Date of Access: 4 March 2012. http://www.businessinsider.com/europe-youth-unemployment-2012-3?op=1.

[1105] French-German Border Shapes More Than Territory, The New York Times (Seléstat, France) 3 March 2012. Date of Access: 4 March 2012. http://www.nytimes.com/2012/03/04/world/europe/when-a-border-shapes-more-than-territory.html.

[1106] French Unemployment Level Continues To Rise, The Wall Street Journal (Paris) 26 April 2012. Date of Access: 27 April 2012. http://online.wsj.com/article/SB10001424052702304723304577367951080573774.html?mod=googlenews_wsj.

[1107] France Unemployment Near 10%, Bloomberg (Paris) 26 April 2012. Date of Access: 27 April 2012. http://www.bloomberg.com/news/2012-04-26/france-unemployment-near-10-fueled-by-laws-election-omits-jobs.html.

[1108] French Economy Grinds to a Halt, Reuters (Paris) 10 April 2012. Date of Access: 27 April 2012. http://business.financialpost.com/2012/04/10/french-economy-grinds-to-a-halt/.

[1109] France Unemployment Near 10%, Bloomberg (Paris) 26 April 2012. Date of Access: 27 April 2012. http://www.bloomberg.com/news/2012-04-26/france-unemployment-near-10-fueled-by-laws-election-omits-jobs.html.

[1110]German Unemployment Falls More Than Economists Forecast: Economy, Bloomberg Business Week (Berlin) 30 November 2011. Date of Access: 4 March 2012. http://www.businessweek.com/news/2011-11-30/german-unemployment-falls-more-than-economists-forecast-economy.html.

The unemployment figures for Germany remain low. On 2 February 2012, the Federal Employment Agency reported that 3.082 million people were unemployed in Germany in January of 2012 — the lowest January figure in over two decades.[1111] Germany boasts one of the lowest unemployment rates in Europe, at 7.8%.[1112] Also, compared to its regional counterparts, Germany's youth unemployment for 2011 was minimal at 7.4%.[1113]

The Government of Germany has sought to create further employment. On 9 January 2012, Chancellor Angela Merkel met with French President Nicolas Sarkozy to discuss an economic growth plan.[1114] Germany and France have set out to implement new measures to revive economic growth in Europe and reduce youth unemployment. Such measures include action to increase cross-border labour mobility, to complement budget discipline, and debt reduction in the Eurozone.[1115]In terms of creating decent jobs, the OECD reports that German workers are less likely than other OECD members to hold jobs that do not correspond to their qualifications.[1116]

Despite low rates of unemployment, there have been some concerns over insufficient income levels. With no centrally-mandated minimum wage, low-wage and temporary workers can be forced to forego sustainable incomes, boosting wage inequalities.[1117] Many German citizens must pursue a second job to make ends meet, with more than 2.6 million people employed in 'mini-jobs'.[1118] According to the Federal Employment Agency, that figure rose by 5.4% within just one year.[1119]

The German government has begun to attempt to rectify the situation. On 12 February 2012, Germany's Labour Minister Ursula von der Leyen advocated for above-inflation increases in

[1111] German Job Creation Miracle Is Not Over Yet, Deutsche Welle (Berlin) 2 February 2012. Date of Access: 4 March 2012. http://www.dw.de/dw/article/0,,15712853,00.html.
[1112] Unemployment Statistics, Eurostat (Luxembourg) January 2012. Date of Access: 4 March 2012. http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Unemployment_statistics.
[1113] A Quick Guide to Europe's Deteriorating Youth Unemployment Nightmare, Business Insider (New York City) 1 March 2012. Date of Access: 4 March 2012. http://www.businessinsider.com/europe-youth-unemployment-2012-3?op=1.
[1114] Merkel and Sarkozy Meet to Discuss Growth, The Daily Telegraph (London) 9 January 2012. Date of Access: 4 March 2012. http://www.telegraph.co.uk/finance/financialcrisis/9001519/Merkel-and-Sarkozy-meet-to-discuss-growth.html.
[1115]Germany and France to Discuss Growth Plan, The Financial Times (Paris) 8 January 2012. Date of Access: 4 March 2012. http://www.ft.com/intl/cms/s/0/e99059f0-3a0a-11e1-a8dc-00144feabdc0.html#axzz1oB1bHVkM.
[1116] OECD Employment Outlook 2011 – How Does Germany Compare?, OECD (Paris) 15 September 2011. Date of Access: 4 March 2012. www.oecd.org/dataoecd/7/59/48683922.pdf.
[1117] Insight: The Dark Side of Germany's Jobs Miracle, Reuters (Stralsund) 8 February 2012. Date of Access: 4 March 2012. http://www.reuters.com/article/2012/02/08/us-germany-jobs-idUSTRE8170P120120208?feedType=RSS&feedName=everything&virtualBrandChannel=11563.
[1118] German Job Creation Miracle Is Not Over Yet, Deutsche Welle (Berlin) 2 February 2012. Date of Access: 4 March 2012. http://www.dw.de/dw/article/0,,15712853,00.html.
[1119] German Job Creation Miracle Is Not Over Yet, Deutsche Welle (Berlin) 2 February 2012. Date of Access: 4 March 2012. http://www.dw.de/dw/article/0,,15712853,00.html.

wages.[1120] She has also been campaigning for temporary workers to receive the same income and benefits as staff members.[1121] Additionally, Chancellor Angela Merkel has revealed plans to introduce a mandatory minimum wage for those sectors which are not covered by existing minimum-wage agreements.[1122] On 25 April 2012, Chancellor Angela Merkel's government agreed to plans to introduce a mandatory minimum wage for economic sectors that do not already have one.[1123]

There have also been worries over the issue of discrimination in respect to employment. It has been reported that full-time employed women earn, on average, 21.6% less than their male counterparts in Germany.[1124] In efforts to improve gender equality in the workforce, the German labour minister has advocated for the implementation of a quota system.[1125] If such a system were to be implemented, more women would obtain higher level and better-paid positions.

The Government of Germany has sought to extend existing measures which have contributed to improving socioeconomic outcomes (such as its youth apprenticeship program).[1126] It has also proposed implementing new policies which would further enhance the well-being of its citizens. On 25 April 2012, the Economic Ministry in Berlin announced that Germany's economy will have moderate growth of 0.7% throughout the current year, and an expected 1.6% growth in 2013. Economy Minister Philipp Rösler stated, "[g]rowth of 0.7 per cent this year, higher income and more people in employment show that Germany is doing well and remains the growth engine in Europe."[1127] He also said that Germany will see rising wages and lower unemployment.[1128]

[1120] Germany's Labor Minister Wants Higher Wages, Bild-Zeitung Says, Bloomberg (Frankfurt) 11 February 2012. Date of Access: 4 March 2012. http://www.bloomberg.com/news/2012-02-11/germany-s-labor-minister-wants-higher-wages-bild-zeitung-says.html.

[1121] German Boom Casts Shadow Over French Election, Reuters (Paris) 15 February 2012. Date of Access: 4 March 2012. http://www.reuters.com/article/2012/02/15/us-france-election-germany-idUSTRE81E0IQ20120215.

[1122] Analysis: German Boom Casts Shadow Over French Election, Reuters (Paris) 15 February 2012. Date of Access: 4 March 2012. http://www.reuters.com/article/2012/02/15/us-france-election-germany-idUSTRE81E0IQ20120215.

[1123] With eye on elections, Merkel pushes minimum wage, Reuters (Berlin) 25 April 2012. Date of Access: 27 April 2012. http://www.reuters.com/article/2012/04/25/us-germany-minimumwage-idUSBRE83O11O20120425.

[1124] Germany Lags Europe on Gender Pay Gap, Reuters (Berlin) 5 March 2012. Date of Access: 5 March 2012. http://www.reuters.com/article/2012/03/05/us-germany-women-oecd-idUSTRE8241A120120305.

[1125] Germany Lags Europe on Gender Pay Gap, Reuters (Berlin) 5 March 2012. Date of Access: 5 March 2012. http://www.reuters.com/article/2012/03/05/us-germany-women-oecd-idUSTRE8241A120120305.

[1126] German apprenticeships: A model for Europe?, BBC News Business (Germany) 13 December 2011. Date of Access: 4 March 2012. http://www.bbc.co.uk/news/business-16159943.

[1127] German government expects moderate growth, lower unemployment, Deutsche Welle (Berlin) 25 April 2012. Date of Access: 27 April 2012. http://www.dw.de/dw/article/0,,15908968,00.html.

[1128] German government reaffirms economy growth forecasts for 2012 and 2013, The Associated Press (Germany) 25 April 2012. Date of Access: 27 April 2012. http://www.washingtonpost.com/business/economy/summary-box-german-government-reaffirms-economic-growth-forecasts-for-2012-and-2013/2012/04/25/gIQAKsGUhT_story.html.

Thus, Germany has been awarded a score of +1 for its promotion of socioeconomic development.

Analyst: Samantha Young

India: +1

India has fully complied with the commitment to combat youth unemployment and promote decent jobs.

At the 44th session of the Indian Labour Conference on 14 February 2012, Prime Minister Manmohan Singh reaffirmed his government's commitment to this issue. He outlined that "youth employment is a high-priority agenda item for our government,"[1129] and that there is an essential "need to provide opportunities for gainful employment to the large number of young people who enter the work force every year."[1130] He further explained that "this can happen only if we equip our young people with skills that are required to meet the demands of our rapidly growing economy."[1131]

Thus, India has focused its efforts to combat youth unemployment by developing the infrastructure required for the skill-development of young people. This includes continued investment in the Skill Development Mission, which seeks to increase the number of trained workers through public and private partnerships.[1132] When this mission was first introduced, Indian Finance Minister Pranab Mukherjee explained that the end goal was to produce 500 million skilled people in India by 2022.[1133]

In February 2012, the Government of India outlined measures for establishing the infrastructure necessary for skill development and the creation of decent jobs. These measures include funding to create 1500 new Industrial Training Institutes and 5000 Skill Development Centres during the next three years.[1134] The government has combined these measures with the investment of INR232.95 million in order to create 34 Industrial Training Institutes and 68 Skill Development

[1129] Prime Minister's Speech at the Indian Labour Conference, Press Information Bureau, Government of India (New Delhi) 14 February 2012. Date of Access: 2 March 2012. http://pibmumbai.gov.in/scripts/detail.asp?releaseId=E2012PR2280.

[1130] Prime Minister's Speech at the Indian Labour Conference, Press Information Bureau, Government of India (New Delhi) 14 February 2012. Date of Access: 2 March 2012. http://pibmumbai.gov.in/scripts/detail.asp?releaseId=E2012PR2280.

[1131] P rime Minister's Speech at the Indian Labour Conference, Press Information Bureau, Government of India (New Delhi) 14 February 2012. Date of Access: 2 March 2012. http://pibmumbai.gov.in/scripts/detail.asp?releaseId=E2012PR2280.

[1132] About National Skill Development Corporation, India, NSDC National Skill Development Corporation (New Delhi). Date of Access: 2 March 2012. http://www.nsdcindia.org/about-us/organization-profile.aspx.

[1133] 44th Session of the Indian Labour Conference, Ministry of Labour and Employment (New Delhi) 14-15 February 2012. Date of Access: 2 March 2012. http://labour.nic.in/lc/44thAGENDA.pdf.

[1134] 44th Session of the Indian Labour Conference, Ministry of Labour and Employment (New Delhi) 14-15 February 2012. Date of Access: 2 March 2012. http://labour.nic.in/lc/44thAGENDA.pdf.

Centres.[1135] Also, an additional INR57.39 million is to be invested in Enhancing Skill Development Infrastructure in north-eastern India.[1136]

Prime Minister Manmohan Singh, has stressed that these initiatives are also a means to influence poor students to "find it financially viable to learn a skill rather than take up a job prematurely,"[1137] and "this requires that industry and the government should work together to ensure that such students are adequately financed."[1138] Thus, India has also outlined its intention to focus its efforts on improving the employability of those most affected by the economic crisis.

On 20 April 2012, the Indian Ministry of Labour and Employment and the International Labour Organization hosted a national youth event to raise awareness on the issue of youth employment in India.[1139] The Minister of Labour and Employment Mallikarjun Kharge emphasized the importance of dealing with youth employment by stressing that this event "underlines the Government's commitment and priority attached to the issue and its potential for advancing the objective of inclusive economic growth and development."[1140]

For taking above actions, India receives a score of +1 in combating youth unemployment and promoting decent jobs.

Analyst: Harry Malhi

Indonesia: -1

Indonesia has not declared any intent to renew efforts to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis.

On 29 December 2011, Pertamina inaugurated a USD1.4 billion fuel processing plant in Central Java. Around 2,800 people were employed during its construction, and it is estimated that it will increase economic growth in the region[1141]

[1135] 44th Session of the Indian Labour Conference, Ministry of Labour and Employment (New Delhi) 14-15 February 2012. Date of Access: 2 March 2012. http://labour.nic.in/lc/44thAGENDA.pdf.

[1136] 44th Session of the Indian Labour Conference, Ministry of Labour and Employment (New Delhi) 14-15 February 2012. Date of Access: 2 March 2012. http://labour.nic.in/lc/44thAGENDA.pdf.

[1137] Youth Employment a 'High-Priority Agenda' of Govt: Manmohan, The Hindu (New Delhi) 14 February 2012. Date of Access: 2 March 2012. http://www.thehindu.com/news/national/article2892563.ece.

[1138] Youth Employment a 'High-Priority Agenda' of Govt: Manmohan, The Hindu (New Delhi) 14 February 2012. Date of Access: 2 March 2012. http://www.thehindu.com/news/national/article2892563.ece.

[1139] Entrepreneurship highlighted at national youth event in New Delhi, International Labour Organization (Geneva) 25 April 2012. Date of Access: 26 April 2012. http://www.ilo.org/global/about-the-ilo/press-and-media-centre/news/WCMS_179285/lang--en/index.htm.

[1140] Entrepreneurship highlighted at national youth event in New Delhi, International Labour Organization (Geneva) 25 April 2012. Date of Access: 26 April 2012. http://www.ilo.org/global/about-the-ilo/press-and-media-centre/news/WCMS_179285/lang--en/index.htm.

[1141] Industry gets boost from 3 new power plants, The Jakarta Post (Jakarta) 29 December 2011. Date of Access: 2 March 2012. http://www.thejakartapost.com/news/2011/12/29/industry-gets-boost-3-new-power-plants.html.

On 2 May 2012, The Indonesian Chamber of Comerce and Industry stated that the unemployment rate increases by 1.3 million every year due to the available supply and increasing demand of jobs in the country.[1142]

Indonesia has not renewed efforts to combat unemployment, especially for youth, and does not declare any intent to do so. Thus it is awarded a score of -1.

Analyst: Grabriela Martinez

Italy: +1

Italy has fully complied with its commitment to renew efforts to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis.

On 17 November 2011, newly elected Prime Minister Mario Monti pledged to target sub-standard education, training, and labour market reform in order to provide additional benefit and protection to young workers.[1143] His main goals are to improve public services, and help women and young people obtain employment.[1144]

On 9 January 2012, Italian Labour Minister Elsa Fornero met with leaders of the CISL and IUL union federations to begin discussing certain liberalizations of the labour market. These involved introducing more flexible contracts, and encouraging workers to switch jobs by expanding their access to more professional fields.[1145] Reforms would serve to narrow the gap between short-term contracts that give some workers more protection than others.[1146] After 2012, this Grow-Italy package will offer 18 month internships for students to start during their final semester of classes.[1147] On 24 January 2012, the Government of Italy adopted these reforms into Italian law.

[1142] Comment: Unemployment Increases by 1.3m (Jakarta) 2 May 2012. Date of Access: 3 May 2012. http://www.thejakartapost.com/news/2012/05/05/comment-unemployment-increases-13m.html.

[1143] New Italy PM Wins Confidence Vote on Tough Reform Plans, The Times of India (Mumbai) 18 November 2011. Date of Access: 18 February, 2012. http://timesofindia.indiatimes.com/world/europe/New-Italy-PM-wins-confidence-vote-on-tough-reform-plans/articleshow/10774587.cms.

[1144] New Italy PM Wins Confidence Vote on Tough Reform Plans, The Times of India (Mumbai) 18 November 2011. Date of Access: 18 February, 2012. http://timesofindia.indiatimes.com/world/europe/New-Italy-PM-wins-confidence-vote-on-tough-reform-plans/articleshow/10774587.cms.

[1145] Italy- Labor Reforms Under Way, Daily News. Date of Access: 18 March 2012. http://www.staffingindustry.com/eng/Research-Publications/Daily-News/Italy-Labour-reforms-under-way.

[1146] The Grow-Italy Decree Becomes Law, Italian/American Digital Project (New York) 25 January 2012. Date of Access: 23 February 2012. http://www.i-italy.org/19078/grow-italy-decree-becomes-law.

[1147] The Grow-Italy Decree Becomes Law, Italian/American Digital Project (New York) 25 January 2012. Date of Access: 23 February 2012. http://www.i-italy.org/19078/grow-italy-decree-becomes-law.

On 6 February 2012, OECD Secretary General Angel Gurría approved and agreed to work with Italy on its reform programme in order to guarantee future stability.[1148]

On 23 April 2012, the Italian government passed labour reforms to create a more flexible and inclusive labour market through a new unemployment compensation program, limits on temporary workers to encourage permanent employment, and guaranteeing gender equality by outlawing the practice of women signing open-ended resignation letters, particularly in cases of pregnancy.[1149] It also includes provisions that would allow workers to be fired more easily since rigid rules on hiring and firing discourage both employment and investment.[1150] The Italian government seeks to eliminate the "dualism" of the current labour market, whereby some employees are guaranteed jobs for life while qualified young workers can only secure unstable part-time contracts.[1151] Economists see both the lowering cost of firing workers and increasing protection for short-term contracts as encouraging companies to hire additional workers and stimulating growth.[1152]

In addition, these proposed reforms will no longer force companies to rehire workers fired for economic reasons, unless workers were unjustly fired or discriminated against.[1153] Instead, a severance of 27 days will be paid.[1154] Secretary General Angel Gurría sees these reforms as addressing the chronic unemployment and low participation rates for women in a coherent manner.[1155]

Thus, Italy receives a score of +1 for its renewed efforts to combat unemployment and promote decent jobs for youth, and others who have been most affected by the economic crisis.

Analyst: Yinan Yang

[1148] Statement by OECD's Gurría after Meeting Italian Prime Minister Mario Monti, Organization for Economic Co-operation and Development 6 February 2012. Date of Access: 18 February 2012.
http://www.oecd.org/document/17/0,3746,en_21571361_44315115_49569937_1_1_1_1,00.html.

[1149] Italy Passes Labour Market Reforms, CBC News (Toronto) 23 March 2012. Date of Access: 30 April 2012. http://www.cbc.ca/news/business/story/2012/03/23/italy-labour-reforms.html.

[1150] Monti Pulls a Thatcher, The Wall Street Journal (New York) 26 March 2012. Date of Access: 30 April 2012.
http://online.wsj.com/article/SB10001424052702303816504577305240774653740.html.

[1151] Italy Labour Market Reform: More Costs for Companies, but Opportunity for the Young, Canadian Business (Toronto) 4 April 2012. Date of Access: 30 April 2012.
http://www.canadianbusiness.com/article/78336--italy-labour-market-reform-more-costs-for-companies-but-opportunity-for-the-young.

[1152] 1159 Stuck in Recession, Italy Takes on Labour Laws that Divide the Generations, The New York Times (New York) 19 March 2012. Date of Access: 30 April 2012.
http://www.nytimes.com/2012/03/19/world/europe/italy-tackles-labor-laws-that-divide-young-and-old.html?pagewanted=all.

[1153] 1160 Italy's Reforms- Monti's Labour-Law Tangle, The Economist (London) 24 March 2012. Date of Access: 30 April 2012.http://www.economist.com/node/21551046.

[1154] 1161 Italy: OECD's Gurría Welcomes Labour Market Reforms, Organization for Economic Co-operation and Development 27 March 2012. Date of Access: 30 April 2012.
http://www.oecd.org/document/54/0,3746,en_21571361_44315115_49989430_1_1_1_1,00.html.

[1155] U.S.-Japan Dialogue to Promote Innovation, Entrepreneurship and Job Creation, Ministry of the Economy, Trade and Industry (Tokyo) 30 January 2012. Date of Access 5 March 2012
http://www.meti.go.jp/English/press/2012/0130_01.html.

Japan: +1

Japan has fully complied with its commitments to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis.

On 18 November 2011, the Ministry of Health, Labour and Welfare outlined the third stage of its "Japan as One"[1156] Work Project, a series of countermeasures against the employment impact of the 2011 earthquake. The third stage of the project includes subsidizing small and medium-sized businesses and agricultural, forestry and fishery industries, supporting industrial development and employment, training personnel who contribute to reconstruction, and supporting the placement of disaster victims into stable jobs. A total of JPY6.1 trillion (USD75.1 billion) has been pledged, and around 580,000 jobs are expected to be created or supported.[1157]

On 26 January 2012, the Ministry of Economy, Trade and Industry and the U.S. Department of State launched a bilateral U.S.-Japan Innovation and Entrepreneurship Council comprised of government and private sector leaders to promote technological innovation and generate jobs and economic growth.[1158]

On 15 February 2012, the Ministry of Health, Labour and Welfare released its draft budget for the 2012 fiscal year, which included measures to promote employment and decent jobs, including a JPY11.2 billion (USD1.3 billion) "Project to Promote Employment of College Students" targeting enrolled university students to reduce the number of unemployed graduates and a JPY6.5 billion "Youth Step-Up Program" to provide trial employment and training to "freeters," young underemployed workers who cannot find full-time work.[1159]

Japan has renewed efforts to combat unemployment and promote decent jobs, especially for youth. Thus, it is awarded a score of +1.

Analyst: James Li

Korea: 0

Korea has partially complied with its commitment to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis.

On 4 November 2011, Employment and Labour Minister Lee Chae-pil held an information session for CEOs and personnel managers of foreign-invested companies in Korea. Lee encouraged these companies to create more and better jobs in Korea.[1160]

[1156] 'Japan As One' Work Project - Outline of the Measures Taken in the 3rd Stage of the Project, Ministry of Health, Labour and Welfare (Tokyo) 18 November 2011. Date of Access 5 March 2012. http://www.mhlw.go.jp/english/topics/2011eq/japan_as_one.html.

[1157] 'Japan As One' Work Project - Outline of the Measures Taken in the 3rd Stage of the Project, Ministry of Health, Labour and Welfare (Tokyo) 18 November 2011. Date of Access 5 March 2012. http://www.mhlw.go.jp/english/topics/2011eq/japan_as_one.html.

[1158] U.S.-Japan Dialogue to Promote Innovation, Entrepreneurship and Job Creation, Ministry of Economy, Trade and Industry (Tokyo) 30 January 2012. Date of Access 5 March 2012. http://www.meti.go.jp/english/press/2012/0130_01.html.

[1159] The Outline of the Draft Budget for Fiscal Year 2012, Ministry of Economy, Trade and Industry (Tokyo) 15 February 2012. Date of Access 5 March 2012. http://www.mhlw.go.jp/english/new-info/2012.html.

[1160] Minister Lee Chae-pil Asks Foreign Firms in Korea to Create More and Better Jobs, Ministry of Employment and Labour (Seoul) 16 November 2011. Date of Access 5 March 2012. http://www.moel.go.kr/english/topic/employment_policy_view.jsp?&idx=866.

On 22 November 2011, the National Assembly passed the Korea-U.S. Free Trade Agreement ratification bill after six years of negotiation. The Korea Institute for International Economic Policy projects that 350,000 jobs will be created in Korea.[1161] On the other hand, the Korea Rural Economic Institute predicts that imports will cause the loss of 130,000 jobs in the agricultural sector.[1162]

On 8 December 2011, the Ministry of Employment and Labour launched a task force that will establish a plan for a more "hopeful workplace," addressing outdated labour practices like long work hours and unreasonable pay schemes.[1163]

On 8 February 2012, the Ministry of Employment and Labour started a youth internship program supporting youth interested in starting a business by providing training from entrepreneurs.[1164]

Korea is in the process of renewing efforts to combat unemployment and promote decent jobs, especially for youth. Thus, it is awarded a score of 0.

Analyst: James Li

Mexico: +1

Mexico has fully complied with its commitment to renew efforts to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis.

On 17 November 2011, the Ministry of Economic Development proposed the implementation of *Programa Empleo Joven* which aims to directly generate jobs for citizens between 18 and 29 years of age that reside in Mexico City. This program consists of offering a complimentary minimum wage for up to six months to young workers that have been hired for at least one year in small cap and medium cap companies in Mexico City. It also aims to provide financing at a preferential monthly rate of 0.5% to new businesses led by young entrepreneurs in the Federal District in order to generate jobs for young entrepreneurs. It is estimated that this program will benefit 76 million youth and will create more than a thousand new businesses.[1165]

[1161] U.S. FTA to Boost exports, Hurt Farming, Services, Korea Herald (Seoul) 22 February 2012. Date of Access 5 March 2012. http://www.koreaherald.com/national/Detail.jsp?newsMLId=20120222001029.

[1162] South Korea/US: FTA Jumps Major Hurdles, Faces Others, New York Times (New York) 3 April 2007. Date of Access 5 March 2012. http://www.nytimes.com/2007/04/03/news/03iht-oxan.0403.5124955.html.

[1163]MOEL Launches Task Force to Create Hopeful Workplace, Ministry of Employment and Labour (Seoul) 22 December 2011. Date of Access 5 March 2012. http://www.moel.go.kr/english/topic/employment_policy_view.jsp?&idx=883.

[1164] MOEL Starts Youth Job-Creation Internship Program for 2012, Ministry of Employment and Labour (Seoul) 8 February 2012. Date of Access 5 March 2012. http://www.moel.go.kr/english/topic/employment_policy_view.jsp?&idx=900.

[1165] Conferencia de prensa con motivo de la solicitud a la ALDF para crear el Fondo para el Programa Empleo Joven en el Distrito Federal, Secretaria de Desarrollo Economico (Ciudad de Mexico) 17 November 2012. Date of Access: 29 February 2012. http://www.sedecodf.gob.mx/sedeco/index.php/es/the-news/101-conferencia-de-prensa-con-motivo-de-la-solicitud-a-la-aldf-para-crear-el-fondo-para-el-programa-empleo-joven-en-el-distrito-federal.html.

On 25 January 2012, The National Employment Service stated it would continue to allocate scholarships through the program *Bécate* to youth seeking work experience and training in small, medium, and large cap companies such as Nissan. The Secretary of Labor and Social Welfare stated that this year MXN1 billion would be allocated to this scholarship, which will benefit 220,000 people seeking training and experience in formal enterprises.[1166]

On 17 February 2012, The Ministry of Labour and Social Welfare stated that this year the Ministry aims to help more than 4 million people obtain jobs through the National Employment Service and will match at least 1 million with a stable job.[1167]

On 26 February 2012, the Ministry of Labour and Social Welfare introduced the Day of Employment Support Zacatecas 2012, which benefited 4,700 people with formal employment, training to raise their skill level, and the delivery of machinery to promote self-employment.[1168]

On 28 February 2012, the Ministry of Social Development (SEDESOL), through the already established Temporary Employment Program (PET), launched the national "Young Builders" campaign that will generate 809,000 temporary jobs among youth living in the streets in marginalized states such as Chiapas, Chihuahua, Puebla and Veracruz. This campaign seeks to reintegrate youth living on the streets through training and skill development that will allow them to access greater economic wellbeing.[1169]

Mexico has expressed intent and has renewed efforts to combat unemployment, placing great emphasis on promoting decent jobs for youth. Thus, Mexico has been awarded a score of +1.

Analyst:Grabriela Martinez

Russia: +1
Russia has fully complied with its commitment on reducing unemployment.

Russia has taken measures to renew its efforts to combat unemployment and promote decent jobs.

[1166] La Secretaria del Trabajo y Prevision Social Destina Mil Millones de Pesos en Becas Laborales, Con Lo Que Se Beneficia A 200 Mil Personas, Secretaria Del Trabajo y Prevision Social (Mexico City) 25 January 2012. Date of Access: 29 February 2012. http://www.stps.gob.mx/bp/secciones/sala_prensa/boletines/2012/enero/bol_006.html.
[1167] El Servicio Nacional De Empleo Promueve Acciones Para Coloar A Mas Mexicanos En el Mercado Laboral: Rosalinda Velez Juarez (Ciudad Juarez) 17 February 2012. Date of Access: 3 May 2012.
http://www.stps.gob.mx/bp/secciones/sala_prensa/boletines/2012/febrero/bol_016.html.
[1168] Con La Jornada de Apoyo al Empleo Zacatecas 2012 Se Beneficiaran a 4,700 Personas (Zacatecas) 26 January 2012. Date of Access: 3 May 2012.
http://www.stps.gob.mx/bp/secciones/sala_prensa/boletines/2012/febrero/bol_017.html.
[1169]Rescata Empleo Temporal a Los Jovenes De La Calle, Secretaria de Desarrollo Social (Mexico DF) 28 Febrero 2012. Date of Access: 29 February 2012.
http://www.sedesol.gob.mx/es/SEDESOL/Sintesis_Informativa?uri=http%3A%2F%2Fwww.SEDESOL.swb%23swbpress_Content%3A536&cat=http%3A%2F%2Fwww.SEDESOL.swb%23swbpress_Category%3A1.

On 8 November 2011, Russian President signed the federal law providing for mandatory establishment of boards of trustees in universities.[1170] One of the main objectives of these boards is giving universities an opportunity to monitor labour market demands to ensure that their education programs provide graduates with relevant competencies.[1171]

On 30 November 2011, Russian President signed the federal law aimed at improving government employment policies, including by strengthening interagency cooperation between federal and regional authorities and setting up federal standards of employment promotion.[1172]

On 5 December 2011, the Russian Ministry of Health and Social Development adopted the Rules of Assessment of Quality and Accessibility of State Services in the Area of Employment Promotion. According to the Rules the Ministry of Health and Social Development will carry out an annual assessment of the Government activities aimed at promotion of personnel selection, training, retraining, public works, selfemployment, etc.[1173]

Russia has taken measures to combat unemployment and promote decent jobs. Thus, it has been awarded a score of +1.

Analyst: Mark Rakhmangulov

Saudi Arabia: 0

Saudi Arabia has partially complied with its commitments to renew its efforts to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis.

On 4 February 2011, International Monetary Fund Managing Director Christine Lagarde reported on her visit to Saudi Arabia, specifically in the area of Saudi Arabia's job creation initiatives. Lagarde affirmed that challenges still remain but concluded that Saudi Arabia has made job creation a clear priority.[1174] Furthermore, she commented that initiatives were underway to assure job creation in 2012.[1175]

On 25 January 2012, The International Trade Union Confederation published a report finding that Saudi Arabia was in violation of core labour standards. The report detailed that Saudi's were

[1170] The Law On Higher and Postgraduate Professional Education is amended, Office of the President of Russia (Moscow) 8 November 2011. Date of Access: 3 April 2012. http://kremlin.ru/acts/13417.

[1171] Meeting of Commission for Modernisation and Technological Development of Russia's Economy, Office of the President of Russia (Moscow) 26 September 2011. Date of Access: 3 April 2012. http://eng.kremlin.ru/news/2857.

[1172] Certain legislative acts have been amended, Office of the President of Russia (Moscow) 2 December 2011. Date of Access: 3 April 2012. http://kremlin.ru/acts/13782.

[1173] Order No. 1490, GARANT 27 December 2011. Date of Access: 3 April 2012. http://www.garant.ru/products/ipo/prime/doc/70008920/.

[1174] Statement by IMF Managing Director Christine Lagarde at the Conclusion of her Visit to Saudi Arabia. International Monetary Fund (Washington D.C.) 4 February 2012. Date of Access: 25 February 2012. http://www.imf.org/external/np/sec/pr/2012/pr1236.htm.

[1175] Statement by IMF Managing Director Christine Lagarde at the Conclusion of her Visit to Saudi Arabia. International Monetary Fund (Washington D.C.) 4 February 2012. Date of Access: 25 February 2012. http://www.imf.org/external/np/sec/pr/2012/pr1236.htm.

allowed to form worker's committee's to voice their concerns but were outlawed from unionizing, collective bargaining and striking.[1176]

Saudi Arabia has recently restricted the amount of migrant workers entering the country in an attempt to address the issue of youth unemployment. Additionally, Saudi Arabia implemented new minimum wage laws for migrant workers in the country after being pressured by the Philippine government.[1177]

In 2012, Saudi Arabia has attempted to invest its economic gains in citizens by providing its citizens with job fairs. Additionally, the government continues to pressure small businesses to hire more Saudi citizens in an attempt to reduce unemployment, especially among the youth.[1178]

The government of Saudi Arabia has also begun to communicate with national universities in an attempt to find ways to make educated Saudis more employable in the nation.[1179]

The Saudi Arabian Ministry of Labour has created guiding councils in an effort to find employment for women in the nation. These councils concluded that the most important sectors where women could find work were education, health, and commerce.[1180]

Thus, Saudi Arabia is in the process of reducing the unemployment of its citizens. Many of these efforts have been aimed at the nation's youth as well as its female population. As such, it has been awarded a score of 0.

Analyst: Ryan Donnelly

South Africa: +1

South Africa has fully complied with its commitment to renew efforts to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis.

South Africa's Democratic Alliance followed up on an earlier statement and will table an amendment to the Budget in the Standing Committee of Finance which will call for a government subsidy for youth wages. The National Treasury believes this subsidy will help to create 423 000 jobs for youth in the nation.[1181]

[1176] Saudi Arabia bans trade unions and violates all international labour standards. International Trade Union Confederation (Brussels) 25 January 2012. Date of Access: 25 February 2012. http://www.ituc-csi.org/saudi-arabia-bans-trade-unions-and.html.

[1177] Seeking Safeguards for Unskilled Workers Abroad. The Wall Street Journal (New York) 6 February 2012. Date of Access: 25 February 2012. http://online.wsj.com/article/SB10001424052970203735304577166431120402026.html.

[1178] Fairs make job search easier. The Arab News (Jeddah). Date of Access: 25 February 2012. http://arabnews.com/saudiarabia/article570460.ece.

[1179] Fairs make job search easier. The Arab News (Jeddah). Date of Access 25 February 2012. http://arabnews.com/saudiarabia/article570460.ece.

[1180] Saudi - Labor Ministry sets up council to advise women on jobs. The Arab News (Jeddah) 25 February 2012. Date of Access: 25 February 2012. http://www.menafn.com/qn_news_story_s.asp?storyid=1093486667.

[1181] South Africa: DA to Table Budget Amendment to Fund Youth Wage Subsidy in 2012. All Africa (Washington D.C.) 23 February 2012. Date of Access: 25 February 2012. http://allafrica.com/stories/201202240166.html.

The 2012 South African budget allocated R429 million to the Labour Department for inspection and enforcement services. The department hopes to inspect 130 000 workplaces to assure that they are in compliance with labour standards. The department believes that such inspections will help to protect workers against abuses from employers caused by an unstable global market.[1182]

The 2012 South African budget also allocated money to a new Jobs Fund. This fund is designed to alleviate poverty through education and an increase in skills development training.[1183]

South Africa has taken active steps to promote decent employment for those working within its borders. Additionally the government has addressed the issue of youth unemployment. The 2012 South African budget proactively attempts to set up programs to link education and employment and protect labour rights which assure decent employment. As such South Africa has been awarded a score of +1.

Analyst: Ryan Donnelly

Turkey: +1

Turkey has fully complied with its commitment to renew efforts in combating unemployment and promoting decent jobs, especially for youth and others who have been most affected by the economic crisis.

In 2007, 2009, and 2011, Turkey stated one of its primary priorities as improving educational achievements in accordance to labour market needs, funding schools on a per-pupil basis, and giving students greater managerial skills and responsibility.[1184] In 2010, the Government of Turkey issued an Action Plan to Strengthen Links between Vocational Education and Employment in order to create a national skills classification system, revise vocational school curricula based on skill groups, and facilitate closer cooperation between the government and employers on new vocational courses.[1185] No renewal efforts have been carried out during the current compliance period.

Turkey has taken measures to promote decent temporary jobs to those affected by the economic crisis. On 3 March 2012, the province of Batman announced it would hire 960 new workers on a four-month period in a variety of public positions. Job openings are available in education, forestry, water works, as well as environmental and museum directorates.[1186]

On 30 March 2012, a new education bill was adopted to extend compulsory education from eight years to twelve, and will divide the years into four of primary school, four of middle school, and

[1182] Budget Speech 2012.Sunday Times (Johannesburg). Date of Access: 25 February 2012. http://www.timeslive.co.za/local/2012/02/22/budget-speech-2012.

[1183] Budget Speech 2012.Sunday Times (Johannesburg). Date of Access: 25 February 2012. http://www.timeslive.co.za/local/2012/02/22/budget-speech-2012.

[1184] Economic Policy Reforms 2012: Going for Growth Turkey Country Note, Organization for Economic Co-operation and Development 24 February 2012. Date of Access: 2 March 2012. http://www.oecd.org/dataoecd/34/13/49654280.pdf.

[1185] Economic Policy Reforms 2012: Going for Growth Turkey Country Note, Organization for Economic Co-operation and Development (Geneva) 24 February 2012. Date of Access: 2 March 2012. http://www.oecd.org/dataoecd/34/13/49654280.pdf.

[1186] 14,000 Apply For Job Opening of 960 in Southeast Turkey, HürriyetDaily News (Istanbul) 3 March 2012. Date of Access: 4 March 2012. http://www.hurriyetdailynews.com/14000-apply-for-job-opening-of-960-in-southeast-turkey.aspx?pageID=238&nID=15175&NewsCatID=347.

four of high school.[1187] It also presented the option of enrolling students in vocational school starting from grade five.[1188] The bill aims to improve the transition process from education to employment while overcoming the education deficit in Turkey since 40% of the country's 15 year olds lack mathematic literacy.[1189]

On 5 April 2012, Prime Minister Recep Tayyip Erdogan announced a new incentive scheme to induce local and foreign investments while supporting underdeveloped regions.[1190]Provinces will be ranked according to socio-economic development, and will fall into one of the six 'priority of incentives' groups.[1191] The lowest ranking regions will receive more governmental support, including payments for employee insurance costs on minimum wages for ten years.[1192] The government also stated that it will make strategic investments involving education, transportation, and mining regardless of priority groups.[1193]

Thus, Turkey receives a score of +1 for advancing efforts in combating youth unemployment and promoting short-term jobs to those who have been affected by the economic crisis.

Analyst: Yinan Yang

United Kingdom: +1

The United Kingdom has fully complied with its commitment to renew efforts to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis.

On 25 November 2011, the Government of the United Kingdom adopted a GBP1billion Youth Contract programme to tackle youth unemployment. The programme is to be effective over a span of three years starting in April 2012, and will offer at least 410,000 new work opportunities

[1187] What's 4+4+4?, The New York Times (New York) 23 March, 2012. Date of Access: 30 April 2012. http://latitude.blogs.nytimes.com/2012/03/23/turkeys-education-reform-bill-is-about-playing-politics-with-pedagogy/.

[1188] Turkish Lawmakers Adopt Controversial Education Bill, The Times of Israel (Jerusalem) 30 March 2012. Date of Access: 30 April 2012. http://www.timesofisrael.com/turkish-lawmakers-adopt-controversial-education-bill/.

[1189] What's 4+4+4?, The New York Times (New York) 23 March, 2012. Date of Access: 30 April 2012. http://latitude.blogs.nytimes.com/2012/03/23/turkeys-education-reform-bill-is-about-playing-politics-with-pedagogy/.

[1190]Turkey's New Incentive Scheme to Balance Regional Income, Investment Support and Promotion Agency of Turkey (Ankara) 6 April 2012. Date of Access: 30 April 2012. http://www.invest.gov.tr/en-US/infocenter/news/Pages/060412-turkey-unveils-new-incentive-scheme.aspx.

[1191] Turkey's New Incentive Scheme to Balance Regional Income, Investment Support and Promotion Agency of Turkey (Ankara) 6 April 2012. Date of Access: 30 April 2012. http://www.invest.gov.tr/en-US/infocenter/news/Pages/060412-turkey-unveils-new-incentive-scheme.aspx.

[1192] Turkey's New Incentive Scheme to Balance Regional Income, Investment Support and Promotion Agency of Turkey (Ankara) 6 April 2012. Date of Access: 30 April 2012. http://www.invest.gov.tr/en-US/infocenter/news/Pages/060412-turkey-unveils-new-incentive-scheme.aspx.

[1193] Turkey's New Incentive Scheme to Balance Regional Income, Investment Support and Promotion Agency of Turkey (Ankara) 6 April 2012. Date of Access: 30 April 2012. http://www.invest.gov.tr/en-US/infocenter/news/Pages/060412-turkey-unveils-new-incentive-scheme.aspx.

for youths between the ages of 18 and 24.[1194] A wage subsidy of GBP2,275 will be given to employers for each young worker they employ.[1195] Deputy Prime Minister Nick Clegg stated the aim of the Youth Contract is to "get every unemployed younger person earning or learning again before long term damage is done."[1196]

On 21 February 2012, the youth employment scheme, a GBP126 million government scheme, part of the larger Youth Contract, opened for applications. This allows all charities and companies to apply to receive funding towards providing unemployment training for youths between the ages of 16 and 17.[1197]

On 2 April 2012, the Youth Contract became officially open to businesses. It was signed by some of the biggest companies in Britain, including Morrison's, E-On, Phones4U, and Barclays to help 50,000 unskilled workers enter the workplace in the next three years.[1198] Responding to the contract's wage incentives will create new employment positions for those under 25 and enable smaller businesses to recruit apprentices through new Apprenticeship Grants for Employers.[1199] As a result of these measures, the Director General of the British Chamber of Commerce believes the contract will give employers greater confidence to invest in younger workers.[1200]

On 21 March 2012, Chancellor George Osborne announced that five of the 21 enterprise zones: Irvine, Nigg, Dundee, London's Royal Docks, and Deeside will be given the ability to write off more of their investments against taxes.[1201] This GBP20 million plan would increase economic activity by creating 7500 new jobs in London, and up to 9000 in the remaining four zones.[1202]

[1194] £1 billion Youth Contract, Department for Business Innovation & Skill (London) 25 November 2011. Date of Access: 23 February 2012. http://www.bis.gov.uk/news/topstories/2011/Nov/dpm-announces-1bn-youth-contract.

[1195] £1 billion Youth Contract, Department for Business Innovation & Skill (London) 25 November 2011. Date of Access: 23 February 2012. http://www.bis.gov.uk/news/topstories/2011/Nov/dpm-announces-1bn-youth-contract.

[1196] £1 billion Youth Contract, Department for Business Innovation & Skill (London) 25 November 2011. Date of Access: 23 February 2012. http://www.bis.gov.uk/news/topstories/2011/Nov/dpm-announces-1bn-youth-contract.

[1197] Youth Employment Scheme Open for Applications from Charities and Companies, Third Sector (Online) 21 February 2012. Date of Access: 3 March, 2012. http://www.thirdsector.co.uk/news/1118155/Youth-employment-scheme-open-applications-charities-companies/.

[1198] Boost for Unemployed Young People as Youth Contract Opens for Business, Department for Work and Pensions (London) 2 April 2012. Date of Access: 30 April 2012.http://www.dwp.gov.uk/newsroom/press-releases/2012/apr-2012/dwp031a-12.shtml.

[1199] Boost for Unemployed Young People as Youth Contract Opens for Business, Department for Work and Pensions (London) 2 April 2012. Date of Access: 30 April 2012. http://www.dwp.gov.uk/newsroom/press-releases/2012/apr-2012/dwp031a-12.shtml.

[1200] Boost for Unemployed Young People as Youth Contract Opens for Business, Department for Work and Pensions (London) 2 April 2012. Date of Access: 30 April 2012. http://www.dwp.gov.uk/newsroom/press-releases/2012/apr-2012/dwp031a-12.shtml.

[1201] Budget 2012: Enterprise Zone Investors to Get Extra Support, The Guardian (London) 21 March 2012. Date of Access: 30 April 2012. http://www.guardian.co.uk/uk/2012/mar/21/budget-2012-enterprise-zone-investors-extra-support.

[1202] Budget 2012: Enterprise Zone Investors to Get Extra Support, The Guardian (London) 21 March 2012. Date of Access: 30 April 2012. http://www.guardian.co.uk/uk/2012/mar/21/budget-2012-enterprise-zone-investors-extra-support.

On 18 April 2012, a new Enterprise Capital Fund (ECF), Notion Capital, was established to target high-growth cloud computing and Software-as-a-Service companies.[1203] As the 11th and largest ECF with over GBP62.9 million already committed by private investors, the new fund will support small and medium-sized enterprises by helping them expand and grow. The Government of the United Kingdom has committed a total of GBP200 million to the Enterprise Capital Fund programme in the next four years with further funds to be announced.[1204]

The United Kingdom also aims to promote decent jobs for others who have been affected by the economic crisis. On 29 November 2011, the Government of the United Kingdom reaffirmed its policy objective as achieving a strong, sustainable, and balanced growth through four ambitions: creating the most comprehensive tax system in the G20, making the UK the best place in Europe to start, finance, and grow a business, encouraging investments and exports for a more balanced economy, and creating a more educated workforce that is flexible throughout Europe.[1205]

Thus, the United Kingdom receives a score of +1 for its renewed efforts to combat unemployment and promote decent jobs for youth, and others who have been most affected by the economic crisis.

Analyst: Yinan Yang

United States: +1

The United States has fully complied with its commitment to renew efforts to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis.

On 5 January 2012, Barack Obama, the president of the United States, stressed "America's young people face record unemployment, and we need to do everything we can to make sure they've got the opportunity to earn the skills and a work ethic that come with a job. It's important for their future, and for America's."[1206]

The White House has exemplified this issue as a top priority by creating a new program called Summer Jobs+ to provide employment for youth from low-income families in the summer of 2012.[1207] The federal government planned for 180,000 employment opportunities from the private

[1203] New Enterprise Capital Fund Launched for SME's, Regionalplus (Online) 18 April 2012. Date of Access: 30 April 2012. http://www.regionplus.co.uk/2012/04/new-enterprise-capital-fund-launched-for-smes/.

[1204] Boost for Unemployed Young People as Youth Contract Opens for Business, Department for Work and Pensions (London) 2 April 2012. Date of Access: 30 April 2012. http://www.dwp.gov.uk/newsroom/press-releases/2012/apr-2012/dwp031a-12.shtml.

[1205] Growth Review, UK's Economics & Finance Ministry (London) 19 November 2011. Date of Access: 23 February 2012. http://www.hm-treasury.gov.uk/ukecon_growth_index.htm.

[1206] We Can't Wait: The White House Announces Federal and Private Sector Commitments to Provide Employment Opportunities for Nearly 180,000 Youth, The White House (Washington) 5 January 2012. Date of Access: 9 March 2012. http://www.whitehouse.gov/the-press-office/2012/01/05/we-cant-wait-white-house-announces-federal-and-private-sector-commitment

[1207] Youth Services, United States Department of Labor (Washington) 5 March 2012. Date of Access: 9 March 2012. http://www.doleta.gov/youth_services/.

and public sector for youth for the summer of 2012.[1208] The federal government hopes to reach 250,000 employment opportunities by the summer of 2012.[1209]

Moreover, the Government of the United States invested USD1.5 billion in full time year-round jobs for youth between the ages of 16-24 as part of the Pathways Back to Work fund.[1210] In addition to providing jobs to low-income youth, the government proposed to create apprenticeship programs and to provide training to promote decent jobs.[1211]

In order to reinforce its commitment to combating youth unemployment, the Government of the United States indicated their intentions to launch Summer Jobs+ Bank, a search tool with access to job postings.[1212]

Thus, the United States receives a score of +1 for its renewed efforts to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis.

Analyst: Semra Sevi

European Union: +1

The European Union has fully complied with its commitments to renew its efforts to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis.

On 30 January 2012, EU leaders met at the European Council Summit to discuss sustainable job growth. They concluded that they needed to emphasize youth education and allocate funds to areas of the EU with the highest youth unemployment, most notably Spain. They also affirmed to make cross border youth employment easier to better facilitate job growth.[1213]

On 17-18 November 2011, the European Commission organized a conference to deal with youth specific social inclusion. Included in this conference was a discussion on combating long term youth unemployment. The Commission put forward recommendation to integrate education and

[1208] Youth Services, United States Department of Labor (Washington) 5 March 2012. Date of Access: 9 March 2012. http://www.doleta.gov/youth_services/.

[1209] We Can't Wait: The White House Announces Federal and Private Sector Commitments to Provide Employment Opportunities for Nearly 180,000 Youth, The White House (Washington) 5 January 2012. Date of Access: 9 March 2012. http://www.whitehouse.gov/the-press-office/2012/01/05/we-cant-wait-white-house-announces-federal-and-private-sector-commitment.

[1210] Youth Services, United States Department of Labor (Washington) 5 March 2012. Date of Access: 9 March 2012. http://www.doleta.gov/youth_services/.

[1211] The American Jobs Act: Impact For Youth And The Economy, The White House. Date of Access: 9 March 2012. http://www.whitehouse.gov/sites/default/files/youth_jobs_factsheet.pdf.

[1212] We Can't Wait: The White House Announces Federal and Private Sector Commitments to Provide Employment Opportunities for Nearly 180,000 Youth, The White House (Washington) 5 January 2012. Date of Access: 9 March 2012. http://www.whitehouse.gov/the-press-office/2012/01/05/we-cant-wait-white-house-announces-federal-and-private-sector-commitment.

[1213] Statement of the Members of the European Council 30 January 2012 - Towards Growth-Friendly Consolidation and Jon-Friendly Growth. The European Council (Brussels) 30 January 2012. Date of Access: 25 February 2012. http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/127599.pdf.

labour market policies that might make hiring educated youth easier and more attractive for businesses.[1214]

On December 13 2011, The Netherlands became the sixth EU member to ratify the Maritime Labour Convention which asserts the right to collective bargaining and other International Labour Organization recognized labour rights. In ratifying the convention, the Netherlands continues to promote decent jobs for those in the affected industries.[1215]

On the 21 November, the EU Fundamental Rights Agency conference addressed the issue of migrant workers in Europe. They publicly advocated for numerous suggestions for the end of worker exploitation, worker access to legal remedies in case of the breach of labour standards and assurances of the protection of the rights of the child.[1216]

The European Union has taken active steps to promote decent employment for those working within its borders. Additionally the EU has addressed the issue of youth unemployment and has drafted new ideas to address it and affirmed older commitments to reduce it. As such, the EU has been awarded a score of +1.

Analyst: Ryan Donnelly

[1214] Conference on 'Youth and Social Inclusion'. The European Commission (Brussels) 18 November 2011. Date of Access: 25 February 2012. http://ec.europa.eu/social/main.jsp?catId=956&langId=en&eventsId=384&furtherEvents=yes.

[1215] The Netherlands ratifies the Maritime Labour Convention, 2006. International Labor Organization (Geneva) 13 December 2011. Date of Access: 25 February 2012. http://www.ilo.org/global/standards/maritime-labour-convention/WCMS_170003/lang--en/index.htm.

[1216] Fundamental Rights Conference 2011 - 'Dignity and rights of irregular migrants'. European Union Agency for Fundamental Rights (Vienna). Date of Access: 25 February 2012. http://fra.europa.eu/fraWebsite/attachments/FRA-2011-FRC-summary-conclusions_EN.pdf.

Trade [46]

Commitment: [#46]

"We reaffirm our standstill commitments until the end of 2013, as agreed in Toronto, commit to roll back any new protectionist measure that may have risen, including new export restrictions and WTO-inconsistent measures to stimulate exports"

G20 Cannes Summit Declaration

Assessment:

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

Background:

A commitment to refrain from imposing protectionist barriers to trade has been a feature of G20 summit documents since the initial post-crisis summit in Washington. The Washington commitment was extended at London until the end of 2010. It was next renewed at Toronto until the end of 2013. The reiterated commitment is to "refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing World Trade Organization (WTO) inconsistent measures to stimulate exports."[1217]

States have historically tended to resort to protectionism in times of economic uncertainty. The recent global financial crisis raised concerns that major economic actors would raise barriers to trade and investment, particularly in response to rising unemployment, and that these would act as "sand in the gears of international trade."[1218]

[1217] Declaration of the Summit on Financial Markets and the World Economy, G20 Summit (Washington), 15 November 2008. Date of Access: 3 February 2012. http://www.g20.utoronto.ca/2008/2008declaration1115.html.

[1218] G20 governments refrain from extensive use of restrictive measures, but some slippage evident, World Trade Organization (Geneva) 14 September 2009. Date of Access: 3 February 2012. www.wto.org/english/news_e/news09_e/trdev_14sep09_e.htm.

At Washington the G20 members declared "the critical importance of rejecting protectionism and not turning inward in times of financial uncertainty."[1219] Their success is uncertain. According to the WTO, the period from October 2010 to April 2011 saw more trade restrictions introduced than during any period since the beginning of the financial crisis.[1220]

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 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 October 2010 to April 2011, released in May 2011.[1221] The OECD and UNCTAD have also been active in tracking protectionism among G20 members and released their most recent report on G20 investment measures, covering April to October 2011, in October 2011.[1222]

Commitment features:
There are two parts to this commitment that will together determine compliance. The first is to "reaffirm our standstill commitments until the end of 2013, as agreed in Toronto." The second is to "roll back any new protectionist measure that may have risen." The methodology for this commitment is therefore twofold, with a compliance score for both parts of this commitment that together determine a final score.

For a determination of full compliance, or +1, a country must have combined scores of either (+1,+1) or (+1,0). For partial compliance, or 0, a country must score (+1,-1) or (0,0). For non-compliance, or -1, a country must score (-1,-1) or (0,-1). See Table 10 for this determination.

Table 10: Dual Scoring Methodology

Final score		Second sub-commitment scores		
		-1	0	+1
First sub-commitment scores	-1	-1	-1	0
	0	-1	0	+1
	+1	0	+1	+1

The first part of the commitment, to "reaffirm our standstill commitments until the end of 2013, as agreed in Toronto," is called sub-commitment one. The second, to "roll back any new protectionist measure that may have risen," is called sub-commitment two. The scoring of each part will be determined by a separate methodology. However, analysts consider proportionality when making a final determination. For example, if Argentina scores -1 for sub-commitment one because of 21 newly imposed barriers to trade but scores +1 because it rolled back 2 barriers

[1219] Declaration of the Summit on Financial Markets and the World Economy, G20 Summit (Washington), 15 November 2008. Date of Access: 3 February 2012. http://www.g20.utoronto.ca/2008/2008declaration1115.html.
[1220] Protectionist pressures on the rise, latest G20 monitoring report says, World Trade Organization (Geneva) 24 May 2011. Date of Access: 3 February 2012. http://www.wto.org/english/news_e/news11_e/igo_24may11_e.htm.
[1221] Protectionist pressures on the rise, latest G20 monitoring report says, World Trade Organization (Geneva) 24 May 2011. Date of Access: 3 February 2012. http://www.wto.org/english/news_e/news11_e/igo_24may11_e.htm.
[1222] Sixth Report on G20 Investment Measures, OECD and UNCTAD (Geneva) 25 October 2011. Date of Access: 3 February 2012. http://www.unctad.org/en/docs/unctad_oecd2011d6_en.pdf .

imposed since the Toronto Summit, Argentina will receive a total score of -1 to reflect its dominant non-compliant policies.

Sub-commitment one

This commitment refers to protectionist policies enacted after the Cannes Summit in three distinct forms of protectionism.

> First, G20 members have committed to refrain from imposing new barriers to investment or trade in goods and services. The WTO defines "Tariffs, non-tariff measures, subsidies and burdensome administrative procedures regarding imports" as barriers that limit global flows of goods and services.[1223]
>
> Second, G20 members have committed to refrain from imposing new export restrictions. Export restrictions are voluntary or imposed restrictions on a country's exports, which are often intended to prevent goods being exported in the face of a domestic shortage or in order to manipulate current-account balances. Of increasing concern to the WTO are restrictions imposed on food products and minerals in the form of export taxes or quotas.[1224]
>
> Third, G20 members have committed to refrain from implementing 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 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 subsides that hurt rival exporters from another country when the two compete in third markets.[1225]

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 will be calculated using the number of protectionist measures recorded by analysts. 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[1226] 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

[1223] G20 governments refrain from extensive use of restrictive measures, but some slippage evident, World Trade Organization (Geneva) 14 September 2009. Date of Access: 2 February 2012. www.wto.org/english/news_e/news09_e/trdev_14sep09_e.htm.

[1224] Report on G20 Trade Measures (Mid-October 2010 to April 2011), World Trade Organization (Geneva) 11 May 2011. Date of Access: 3 February 2012. http://www.wto.org/english/news_e/news11_e/igo_24may11_e.htm.

[1225] Understanding the WTO - Anti-dumping, subsidies, safeguards: contingencies, etc (Geneva) 1 January 2005. Date of Access: 2 February 2012. www.wto.org/english/thewto_e/whatis_e/tif_e/agrm8_e.htm#subsidies.

[1226] This methodology was developed in the 2010 Seoul G20 Summit Final Compliance Report.

threshold, but is instead based on the average rate of non-compliance among G20 members. At the same time analysts are aware that this compliance measure strongly depends on the data completeness and non-inclusion of facts in the report can change the member scores.

This methodology is distinct from that employed by the WTO, OECD and 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 measures in their respective annexes, which this report considers when analyzing the number of protectionist policies imposed by G20 members since the Cannes Summit.

This report considers all tariffs, export restrictions, investment restrictions, and WTO-inconsistent subsidies, anti-dumping measures and investigations, and other countervailing measures as instances of protectionism, which is consistent with the methodology employed by the WTO.

Since this methodology depends on aggregate data to determine compliance, analysts are instructed to prepare a compliance report that does not include a score but is otherwise complete. Analysts should include a topic sentence related to scoring that ends with an ellipsis (…) in order to facilitate the input of final scores.

Scoring Guidelines for sub-commitment one:

-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.

Sub-commitment two

This sub-commitment refers to the "rolling back" of protectionist measures introduced since the Toronto Summit. Measures that have been rolled back during this compliance period are therefore those that were introduced between Toronto and Cannes. In the instance that a country did not introduce a protectionist measure in this period, this sub-commitment is not applicable (see Table 11).

The scope of protectionist measures will be the same as those outlined above in sub-commitment one: (1) barriers to investment or trade in goods and services; (2) export restrictions; or (3) World Trade Organization (WTO)-inconsistent measures to stimulate exports.

The term "roll back" is interpreted to mean a complete repeal or an amendment that significantly alters the original intent of the policy.

Scoring Guidelines for sub-commitment two:

-1	G20 member does not repeal protectionist measures OR makes a non-significant amendment
0	G20 member amends protectionist measures but not significantly OR this sub-commitment is not applicable to the G20 member.
+1	G20 member repeals OR significantly amends protectionist measures OR this sub-commitment is not applicable to the G20 member.

Table 11: Protectionist Measures for G20 Members

G20 Member	Total Number of Protectionist Measures
Argentina	14
Australia	0
Brazil	0
Canada	0
China	3
France	0
Germany	0
India	5
Indonesia	2
Italy	0
Japan	0
Korea	0
Mexico	0
Russia	5
Saudi Arabia	0
South Africa	1
Turkey	0
United Kingdom	0
United States	0
European Union	0
Average Number of Protectionist Measures	1.5

Argentina: -1

Argentina receives a cumulative score of -1. Argentina has failed to comply with its standstill commitment not to raise or impose new barriers to trade, and is above the G20 average with 12 new measures. Argentina has also failed to comply with its commitment to roll back barriers introduced since the Toronto Summit.

(1) Argentina has not complied with its commitment to refrain from raising or introducing any new barriers to investment or trade in goods and services, new export restrictions or WTO-inconsistent measures to stimulate exports.

The WTO Report on G20 Trade Measures of 31 May 2012 contains the information on at least 3 additional measures taken by Argentina during the compliance cycle which may be regarded as pretectionist (including the implementation of new import requirements and the prolongation of temporary tariff increases).[1227]

[1227] Report on G-20 Trade Measures, WTO 31 May 2012. Date of Access: 4 June 2012. http://www.wto.org/english/news_e/news12_e/igo_31may12_e.htm.

On 24 April 2012, Argentina adopted reference prices that apply to imports of cermets and other articles from Luxemburg, Israel, the United States, among other countries.[1228] According to Argentinean law, when a good is imported at a lower cost than the reference price, importers must guarantee the difference between the reference price and the value declared at customs.[1229]

On 9 April 2012, Argentina adopted reference prices that apply to imports of certain plastics from China and other Asian countries.[1230]

On 9 April 2012, Argentina adopted reference prices that apply to imports of items such as tableware, kitchenware, house hold articles and hygienic or toilet articles, that contain plastics from China, Brazil, Chile, and other countries.[1231]

On 4 April 2012, Argentina adopted reference prices that apply to imports of certain types of yarn from Indonesia, Vietnam and other countries in Asia and Latin America.[1232]

On 3 April 2012, Argentina adopted three sets of reference prices. The first set is on imports of ceramic and tableware from China, Brazil, Thailand and other countries.[1233] The second set is on imports of woven fabrics of synthetic stable fibers from China and other countries in Asia.[1234]

[1228] Argentina: Reference prices on imports of certain type of articles of cermets from diverse countries, Global Trade Alert (London) 25 April 2012. Date of Access: 4 May 2012. http://www.globaltradealert.org/measure/argentina-reference-prices-imports-certain-type-articles-cermets-diverse-countries.

[1229] Argentina: Reference prices on imports of rubber balloons from Brazil, China, and other countries, Global Trade Alert (London) 13 February 2012. Date of Access: 19 March 2012. http://www.globaltradealert.org/measure/argentina-reference-prices-imports-rubber-balloons-brazil-china-and-other-countries.

[1230] Argentina: Reference prices on imports of certain type of articles of plastics, from China and other Asian countries, Global Trade Alert (London) 11 April 2012. Date of Access: 4 May 2012. http://www.globaltradealert.org/measure/argentina-reference-prices-imports-certain-type-articles-plastics-china-and-other-asian-coun.

[1231] Argentina: Reference prices on imports of certain type of tableware, kitchenware, house hold articles, and hygienic or toilet articles, of plastics from diverse countries, Global Trade Alert (London) 11 April 2012. Date of Access: 4 May 2012. http://www.globaltradealert.org/measure/argentina-reference-prices-imports-certain-type-tableware-kitchenware-house-hold-articles-an.

[1232] Argentina: Reference prices on imports of certain type of yarn of artificial staple fibers from diverse countries, Global Trade Alert (London) 4 April 2012. Date of Access: 4 May 2012. http://www.globaltradealert.org/measure/argentina-reference-prices-imports-certain-type-yarn-artificial-staple-fibers-diverse-countr.

[1233] Argentina: Reference prices on imports of certain type of ceramic and tableware articles from diverse countries, Global Trade Alert (London) 4 April 2012. Date of Access: 4 May 2012. http://www.globaltradealert.org/measure/argentina-reference-prices-imports-certain-type-ceramic-and-tableware-articles-diverse-count.

[1234] Argentina: Reference prices on imports of certain type of woven fabrics of synthetic staple fibers from certain Asian countries, Global Trade Alert (London), 4 April 2012. Date of Access: 4 May 2012. http://www.globaltradealert.org/measure/argentina-reference-prices-imports-certain-type-woven-fabrics-synthetic-staple-fibers-certai.

Third, Argentina adopted reference prices on imports of woven fabrics of cotton from Brazil and China, among others.[1235]

On 9 February 2012, Argentina adopted reference prices that apply to imports of certain types of rubber balloons for entertainment from Brazil and China, among others.[1236]

On 9 February 2012, Argentina adopted reference prices that apply to imports of filament yarn of polypropylene from China and the United States, among others.[1237]

On 7 December 2011, Argentina adopted reference prices that apply to imports of certain types of terry toweling and other woven terry fabrics from China and other Asian countries.[1238]

On 7 December 2011, Argentina adopted reference prices that apply to imports of baby carriages, including strollers, from Brazil and other countries in Latin America.[1239]

On 5 December 2011, Argentina adopted reference prices that apply to imports of ceramic tableware and kitchenware from Brazil, China, Colombia, Indonesia, and other Asian countries.[1240]

On 3 January 2012, Argentina adopted antidumping duties on certain apparel products from China.[1241] The products are suits, ensembles, suit-type jackets, blazers, trousers, bib and brace

[1235] Argentina: Reference prices on imports of certain type of woven fabrics of cotton from diverse countries, Global Trade Alert (London) 4 April 2012. Date of Access: 4 May 2012. http://www.globaltradealert.org/measure/argentina-reference-prices-imports-certain-type-woven-fabrics-cotton-diverse-countries-0.

[1236] Argentina: Reference prices on imports of rubber balloons from Brazil, China, and other countries, Global Trade Alert (London) 13 February 2012. Date of Access: 19 March 2012. http://www.globaltradealert.org/measure/argentina-reference-prices-imports-rubber-balloons-brazil-china-and-other-countries.

[1237] Argentina: Reference prices on imports of certain filament yarn of polypropylene from China, that U.S., and other countries, Global Trade Alert (London) 13 February 2012. Date of Access: 19 March 2012. http://www.globaltradealert.org/measure/argentina-reference-prices-imports-certain-filament-yarn-polypropylene-china-us-and-other-co.

[1238] Argentina: Reference prices on imports of terry toweling and similar woven terry fabrics from certain Asian countries, Global Trade Alert (London) 7 December 2012. Date of Access: 19 March 2012. http://www.globaltradealert.org/measure/argentina-reference-prices-imports-terry-toweling-and-similar-woven-terry-fabrics-certain-as.

[1239] Argentina: Reference prices on imports of baby carriages from certain Latin-American countries, Global Trade Alert (London) 7 December 2011. Date of Access: 19 March 2012. http://www.globaltradealert.org/measure/argentina-reference-prices-imports-baby-carriages-certain-latin-american-countries.

[1240] Argentina: Reference prices on imports of ceramic tableware and kitchenware from certain Asian, European, and Latin American countries, Global Trade Alert (London) 5 December 2011. Date of Access: 19 March 2012. http://www.globaltradealert.org/measure/argentina-reference-prices-imports-ceramic-tableware-and-kitchenware-certain-asian-european-.

[1241] Argentina: Adoption of antidumping duties against certain type of apparel products from China, Global Trade Alert (London) 6 January 2012. Date of Access: 19 March 2012. http://www.globaltradealert.org/measure/argentina-adoption-antidumping-duties-against-certain-type-apparel-products-china.

overalls, breeches and shorts.[1242] Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has not called on the Body to explore these 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 24 November 2011, Argentina introduced antidumping duties on manual saw blades from China.[1243] Argentina's antidumping investigation was initiated on 2 March 2010. Upon referring to the WTO Dispute Settlement Body's list of publications it appears that China has not called on the Body to explore these 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 25 May 2012, the European Union filed a suit against Argentina's import restrictions with the World Trade Organization (WTO).The EU's executive Commission said the case followed restrictive measures by Argentina, including an import licensing regime and an obligation on companies to balance imports with exports.[1244]

Argentina has introduced more new measures than the G20 average and has therefore failed to comply with its standstill commitment. Argentina receives a score of -1 for the first sub-commitment (see below).

(2) No information was found indicating that Argentina has rolled back new barriers introduced since the Toronto Summit. Argentina has therefore failed to comply with the second sub-commitment and receives a score of -1.

During the compliance cycle Argentina has imposed 12 new protectionist measures, which raise new barriers to trade in goods, and has not taken measures to roll back measures taken in the period between Toronto and Cannes summits. Thus, Argentina has been awarded a score of -1.

Sub-commitment one: Argentina total = 14

24 April 2012	Reference prices on imports of cermets and other articles
9 April 2012	Reference prices on imports of certain plastics
9 April 2012	Reference prices on items such as tableware, kitchenware, house hold articles and hygienic or toilet articles
4 April 2012	Reference prices on certain types of yarn
3 April 2012	Reference prices on ceramic and tableware
3 April 2012	Reference prices on woven fabrics of synthetic stable fibers
3 April 2012	Reference prices on woven fabrics of cotton
9 February 2012	Reference prices on rubber balloons
9 February 2012	Reference prices on filament yarn

[1242] Argentina: Adoption of antidumping duties against certain type of apparel products from China, Global Trade Alert (London) 6 January 2012. Date of Access: 19 March 2012. http://www.globaltradealert.org/measure/argentina-adoption-antidumping-duties-against-certain-type-apparel-products-china.

[1243] Argentina: Adoption of antidumping duties against certain type of saw blades from China, Global Trade Alert (London) 24 November 2011. Date of Access: 19 March 2012. http://www.globaltradealert.org/measure/argentina-adoption-antidumping-duties-against-certain-type-saw-blades-china.

[1244] EU files suit against Argentina's import restrictions, Reuters (Brussels), 25 May 2012. Date of Access: 6 June 6, 2012. http://www.reuters.com/article/2012/05/25/eu-argentina-trade-idUSB5E8GN00K20120525.

1 February 2012	New import requirements covering all products
1 January 2012	Prolongation of temporary increase of Mercosur Common Tariff
7 December 2011	Reference prices on terry toweling
7 December 2011	Reference prices on baby carriage
5 December 2011	Reference prices on ceramic tableware and kitchenware

Analyst: Dana Wagner

Australia: 0

Australia receives a cumulative, partially compliant score of 0. Australia has complied with its commitment to refrain from imposing new barriers to trade, but has not complied with its commitment to roll back existing measures.

(1) No information was found indicating the imposition of new barriers to investment or trade in goods and services, new export restrictions or WTO-inconsistent measures to stimulate exports by Australia in this compliance cycle.[1245]

On 1 December 2011, Australia introduced the Tobacco Plain Packaging Act 2011, which attempts to discourage the use and appeal of tobacco products.[1246] On 13 March 2012, the Ukraine opened a dispute against Australia at the WTO, claiming the Tobacco Plain Packaging Act 2011 introduced barriers to trade.[1247] On 4 April 2011, Honduras opened a similar dispute against Australia.[1248] Until a decision has been made by the WTO, the Tobacco Plain Packaging Act 2011 cannot be labeled a WTO-inconsistent measure.

Therefore, Australia has fully complied with its commitment to refrain from raising or imposing new barriers and receives a compliance score of +1 for the first sub-commitment.

(2) No information was found indicating that Australia has rolled back any previously imposed protectionist measures. Therefore, Australia has failed to comply with its commitment to roll back its existing or new protectionist measure that may have risen, including new export restrictions and WTO-inconsistent measures to stimulate exports. Australia receives a compliance score of -1 for the second sub-commitment.

During the compliance cycle, no information was found indicatingAustralia had imposed new protectionist measures, which raise new barriers to trade in goods. Further, no information was found indicating that existing measures in the period between the Toronto and Cannes Summits had been rolled back. Thus, Australia has been awarded a cumulative score of 0.

Sub-commitment one: Australia total = 0

Analyst: Julia Hein

[1245] Anti-Dumping and Countervailing Actions – Status Report at 31 January 2012, Australian Customs Dumping Notice No. 2012/03, Australian Customs and Border Protection Services Agency. 31 January 2013. Date of Access: 25 February 2012. http://www.customs.gov.au/webdata/resources/files/2012-01StatusReportFinalcleancopy_000.pdf.

[1246] Tobacco Plain Packaging Act 2011, Australian Government, 1 December 2011. Date of Access: 10 April 2012. http://www.comlaw.gov.au/Details/C2011A00148.

[1247] Dispute Settlement: Dispute DS 434, World Trade Organization, 13 March 2012. Date of Access: 10 April 2012. http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds434_e.htm.

[1248] Dispute Settlement: Dispute DS435, World Trade Organization, 4 April 2012. Date of Access: 10 April 2012. http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds435_e.htm.

Brazil: 0

Brazil receives a cumulative score of 0. Brazil has complied with its commitments to refrain from raising barriers to trade or imposing new barriers to investment or trade in goods and services, new export restrictions or WTO-inconsistent measures to stimulate exports. However, Brazil has not complied with its commitment to roll back new barriers.

(1) Brazil has complied with its commitment not to raise or introduce any new barriers to trade.

On 14 February 2012, the Government of Brazil adopted anti-dumping duties against blankets (excluding electrical blankets) and travelling rugs made from synthetic fibres and imported from Uruguay and Paraguay. This measure consists of a duty of USD 5.22 per kilogram of imported target material.[1249]

On the same date, the Brazilian government also enacted anti-dumping duties against long pile fabrics of manmade fibres imported from China. The duty amounts to 96.6% of the target product value.[1250]

On 15 March 2012, the Government of Brazil agreed with the Mexican government to limit Mexican automobile exports to Brazil to specified annual thresholds. These thresholds increase in three steps from 2012 until 2015: USD 1.45 billion from 19 March 2012 until 18 March 2013, USD 1.56 billion from 19 March 2013 to 18 March 2014, and USD 1.64 billion between 19 March 2014 and 18 March 2015.[1251]

Upon referring to the WTO Dispute Settlement Body's list of publications it appears that none of the countries affected have called on the Body to explore above measures.[1252] Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules. Thus Brazil receives a score of +1 for its performance on sub-commitment one.

(2) No information was found indicating that Brazil has rolled back new barriers introduced since the Toronto Summit. Thus, Brazil receives a score of -1 for sub-commitment two.

During the compliance cycle Brazil has not imposed any new protectionist measures that raise new barriers to trade in goods. No information indicating that Brazil rolled back new barriers introduced since the Toronto Summit was found. Thus, it has been awarded a score of 0.

Sub-commitment one: Brazil = 0

Analyst: Robert Schuster

[1249] Resolução No 12, De 13 De Fevereiro De 2012, Câmara De Comércio Exterior (Brasilia) 13 February 2012. Date of Access: 29 April 2012. http://www.iqom.com.mx/documents/0212/Resolucin%20No.%2012.pdf.

[1250] Resolução No 12, De 13 De Fevereiro De 2012, Câmara De Comércio Exterior (Brasilia) 13 February 2012. Date of Access: 29 April 2012. http://www.iqom.com.mx/documents/0212/Resolucin%20No.%2012.pdf.

[1251] Resolução No 9, De 10 De Fevereiro De 2012, Câmara De Comércio Exterior (Brasilia) 10 February 2012. Date of Access: 29 April 2012. http://www.iqom.com.mx/documents/0212/Resolucin%20No.%209.pdf.

[1252] Disputes by Country/Territory, World Trade Organization (Geneva) 2012. Date of Access: 29 April 2012. http://www.wto.org/english/tratop_e/dispu_e/dispu_by_country_e.htm.

Canada: +1

Canada receives a cumulative score of +1. Canada has complied with its standstill commitment not to raise or impose new barriers, and has complied with its commitment to roll back new barriers introduced since the Toronto Summit.

(1) Canada has complied with its commitment to refrain from raising or implementing new barriers to investment or trade in goods and services, new export restrictions or WTO-inconsistent measures to stimulate exports.

The decision of the Canadian government on 27 February 2012 to review federal funding to the aerospace industry has raised concern that the government intends to implement WTO inconsistent measures to stimulate aerospace exports.[1253] Though the review will recommend cost-neutral changes to funding, potential changes, such as providing direct funding instead of tax credits to the Canadian aerospace industry, may harm foreign aerospace industries in importing countries, or hurt rival foreign exporters competing in the Canadian domestic market or third markets.[1254] However, no new policy has yet been introduced.

Canada is therefore awarded a score of +1 for compliance with the first sub-commitment.

(2) Canada has complied with its commitment to roll back new protectionist measures that arose after the Toronto Summit. On 27 November 2011, Finance Minister Jim Flaherty announced the elimination of 70 import tariffs on items used in both the manufacturing and processing industries.[1255]

Canada therefore receives a score of +1 for compliance with the second sub-commitment.

During the compliance cycle Canada has not imposed any protectionist measures that raise new barriers to trade in goods, and has taken measures to roll back measures taken in the period between Toronto and Cannes Summits. Thus, it has been awarded a score of +1.

Sub-commitment one: Canada = 0

Analyst: Elizabeth Stratton

China: 0

China receives a cumulative score of 0. China has not complied with its standstill commitments to refrain from raising or imposing new measures, and ranks above the G20 average with three new measures. However, China has complied with its commitment to roll back new barriers to trade.

[1253] Is Ottawa's aerospace review about productivity or pork?, The Globe and Mail (Toronto) 28 February 2012. Date of Access: 1 March 2012. http://www.theglobeandmail.com/report-on-business/economy/economy-lab/daily-mix/is-ottawas-aerospace-review-about-productivity-or-pork/article2352472/?utm_medium=Feeds%3A%20RSS%2FAtom&utm_source=Politics&utm_content=2352472.

[1254] Is Ottawa's aerospace review about productivity or pork?, The Globe and Mail (Toronto) 28 February 2012. Date of Access: 1 March 2012. http://www.theglobeandmail.com/report-on-business/economy/economy-lab/daily-mix/is-ottawas-aerospace-review-about-productivity-or-pork/article2352472/?utm_medium=Feeds%3A%20RSS%2FAtom&utm_source=Politics&utm_content=2352472.

[1255] Order Amending the Schedule to the Customs Tariff, 2011-3, Canada Gazette (Ottawa) 17 November 2011. Date of Access: 4 May 2012. http://www.gazette.gc.ca/rp-pr/p2/2011/2011-12-07/html/sor-dors260-eng.html.

(1) China has not complied with the standstill commitments to refrain from raising or imposing new barriers to investment or trade in goods and services, new export restrictions or WTO-inconsistent measures to stimulate exports.

Two sets of anti-dumping duties were recently initiated by China. First, on 18 April 2012, the Ministry of Commerce announced the initiation of a final review of anti-dumping duty on imported paper for electrolyte capacitor from Japan.[1256] During the one-year final review period ending on 18 April 2013, the Japanese products will be levied. Second, on 28 March 2012, the Ministry of Commerce announced the initiation of a final review on anti-dumping duty levied on Nonyl Phenol from India and Chinese Taipei.[1257] The duty will be effective during the one-year final review period ending on 29 March 2013. However, upon referring to the WTO Dispute Settlement Body's list of publications it appears that the affected countries have not called on the Body to explore these 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 2011, several Chinese authorities jointly announced the exemption of import taxation on articles used for scientific and technological development imported by the national public service platform for small and medium enterprises (SMEs).[1258] The favourable treatment is applicable to platforms that meet a set of criteria, among them a client number of no less than 150 with a satisfaction rate of no less than 90%.[1259]

On 15 December 2011, the Ministry of Commerce released the 2012 tariff scheme wherein China adopts preferential tariffs for 40 least developed countries.[1260] In addition, high levies are imposed on items such as coal, oil, fertilizers and iron alloys in an effort, according to the Ministry of Finance, to promote sustainable development and to save natural resources.[1261]

[1256] China: Initiation of final review of AD duty on Paper for Electrolytic Capacitor from Japan, Global Trade Alert (London), 3 May 2012. Date of Access: 4 May 2012. http://www.globaltradealert.org/measure/china-initiation-final-review-ad-duty-paper-electrolytic-capacitor-japan.

[1257] China: Anti-dumping duty on Nonyl Phenol from India and Chinese Taipei, Global Trade Alert (London) 3 May 2012. Date of Access: 4 May 2012. http://www.globaltradealert.org/measure/china-anti-dumping-duty-nonyl-phenol-india-and-chinese-taipei.

[1258] China: Import Tax Exemption on Articles Used for Scientific and Technological Development Imported by National Public Service Platform for SMEs, Global Trade Alert (London) 19 December 2011. Date of Access: 5 March 2012. http://www.globaltradealert.org/measure/china-import-tax-exemption-articles-used-scientific-and-technological-development-imported-n.

[1259] China: Import Tax Exemption on Articles Used for Scientific and Technological Development Imported by National Public Service Platform for SMEs, Global Trade Alert (London) 19 December 2011. Date of Access: 5 March 2012. http://www.globaltradealert.org/measure/china-import-tax-exemption-articles-used-scientific-and-technological-development-imported-n.

[1260] State Council Customs Tariff Comission of 2012 Tariff Implementation Plan, Ministry of Finance of the People's Republic of China (Beijing) 9 December 2011. Date of Access: 5 March 2012. http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201112/t20111215_615749.html.

[1261] China: Tariff Implementation Scheme for 2012, Global Trade Alert (London) 9 January 2012. Date of Access: 5 March 2012. http://www.globaltradealert.org/measure/china-tariff-implementation-scheme-2012.

On 14 December 2011, the Ministry of Commerce announced two new tariffs, both anti-dumping and countervailing tariffs, on car imports from the United States.[1262] The tariffs apply to passenger car and sports utility vehicles with engine capacities of 2.5 liters or more. Upon referring to the WTO Dispute Settlement Body's list of publications it appears that the United States has not called on the Body to explore these measures. Until such a panel is established and reaches a definite conclusion, this measure cannot be deemed to be in violation of WTO rules.

With a total of three new measures, China has introduced more than the average number of barriers to trade and receives a compliance score of -1 for the first sub-commitment.

(2) China has complied with its commitment to roll back new barriers to trade. From the period 1 January 2012 to 31 December 2012, 13 commodities used for public popular science are exempted from import tariffs or VAT.[1263] On 17 January 2012, the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs released the policy in a joint Notice on Import Policy of Encouraging Popular Science Industry.[1264]

On 13 December 2011, the Ministry of Commerce issued notice of the expiry of anti-dumping duties on imported wear resistant overlay originating from the US and EU.[1265] The levy was initially imposed on 13 December 2006.

On 15 December 2011, the Ministry of Commerce published its 2012 tariff scheme. In the 12-month scheme tariffs are lowered by 4.4% from most-favoured-nation rates on 730 products.[1266]

China has rolled back barriers to trade and receives a compliance score of +1 for the second sub-commitment.

During the compliance cycle China has imposed three measures that raise new barriers to trade in goods; however, China has rolled back measures taken in the period between Toronto and Cannes summits. Thus, it has been awarded a cumulative score of 0.

[1262] U.S. Car Exporters Get Hit by China's New Tariffs, China Briefing (Kowloon) 16 December 2011. Date of Access: 5 March 2012. http://www.china-briefing.com/news/2011/12/16/u-s-car-exporters-get-hit-by-chinas-new-tariffs.html#more-15066.

[1263] China: Preferential treatment for importing some products for public popular science use, Global Trade Alert (London) 3 May 2012. Date of Access: 4 May 2012. http://www.globaltradealert.org/measure/china-preferential-treatment-importing-some-products-public-popular-science-use.

[1264] Import tax policies to encourage science career development, Ministry of Finance of the People's Republic of China (Beijing) 17 January 2012. Date of Access: 4 May 2012. http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201204/t20120401_640520.html.

[1265] Announcement No. 89, 2011 of the Ministry of Commerce of the People's Republic of China on Terminating the Anti-dumping Measures on Imported Wear Resistant Overlay Originated from the USA and the EU, Ministry of Commerce of the People's Republic of China (Beijing) 13 December 2011. Date of Access: 5 March 2012. http://english.mofcom.gov.cn/aarticle/policyrelease/domesticpolicy/201112/20111207878289.html.

[1266] China: Tariff Implementation Scheme for 2012, Global Trade Alert (London) 9 January 2012. Date of Access: 5 March 2012. http://www.globaltradealert.org/measure/china-tariff-implementation-scheme-2012.

Sub-commitment one: China = 3

15 December 2011	2012 tariff scheme, preferential tariffs for developing countries
15 December 2011	2012 tariff scheme, high levies on coal, oil, etc.
9 December 2011	Sci&tech import tax exemption

Analyst: Dana Wagner

France: +1

France receives a cumulative score of +1. France has complied with its commitment to refrain from raising barriers to trade or imposing new barriers to investment or trade in goods and services, new export restrictions or WTO-inconsistent measures to stimulate exports. France has also complied with its commitment to roll back new barriers.

(1) France has fully complied with its commitment not to raise or impose new barriers.

On 16 April 2012, the European Commission imposed a definitive anti-dumping duty on imports of tartaric acid originating in the People's Republic of China. Duties range from 4.7% to 34.9%.[1267]

On 12 April 2012, the European Commission imposed a definitive anti-dumping duty and the collection definitively of the provisional duty imposed on oxalic acid originating in India and the People's Republic of China (PRC). The rate of the definitive anti-dumping duty of the product originating in India ranges from 22.8% to 43.6% while the rate of the definitive anti-dumping duty of the product originating in the PRC ranges from 14.6% to 52.2%.[1268]

On 9 February 2012, the European Commission imposed provisional countervailing duties on imports or certain stainless steel fasteners and parts thereof originating in India.[1269] Duties range from 3.2% to 16.5%.

On 27 January 2012, the European Commission imposed definitive anti-dumping duties on imports of steel ropes and cables originating in the People's Republic of China (PRC) and Ukraine and extending to imports of steel ropes and cables consigned from Morocco, Moldova and Korea, whether declared as originating in those countries or not. The rate of the definitive anti-dumping duty of the product originating in the PRC is 60.4% and is extended to imports of the same steel and ropes consigned from Morocco and the Republic of Korea while the rate of the definitive anti-dumping duty of the product originating in Ukraine is 51.8% and is extended to imports of the same steel ropes and cables consigned from Moldova.[1270]

[1267] Commission Regulation (EU) No 349/2012, Official Journal of the European Union (Brussels) 16 April 2012. Date of Access: 29 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:110:0003:0016:EN:PDF.
[1268] Commission Regulation (EU) No 325/2012, Official Journal of the European Union (Brussels) 12 April 2012. Date of Access: 29 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:106:0001:0010:EN:PDF.
[1269] Commission Regulation (EU) No 115/2012, Official Journal of the European Union (Brussels) 9 February 2012. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:038:0006:0028:EN:PDF.
[1270] Council Implementing Regulation (EU) No 102/2012, Official Journal of the European Union (Brussels) 27 January 2012. Date of Access: March 5 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:036:0001:0016:EN:PDF.

On 9 January 2012, the European Commission extended the definitive anti-dumping duty of 64.3% on imports of molybdenum wires originating in the People's Republic of China to imports of molybdenum wires consigned from Malaysia, whether declared as originating in Malaysia or not.[1271]

On 4 January 2012, the European Commission imposed a definitive anti-dumping duty on imports of certain stainless steel fasteners and parts originating in the People's Republic of China and Taiwan ranging from 8.8% to 27.4%.[1272]

On 19 December 2011, the European Commission imposed definitive anti-dumping duties on imports of trichloroisocyanuric acid originating in the People's Republic of China ranging from 3.2% to 42.6%.[1273]

On 14 December 2011, the European Commission imposed a definitive anti-dumping duty and the collection definitively of the provisional duty imposed on imports of certain seamless pipes and tubes of stainless steel originating in the People's Republic of China. The duties range from 48.3% to 71.9%.[1274]

On 8 November 2011, the European Commission imposed a definitive anti-dumping duty and the collection definitively of the provisional duty imposed on imports of certain fatty alcohols and their blends originating in India, Indonesia and Malaysia. The duties range from 45.63% to 86.99% per tonne.[1275]

Upon referring to the WTO Dispute Settlement Body's list of disputed cases it appears the Body has not been called upon by any of the countries affected to explore the above measures.[1276]Until such a panel is established and reaches definite conclusions, these measures cannot be deemed to be in violation of WTO rules.

France is therefore in compliance with its commitment not to raise or impose new barriers and receives a score of +1 for the first sub-commitment.

[1271] Council Implementing Regulation (EU) No 14/2012, Official Journal of the European Union (Brussels) 9 January 2012. Date of Access: March 5 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:008:0022:0026:EN:PDF.
[1272] Council Implementing Regulation (EU) No 2/2012, Official Journal of the European Union (Brussels) 4 January 2012. Date of Access: March 5 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:005:0001:0015:EN:PDF.
[1273] Council Implementing Regulation (EU) No. 1389/2011, Official Journal of the European Union (Brussels) 19 December 2011. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:346:0006:0016:EN:PDF.
[1274] Council Implementing Regulation (EU) No. 1331/2011, Official Journal of the European Union (Brussels) 14 December 2011. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:336:0006:0019:EN:PDF.
[1275] Council Implementing Regulation (EU) No 1138/2011, Official Journal of the European Union (Brussels) 8 November 2011. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:293:0001:0018:EN:PDF.
[1276] Dispute Settlement: The Disputes, World Trade Organization (Geneva). Date of Access: 5 March 2012 http://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm.

(2) France has fully complied with its commitment to roll back any new protectionist measure that may have risen, including new export restrictions and WTO-inconsistent measures to stimulate exports.

On 14 December 2011, the European Commission announced the cessation of the temporary suspension of the duty-free regime for the year 2012 of select non-alcoholic beverages originating in Norway.[1277] The beverage products include waters (mineral waters and aerates waters) containing added sugar or other sweetening matter or flavour, as well as other non-alcoholic beverage products containing sugar, sucrose, or invert sugar.

On 9 January 2012, the European Commission announced the temporary suspension of Common Customs Tariff duties on imports of certain industrial products originating from the regions of Azores and Madeira.[1278]

On 11 January 2012, the European Commission announced the termination of antidumping duties on vinyl acetate from the United States of America. On 12 April 2010, the European Commission decided to begin an antidumping investigation against vinyl acetate originating from the USA, and on 16 August 2011, provisional antidumping duties were imposed.[1279] On 11 January 2012, the European Commission terminated the provisional duties and investigation on vinyl acetate from the USA.

On 2 April 2012, the European Commission announced that tariff quotas would be amended for certain agricultural and fishery products originating from Norway.[1280] The amendment includes new annual duty free tariff quotas for certain agricultural products.

France receives a score of +1 for the second sub-commitment, primarily for the termination of import duties.

During the compliance cycle France has not imposed any protectionist measures that raise new barriers to trade in goods, and has taken steps to roll back measures taken in the period between Toronto and Cannes Summits. Thus, it has been awarded a score of +1.

Sub-commitment one: France = 0

Analyst: William Johnston

[1277]Unlimited duty-free access for Norwegian non-alcoholic beverages for the year 2012, Global Trade Alert (London). 19 December 2011. Date of Access: 20 February 2012. http://www.globaltradealert.org /measure/ec-unlimited-duty-free-access-norwegian-non-alcoholic-beverages-year-2012.

[1278] Commission Delegated Regulation (EU) No 312/2012, Official Journal of the European Union (Brussels) 9 January 2012. Date of Access 26 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:103:0015:0016:EN:PDF.

[1279] Termination of antidumping duties on vinyl acetate originating in the US, Global Trade Alert (London). 22 March 2011. Date of Access: 25 February 2012 http://www.globaltradealert.org /measure/ec-termination-antidumping-duties-vinyl-acetate-originating-us.

[1280]Commission Implementing Regulation (EU) No 291/2012, Official Journal of the European Union (Brussels), 2 April 2012. Date of Access: 10 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:096:0001:0002:EN:PDF.

Germany: +1

Germany receives a cumulative score of +1. Germany has complied with its commitment to refrain from raising barriers to trade or imposing new barriers to investment or trade in goods and services, new export restrictions or WTO-inconsistent measures to stimulate exports. Germany has also complied with its commitment to roll back new barriers.

(1) Germany has fully complied with its commitment not to raise or impose new barriers.

On 16 April 2012, the European Commission imposed a definitive anti-dumping duty on imports of tartaric acid originating in the People's Republic of China. Duties range from 4.7% to 34.9%.[1281]

On 12 April 2012, the European Commission imposed a definitive anti-dumping duty and the collection definitively of the provisional duty imposed on oxalic acid originating in India and the People's Republic of China (PRC). The rate of the definitive anti-dumping duty of the product originating in India ranges from 22.8% to 43.6% while the rate of the definitive anti-dumping duty of the product originating in the PRC ranges from 14.6% to 52.2%.[1282]

On 9 February 2012, the European Commission imposed provisional countervailing duties on imports or certain stainless steel fasteners and parts thereof originating in India.[1283] Duties range from 3.2% to 16.5%.

On 27 January 2012, the European Commission imposed definitive anti-dumping duties on imports of steel ropes and cables originating in the People's Republic of China (PRC) and Ukraine and extending to imports of steel ropes and cables consigned from Morocco, Moldova and Korea, whether declared as originating in those countries or not. The rate of the definitive anti-dumping duty of the product originating in the PRC is 60.4% and is extended to imports of the same steel and ropes consigned from Morocco and the Republic of Korea while the rate of the definitive anti-dumping duty of the product originating in Ukraine is 51.8% and is extended to imports of the same steel ropes and cables consigned from Moldova.[1284]

On 9 January 2012, the European Commission extended the definitive anti-dumping duty of 64.3% on imports of molybdenum wires originating in the People's Republic of China to imports of molybdenum wires consigned from Malaysia, whether declared as originating in Malaysia or not.[1285]

[1281] Commission Regulation (EU) No 349/2012, Official Journal of the European Union (Brussels) 16 April 2012. Date of Access: 29 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:110:0003:0016:EN:PDF.

[1282] Commission Regulation (EU) No 325/2012, Official Journal of the European Union (Brussels) 12 April 2012. Date of Access: 29 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:106:0001:0010:EN:PDF.

[1283] Commission Regulation (EU) No 115/2012, Official Journal of the European Union (Brussels) 9 February 2012. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:038:0006:0028:EN:PDF.

[1284] Council Implementing Regulation (EU) No 102/2012, Official Journal of the European Union (Brussels) 27 January 2012. Date of Access: March 5 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:036:0001:0016:EN:PDF.

[1285] Council Implementing Regulation (EU) No 14/2012, Official Journal of the European Union (Brussels) 9 January 2012. Date of Access: March 5 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:008:0022:0026:EN:PDF.

On 4 January 2012, the European Commission imposed a definitive anti-dumping duty on imports of certain stainless steel fasteners and parts originating in the People's Republic of China and Taiwan ranging from 8.8% to 27.4%.[1286]

On 19 December 2011, the European Commission imposed definitive anti-dumping duties on imports of trichloroisocyanuric acid originating in the People's Republic of China ranging from 3.2% to 42.6%.[1287]

On 14 December 2011, the European Commission imposed a definitive anti-dumping duty and the collection definitively of the provisional duty imposed on imports of certain seamless pipes and tubes of stainless steel originating in the People's Republic of China. The duties range from 48.3% to 71.9%.[1288]

On 8 November 2011, the European Commission imposed a definitive anti-dumping duty and the collection definitively of the provisional duty imposed on imports of certain fatty alcohols and their blends originating in India, Indonesia and Malaysia. The duties range from 45.63% to 86.99% per tonne.[1289]

Upon referring to the WTO Dispute Settlement Body's list of disputed cases it appears the Body has not been called upon by any of the countries affected to explore the above measures.[1290] Until such a panel is established and reaches definite conclusions, these measures cannot be deemed to be in violation of WTO rules.

Germany is therefore in compliance with its commitment not to raise or impose new barriers and receives a score of +1 for the first sub-commitment.

(2) Germany has fully complied with its commitment to roll back any new protectionist measure that may have risen, including new export restrictions and WTO-inconsistent measures to stimulate exports.

On 14 December 2011, the European Commission announced the cessation of the temporary suspension of the duty-free regime for the year 2012 of select non-alcoholic beverages originating

[1286] Council Implementing Regulation (EU) No 2/2012, Official Journal of the European Union (Brussels) 4 January 2012. Date of Access: March 5 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:005:0001:0015:EN:PDF.
[1287] Council Implementing Regulation (EU) No. 1389/2011, Official Journal of the European Union (Brussels) 19 December 2011. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:346:0006:0016:EN:PDF.
[1288] Council Implementing Regulation (EU) No. 1331/2011, Official Journal of the European Union (Brussels) 14 December 2011. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:336:0006:0019:EN:PDF.
[1289] Council Implementing Regulation (EU) No 1138/2011, Official Journal of the European Union (Brussels) 8 November 2011. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:293:0001:0018:EN:PDF.
[1290] Dispute Settlement: The Disputes, World Trade Organization (Geneva). Date of Access: 5 March 2012 http://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm.

in Norway.[1291] The beverage products include waters (mineral waters and aerates waters) containing added sugar or other sweetening matter or flavour, as well as other non-alcoholic beverage products containing sugar, sucrose, or invert sugar.

On 9 January 2012, the European Commission announced the temporary suspension of Common Customs Tariff duties on imports of certain industrial products originating from the regions of Azores and Madeira.[1292]

On 11 January 2012, the European Commission announced the termination of antidumping duties on vinyl acetate from the United States of America. On 12 April 2010, the European Commission decided to begin an antidumping investigation against vinyl acetate originating from the USA, and on 16 August 2011, provisional antidumping duties were imposed.[1293] On 11 January 2012, the European Commission terminated the provisional duties and investigation on vinyl acetate from the USA.

On 2 April 2012, the European Commission announced that tariff quotas would be amended for certain agricultural and fishery products originating from Norway.[1294] The amendment includes new annual duty free tariff quotas for certain agricultural products.

Germany receives a score of +1 for the second sub-commitment, primarily for the termination of import duties.

Germany has not imposed any protectionist measures that raise new barriers to trade in goods, and has taken steps to roll back measures taken in the period between Toronto and Cannes Summits. Thus, it has been awarded a score of +1.

Sub-commitment one: Germany = 0

Analyst: William Johnston

India: -1

India receives a cumulative score of -1. India has not complied with its commitment to refrain from raising or imposing new barriers to investment or trade in goods and services, new export restrictions or WTO-inconsistent measures to stimulate exports, and is above the G20 average with five new measures. India has also failed to comply with its commitment to roll back any new barriers to trade that have arisen since the Toronto Summit.

[1291] Unlimited duty-free access for Norwegian non-alcoholic beverages for the year 2012, Global Trade Alert (London). 19 December 2011. Date of Access: 20 February 2012. http://www.globaltradealert.org /measure/ec-unlimited-duty-free-access-norwegian-non-alcoholic-beverages-year-2012.

[1292] Commission Delegated Regulation (EU) No 312/2012, Official Journal of the European Union (Brussels) 9 January 2012. Date of Access 26 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:103:0015:0016:EN:PDF.

[1293] Termination of antidumping duties on vinyl acetate originating in the US, Global Trade Alert (London). 22 March 2011. Date of Access: 25 February 2012 http://www.globaltradealert.org /measure/ec-termination-antidumping-duties-vinyl-acetate-originating-us.

[1294] Commission Implementing Regulation (EU) No 291/2012, Official Journal of the European Union (Brussels), 2 April 2012. Date of Access: 10 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:096:0001:0002:EN:PDF.

(1) India has not complied with its commitment to refrain from imposing new barriers since the Cannes Summit.

India imposed a 10% ad valorem safeguard duty on imports of Phthalic Anhydride from developed countries for 180 days on 17 January 2012.[1295]

Cotton exports were banned on 9 March 2012 to preserve domestic supply.[1296]

In the 2012 Budget, released on 16 March 2012, the Indian government increased subsidies to state-owned oil firms.[1297] This subsidy disadvantages foreign exporters or multi-national corporations competing in the Indian domestic market.

On 23 December 2011, India introduced the National Food Security Bill, which will establish a buffer stock regime for grains with extensive subsidies to domestic producers in order to provide grain rations to 75% of the rural population and 50% of the urban population.[1298] The buffer stock regime will also restrict exports by requiring that domestic rations be filled before surplus grain can be exported.[1299]

On 12 February 2012, Union Minister for Communications and Information Technology Kapil Sibal, announced that Indian hardware companies would receive preferential market access to government procurements from the Indian Union and state governments.[1300] The announcement requires firms seeking government procurements to use a minimum of 25% content from India in their electronic products in the first year.[1301] The proposed measure is expected to form part of a

[1295] India final safeguard decision on phthalic anhydride applied to developed countries only, Global Trade Alerts 10 September 2009. Date of Access: 6 April 2012. http://www.globaltradealert.org/measure/india-final-safeguard-decision-phthalic-anhydride-applied-developed-countries-only.

[1296] India's ban of cotton exports against trade norms, Daily News and Analysis (Mumbai) 9 March 2012. Date of Access: 6 April 2012. http://www.dnaindia.com/money/report_india-s-ban-of-cotton-exports-against-trade-norms-bangladesh_1660102.

[1297] Budget 2012: Government hikes cash subsidy for state-owned oil firms, Daily News and Analysis (Mumbai) 16 March 2012. Date of Access: 6 April 2012. http://www.dnaindia.com/money/report_budget-2012-govt-hikes-cash-subsidy-for-state-owned-oil-firms_1663402.

[1298] Food Security Bill clear by Cabinet, Times of India (New Delhi) 19 December 2011. Date of access: 20 February 2012. http://articles.timesofindia.indiatimes.com/2011-12-19/india/30533923_1_cabinet-meeting-national-food-security-bill-urban-population.

[1299] Explained –Facts about food security bill, Daily News and Analysis (Mumbai) 16 September 2011. Date of access: 20 February 2012. http://www.dnaindia.com/india/report_explained-facts-about-food-security-bill_1587925.

[1300] Joining the electronics game: better late than never, The Hindu (Chennai) 12 February 2012. Date of Access: 20 February 2012. http://www.thehindu.com/news/states/karnataka/article2883289.ece.

[1301] India will not pursue protectionism policy, The Economic Times (Mumbai) 28 February 2012. Date of Access: 1 March 2012. http://articles.economictimes.indiatimes.com/2012-02-28/news/31108139_1_import-bill-preference-in-government-procurement-shyam-telecom.

national policy on the electronics industry, yet it should be noted that Minister Sibal said "there is no question of India becoming protectionist."[1302]

India is therefore awarded a score of -1 because it has failed to comply with its commitment not to raise or impose new barriers to trade.

(2) India has not complied with its commitment to roll back new protectionist measures introduced since the Toronto Summit. Since the Summit, India has introduced a variety of barriers to trade in goods and services, and export restrictions, and there is no indication that India has rolled back any of these measures. India is therefore awarded a score of -1 for failure to comply with the second sub-commitment.

During the compliance cycle India has imposed five new protectionist measures, which raise new barriers to trade in goods, and has not taken steps to roll back measures taken in the period between Toronto and Cannes summits. Thus, India has been awarded a score of -1.

Sub-commitment one: India = 5

23 Dec. 2011	National Food Security Bill
17 Jan. 2012	Ad valorem safeguard duty of 10% imposed on imports of Phthalic Anhydride for 180 days. Only applies to imports from developed countries.
12 Feb. 2012	Preferential market access for hardware companies
9 Mar. 2012	Export ban cotton
16 Mar. 2012	Increased subsidy domestic oil producers

Analyst: Elizabeth Stratton

Indonesia: -1

Indonesia receives a cumulative score of -1. Indonesia has not complied with its commitment to refrain from raising or imposing new barriers, and is above the G20 average with two new measures. Indonesia has also failed to comply with its commitment to roll back any new barriers to trade that have arisen since the Toronto Summit.

(1) Indonesia has not complied with its commitment to refrain from raising or imposing new barriers to investment or trade in goods and services, new export restrictions or WTO-inconsistent measures to stimulate exports.

On 6 March 2012, the government of Indonesia decreased its cap on foreign ownership in the mining sector.[1303] Under the new regulation, foreign investors may only own up to 49% of a mining company. Foreign companies currently holding higher stakes shall reduce them accordingly within the next 10 years. Prior to the change, foreign investors were allowed to hold up to 80% of a mining company in Indonesia.

[1302] India will not pursue protectionism policy, The Economic Times (Mumbai) 28 February 2012. Date of Access: 1 March 2012. http://articles.economictimes.indiatimes.com/2012-02-28/news/31108139_1_import-bill-preference-in-government-procurement-shyam-telecom.

[1303] Indonesia: Decreased foreign-ownership ceiling in mining, Global Trade Alert (London) 19 April 2012. Date of Access: 22 April 2012. http://www.globaltradealert.org/measure/indonesia-decreased-foreign-ownership-ceiling-mining

On 29 February 2012, the government of Indonesia issued a decree prohibiting wholly Indonesian-owned companies from hiring foreign staff for senior positions.[1304] The decree, only available in Indonesian but officially confirmed to the Financial Times, blocks 19 senior positions from foreigners.

On 1 January 2012, Indonesia imposed a regulation on tire import arrangements whereby imports will be subjected to technical verification.[1305] According to the Ministry of Trade, this measure will "create a more conducive business climate and enhance the competitiveness of the national tire industry."[1306] Upon referring to the WTO Dispute Settlement Body's list of publications it appears that no country has 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.

Indonesia therefore receives a score of -1 for its failure to comply with the first sub-commitment.

(2) There is no information available to indicate that Indonesia has rolled back any new barriers to trade. Indonesia therefore receives a score of -1 for the second sub-commitment for its failure to comply.

During the compliance cycle Indonesia has imposed two new protectionist measures, which raise new barriers to trade in goods, and has not taken steps to roll back measures taken in the period between Toronto and Cannes summits. Thus, Indonesia has been awarded a score of -1.

Subcommitment one: Indonesia = 2

29 February 2012	Decree prohibiting wholly Indonesian-owned companies from hiring foreign staff for senior positions
6 March 2012	Decreased cap on foreign ownership in the mining sector

Analyst: Fern Ramoutar

Italy: +1

Italy receives a cumulative score of +1. Italy has complied with its standstill commitment to refrain from raising or imposing new barriers to trade, and has also complied with its commitment to roll back new barriers that have arisen since the Toronto Summit.

(1) Italy has fully complied with its commitment not to raise or impose new barriers to investment or trade in goods and services, new export restrictions or WTO-inconsistent measures to stimulate exports.

[1304] Indonesia: Prohibition of foreign staff in leading positions of Indonesian firms, Global Trade Alert (London) 19 April 2012. Date of Access: 22 April 2012. http://www.globaltradealert.org/measure/indonesia-prohibition-foreign-staff-leading-positions-indonesian-firms

[1305] Regulation of the Minister of Trade Concerning Technical Verification Import Tire, Ministry of Trade (Jakarta) 13 December 2011. Date of Access: March 1, 2012. http://www.kemendag.go.id/publikasi/iframe_mod.php?a=regulasi&i=publikasi&id=1243&f=/regulasi/2011/12/Abstraksi%20Permendag%20No.%2040%20Tahun%202011.pdf.

[1306] Regulation of the Minister of Trade Concerning Technical Verification Import Tire, Ministry of Trade (Jakarta) 13 December 2011. Date of Access: March 1, 2012. http://www.kemendag.go.id/publikasi/iframe_mod.php?a=regulasi&i=publikasi&id=1243&f=/regulasi/2011/12/Abstraksi%20Permendag%20No.%2040%20Tahun%202011.pdf.

On 16 April 2012, the European Commission imposed a definitive anti-dumping duty on imports of tartaric acid originating in the People's Republic of China. Duties range from 4.7% to 34.9%.[1307]

On 12 April 2012, the European Commission imposed a definitive anti-dumping duty and the collection definitively of the provisional duty imposed on oxalic acid originating in India and the People's Republic of China (PRC). The rate of the definitive anti-dumping duty of the product originating in India ranges from 22.8% to 43.6% while the rate of the definitive anti-dumping duty of the product originating in the PRC ranges from 14.6% to 52.2%.[1308]

On 9 February 2012, the European Commission imposed provisional countervailing duties on imports or certain stainless steel fasteners and parts thereof originating in India.[1309] Duties range from 3.2% to 16.5%.

On 27 January 2012, the European Commission imposed definitive anti-dumping duties on imports of steel ropes and cables originating in the People's Republic of China (PRC) and Ukraine and extending to imports of steel ropes and cables consigned from Morocco, Moldova and Korea, whether declared as originating in those countries or not. The rate of the definitive anti-dumping duty of the product originating in the PRC is 60.4% and is extended to imports of the same steel and ropes consigned from Morocco and the Republic of Korea while the rate of the definitive anti-dumping duty of the product originating in Ukraine is 51.8% and is extended to imports of the same steel ropes and cables consigned from Moldova.[1310]

On 9 January 2012, the European Commission extended the definitive anti-dumping duty of 64.3% on imports of molybdenum wires originating in the People's Republic of China to imports of molybdenum wires consigned from Malaysia, whether declared as originating in Malaysia or not.[1311]

On 4 January 2012, the European Commission imposed a definitive anti-dumping duty on imports of certain stainless steel fasteners and parts originating in the People's Republic of China and Taiwan ranging from 8.8% to 27.4%.[1312]

[1307] Commission Regulation (EU) No 349/2012, Official Journal of the European Union (Brussels) 16 April 2012. Date of Access: 29 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:110:0003:0016:EN:PDF.
[1308] Commission Regulation (EU) No 325/2012, Official Journal of the European Union (Brussels) 12 April 2012. Date of Access: 29 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:106:0001:0010:EN:PDF.
[1309] Commission Regulation (EU) No 115/2012, Official Journal of the European Union (Brussels) 9 February 2012. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:038:0006:0028:EN:PDF.
[1310] Council Implementing Regulation (EU) No 102/2012, Official Journal of the European Union (Brussels) 27 January 2012. Date of Access: March 5 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:036:0001:0016:EN:PDF.
[1311] Council Implementing Regulation (EU) No 14/2012, Official Journal of the European Union (Brussels) 9 January 2012. Date of Access: March 5 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:008:0022:0026:EN:PDF.
[1312] Council Implementing Regulation (EU) No 2/2012, Official Journal of the European Union (Brussels) 4 January 2012. Date of Access: March 5 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:005:0001:0015:EN:PDF.

On 19 December 2011, the European Commission imposed definitive anti-dumping duties on imports of trichloroisocyanuric acid originating in the People's Republic of China ranging from 3.2% to 42.6%.[1313]

On 14 December 2011, the European Commission imposed a definitive anti-dumping duty and the collection definitively of the provisional duty imposed on imports of certain seamless pipes and tubes of stainless steel originating in the People's Republic of China. The duties range from 48.3% to 71.9%.[1314]

On 8 November 2011, the European Commission imposed a definitive anti-dumping duty and the collection definitively of the provisional duty imposed on imports of certain fatty alcohols and their blends originating in India, Indonesia and Malaysia. The duties range from 45.63% to 86.99% per tonne.[1315]

Upon referring to the WTO Dispute Settlement Body's list of disputed cases it appears the Body has not been called upon by any of the countries affected to explore the above measures.[1316] Until such a panel is established and reaches definite conclusions, these measures cannot be deemed to be in violation of WTO rules.

Italy is therefore in compliance with its commitment not to raise or impose new barriers and receives a score of +1 for the first sub-commitment.

(2) Italy has fully complied with its commitment to roll back any new protectionist measure that may have risen, including new export restrictions and WTO-inconsistent measures to stimulate exports.

On 14 December 2011, the European Commission announced the cessation of the temporary suspension of the duty-free regime for the year 2012 of select non-alcoholic beverages originating in Norway.[1317] The beverage products include waters (mineral waters and aerates waters) containing added sugar or other sweetening matter or flavour, as well as other non-alcoholic beverage products containing sugar, sucrose, or invert sugar.

[1313] Council Implementing Regulation (EU) No. 1389/2011, Official Journal of the European Union (Brussels) 19 December 2011. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:346:0006:0016:EN:PDF.
[1314] Council Implementing Regulation (EU) No. 1331/2011, Official Journal of the European Union (Brussels) 14 December 2011. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:336:0006:0019:EN:PDF.
[1315] Council Implementing Regulation (EU) No 1138/2011, Official Journal of the European Union (Brussels) 8 November 2011. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:293:0001:0018:EN:PDF.
[1316] Dispute Settlement: The Disputes, World Trade Organization (Geneva). Date of Access: 5 March 2012 http://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm.
[1317]Unlimited duty-free access for Norwegian non-alcoholic beverages for the year 2012, Global Trade Alert (London). 19 December 2011. Date of Access: 20 February 2012. http://www.globaltradealert.org /measure/ec-unlimited-duty-free-access-norwegian-non-alcoholic-beverages-year-2012.

On 9 January 2012, the European Commission announced the temporary suspension of Common Customs Tariff duties on imports of certain industrial products originating from the regions of Azores and Madeira.[1318]

On 11 January 2012, the European Commission announced the termination of antidumping duties on vinyl acetate from the United States of America. On 12 April 2010, the European Commission decided to begin an antidumping investigation against vinyl acetate originating from the USA, and on 16 August 2011, provisional antidumping duties were imposed.[1319] On 11 January 2012, the European Commission terminated the provisional duties and investigation on vinyl acetate from the USA.

On 2 April 2012, the European Commission announced that tariff quotas would be amended for certain agricultural and fishery products originating from Norway.[1320] The amendment includes new annual duty free tariff quotas for certain agricultural products.

Italy receives a score of +1 for the second sub-commitment, primarily for the termination of import duties.

Italy has not imposed any protectionist measures that raise new barriers to trade in goods, and it has taken steps to roll back measures taken in the period between Toronto and Cannes Summits. Thus, it has been awarded a score of +1.

Sub-commitment one: Italy = 0

Analyst: Dana Wagner

Japan: +1
Japan has fully complied with its commitment to reaffirm standstill commitments until the end of 2013, as agreed in Toronto, and to commit to roll back any new protectionist measure that may have risen, including new export restrictions and WTO-inconsistent measures to stimulate exports.

(1) No information was found indicating the imposition of new protectionist measures by Japan in the current compliance cycle.

(2) Additionally, both the G20 Research Group's Toronto as well as Seoul Summit Final Compliance Reports found that Japan had not imposed any new protectionist measures during the previous two compliance cycles.[1321][1322] Therefore, the commitment to roll back any protectionist measures that have risen since the Toronto Summit is not applicable to Japan.

[1318] Commission Delegated Regulation (EU) No 312/2012, Official Journal of the European Union (Brussels) 9 January 2012. Date of Access 26 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:103:0015:0016:EN:PDF.
[1319] Termination of antidumping duties on vinyl acetate originating in the US, Global Trade Alert (London). 22 March 2011. Date of Access: 25 February 2012 http://www.globaltradealert.org /measure/ec-termination-antidumping-duties-vinyl-acetate-originating-us.
[1320] Commission Implementing Regulation (EU) No 291/2012, Official Journal of the European Union (Brussels), 2 April 2012. Date of Access: 10 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:096:0001:0002:EN:PDF.
[1321] 2010 G20 Toronto Summit Final Compliance Report, G20 Information Centre (Toronto) 14 November 2010. Date of Access: 29 April 2012. http://www.g20.utoronto.ca/analysis/2010toronto-compliance.html.

Japan has met sub-commitment one while sub-commitment two is not applicable. Thus, Japan receives a cumulative score of +1.

No information indicating that Japan had imposed any protectionist measures that raise new barriers to trade in goods was found. Because Japan had not implemented any new protectionist measures since the Toronto Summit, the second sub-commitment is not applicable to Japan. Thus, it has been awarded a score of +1.

Sub-commitment one: Japan = 0

Analyst: Robert Schuster

Korea: 0

Korea receives a cumulative score of 0. Korea has complied with its commitment to refrain from raising or imposing new barriers to trade, but has not complied with its commitment to roll back existing measures.

(1) Korea is in compliance with its standstill commitment, as there is no indication that Korea has introduced new barriers to investment or trade in goods and services, new export restrictions or WTO-inconsistent measures to stimulate exports. Korea is therefore awarded a score of +1 for compliance with the first sub-commitment.

(2) Korea has not complied with its commitment to roll back new protectionist measures introduced since the Toronto Summit, as there is no indication it has rolled back any new barriers. Korea is therefore awarded a score of -1 for failing to comply with the second sub-commitment.

Sub-commitment one: Korea = 0

Analyst: Elizabeth Stratton

Mexico: 0

Mexico receives a cumulative score of 0. Mexico has complied with its standstill commitment to refrain from raising or imposing new barriers to trade, however, Mexico has not complied with its commitment to roll back barriers introduced since the Toronto Summit.

(1) Mexico has complied with its standstill commitment to refrain from raising or imposing new barriers. There is no indication that Mexico has raised or introduced any new barriers to investment or trade in goods and services, new export restrictions or WTO-inconsistent measures to stimulate exports.

On 1 March 2012, Mexico adopted anti-dumping duties on seamless graphite electrodes originating from China.[1323] However, upon referring to the WTO Dispute Settlement Body's list of disputed cases it appears the Body has not been called upon by China to explore the above

[1322] 2010 G20 Seoul Summit Final Compliance Report, G20 Information Centre (Toronto) 6 November 2011. Date of Access: 29 April 2012. http://www.g20.utoronto.ca/compliance/2010seoul-final/index.html.

[1323] Mexico: Adoption of antidumping duties against graphite electrodes from China, Global Trade Alert (London) 13 March 2012. Date of Access: 4 May 2012. http://www.globaltradealert.org/measure/mexico-adoption-antidumping-duties-against-graphite-electrodes-china.

measure.[1324] Until such a panel is established and reaches definite conclusions, these measures cannot be deemed to be in violation of WTO rules. Mexico therefore receives a score of +1 for its compliance with the first sub-commitment.

(2) No information was found indicating that Mexico has rolled back new barriers introduced since the Toronto Summit. Mexico has therefore failed to comply with the second sub-commitment and receives a score of -1.

During the compliance cycle Mexico there was no information indicating that Mexico had imposed measures that raisenew barriers to trade in goods. No information was found indicating that Mexico has rolled back measures taken in the period between Toronto and Cannes summits. Thus, it has been awarded a cumulative score of 0.

Analyst: Dana Wagner

Russia: -1

Russia receives a cumulative score of -1. Russia has not complied with its standstill commitment to refrain from raising or imposing new barriers to trade. Russia has also failed to comply with its commitment to roll back barriers to trade introduced since the Toronto Summit.

(1) Russia has not complied with its commitment to refrain from raising or imposing new barriers to investment or trade in goods and services, new export restrictions or WTO-inconsistent measures to stimulate exports.

During the compliance cycle Russia has imposed twomeasures thatraise new barriers to trade in goods.

On 18 November 2011, the Commission of the Custom Union of Russia, Belarus and Kazakhstan introduced the import tariff quotas on meat effective since 1 January 2012.[1325]

On 25 January 2012, the Commission of the Custom Union of Russia, Belarus and Kazakhstan increased import tariffs on certain types of sugar.[1326]

The WTO Report on G-20 Trade Measures of 31 May 2012 contains the information on at least 3 additional measures taken by Russia during the compliance cycle which may be regarded as pretectionist (increase of import tariffs).[1327]

During the compliance period Russia has imposed at least 5 measures which raise new barriers to trade in goods. This number is higher than the G20 average. Thus, Russia has been awarded a score of -1 for sub-commitment 1.

[1324] Dispute Settlement: The Disputes, World Trade Organization (Geneva). Date of Access: 4 May 2012 http://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm.

[1325] Custom Union Decision No. 865 of 18 November 2011, Custom Union of Russia, Belarus and Kazakhstan 18 November 2011. Date of Access: 4 April 2012. http://www.tsouz.ru/KTS/KTS33/Pages/R_865.aspx.

[1326] Custom Union Decision No. 913 of 25 January 2012, Custom Union of Russia, Belarus and Kazakhstan 25 January 2012. Date of Access: 4 April 2012. http://www.tsouz.ru/KTS/KTS34/Pages/R_913.aspx.

[1327] Report on G-20 Trade Measures, WTO 31 May 2012. Date of Access: 4 June 2012. http://www.wto.org/english/news_e/news12_e/igo_31may12_e.htm.

(2) According to the reports on compliance with Toronto and Seoul summits' commitments prepared by the G20 Research Group and Higher School of Economics, since the Toronto Summit Russia imposed at least 8 measures which raise new barriers to investment or to trade in goods and services, impose new export restrictions, or implement WTO inconsistent measures to stimulate exports (including measures taken in the framework of the Custom Union of Russia, Belarus and Kazakhstan).

One of these measures, a temporary ban on the export of some agricultural products from Russia established by the Russian Government on 5 August 2010,[1328] expired on 30 June 2011 and has not been prolonged.[1329] No facts of repealing other measures taken since Toronto summit have been registered. Thus, Russia has been awarded a score of -1 for compliance with the second sub-commitment.

During the compliance cycle Russia has imposed at least 5 measures, which raise new barriers to trade in goods, and has not taken measures to roll back measures taken in the period between Toronto and Cannes summits. Thus, it has been awarded a score of -1.

Sub-commitment one: Russia = 5

18 November 2011	Import tariff quota on meat
6 March 2012	Import tariff on certain types of sugar
1 January 2012	Import tariffs on machines for cleaning sorting or grading seed, grain or dried leguminous vegetables
1 January 2012	Import tariffs on drilling machines
1 January 2012	Import tariffs on carbon electrodes not exceeding 1,000 mm

Analyst: Mark Rakhmangulov

Saudi Arabia: +1

Saudi Arabia has fully complied with its commitment to reaffirm standstill commitments until the end of 2013, as agreed in Toronto, and to commit to roll back any new protectionist measure that may have risen, including new export restrictions and WTO-inconsistent measures to stimulate exports.

(1) No information was found indicating the imposition of new protectionist measures by Saudi Arabia in the current compliance cycle.

(2) Additionally, both the G20 Research Group's Toronto as well as Seoul Summit Final Compliance Reports found that Saudi Arabia had not imposed any new protectionist measures during the previous two compliance cycles.[1330][1331] Therefore, the commitment to roll back any

[1328] Prime Minister Vladimir Putin signs resolution No. 599 of August 5, 2010, On the Introduction of a Temporary Ban on the Export of Some Agricultural Products from the Russian Federation, Government of Russia 5 August 2010. Date of Access: 4 April 2012. http://government.ru/eng/smi/messages/11634/.

[1329] Government resolution No. 853 of 20 October 2010, Government of Russia 20 October 2010. Date of Access: 4 April 2012. http://government.consultant.ru/page.aspx?8411;1296286.

[1330] 2010 G20 Toronto Summit Final Compliance Report, G20 Information Centre (Toronto) 14 November 2010. Date of Access: 29 April 2012. http://www.g20.utoronto.ca/analysis/2010toronto-compliance.html.

protectionist measures that have risen since the Toronto Summit is not applicable to Saudi Arabia.

Saudi Arabia has met sub-commitment one while sub-commitment two is not applicable. Thus, Saudi Arabia receives a cumulative score of +1.

No information indicating that Saudi Arabia had imposed any protectionist measures that raise new barriers to trade in goods was found. Because Saudi Arabia had not implemented any new protectionist measures since the Toronto Summit, the second sub-commitment is not applicable. Thus, it has been awarded a score of +1.

Sub-commitment one: Saudi Arabia = 0

Analyst: Robert Schuster

South Africa: +1

South Africa receives a cumulative score of +1. It has failed to comply with its commitment not to raise or impose new barriers, but is below the G20 average with one measure. South Africa is, however, in compliance with its commitment to roll back new barriers.

(1) South Africa has not complied with its commitment to refrain from raising or imposing new barriers to investment or trade in goods and services, new export restrictions or WTO-inconsistent measures to stimulate exports.

On 23 December 2011, South Africa increased the import duty rate on water meters from 0 to 10%.[1332] It should be noted that meters for all other liquids were unaffected by this increase.

On 13 February 2012, the International Trade Administration Commission of South Africa decided to impose anti-dumping duties on chicken meat from Brazil, after the conclusion of an investigation commenced in June 2011.[1333] The new duty rates are 6.26% on boneless cuts from the company Aurora Alimentos, and 62.93 and 46.59% on whole frozen chicken and boneless cuts respectively, produced and exported by all other companies in Brazil. Upon referring to the WTO Dispute Settlement Body's list of publications it appears that Brazil has not called on the Body to explore these 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 not complied with its commitment to refrain from imposing new barriers. It is below the G20 average and therefore receives a compliance score of 0.

(2) South Africa has complied with its commitment to roll back new barriers to trade. On 1 January 2012, South Africa removed import duties on aluminium products, paper and

[1331] 2010 G20 Seoul Summit Final Compliance Report, G20 Information Centre (Toronto) 6 November 2011. Date of Access: 29 April 2012. http://www.g20.utoronto.ca/compliance/2010seoul-final/index.html.

[1332] South Africa: Increased duty on water meters, Global Trade Alert (London) 9 January 2012. Date of Access: 1 March 2012.http://www.globaltradealert.org/measure/south-africa-increased-duty-water-meters

[1333] Media Release: Provisional Payments on Chicken Meat from Brazil, International Trade Administration Commission of South Africa (Pretoria) 13 February 2012. Date of Access: 19 March 2012. http://www.itac.org.za/media_releases.asp.

polymers.[1334] The prior rates were 1.95% on paper and cardboard, 1.3% on aluminium foil and plates, and 2.6% on polymers.

On 23 December 2011, South Africa removed the import duty, which was pegged at 20%, on certain pistons.[1335] Pistons with a diameter of less than 155 mm are currently imported free of charge.
South Africa has rolled back new barriers and therefore receives a compliance score of +1 for the second sub-commitment.

Sub-commitment one: South Africa = 1
23 December 2011 Import duty on water meters

Analysts: Dana Wagner and Fern Ramoutar

Turkey: 0
Turkey receives a cumulative compliance score of 0. Turkey is in compliance with its commitment to refrain from raising or imposing new barriers, but has failed to comply with its commitment to roll back new barriers.

(1) No information was found indicating the imposition of new protectionist measures by Turkey in this compliance cycle. Therefore, Turkey has fully complied with its commitment to refrain from raising or imposing new barriers to investment or trade in goods and services, new export restrictions or WTO-inconsistent measures to stimulate exports. Turkey receives a score of +1 for the first sub-commitment.

(2) No information was found indicating that Turkey has rolled back new barriers to trade. Turkey therefore receives a score of -1 for non-compliance with the second sub-commitment.

During the compliance cycle there was no information indicating that Turkey had imposed measures that raise new barriers to trade in goods. No information was found indicating that Turkey has rolled back measures taken in the period between Toronto and Cannes summits. Thus, it has been awarded a cumulative score of 0.

Sub-commitment one: Turkey = 0

Analyst: Fern Ramoutar

United Kingdom: +1
The United Kingdom receives a cumulative score of +1 because it has complied both with its commitment not to raise or impose new barriers to trade, and its commitment to roll back new barriers.

(1) The United Kingdom has fully complied with its commitment not to raise or impose new barriers to investment or trade in goods and services, new export restrictions or WTO-inconsistent measures to stimulate exports.

[1334] South Africa: Removal of import tariff on aluminium products, paper and polymers, Global Trade Alert (London) 9 January 2012. Date of Access: 1 March 2012. http://www.globaltradealert.org/measure/south-africa-removal-import-tariff-aluminium-products-paper-and-polymers.
[1335] South Africa: Removal of import duty on pistons, Global Trade Alert (London) 9 January 2012. Date of Access: 1 March 2012. http://www.globaltradealert.org/measure/south-africa-removal-import-duty-pistons.

On 16 April 2012, the European Commission imposed a definitive anti-dumping duty on imports of tartaric acid originating in the People's Republic of China. Duties range from 4.7% to 34.9%.[1336]

On 12 April 2012, the European Commission imposed a definitive anti-dumping duty and the collection definitively of the provisional duty imposed on oxalic acid originating in India and the People's Republic of China (PRC). The rate of the definitive anti-dumping duty of the product originating in India ranges from 22.8% to 43.6% while the rate of the definitive anti-dumping duty of the product originating in the PRC ranges from 14.6% to 52.2%.[1337]

On 9 February 2012, the European Commission imposed provisional countervailing duties on imports or certain stainless steel fasteners and parts thereof originating in India.[1338] Duties range from 3.2% to 16.5%.

On 27 January 2012, the European Commission imposed definitive anti-dumping duties on imports of steel ropes and cables originating in the People's Republic of China (PRC) and Ukraine and extending to imports of steel ropes and cables consigned from Morocco, Moldova and Korea, whether declared as originating in those countries or not. The rate of the definitive anti-dumping duty of the product originating in the PRC is 60.4% and is extended to imports of the same steel and ropes consigned from Morocco and the Republic of Korea while the rate of the definitive anti-dumping duty of the product originating in Ukraine is 51.8% and is extended to imports of the same steel ropes and cables consigned from Moldova.[1339]

On 9 January 2012, the European Commission extended the definitive anti-dumping duty of 64.3% on imports of molybdenum wires originating in the People's Republic of China to imports of molybdenum wires consigned from Malaysia, whether declared as originating in Malaysia or not.[1340]

On 4 January 2012, the European Commission imposed a definitive anti-dumping duty on imports of certain stainless steel fasteners and parts originating in the People's Republic of China and Taiwan ranging from 8.8% to 27.4%.[1341]

[1336] Commission Regulation (EU) No 349/2012, Official Journal of the European Union (Brussels) 16 April 2012. Date of Access: 29 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:110:0003:0016:EN:PDF.

[1337] Commission Regulation (EU) No 325/2012, Official Journal of the European Union (Brussels) 12 April 2012. Date of Access: 29 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:106:0001:0010:EN:PDF.

[1338] Commission Regulation (EU) No 115/2012, Official Journal of the European Union (Brussels) 9 February 2012. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:038:0006:0028:EN:PDF.

[1339] Council Implementing Regulation (EU) No 102/2012, Official Journal of the European Union (Brussels) 27 January 2012. Date of Access: March 5 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:036:0001:0016:EN:PDF.

[1340] Council Implementing Regulation (EU) No 14/2012, Official Journal of the European Union (Brussels) 9 January 2012. Date of Access: March 5 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:008:0022:0026:EN:PDF.

[1341] Council Implementing Regulation (EU) No 2/2012, Official Journal of the European Union (Brussels) 4 January 2012. Date of Access: March 5 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:005:0001:0015:EN:PDF.

On 19 December 2011, the European Commission imposed definitive anti-dumping duties on imports of trichloroisocyanuric acid originating in the People's Republic of China ranging from 3.2% to 42.6%.[1342]

On 14 December 2011, the European Commission imposed a definitive anti-dumping duty and the collection definitively of the provisional duty imposed on imports of certain seamless pipes and tubes of stainless steel originating in the People's Republic of China. The duties range from 48.3% to 71.9%.[1343]

On 8 November 2011, the European Commission imposed a definitive anti-dumping duty and the collection definitively of the provisional duty imposed on imports of certain fatty alcohols and their blends originating in India, Indonesia and Malaysia. The duties range from 45.63% to 86.99% per tonne.[1344]

Upon referring to the WTO Dispute Settlement Body's list of disputed cases it appears the Body has not been called upon by any of the countries affected to explore the above measures.[1345] Until such a panel is established and reaches definite conclusions, these measures cannot be deemed to be in violation of WTO rules.

The United Kingdom is therefore in compliance with its commitment not to raise or impose new barriers and receives a score of +1 for the first sub-commitment.

(2) The United Kingdom has fully complied with its commitment to roll back any new protectionist measure that may have risen, including new export restrictions and WTO-inconsistent measures to stimulate exports.

On 14 December 2011, the European Commission announced the cessation of the temporary suspension of the duty-free regime for the year 2012 of select non-alcoholic beverages originating in Norway.[1346] The beverage products include waters (mineral waters and aerates waters) containing added sugar or other sweetening matter or flavour, as well as other non-alcoholic beverage products containing sugar, sucrose, or invert sugar.

[1342] Council Implementing Regulation (EU) No. 1389/2011, Official Journal of the European Union (Brussels) 19 December 2011. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:346:0006:0016:EN:PDF.

[1343] Council Implementing Regulation (EU) No. 1331/2011, Official Journal of the European Union (Brussels) 14 December 2011. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:336:0006:0019:EN:PDF.

[1344] Council Implementing Regulation (EU) No 1138/2011, Official Journal of the European Union (Brussels) 8 November 2011. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:293:0001:0018:EN:PDF.

[1345] Dispute Settlement: The Disputes, World Trade Organization (Geneva). Date of Access: 5 March 2012 http://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm.

[1346] Unlimited duty-free access for Norwegian non-alcoholic beverages for the year 2012, Global Trade Alert (London). 19 December 2011. Date of Access: 20 February 2012. http://www.globaltradealert.org /measure/ec-unlimited-duty-free-access-norwegian-non-alcoholic-beverages-year-2012.

On 9 January 2012, the European Commission announced the temporary suspension of Common Customs Tariff duties on imports of certain industrial products originating from the regions of Azores and Madeira.[1347]

On 11 January 2012, the European Commission announced the termination of antidumping duties on vinyl acetate from the United States of America. On 12 April 2010, the European Commission decided to begin an antidumping investigation against vinyl acetate originating from the USA, and on 16 August 2011, provisional antidumping duties were imposed.[1348] On 11 January 2012, the European Commission terminated the provisional duties and investigation on vinyl acetate from the USA.

On 2 April 2012, the European Commission announced that tariff quotas would be amended for certain agricultural and fishery products originating from Norway.[1349] The amendment includes new annual duty free tariff quotas for certain agricultural products.

The United Kingdom receives a score of +1 for the second sub-commitment, primarily for the termination of import duties.

The United Kingdom has not imposed any protectionist measures that raise new barriers to trade in goods, and has taken steps to roll back measures taken in the period between Toronto and Cannes Summits. Thus, it has been awarded a score of +1.

Sub-commitment one: United Kingdom = 0

Analyst: Julia Hein

United States: 0

The United States receives a cumulative score of 0. The United States has complied with its commitments to refrain from raising barriers to trade or imposing new barriers to investment or trade in goods and services, new export restrictions or WTO-inconsistent measures to stimulate exports. However, the United States has not complied with its commitment to roll back new barriers.

(1) The United States has complied with its commitment not to raise or introduce any new barriers to trade.

On March 30 2012, the United States Department of Commerce announced in a preliminary determination that countervailable subsidies are provided to producers and exporters of circular welded carbon-quality steel pipe from India and the Socialist Republic of Vietnam. The Department directed US Customs and Border Protection to suspend liquidation of all entries of the subject merchandise and to require a cash deposit or bond equal to the net subsidy rate of

[1347] Commission Delegated Regulation (EU) No 312/2012, Official Journal of the European Union (Brussels) 9 January 2012. Date of Access 26 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:103:0015:0016:EN:PDF.

[1348] Termination of antidumping duties on vinyl acetate originating in the US, Global Trade Alert (London). 22 March 2011. Date of Access: 25 February 2012 http://www.globaltradealert.org/measure/ec-termination-antidumping-duties-vinyl-acetate-originating-us.

[1349] Commission Implementing Regulation (EU) No 291/2012, Official Journal of the European Union (Brussels), 2 April 2012. Date of Access: 10 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:096:0001:0002:EN:PDF.

285.95% for the product originating in India and 8.06% for the product originating in Vietnam.[1350]

On March 26 2012, the United States Department of Commerce announced in a preliminary determination that countervailable subsidies are being provided to producers and exporters of crystalline silicon photovoltaic cells originating from the People's Republic of China. The Department directed US Customs and Border Protection to suspend liquidation of all entries of the subject merchandise and to require a cash deposit or bond equal to the subsidy rates, which range from 2.9% to 4.73%.[1351]

On March 26 2012, the United States Department of Commerce announced in a final determination that stilbenic optical brightening agents from the People's Republic of China are being, or are likely to be sold in the United States at less than fair value. The Department directed US Customs and Border Protection to require a cash deposit or the posting of a bond on the subject merchandise equal to the average dumping margins, which range from 63.98% to 109.95%.[1352] The International Trade Commission was notified, and if material injury or threat of material injury to US industry is found, an antidumping order, assessing antidumping duties on the subject merchandise, will be issued.

On March 26 2012, the United States Department of Commerce announced in a final determination that imports of galvanized steel wire from Mexico and the People's Republic of China (PRC) are being, or are likely to be, sold in the United States at less than fair value. US Customs and Border Protection was directed to require a cash deposit or the posting of a bond equal to the average dumping margins, which range from 20.89% to 37.69% on the subject merchandise originating from Mexico and from 194% to 235% on the subject merchandise originating from the PRC.[1353] The International Trade Commission was notified, and if material injury or threat of material injury to US industry is found, an antidumping order, assessing antidumping duties on the subject merchandise, will be issued.

On March 26 2012, the United States Department of Commerce announced in a final determination that imports of bottom-mount combination refrigerator-freezers from Mexico and the Republic of Korea are being, or are likely to be, sold in the United States at less than fair value. US Customs and Border Protection will require a cash deposit or the posting of a bond equal to the average dumping margins, which range from 6% to 30.34% on the subject merchandise originating from Mexico and from 5.16% to 15.41% on the subject merchandise

[1350] Circular Welded Carbon-Quality Steel Pipe From the Socialist Republic of Vietnam: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Determination, US Department of Commerce (Washington) 30 March 2012. Date of Access: 29 April 2012. http://ia.ita.doc.gov/frn/2012/1203frn/2012-7748.txt

[1351] Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, US Department of Commerce (Washington) 26 March 2012. Date of Access: 29 April 2012. http://ia.ita.doc.gov/frn/2012/1203frn/2012-7273.txt

[1352] Certain Stilbenic Optical Brightening Agents From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, US Department of Commerce (Washington) 26 March 2012. Date of Access: 30 April 2012. http://ia.ita.doc.gov/frn/2012/1203frn/2012-7215.txt

[1353] Notice of Final Determination of Sales at Less Than Fair Value: Galvanized Steel Wire From Mexico, US Department of Commerce (Washington) 26 March 2012. Date of Access: 30 April 2012. http://ia.ita.doc.gov/frn/2012/1203frn/2012-7213.txt.

originating from the Republic of Korea.[1354] The International Trade Commission was notified, and if material injury or threat of material injury to US industry is found, an antidumping order, assessing antidumping duties on the subject merchandise, will be issued.

On March 23 2012, the United States Department of Commerce, in accordance with its final determination of sales at less than fair value in its antidumping investigation of certain steel wheels from the People's Republic of China, instructed US Customs and Border Protection to require a cash deposit or the posting of a bond equal to the average dumping margins, which range from 44.96% to 193.54%.[1355] The International Trade Commission was notified, and if material injury or threat of material injury to US industry is found, an antidumping order, assessing antidumping duties on the subject merchandise, will be issued.

On March 23 2012, the United States Department of Commerce announced in a final determination "that imports of certain steel nails originating from the United Arab Emirates are being, or are likely to be, sold in the United States at less than fair value."[1356] US Customs and Border Protection was instructed by the Department to require a cash deposit or the posting of a bond equal to the average dumping margins, which range from 2.8% to 184.41%.[1357] The International Trade Commission was notified, and if material injury or threat of material injury to US industry is found, an antidumping order, assessing antidumping duties on the subject merchandise, will be issued.

On March 23 2012, the United States Department of Commerce announced in a final determination "that imports of stilbenic optical brightening agents from Taiwan are being, or are likely to be, sold in the United States at less than fair value."[1358] US Customs and Border Protection was directed by the Department to require a cash deposit or the posting of a bond equal to the average dumping margin of 6.2%.[1359] The International Trade Commission was notified, and if material injury or threat of material injury to US industry is found, an antidumping order, assessing antidumping duties on the subject merchandise, will be issued.

[1354] Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Critical Circumstances Determination: Bottom Mount Combination Refrigerator-Freezers From Mexico, US Department of Commerce (Washington) 26 March 2012. Date of Access: 30 April 2012. http://ia.ita.doc.gov/frn/2012/1203frn/2012-7271.txt.

[1355] Certain Steel Wheels From the People's Republic of China: Notice of Final Determination of Sales at Less Than Fair Value and Partial Affirmative Final Determination of Critical Circumstances, US Department of Commerce (Washington) 23 March 2012. Date of Access: 30 April 2012. http://ia.ita.doc.gov/frn/2012/1203frn/2012-7047.txt.

[1356] Certain Steel Nails From the United Arab Emirates: Final Determination of Sales at Less Than Fair Value, US Department of Commerce (Washington) 23 March 2012. Date of Access: 30 April 2012. http://ia.ita.doc.gov/frn/2012/1203frn/2012-7067.txt.

[1357] Certain Steel Nails From the United Arab Emirates: Final Determination of Sales at Less Than Fair Value, US Department of Commerce (Washington) 23 March 2012. Date of Access: 30 April 2012. http://ia.ita.doc.gov/frn/2012/1203frn/2012-7067.txt.

[1358] Certain Stilbenic Optical Brightening Agents From Taiwan: Final Determination of Sales at Less Than Fair Value, US Department of Commerce (Washington) 23 March 2012. Date of Access: 30 April 2012. http://ia.ita.doc.gov/frn/2012/1203frn/2012-7063.txt.

[1359] Certain Stilbenic Optical Brightening Agents From Taiwan: Final Determination of Sales at Less Than Fair Value, US Department of Commerce (Washington) 23 March 2012. Date of Access: 30 April 2012. http://ia.ita.doc.gov/frn/2012/1203frn/2012-7063.txt.

On 16 February 2012, the United States Department of Commerce announced in a preliminary determination "that large power transformers from the Republic of Korea are being, or are likely to be, sold in the United States at less than fair value."[1360] US Customs and Border Protection was directed by the Department to suspend liquidation of the subject merchandise and to require a cash deposit or posting of a bond equal to the average dumping margins, which range from 21.79% to 38.07%.[1361]

On 8 December 2011, the United States imposed countervailing duties of 1.50% and 26.73% and antidumping duties ranging from 2.63% to 58.4% on multilayered wood flooring from the People's Republic of China (PRC) following a determination by the International Trade Commission "that imports of wood flooring from the PRC are materially injuring a U.S. industry."[1362]

Upon referring to the WTO Dispute Settlement Body's list of disputed cases it appears the Body has not been called upon by any of the countries affected to explore the above measures.[1363] Until such a panel is established and reaches a definite conclusion, these measures cannot be deemed to be in violation of WTO rules.

The United States is in compliance with the first sub-commitment and receives a score of +1.

(2) The United States has not rolled back any new protectionist measures that have arisen since the Toronto Summit. Therefore the United States has not complied with the second sub-commitment and is awarded a score of -1.

Sub-commitment one: United States = 0

Analyst: William Johnston

European Union: +1

The European Union receives a full compliance score of +1 because it has complied with the two-part commitment not to raise or impose new barriers, and to roll back any new barriers to trade.

(1) The European Union has complied with its standstill commitment to refrain from raising or imposing new barriers to investment or trade in goods and services, new export restrictions or WTO-inconsistent measures to stimulate exports.

[1360] Large Power Transformers From the Republic of Korea: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination, US Department of Commerce (Washington) 16 February 2012. Date of Access: 29 April 2012. http://ia.ita.doc.gov/frn/2012/1202frn/2012-3716.txt.

[1361] Large Power Transformers From the Republic of Korea: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination, US Department of Commerce (Washington) 16 February 2012. Date of Access: 29 April 2012. http://ia.ita.doc.gov/frn/2012/1202frn/2012-3716.txt.

[1362] Multilayered Wood Flooring From the People's Republic of China: Amended Final Determination of Sales as Less Than Fair Value and Antidumping Duty Order, US Department of Commerce (Washington) 8 December 2011. Date of Access: 4 March 2012. http://ia.ita.doc.gov/frn/2011/1112frn/2011-31571.txt.

[1363] Dispute Settlement: The Disputes, World Trade Organization (Geneva). Date of Access: 5 March 2012. http://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm.

On 16 April 2012, the European Commission imposed a definitive anti-dumping duty on imports of tartaric acid originating in the People's Republic of China. Duties range from 4.7% to 34.9%.[1364]

On 12 April 2012, the European Commission imposed a definitive anti-dumping duty and the collection of the provisional duty imposed on oxalic acid originating in India and the People's Republic of China (PRC). The rate of the definitive anti-dumping duty of the product originating in India ranges from 22.8% to 43.6% while the rate of the definitive anti-dumping duty of the product originating in the PRC ranges from 14.6% to 52.2%.[1365]

On 9 February 2012, the European Commission imposed provisional countervailing duties on imports or certain stainless steel fasteners and parts thereof originating in India.[1366] Duties range from 3.2% to 16.5%.

On 27 January 2012, the European Commission imposed definitive anti-dumping duties on imports of steel ropes and cables originating in the People's Republic of China (PRC) and Ukraine and extending to imports of steel ropes and cables consigned from Morocco, Moldova and Korea, whether declared as originating in those countries or not. The rate of the definitive anti-dumping duty of the product originating in the PRC is 60.4% and is extended to imports of the same steel and ropes consigned from Morocco and the Republic of Korea while the rate of the definitive anti-dumping duty of the product originating in Ukraine is 51.8% and is extended to imports of the same steel ropes and cables consigned from Moldova.[1367]

On 9 January 2012, the European Commission extended the definitive anti-dumping duty of 64.3% on imports of molybdenum wires originating in the People's Republic of China to imports of molybdenum wires consigned from Malaysia, whether declared as originating in Malaysia or not.[1368]

On 4 January 2012, the European Commission imposed a definitive anti-dumping duty on imports of certain stainless steel fasteners and parts originating in the People's Republic of China and Taiwan ranging from 8.8% to 27.4%.[1369]

[1364] Commission Regulation (EU) No 349/2012, Official Journal of the European Union (Brussels) 16 April 2012. Date of Access: 29 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:110:0003:0016:EN:PDF.
[1365] Commission Regulation (EU) No 325/2012, Official Journal of the European Union (Brussels) 12 April 2012. Date of Access: 29 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:106:0001:0010:EN:PDF.
[1366] Commission Regulation (EU) No 115/2012, Official Journal of the European Union (Brussels) 9 February 2012. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:038:0006:0028:EN:PDF.
[1367] Council Implementing Regulation (EU) No 102/2012, Official Journal of the European Union (Brussels) 27 January 2012. Date of Access: March 5 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:036:0001:0016:EN:PDF.
[1368] Council Implementing Regulation (EU) No 14/2012, Official Journal of the European Union (Brussels) 9 January 2012. Date of Access: March 5 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:008:0022:0026:EN:PDF.
[1369] Council Implementing Regulation (EU) No 2/2012, Official Journal of the European Union (Brussels) 4 January 2012. Date of Access: March 5 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:005:0001:0015:EN:PDF.

On 19 December 2011, the European Commission imposed definitive anti-dumping duties on imports of trichloroisocyanuric acid originating in the People's Republic of China ranging from 3.2% to 42.6%.[1370]

On 14 December 2011, the European Commission imposed a definitive anti-dumping duty and the collection definitively of the provisional duty imposed on imports of certain seamless pipes and tubes of stainless steel originating in the People's Republic of China. The duties range from 48.3% to 71.9%.[1371]

On 8 November 2011, the European Commission imposed a definitive anti-dumping duty and the collection definitively of the provisional duty imposed on imports of certain fatty alcohols and their blends originating in India, Indonesia and Malaysia. The duties range from 45.63% to 86.99% per tonne.[1372]

Upon referring to the WTO Dispute Settlement Body's list of disputed cases it appears the Body has not been called upon by any of the countries affected to explore the above measures.[1373] Until such a panel is established and reaches definite conclusions, these measures cannot be deemed to be in violation of WTO rules.

The European Union is therefore in compliance with its commitment not to raise or impose new barriers and receives a score of +1 for the first sub-commitment.

(2) The European Union has fully complied with its commitment to roll back any new protectionist measure that may have risen, including new export restrictions and WTO-inconsistent measures to stimulate exports.

On 14 December 2011, the European Commission announced the cessation of the temporary suspension of the duty-free regime for the year 2012 of select non-alcoholic beverages originating in Norway.[1374] The beverage products include waters (mineral waters and aerates waters) containing added sugar or other sweetening matter or flavour, as well as other non-alcoholic beverage products containing sugar, sucrose, or invert sugar.

[1370] Council Implementing Regulation (EU) No. 1389/2011, Official Journal of the European Union (Brussels) 19 December 2011. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:346:0006:0016:EN:PDF.
[1371] Council Implementing Regulation (EU) No. 1331/2011, Official Journal of the European Union (Brussels) 14 December 2011. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:336:0006:0019:EN:PDF.
[1372] Council Implementing Regulation (EU) No 1138/2011, Official Journal of the European Union (Brussels) 8 November 2011. Date of Access: 5 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:293:0001:0018:EN:PDF.
[1373] Dispute Settlement: The Disputes, World Trade Organization (Geneva). Date of Access: 5 March 2012 http://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm.
[1374] Unlimited duty-free access for Norwegian non-alcoholic beverages for the year 2012, Global Trade Alert (London). 19 December 2011. Date of Access: 20 February 2012. http://www.globaltradealert.org /measure/ec-unlimited-duty-free-access-norwegian-non-alcoholic-beverages-year-2012.

On 9 January 2012, the European Commission announced the temporary suspension of Common Customs Tariff duties on imports of certain industrial products originating from the regions of Azores and Madeira.[1375]

On 11 January 2012, the European Commission announced the termination of antidumping duties on vinyl acetate from the United States of America. On 12 April 2010, the European Commission decided to begin an antidumping investigation against vinyl acetate originating from the USA, and on 16 August 2011, provisional antidumping duties were imposed.[1376] On 11 January 2012, the European Commission terminated the provisional duties and investigation on vinyl acetate from the USA.

On 2 April 2012, the European Commission announced that tariff quotas would be amended for certain agricultural and fishery products originating from Norway.[1377] The amendment includes new annual duty free tariff quotas for certain agricultural products.

The European Union has rolled back new barriers to trade and receives a compliance score of +1 for the second sub-commitment.

The European Union has not imposed any protectionist measures that raise new barriers to trade in goods, and has taken steps to roll back measures taken in the period between Toronto and Cannes Summits. Thus, it has been awarded a score of +1.

Sub-commitment one: European Union = 0

Analyst: Julia Hein

[1375] Commission Delegated Regulation (EU) No 312/2012, Official Journal of the European Union (Brussels) 9 January 2012. Date of Access 26 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:103:0015:0016:EN:PDF.

[1376] Termination of antidumping duties on vinyl acetate originating in the US, Global Trade Alert (London). 22 March 2011. Date of Access: 25 February 2012 http://www.globaltradealert.org /measure/ec-termination-antidumping-duties-vinyl-acetate-originating-us.

[1377] Commission Implementing Regulation (EU) No 291/2012, Official Journal of the European Union (Brussels), 2 April 2012. Date of Access: 10 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:096:0001:0002:EN:PDF.

Development: Social Protection Floors [266]

Commitment [#266]:

"We therefore decide to support the implementation and expansion of nationally-designed social protection floors in developing countries, especially low income countries."

Cannes Summit Final Declaration

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	-1		
Indonesia		0	
Italy			+1
Japan			+1
Korea			+1
Mexico		0	
Russia		0	
Saudi Arabia		0	
South Africa		0	
Turkey		0	
United Kingdom			+1
United States			+1
European Union			+1
Average Score	+0.40		

Background:

In March 1995, the World Summit for Social Development took place in Copenhagen. The Social Summit pledged to make conquest of poverty, achieve goal of full employment and fostering of social integration. In June 2000, governments reconvened in Geneva, to review progress.[1378]

In 2006, International Labor Organization (ILO) Social Security Department developed new platform Global extension of social security (GESS) to facilitate the exchange of information and promote innovation in the field of social security. GESS provides an international interdisciplinary knowledge sharing environment and technical assistance services for the extension of social security.[1379]

[1378] World Summit for Social Development Copenhagen 1995. Date of Access: 28 February 2012. http://social.un.org/index/Home/WorldSummitforSocialDevelopment1995.aspx

[1379] GESS. Date of Access: 28 February 2012. http://www.socialsecurityextension.org/gimi/gess/ShowWiki.do?wid=9

In 2008, World Bank established the Rapid Social Response Program (RSR) as a response to the food, fuel and financial crises. RSR's primary mission is to help LIC's build social protection systems. Russia, Norway and UK donated resources to the trust fund.[1380]

In April 2009, the United Nations System Chief Executives Board for Coordination (UNCEB) adopted the Social Protection Floor initiative (UN joint initiative to cope with the effects of the economic crisis) This initiative is co-led by the ILO and the WHO and involves a group of 17 collaborating agencies, including UN agencies and international financial institutions. Within the framework of the Social Protection Floor Initiative, the Social Protection Floor Advisory Group has been created to enhance global advocacy activities and to further elaborate the conceptual policy aspects of the approach.[1381]

In September 2009, Commission of Experts of the President of the UN General Assembly made recommendations on enhancing social protection especially for developing countries. In response to the crisis developing countries should undertake a variety of counter-cyclical policies, including social protection measures, with assistance from developed countries. The report proposed that international community should establish special funds to help creating systems of social protection.[1382]

On 20-22 September 2010 at the UN Millennium Summit in New York, members considered that providing social protection floors could make an important contribution to the achievement of the MDG's.[1383]

On 2-3 May 2011, OECD Social Policy Ministers with their counterparts from Russia, Brazil, Indonesia and South Africa reaffirmed "their commitment to combating unemployment and poverty as well as providing adequate and financially sustainable social protection, including a basic social protection floor in emerging and developing economies."[1384]

On 17 June 2011, at its 100th Session, the ILO adopted a Resolution on social protection that reconfirms the role of social security as a human right and a social and economic necessity for countries at all levels of development. This resolution expresses the commitment of governments, employers and workers in the 183 members of the ILO to step up their efforts to build national social protection floor as part of their national strategies to develop comprehensive social security systems.[1385]

[1380] Rapid Social Response Program. Date of Access: 28 February 2011. http://go.worldbank.org/2DPZ4H67Q0

[1381] Social Protection Floor. Date of Access: 28 February 2011. http://www.ilo.org/public/english/protection/spfag/index.htm

[1382] Report of the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System. 21 September 2009. Date of Access: 28 February 2012. http://www.un.org/ga/president/63/PDFs/reportofexpters.pdf

[1383] Follow-up to the outcome of the Millennium Summit. Date of Access: 28 February 2012. http://www.un.org/en/mdg/summit2010/pdf/mdg%20outcome%20document.pdf

[1384] Final Communiqué of the Ministerial Meeting on OECD Social Policy: Building a Fairer Future: The Role of Social Policy. Date of Access: 28 February 2012. http://www.oecd.org/document/0,3746,en_21571361_47089446_47746169_1_1_1_1,00.html

[1385] Resolution concerning the recurrent discussion on social protection (social security). Date of Access: 28 February 2012. http://www.ilo.org/gimi/gess/RessFileDownload.do?ressourceId=24661

On 27 September 2011, G20 Labour and Employment Ministers adopted conclusions.[1386] They welcomed the conclusions on social protection adopted by the International Labour Conference on 17 June 2011[1387] and took note of the recommendations of the Social Protection Floor Advisory Group chaired by Michelle Bachelet[1388]. The ministers welcomed the work done within the framework of the G20 Development Working Group[1389]. They took note of the Brasilia declaration on the Social Protection Floor adopted on 10 May 2011.[1390] They recognized the importance of taking account of ILO convention 102 (Social Security, Minimum standards)[1391].

Ministers agreed on the following recommendations: Develop nationally defined social protection floors with a view to achieving strong, sustainable and balanced economic growth and social cohesion; Encourage international organizations to coordinate their actions more effectively to help countries develop nationally determined social protection floors; Ensure effective financing for the implementation of nationally determined social protection floors.[1392]

On 3-4 November 2011 at the Cannes summit, G20 Leaders put an emphasis on growth and jobs within the G20 Framework for strong, sustainable and balanced growth. G20 Leaders established a Task Force on Employment that will initially concentrate on youth employment and they also recognized the importance of investing in nationally-designed social protection floors. The G20 tasked several international organizations, including the ILO, the IMF, the OECD and the World Bank, to report to Finance Ministers on the global employment outlook and how the Framework for strong, sustainable and balanced growth can contribute to job creation.[1393]

In April 2012, the World Bank Board launched the Social Protection and Labor Strategy 2012-2022 which lays out ways to deepen the World Bank involvement, capacity, knowledge, and impact in social protection and labor.[1394]

[1386] G20 Labour and Employment Ministers' Conclusions. Paris, September 27, 2011. Date of Access: 28 February 2012. http://www.g8.utoronto.ca/g20/2011/2011-labour-110927-en.pdf
[1387] Report VI, Social security for social justice and a fair globalization, International Labour Conference, 100th Session, Geneva, 2011. Date of Access: 28 February 2012. http://www.ilo.org/gimi/gess/RessFileDownload.do?ressourceId=21960
[1388] Social Protection Floor for a Fair and Inclusive Globalization . Date of Access: 28 February 2012. http://www.ilo.org/public/english/protection/spfag/download/background/bachrep_en.pdf
[1389] 2011 Report of the Development Working Group, October 28, 2011. Date of Access: 28 February 2012. http://www.g20.utoronto.ca/2011/2011-cannes-dwg-111028-en.pdf
[1390] G20 Consultation Meeting Argentina-Brazil-France-Mexico.Declaration of Brasília on the Social Protection Floor. Date of Access: 28 February 2012. http://www.socialsecurityextension.org/gimi/gess/RessFileDownload.do?ressourceId=23162
[1391] The ILO Social Security (Minimum Standards) Convention, 1952 (No. 102). Date of Access: 28 February 2012. http://www.ilo.org/public/english/protection/secsoc/areas/legal/conv102.htm
[1392] G20 Labour and Employment Ministers' Conclusions. Paris, September 27, 2011. Date of Access: 28 February 2012. http://www.g20.utoronto.ca/2011/2011-labour-110927-en.html.
[1393] The ILO and the G20. Date of Access: 28 February 2012. http://www.ilo.org/global/about-the-ilo/how-the-ilo-works/multilateral-system/g20/lang--en/index.htm
[1394] World Bank Social Protection and Labor Strategy 2012-2022, World Bank April 2012. Date of Access: 24 May 2012.http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/280558-1274453001167/7089867-1279223745454/7253917-1291314603217/SPL_Strategy_2012-22_FINAL.pdf.

Commitment Features

This commitment affirms the need for G20 members to intensify assistance to support developing countries efforts towards strengthening social protection floors. For full compliance member must (1) take actions to support existing social protection floors in developing countries including by making contributions to international initiatives, (2) expand or create systems in developing countries including by making contributions to expand or create international initiatives.

The ILO Global Jobs Pact specifies the following components of a basic social protection floor: "access to health care, income security for the elderly and persons with disabilities, child benefits and income security combined with public employment guarantee schemes for the unemployed and working poor."[1395]

International Labor Conference of June 2011 refined the concept of social protection floor and agreed on the following definition: "… social protection floors, containing basic social security guarantees that ensure that over the life cycle all in need can afford and have access to essential health care and have income security at least at a nationally defined minimum level. Social protection floor policies should aim at facilitating effective access to essential goods and services, promote productive economic activity and be implemented in close coordination with other policies enhancing employability, reducing informality and precariousness, creating decent jobs and promoting entrepreneurship."[1396]

The report of the Social Protection Floor Advisory Group recommends the traditional and emerging donors to "agree on triangular cooperation mechanisms to enable the building of social protection systems in partner low-income countries," emphasizing that "these mechanisms could create a division of labor in which traditional donors could provide predictable multi-year funding through direct budgetary support to expand affordability of social programs, while emerging donors could continue focusing on knowledge sharing and capacity building based on their own development experiences."[1397]

The Social Protection Floor Report also welcomed the G20 commitment to "promote exchange of information, experiences and knowledge through the development of a knowledge-sharing platform, which would include both specific cases of successful experiences and technologies that could be transferred among countries" and recommended that "the G20 elaborate an action plan to implement its conclusions and put in place effective mechanisms, in coordination with international organizations, to monitor and report on the progress towards extending social protection coverage."

The commitment calls for support of developing countries. Several G20 members are developing countries. At the Cannes Summit the G20 leaders states that while "aid commitments made by developed countries should be met" "emerging G20 countries will engage or continue to extend

[1395] Recovering from the crisis: A Global Jobs Pact. June 2009. Date of Access: 28 February 2012. http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_108456.pdf.

[1396] Sixth item on the agenda: A recurrent discussion on the strategic objective of social protection (social security) under the follow-up to the 2008 ILO Declaration on Social Justice for a Fair Globalization. June 2011. Date of Access: 28 February 2012. http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_157820.pdf.

[1397] Social Protection Floor for a Fair and Inclusive Globalization . Date of Access: 28 February 2012. http://www.ilo.org/public/english/protection/spfag/download/background/bachrep_en.pdf their level of support to other developing countries." Thus, only actions to support the implementation and expansion of nationally-designed social protection floors abroad (including in developing G20 member-countries) will be registered as compliance.

Scoring Guidelines:

-1	Member does not take actions to support the implementation and expansionofnationally-designed social protection floors in developing countries.
0	Member takes actions to support the implementationofnationally-designed social protection floors in developing countries BUT doesn't take actions to support expansion ofnationally-designed social protection floors in developing countries.
+1	Member takes actions to support the implementation AND expansionofnationally-designed social protection floors in developing countries.

Argentina: -1

Argentina has failed to comply with the commitment on development.

On 10 May 2011, Argentina, Brazil and Mexico signed the Declaration of Brasilia on the Social Protection Floor for development of better social protection coverage and the cooperation between international organizations and countries to facilitate the construction of sustainable national social protection systems[1398]. No facts of implementation the Declaration have been found.

On 28 September 2011, Argentina and Uruguay made a decision to cooperate and exchange experience in the sphere of social policy. Argentinian Minister of Social Development Alicia Kirshner and her counterpart Daniel Olesker indicated three main aims of cooperation: protection of rights of vulnerable persons, social integration and improvement of life quality.[1399]

No facts that Argentina supported implementation and extension of nationally-designed social protection floors in developing countries during the compliance period have been found so it gets a score of -1.

Analyst: Elizaveta Safonkina

Australia: +1

Australia has fully complied with its development commitment.

New funding has been provided by Australia to support the implementation of nationally-designed social protection floors in developing countries.

On 5 December 2011, the Australian Government announced "support to improve the lives of people with disability worldwide" at a symposium on the World Health Organisation and World Bank's World Report on Disability in Sydney. Foreign Minister Kevin Rudd and Parliamentary Secretary for Disabilities and Carers, Senator Jan McLucas said the Australian Government will

[1398] The Declaration of Brasilia on the Social Protection Floor, Global Extension on Social Security (GESS) 10 May 2011. Date of Access: 4 March 2012. http://www.socialsecurityextension.org/gimi/gess/ShowNews.do?nid=9691

[1399] Los ministerios de Desarrollo Social de Argentina y Uruguay trabajaran juntos por la economía social, Ministerio de Desarrollo Social de la Nacion, 28 September 2011. Date of Access: 4 March 2012. http://www.desarrollosocial.gob.ar/visitadelegacionuruguay/808 contribute USD2 million towards a new United Nations Trust Fund to assist countries to implement the Convention on the Rights of Persons with Disabilities.[1400]

Australia has also taken actions to support the expansion of nationally-designed social protection floors in developing countries.

On 18 November 2011, Australia announced it will contribute to the reading outcomes for 100 million children in primary grades by 2015 under a new All Children Reading initiative.[1401] A founding partner of the All Children Reading (ACR) initiative, AUSAID will work in partnership with USAID and World Vision to address key global challenges in education, invest in innovation, and encourage private sector involvement.[1402]

On 6 December 2011, Australian Government announced that it will improve health and education for 300,000 people in Afghanistan's Uruzgan province through a project that will build schools and health centres, train teachers and midwives and treat children for malnutrition. The project will construct 20 new schools, half of which are for girls; train 250 women as teachers; immunise 6,000 children; and treat nearly 20,000 children for malnutrition.[1403]

On 26 January 2012, Foreign Minister Kevin Rudd announced, that Australia would invest in health programs in Ethiopia that will result in more trained health workers, increased rates of immunization and a reduction in maternal and infant deaths. Foreign Minister Kevin Rudd and Ethiopian Minister for Health Tedros Adhanom, signed a new bilateral agreement that includes USD43 million over four years to strengthen national health programs in the country.[1404]

Australia has complied with both parts by supporting the implementation and expansion of nationally-designed social protection floors in developing countries. Thus, it is awarded a score of +1.

Analyst: Yulia Ovchinnikova

Brazil: 0

Brazil has partially complied with the commitment to support implementation and expansion of nationally-designed social protection floors in developing countries.

According to International Organization Global Health Strategies initiatives report, the Government of Brazil committed to supporting the construction of a factory to produce

[1400] Improving the lives of people with disability worldwide, Australian Minister for Foreign Affairs Official Website 5 December 2011. Date of access: 16 March 2012. http://foreignminister.gov.au/releases/2011/kr_mr_111205.html

[1401] USAID Request for Proposals: All Children Reading Grand Challenge for Development, ICTworks 18 November 2011. Date of access: 24 May 2012. http://www.ictworks.org/news/2011/11/18/usaid-request-proposals-all-children-reading-grand-challenge-development

[1402] All Children Reading, AusAID 1 December 2011. Date of access: 24 May 2012. http://www.ausaid.gov.au/HotTopics/Pages/Display.aspx?QID=274

[1403] Australia supports Afghan women and children through schooling and health services, Australian Minister for Foreign Affairs Official Website 6 December 2011. Date of access: 18 March 2012. http://foreignminister.gov.au/releases/2011/kr_mr_111206.html

[1404] Australia supporting a healthy Ethiopia, Australian Minister for Foreign Affairs Official Website 26 January 2012. Date of access: 15 March 2012. http://foreignminister.gov.au/releases/2012/kr_mr_120126.html antiretroviral drugs in Mozambique.[1405] The construction is already under way and the factory is expected to begin its operations in the second half of 2012.[1406]

On 17 March 2012, members of the Union of South American Nations adopted the investment program of USD10 million targeted at developing health among other priorities. Brazil committed to pass on 39% of the overall program budget as from 2013.[1407]

On 14 May 2012, Brazil made a commitment to donate USD7.5 million to the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) to help fund a food assistance program, education projects and health care in the Gaza Strip. The donation represents an increase of 700% over the amount donated by Brazil to the Gaza Strip in 2011.[1408]

Brazil has taken steps to expand social protection floors in developing countries but no information on support to implementation of nationally-designed social protection floors has been found. Thus it is awarded a score of 0.

Analyst: Polina Arkhipova

Canada: +1

Canada has fully complied with its commitment to support the implementation and expansion of nationally-designed social protection floors in developing countries.

Canada is involved in a number of projects aimed at helping developing countries in the framework of the programs realized by the Canadian International Development Agency (CIDA).

According to the CIDA's 2011-2012 annual Report on Plans and Priorities, Canadian government plans to spend US$951 million on its programs in low-income countries until the end of the first quarter of 2012.[1409] CIDA's low-income countries of focus include Bangladesh, Ethiopia, Ghana, Mali, Mozambique, Pakistan, Senegal, Tanzania, and Vietnam. The programs in these countries will concentrate, inter alia, on improving access to services such as health, education.[1410]

[1405] BRICS countries are more advanced on the combat of poverty than developed nations, Portal Brazil 28 March 2012. Date of access: 15 April 2012. http://www.brasil.gov.br/news/history/2012/03/28/brics-countries-are-more-advanced-on-the-combat-of-poverty-than-developed-nations-says-report

[1406] Mozambique: Anti-Retroviral Factory in Production By August, AllAfrica.com 23 January 2012. Date of access: 27 April 2012. http://allafrica.com/stories/201201240038.html

[1407] UNASUR wants to invest USD10 million to expand integration in South America, Portal Brazil 20 March 2012. Date of access: 11 April 2012. http://www.brasil.gov.br/news/history/2012/03/20/unasur-wants-to-invest-us-10-million-to-expand-integration-in-south-america

[1408] Brazil will donate US$ 7.5 million to Palestinian refugees, Portal Brazil 16 May 2012. Date of access: 27 May 2012. http://www.brasil.gov.br/news/history/2012/05/16/brazil-will-donate-us-7.5-million-to-palestinian-refugees/newsitem_view?set_language=en

[1409] Report on Plans and Priorities for the period ending 31 March 2011. Canadian International Development Agency 16 August 2011. Date of Access: 20 March 2012. http://www.tbs-sct.gc.ca/rpp/2011-2012/inst/ida/ida-eng.pdf

[1410] Report on Plans and Priorities for the period ending 31 March 2011. Canadian International Development Agency 16 August 2011. Date of Access: 20 March 2012. http://www.tbs-sct.gc.ca/rpp/2011-2012/inst/ida/ida-eng.pdf

The report mentions that to achieve this result CIDA, among other activities, supports education and health services that contribute to the well-being of children and youth. CIDA also supports developing countries' governments' objectives to achieve their development goals.[1411]

Through its programs Canadian International Development Agency also assists middle-income developing countries, which include Bolivia, Colombia, Honduras, Indonesia, Peru, Ukraine, and the countries of the Caribbean Region. In aiding these countries CIDA pursues a strategy of strengthening citizen participation in their country's social and economic progress and increasing accountability and effectiveness of public and civil institutions. According to the report it is realized by improving the capacity to deliver services such as education and health; improving public financial management and government capacity to formulate and implement policies, regulations, systems, and services.[1412]

CIDA's program in Vietnam, entitled "Poverty Reduction by Improving Social Services and Health" aims "to build the capacity of University of Labor and Social Affairs in Hanoi and other universities in Northern Vietnam that offer social work program in order to educate professional social workers and professors at the Master's level." This project contributes to increasing the number of qualified social work practitioners available and to improving health and living conditions of the poor and disadvantaged women, men and children."[1413]

CIDA has an ongoing (until 2018) project in Peru, which among other goals "aims to enhance the capacity of the Government of Peru and five regional governments to plan and deliver equitable and inclusive public services to citizens," thus contributing to the expansion of social protection mechanisms in Peru.[1414]

CIDA's project in Mongolia "is designed to support small projects proposed and implemented by local organizations in Mongolia through providing funding for small projects that offer direct social, economic, or technical assistance to local populations."[1415]

Canada continues to realize its international programs aimed, among other issues, at helping developing countries' governments to implement and expand such components of social

[1411] Report on Plans and Priorities for the period ending 31 March 2011. Canadian International Development Agency 16 August 2011. Date of Access: 20 March 2012. http://www.tbs-sct.gc.ca/rpp/2011-2012/inst/ida/ida-eng.pdf
[1412] Report on Plans and Priorities for the period ending 31 March 2011. Canadian International Development Agency 16 August 2011. Date of Access: 20 March 2012. http://www.tbs-sct.gc.ca/rpp/2011-2012/inst/ida/ida-eng.pdf
[1413] Project browser. Canadian International Development Agency 16 December 2011. Date of Access 16 March 2012. http://www.acdi-cida.gc.ca/cidaweb/cpo.nsf/vLUWebProjEn/08782F9EDEFD13658525767F003CB95C?OpenDocument
[1414] Project browser. Canadian International Development Agency 16 December 2011. Date of Access 16 March 2012. http://www.acdi-cida.gc.ca/cidaweb/cpo.nsf/vLUWebProjEn/08782F9EDEFD13658525767F003CB95C?OpenDocument
[1415] Project browser. Canadian International Development Agency 16 December 2011. Date of Access 16 March 2012. http://www.acdi-cida.gc.ca/cidaweb/cpo.nsf/vLUWebProjEn/08782F9EDEFD13658525767F003CB95C?OpenDocument

protection systems as healthcare, education, food and income security, expanded economic opportunities for women and youth. Thus, it has been awarded a score of +1.

Analyst: Andrei Sakharov

China: 0

China has partially complied with the commitment on social protection floors.

On 17 November 2011, China handed over Tirunesh-Beijing Ethio-China Friendship Hospital to Ethiopia at Akaki area. The state-of-art Hospital has been constructed with a capital of CNY80 million (approximately USD12.7 million) by the Chinese government. Ethiopian State Minister of Health stated, "China thus helped to build up Ethiopian human resources and capacities through the transfer of knowledge, skills and technologies which help accelerate their determined efforts to build up Ethiopian health system and expand service delivery."[1416]

On 22 March 2012, China has donated 466 cartons of anti-malaria medicines worth USD500 000 to Liberia as means of supporting the health sector of the country.[1417]

China has taken actions to support the implementation ofnationally-designed social protection floors in developing countries, but has not taken actions to support their expansion.Thus, China has been awarded a score of 0.

Analyst: Svetlana Nikitina

France: +1

France has complied with its commitment to take actions to support the implementation and expansionofsocial protection floors in developing countries.

On 4 March 2012, Jean Leonetti Minister to the Minister of State, Henri de Raincourt Minister of Foreign and European Affairs responsible for Cooperation presented French aid measures and reaffirmed commitment to spend almost one billion euros per year to improve health protection in developing countries.[1418]

On 7 March 2012, Fédération hospitalière de France (FHF) and French Development Agency (AFD) signed a EUR2 million grant agreement. The aim is to develop hospital networks and partnerships in order to improve healthcare quality and hospital management in developing countries.[1419]

[1416] China hands over state-of-art hospital to Ethiopia, the Chinese Government's Official Web Portal 17 November 2011. Date of access: 17 November 2011 http://english.gov.cn/chinatoday/2011-11/17/content_1995917.htm

[1417] China donates 500, 000 USD worth of anti-malaria drugs to Liberia, Xinhua News Agency 22 March 2012. Date of access: 22 March 2012 http://news.xinhuanet.com/english/china/2012-03/22/c_131483321.htm

[1418] Conseil des ministres du 04 janvier 2012, French Government's Official Web Portal. Date of Access: 24 May 2012. http://www.elysee.fr/president/root/bank_objects/Compte_rendu_du_Conseil_des_ministres_du_4_janvier_2012.pdf

[1419] AFD and Fédération hospitalière de France join hands to strengthen hospital networks and partnerships, French Development Agency 7 March 2012. Date of Access: 2 April 2012. http://www.afd.fr/lang/en/home/presse-afd/communiques

France continues to support the implementation and expansionofsocial protection floors in different vulnerable regions. Thus, France has been awarded a score of +1.

Analyst: Vitaly Nagornov

Germany: +1

Germany has fully complied with its development commitment.

New funding has been provided by Germany to support the implementation of nationally-designed social protection floors in developing countries and it has also taken measures to support their expansion.

On 6 December 2011, German Development Minister Dirk Niebel and Togo's President Faure Gnassingbé announced the resumption of German development cooperation. Niebel pledged an initial commitment of EUR27 million. The funds will go to joint development efforts, for example in the fields of vocational education[1420] aiming to teach and maintain the skills required for those in Togo to find secure employment, maintain their livelihoods and serve as the basis for their participation in society[1421].

On 7 December 2011, Germany and Malawi held government negotiations on development cooperation in Lilongwe. At the negotiations, EUR41 million was committed for bilateral development cooperation. The remaining commitments have been earmarked for poverty reduction, especially by means of investment in health and population policy and efforts to strengthen transparency and accountability.[1422]

On 5 April 2012, German Development Minister Dirk Niebel and Melinda Gates, Co-Chair of the Bill and Melinda Gates Foundation, agreed they would work together on family planning and maternal health. They jointly made a commitment for EUR20 million, with each side providing half of that amount, to support family planning projects in West Africa.[1423]
Germany has complied with both parts of the commitment, supporting implementation and expansionofnationally-designed social protection floors in developing countries. Thus it is awarded a score of +1.

Analyst: Yulia Ovchinnikova

[1420] Resumption of development coopera-tion with Togo – support for a suc-cessful future, the Federal Ministry for Economic Cooperation and Development 6 December 2011. Date of access: 17 March 2012.
http://www.bmz.de/en/press/aktuelleMeldungen/2011/December/20111206_pm_227_togo/index.html

[1421] Vocational training.the Federal Ministry for Economic Cooperation and Development 20 April 2012. Date of access: 20 April 2012.
http://www.bmz.de/en/what_we_do/issues/Education/beruflicheBildung/index.html#t02

[1422] Government negotiations with Malawi concluded, the Federal Ministry for Economic Cooperation and Development 8 December 2012. Date of access: 15 March 2012.
http://www.bmz.de/en/press/aktuelleMeldungen/2011/December/20111208_pm_232_malawi/index.html

[1423] BMZ and Gates Foundation launch co-operation in the family planning sector, the Federal Ministry for Economic Cooperation and Development 05 April 2012. Date of access: 20 April 2012.
http://www.bmz.de/en/press/aktuelleMeldungen/2012/April/20120405_pm_88_gates/index.html

India: -1
India has failed to comply with the development commitment.

On 10 January 2012, Indian Commerce, Industries and Textiles Minister Anand Sharma discussed with Zimbabwean Finance Minister Tendai Biti the proposal for a credit line of USD100 million for strengthening health infrastructure in Zimbabwe. The two Ministers agreed to accelerate the execution of the India-Africa Forum Summit Action Plan.[1424] No facts of this proposal's further implementation have been found.

No facts that India has taken actions to support the implementation and expansion of nationally-designed social protection floors in developing countries have been found. Therefore, it has been awarded a score of -1.

Analyst: Vitaly Nagornov

Indonesia: 0
Indonesia has partially complied with the commitment to support the implementation and expansion of nationally-designed social protection floors in developing countries, especially low income countries.

At the meeting with the Chairman of the Myanmar National Human Rights Commission U Win Mra Indonesian Foreign Minister Marty Natalegawa confirmed that the Indonesian Government would continue supporting Myanmar's economic development by building institutional capacity in the areas the country needs.[1425]

On 10 April 2012, Indonesia launched six South-South and triangular cooperation programs for developing countries: Indonesia's South-South and Triangular cooperation Forum, Publications on Indonesia's Technical Cooperation Capacities, an International Training Programme on Post-Harvest Technologies on Fruits and Veges, an International Training Programme on Water Management for African countries, a Workshop on the Strengthening of Technical Cooperation through Public Private Partnership, and the Dissemination of Implementing Agencies' Facilities to Development Partners. Indonesian Foreign Minister Marty Natalegawa said that the programs were an "Indonesia's contribution to the common effort to achieve global prosperity," including achieving the MDGs by 2015. According to the press reports 14 countries (Fiji, Bangladesh, Myanmar, Timor Leste, Cambodia, Algeria, Egypt, Sri Lanka, Malaysia, Iran, Mexico, Madagascar, Sudan, and Zimbabwe) joined the programs.[1426]

Indonesia has been awarded a score of 0 for taking some measures which could possibly support implementation and expansion of nationally-designed social protection floors in developing countries.

Analyst: Elena Martynova

Italy: +1
Italy has fully complied with the commitment on social protection floors.

[1424] Indian PSUS to help Zimbabwe in building infrastructure 10 January 2012. Date of Access: 27 April 2012. http://commerce.nic.in/pressrelease/pressrelease_detail.asp?id=2882
[1425] FM: Myanmar National Human Rights Commission Encourage Transformation. Date of Access: 25 April 2012 http://www.kemlu.go.id/Pages/News.aspx?IDP=5499&l=en
[1426] Indonesia launched South-South and triangular cooperation programs. Date of Access: 15 April 2012 http://www.antaranews.com/en/news/81246/indonesia-launched-south-south-and-triangular-cooperation-programs

It has taken actions to support both implementation and expansion of nationally-designed social protection floors in developing countries

On 9 November 2011, Italian Ministry of Foreign Affairs (MFA) announced that 70 nurses from 12 of Kenya's rural hospitals were attending an advanced nursing course. The course is part of the "Support for district health services and development of public-private partnership (PPP) policies" that received EUR4 million in funding from the MFA. The programme operates at two levels. At the national level, it envisages legislation to regulate PPP policies in the health sector. And at the province level, it implements a series of initiatives to boost infrastructure, equipment and training in 12 hospitals in the Eastern and Nyanza Provinces. The need for nursing training courses arose from Kenya's grave shortage of specialist nurses, a shortfall of over 1000 nurses in the country's hospitals as of October 2011.[1427]

On 14 December 2011, the Italian Cooperation announced that Ethiopian government launched a new plan for the prevention of the HIV especially where the Italian Cooperation is also engaged. The plan would affect 90% of pregnant women and provide with antiretrovirals at least 80% HIV-positive persons. The Italian Cooperation together with the United Nations Population Fund (UNPFA) aims to provide technical assistance to the Ethiopian Ministry of Health to improve effectiveness, efficiency, coordination, and transparency of activities in response to the HIV/AIDS.[1428]

On 20 January 2012, the Italian Cooperation started up a new project in Djibouti, authorized by Italian MFA on 23 November 2011, with EUR2.2 million in funding for the promotion of maternal-infant healthcare. The programme, in its launching stage, would train approximately 300 public socio-healthcare workers over a 3-year period, with the benefit going to 20% of the populations of both Djibouti and neighbouring Somalia.[1429]

On 12 March 2012, the Development Cooperation Steering Committee of Italy approved a EUR20-million package of aid for developing countries. Over EUR3 million would go to interventions in the healthcare, nutrition and agriculture sectors in Somalia through UNICEF, FAO, UNDP, UNHCR and OCHR. Italian aid would continue in Sudan and South Sudan through various programmes for respective amounts of EUR3 million and EUR2 million, and include the

[1427] Cooperation: Kenya, training for 70 nurses, Italian MFA 9 November 2011. Date of Access: 16 April 2012.
http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2011/11/20111109_CooperazioneKenya.htm?LANG=EN

[1428] Piano nazionale anti-HIV, Cooperazione Italiana allo Sviluppo 14 December 2011. Date of Access: 16 April 2012.
http://www.cooperazioneallosviluppo.esteri.it/pdgcs/italiano/news/viewnews.asp?idx=4774

[1429] Cooperation: project in Djibouti for maternal and infant health, Italian MFA 20 January 2012. Date of Access: 25 March 2012.
http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2012/01/20120120_CooperazioneGibuti.htm?LANG=EN and Intervento sanitario d'emergenza, Cooperazione Italiana alla Sciluppo 22 December 2011. Date of Access: 16 April 2012.
http://www.cooperazioneallosviluppo.esteri.it/pdgcs/italiano/news/viewnews.asp?idx=4796

areas of healthcare, education to the populations affected by civil war. EUR1 million would go for healthcare in Lebanon.[1430]

Italy has taken actions to support the implementation and expansionofnationally-designed social protection floors in developing countries. Thus, it has been awarded a score of +1.

Analyst: Anna Vekshina

Japan: +1

Japan has fully complied with its commitment to support the implementation and expansion of nationally-designed social protection floors in developing countries.

Japan is involved in a number of cooperation programs aimed at helping developing countries implement and enhance their social protection systems.[1431]

According to the Japan International Development Agency (JICA) Annual Report 2011 Japan's key areas of interest in the social sphere are: social insurance and social welfare, education, healthcare, support for people with disabilities, labor and employment.[1432]

On 11 November 2011, JICA signed a Loan Agreement with the Asia Commercial Joint Stock Bank (ACB), one of the largest private commercial banks in Vietnam, for an Industrial Human Resources Development Project. Under the agreement, JICA will support Vietnamese company Esuhai Co., Ltd. in its projects for school building construction, thus promoting the expansion of social protection floors in Vietnam.[1433]

Japan is realizing several projects in Vietnam, including the project for improvement of the quality of human resources in the Medical Service System This project is scheduled for completion by the end of fiscal year 2013. Other ongoing projects in this country include Project for Strengthening Medical Rehabilitation Service in the Southern Area of Vietnam and establishing the Asia-Pacific Development Center on Disability.[1434]

JICA's projects in China include several programs aimed at institution building and human resources development for social security and health systems.[1435]

[1430] Cooperation: needs to be stronger to make Italy a leader, Italian MFA 14 March 2012. Date of Access: 26 March 2012.
http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2012/03/20120314_CooperazioneRilancio.htm?LANG=EN

[1431] Ministry of Foreign Affairs of Japan.ODA Policies.Rolling plans.Countries and Regions. Date of Access 13 March 2012. http://www.mofa.go.jp/policy/oda/rolling_plans/region.html#r4

[1432] Japan International Cooperation Agency Annual Report 2011 of Access: 20 March 2012.
http://www.jica.go.jp/english/publications/reports/annual/2011/pdf/all.pdf

[1433] First Project Signed for Private Sector Investment Finance since Program Resumed. Japan International Cooperation Agency 11 November 2011. Date of Access: 15 March 2012.http://www.jica.go.jp/english/news/press/2011/111111.html

[1434] ODA Policies. Rolling plans for Social Republic of Vietnam. Ministry of Foreign Affairs of Japan. Date of Access: 15 March 2012.
http://www.mofa.go.jp/policy/oda/rolling_plans/pdfs/vietnam.pdf

[1435] ODA Policies. Rolling plans: China.,Ministry of Foreign Affairs of Japan 1 August 2010. Date of Access: 25 March 2012. http://www.mofa.go.jp/policy/oda/rolling_plans/pdfs/china.pdf

Japan International development Agency continues to participate in a number of programs designed to help developing countries establish or enhance their social protection floors. Thus Japan is awarded a score of +1.

Analyst: Andrei Sakharov

Korea: +1

Korea has fully complied with its commitment to support the implementation and expansion of nationally-designed social protection floors in developing countries, especially low income countries.

Korea has taken actions to support implementationofnationally-designed social protection floors in developing countries

On 3-5 December 2011, Korean experts presented the final research results and policy recommendations on developing the system of education in Saudi Arabia.[1436] Possible cooperation of Korea and Saudi Arabia on this issue was discussed.[1437]

Korea International Cooperation Agency (KOICA) conducts a training program "Healthcare Policy and Program Management." The programs are a part of the Korean government's grant aid and technical cooperation program. The major goal is to help the participating countries improve their status of public health by sharing with them Korea's successful experience in community healthcare[1438]. During the compliance period Vietnam[1439] and Ethiopia[1440] participated in the program.

On 21 February 2012, KOICA finished a USD3.5 million grant aid project to eliminate poverty in local farming communities and improve living conditions in Bangladesh. A handover ceremony and workshop were held on 13 February 2012 to commemorate the project's close and assess its outcome. As part of the project new schools and community centres had been constructed in eleven villages.[1441]

Korea has complied with both parts of the commitment, thus it is awarded a score of +1.

Analyst: Pavel Zhdanov

Mexico: 0

Mexico has partially complied with the commitment to implement and expand nationally-designed social protection floors.

[1436] Final Reporting Workshop and Senior Policy Dialogue for 2011 KSP with the Kingdom of Saudi Arabia, KSP 2 February 2012. Date of Access: 15 April 2012 http://www.ksp.go.kr/event/01/event_bilateral_view.jsp?seq_n=7337

[1437] Advanced of Public Education and Lifelong Education of Saudi Arabia:Application of EBS Model in Korea, 2011 KSP with the Kingdom of Saudi Arabia Final Reporting Workshop 5 December 2011. Date of Access: 21 April 2012 http://www.ksp.go.kr/file/images/431_04.pdf

[1438] Health Policy and Program management (Ethiopia), KOICA 28 February 2012. Date of Access: 15 April 2012http://www.koica.go.kr/english/board/new/1262794_1967.html.

[1439] Community Healthcare Development for Vietnam, KOICA 21 February 2012. Date of Access: 15 April 2012http://www.koica.go.kr/english/board/new/1262243_1967.html.

[1440] Health Policy and Program management (Ethiopia), KOICA 28 February 2012. Date of Access: 15 April 2012http://www.koica.go.kr/english/board/new/1262794_1967.html.

[1441] KOICA in Bangladesh, Uzbekistan, Portal Korea.net 21 February. Date of Access: 15 April 2012 http://www.korea.net/NewsFocus/Policies/view?articleId=98821&pageIndex=5.

According to the UNDP the Mexican experience of developing its own social protection floors is being shared with developing countries as part of sharing innovative experience.[1442]

On 1-2 April 2012, Mexico hosted the International Forum on Universal Health Coverage. The participants from 21 countries met to exchange experiences and promote international cooperation on efforts to sustain progress towards universal health coverage.[1443]

Mexico has taken some measures to assist in implementation of social protection floors abroad through best practice sharing and leading by example and thus is awarded a score of 0.

Analyst: Polina Arkhipova

Russia: 0
Russia has partially complied with its commitment on development.

Russia contributes to the development of school meal program in Armenia.According to the Russian Government decision of 30 June 2010 US$6 million should be allocated in 2011-2012 to the World Food Programme (WFP) for realization of this program.[1444] The goal of Russian and the WFP is "to make the programmes self sufficient and nationally-owned."[1445]On 14 November 2011 the Russian Government adopted the action plan on the realization of the Complex Program of Russia's Participation in International Cooperation on Agriculture, Fishery and Food Security. According to the action plan relevant authorities should negotiate plans for development of a school meal system in Tajikistan in 2011-2012. Launch of a similar program in Kyrgyzstan is also planned.1446

Russia has taken some steps to support implementation of nationally-designed social protection floors in developing countries but these actions were limited to one specific issue and no facts of expanding nationally-designed social protection floors during the compliance period have been found. Thus, it has been awarded a score of 0.

Analyst: Mark Rakhmangulov

Saudi Arabia: 0
Saudi Arabia has partially complied with its commitment tosupport the implementation and expansion of nationally-designed social protection floors in developing countries, especially low income countries.

[1442] Sharing Innovative Experiences: Successful Social Protection Floor Experiences, International Labour Organization 2011. Date of access: 23 April 2012 http://www.ilo.org/gimi/gess/RessFileDownload.do?ressourceId=20840
[1443] More countries move towards universal health coverage, World Health Organization 2 April 2012. Date of access:12 April 2012.http://www.who.int/dg/speeches/2012/universal_health_coverage_20120402/en/index.html.
[1444] Executive Order No. 1086, Government of Russia (Moscow) 30 June 2010. Date of Access: 3 November 2010. http://government.consultant.ru/page.aspx?8411;1288628.
[1445] Russia Provides Model for School Meals In CIS, World Food Programme (Rome) 18 March 2010. Date of Access: 3 November 2010. www.wfp.org/stories/russia-provides-model-school-meals-cis.
[1446] Executive Order No. 2028, Government of Russia (Moscow). 14 November 2011. Date of Access: 15 February 2012. http://government.ru/gov/results/17146/

On 14 March 2012, Saudi Arabia-based Islamic Development Bank (IDB) and its affiliates decided to provide financing of USD2 billion for the implementation of projects in Nigeria in several areas, including education and health. It also budgeted USD700 million for capacity building to address poverty and other related initiatives in 2012.[1447] Saudi Arabia provides a large part (27%) of the budget of the Islamic Development Bank.[1448]

On 24 March 2012, during the two days "IDB Group-Nigeria Business Forum" IDB and the Government of the Federal Republic of Nigeria signed US$98 million agreement to support bilingual Arabic/English) education in Nigeria. This support will help bridge the gap between formal and informal education in Nigeria, within the bilingual education programme.[1449]

Saudi Arabia has taken actions to expand nationally-designed social protection floors in developing countries through Islamic Development Bank, but no facts of its bilateral support to implementation of the social protection floors in developing countries have been found. Thus it is awarded a score of 0.

Analyst: Alexey Mironov

South Africa: 0

South Africa has partially complied with the commitment on development.

In 2012 the South African Development Partnership Agency (SADPA) and Partnership Development Fund are expected to replace the African Renaissance and International Cooperation Fund.[1450] The latter is focused on conflict resolution and peacekeeping in countries including Mali, Zimbabwe, Burundi and the Democratic Republic of Congo.[1451] SADPA will enable South Africa to cooperate with other African countries not just as a donor but as a development partner addressing challenges of poverty, underdevelopment and marginalisation.[1452]

According to the Reuters, South Africa is a leader in the introduction of molecular diagnostics for tuberculosis on the African continent, providing these health services to other African countries.[1453]

[1447] Islamic Bank to Provide U.S. $2 Billion for Projects, International Islamic News Agency 14 March 2012. Date of Access: 14.04.2012. http://iina.me/wp_en/?p=1007278

[1448] Islamic Bank to Provide U.S. $2 Billion for Projects, International Islamic News Agency 14 March 2012. Date of Access: 14.04.2012. http://iina.me/wp_en/?p=1007278

[1449] IDB Extends $98 million Support to Bilingual Education in Nigeria, Islamic Development Bank News 24 March 2012. Date of Access: 26 April 2012. http://www.isdb.org/irj/servlet/prt/portal/prtroot/NewsAppEU.NewsDetails?idbNews=IDB_Extends__98_million_Support_to_Bilingual_Education_in_Nigeria__.xml

[1450] Department of International Relations and Cooperation (DIRCO) 2012 Strategic Plan, Parliamentary Monitoring Group 13 March 2012. Date of Access: 19 March 2012. http://www.pmg.org.za/report/20120314-department-international-relations-and-cooperation-strategic-plan-201.

[1451] South Africa's development partnership agency: A burden or blessing? South African Institute of International Affairs 21 October 2011. Date of Access: 27 March 2012. http://www.saiia.org.za/diplomatic-pouch/south-africa-s-development-partnership-agency-a-burden-or-blessing.html.

[1452] Establishment of SADPA, SAFPI. Date of Access: 18 April 2012. http://www.safpi.org/publications/establishment-sadpa.

[1453] Rising economies boost foreign aid spending on health, Reuters 26 March 2012. Date of Access: 30 March 2012. http://af.reuters.com/article/topNews/idAFJOE82P06S20120326.

South Africa has taken some actions to support the implementationofnationally-designed social protection floors in developing countries, but has not taken actions to expand them. Therefore the score is 0.

Analyst: Tatyana Lanshina

Turkey: 0

Turkey has partially complied with the commitment to support implementation and expansion of nationally-designed social protection floors in developing countries.

Turkey has made steps to help implement nationally-designed social protection floors in developing countries.

On 23 February 2012, the Foreign Minister of Turkey Ahmet Davutoğlu said that Turkey provided USD200 million financial aid to least developing countries each year.[1454]

On 26 February 2012, the Turkish International Cooperation and Development Agency (TIKA) announced that it planned to help restore the educational and cultural heritage of Bosnia and Herzegovina. As a part of this project the TIKA will support 100 schools with Ottoman cultural heritage in the country.[1455]

On 7 March 2012, TIKA announced that it would provide scholarships for approximately 450 Macedonian people, including from elementary and secondary school, as well as university students from low-income families. This initiative is a part of Turkey's project aimed at supporting education in the Balkan countries.[1456]

On 8 March 2012, TIKA and the Aegean International Federation of Health started to deliver medical assistance in Somalia. During a 15-day period doctors from both organizations examined 3157 patients, operated on 27 people and provided 6454 Somali people with medicine.[1457]

No facts of Turkey taking measures to expand social protection floors in developing countries during the compliance period have been found.

[1454] Foreign Minister Ahmet Davutoğlu, at the G20 meeting emphasized the importance of adopting new approaches in the global system, Republic of Turkey Ministry of Foreign Affairs. Date of Access: 21 April 2012. http://www.mfa.gov.tr/foreign-minister-ahmet-davutoglu-at-the-g20-meeting-emphasized-the-importance-of-adopting-new-approaches-in-the-global-system.en.mfa

[1455] Turkey supports Bosnian history with «100 school project», Turkish Cooperation and Development Agency (TIKA) 26 February 2012. Date of Access: 28 May 2012. http://www.tika.gov.tr/basinda-tika/turkey-supports-bosnian-history-with-100-schools-project/210

[1456] Agency to support Macedonian students, Turkish Cooperation and Development Agency (TIKA) 7 March 2012. Date of Access: 28 May 2012. http://www.tika.gov.tr/basinda-tika/agency-to-support-macedonian-students/218

[1457] Gönüllü Doktorlar, Somali'de 3 Bin Hastayı Muayene Etti, Turkish Cooperation and Development Agency (TIKA) 3 April 2012. Date of Access: 28 May 2012. http://www.tika.gov.tr/basinda-tika/gonullu-doktorlar-somalide-3-bin-hastayi-muayene-etti/238

Turkey has taken actions to support the implementation of nationally-designed social protection floors in developing countries, but has failed to expand them. Therefore, it has been awarded a score of 0.

Analyst: Nadezhda Sporysheva

United Kingdom: +1
The UK has fully complied with its commitment on development.

During the compliance period the UK has undertaken some actions to support and expand implementation of social protection floors in developing countries. Most of them were connected with the support of the healthcare systems in the poorest countries.

The UK continued to take actions to support the implementation of nationally-designed social protection floors in developing countries. On 14 March 2012, UK Prime Minister David Cameron and US President Barack Obama renewed their joint commitment to work together to change the lives of 1.2 billion poor people in the world including provision of healthcare and other social programs.[1458]

The UK has also expanded its support of social protection floors in developing countries. On 30 January 2012, the UK, US and United Arab Emirates governments together with 13 pharmaceutical companies, the World Bank and the World Health Organization announced in London an initiative aiming to eliminate 10 neglected tropical diseases by 2020 among the world's poorest.[1459] Also in January 2012, the UK committed to make a five-fold increase in Britain's support as part of an international effort to enlarge the system of neglected tropical diseases treatments in developing countries.[1460]

On 15 March 2012 the Department for International Development announced support of new training programs for more than 17 thousand health workers to provide emergency care for mothers and newborns in the world's poorest countries.[1461]

The UK has taken actions to support the implementation and expansion of nationally-designed social protection floors in developing countries, therefore its score is +1.

Analyst: Natalia Churkina

[1458] Global development: UK and US renew aid partnership, Department for International Development 14 March 2012. Date of Access: 14 April 2012. http://www.dfid.gov.uk/News/Latest-news/2012/Global-development-UK-and-US-renew-aid-partnership/.
[1459] UK and partners unite to combat tropical diseases, Department for International Development 30 January 2012. Date of Access: 14 April 2012. http://www.dfid.gov.uk/News/Latest-news/2012/UK-and-partners-unite-to-combat-tropical-diseases/.
[1460] UK to protect 140 million people from tropical diseases, Department for International Development 21 January 2012. Date of Access: 14 April 2012. http://www.dfid.gov.uk/News/Latest-news/2012/Britain-to-protect-more-than-140-million-in-global-effort-to-rid-the-world-of-neglected-tropical-diseases/.
[1461] UK medics to help save lives of more mums and babies, Department for International Development 15 March 2012. Date of Access: 14 April 2012. http://www.dfid.gov.uk/News/Latest-news/2012/British-medics-to-help-save-lives-of-more-mums-and-babies/.

United States: +1
The United States has fully complied with the commitment on development.

The US has taken actions to support implementation of nationally-designed social protection floors in developing countries.

On 17 November 2011, the United States formally announced the launch of the Nursing Education Partnership Initiative (NEPI) in Malawi. Under the NEPI, established in 2010, the agreements by the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) were made with Malawi, Zambia, Lesotho, Ethiopia, and the Democratic Republic of Congo. Representatives from Ministries of Health in these countries as well as leaders from nursing and midwifery schools, educators, professional associations, professional councils, and U.S. officials participated in the launch. The discussion was focused on improving the education of nurses and midwives in order to increase the number of qualified health professionals capable of meeting the health care needs of today's African communities and families.[1462]

On 18 November 2011, under the U.S.-Indonesia Comprehensive Partnership, the United States announced, "it is committed to supporting Indonesia's efforts to improve quality of health care." Guided by the key programming principles of the Global Health Initiative (GHI), which streamlines and prioritizes U.S. health efforts in country, the United States and Indonesia are collaborating on three main goals: achieving Millennium Development Goals (MDGs) on health, expanding health research and science partnerships, and partnering on global health issues.[1463]

The US has also taken actions to support expansion of nationally-designed social protection floors in developing countries

On 22 November 2011, the U.S. Government expanded its loan-financing program in Ethiopia through the United States Agency for International Development (USAID) Development Credit Authority (DCA). USAID, the Bank of Abyssinia, and NIB Bank, signed a new agreement, which would offer greater access to credit for projects in the health sector. Funded by the U.S. President's Emergency Plan for AIDS Relief (PEPFAR), the new health sector loan agreement would provide up to USD13.4 million in loans to private health sector enterprises outside of Addis Ababa, particularly those offering HIV/AIDS and tuberculosis (TB) services. These loans would enable clinics, pharmacies, and hospitals to make quality improvements and expand services that support public health goals.[1464]

On 12 March 2012, the U.S. Agency for International Development and Japan International Cooperation Agency (JICA) signed the statement of intent and announced a partnership to promote investment and financing in the water sector across sub-Saharan Africa. The partnership seeks to stimulate private investment and financing and strengthen institutional capacity in Africa

[1462] United States addresses human resources in Africa with launch of the Nursing Education Partnership Initiative (NEPI), U.S. Department of State 17 November 2011. Date of Access: 17 April 2012. http://www.state.gov/r/pa/prs/ps/2011/11/177307.htm
[1463] Global health initiative in Indonesia, U.S. Department of State 18 November 2011. Date of Access: 17 April 2012. http://www.state.gov/r/pa/prs/ps/2011/11/177380.htm
[1464] U.S. Government partners with private Ethiopian Banks to increase access to credit in agriculture and health sectors, USAID 22 November 2011. Date of Access: 31 March 2012. http://www.usaid.gov/press/releases/2011/pr111122.html

to develop and sustain water programs. USAID and JICA explore short-term opportunities for joint collaboration in African countries that may lead to long-term investment.[1465]

The United States has taken actions to support the implementation and expansionofnationally-designed social protection floors in developing countries. Thus, it has been awarded a score of +1.

Analyst: Anna Vekshina

European Union: +1
The EU has fully complied with its commitment on development.

During the compliance period the EU has undertaken some actions to support and expand implementation of social protection floors in developing countries.

The EU continued to take actions to support the implementation of nationally-designed social protection floors in developing countries. During the monitoring period the EU continued to support the health sector and programmes addressing poverty in Vietnam. European Commission support in the health sector in Vietnam includes 2 projects totaling EUR32.75 million, and one support program of EUR39.25 million. The EU supports the Vietnamese government's Health Care Fund for the Poor, which improves the quality of the health services for the poor and provides financial support for the poor to buy these services.[1466]

The EU also expanded its support of social protection floors in developing countries. On 21 December 2011, the European Commission announced additional funding for projects targeting the most off-track Millennium Development Goals (MDGs) in 36 African, Caribbean and Pacific countries. These additional funding priorities will include reducing hunger and child mortality and securing better maternal health, for example, by increasing the number of healthcare professionals in these countries.[1467]

The EU has taken actions to support the implementation and expansion of nationally-designed social protection floors in developing countries, therefore its score is +1.

Analyst: Natalia Churkina

[1465] USAID and Japan International Cooperation Agency cooperate on supporting water development in Africa, USAID 14 March 2012. Date of Access: 31 March 2012. http://www.usaid.gov/press/releases/2012/pr120314.html
[1466] EU development cooperation with Vietnam, the official website of the European Union 28 March 2012. Date of Access: 14 April 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/222&format=HTML&aged=0&language=EN&guiLanguage=en.
[1467] Millennium Development Goals: EU gives additional support to 36 countries for tackling hunger, child mortality, maternal health, and access to water, The European Commission 21 December 2011. Date of Access: 14 April 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/1563&format=HTML&aged=1&language=EN&guiLanguage=en.

Development: Remittances [77]

Commitment [#77]

"We will work to reduce the average cost of transferring remittances from 10 per cent to 5 per cent by 2014, contributing to release an additional 15 billion USD per year for recipient families."

Cannes Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina	-1		
Australia		0	
Brazil		0	
Canada			+1
China		0	
France		0	
Germany	-1		
India			+1
Indonesia		0	
Italy			+1
Japan			+1
Korea			+1
Mexico	-1		
Russia			+1
Saudi Arabia			+1
South Africa			+1
Turkey	-1		
United Kingdom			+1
United States			+1
European Union		N/A	
Average Score		+0.26	

Background:

Remittance transfers are defined as "cross-border person-to person payments of relatively low value. In practice, the transfers are typically recurrent payments by migrant workers."[1468] In 2011 remittance flows to developing regions rose for the first time since the 2008 financial crisis.[1469] Persistently high unemployment and unpredictable exchange rates present risks to the future growth of remittances flows by making them volatile and uncertain.[1470]

[1468] General principles for international remittance services, World Bank (Washington) January 2007. Date of Access: 6 February 2012. http://siteresources.worldbank.org/INTPAYMENTREMMITTANCE/Resources/New_Remittance_Report.pdf

[1469] Outlook for Remittance Flows, World Bank (Washington) 1 December 2011. Date of Access: 6 February 2012. http://siteresources.worldbank.org/TOPICS/Resources/214970-1288877981391/MigrationandDevelopmentBrief17.pdf

[1470] Outlook for Remittance Flows, World Bank (Washington) 1 December 2011. Date of Access: 6 February 2012. http://siteresources.worldbank.org/TOPICS/Resources/214970-1288877981391/MigrationandDevelopmentBrief17.pdf

The first commitment specifically addressing remittances was made at the 2004 G8 Sea Island Summit. At the Summit, the G8 leaders launched the Global Remittances Initiative with the World Bank. This initiative committed to reduce the cost of transferring remittances and facilitate transactions.[1471]

In 2007, the G8 and Outreach 5 held a high-level meeting on remittances in Berlin to review the actions agreed at the Sea Island Summit. The participants underscored the need to advance the Sea Island remittance commitments. They encouraged bilateral and multilateral actions to improve financial services through innovative payment instruments.At this meeting, the G8 + 5 requested that the World Bank assist in coordinating international actions. The World Bank introduced the General Principles for Remittance Services as a guide for policymakers to achieve safe and efficient international remittance transfer services.[1472] Participants also encouraged the creation of a Global Remittance Working Group to monitor the G8+5's progress in lowering remittance costs.[1473] These recommendations were officially adopted at the 2008 Hokkaido Summit.[1474]

At the L'Aquila Summit, the G8 introduced the 5x5 Objective to lower the cost of remittance transfers by 5% in 5 years. They committed to enhancing transparency and competition among remittance service providers in order to halve remittance costs in Africa.[1475]

In 2010, at the G20 Seoul Summit, the issue of remittances was discussed. The Seoul Development Consensus for Shared Growth declared a need to lower the average cost of remittance transfers to improve income resilience in developing nations.[1476]

Commitment Features:

The World Bank Remittance Prices Worldwide portal divides all countries in two groups: remittance sending and receiving countries.[1477]

Sending countries include: Australia, Brazil, Canada, France, Germany, Italy, Japan, Korea, Saudi Arabia, South Africa, Russia, UK, and the US.

[1471] Fact Sheet: Applying the Power of Entrepreneurship to the Eradication of Poverty, G8 Information Centre (Toronto) 9 June 2004. Date of Access: 6 February 2012. http://www.g8.utoronto.ca/summit/2004seaisland/fact_poverty.html

[1472] The 7 Recommendations of the G8 Outreach Meeting on "Remittances", World Bank (Washington) 30 Novemebr 2007. Date of Access: 6 February 2012. http://www.worldbank.org/afr/diaspora/200802hlseminar/7%20Recommendations%20G8%20Outreach.pdf

[1473] The 7 Recommendations of the G8 Outreach Meeting on "Remittances", World Bank (Washington) 30 Novemebr 2007. Date of Access: 6 February 2012. http://www.worldbank.org/afr/diaspora/200802hlseminar/7%20Recommendations%20G8%20Outreach.pdf

[1474] Development and Africa, G8 Information Centre (Toronto) 8 July 2008. Date of Access: 6 February 2012. http://www.g8.utoronto.ca/summit/2008hokkaido/2008-africa.html

[1475] Chair's Summary, G8 Information Centre (Toronto) 10 July 2009. Date of Access: 6 February 2012. http://www.g8.utoronto.ca/summit/2009laquila/2009-summary.html

[1476] Seoul Development Consensus for Shared Growth, G20 Information Centre (Toronto) 27 June 2010. Date of Access: 6 February 2012. www.g20.utoronto.ca/2010/g20seoul-consensus.pdf

[1477] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

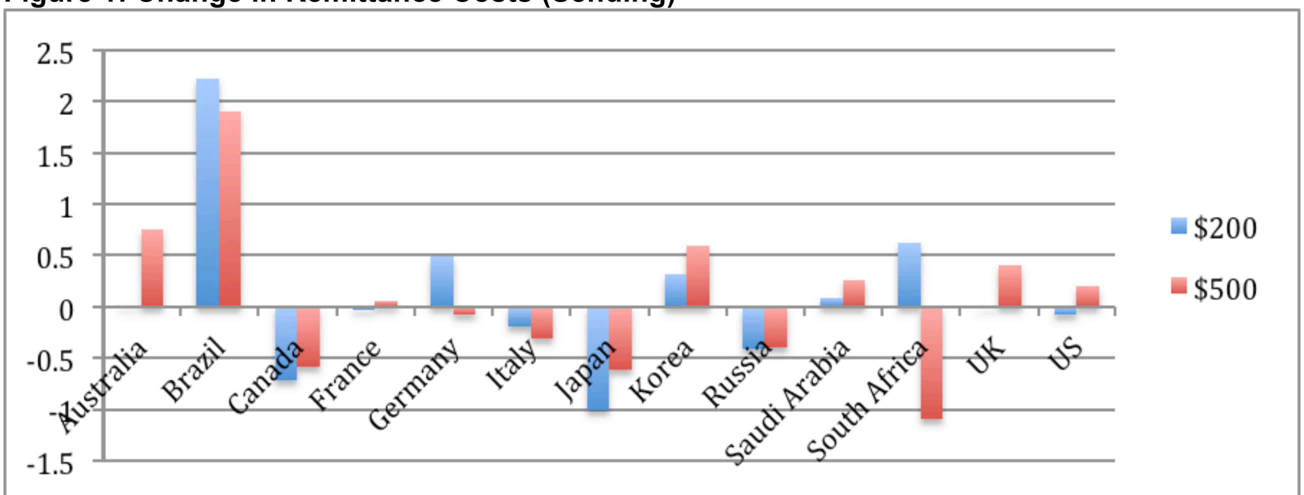
Receiving countries include: China, India, Indonesia, Mexico, Turkey, Argentina, Korea, South Africa, and Brazil.[1478]

Given this distinction, compliance is evaluated differently between the sending and receiving groups. It is to be noted that countries that are both sending and receiving countries, such Korea, South Africa, and Brazil, will be scored using the guidelines for sending countries.

I. Sending countries:
This report considers Australia, Brazil, Canada, France, Germany, Italy, Japan, Korea, Russia, Saudi Arabia, South Africa, UK, and the US to be sending countries. G20 members have committed to reducing average transfer costs from 10% to 5% by 2014.

Figure 1 shows the change in average costs from Q3 2011 to Q1 2012 for sender countries to remit to all receiving countries in accordance with established "country corridors."

Figure 1: Change in Remittance Costs (Sending)



Source: World Bank Remittance Prices Worldwide (2012)[1479]

Compliance to this commitment will be evaluated in three parts; a sending country is considered on track towards full compliance if it: (1) currently has average transfer costs valued at below 10% for USD200 and USD500 dollar transfer amounts OR (2) reduced outgoing transfer costs for remittances OR (3) enacted policy that advances the World Bank General Principles for International Remittance Services.[1480]

Part 1: Below world average transfer cost of 10%
Average outgoing transfer costs are determined using data provided by the World Bank Remittance prices portal, which monitors changes in remittance prices of 212 "country corridors" worldwide. The remittance prices portal summarizes how much it costs, on average, to send

[1478] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/
[1479] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/
[1480] 2011 Report of the Development Working Group, G20 Information Centre (Toronto) 28 October 2011. Date of Access: 6 February 2012. http://www.g20.utoronto.ca/summits/2011cannes.html

money from one country to another.[1481] Remittance prices are calculated based on local-currency equivalent transfer amounts of USD200 and USD500 respectively.[1482]

Sending countries with average transfer costs under the global average 10% for both USD200 and USD500 transfer amounts are considered to be on track towards full compliance by 2014.

<u>Part 2: Change in remittance costs</u>
Changes in remittance prices is determined using data provided by the World Bank Remittance Prices portal, which monitors changes in remittance prices of 212 "country corridors" worldwide.

<u>Methodology:</u> The G20 Research Group aggregates and averages remittance transfer costs from a sending country to all receiving countries in accordance with the available "country corridors" in order to determine the outgoing transfer cost in a given time period. It then compares the average transfer cost of thelatestavailable period (t) to that of an earlier period (t-1) to determine changes to prices over time.

For the Cannes Summit cycle, changes in remittance costs between the third quarter of 2011 and the first quarter of 2012 will be considered for compliance. It is to be noted that any changes to the average transfer cost that are less than 0.1% will be considered insubstantial and will not be considered for scoring.

Sending countries whose average outgoing transfer costs fell from the third quarter of 2011 and the first quarter of 2012 are considered on track towards full compliance by 2014.

<u>Part 3: World Bank General Principles for International Remittance Services</u>
The World Bank Principles for International Remittance Services outlines five principles for reducing the cost of remittance transfers. It recommends that countries: improve transparency and consumer protection; improve payment system infrastructure; support a sound and non-discriminatory legal and regulatory framework in relevant jurisdictions; foster competitive market conditions; and support appropriate governance and risk management practices for remittance services.[1483]A country is considered on track towards full compliance by 2014 if it implements policies consistent with at least one of the five World Bank General Principles.

Scoring Guidelines for Sending Countries:

-1	Member does not demonstrate intent* to reduce remittance costs OR enact policies consistent with at least one of the World Bank's Principles for International Remittance Services
0	Member demonstrated intent* to reduces remittance costs OR enact policies consistent with at least one of the World Bank's Principles for International Remittance Services
+1	Member's average transfer costs are below the global average of 10% for USD200 and USD500 transfer amounts OR member reduces remittance costs OR enacts policies consistent with at least one of the World Bank's Principles for International Remittance Services

[1481] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/
[1482] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/
[1483] Reducing Transfer Costs of Migrant Remittances, World Bank (Washington) June 2011. Date of Access: 6 February 2012. http://siteresources.worldbank.org/INTECA/Resources/June2ECARemittance.pdf

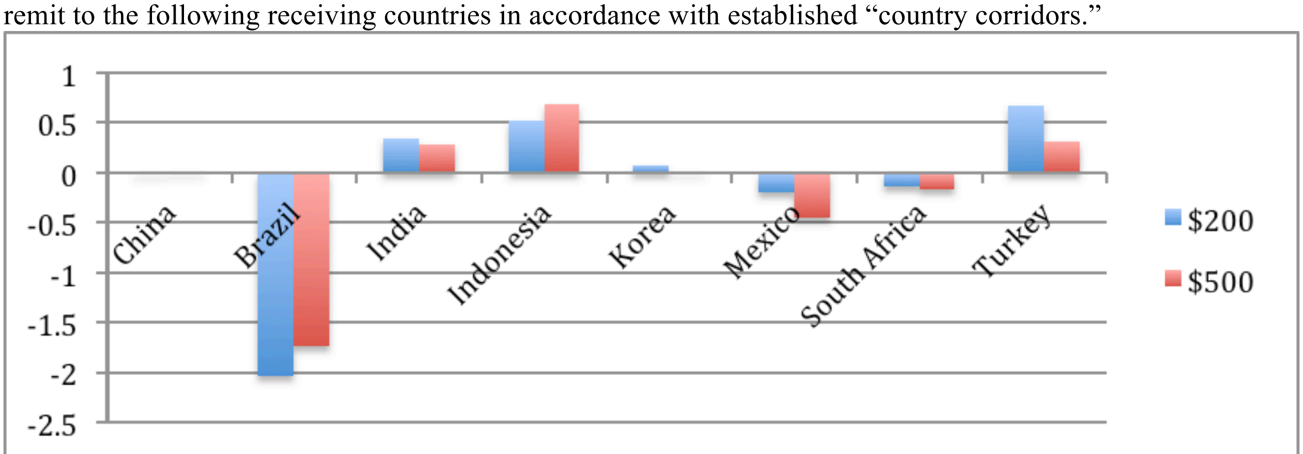
*A country demonstrates intent by making official announcements, speeches, pledges, reports, sponsoring and publishing relevant studies, and proposing policies and frameworks within the Cannes compliance cycle

II. Receiving countries:
This report considers China, India, Indonesia, Mexico, Turkey, and Argentina to be receiving countries.

Receiving countries play a role in fostering a favourable receiving environment for remittances. Poor receiving environments can present an obstacle to the reduction of remittance transfer costs. While the World Bank database provides statistics on the cost to receive remittances from a number of sending countries, many receiving countries have only one country corridor. A sufficient number of datapoints (above one) is needed to ensure that the measurements accurately resemble the sample mean, and are not simply outliers. Given insufficient data on the receiving countries, to proceed with any meaningful analysis, this report will only be looking at sending countries in its evaluation of price fluctuations. Thus, for the purposes of this compliance report, fluctuations in transaction costs from sending country (ies) to a receiving country will be neglected. [This methodology may change in the future if more datapoints could be obtained for receiving countries]

For receiving countries, full compliance is awarded if a country has enacted policies that aim to reduce transaction cost or that advance the World Bank General Principles for International Remittance Services.[1484]

Figure 2: Change in Remittance Costs (Receiving)
Figure 2 shows the change in average costs from Q3 2011 to Q1 2012 for all sender countries to remit to the following receiving countries in accordance with established "country corridors."



Source: World Bank Remittance Prices Worldwide (2012)[1485]

[1484] 2011 Report of the Development Working Group, G20 Information Centre (Toronto) 28 October 2011. Date of Access: 6 February 2012. http://www.g20.utoronto.ca/summits/2011cannes.html
[1485] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

Scoring Guidelines for Receiving Countries:

-1	Member does not demonstrate intent* to reduce remittance costs OR enact policies consistent with at least one of the World Bank's Principles for International Remittance Services
0	Member demonstrates intent* to reduce remittance costs OR enact policies consistent with at least one of the World Bank's Principles for International Remittance Services
+1	Member enactes policies to reduce remittance costs OR enacts policies that are consistent with at least one of the World Bank's Principles for International Remittance Services

*A country demonstrates intent by making official announcements, speeches, pledges, reports, sponsoring and publishing relevant studies, and proposing policies and frameworks within the Cannes compliance cycle

[NB: The Cannes compliance cycle spans from 4 November 2011 to 1 June 2012. Thus, any policies enacted prior to 4 November 2011 do not count towards scoring.]

Lead Analyst: Vanessa Guidorizzi, Hermonie Xie

Argentina: -1

Argentina has not demonstrated intent to reduce remittance costs or enact policies consistent with the World Bank's Principles for International Remittance Services. Thus, it received a score of -1.

Analyst: Rezwana Islam

Australia: 0

Australia has demonstrated intent to reduce remittance costs.

Australia's average transfer cost for the first quarter of 2012 is valued above the global average at 11.51% for a transfer amount of USD200 dollars. For a transfer amount of USD500 dollars, Australia's average transfer cost is below the global average at 7.22%.[1486]

According to the World Bank Remittance Prices portal, Australia's outgoing transfer costs have risen. For a remittance amount of USD200 dollars, average transfer costs increased by 0.02% between the third quarter of 2011 and the first quarter of 2012.[1487] For a remittance amount of USD500 dollars, average transfer costs increased by 0.76% in the same period.[1488]

On 26 October 2011, Foreign Minister Kevin Rudd speaking in Perth at a Pacific Island Foreign Ministers Breakfast announced an AUD3.5 million package supporting Commonwealth developing countries to drive down the costs of remittances over the next 2 years.[1489] The package

[1486] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/
[1487] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/
[1488] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/
[1489] Reducing the Cost of Remittances for Commonwealth Developing Countries, Australian Minister for Foreign Affairs (Barton) 26 October 2011. Date of Access: 21 February 2012. http://www.foreignminister.gov.au/releases/2011/kr_mr_111026.html

"supports target countries in setting up their own mechanisms to increase transparency and competition in the remittance services market."[1490]

As of 1 November 2011, new registration requirements were imposed on providers of remittance services by the Australian government.[1491] The Australian Transaction and Analysis Centre was the body designated to supervise these measures, which are aimed at increasing the transparency of remittance network providers, remittance network affiliates, and independent remittance dealers.[1492]

On 4 November 2011, during a press conference in Cannes, Prime Minister Julia Gillard revealed that she spearheaded the remittance question during G20 discussions and emphasized her commitment to ensure that "people who are earning money can send it to their families back home and not lose too much on the transaction."[1493]

Thus, for demonstrating intent to reduce remittance costs, Australia has received a score of 0.

Analyst: Julia Deutsch

Brazil: 0

Brazil demonstrated intent to enact the World Bank's Principles for International Remittance Services nationally.

Brazil's average transfer cost for the first quarter of 2012 is valued above the global average at 13.13% for a transfer amount of USD200 dollars. For a transfer amount of USD500 dollars, Brazil's average transfer cost is below the global average at 7.97%.[1494]

According to the World Bank Remittance Prices portal, Brazil's outgoing transfer costs have risen. For a remittance amount of USD200 dollars, average transfer costs increased by 2.22% between the third quarter of 2011 and the first quarter of 2012.[1495] For a remittance amount of USD500 dollars, average transfer costs increased by 1.9% in the same period.[1496]

[1490] Reducing the Cost of Remittances for Commonwealth Developing Countries, Australian Minister for Foreign Affairs (Barton), 26 October 2011. Date of Access: 21 February 2012. http://www.foreignminister.gov.au/releases/2011/kr_mr_111026.html

[1491] Keynote Address 2011 Anti-Money Laundering and Counter-Terrorism Financing Conference, Australian Crime Commission (Canberra City) 7 November 2011. Date of Access: 24 February 2012. http://www.crimecommission.gov.au/media/keynote-address-2011-anti-money-laundering-and-counter-terrorism-financing-conference

[1492] New Registration Requirements for Remitters, The Australian Transaction and Analysis Centre (Canberra) 1 November 2011. Date of Access: 24 February 2012. http://www.austrac.gov.au/new_registr_req.html

[1493] Transcript of press conference, Cannes, Press Office of the Prime Minister of Australia (Canberra) 4 November 2011. Date of Access: 7 April 2012. http://www.pm.gov.au/press-office/transcript-press-conference-cannes-0

[1494] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1495] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1496] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

On 19 February 2012, the Central Bank of Brazil issued a communiqué to its employees and subsidiaries reaffirming its commitment to provide fast, reliable and transparent remittance transfers.[1497]

Thus Brazil has been awarded of 0 for its promotion of World Bank General Principles on remittance transfers.

Analyst: Vanessa Guidorizzi

Canada: +1
Canada has reduced the cost of remittance transfers.

Canada's average transfer cost for the first quarter of 2012 is valued above the global average at 12.78% for a transfer amount of USD200 dollars. For a transfer amount of USD500 dollars, Canada's average transfer cost is below the global average at 6.88%.[1498]

Canada entered into partnerships with India[1499] in 2004, and Jamaica[1500] in 2005, to facilitate the transfer of remittances by reducing cost and removing legislative barriers.[1501] Since then, no new partnerships or policies regarding remittances have been implemented.

According to the World Bank Remittance Prices portal, Canada's outgoing transfer costs have fallen. For a remittance amount of USD200 dollars, average transfer costs decreased by 0.72% between the third quarter of 2011 and the first quarter of 2012.[1502] For a remittance amount of USD500 dollars, average transfer costs decreased by 0.58% in the same period.[1503]

Thus, Canada received a score of +1 for reducing the cost of remittance transfers.

Analyst: Kevin Hong

[1497] Gerência de Manual, Banco Central Do Brasil (Brasilia) 19 February 2012. Date Accessed: 1 March 2012.
https://www3.bcb.gov.br/gmn/visualizacao/listarDocumentosManualPublico.do?method=visualizarDocumentoInicial&idManual=2&itemManualId=135
[1498] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/
[1499] Canada and India to Work on More Effective, Affordable Remittance Systems, Department of Finance Canada (Ottawa) 22 November 2004. Date of Access: 4 March 2012.
http://www.collectionscanada.gc.ca/webarchives/20071122002653/http://www.fin.gc.ca/news04/04-071e.html
[1500] Canada and Jamaica to Encourage Low-Cost Remittance Services, Department of Finance Canada (Ottawa) 14 April 2005. Date of Access: 4 March 2012. http://www.fin.gc.ca/n05/05-027-eng.asp
[1501] Canada and India to Work on More Effective, Affordable Remittance Systems, Department of Finance Canada (Ottawa) 22 November 2004. Date of Access: 4 March 2012.
http://www.collectionscanada.gc.ca/webarchives/20071122002653/http://www.fin.gc.ca/news04/04-071e.html
[1502] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/
[1503] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

China: 0
China demonstrated intent to enact policies consistent with World Bank's Principles for International Remittance Services.

In January 2012, the statistics department of the People's Bank of China (PBOC) noted in a report that China has a "strategic opportunity" presently to relax restrictions on capital flows.[1504] In February 2012, the People's Bank of China published its fourth-quarter monetary policy report in which it expressed intent to 'explore' cross-border capital transactions in Chinese Yuan.[1505] The government has yet to formulate a method for easing controls on cross border capital flows.[1506] These initiatives, if implemented, would improve access to domestic payment infrastructures and are consistent with General Principle 4 of the World Bank's Principles for International Remittance Services.

Thus, for demonstrating intent to enact policies consistent with World Bank General Principles, China received a score of 0.

Analyst: Oluwaseun Onasanya

France: 0
France has demonstrated intent to enact policy for reducing remittance costs.

On 21 February 2012, France's Minister for Cooperation, Henri de Raincourt, led a group of officials to attend a conference hosted by Kamal Elkeshen, Vice President of the African Development Bank (ADB), on money transfers to Africa from migrants.[1507] The conference discussed in detail a series of recommendations made by a study on reducing the cost of remittances by the credit institution Epargne sans Frontières and co-financed by the ADB and the French Development Agency.[1508] The study recommended a process called "bi-banking" which stipulates coordination between the banks in sending and receiving countries and suggested the development of: (1) new financial products, (2) new technology for electronic transfers, and (3) legal and regulatory frameworks.[1509] At the conclusion of the conference, France reaffirmed its

[1504] PBOC says no document issued on individual's Yuan remittance, Bloomberg (New York) 1 March 2012. Date of Access: 7 April 2012. http://www.bloomberg.com/news/2012-03-01/pboc-says-no-document-issued-on-individuals-yuan-remittance.html
[1505] PBOC says no document issued on individual's Yuan remittance, Bloomberg (New York) 1 March 2012. Date of Access: 7 April 2012. http://www.bloomberg.com/news/2012-03-01/pboc-says-no-document-issued-on-individuals-yuan-remittance.html
[1506] PBOC says no document issued on individual's Yuan remittance, Bloomberg (New York) 1 March 2012. Date of Access: 7 April 2012. http://www.bloomberg.com/news/2012-03-01/pboc-says-no-document-issued-on-individuals-yuan-remittance.html
[1507] The Transfer of Funds from Migrants – Proposals for Helping the Development of African Countries, African Development Bank Group (Tunis-Belvedère) 21 February 2012. Date of Access: 4 March 2012. http://www.afdb.org/en/news-and-events/article/the-transfer-of-funds-from-migrants-proposals-for-helping-the-development-of-african-countries-8849/
[1508] The Transfer of Funds from Migrants – Proposals for Helping the Development of African Countries, African Development Bank Group (Tunis-Belvedère) 21 February 2012. Date of Access: 4 March 2012. http://www.afdb.org/en/news-and-events/article/the-transfer-of-funds-from-migrants-proposals-for-helping-the-development-of-african-countries-8849/
[1509] The Transfer of Funds from Migrants – Proposals for Helping the Development of African Countries, African Development Bank Group (Tunis-Belvedère) 21 February 2012. Date of Access: 4 March 2012. http://www.afdb.org/en/news-and-events/article/the-transfer-of-funds-from-migrants-proposals-for-helping-the-development-of-african-countries-8849/

commitment to continue on this path and encouraged officials to work towards implementing recommendations made by the study.[1510] France's average transfer cost for the first quarter of 2012 is valued above the global average at 13.45% for a transfer amount of USD200 dollars. For a transfer amount of USD500 dollars, France's average transfer cost is below the global average at 6.71%.[1511]

According to the World Bank Remittance Prices portal, France's outgoing transfer costs did not change significantly. For a remittance amount of USD200 dollars, average transfer costs decreased by 0.03% between the third quarter of 2011 and the first quarter of 2012.[1512] For a remittance amount of USD500 dollars, average transfer costs increased by 0.08% in the same period.[1513]

Thus, France received a score of 0 for demonstrating intent to enact policy for reducing remittance costs.

Analyst: Julia Deutsch

Germany: -1

Germany did not demonstrate intent to reduce remittance costs or enact policy consistent with World Bank General Principles.

Germany's average transfer cost for the first quarter of 2012 is valued above the global average at 13.74% for a transfer amount of USD200 dollars. For a transfer amount of USD500 dollars, Germany's average transfer cost is below the global average at 6.76%.[1514]

According to the World Bank Remittance Prices portal, Germany's outgoing transfer costs rose for smaller transfer amounts and did not change significantly for larger amounts. For a remittance amount of USD200 dollars, average transfer costs increased by 0.5% between the third quarter of 2011 and the first quarter of 2012.[1515] For a remittance amount of USD500 dollars, average transfer costs decreased by 0.08% in the same period.[1516]

Thus, Germany received a score of -1 for failing to demonstrate intent to reduce costs or enact policy consistent with World Bank General Principles.

Analyst: Oluwaseun Onasanya

[1510] The Transfer of Funds from Migrants – Proposals for Helping the Development of African Countries, African Development Bank Group (Tunis-Belvedère) 21 February 2012. Date of Access: 4 March 2012. http://www.afdb.org/en/news-and-events/article/the-transfer-of-funds-from-migrants-proposals-for-helping-the-development-of-african-countries-8849/

[1511] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1512] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1513] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1514] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1515] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1516] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

India: +1
India has enacted policy for reducing remittance costs.

On 29 March 2012, The Bank of India signed a service agreement with TimesofMoney, a Mumbai-baised digital payment service provider, to offer technology-driven remittance services to non-resident Indians in the UK. The initiative aims to provide a fast, secure, and cost effective way to remit money to India.[1517]

Thus, India received a score of +1 for enacting policy for reducing remittance costs.

Analyst: Rezwana Islam

Indonesia: 0
Indonesia has demonstrated intent to determine policies that reduce remittance costs.

On 5 December 2006, the Indonesian central bank introduced new regulation dealing with remittances sent through non-bank financial institutions. Due to the lower administrative costs of non-bank financial institutions, the regulation was created "to provide greater assurance in the areas of security, transparency, legal protection and customer protection."[1518] Since then, Indonesia has not implemented any further policies to reduce remittance prices.

On 2 April 2012 at the 7th ASEAN Economic Community (AEC) Council meeting, the Indonesian minister of trade announced that Indonesia would be facilitating an AEC forum later in the year to discuss the best practices of financial inclusion and improving the flow of remittances.[1519]

Thus, Indonesia received a score of 0 for demonstrating intent to reduce costs or enact policy consistent with World Bank General Principles.

Analyst: Kevin Hong

Italy: +1
Italy has met its target of a 5% or lower average transfer cost for a remittance amount of USD500 dollars. It has reduced the cost of remittance transfers and its average transfer costs are substantially below the global average of 10% for a USD200 dollar transfer amount.

[1517] Bank of India and TimesofMoney join hands to provide online money transfer service NRIs in UK, The Economic Times (Mumbai) 29 March 2012. Date of Access: 8 April 2012. http://economictimes.indiatimes.com/news/nri/forex-and-remittance/bank-of-india-and-timesofmoney-join-hands-to-provide-online-money-transfer-service-nris-in-uk/articleshow/12456201.cms

[1518] BI Issues Regulation On Money Remittances, Bank Indonesia (Jakarta) 15 December 2006. Date of Access: 4 March 2012. http://www.bi.go.id/web/en/Ruang+Media/Berita/Info_SP6.htm

[1519] The 7th AEC Council Meeting: Consolidation towards ASEAN Economic Community 2015, Ministry of Trade of the Republic of Indonesia (Jakarta) 2 April 2012. Date of Access: 29 April 2012. http://www.kemendag.go.id/files/publikasi/siaran_pers/2012/20120402PR%20AEC%20Council%20Meeting,%202%20Apr%2012.pdf

Italy's average transfer cost for the first quarter of 2012 is valued below the global average at 7.92% for a transfer amount of USD200 dollars. For a transfer amount of USD500 dollars, Italy's average transfer cost is valued below the G20 target at 4.77%.[1520]

According to the World Bank Remittance Prices portal, Italy's outgoing transfer costs have fallen. For a remittance amount of USD200 dollars, average transfer costs decreased by 0.19% between the third quarter of 2011 and the first quarter of 2012.[1521] For a remittance amount of USD500 dollars, average transfer costs decreased by 0.3% in the same period.[1522]

On 2 March 2012, the Government of Italy introduced a tax simplification decree that repealed the 2% tax on remittances sent by undocumented residents in Italy.[1523]

Thus, Italy received a score of +1 for reducing the cost of remittance transfers.

Analyst: Kevin Hong

Japan: +1

Japan has reduced the cost of remittance transfers.

Japan's average transfer cost for the first quarter of 2012 is valued above the global average at 15.84% for a transfer amount of USD200 dollars. For a transfer amount of USD500 dollars, Japan's average transfer cost is below the global average at 7.33%.[1524]

According to the World Bank Remittance Prices portal, Japan's outgoing transfer costs have fallen. For a remittance amount of USD200 dollars, average transfer costs decreased by 1% between the third quarter of 2011 and the fourth quarter of 2012.[1525] For a remittance amount of USD500 dollars, average transfer costs decreased by 0.61% in the same period.[1526]

Thus, Japan received a score of +1 for reducing the cost of remittance transfers.

Analyst: Ahmed Al-Sa'd

Korea: +1

Korea has met its target of a 5% or lower average transfer cost for a remittance amount of USD500 dollars. For a USD200 dollar transfer amount, Korea's average transfer costs are

[1520] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1521] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1522] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1523] DECRETO-LEGGE 2 marzo 2012, n. 16 Disposizioni urgenti in materia di semplificazioni tributarie, di efficientamento e potenziamento delle procedure di accertamento. (12G0036), Gazzetta Ufficiale della Repubblica Italiana (Rome) 2 March 2012. Date of Access: 29 April 2012. http://www.gazzettaufficiale.it/guridb/dispatcher?service=1&datagu=2012-03-02&task=dettaglio&numgu=52&redaz=012G0036&tmstp=1335673966031

[1524] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1525] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1526] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

substantially below the global average. In addition, Korea demonstrated intent to enact policy consistent with World Bank General Principles.

Korea's average transfer cost for the first quarter of 2012 is valued below the global average at 6.78% for a transfer amount of USD200 dollars. For a transfer amount of USD500 dollars, Korea's average transfer cost is valued below the G20 target at 3.75%.[1527]

According to the World Bank Remittance Prices portal, Korea outgoing transfer costs have risen. For a remittance amount of USD200 dollars, average transfer costs increased by 0.32% between the third quarter of 2011 and the fourth quarter of 2012.[1528] For a remittance amount of USD500 dollars, average transfer costs increased by 0.6% in the same period.[1529]

On 30 January 2012, Korean government officials from the Banker's Association and from the

Financial Supervisory service declared that they were working with banks both within and outside the country to reduce remittance charges in Korea so that foreigners can easily use banking services.[1530]This initiative is improves access to financial services and is consistent with General Principle 2 of the World Bank's Principles for International Remittance Services.

Thus, Korea received a score of +1 for having average transfer costs substantially below the global average and for demonstrating intent to enact policy consistent with World Bank General Principles.

Analyst: Oluwaseun Onasanya

Mexico: -1

Mexico has not demonstrated intent to reduce remittance costs or enact policies consistent with World Bank General Principles.

However, it is to be noted that Article 41 of the Mexican Constitution forbids "the dissemination of all government propaganda in the media" during electoral campaigns.[1531] As a result, access to information about government programs, actions, works or achievements are restricted during the period of 30 March to 1 July 2012[1532] and may distort scoring.

Thus, Mexico received a score of -1 for failing to demonstrate intent to reduce costs or enact policies consistent with World Bank General Principles.

Analyst: Rezwana Islam

[1527] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1528] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1529] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1530] Foreign Remittance charges to be reined in: Banking Association working to make it easier for foreign workers to send money home, The Hankyoreh (Seoul) 30 January 2012. Date of Access: 7 April 2012. http://english.hani.co.kr/arti/english_edition/e_business/516588.html

[1531] Presidency of the Republic (Los Pinos) 2011. Date of Access: 9 April 2012. http://en.presidencia.gob.mx/

[1532] Presidency of the Republic (Los Pinos) 2011. Date of Access: 9 April 2012. http://en.presidencia.gob.mx/

Russia: +1

Russia has fully complied with its commitment to reduce the average cost of transferring remittances.

Russia's average transfer cost for the first quarter of 2012 is valued below the G20 target at 2.5% for a transfer amount of USD200 dollars. For a transfer amount of USD500 dollars, Russia's average transfer cost is valued below the G20 target at 2.5%.[1533]

According to the World Bank Remittance Prices portal, Russia's outgoing transfer costs for a transfer amount of USD200 fell by 0.41% between the third quarter of 2011 and the first quarter of 2012. For a transfer amount of USD500, prices also fell by 0.4% in the same period.[1534]

On 24 December 2011, provisions of the Federal Law On the National Payment System regulating the procedures for rendering payment services came into force. The law provides for improving transparency and consumer protection of remittance services, including through the requirement of disclosing fees and exchange rate data by providers.[1535]

Thus, Russia receives a score of +1 for full compliance with its commitment on remittance transfers.

Analyst: Andrey Shelepov

Saudi Arabia: +1

Saudi Arabia has met its target of a 5% or lower average transfer cost for both USD200 dollar and USD500 dollar transfer amounts.

Saudi Arabia's average transfer cost for the first quarter of 2012 is valued below the G20 target at 4.18% for a transfer amount of USD200 dollars. For a transfer amount of USD500 dollars, Saudi Arabia's average transfer cost is valued below the G20 target at 2.49%.[1536]

According to the World Bank Remittance Prices portal, Saudi Arabia's outgoing transfer costs did not change significantly for a transfer amount of USD200 dollars, and rose for a transfer amount of USD500 dollars. For a remittance amount of USD200 dollars, average transfer costs increased by 0.08% between the third quarter of 2011 and the first quarter of 2012.[1537] For a remittance amount of USD500 dollars, average transfer costs increased by 0.26% in the same period.[1538]

[1533] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1534] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1535] Federal Law of 27 June 2011 No. 161-FZ On National Payment System, Office of the President of Russia (Moscow) 27 June 2011. Date of Access: 31 March 2012.http://graph.document.kremlin.ru/page.aspx?1562461.

[1536] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1537] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1538] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

On 21 March 2012, the Dammam-based Al-Sharq newspaper quoted an informed force at the Labour Ministry revealing that the ministry was coordinating with ministries of Interior and Finance to lay down rules and regulations that would "reduce the large amounts of financial remittances foreigners annually make to the outside."[1539] If the initiative is enacted, it could make it more costly to remit from Saudi Arabia.

Thus, Saudi Arabia receives a score of +1 for having average costs lower than the the G20 target of 5%.

Analyst: Ahmed Al-Sa'd

South Africa: + 1

South Africa reduced average transfer costs for remittance amounts of USD500 dollars, and announced reforms consistent with the World Bank's Principles for International Remittance Services in its Medium Term Budget Policy Statement.[1540]

South Africa's average transfer cost for the first quarter of 2012 is valued above the global average at 17.7% for a transfer amount of USD200 dollars. For a transfer amount of USD500 dollars, South Africa's average transfer cost is valued slightly above the global average at 10.14%.[1541]

According to the World Bank Remittance Prices portal, South Africa's outgoing transfer costs rose for smaller transfer amounts and fell for larger transfer amounts. For a remittance amount of USD200 dollars, average transfer costs increased by 0.62% between the third quarter of 2011 and the fourth quarter of 2012.[1542] For a remittance amount of USD500 dollars, average transfer costs decreased by 1.1% in the same period.[1543]

On 25 October 2011, the Minister of Finance announced that it will enact policies that comply with the following World Bank General Guidelines[1544]: (1) improvement of the payment system infrastructure, and (2) fostering competitive market conditions. In order to reduce costs of remittances, South Africa will remove ownership restrictions on international participation in Authorised Dealers in Foreign Exchange with Limited Authority. In addition, it will no longer be compulsory for remittance agencies to partner with existing authorised dealers. This proposal is still undergoing regulatory and reporting requirements and has not yet been implemented.[1545]

[1539] Ministries eyeing means to curb foreigners' remittances, Arab News (Jeddah) 22 March 2012. http://arabnews.com/saudiarabia/article591426.ece

[1540] Further information on investment and prudential regulatory announcements in 2011 MTBPS, South African Government Information 28 October 2011. Date of Access: 12 March 2012. http://www.treasury.gov.za/comm_media/press/2011/2011102701.pdf

[1541] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1542] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1543] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1544] General Principles for International Remittance Services, World Bank (Basel) March 2006. Date of Access: 6 March 2012. http://www.bis.org/publ/cpss73.pdf

[1545] Further information on investment and prudential regulatory announcements in 2011 MTBPS, South African Government Information 28 October 2011. Date of Access: 12 March 2012. http://www.treasury.gov.za/comm_media/press/2011/2011102701.pdf

Thus South Africa has been awarded a score of +1 for reducing average costs for larger transfer amounts, and for beginning to implement reforms that facilitate remittance transfers.

Analyst: Atifa Hasham

Turkey: -1

Turkey has not demonstrated intent to reduce remittance costs or enact policies consistent with the World Bank's Principles for International Remittance Services. Thus, it received a score of -1.

Analyst: Julia Deutsch

United Kingdom: +1

The United Kingdom has average transfer costs below the global average for both USD200 and USD500 transfer amounts.

The United Kingdom's average transfer cost for the first quarter of 2012 is valued below the global average at 8.16% for a transfer amount of USD200 dollars. For a transfer amount of USD500 dollars, the UK's average transfer cost is valued slightly above the G20 target at 5.88%.[1546]

According to the World Bank Remittance Prices portal, the UK's outgoing transfer costs did not change significantly for a transfer amount of USD200 dollars, and rose for a transfer amount of USD500 dollars. For a remittance amount of USD200 dollars, average transfer costs decreased by 0.01% between the third quarter of 2011 and the fourth quarter of 2012.[1547] For a remittance amount of USD500 dollars, average transfer costs increased by 0.41% in the same period.[1548]

Since 2009, the United Kingdom has implemented policies to facilitate the transfer of international funds, while also attempting to minimize criminal activity. In November 2009, the United Kingdom adopted the Payment Services Directive (PSD), which aimed to standardize intra-Europe payment services.[1549] In accordance with the PSD, the UK underwent a transition period in which Money Service Businesses were required to apply to become a Payments Institution (PI) at the Financial Services Authority for Authorization and Regulation. This allowed Money Service Businesses to bypass any extensive local regulatory procedures within the European Economic Area. On the other hand, banks, building societies, authorized e-money issuers, small e-money issuers, Post Office Limited, and specific public bodies, are able to provide services without having to register under the PSD.[1550] The PSD is consistent with the following World Bank General Principles: (1) improving transparency and consumer protection; (3) fostering competitive market conditions; and (4) improvement of the payment system.[1551]

[1546] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1547] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1548] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1549] Constraints in the UK to Ghana Remittance Market, Developing Markets Associates Ltd & Department of International Development 23 March 2011. Date of Access: 11 March 2012. http://www.dfid.gov.uk/Documents/publications1/Constraints-UK-Ghana.pdf

[1550] Constraints in the UK to Ghana Remittance Market, Developing Markets Associates Ltd & Department of International Development 23 March 2011. Date of Access: 11 March 2012. http://www.dfid.gov.uk/Documents/publications1/Constraints-UK-Ghana.pdf

[1551] General Principles for International Remittance Services, World Bank (Basel) March 2006. Date of Access: 6 March 2012. http://www.bis.org/publ/cpss73.pdf

Nevertheless, the EU Anti-Money Laundering Directive does not legally set a maximum fee for cross-border money transfers. There is however no regulatory limit on the amount of foreign exchange remittance inflows.[1552]

On 30 April 2011, the UK implemented the second Electronic Money Directive, which aims to encourage growth of the electronic money market.[1553] It is important to note that this legislation have major implications for cross-border mobile payments, particularly if a business is established an e-Money issuer as it will then be able to offer all the services of a payment institution.[1554] This initiative is improves access to financial services and is consistent with General Principle 2.

Thus, the UK received a score of +1 since its average costs for both USD200 and USD500 transfer amounts are below the global average of 10%.

Analyst: Atifa Hasham

United States: +1

The United States has met its target of a 5% or lower average transfer cost for a remittance amount of USD500 dollars. Its average transfer costs are substantially below the global average of 10% for a USD200 dollar transfer amount. In addition, the United States is in the process of enacting an amendment to Electronic Fund Transfers (Regulation E) that is consistent with the World Bank's Principles for International Remittance Services and will be implemented by February 2013.[1555]

The United States average transfer cost for the first quarter of 2012 is valued below the global average at 7.11% for a transfer amount of USD200 dollars. For a transfer amount of USD500 dollars, the United States' average transfer cost has met the G20 target at 5.02%.[1556]

According to the World Bank Remittance Prices portal, the United States' outgoing transfer costs did not change significantly for a transfer amount of USD200 dollars, and rose for a transfer amount of USD500 dollars. For a remittance amount of USD200 dollars, average transfer costs decreased by 0.08% between the third quarter of 2011 and the fourth quarter of 2012.[1557] For a

[1552] Constraints in the UK to Ghana Remittance Market, Developing Markets Associates Ltd & Department of International Development 23 March 2011. Date of Access: 11 March 2012. http://www.dfid.gov.uk/Documents/publications1/Constraints-UK-Ghana.pdf

[1553] Electronic Money Regulations, Financial Services Authority 4 January 2012. Date of Access: 11 March 2012. http://www.fsa.gov.uk/about/what/international/emoney

[1554] Constraints in the UK to Ghana Remittance Market, Developing Markets Associates Ltd & Department of International Development 23 March 2011. Date of Access: 11 March 2012. http://www.dfid.gov.uk/Documents/publications1/Constraints-UK-Ghana.pdf

[1555] Electric Fund Transfers, Federal Register 7 February 2012. Date of Access: 11 March 2012. https://www.federalregister.gov/articles/2012/02/07/2012-1728/electronic-fund-transfers-regulation-e#p-3

[1556] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1557] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

remittance amount of USD500 dollars, average transfer costs increased by 0.2% in the same period.[1558]

On 21 July 2010, President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act,[1559] which provides new federal regulations and oversight for consumer remittance providers. In particular, the Act demands the disclosure of remittance costs and the establishment of consumer rights in the case of an error. The new Consumer Financial Protection Bureau (CFPB) enforces these new protections, while the Federal Reserve Board works to expand the use of the automated clearinghouse system, as well as other payment mechanisms.[1560]

Currently, the CFPB, the Federal Reserve Board, the Federal Reserve Banks, and the Department of the Treasury are working to implement the provisions set out by the Dodd-Frank Act.[1561] The Federal Reserve Board has worked on a proposed remittance transfer regulation so that providers will be required to disclose information about fees, exchange rates, and the amount of money to be delivered to senders.[1562] In addition, this proposal will allow for error resolution and cancellation rights for senders, and will include many types of transfers. Under the CFPB, this proposal is more specifically known as the amendment to Electronic Fund Transfers (Regulation E), which will formally implement the Electronic Transfer Act. The amendment has entered the third and final phase of its agenda, and is still seeking public comment. The rules will be effective 7 February 2013.[1563]

On 26 March 2012, Nick Rathod released a statement reiterating this commitment to adopt new rules set by the CFPB that will make remittance costs clearer and hold transfer providers accountable for error.[1564]

Thus, the United States received a score of +1 for having average transfer costs below the global average for a remittance amount of USD200 and USD500 dollars.

Analyst: Atifa Hasham

[1558] Remittance Prices Worldwide, World Bank (Washington) 2012. Date of Access: 7 April 2012. http://remittanceprices.worldbank.org/

[1559] Remarks by the President at Signing of Dodd-Frank Wall Street Reform and Consumer Protection Act, Office of the Press Secretary (Washington) 21 July 2010. Date of Access: 11 March 2012. http://www.whitehouse.gov/the-press-office/remarks-president-signing-dodd-frank-wall-street-reform-and-consumer-protection-act

[1560] Fact Sheet: Sending Money Abroad: Remittance Transfers, Office of the Press Secretary 22 March 2011. Date of Access: 11 March 2012. http://www.whitehouse.gov/sites/default/files/rss_viewer/ElSalvador_FS_Remittances.pdf

[1561] Fact Sheet: Sending Money Abroad: Remittance Transfers, Office of the Press Secretary 22 March 2011. Date of Access: 11 March 2012. http://www.whitehouse.gov/sites/default/files/rss_viewer/ElSalvador_FS_Remittances.pdf

[1562] Press Release, Board of Governors of the Federal Reserve System 12 May 2011. Date of Access: 11 March 2012. http://www.federalreserve.gov/newsevents/press/bcreg/20110512a.htm

[1563] Electric Fund Transfers, Federal Register 7 February 2012. Date of Access: 11 March 2012. https://www.federalregister.gov/articles/2012/02/07/2012-1728/electronic-fund-transfers-regulation-e#p-3

[1564] Remittance Transfer Rule: A Personal Perspective, The White House 26 March 2012. Date of Access 27 April 2012. http://www.whitehouse.gov/blog/2012/03/26/remittance-transfer-rule-personal-perspective-0

European Union: N/A
The European Union cannot be scored for this commitment because changes in average remittance transfers varies across member states. That being said, the European Commission has a number of initiatives in place that aim to reduce remittance costs and are consistent with World Bank's Principles for International Remittance Services.

Since 2010, Eurostat regularly publishes data on EU remittances.[1565] As part of its annual accountability report on Financing for Development, the European Commission produces information on the initiatives implemented in the field of financial transfers of migrants across the EU.[1566] These initiatives improve transparency and consumer protection, payment systems, and market competition and are consistent with General Principles 1, 3, and 4 of the World Bank's Principles for International Remittance Services.

The EU Payment Services Directive (PSD) provides the legal basis of a single European market for payments and intends to promote competition and strengthen transparency in the market.[1567] The PSD creates legal obligations that govern intra-EU capital transfers, but some EU members have extended the laws to apply to agents outside the EU and to transfers in non-European currencies.[1568] This initiative enhances transparency and improves access to formal financial services and is consistent with General Principles 1 and 2.

Starting from April 2011, the Directive on Electronic Money allows electronic money institutions, such as telecom providers or companies providing prepaid cards, to conduct intra-EU financial transfers.[1569] This initiative improves access to financial services and is consistent with General Principle 2.

Analyst: Ahmed Al-Sa'd

[1565] Workers' Remittances, European Commission (Brussels) 20 January 2012. Date of Access: 7 April 2012. http://ec.europa.eu/economy_finance/international/development_policy/remittance/index_en.htm
[1566] Workers' Remittances, European Commission (Brussels) 20 January 2012. Date of Access: 7 April 2012. http://ec.europa.eu/economy_finance/international/development_policy/remittance/index_en.htm
[1567] Workers' Remittances, European Commission (Brussels) 20 January 2012. Date of Access: 7 April 2012. http://ec.europa.eu/economy_finance/international/development_policy/remittance/index_en.htm
[1568] Workers' Remittances, European Commission (Brussels) 20 January 2012. Date of Access: 7 April 2012. http://ec.europa.eu/economy_finance/international/development_policy/remittance/index_en.htm
[1569] Workers' Remittances, European Commission (Brussels) 20 January 2012. Date of Access: 7 April 2012. http://ec.europa.eu/economy_finance/international/development_policy/remittance/index_en.htm

Food and Agriculture: Excessive Price Volatility [227]

Commitment [#227]

"We commit to mitigate the adverse effects of excessive price volatility for the most vulnerable through the development of appropriate risk-management instruments. These actions are detailed in the development section of this final Declaration."

Cannes Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina		0	
Australia		0	
Brazil			+1
Canada			+1
China	-1		
France			+1
Germany		0	
India			+1
Indonesia		0	
Italy			+1
Japan	-1		
Korea		0	
Mexico		0	
Russia			+1
Saudi Arabia	-1		
South Africa	-1		
Turkey			+1
United Kingdom	-1		
United States			+1
European Union		0	
Average Score		+0.15	

Background:

The G8 have continuously worked towards improving food security. The recent focus has been on the affect of excessive price volatility on food security. The negative impacts of excessive price volatility are felt most acutely by the poorest communities and by many producers. Over one billion people suffer from hunger and poverty because of fluctuating price trends, the economic crisis and underinvestment in agriculture.[1570] The importance of this commitment was underscored by the 2011 drought and subsequent food crisis in East Africa, which led to wide-sweeping crop failures, livestock death, and increasing food prices.[1571]

In 2008, the G8 created the Global Partnership for Agriculture, Food Security and Nutrition. It operates with three broad objectives: (1) to ensure coherent food security policies, (2) to collect

[1570] L'Aquila Joint Statement on Global Food Security: L'Aquila Food security Initiative (AFSI), G8 Information Centre (Toronto) 9 July 2009. Date of Access: 6 February 2012. http://www.g8.utoronto.ca/summit/2009laquila/2009-food.html

[1571] Cannes Summit Final Declaration, G20 Information Centre (Toronto) 4 November 2011. Date of Access: 6 February 2012. http://www.g20.utoronto.ca/2011/2011-cannes-declaration-111104-en.html data regarding food production and security, and (3) to reverse the downward trend in financing for agriculture.[1572]

In 2009, the G8 countries created the L'Aquila Food Security Initiative to address excessive price volatility. The G8 stressed the need for urgent action. They committed to partnering with vulnerable countries to help them develop sustainable food security strategies, as well as foster economic growth and social progress.[1573]

At the 2010 Seoul Summit, the G20 leaders requested that the FAO, OECD and other international institutions create a joint report recommending policy options for agricultural reform. The report stressed the importance of designing effective risk management instruments and recommended that risk management instruments be flexible and market-based.[1574] In addition, the report recommended that the G20 support risk management services which include facilitation of commodity hedging, advisory services to strengthen in-country financial risk management capacity, disaster risk financing, and modernization of meteorological services.[1575] The G20 welcomed these recommendations at the 2011 Cannes Summit.[1576]

In 2011, the World Bank in coordination with the G20 announced the Agricultural Price Risk Management (APRM) product. The APRM product will protect consumers and producers from price volatility and improve their access to hedging instruments.[1577] The G20 hope to expand the APRM product and have encouraged other international financial institutions to develop similar initiatives.[1578]

Commitment Features:
To comply with this commitment, the member must take steps to support the development of risk-management instruments. The development section of the G20 Cannes final declaration lists commodity hedging, weather index insurances, contingent financing tools and the APRM product as risk management instruments to be supported.[1579]For the purposes of this report, "support"

[1572]Financing food security: a private-sector agenda, G8 Information Centre (Toronto) 29 October 2012. Date of Access: 6 February 2012 http://www.g8.utoronto.ca/newsdesk/cannes/g20cannes-thunell-en.html

[1573] L'Aquila Joint Statement on Global Food Security: L'Aquila Food security Initiative (AFSI), G8 Information Centre (Toronto) 9 July 2009. Date of Access: 6 February 2012. http://www.g8.utoronto.ca/summit/2009laquila/2009-food.html

[1574] Price Volatility in Food and Agriculture Markets: Policy Responses, OECD (Paris) 2 June 2011. Date of Access: 6 February 2012. http://www.oecd.org/dataoecd/40/34/48152638.pdf

[1575]Price Volatility in Food and Agriculture Markets: Policy Responses, OECD (Paris) 2 June 2011. Date of Access: 6 February 2012. http://www.oecd.org/dataoecd/40/34/48152638.pdf

[1576] Action Plan on Food Price Volatility, G20 Information Centre (Toronto) 23 June 2011. Date of Access: 6 February 2012. http://agriculture.gouv.fr/IMG/pdf/2011-06-23_-_Action_Plan_-_VFinale.pdf

[1577] World Bank Group Announces New Instrument to Help Food Producers and Consumers in Developing Nations Deal with Volatile Prices, World Bank (Washington) 21 June 2011. Date of Access: 6 February 2012. http://go.worldbank.org/T7EA0VLHG0

[1578] Action Plan on Food Price Volatility, G20 Information Centre (Toronto) 23 June 2011. Date of Access: 6 February 2012. http://agriculture.gouv.fr/IMG/pdf/2011-06-23_-_Action_Plan_-_VFinale.pdf

[1579] CannesSummit Final Declaration, G20 Information Centre (Toronto) 4 November 2011. Date of Access: 3 April 2012.http://www.g20.utoronto.ca/2011/2011-cannes-declaration-111104-en.html refers to actions taken by the member to fund existing programs or risk management instruments, or develop programs and policies that create or expand risk management instruments.

Scoring Guidelines:

-1	Member cuts or does not support new or existing risk-management instruments.
0	Member declares intent to support new or existing risk management instruments.
+1	Member contributes to the support of new or existing risk-management instruments.

Lead Analyst: Vanessa Guidorizzi

Argentina: 0
Argentina has partially complied with the commitment to develop risk-management instruments.

In February 2012, the Government of Argentina began a program called Programa del Financiamiento Productivo del Bicentenario. This program will generate new financial tools enabling the execution of long-term investments in development initiatives.

On 7 March 2012, the Ministry of Agriculture implemented the Plan Estratégico Agroalimentario y Agroindustrial 2020 that aims to increase Argentinean food production. The Banco de la Nacion Argentina will provide over ARS1.5 million in credit to support producers affected by drought. The Banco de la Provincia de Buenos Aires will contribute ARS800 million and Banco de la Pampa will contribute ARS200 million to the project.[1580]

On 15 March 2012, PROSAP held a meeting discussing the acquisitions of risk management instruments for agricultural development projects.[1581] The Government of Argentina plans to increase irrigation areas and develop a competitive seed sector.[1582]

On 16 April 2012, the Programa de Servicios Agrícolas Provinciales (PROSAP) will extend offers for the purchase of Hydrometeorological Information System, linked to the Project called Proyecto de Optimización de la Infraestructura de Riego del Valle Bonaerense del Río Colorado — CORFO. PROSAP includes provision for insurance against floods and the improvement of information and support systems.[1583]

[1580] Noverto Yauhar en la firma de convenios productivos para la provincia, Ministerio de agricultura, ganaderia, y pesca (Buenos Aires, Argentina) 7 March 2012. http://www.minagri.gob.ar/site/institucional/prensa/discurso_convenios.php

[1581] Programa de Servicios Agricolas Provinciales, Ministerio de Agricultura, Ganadería, y Pesca, Presidencia de la Nacion (Buenos Aires). Date of Access: 1 March 2012. http://www.prosap.minagri.gob.ar/

[1582] San Juan: Llamado a Licitación Pública Nacional LPN para adquisición de bienes para los Proyectos Desarrollo de Áreas Bajo Riego de la Margen Sur del Río San Juan—Canal Céspedes—Sarmiento y Desarrollo Competitivo del Sector Semillero Provincial - BM-SJP-7597-014-B-01/11 y BM-SJP-7597-016-B-02/11 (San Juan). Date of Access: 1 March 2012. http://www.prosap.gob.ar/

[1583] San Juan: Llamado a Licitación Pública Nacional LPN para adquisición de bienes para los Proyectos Desarrollo de Áreas Bajo Riego de la Margen Sur del Río San Juan—Canal Céspedes—Sarmiento y Desarrollo Competitivo del Sector Semillero Provincial - BM-SJP-7597-014-B-01/11 y BM-SJP-7597-016-B-02/11 (San Juan). Date of Access: 1 March 2012. http://www.prosap.gob.ar/

The Argentinean government has organized many other programs related to technique-finance and training assistance. The Instituto Nacional de Tecnología Agropecuaria (INTA)[1584] provides information on safeguards and best practices for those involved in agricultural production.

The Argentinean National Bank provides credit to support agricultural producers in financial need.[1585]

Thus, the Government of Argentina is awarded a score of 0 for its plans to implement programs supporting the development of risk-management instruments.

Analyst: Angela Zhang

Australia: 0

The Australian government has partially complied with the commitment to support risk management instruments.

In a presentation made on 7 March 2012, the Australian Bureau of Agricultural and Resource Economics and Sciences recommended development of risk management tools. These tools included: (1) computer based decision support systems; (2) multi-peril crop insurance; (3) new financial products such as weather derivatives and crop yield simulation insurance.[1586]

In 2008, the government of Australia committed AUS34.4 million dollars over four years to the FarmReady Program.[1587] FarmReady aims to enable producers to adapt to the impacts of climate change through skills training and studies of best practices.[1588] A portion of the funds is meant to improve "the adoption of risk management and business management skills."[1589] However, funds were not specifically allocated to risk management instruments. FarmReady ends on 30 June 2012.[1590]

For its intent to support risk management instruments, Australia is awarded a 0.

Analyst: Vanessa Guidorizzi

Brazil: +1

Brazil has complied with its commitment to support risk-management instruments for its increased funding of weather insurance policies.

[1584] ¿Qué es el INTA?, Instituto Nacional de Tecnología Agropecuaria (Buenos Aires). Date of Access: 1 March 2012. http://inta.gob.ar/sobre-el-inta/que-es-el-inta

[1585] Lineas de Crédito para el Sector Agropecuario, Banco de la Nacion Argentina (Buenos Aires) 1 March 2012. Date of Access: 1 March 2012. http://www.bna.com.ar/agro/ag_creditos.asp

[1586] Farm risk management in a changing climate, Department of Agriculture, Fisheries and Forestry (Canberra City) 7 March 2012. Date of Access: 29 April 2012. http://www.daff.gov.au/__data/assets/pdf_file/0006/2135643/Kim-Ritman-Climate-Change.pdf

[1587] Budget 2011-2012, Australian Government The Treasury (Parkes) 10 May 2011. Date of Access: 7 April 2012. http://cache.treasury.gov.au/budget/2011-12/content/download/ms_rural_and_regional.pdf

[1588] FarmReady, Department of Agriculture, Fisheries and Forestry (Canberra City) Date of Access: 8 April 2012. http://www.farmready.gov.au/about.html

[1589] Budget 2011-2012, Australian Government The Treasury (Parkes) 10 May 2011. Date of Access: 7 April 2012. http://cache.treasury.gov.au/budget/2011-12/content/download/ms_rural_and_regional.pdf

[1590] FarmReady, Department of Agriculture, Fisheries and Forestry (Canberra City) Date of Access: 8 April 2012. http://www.farmready.gov.au/about.html

In 2011, the Brazilian government distributed BRL$65.17 billion for agricultural investments as part of the Plano Agricola e Pecuario. The program committed total of BRL$123.23 billion between 2011 and 2012.[1591] The program focuses on improving data matrices and storage, and creating sustainable agricultural practices. A portion of the funds is allocated to insurance premium subsidies and to guaranteeing a minimum trading price for producers.[1592]

On 30 October 2011, the agricultural ministers of BRICS agreed to create a mechanism to facilitate the exchange agricultural data and to improve food security information systems. They also created a Working Group.[1593] The ministers will meet to discuss improvements to agricultural policies at the Delhi conference on 29 March 2012.

The Brazilian Ministry of Agriculture stated that applications for agricultural insurance had almost doubled from 2010 to 2011.[1594] In 2011, federal government premiums covering adverse effects of extreme weather on crops totalled BRL$253.5 million.[1595]

Thus, Brazil has been awarded a score of +1 for its promotion of risk management instruments in combating excessive price volatility.

Analyst: Vanessa Guidorizzi

Canada: +1

Canada has fully complied with its commitment to support new or existing risk-management instruments in this compliance cycle.

On 6 February 2012, Minister of Industry Christian Paradis and Minister of State (Agriculture) Pierre Corbelle announced that the Growing Forward initiative has invested $114.3 million in the agri-food sector.[1596] Minister Paradis said, "Growing Forward is a flexible framework that better meets local needs, thereby helping farmers here in Quebec build a more profitable and sustainable

[1591] Financiamento rural soma R$ 65,1 bilhões até janeiro de 2012, Ministério da Agricultura, Pecuaria e Abastecimento (Brasilia) 2 February 2012. Date of Access: 8 April 2012. http://www.agricultura.gov.br/politica-agricola/noticias/2012/02/financiamento-rural-soma-rs-65-bilhoes-ate-janeiro-de-2012

[1592] Financiamento rural soma R$ 65,1 bilhões até janeiro de 2012, Ministério da Agricultura, Pecuaria e Abastecimento (Brasilia) 2 February 2012. Date of Access: 8 April 2012. http://www.agricultura.gov.br/politica-agricola/noticias/2012/02/financiamento-rural-soma-rs-65-bilhoes-ate-janeiro-de-2012

[1593] Joint Declaration of the Second Meeting of BRICS Ministers of Agriculture and Agrarian Development, BRICS Information Centre (Toronto) 30 October 2011. Date of Access: 25 February 2012. http://www.brics.utoronto.ca/docs/111030-agriculture.html

[1594] Governo desembolsa R$ 253,5 mi para subvenção do seguro, Ministério da Agricultura, Pecuaria e Abastecimento (Brasilia) 2 February 2012. Date of Access: 1 March 2012. http://www.agricultura.gov.br/politica-agricola/noticias/2012/02/governo-desembolsa-rs-253-mi-para-subvencao-do-seguro

[1595] Governo desembolsa R$ 253,5 mi para subvenção do seguro, Ministério da Agricultura, Pecuaria e Abastecimento (Brasilia) 2 February 2012. Date of Access: 1 March 2012. http://www.agricultura.gov.br/politica-agricola/noticias/2012/02/governo-desembolsa-rs-253-mi-para-subvencao-do-seguro

[1596] Growing Forward: Harvesting Success, Agriculture and Agri-Food Canada (Quebec City) 6 February 2012. Date of Access: 5 March 2012. http://www.agr.gc.ca/cb/index_e.php?s1=n&s2=2012&page=n120206

agricultural sector through innovation, proactive risk management and competitiveness."[1597] Growing Forward provides disaster relief funding, a loan guarantee program, and income support in case of losses.[1598]

Growing Forward will expire on 31 March 2013. Federal, provincial, and territorial governments have begun to construct a successor framework for Growing Forward. 'Growing Forward 2', to be implemented from April 2013 until 2018, is intended to help the agriculture industry "to help the industry position itself to profit from the opportunities and meet the challenges of 2020."[1599]

On 22 March 2012, the Ministry of Agriculture and Agri-Food Canada announced its expansion of coverage for flooding and excess moisture. The Unseeded Acreage Benefit now provides coverage for irrigated land up to $100 per unfertilized acre and $175 per fertilized acre. The revised policy provides greater protection against the risk of wet cropland.[1600]

Canada has been awarded a score of +1 for supporting risk management instruments.

Analyst: Cynthia Foley

China: -1

China has not complied with its commitment to support the development of risk-management instruments.

In April 2011, the China Insurance Regulatory Commission (CIRC) encouraged insurers to start trials for weather-index insurance for agriculture.[1601] However, no further announcement or development has been recorded since November 2011 by the same agency.[1602]

On 6 November 2011, the International Conference on Climate Change and Food Security took place in Beijing, China with the support and endorsement from Chinese Academy of Agricultural Sciences. Topics discussed include: (1) food security and (2) the adverse influence of weather

[1597] Growing Forward: Harvesting Success, Agriculture and Agri-Food Canada (Quebec City) 6 February 2012. Date of Access: 5 March 2012. http://www.agr.gc.ca/cb/index_e.php?s1=n&s2=2012&page=n120206

[1598] Business Risk Management Suite, Agriculture and Agri-Food Canada (Ottawa). Date of Access: 5 March 2012. http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1200408916804&lang=eng

[1599] Growing Forward 2: 2013-2018, Agriculture and Agri-Food Canada (Ottawa). Date of Access: 5 March 2012. http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1294780620963&lang=eng

[1600] Governments enhance crop insurance with excess moisture coverage for 2012, Agriculture and Agri-Food Canada (Edmonton) 22 March 2012. Date of Access: 21 April 2012. http://www.agr.gc.ca/cb/index_e.php?s1=n&s2=2012&page=n120322

[1601] China encouraging trials of weather-index insurance for agriculture, China Insurance Regulatory Commission (Beijing) 11 April 2012. Date of Access: 5 March 2012. http://www.circ.gov.cn/web/site0/tab40/i161693.htm and http://www.artemis.bm/blog/2011/04/21/china-encouraging-trials-of-weather-index-insurance-for-agriculture/

[1602] Press releases, China Insurance Regulatory Commission (Beijing) 5 March 2012. Date of Access: 5 March 2012. http://www.circ.gov.cn/web/site0/tab456/

conditions on crop production. However, the conference failed to discuss financial risk management mechanisms.[1603]

In December 2011, Zhang Ping, minister in charge of the National Development and Reform Commission, declared that by end 2011, government subsidies for agricultural products will increase and the minimum purchase price will remain high. This is consistent with the government's policy in the last two years to increase budgetary spending on projects related to agriculture, rural areas, and farmers.[1604] In December 2011, Premier Wen Jiabao acknowledged the importance of increased subsidies for modernizing agriculture and enhancing agricultural development.[1605]

On 27 December 2011, top officials of China's State Council stated in China Daily that rising production costs and changing weather conditions are on the country's agenda. Increasing subsidies for farmers through 2012 were noted. They were expected to top RBM367 billion.[1606]

On 3 February 2012, Wang Shouchen, Deputy Governor of Jilin province, one of the top agricultural production areas in the country, announced further subsidies and guaranteed pricing for agricultural products.[1607]

On 7 February 2012, China's central bank, People's Bank of China (PBOC) stated its intention to extend further credits for agriculture.[1608]

On 15 February 2012, Chinese trade delegation led by China's Vice President Xi Jin Ping signed a purchase agreement for crops valued at USD6 billion.[1609] This is expected to push down agricultural prices in China.

On 1 March 2012, the PBOC announced its financial support for water projects in the country. This support is directed towards the future of the agriculture.[1610] Drought faced in arable lands in

[1603] ICCCFS Recommendations, International Conference on Climate Change and Food Security (Beijing) 5 March 2012. Date of Access: 5 March 2012. http://icccfs.ifpri.info/

[1604] Fiscal rural spending to exceed 1t yuan, China Daily USA (Beijing) 29 December 2011. Date of Access: 5 March 2012. http://www.chinadaily.com.cn/usa/business/2011-12/29/content_14346585.htm

[1605] Wen stresses agriculture, farmers' rights, China Daily USA (Beijing) 29 December 2011. Date of Access: 5 March 2012. http://www.chinadaily.com.cn/usa/epaper/2011-12/28/content_14341665.htm

[1606] China stresses stable grain production, China Daily USA(Beijing) 27 December 2011. Date of Access: 5 March 2012. http://www.chinadaily.com.cn/usa/business/2011-12/27/content_14334856.htm

[1607] Jilin aims to keep farm incomes growing, China Daily USA (Beijing) 4 February 2012. Date of Access: 5 March 2012. http://www.chinadaily.com.cn/usa/china/2012-02/04/content_14536402.htm

[1608] More credit to agriculture, affordable homes, China Daily USA (Beijing) 7 February 2012. Date of Access: 5 March 2012. http://www.chinadaily.com.cn/usa/business/2012-02/07/content_14555538.htm

[1609] China signs U.S. soy deals, set for record purchase, Reuters (New York) 15 February 2012. Date of Access: 5 March 2012. http://www.reuters.com/article/2012/02/16/us-usa-china-soybeans-idUSTRE81F0AE20120216 southwestern province of Yunnan attracted further attention for water projects. Qin Guangrong, secretary of the Yunnan Provincial Committee announced in February 2012 the government's plan to invest RMB500 million on water projects. These projects were identified as crucial for productive agriculture production.[1611]

On 5 March 2012, China's Premier Wen Jiabao announed that agriculture sector will receive further subsides in 2012.[1612]

On 14 April 2012, various state agencies and academies met for a technical conference in Fuzho. Risk in agricultural sector was the topic of the conference. Participants discussed: (1) early warning systems for agricultural production, (2) production monitoring, (3) food security, (4) risk analysis.[1613]

On 20 June 2012, a conference on agricultural risk and agricultural insurance will take place at the Central University of Finance and Economics in Beijing. The conference is sponsored by the China Institute for Actuarial Science and will bring together international leaders in agricultural risk management.[1614]

The Chinese government provided subsidies and credits mitigating price volatility. However, since the government failed to declare intent to support or enact risk management instruments, China has received a score of -1.

Analyst: Ugur Poyraz

France: +1
France has fully complied with its commitment to develop risk-management instruments.

In July 2011, France created le Fonds national de gestion des risqué en agriculture (FNGRA). FNGRA's purpose includes (1) compensation for losses caused by animal or plant disease, (2) financing for repairs of damages to farms, and (3) insuring the agricultural sector against adverse weather and natural disasters.[1615] On 23 January 2012, the regulations for implementing FNGRA

[1610] China encourages financial support for water projects, China Daily USA (Beijing) 1 March 2012. Date of Access: 5 March 2012. http://www.chinadaily.com.cn/china/2012-03/01/content_14734736.htm
[1611] Only drops of hope in drought lands, China Daily USA (Beijing) 5 March 2012. Date of Access: 21 February 2012. http://www.chinadaily.com.cn/usa/epaper/2012-02/21/content_14658121.htm
[1612] China ups domestic spending as economy slows, Associated Press (New York) 5 March 2012. Date of Access: 5 March 2012. http://www.chron.com/business/article/China-calls-for-boost-in-domestic-consumption-3380605.php
[1613] National agricultural monitoring and early warning method and Technical Conference held in Fuzhou, Agricultural Information Institute (Beijing) 24 March 2012. Date of Access: 30 April 2012. http://aii.caas.net.cn/Z_Show.asp?ArticleID=1558
[1614] Call for Paper submissions, International Agricultural Risk, Finance, and Insurance Conference (Beijing) 29 March 2012. Date of Access: 29 April 2012. http://www.cias.edu.cn/iarfic/index.html
[1615] Assurance récolte- Calamités agricoles, Ministère de l'agriculture, de l'alimentation, de la pêche, de la ruralité et de l'aménagement du territoire (Paris) 23 July 2011. Date of Access: 6 April 2012. http://agriculture.gouv.fr/assurance-recolte-calamites

were amended to simplify insurance distribution and to better correspond to European Union programs.[1616] Amendments were also intended to streamline distribution of services.

For the improvement of weather index insurance, France has been awarded a score of +1.

Analyst: Nikki Vukasovic

Germany: 0

Germany has partially complied with the commitment to support risk management instruments.

In April 2011, Germany commissioned a report on risk and crisis management in agriculture. The recommendations included: (1) establishing a long-term subsidization of agricultural insurance for adverse weather; (2) introducing a state drought fund; (3) amending laws regarding direct payment and income stabilization for agricultural producers; (4) regulating the commodity futures markets; and (5) organizing a physical food reserve.[1617] The Government has yet to act on these measures.

Following the Cannes Summit, Minister of Agriculture and Consumer Protection Ilse Aigner stated the need for transparency in the markets and stricter regulations of commodity futures.[1618]

The Global Forum for Food and Agriculture (GFFA) took place from 19-21 January 2012 in Berlin. Minister Aigner expressed her concern over the effects of climate change on the agricultural sector and global food security.[1619] Aigner stated that her goal at the GFFA was to address the role of women in the agriculture.[1620]

The German government has declared its intent to support risk management instruments. Thus, Germany is awarded a score of 0.

Analyst: Vanessa Guidorizzi

India: +1

India has fully complied with its commitment to support risk management instruments.

[1616] Décret n° 2012-81, Legifrance (Paris) 23 January 2012. Date of Access: 7 April 2012. http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000025195693&dateTexte=&categorieLien=id

[1617] Scientific Avisory board for Agricultural Policy: Risk and crisis management in agriculture, Federal Ministry of Food, Agriculture and Consumer Protection (Berlin) April 2011. Date of Access: 7 April 2012. http://www.bmelv.de/SharedDocs/Downloads/EN/Ministry/RiskAndCrisisManagementAgriculture.pdf?__blob=publicationFile

[1618] Aigner: "We need more transparency in the markets", Federal Minstry of Food, Agriculture and Consumer Protection (Berlin) 4 November 2011. Date of Access: 6 April 2012. http://www.bmelv.de/SharedDocs/Pressemitteilungen/EN/2011/236-AI-G20-Cannes-Mehr-Transparenz-auf-den-Maerkten.html

[1619] Preface of the Federal Minister for Food, Agriculture and Consumer Protection, Federdal Ministry of Food, Agriculture, and Consumer Protection (Berlin) 19 January 2012. Date of Access: 8 April 2012. http://www.gffa-berlin.de/en/vorwort-des-bundesministeriums.html

[1620] Preface of the Federal Minister for Food, Agriculture and Consumer Protection, Federdal Ministry of Food, Agriculture, and Consumer Protection (Berlin) 19 January 2012. Date of Access: 8 April 2012. http://www.gffa-berlin.de/en/vorwort-des-bundesministeriums.html

India's National Agriculture Insurance Scheme (NAIS) is the world's largest crop insurance program.[1621] NAIS aims to lower risk in agricultural production by providing coverage to farmers in the event of "natural calamities, pests and diseases."[1622] Between 2011 and 2012, the Indian government is piloting a modified NAIS with private sector involvement. The changes to NAIS are designed to offer more timely claims settlements, more accurate subsidy rates and reduced basis risk.[1623]

The Indian government has partnered with the Indian Council of Agricultural Research combat excessive price volatility. The purpose of the partnership is to (1) reform agricultural systems to improve global competiveness; (2) promote preparedness for drought and flood; (3) strengthen institutional capacity for developing competitive and sustainable production; and (4) promote innovative growth in the agricultural sector.[1624] Between 2010 and 2012, weather advisory system was established and national plant protection schemes were modified.[1625]

Thus, India receives a score of +1.

Analyst: Vanessa Guidorizzi

Indonesia: 0

Indonesia has partially complied with its commitment to support the development of risk-management instruments.

In March 2012, the Deputy Chairman of the Indonesian Chamber of Commerce and Industry Franky Oesman Widjaja promoted innovation for the Indonesian agricultural sector. He intends to create innovative financing strategies to protect small farmers from the effects of climate change and increase productivity of exportable commodities.[1626]

On 23 February 2012, the Indonesian Bureau of Meteorology Climatology and Geophysics purchased 14 automatic weather machines only designed and used for agricultural purposes. The government intends to increase agricultural output and foresee the risks regarding to the climate issues.[1627]

[1621] National Agricultural Insurance Scheme, India AGRO Industry (Uttar Pradesh) 2012. Date of Access: 9 April 2012. http://india.gov.in/outerwin.php?id=http://www.agriculture-industry-india.com/agro-programme-schemes/credit3.html

[1622] National Agricultural Insurance Scheme, India AGRO Industry (Uttar Pradesh) 2012. Date of Access: 9 April 2012. http://india.gov.in/outerwin.php?id=http://www.agriculture-industry-india.com/agro-programme-schemes/credit3.html

[1623] Improving Farmers' Access to Agricultural Insurance in India, World Bank (Washington) March 2012. Date of Access: 9 April 2012. http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2012/03/06/000158349_20120306082945/Rendered/PDF/WPS5987.pdf

[1624] Vision 2030, Indian Council of Agricultural Research (New Delhi) January 2011. Date of Access: 9 April 2012. http://www.icar.org.in/files/ICAR-Vision-2030.pdf

[1625] Natural Disasters and Crop Protection, Indian Government (New Delhi) February 2011. Date of Access: 9 April 2012. http://india.gov.in/citizen/agriculture/index.php?id=29

[1626] Can Indonesia feed the world?, Globe Asia (Jakarta) 6 March 2012. Date of Access: 29 April 2012. http://www.thejakartaglobe.com/interviews/can-indonesia-feed-the-world/502949

[1627] Automatic Weather Stations to be Installed in Indonesia, EnviroTech (Charlottesville) 23 February 2012. Date of Access: 9 March 2012. http://www.envirotech-online.com/news/air-monitoring/6/casella/automatic_weather_stations_to_be_installed_in_indonesia/18845/

On 2 March 2012, Minister of Agriculture Dr. Ir Suswono announced that Indonesia would not import rice in the coming year if the Indonesian State Logistics Agency (BULOG) fulfils its mandate.This will prevent price volatility and food shortages.[1628] BULOG's active involvement does not provide any financial tools to farmers. Risk-management mechanisms are only comprised of the release of previously mass-purchased harvests to the market.[1629]

On 4 March 2012, BULOG announced that it was forming a taskforce that will monitor rice prices and rice harvest in various centres for possible price volatility.[1630]

On 7 March 2012, Deputy Minister of Agriculture, Dr. Rusman Heryawan requested further support from the Ministry of Trade to support Ministry of Agriculture on issues such as: (1) stock management, (2) facilitation of an auction market, (3) development of better financial controls, (4) import duties, (5) diversification of commodities and (6) quality control.[1631]

As the government has declared its intent to support risk management instruments in the future, Indonesia receives a score of 0.

Analyst: Ugur Poyraz

Italy: +1
Italy has fully complied with its commitment to support new or existing risk-management instruments in this compliance cycle.

On 28 February 2012, Minister of Agriculture and Forestry Mario Catania, at a workshop entitled "Credit and Agriculture: New Opportunities for Business," announced the creation of new tools to provide easy access to farmers. The institute created the financial tools, the Reinsurance Fund and Credit Access Guarantees, for Agricultural Market Studies (ISMEA).[1632] ISMEA also offers a Co-Reinsurance Group that forms a consortium of insurance companies and reinsurance groups to co-reinsure against natural disasters. The Credit and Agriculture workshop provided training in

[1628] No Rice Imports for 2012, Says Indonesian Agriculture Minister, Oryza News (Jakarta) 2 March 2012. Date of Access: 9 March 2012. http://oryza.com/Rice-News/14458.html
[1629] BULOG Bring Rice Closer to the Disaster-Prone Locations (Jakarta) 8 November 2011. Date of Access: 9 March 2012. http://www.bulog.co.id/eng/berita/37/2808/10/11/2011/BULOG-Bring-Rice-Closer-to-the-Disaster-Prone-Locations.html
[1630] Divre Sumut Bentuk Satgas Pantau Harga Padi Pasca Panen, Bureau of General and Public Relations (Jakarta) 4 March 2012. Date of Access 09 March 2012. http://www.bulog.co.id/berita/37/3161/10/3/2012/Divre-Sumut-Bentuk-Satgas-Pantau-Harga-Padi-Pasca-Panen.html
[1631] Wamentan Minta Dukungan Kemendag Untuk Tumbuhkan Sektor Pertanian Sumber Berita, Bureau of General and Public Relations (Jakarta) 9 March 2012. Date of Access 09 March 2012. http://www.deptan.go.id/news/detail.php?id=949
[1632] Credit, Catania: New Tools for Italian Agriculture, Ministry of Agriculture and Forestry (Rome) 28 February 2012. Date of Access: 5 March 2012. http://www.politicheagricole.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/4701

the use of these tools.[1633] Mario Catania stated that these instruments will help farmers to navigate markets as they exist today.[1634]

Italy has been awarded a score of +1 for supporting risk management instruments.

Analyst: Cynthia Foley

Japan: -1

Japan has not complied with the commitment to develop risk management instruments to combat agriculture price volatility.

Since the 2011 earthquake, the Japanese Ministry of Agriculture has focused on recovery efforts and ensuring food safety.[1635] The government is planning measures to be taken in case of future earthquakes and strengthening their emergency response capacity.[1636]

In 2012, the Japanese government has stated its agricultural policy will focus improving the agricultural sector by: (1) developing sustainable practices; (2) promoting of material circulation by agriculture, forestry and fisheries; (3) liaising between rural and urban areas; and (4) proactive efforts between agricultural producers and consumers.[1637]

Thus, Japan is awarded a score of -1.

Analyst: Nikki Vukasovic

Korea: 0

The Republic of Korea has partially with its commitment to support new or existing risk management instruments in this compliance cycle.

Since 2010, the Korean government has addressed excessive price volatility. Varied purchase methods including diversification of import sources, futures trading, and a system for management fund use to support private international agriculture development were created.[1638]

In 2011, the government has provided special tax exemptions to support restructuring in the agricultural sector.[1639] The government is developing a supply and demand stabilization system

[1633] Financial Instruments, Institute for Agricultural Market Studies (Rome). Date of Access: 5 March 2012. http://www.ismea.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/1
[1634] Credit, Catania: New Tools for Italian Agriculture, Ministry of Agriculture and Forestry (Rome) 28 February 2012. Date of Access: 5 March 2012. http://www.politicheagricole.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/4701
[1635] Road to recovery, Prime Minister of Japan and His Cabinet (Tokyo) March 2012. Date of Access: 9 April 2012. http://www.kantei.go.jp/foreign/incident/pdf/road_to_recovery_1.pdf
[1636] Road to recovery, Prime Minister of Japan and His Cabinet (Tokyo) March 2012. Date of Access: 9 April 2012. http://www.kantei.go.jp/foreign/incident/pdf/road_to_recovery_1.pdf
[1637] Principles of the Environmental Policy in Agriculture, Forestry and Fisheries (Tokyo) 2012. Date of Access: 9 April 2012. http://www.maff.go.jp/e/pdf/outlinee.pdf
[1638] Policy- Food, Ministry of Food, Agriculture, Forestry and Fisheries (Gwacheon). Date of Access: 6 April 2012. http://english.mifaff.go.kr/eng/list.jsp?group_id=1002&menu_id=1027&link_menu_id=&division=H&board_kind=&board_skin_id=&parent_code=1002&depth=1&tab_yn=N

by strengthening proactive handling of items related to supply and demand instability, improving agriculture forecasts and expanding cultivation areas.[1640]

The government is aiming to stabilize food prices. By 2015, Korea seeks to (1) improve agricultural product safety control levels by reinforcing animals and plant quarantines, (2) establish a regulatory foundation to nurture the agricultural product industry, (3) reinforce food industry promotion support through creation of metropolitan food clusters, production expansion, semi-finished supply facilities, preprocessed food supplies for producers, (4) set the target food supply rate and use it as an extended agricultural administration index, and (5) create an Agricultural Credit Insurance.[1641]

Thus, for its intent to support risk management instrument, Korea receives a score of 0.

Analyst: Nikki Vukasovic

Mexico: 0

The Government of Mexico has partially complied with its commitment to develop risk-management instruments.

In September 2010, La Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (SAGARPA) invested in the Strategic Project of Apoyo al Ajuste de Carga Animal en Agostaderos 2012 with an investment of 562MDP to support its livestock sector in the states affected by drought.[1642] SAGARPA is engaged in a program linked to the strengthening of tropical crops, by investing MXP251 million.[1643]

[1639] Agricultural achievements and key promotional tasks of 2012, Ministry for Food, Agriculture, Forestry and Fisheries (Gwacheon) 5 April 2012. Date of Access: 7 April 2012. (http://english.mifaff.go.kr/eng/list.jsp?id=27567&pageNo=1&NOW_YEAR=2012&group_id=1001&menu_id=1020&link_menu_id=1020&division=B&board_kind=G&board_skin_id=G1&parent_code=1001&link_url=&depth=1&code=&link_target_yn=&menu_introduction=&menu_name=&popup_yn=&reference=&tab_yn=N

[1640] Agricultural achievements and key promotional tasks of 2012, Ministry for Food, Agriculture, Forestry and Fisheries (Gwacheon) 5 April 2012. Date of Access: 7 April 2012. http://english.mifaff.go.kr/eng/list.jsp?id=27567&pageNo=1&NOW_YEAR=2012&group_id=1001&menu_id=1020&link_menu_id=1020&division=B&board_kind=G&board_skin_id=G1&parent_code=1001&link_url=&depth=1&code=&link_target_yn=&menu_introduction=&menu_name=&popup_yn=&reference=&tab_yn=N

[1641] Policy- Foodstuff, Ministry of Food, Agriculture, Forestry and Fisheries (Gwacheon). Date of Access: 6 April 2012. http://english.mifaff.go.kr/eng/list.jsp?group_id=1002&menu_id=1026&link_menu_id=1092&division=H&board_kind=&board_skin_id=&parent_code=1002&depth=1&tab_yn=Y

[1642] Apoya SAGARPA 285mil Unidades Ganaderas para Mitigar Estiaje, Secretaria de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (México, D.F.) 1 March 2012. Date of Access: 3 March 2012. http://www.sagarpa.gob.mx/saladeprensa/boletines2/paginas/2012B148.aspx

[1643] Fortalecen Competitividad de Cultivos Tropicales, Secretaria de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (Hueytamalco, Pue.) 29 February 2012. Date of Access: 3 March 2012. http://www.sagarpa.gob.mx/saladeprensa/boletines2/paginas/2012B145.aspx

In December 2011, Mexico proposed to analyze policies to mitigate the adverse effects of price volatility and strengthen food security. Also, the Mexican government in engaged in fighting against climate change and the promotion of sustainable development.[1644]

In February 2012, SAGARPA invested MXP500 million to modernize irrigation in the agricultural sector.[1645] SAGARPA signed an agreement with agricultural producers, which disclosed Los Lineamientos Específicos de Operación del Proyecto Estratégico de Tecnificación de Riego 2012.[1646] The project will increase crop yields, and promote production of food and raw materials.[1647]

In anticipation of the Los Cabos Summit, the Mexican presidency released a report on food security. The report reiterates the importance of addressing excessive price volatility. Mexico committed to: (1) investing in research and development through agricultural extension; (2) fostering private-public investments in agrifood and redirecting public investments; (3) sustainable development; (4) the use of risk management instruments.[1648] The Government of Mexico is developing a "risk atlas to prepare actions to respond to climate-related contingencies."[1649]

The Mexican invested in the agricultural sector to increase production and mitigate price volatility. The government has also declared intent to support or enact risk management instruments, Mexico has received a score of 0.

Analyst: Angela Zhang

Russia: +1

Russia has fully complied with its commitment to support risk-management instruments aimed at mitigating the adverse effects of excessive price volatility.

Russian authorities have contributed towards the support of existing risk-management instruments in agricultural sector.

[1644] Mexico on the G20 importance.The Economic Observer. 11 April 2012. Access date: 1 May 2012. http://www.eeo.com.cn/ens/2012/0411/224310.shtml

[1645] Impulsan Tecnificación de Riego en el Sector Agrícola, Secretaria de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (México, D.F.) 22 February 2012. Date of Access: 3 March 2012. http://www.sagarpa.gob.mx/saladeprensa/boletines2/paginas/2012B123.aspx

[1646] Acuerdo por el que se dan a conocer los Lineamientos Específicos de Operación del Proyecto Estratégico de Tecnificación de Riego 2012, Secretaría de Goviernación (México, D.F.) 22 February 2012. Date of Access: 3 March 2012. http://www.dof.gob.mx/nota_detalle.php?codigo=5234868&fecha=22/02/2012

[1647] Impulsan Tecnificación de Riego en el Sector Agrícola, Secretaria de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (México, D.F.) 22 February 2012. Date of Access: 3 March 2012. http://www.sagarpa.gob.mx/saladeprensa/boletines2/paginas/2012B123.aspx

[1648] Food Security: A G20 Priority The Input of Mexico's Experiences, Institute for Agriculture and Trade Policy (Washington) April 2012. Date of Access: 2 May 2012. http://www.iatp.org/files/Mexican%20G20-Food%20Security%20Discussion%20Paper.pdf

[1649] Food Security: A G20 Priority The Input of Mexico's Experiences, Institute for Agriculture and Trade Policy (Washington) April 2012. Date of Access: 2 May 2012. http://www.iatp.org/files/Mexican%20G20-Food%20Security%20Discussion%20Paper.pdf

On 30 December 2011, the Russian Government adopted the procedure of providing subsidies from the federal budget to partially cover agricultural producers' costs of insuring their crops.[1650]

On 22 March 2012,[1651] Russian Government prolonged the term of providing benefits to agricultural producers. These benefits include, inter alia, financial assistance to agricultural producers in loans repayment. Loans can be used to producers to repay insurance premium.[1652]

Russia has taken actions to contribute to the support of existing risk-management instruments. Thus, it has been given a score of +1 for full compliance with the commitment.

Analyst: Andrey Shelepov

Saudi Arabia: -1

The Saudi Arabian government has not complied with its commitment to support risk management instruments.

The Government of Saudi Arabia has an increasing growth in agriculture, and announced at the beginning of 2012 its highest budget to date. USD16 billion was allocated to the agricultural sector.[1653] The budget allowance goes to new investments in creating wheat silos, spreading wheat storage facilities and building mills to fulfill the nation's growing needs.[1654]

In 2012, the Saudi government intends to launch agricultural investment and production programs outside of the kingdom.[1655] They are "seeking to start projects and reap opportunities in Sudan, Egypt, Ethiopia, Brazil, Uruguay, Argentina, Philippines, Turkey, Ukraine, Vietnam, Kazakhstan and others."[1656] As a first stage to the projects that will be implemented in 2012, the government announced $6 million projects in the Eastern Province and $16 million projects in the Al-Ahsa area.[1657]

[1650] Russian Government Resolution of 30 December 2011 No. 1234 On the provision and distribution of subsidies from the federal budget to the budgets of the Russian Federation regions on compensating the costs of agricultural producers for agricultural crops, perennial plants crops and perennial plantings hedging, Russian Ministry of Agriculture 15 March 2012. Date of Access: 31 March 2012. http://www.mcx.ru/documents/document/show/18164.285.htm.

[1651] Resolution of 22 March 2012 No. 230, Government of Russia (Moscow) 22 March 2012. Date of Access: 31 March 2012. http://government.ru/gov/results/18553/.

[1652] Russian authorities have extended the program of co-financing interest payments on loans to producers in agriculture and aquaculture, Russian Ministry of Agriculture 28 March 2012. Date of Access: 31 March 2012. http://www.mcx.ru/news/news/show/5376.285.htm.

[1653] Increased Governmental Spending and Investment Diversification, Saudi Agriculture (Riyadh, KSA). Date of Access: 3 March 2012. http://www.saudi-agriculture.com/get_pagecontent.php?appearpage=Saudi_Agri_2012_Market_Insights&show_id=185&submenu='Market%20Insights'&menu_id=1&menu_text='Market%20Insights'&page=1

[1654] Increased Governmental Spending and Investment Diversification, Saudi Agriculture (Riyadh, KSA). Date of Access: 3 March 2012. http://www.saudi-agriculture.com/get_pagecontent.php?appearpage=Saudi_Agri_2012_Market_Insights&show_id=185&submenu='Market%20Insights'&menu_id=1&menu_text='Market%20Insights'&page=1

[1655] Saudi Arabian Agricutltural Sector in 2012, Saudi Agriculture (Riyadh, KSA). Date of Access: 9 April 2012. http://www.saudi-agriculture.com/pdf/Brochure.pdf

[1656] Saudi Arabian Agricutltural Sector in 2012, Saudi Agriculture (Riyadh, KSA). Date of Access: 9 April 2012. http://www.saudi-agriculture.com/pdf/Brochure.pdf

[1657] Saudi Arabian Agricutltural Sector in 2012, Saudi Agriculture (Riyadh, KSA). Date of Access: 9 April 2012. http://www.saudi-agriculture.com/pdf/Brochure.pdf

Saudi Arabia has a state investment company in charge of the agriculture focusing on food safety, disposing of a budget of USD 800 million, where on 24 April 2012 Bulgaria joined in the king of Saudi Arabia's agricultural investment initiative.[1658]

The Government of Saudi Arabia increased development in agriculture. However, they have not supported the development of risk management instruments. Thus, Saudi Arabia has been awarded a score of -1.

Analyst: Angela Zhang

South Africa: -1

South Africa has not complied with its commitment to support risk management instruments.

Between 2011 and 2012, the South African government contributed ZAR750 million towards food security, job creation and poverty alleviation through programs like the Micro-agricultural Financial Institutions of South Africa (Mafisa).[1659] Mafisa provides access to finance for farmers, especially beneficiaries of the land restitution, redistribution and land tenure reform programs.[1660]

A Food Security Policy for South Africa will be adopted between 2012 and 2013 with the strategic goal to improve South Africa's adequacy and stability of access to safe and nutritious food at both a national and household level.[1661] This policy calls for increased and better-targeted public spending in social programs, education and health services, and public works programs, as well as a re-prioritization of government procurement on food to provide markets for community food production initiatives.[1662]

From 2012 to 2013, the Sustainable Household Food Security Programme will be implemented to improve the production systems of subsistence and smallholder producers in the agriculture, forestry and fishery sector to achieve food security livelihoods and facilitate the provision of inputs, implements and infrastructure support.[1663] The program includes a subprogram for sector capacity development through facilitating and supporting education and training skills, promoting the development of centres of excellence on skills training and developing, managing and

[1658] Bulgaria to be joined in big initiative of Saudi Arabia's king for investments in agriculture. Focus Information Agency (Bulgaria) 24 April 2012. Date of Access: 1 May 2012. http://www.focus-fen.net/index.php?id=n276448

[1659] Comprehensive Agricultural Support Programme, Department of Agriculture, Forestry and Fisheries (Pretoria) 2011. Date of Access: 9 April 2012. http://www.nda.agric.za/doaDev/topMenu/DoAProgrammes/CASP.htm

[1660] Comprehensive Agricultural Support Programme, Department of Agriculture, Forestry and Fisheries (Pretoria) 2011. Date of Access: 9 April 2012. http://www.nda.agric.za/doaDev/topMenu/DoAProgrammes/CASP.htm

[1661] Strategic Plan 2012/2013-2016/2017, Department of Agriculture, Forestry and Fisheries (Pretoria) 2012. Date of Access: 9 April 2012. http://www.nda.agric.za/docs/stratplan2012/201213-201617.pdf

[1662] Strategic Plan 2012/2013-2016/2017, Department of Agriculture, Forestry and Fisheries (Pretoria) 2012. Date of Access: 9 April 2012. http://www.nda.agric.za/docs/stratplan2012/201213-201617.pdf

[1663] Strategic Plan 2012/2013-2016/2017, Department of Agriculture, Forestry and Fisheries (Pretoria) 2012. Date of Access: 9 April 2012. http://www.nda.agric.za/docs/stratplan2012/201213-201617.pdf coordinating the sector transformation policy and strategy in line with the government objectives for the departments.[1664]

South Africa has invested in various agricultural programs, but has not supported the development of risk management instruments. Thus, South Africa is awarded a score of -1.

Analyst: Vanessa Guidorizzi

Turkey: +1

Turkey has fully complied with its commitment to support the development of risk-management instruments.

In 2010, the Turkish government created the Agricultural Insurance Pool (TARSIM). TARSIM promotes agricultural commodity insurance protecting farmers from adverse weather conditions.[1665] In 2011, the number of farmers benefiting from TARSIM's insurance policies increased by as much as 58%. The president of the department, Dr. Karak Ramandan, expects a similar growth through 2012.[1666] The government the latest renewal for commodity insurance applications was in March 2012.[1667][1668]

On 28 December 2011, government extended the agricultural risks and incidents that TARSIM will insure. Turkish Government allowed TARSIM to collaborate freely with Turkish State Meteorological Service to assess risks and to further enlarge the scope of agriculture insurances.[1669]

From 15-19 February 2012, delegates from 65 countries attended the International Food and Agricultural Congress in Antalya, Turkey. Turkish ministries discussed the agricultural impact assessment of climate change and government financed agriculture financing and credits.[1670]

[1664] Strategic Plan 2012/2013-2016/2017, Department of Agriculture, Forestry and Fisheries (Pretoria) 2012. Date of Access: 9 April 2012. http://www.nda.agric.za/docs/stratplan2012/201213-201617.pdf

[1665] Subsidized agricultural insurance in Turkey (TARSIM), Trebol (Turkey) 2010. Date of Access: 9 April 2012. http://www.mapfre.com/mapfrere/docs/html/revistas/trebol/n54/articulo2En.html

[1666] Tarımda poliçe sayısı yüzde 58 arttı, TARSİM Tarım Sigortaları Havuzu (Ankara) 1 March 2012. Date of Access: 5 March 2012. http://www.tarsim.org.tr/trsmWeb/basinHaberDetay.jsp?_yil_=2012&_ay_=3&_docid_=4149

[1667] Tarsim Poliçe Kabul Tarihleri Uzatıldı, Haberyurdum 9 February 2012. Date of Access: 5 March 2012. http://www.haberyurdum.com/tarsim-police-kabul-tarihleri-uzatildi-19989n/

[1668] Fındığı sigortalatmak için üreticiye son şans, TARSİM Tarım Sigortaları Havuzu (Ankara) 1 March 2012. Date of Access: 5 March 2012. http://www.tarsim.org.tr/trsmWeb/basinHaberDetay.jsp?_yil_=2012&_ay_=3&_docid_=4156

[1669] Tarım Sigortaları Havuzu Tarafından Kapsama Alınacak Riskler, Ürünler ve Bölgeler ile Prim Desteği Oranlarına İlişkin Karar, Resmi Gazete (Ankara) 28 December 2012. Date of Access 05 March 2012. http://www.resmigazete.gov.tr/main.aspx?home=http://www.resmigazete.gov.tr/eskiler/2011/12/20111228.htm&main=http://www.resmigazete.gov.tr/eskiler/2011/12/20111228.htm

[1670] International Food, Agricultural and Gastronomy Congress, Tarım Federasyonu (Ankara) 15 February 2012. Date of Access 05 March 2012. http://www.tarimvegidakongresi.org/

On 22 February 2012, the Turkish government provided additional low-interest credits for the agricultural businesses.[1671] These credits were provided as contingent financial tools, enabling businesses to increase productivity, expanded own operations and for any other reason that would have endangered agricultural businesses. Similarly on 28 January 2012, head of Central Union of Turkish Agricultural Credit Cooperatives (TACC), biggest agricultural government agency in Turkey, declared that his agency aims to provide TRY4.5 billion more credit to agricultural businesses through 2012.[1672]

In March 2012, various local councils and municipalities invited all agricultural producers to participate to publicly-funded insurance schemes.[1673] The Central Union of Turkish Agricultural Credit Cooperatives' regional manager for the city of Samsun, Mesut Atav underlined the risks that agricultural producers could face and restated the importance of agricultural insurance.[1674] He also announced that financial support from the government could be used towards the insurance initiatives, making them significantly more affordable.[1675]

On 18 April 2012, specialists and bureaucrats of the Turkish Banking Regulation and Supervision Agency participated at a conference on agricultural financing convened by the European Bank for Reconstruction and Development. The major topics discussed were: (1) agricultural risk management, (2) financial support for agriculture, and (3) agricultural credits. Private and public organizations found a venue to share information.[1676]

In April, representatives from Sekerbank, a private banking institution, and TARSIM announced their collaboration for some insurance policies protecting agricultural producers for unforeseen incidents. One provision of the new policies is increasing flexibility for insurance payments. For example, agricultural producers may defer their payments until after the completion of their harvests.[1677]

[1671] T.C. Ziraat Bankası A.Ş. ve Tarım Kredi Kooperatiflerince Tarımsal Üretime Dair Düşük Faizli Yatırım ve İşletme Kredisi Kullandırılmasına İlişkin Karar, Resmi Gazete (Ankara) 22 February 2012. Date of Access: 5 March 2012. http://www.resmigazete.gov.tr/main.aspx?home=http://www.resmigazete.gov.tr/eskiler/2012/02/20120222.htm&main=http://www.resmigazete.gov.tr/eskiler/2012/02/20120222.htm

[1672] Çiftçilere 4.5 milyar lira kredi, Anadolu Ajansı (Ankara) 28 January 2012. Date of Access: 5 March 2012. http://www.finansgundem.com/haber/Ciftcilere-4-5-milyar-lira-kredi/80418

[1673] Çiftçilere 'tarım sigortası yaptırın' çağrısı, HBR Haber (Ankara) 30 April 2012. Date of Access: 30 April 2012. http://www.hbrhaber.com/yerel/ciftcilere-tarim-sigortasi-yaptirin-cagrisi-h3962.html

[1674] Devlet Destekli Tarım Sigortası'nda son başvuru günü 10 Mart, F5 Haber (Ankara) 5 March 2012. Date of Access: 29 April 2012. http://www.f5haber.com/samsun/devlet-destekli-tarim-sigortasi-nda-son-basvuru-gunu-haberi-69017/

[1675] Devlet Destekli Tarım Sigortası'nda son başvuru günü 10 Mart, F5 Haber (Ankara) 5 March 2012. Date of Access: 29 April 2012. http://www.f5haber.com/samsun/devlet-destekli-tarim-sigortasi-nda-son-basvuru-gunu-haberi-69017/

[1676] Türkiye'de Tarımın Finansmanı Tüm Yönleriyle Ele Alındı, Girişim Haber (Ankara) 24 April 2012. Date of Access: 29 April 2012. http://www.girisimhaber.com/post/2012/04/24/Turkiyede-Tarimin-Finansmani-Tum-Yonleriyle-Ele-Alindi.aspx

[1677] Tarım sigortası ödemeleri hasat zamanına erteleniyor, Haber Pro (Ankara) 3 April 2012. Date of Access: 29 April 2012. http://aydin.haber.pro/haber-Tarim-sigortasi-odemeleri-hasat-zamanina-erteleniyor-44256.html

The Turkish Government has improved its weather index insurance policies and contingent financial tools. Thus, Turkey is awarded a score of +1.

Analyst: Ugur Poyraz

United Kingdom: -1

The United Kingdom has not complied with the commitment to support risk management instruments.

In November 2011, the UK government published Guidelines for Environmental Risk Assessment and Management. The Guidelines include examples of good practice case studies to assess and manage risks faced by the United Kingdom.[1678]

In December 2011, the Department of Environment, Food and Rural Affairs distributed GBP100 thousand to protect farmlands from flooding.[1679] The funds were awarded to 12 projects to install new equipment and improve facilities.[1680]

In 2012, the Future Options Programme (FOP) as part of the Strategic Improvement Plan (SIP) was announced. FOP will improve "underlying processes and data to make Rural Payment Agency's foundation more solid and the outputs may not be very visible to its customers during the life of the SIP itself."[1681] FOP will take effect from 2014-2017.[1682]

The National Adaptation Programme is currently in development. The Programme will allow the government to plan responses to climate change and adverse weather.[1683]

The UK government has funded many new programs in the agricultural sector but has not directly supported risk management instruments. Thus, the United Kingdom receives a score of -1.

Analyst: Vanessa Guidorizzi

United States: +1

The United States has fully complied with its commitment to support new or existing risk-management instruments.

[1678] Environmental Risk, Department for Environment, Food and Rural Affairs (London) 14 November 2011. Date of Access: 9 April 2012. http://www.defra.gov.uk/environment/quality/risk/

[1679] £100000 fund to help farmers protect wildlife and manage flood risk, Department for Environment, Food and Rural Affairs (London) 28 December 2011. Date of Access: 6 April 2012. http://www.defra.gov.uk/news/2011/12/28/100000-fund-to-help-farmers-protect-wildlife-and-manage-flood-risk/

[1680] £100000 fund to help farmers protect wildlife and manage flood risk, Department for Environment, Food and Rural Affairs (London) 28 December 2011. Date of Access: 6 April 2012. http://www.defra.gov.uk/news/2011/12/28/100000-fund-to-help-farmers-protect-wildlife-and-manage-flood-risk/

[1681] RPA launches five-year plan, Department for Environment, Food and Rural Affairs (London) 9 February 2012. Date of Access: 6 April 2012. http://www.defra.gov.uk/news/2012/02/09/rpa-improvement-plan/

[1682] RPA launches five-year plan, Department for Environment, Food and Rural Affairs (London) 9 February 2012. Date of Access: 6 April 2012. http://www.defra.gov.uk/news/2012/02/09/rpa-improvement-plan/

[1683] Developing the National Adaption Programme, Department for Environment, Food and Rural Affairs (London) 2012. Date of Access: 6 April 2012. http://engage.defra.gov.uk/nap/

On 6 March 2012, Agriculture Secretary Tom Vilsack announced 19.7 million of financial and technical assistance to repair damage caused by natural disasters. Funds are made available through the Natural Resources Conservation Service's (NRCS) Emergency Watershed Protection (EWP) program and are intended to encourage locally driven, large scale, landscape conservation.[1684] Vilsack said, "A strong safety net is important to the long-term success of American communities. To keep America's lands safe for the public, and ensure continued strong growth in the rural economy, USDA responds to disasters across the country, ranging from record floods and droughts to tornadoes, with direct support through disaster assistance programs."[1685] In partnership with local sponsors like municipal or country governments, the NRCS pays up to 75% of construction costs while the remaining 25% is obtained by local sponsors.[1686] It is essentially an insurance initiative against natural disasters with both private and public sector involvement.

The United States has been awarded a score of +1 for supporting risk-management instruments.

Analyst: Cynthia Foley

European Union: 0

The European Union has partially complied with its commitment to support risk management instruments.

On 11 April 2012, the representative from the delegation of the European Union as the United Nations said that the international community should support systems such as the Agricultural Market Information System (AMIS) implemented by the Food and Agriculture Organization (FAO), as well as risk management tools.[1687]

In 2012, the Common Agricultural Policy (CAP) celebrated its fiftieth anniversary. In 2011, CAP accounted for 47% of the EU's total budget.[1688] Dacian Ciolos, Commissioner for Agriculture and Rural Development stated that 2012 will be a year to focus on reforms to CAP and "new concerns

[1684] USDA Provides Disaster Recovery Assistance in 20 States, United States Department of Agriculture (Washington D.C.) 6 March 2012. Date of Access: 11 March 2012. http://www.usda.gov/wps/portal/usda/usdahome?contentid=2012/03/0084.xml&navid=NEWS_RELEASE&navtype=RT&parentnav=LATEST_RELEASES&edeployment_action=retrievecontent

[1685] USDA provides disaster recovery assistance in 20 states, US Department of Agriculture (Washington DC) 6 March 2012. Date of Access: 7 April 2012 http://www.usda.gov/wps/portal/usda/usdahome?contentid=2012/03/0084.xml&contentidonly=true.

[1686] USDA provides disaster recovery assistance in 20 states, US Department of Agriculture (Washington DC) 6 March 2012. Date of Access: 7 April 2012 http://www.usda.gov/wps/portal/usda/usdahome?contentid=2012/03/0084.xml&contentidonly=true.

[1687] Experts Stress Need for Political Will to End Excessive Speculation in Commodity Markets as General Assembly Holds Thematic Debate on Price Volatility, United Nations General Assembly (New York) 11 April 2012. Date of Access: 28 April 2012. http://www.un.org/News/Press/docs/2012/ga11223.doc.htm

[1688] CAP plans don't get to heart of challenges, Department of Environment, Food and Rural Affairs (London) 14 November 2011. Date of Access: 7 April 2012. http://www.defra.gov.uk/news/2011/11/14/cap-devolved-administrations/

such as climate change and the sustainable use of natural resources."[1689] CAP's current risk management strategies operate through the single Common Market Organization (sCMO), a system of direct payments and rural development programs. sCMO provides EU subsidized agricultural insurance, mutual funds and development programs for farmers.[1690] CAP has devolved some risk management tools to members and market instruments, such as forward contracts and derivatives markets.[1691]

In 2013, CAP will be renegotiated. The EU aims to improve the availability of risk management tools, especially prevention tools and tools related to price risks, through a more decentralized approach.[1692] The options presented for future risk management tools in the EU are: (1) extending the current framework for insurances and mutual funds, (2) income stabilization tools, and (3) a crisis fund.[1693]

Thus, for declaring intent to improve the availability of risk management tools, the European Union receives a score of 0.

Analyst: Vanessa Guidorizzi

[1689] Launching the 50th Anniversary of the Common Agricultural Policy, European Commission (Brussels) 23 January 2012. Date of Access: 9 April 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=IP/12/36&type=HTML
[1690] Impact Assessment: Common Agricultural Policy towards 2020, European Commission (Brussels) 12 October 2011. Date of Access: 9 April 2012. http://ec.europa.eu/agriculture/analysis/perspec/cap-2020/impact-assessment/annex6_en.pdf
[1691] Impact Assessment: Common Agricultural Policy towards 2020, European Commission (Brussels) 12 October 2011. Date of Access: 9 April 2012. http://ec.europa.eu/agriculture/analysis/perspec/cap-2020/impact-assessment/annex6_en.pdf
[1692] Impact Assessment: Common Agricultural Policy towards 2020, European Commission (Brussels) 12 October 2011. Date of Access: 9 April 2012. http://ec.europa.eu/agriculture/analysis/perspec/cap-2020/impact-assessment/annex6_en.pdf
[1693] Impact Assessment: Common Agricultural Policy towards 2020, European Commission (Brussels) 12 October 2011. Date of Access: 9 April 2012. http://ec.europa.eu/agriculture/analysis/perspec/cap-2020/impact-assessment/annex6_en.pdf

Food and Agriculture: Food Export Restrictions [232]

Commitment [#232]:

"According to the Action Plan, we agree to remove food export restrictions or extraordinary taxes for food purchased for non-commercial humanitarian purposes by the World Food Program and agree not to impose them in the future."

Cannes Summit Final Declaration

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina			+1
Australia			+1
Brazil			+1
Canada			+1
China		0	
France			+1
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			+1
European Union			+1
Average Score	0.95		

Background:

G20 Leaders at their meeting in Seoul on 11-12 November 2010 reaffirmed the extension of the standstill commitment to resist protectionism until the end of 2013 and asked the WTO, OECD, and UNCTAD to continue monitoring the situation and to report publicly on a semi-annual basis.[1694] The latest available WTO Report on G-20 Trade Measures covering the period from May to mid-October 2011 confirmed the existence of "an increasing trend in export restrictions, imposed mainly on food products."[1695]

On 23 June 2011, G20 agriculture ministers met for the first time in Paris and agreed on an Action Plan to address the problems of food price volatility and food security. Ministers emphasized that "food export barriers restricting humanitarian aid penalize the most needy" and thus "food export restrictions or extraordinary taxes for food purchased for non-commercial

[1694] The Seoul Summit Document, G20 Information Centre (Toronto) 12 November 2010. Date of Access: 22 February 2012. http://www.g20.utoronto.ca/2010/g20seoul-doc.html

[1695] Report on G-20 Trade Measures (May to mid-October 2011), World Trade Organization (Geneva) 25 October 2011. Date of Access: 22 February 2012. http://www.wto.org/english/news_e/news11_e/g20_wto_report_oct11_e.doc humanitarian purposes by the World Food Program (WFP)" should be lifted and not imposed in the future.[1696] This commitment was fully reaffirmed at the G20 Cannes Summit.

Thirteen countries,[1697] including several G20 members, and the EU proposed the removal of export restrictions imposed on food bought by WFP for humanitarian purposes to be agreed at the 2011 WTO Ministerial Conference in Geneva.[1698] According to the International Centre for Trade and Sustainable Development Argentina, Brazil, China, India and South Africa opposed this move.[1699] The proposal has not received the needed consensus support, thus decision on this issue was not adopted at the WTO Geneva Ministerial.[1700]

Humanitarian food export restrictions also were on the agenda of the G8 L'Aquila Summit. At this meeting the G8 leaders called «upon all countries to remove food export restrictions or extraordinary taxes, especially for food purchased for humanitarian purposes, and to consult and notify in advance before imposing any new restriction».[1701]

In accordance with the Camp David Accountability Report, as of 19 May 2012 all export restrictions and extraordinary taxes, especially for food purchased for humanitarian purposes, have been removed or were never introduced by the G8 members.[1702]

Commitment Features:
This is a two-part commitment. First, it requires G20 members to remove the existing food export restrictions or extraordinary taxes for food purchased by the World Food Program. Food export restrictions in this case imply any limitations on the quantity of goods exported to a particular country or countries imposed by national authorities. As for types of food purchased by the WFP, in 2010 it procured mainly wheat, maize, rice, wheat flour, pulses, vegetable oil, sorghum, maize meal, sugar and blended food. The latter includes soya blends with wheat, rice and corn, high energy biscuits, emergency rations and ready-to-use supplementary foods (breast milk supplement).[1703]

[1696] G20 Agriculture Ministers' Action Plan on Food Price Volatility and Agriculture, G20 Information Centre (Toronto) 23 June 2011. Date of Access: 22 February 2012. http://www.g20.utoronto.ca/2011/2011-agriculture-plan-en.pdf
[1697] Australia, Canada, Chile, Costa Rica, Korea, Indonesia, Japan, Mexico, Norway, Saudi Arabia, Singapore, Switzerland and Turkey
[1698] Geneva Ministerial Conference 2011: Briefing note on food security, World Trade Organization (Geneva). Date of Access: 22 February 2012. http://www.wto.org/english/thewto_e/minist_e/min11_e/briefingfoodsec_e.htm
[1699] WTO Members Table Proposals on Agricultural Export Restrictions.http://ictsd.org/i/news/bridgesweekly/117348/.
[1700] Eighth Ministerial Conference. Chairman's Concluding Statement, World Trade Organization (Geneva) 17 December 2011. http://docsonline.wto.org/imrd/directdoc.asp?DDFDocuments/t/WT/MIN11/11.doc
[1701] L'Aquila Joint Statement on Global Food Security:L'Aquila Food Security Initiative (AFSI), G8 Information Centre 9 July 2009. Date of Access: 24 May 2012. http://www.g8.utoronto.ca/summit/2009laquila/2009-food.html.
[1702] Camp David Accountability Report. Actions, Approach and Results, U.S. Department of State 19 May 2012. Date of Access: 24 May 2012. http://www.state.gov/documents/organization/189889.pdf.
[1703] WFP's Food Procurement Annual Report 2011, World Food Programme (Rome) February 2012. Date of Access: 12 March 2012. http://documents.wfp.org/stellent/groups/public/documents/communications/wfp244715.pdf

Concrete examples of export restrictions negatively affecting the WFP food procurement process are presented in the Annex 2.A1 of the OECD Economic Impact of Export Restrictions on Raw Materials publication.[1704] Some of them may still be effective at the moment. Sources of information on existing food export restrictions also include the WTO reports on G20 trade measures[1705], FAO Commodity and Trade Policy Research Working Paper No. 32[1706] and International Food and Agricultural Trade Policy Council Position Paper.[1707] These sources provide information on trade measures, including those for restricting food export, for the period of 2007-2011. As some restrictive measures could have been imposed before the specified period, analysis doesn't require registering all the cases of removing humanitarian food export restrictions. In addition, a certain limitation is posed by the fact that the WTO reports and the FAO Working paper do not specify whether described measures were humanitarian by nature. As it could be hardly expected that a member removes all existing export restrictions during the compliance period removal or easing of at least one restrictive measure should be registered as full compliance with this part of commitments. Yet, all data available for monitoring should be used to assess compliance. At the same time analysts are aware that this compliance measure strongly depends on the data completeness and non-inclusion of facts in the report can change the member scores.

Second, the commitment calls for G20 members not to impose such export restrictions in the future. This part of commitment is a negative compliance commitment, which means that the absence of actions is assessed as compliance and actions taken are assessed as non-compliance.

For full compliance the members will need to deliver on both components of the commitment.

Compliance assessment for G20 members that had not introduced food export restrictions during the specified period before the Cannes Summit should be carried out in a different way. All of these members register compliance with the first part of the commitment. Thus, the minimum score they can receive is 0.

[1704] The Economic Impact of Export Restrictions on Raw Materials, OECD 17 November 2010. Date of Access: 16 March 2012. http://www.oecd-ilibrary.org/trade/the-economic-impact-of-export-restrictions-on-raw-materials_9789264096448-en
[1705] Reports on recent trade developments, World Trade Organization (Geneva). Date of Access: 22 February 2012. http://www.wto.org/english/news_e/archive_e/trdev_arc_e.htm
[1706] Food export restrictions: review of the 2007-2010 experience and considerations for disciplining restrictive measures, by Ramesh Sharma, FAO Commodity and Trade Policy Research Working Paper No. 32, Food and Agriculture Organization of the UN May 2011. Date of Access: 22 February 2012. http://www.fao.org/fileadmin/templates/est/PUBLICATIONS/Comm_Working_Papers/EST-WP32.pdf
[1707] Agricultural Export Restrictions:Welfare Implications and Trade Disciplines, International Food and Agricultural Trade Policy Council January 2009. Date of Access: 16 March 2012.http://www.agritrade.org/documents/ExportRestrictions_final.pdf

Scoring Guidelines:
Scoring for members which had imposed export restrictions and extraordinary taxes on food purchased by the WFP before the monitoring period.

-1	Member fails to remove any of the existing export restrictions and extraordinary taxes on food purchased by the World Food Program AND imposesnew restrictions upon humanitarian food export.
0	Member removes any of the existing food export restrictions and extraordinary taxes OR refrains from imposing new restrictions upon humanitarian food export.
+1	Member removes any of the existing export restrictions and extraordinary taxes on food purchased by the World Food Program AND doesn't impose new restrictions upon humanitarian food export.

Scoring for members that hadn't imposed any export restrictions and extraordinary taxes on food purchased by the WFP before the monitoring period.

0	Member imposes new restrictions upon humanitarian food export.
+1	Member doesn't impose new restrictions upon humanitarian food export.

Argentina: +1
Argentina has fully complied with the commitment on food and agriculture.

According to the FAO paper "Food Export Restrictions: Review of the 2007-2010 Experience and Considerations for Disciplining Restrictive Measures,"[1708] since 2002 Argentina has imposed some export restrictive measures on wheat, maize, soybean, sunflower seeds in the form of ordinary taxes, variable taxes and quotas. For example, in 2008 Argentine government modified export tax regime for export of wheat, maize, soybeans etc (increasing taxes from 25 up to 49%).

In November 2011, Argentine Minister of Economy and Finance Amado Boudou and Minister of Agriculture Julian Dominguez declared that export restrictions for 2.7 tones of wheat produced in 2010-2011 were removed.[1709]

In January 2012, Argentine government announced the facilitation of wheat and maize export system[1710] from the end of that month. The exporters were permitted to ship any surplus beyond 7 million tonnes.[1711]

In March 2012, a similar measure was implemented for maize export. Argentine Minister of Agriculture Norberto Yauhar announced that from 18 April 2012 quotas on maize export would be lifted. Moreover, 3.6 tones of wheat could be exported without any restrictions.[1712]

[1708] Food Export Restrictions: Review of the 2007-2010 Experience and Considerations for Disciplining Restrictive Measures, FAO May 2011. Date of Access: 14 March 2012. http://www.fao.org/fileadmin/templates/est/PUBLICATIONS/Comm_Working_Papers/EST-WP32.pdf
[1709] Anunciaron la liberación de trigo por 2,7 millones de toneladas, Ministerio de Economía y Finanzas Públicas de Argentina 29 November 2011. Date of access: 7 March 2012. http://contenidos.mecon.gov.ar/anunciaron-la-liberacion-de-trigo-por-27-millones-de-toneladas/
[1710] Argentina cambia sistema cuotas para exportar trigo, EconomiaTerra 5 January 2012. Date of access: 26 April 2012. http://economia.terra.com.pe/noticias/noticia.aspx?idNoticia=201201060153_RTI_SIE80500A
[1711] GIEWS Country Briefs. Argentina, FAO 22 March 2012. Date of Access: 26 April 2012. http://www.fao.org/giews/countrybrief/country.jsp?code=ARG

Argentina has taken measures to facilitate wheat and maize export system and no facts of new export restrictions for food purchased by the World Food Program imposed by Argentina[1713] have been found, so it is awarded a score +1.

Analyst: Elizaveta Safonkina

Australia: +1

Australia has fully complied with the commitment not to impose food export restrictions or extraordinary taxes for food purchased for non-commercial humanitarian purposes by the World Food Program and not to impose them in the future.

The WTO reports on trade measures[1714] and FAO Commodity and Trade Policy Research Working Paper No. 32[1715] do not contain any facts about Australia's food export restrictions.

The list of goods currently subject to export prohibitions or restrictions adopted by Australian Customs and Border Protection Service does not contain any types of food typically purchased by the WFP.[1716]

On 21 March 2012 the Wheat Export Marketing Amendment Bill 2012 (the Bill) was introduced into Parliament and adopted in first reading.[1717] The Bill implements the recommendations of the Productivity Commission's report on wheat export marketing arrangements, presented on 23 September 2011, on 23 September 2011 by amending the Wheat Export Marketing Act 2008 to transition the wheat export industry to full deregulation by: abolishing the Wheat Export Accreditation Scheme and the wheat export charge on 30 September 2012; winding up Wheat Export Australia on 31 December 2012; and removing the access test requirements for grain port terminal operators on 30 September 2014.[1718]

[1712] Argentina flexibiliza exportaciones maíz, Economia Terra 9 March 2012.Date of Access: 14 March 2012.
http://economia.terra.cl/noticias/noticia.aspx?idNoticia=201203100135_RTI_SIE82900M

[1713] Argentina Tax Guide, PKF International Limited 2011, Date of Access: 17.04.2012
http://www.pkf.com/media/386981/pkf%20argentina%20tax%20guide%202011.pdf

[1714] Reports on recent trade developments, World Trade Organization (Geneva) 21 November 2011. Date of Access: 22 February 2012.
http://www.wto.org/english/news_e/archive_e/trdev_arc_e.htm

[1715] Food export restrictions: review of the 2007-2010 experience and considerations for disciplining restrictive measures, by Ramesh Sharma, FAO Commodity and Trade Policy Research Working Paper No. 32, Food and Agriculture Organization of the UN, May 2011. Date of Access: 22 February 2012.
http://www.fao.org/fileadmin/templates/est/PUBLICATIONS/Comm_Working_Papers/EST-WP32.pdf

[1716] Export control manual, Australian Customs and Border Protection Service 14 March 2012. Date of access: 15 March 2012. http://www.customs.gov.au/site/page4385.asp

[1717] Wheat Export Marketing Amendment Bill 2012, Parliament of Australia 21 March 2012. Date of Access: 28 May 2012.
http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22legislation%2Fbillhome%2Fr4783%22.

[1718] Wheat exports Australia, Australian Government 23 March 2012. Date of access 22 April 2012. http://www.wea.gov.au/index.php

No facts of Australia imposing new restrictions upon humanitarian food exports during the compliance period have been found.

Thus, Australia is awarded a score of +1 for not imposing restrictions upon humanitarian food export either before the Cannes summit or during the compliance period and taking new steps to full deregulation of Australian Wheat Export Market.

Analyst: Yulia Ovchinnikova

Brazil: +1
Brazil has fully complied with the commitment to remove and not to impose export restrictions for food purchased for non-commercial purposes by the World Food Program.

In accordance with the available data, Brazil had not imposed any restrictions on humanitarian food exports before the Cannes summit.

According to the press reports, in April 2011 the Brazilian government considered proposal to impose export restrictions on sugar but it was not approved «in the face of criticism from the sugar industry and doubts over its effectiveness».[1719]

Thus, no facts of Brazil imposing new export restrictions on food purchased by the WFP have been found during the compliance period.

As a result, Brazil is awarded a score of +1.

Analyst: Polina Arkhipova

Canada: +1
Canada has fully complied with its commitment to remove food export restrictions or extraordinary taxes on food purchased for non-commercial humanitarian purposes by the World Food Program and not to impose them in the future.

According to the Canadian export control list, which includes the goods subject to export controls, the only food and agricultural products that are regulated by the Canadian government are peanut butter, unprocessed roe herring, sugar-containing products, sugars, syrups and molasses.[1720] Only sugar is included in the list of products procured by the World Food Program (WFP).[1721]

Canadian firms must apply to the Department of Foreign Affairs and International Trade (DFAIT) for a permit to export sugar and sugar-containing products.[1722] An applicant for a permit shall submit to the Minister an application form and a declaration that the goods will enter into

[1719] Brazil backs down from sugar tax plan –report, Reuters Africa 22 April 2012. Date of Access: 28 May 2012. http://af.reuters.com/article/energyOilNews/idAFN2211998720110422.
[1720] Export Control List. Last amended 12 December 2011. Date of Access: 17 March 2012. http://laws-lois.justice.gc.ca/eng/regulations/SOR-89-202/page-1.html#h-2
[1721] Food Procurement Annual Report 2011, World Food Program 8 February 2012. Date of Access: 17 March 2012.
http://documents.wfp.org/stellent/groups/public/documents/communications/wfp244715.pdf
[1722]Export and Import Permits Act. Last amended 15 August 2011. Date of Access: 17 March 2012. http://laws-lois.justice.gc.ca/PDF/E-19.pdf

the economy of the country of final destination and will not be transshipped or diverted from that country.[1723]

No other export restrictions or extraordinary taxes on food purchased for non-commercial humanitarian purposes by the WFP in Canada have been found.

In accordance with the Camp David Accountability Report Canada is among countries, which have removed or never introduced export restrictions and extraordinary taxes for food purchased for humanitarian purposes.[1724]

Canada has promoted the removal of export restrictions and extraordinary taxes on food purchased for non-commercial humanitarian purposes by the World Food Program among the WTO members. The country also refrained from imposing new restrictions upon humanitarian food export. Though sugar, which is included in the WFP procurement list, is a subject to export regulation in Canada, the Camp David Accountability Report mentions Canada among countries, which have removed or never introduced export restrictions and extraordinary taxes for food purchased for humanitarian purposes. Thus, Canada has been awarded a score of +1.

Analyst: Andrei Sakharov

China: 0

China has partially complied with the commitment to remove the existing humanitarian food export restrictions and not to impose new ones.

China had imposed some restrictions on humanitarian food exports before the Cannes Summit.

Among them were removing the VAT rebates on exports of wheat, maize, rice, corn and soybean,[1725] vegetables oils[1726] and on maize flour[1727] as well as applying global export quotas to flours of some grain products.[1728]

[1723] Export Permits Regulations, Canadian Government current to 2 April 2012. Date of Access: 17 March 2012.http://laws-lois.justice.gc.ca/PDF/SOR-97-204.pdf

[1724] Camp David Accountability Report. Actions, Approach and Results, U.S. Department of State 19 May 2012. Date of Access: 24 May 2012. http://www.state.gov/documents/organization/189889.pdf.

[1725] Recent Trends in Export Restrictions, by Jeonghoi Kim, OECD Trade Policy Working Paper No. 101, Organisation for Economic Co-operation and Development 19 July 2010. Date of access: 19 July 2010.http://www.oecd-ilibrary.org/trade/recent-trends-in-export-restrictions_5kmbjx63sl27-en

[1726] How China Stabilized Grain Prices during the recent Globalfood Price crisis, Crop Prospects and Food Situation №4 November 2009, FAO Corporate Document Repository 4 November 2009. Date of Access: 4 November 2009. http://www.fao.org/docrep/012/ak340e/ak340e06b.htm

[1727] Food export restrictions: review of the 2007-2010 experience and considerations for disciplining restrictive measures, by Ramesh Sharma, FAO Commodity and Trade Policy Research Working Paper No. 32, Food and Agriculture Organization of the UN May 2011. Date of Access: 22 February 2012. http://www.fao.org/fileadmin/templates/est/PUBLICATIONS/Comm_Working_Papers/EST-WP32.pdf

[1728] Recent Trends in Export Restrictions, by Jeonghoi Kim, OECD Trade Policy Working Paper No. 101, Organisation for Economic Co-operation and Development 19 July 2010. Date of access: 19 July 2010.http://www.oecd-ilibrary.org/trade/recent-trends-in-export-restrictions_5kmbjx63sl27-en

No facts of these restrictions' elimination during the compliance period have been found.

No facts of China imposing new restrictions or taxes for food purchased by the WFP have been found during the compliance period.

China failed to remove humanitarian food export restrictions imposed before the Cannes Summit, but has refrained from imposing new ones during the compliance period. That is why it has been given a score of 0.

Analyst: Svetlana Nikitina

France: +1

France has fully complied with its commitment to remove the export restrictions upon humanitarian food export.

On 5 January 2012, the French Ministry of Foreign and European Affairs and WFP signed a partnership agreement to join a network aimed at boosting global emergency preparedness with UN Humanitarian Response Depots (UNHRD). The WFP agreed to purchase, store and deploy emergency humanitarian supplies at the request of and on behalf of the Crisis Center of the French Ministry of Foreign and European Affairs.[1729]

In accordance with the Camp David Accountability Report France is among countries, which have removed or never introduced export restrictions and extraordinary taxes for food purchased for humanitarian purposes.[1730]

France has not imposed any food export restrictions and taxes for food purchased for non-commercial humanitarian purposes either before the Cannes G20 Summit or over the compliance period. Thus, France has been awarded a score of +1.

Analyst: Vitaly Nagornov

Germany: +1

Germany has fully complied with the commitment not to impose food export restrictions or extraordinary taxes for food purchased for non-commercial humanitarian purposes by the World Food Program and not to impose them in the future.

As a EU member, German export control is subjected to the Commission Regulation (EC) No 376/2008 of 23 April 2008, which lays down common detailed rules for the application of the system of export licenses and advance fixing certificates for agricultural products.[1731] According to this document members are authorized not to require an export license or licenses for products

[1729] Programme alimentaire mondial des Nations unies - Signature d'un accord de partenariat, French Ministry of Foreign and European Affairs 5 janvier 2012. Date of Access: 2 April 2012. http://www.diplomatie.gouv.fr/fr/enjeux-internationaux/onu/domaines-d-action-20260/l-humanitaire/article/programme-alimentaire-mondial-des

[1730] Camp David Accountability Report. Actions, Approach and Results, U.S. Department of State 19 May 2012. Date of Access: 24 May 2012. http://www.state.gov/documents/organization/189889.pdf.

[1731] Access to European Union Law, Eur-Lex 16 May 2008. Data of access: 12 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32008R0376:EN:NOT and/or goods consigned by private individuals or groups of private individuals with a view to their free distribution for humanitarian aid purposes in third countries[1732].

According to the current official export list of goods subjected to export prohibitions or restrictions by the German Federal Office of Economics and Export Control (BAFA)[1733] and the Federal Office for Agriculture Goods,[1734] there are no restrictions imposed on humanitarian food purchased by the WFP.

In accordance with the Camp David Accountability Report Germany is among countries, which have removed or never introduced export restrictions and extraordinary taxes for food purchased for humanitarian purposes.[1735]

No information indicating the imposition of new food export restriction measures by Germany in this compliance cycle has been found. Germany has fully complied with its commitment for not having and not imposing new restrictions upon humanitarian food export and is awarded a score of +1.

Analyst: Yulia Ovchinnikova

India: +1

India has fully complied with the commitment not to impose food export restrictions or extraordinary taxes for food purchased for non-commercial humanitarian purposes by the World Food Program and not to impose them in the future.

There are several food export restrictions, which were imposed before the Cannes summit, in India.

On 18 May 2010, system of authorization to export certain wheat products (wheat, flour (*maida*), semolina (*rava/sirg*i), wholemeal atta and resultant atta) was extended to 31 March 2011.[1736]

On 9 September 2011, the export ban on wheat and non-Basmati rice (imposed in October 2007) was lifted.[1737]

On 20 September 2011, the minimum export price (MEP) of USD475 per metric tonon onions was imposed.[1738]

[1732] Access to European Union Law, Eur-Lex 16 May 2008. Data of access: 12 March 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32008R0376:EN:NOT

[1733] Export list of goods by BAFA, Federal Office of Economics and Export Control. Data of access: 17 March 2012.http://www.ausfuhrkontrolle.info/ausfuhrkontrolle/de/gueterlisten/ausfuhrliste/index.html

[1734] German's export and import control, Federal Office for Agriculture and Food 7 December 2011. Date of access: 20 March 2012. http://www.ble.de/DE/01_Markt/01_Ein-undAusfuhrregelungen/EinundAusfuhr_node.html

[1735] Camp David Accountability Report. Actions, Approach and Results, U.S. Department of State 19 May 2012. Date of Access: 24 May 2012. http://www.state.gov/documents/organization/189889.pdf.

[1736] WTO report on G20 trade measures October 2011. Date of Access: 27 April 2012. http://www.wto.org/english/news_e/news11_e/igo_26oct11_e.htm

[1737] WTO report on G20 trade measures October 2011. Date of Access: 27 April 2012. http://www.wto.org/english/news_e/news11_e/igo_26oct11_e.htm

During the compliance period some export restrictions have been eased or lifted.

On 11 January 2012, the MEP of all varieties of onions except Bangalore Rose onions and Krishnapuram onions was lowered to USD150 per tonne.[1739]

On 15 February 2012, the minimum export price of onion was further lowered to USD125 per tonne, according to a notification by the Directorate General of Foreign Trade (DGFT).[1740]

On 7 February 2012, the panel of Empowered Group of Ministers (EGoM) on food agreed to allow export of another one million tonnes of sugar, reduce the minimum export price of basmati by 22%, and raise the limit on non-basmati rice exports from 2.2 million tonnes to 4 million tones. All the decisions were sent to the Election Commission for approval.[1741]

However, on 26 March 2012, India's Minister of State for Commerce said that the government would not abolish the MEP for basmati rice exports from USD700 per ton.[1742]

No facts proving imposition of new export restrictions during the compliance period have been found.

India removed some of the existing export restrictions and extraordinary taxes on food purchased by WFP and no facts that it imposed new restrictions during the compliance cycle have been found. Thus, it has been awarded a score of +1.

Analyst: Anastasiya Kuptsova and Andrey Shelepov

Indonesia: +1

Indonesia has fully complied with the commitment to remove food export restrictions or extraordinary taxes for food purchased for non-commercial humanitarian purposes and not to impose them in the future.

No facts that Indonesia imposed food export restrictions or extraordinary taxes for food purchased for non-commercial humanitarian purposes before the Cannes summit and during the compliance period have been found. Thus, it has been awarded a score of +1.

Analyst: Elena Martynova

Italy: +1

Italy has fully complied with the commitment on food and agriculture.

[1738] WTO report on G20 trade measures October 2011. Date of Access: 27 April 2012. http://www.wto.org/english/news_e/news11_e/igo_26oct11_e.htm

[1739] The government notification about the change of MEP on onions 11 January 2012.http://www.moneycontrol.com/news/business/govt-slashes-onion-export-price-to-usd-150tonnne_649381.html

[1740] Notification No 96 (RE – 2010)/2009-2014 15 February 2012. Date of Access: 17 April 2012. http://www.eximguru.com/notifications/minimum-export-price-of-onions-23786.aspx

[1741] The Economic Times 8 February 2012. Date of Access: 27 April 2012. http://articles.economictimes.indiatimes.com/2012-02-08/news/31037673_1_minimum-export-price-vijay-setia-rice-exports

[1742] Oryza News 26 March 2012. Date of Access: 27 April 2012. http://oryza.com/Rice-News/14674.html

No export restrictions and extraordinary taxes on food purchased for non-commercial humanitarian purposes by the WFP imposed before the Cannes summit have been found in Italy.

According to the international transportation company FedEx Express, some agricultural products from Italy (i.e. grains, cheeses) are subject only to export licensing controls.[1743]

No facts that Italy imposed new restrictions upon humanitarian food export during the compliance period have been found. In accordance with the Camp David Accountability Report Italy is among countries, which have removed or never introduced export restrictions and extraordinary taxes for food purchased for humanitarian purposes.[1744]

Thus, Italy did not have any export restrictions and extraordinary taxes on food purchased by the WFP before the Cannes summit and did not impose new restrictions on humanitarian food export during the compliance cycle. Therefore, Italy has been awarded a score of +1.

Analyst: Anna Vekshina

Japan: +1

Japan has fully complied with its commitment on food and agriculture.

No export restrictions and extraordinary taxes on food purchased for non-commercial humanitarian purposes by the WFP imposed in Japan before the Cannes summit have been found.

The Japanese Export Trade Control Order[1745] and amendments to this document of 10 July 2009[1746], 11 August 2009[1747], 22 December 2009[1748], 13 May 2011[1749], 20 December 2011[1750], which define the list of goods subject to export restrictions, do not include foodstuffs typically purchased for non-commercial humanitarian purposes by the WFP in Japan.

[1743] Italy Country Profile, FedEx. Date of Access: 23 April 2012. http://www.fedex.com/us/international/irc/profiles/irc_it_profile.html?gtmcc=us#C09

[1744] Camp David Accountability Report. Actions, Approach and Results, U.S. Department of State 19 May 2012. Date of Access: 24 May 2012. http://www.state.gov/documents/organization/189889.pdf.

[1745] Export Trade Control Order, Amendment: Cabinet Order No. 71 of 2008, Japanese Government 2008. Date of Access: 25 May 2012. http://www.japaneselawtranslation.go.jp/law/detail/?id=1925&vm=04&re=01

[1746] Partial Revision of the Export Trade Control List, Ministry of Economy, Trade and Industry of Japan 10 July 2009. Date of Access: 25 May 2012. http://www.meti.go.jp/english/press/data/20090710_01.html

[1747] Cabinet Order designating the enforcement date of the partial revision of the Foreign Exchange and Foreign Trade Act and the Cabinet Order of the partial revision of the Foreign Exchange Order, Ministry of Economy, Trade and Industry of Japan 11 August 2009. Date of Access: 25 May 2012. http://www.meti.go.jp/english/press/data/20090811_03.html

[1748] Partial Revision of the Foreign Exchange Order and the Export Trade Control Order, Ministry of Economy, Trade and Industry of Japan 22 December 2009. Date of Access: 25 May 2012. http://www.meti.go.jp/english/press/data/20091222_01.html

[1749] Revision of Foreign Exchange Order and Export Trade Control Order Ministry of Economy, Trade and Industry of Japan 13 May 2011. Date of Access: 25 May 2012. http://www.meti.go.jp/english/press/2011/0512_01.html

[1750] Cabinet Order to Partially Amend the Export Trade Control Order, Ministry of Economy, Trade and Industry of Japan 20 December 2011. Date of Access: 25 May 2012. http://www.meti.go.jp/english/press/2011/1220_03.html

No facts of Japan imposing new export restrictions on humanitarian food exports have been found during the compliance cycle. In accordance with the Camp David Accountability Report Italy is among countries, which have removed or never introduced export restrictions and extraordinary taxes for food purchased for humanitarian purposes.[1751]

Thus, Japan is awarded a score of +1.

Analyst: Andrei Sakharov

Korea: +1

No export restrictions and extraordinary taxes on food purchased for non-commercial humanitarian purposes by the WFP imposed in the Republic of Korea have been found in the WTO[1752] and FAO[1753] reports.

No facts of Korea imposing new food export restrictions or extraordinary taxes for food purchased by the WFP during the compliance period have been found.

Korea had not imposed any food export restrictions before the Cannes summit and refrained from restricting humanitarian food exports during the compliance period. Thus, it is awarded a score of +1.

Analyst: Pavel Zhdanov

Mexico: +1

No facts of Mexico removing or imposing food export restrictions and extraordinary taxes on humanitarian food export before the Cannes summit and during the compliance cycle have been found.

Thus, Mexico is awarded a score of +1.

Analyst: Polina Arkhipova

Russia: +1

Russia has fully complied with its commitment to remove restrictions on humanitarian food exports and not to impose them in the future.

No restrictions on exports of food typically purchased by the WFP imposed before the Cannes summit, which remained effective as of 5 November 2011, have been found.

On 9 April 2007, Russian Finance Ministry and Foreign Affairs Ministry adopted the list of international institutions, whose procurements in Russia are taxed at the VAT rate of 0%. The World Food Program is included in this list.[1754]

[1751] Camp David Accountability Report. Actions, Approach and Results, U.S. Department of State 19 May 2012. Date of Access: 24 May 2012. http://www.state.gov/documents/organization/189889.pdf.

[1752] WTO G-20 Report: Weak Growth And Imbalances "Testing" Government Resolve Against Protectionism, WTO 26 October 2011. Date of Access: 15 April 2012. http://www.wto.org/english/news_e/news11_e/igo_26oct11_e.htm.

[1753] Food Export Restrictions: Review of the 2007-2010 Experience and Considerations for Disciplining Restrictive Measures, FOA May 2011. Date of Access 15 April 2012. http://www.fao.org/fileadmin/templates/est/PUBLICATIONS/Comm_Working_Papers/EST-WP32.pdf.

Within the Customs Union of Russia, Belarus and Kazakhstan, humanitarian goods exported to other countries in accordance with the Government decisions are not subject to any customs duties.[1755]

No new restrictions or extraordinary taxes for humanitarian food purchased by the WFP imposed in Russia during the compliance period have been found.

In accordance with the Camp David Accountability Report Russia is among countries, which have removed or never introduced export restrictions and extraordinary taxes for food purchased for humanitarian purposes.[1756]

Russia doesn't have any food export restrictions on humanitarian food imposed before the Cannes summit which remained effective during the compliance period. Additionally, Russia has refrained from imposing new restrictions on WFP purchases. Thus, the score is +1.

Analyst: Andrey Shelepov

Saudi Arabia: +1

Saudi Arabia has fully complied with its commitment to not impose food export restrictions or extraordinary taxes for food purchased for non-commercial humanitarian purposes by the World Food Program.

No export restrictions and extraordinary taxes on food purchased for non-commercial humanitarian purposes by the WFP in Saudi Arabia imposed before the Cannes G20 have been found.

According to the Saudi customs commodity release and export procedures, there are no restrictions on exporting food typically purchased by the WFP in Saudi Arabia.[1757]

No new restrictions imposed upon humanitarian food export in Saudi Arabia have been found during the compliance period.

Thus it is awarded a score of +1.

Analyst: Alexey Mironov

South Africa: +1

South Africa has fully complied with the commitment on food and agriculture.

[1754] The Ministry of Foreign Affairs of Russia No. 4938, the Ministry of Finance of Russia No. 33n Executive Order of 9 April 2007. Date of Access: 28 April 2012. http://base.consultant.ru/cons/cgi/online.cgi?req=doc;base=LAW;n=102776;fld=134;dst=4294967295;from=68454-39.

[1755] Federal Law of 06.12.2011 No. 409-FZ On Amendments to Certain Legislative Acts of the Russian Federation, Office of the President of Russia (Moscow) 6 December 2011. Date of Access: 28 April 2012. http://graph.document.kremlin.ru/page.aspx?1591598.

[1756] Camp David Accountability Report. Actions, Approach and Results, U.S. Department of State 19 May 2012. Date of Access: 24 May 2012. http://www.state.gov/documents/organization/189889.pdf.

[1757] Comnodty Release And Export Procedures Code Guide, Saudi Customs. Date of Access: 29 May 2012. http://www.customs.gov.sa/CustomsNew/tariff/guide_E.aspx.

No export restrictions and extraordinary taxes on food purchased by the WFP before the monitoring period have been found.

In the documents of the International Trade Administration Commission of South Africa (ITAC) on export control regulations[1758], which are valid at present, and in the ITAC Annual Report portrait 2011[1759] no restrictions on food exports are mentioned.

In March 2012, South Africa committed to exporting additional amount of maize to Mexico, which had suffered from a draught. This may push South Africa into a maize deficit itself. Such a situation means that the government restrictions for maize exports are very low.[1760]
No facts of South Africa imposing new humanitarian food export restrictions during the compliance period have been found.

South Africa had not imposed any restrictions upon humanitarian food export before the Cannes summit and has refrained from imposing new ones during the compliance period. Therefore the score is +1.

Analyst: Tatyana Lanshina

Turkey: +1
Turkey has fully complied with its commitment on removing the existing food export restrictions posed on the WFP-purchased food and not imposing new ones.

No export restrictions and extraordinary taxes on food purchased for non-commercial humanitarian purposes by the WFP in Turkey imposed before the Cannes summit have been found.

No facts of Turkey imposing new export restrictions on humanitarian food purchases during the compliance cycle have been found.

Thus Turkey has been awarded a score of +1.

Analyst: Nadezhda Sporysheva

United Kingdom: +1
The UK has fully complied with its commitment on food and agriculture.

No export restrictions and extraordinary taxes on food purchased for non-commercial humanitarian purposes by the WFP in the UK imposed before the Cannes summit and during the compliance period have been found.

Some documents evidencing the UK policy towards promotion of free trade in food in the UK and abroad and removal of food export restrictions have been published by the UK Department

[1758] Export Control, Department of Trade and Industry 20 June 2008. Date of Access: 28 March 2012. http://www.itac.org.za/docs/Notice%20672%20of%202008.pdf
[1759] Annual Report 2010/2011 of the International Trade Administration Commission of South Africa 14 September 2011. Date of Access: 28 March 2012.
http://www.itac.org.za/docs/ITAC%20Annual%20Report%202010%20and%202011.pdf
[1760] S.Africa exports to Mexico to produce maize deficit, Reuters Africa 23 March 2012. Date of Access: 27 March 2012.
http://af.reuters.com/article/investingNews/idAFJOE82M0AH20120323?pageNumber=2&virtualBrandChannel=0

for Environment, Food and Rural Affairs. On 27 January 2012, the Department published a Plan of Action on promotion of food export in which the UK Government committed to promote open food trade internationally through multilateral and bilateral free trade agreements.[1761]

In accordance with the Camp David Accountability Report the UK is among countries, which have removed or never introduced export restrictions and extraordinary taxes for food purchased for humanitarian purposes.[1762]

No facts of any export restrictions and extraordinary taxes on food purchased by the WFP in the UK have been found. Therefore, the UK score is +1.

Analyst: Natalia Churkina

United States: +1
No export restrictions and extraordinary taxes on food purchased for non-commercial humanitarian purposes by the WFP imposed in the United States before the Cannes summit have been found according to WTO[1763]and FAO[1764] reports.

No facts of the US imposing new restrictions upon humanitarian food exports during the compliance period have been found.

The US Export Administration Regulation containing the list of export controls implemented in the US does not mention any export restrictions and extraordinary taxes on food.[1765]

In accordance with the Camp David Accountability Report the US is among countries, which have removed or never introduced export restrictions and extraordinary taxes for food purchased for humanitarian purposes.[1766]

Therefore the score of the US is +1.

Analyst: Pavel Zhdanov

[1761] Driving Export Growth in the Farming, Food and Drink Sector: A Plan of Action, Department for Environment, Food and Rural Affairs 27 January 2012. Date of Access: 14 April 2012. http://www.defra.gov.uk/publications/files/pb13702-food-export-actionplan.pdf .
[1762] Camp David Accountability Report. Actions, Approach and Results, U.S. Department of State 19 May 2012. Date of Access: 24 May 2012. http://www.state.gov/documents/organization/189889.pdf.
[1763] WTO G-20 Report: Weak Growth And Imbalances "Testing" Government Resolve Against Protectionism, WTO 26 October 2011. Date of Access: 15 April 2012 http://www.wto.org/english/news_e/news11_e/igo_26oct11_e.htm.
[1764] Food Export Restrictions: Review of the 2007-2010 Experience and Considerations for Disciplining Restrictive Measures, FAO May 2011. Date of Access: 15 April 2012 http://www.fao.org/fileadmin/templates/est/PUBLICATIONS/Comm_Working_Papers/EST-WP32.pdf.
[1765] Export Administration Regulation Downloadable Files, Bureau of Industry and Security U.S. Dapertment of Commerce 16 April 2012. Date of Access: 28 May 2012 http://www.bis.doc.gov/policiesandregulations/ear/index.htm
[1766] Camp David Accountability Report. Actions, Approach and Results, U.S. Department of State 19 May 2012. Date of Access: 24 May 2012. http://www.state.gov/documents/organization/189889.pdf.

European Union: +1

European Union has fully complied with the commitment on removing export restrictions on humanitarian food exports.

Before the monitoring period the EU had imposed export restrictions on sugar which is a type of food typically purchased by the WFP.[1767] Previously the EU took measures to liberalize this restriction, for example, by increasing the quota by 500 thousand tons on 3 February 2010.[1768] However, this export quota on sugar is still effective and according to the "Common Agricultural Policy towards 2020" the EU committed to remove it in 2015/2016 or in 2017/2018.[1769]

No evidence of export restrictions and extraordinary taxes on food purchased for non-commercial humanitarian purposes by the WFP imposed in the EU during the compliance period have been found.

The EU has refrained from imposing new restrictions upon humanitarian food export during the compliance period and the EU is mentioned in the Camp David Accountability Report among the G8 members which have removed or never introduced export restrictions and extraordinary taxes for food purchased for humanitarian purposes.[1770] Therefore, the score of the EU for the fulfillment of this commitment is +1.

Analyst: Natalia Churkina

[1767] Commission Regulation (EC) No 952/2006 laying down detailed rules for the application of Council Regulation (EC) No 318/2006 as regards the management of the Community market in sugar and the quota system 29 June 2006. Date of Access: 14 April 2012. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32006R0952:en:NOT.

[1768] Annex 2: Summary and Status of G-20 trade and trade-related measures since October 2008, World Trade Organization 26 October 2011. Date of Access: 14 April 2012. http://www.wto.org/english/news_e/news11_e/g20_annex_bis_oct11_e.xls.

[1769] Common Agricultural Policy towards 2020, the European Commission, Brussels 20 October 2011. Date of Access: 14 April 2012. http://ec.europa.eu/agriculture/analysis/perspec/cap-2020/impact-assessment/full-text_en.pdf .

[1770] Camp David Accountability Report. Actions, Approach and Results, U.S. Department of State 19 May 2012. Date of Access: 24 May 2012. http://www.state.gov/documents/organization/189889.pdf.

Energy: Fossil Fuel Subsidies [236]

Commitment [#236]:

"We reaffirm our commitment to rationalise and phase-out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption, while providing targeted support for the poorest"

Cannes Summit Final Declaration

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina		0	
Australia			+1
Brazil			+1
Canada		0	
China			+1
France			+1
Germany		0	
India			+1
Indonesia		0	
Italy			+1
Japan		0	
Korea			+1
Mexico			+1
Russia			+1
Saudi Arabia		n/a	
South Africa			+1
Turkey		0	
United Kingdom			+1
United States		0	
European Union			+1
Average Score	+0.63		

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."[1771] In response, members agreed to rationalize and phase out, over the medium term, inefficient fossil fuels subsidies that encourage wasteful consumption.

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-operation and Development [OECD] and World Bank) to provide "analysis of the scope of

[1771] 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 energy subsidies and suggestions for the implementation of this initiative"[1772] 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.[1773] 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."[1774]

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. Another report on fossil fuel and other energy subsidies was prepared for the Cannes Summit.

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.

The G20 countries have not yet established a common definition of inefficient fossil fuel subsidies that encourage wasteful consumption.[1775]

According to the OECD Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil Fuels[1776] government support of energy production can include:

- Intervening in markets in a way that affects costs or prices;
- Transferring funds to recipients directly;
- Assuming part of their risk;

[1772] 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

[1773] 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.

[1774] The G20 Toronto Summit Declaration, G20 Information Centre (Toronto) 27 June 2010. Date of Access: 27 December 2010. http://www.g20.utoronto.ca/2010/to-communique.html.

[1775] "Joint report by IEA, OPEC, OECD and World Bank on fossil-fuel and other energy subsidies: An update of the G20 Pittsburgh and Toronto Commitments, IEA, OECD, World Bank, OPEC. www.oecd.org/dataoecd/14/18/49006998.pdf.

[1776] Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil Fuels.OECD 2011.http://www.oecd.org/document/41/0,3746,en_2649_37431_48813609_1_1_1_37431,00.html#publication

– Selectively reducing the taxes they would otherwise have to pay;
– Undercharging for the use of government-supplied goods or assets.

The OECD report also specifies several channels of energy consumption support: price controls intended to regulate the cost of energy to consumers; direct financial transfers; schemes designed to provide consumers with rebates on purchases of energy products; and tax relief.

At the G20 Toronto Summit in June 2010, 13 G20 members provided outlined implementation strategies for phasing out selected fossil-fuel subsidies (see Table 12). 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.[1777] Nevertheless the IEA and OECD reports indicate that all G20 members (except Brazil for which there is no information) have fossil fuel subsidies. As there is no common definition of inefficient fossil fuel subsidies the information on such FFS provided to the Toronto summit by G20 members was taken by the analysts as the most credible and relevant.

Compliance will be evaluated based on individual implementation goals. Members that have specified they do not have inefficient fossil fuels subsidies cannot be evaluated on their efforts to carry out their implementation strategies, thus they cannot be awarded a score of -1. They will be evaluated on their efforts to provide targeted support to the vulnerable groups in their countries who do not have access to the subsidized fossil fuels.

Scoring Guidelines:
Scoring guidelines for members that have specified they have no inefficient fossil fuels subsidies:

0	Member doesn't provide support to the national vulnerable groups who do not have access to the subsidized fossil fuels.
+1	Member provides support to the national vulnerable groups who do not have access to the subsidized fossil fuels.

Scoring guidelines for other members
In contrast to the negative compliance commitments such as the one on Food and Agriculture the absence of actions to rationalize inefficient fossil fuels subsidies over the monitoring period is assessed as non-compliance. If no actions to comply with the commitment are found a member receives a score of -1.

-1	Member takes no action to phase-out inefficient fossil fuel subsidies or takes actions that go against the proposed implementation strategy AND doesn't provide support to the national vulnerable groups who do not have access to the subsidized fossil fuels.
0	Member takes actions to phase-out inefficient fossil fuel subsidies but doesn't provide support to the national vulnerable groups who do not have access to the subsidized fossil fuels OR member doesn't take actions to phase-out inefficient fossil fuel subsidies but provides support to the national vulnerable groups who do not have access to the subsidized fossil fuels.
+1	Member takes actions to phase-out inefficient fossil fuel subsidies AND provides support to the national vulnerable groups who do not have access to the subsidized fossil fuels.

[1777] Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group 11 June 2010.Date of Access: 2 April 2012. http://www.hse.ru/data/2012/04/17/1250180042/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf.

Table 12: 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.

Argentina: 0
Argentina has partially complied with the commitment on clean energy.

On 16 November 2011, then Argentinian Minister of Economy Amado Boudou anounced that Argentina would cut out the goverment subsidies for a total sum of US$785,900 for major companies that produced natural gas, biofuels, oil and agrochemicals.[1778]

On 2 November 2012, Federal Planning Minister Julio De Vido announced energy subsidy cuts to commercial users (banks, insurance companies, casinos, airport operators etc).[1779]On 1 January 2012 this measure was implemented for the residents of several affluent neighborhoods in the city of Buenos Aires.[1780] On 14 February 2012, Argentina abolished the fossil fuel subsidies for urban and suburban types of public transport.[1781]

In accordance with its national implementation strategy Argentina continues to realise its plans to expand natural gas pipeline network to reduce its dependance on less effective enery sources, such as Butane Gas Cylinders.[1782] On 8 March 2012, Argentinian president Cristina Fernández de Kirchner inaugurated a new gas pipeline from Bolivia which will supply natural gas to the north-eastern region of Argentina.[1783]

Argentina has taken measures to cut out some fossil fuel subsidies. But no facts of government's support to national vulnerable groups who do not have access to the subsidized fossil fuels have been found. Thus Argentina gets a score of 0.

Analyst: Elizaveta Safonkina

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.

[1778] Eliminan subsidios a grandes empresas, countries y barrios de altos ingresos Cronista 16 November 2011. Date of Access: 6 March 2012. http://www.cronista.com/contenidos/2011/11/16/noticia_0134.html

[1779] Argentina Cuts Energy and Water Subsidies to Businesses and High-Income Neighborhoods, Global Subsidies Initiative 12 January 2012 Date of access: 27 April 2012 http://www.iisd.org/gsi/news/argentina-cuts-energy-and-water-subsidies-businesses-and-high-income-neighborhoods

[1780] Argentina Cuts Energy and Water Subsidies to Businesses and High-Income Neighborhoods, Global Subsidies Initiative 12 January 2012 Date of access: 27 April 2012 http://www.iisd.org/gsi/news/argentina-cuts-energy-and-water-subsidies-businesses-and-high-income-neighborhoods

[1781] Resolución Nº 27/2012 - Transporte Automotor de Pasajeros, Dirección Nacional de Derecho. 14 February 2012. Date of Access: 17 April 2012. http://www.revistarap.com.ar/Derecho/regulacion_servicios_publicos/transporte/1PUB0048099720000.html

[1782] Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group 11 June 2010.Date of Access: 2 April 2012. http://www.hse.ru/data/2012/04/17/1250180042/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

[1783] Cristina Fernández inaugura el gasoducto entre Argentina y Bolivia, Pagina Siete 8 March 2012. Date of Access: 27 April 2012. http://www.paginasiete.bo/2012-03-08/Economia/Destacados/gas.aspx

At the G20 Toronto Summit Australia stated that it did not have inefficient fossil-fuel subsidies and thus had not formulated implementation strategies. The Australian Government stressed that market forces generally determine fossil fuel production within the country.[1784] However, the OECD report "Inventory of estimated budgetary support and tax expenditures relating to fossil fuels in selected OECD countries" registered several support mechanisms to fossil fuels in Australia. The most expensive of these measures were the Fuel Tax Credit, Reduced Excise Rate on Aviation Fuel and Diesel and Alternative Fuels Grants Scheme.[1785]

During the compliance cycle no facts on the measures undertaken by the Australian Government to introduce inefficient fossil fuels subsidies were found. Moreover, the Australian Government undertook efforts to support the energy efficiency and push power generation towards renewables.[1786]

On 9 February 2012, the Australian Government started two Programs (the Community Energy Efficiency Program and the Low Income Energy Efficiency Program), both adopted in October 2011.[1787] Support from the Australian Governments in 2012 will be provided to local councils, community organizations and low income households.[1788]The USD200 million Community Energy Efficiency Program will support energy efficiency upgrades to council and community-use buildings, facilities and lighting. The USD100 million Low Income Energy Efficiency Program will support consortia of community organizations, local councils and energy service companies to trial energy efficiency approaches in low-income households.[1789]The USD30 million Home Energy Saver Scheme will assist low-income households in finding more sustainable ways to manage their energy consumption.[1790]

[1784] G20 Energy Subsidy Joint report, International Energy Agency 16 June 2010. Date of access: 15 March 2012. http://www.iea.org/weo/docs/G20_Subsidy_Joint_Report.pdf

[1785] Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil Fuels, OECD October 2011. Date of Access: 20 April 2012. http://www.oecd.org/document/41/0,3746,en_2649_34183_48813609_1_1_1_1,00.html

[1786] Australian Senate passes carbon tax, The Guardian 8 November 2011. Date of access 18 March 2012. http://www.guardian.co.uk/world/2011/nov/08/australia-senate-passes-carbon-tax

[1787] Helping low-income earners get ready for a clean energy future, Minister for Families, Community Services and Indigenous Affairs Official Website 16 October 2011. Date of access: 19 March 2012. http://www.jennymacklin.fahcsia.gov.au/mediareleases/2011/Pages/helping_low_income_earners_get_readyforacleanenergyfuture_16_oct_2011.aspx

[1788] Low Carbon Communities, Department of Climate Change and Energy Efficiency 23 March 2012. Date of access: 19 March 2012. http://www.climatechange.gov.au/government/initiatives/low-carbon-communities.aspx

[1789] Low Carbon Communities, Department of Climate Change and Energy Efficiency 23 March 2012. Date of access: 19 March 2012. http://www.climatechange.gov.au/government/initiatives/low-carbon-communities.aspx

[1790] Helping low-income earners get ready for a clean energy future, Minister for Families, Community Services and Indigenous Affairs Official Website 16 October 2011. Date of access: 19 March 2012. http://www.jennymacklin.fahcsia.gov.au/mediareleases/2011/Pages/helping_low_income_earners_get_readyforacleanenergyfuture_16_oct_2011.aspx

Australia claimed that it did not have inefficient fossil fuel subsidies and it has not introduced any during the monitoring cycle while providing support to the national vulnerable groups. Thus, Australia has been awarded a score +1.

Analyst: Yulia Ovchinnikova

Brazil: +1

Brazil has fully complied with the commitment to rationalize and phase-out inefficient fossil fuel subsidies while providing targeted support for the poorest.

Brazil specified that it did not have inefficient fossil fuel subsidies.[1791] OECD[1792] and IEA[1793] reports do not provide information on the fossil fuel subsidies in Brazil.

In its national implementation strategy Brazil stated that it used cost leveling mechanism to allow the inhabitants of least developed regions of the country, who did not have access to the national energy grid, to have access to electricity at the price paid by those living in more developed areas. This measure aims to support the vulnerable groups but is due to be substantially reduced by the end of 2012, when all the regions of the country are connected to the electric grid.[1794]

Sustainable practices and elimination of subsidies for fossil fuels will be discussed at United Nations Conference on Sustainable Development (Rio +20) in Rio de Janeiro, Brazil, in June 2012.[1795]

Thus, Brazil is awarded a score of +1 for providing support for the national vulnerable groups while claiming to have no inefficient fossil fuel subsidies.

Analyst: Polina Arkhipova&Andrei Sakharov

Canada: 0

Canada has partially complied with its commitment to rationalise and phase-out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption.

[1791] Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group 11 June 2010.Date of Access: 2 April 2012.
http://www.hse.ru/data/2012/04/17/1250180042/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

[1792] Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil Fuels, OECD 2011. Date of access: 28 May 2012.
http://www.oecd.org/document/41/0,3746,en_2649_34183_48813609_1_1_1_1,00.html

[1793] IEA Estimates of Fuel Consumption subsidies, IEA 2011. Date of Access: 28 May 2012.
http://www.oecd.org/dataoecd/41/46/48802785.pdf

[1794] Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group 11 June 2010.Date of Access: 2 April 2012.
http://www.hse.ru/data/2012/04/17/1250180042/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

[1795] UN report suggests tax and credit mechanisms to encourage sustainable practices, Portal Brazil 21 May 2012. Date of access: 27 May 2012.
http://www.brasil.gov.br/news/history/2012/05/21/un-report-suggests-tax-and-credit-mechanisms-to-encourage-sustainable-practices/newsitem_view?set_language=en

According to the Annex to the report "Analysis of the Scope of Energy Subsidies and Suggestions for the G-20 initiative," Canada will continue to phase out the Accelerated Capital Cost Allowance (CCA) for tangible oil sand assets between 2011 and 2015.[1796]

Canada's Economic Action Plan 2012 announced on 29 March 2012 "proposes to further Canada's efforts toward rationalizing fossil fuel subsidies, reducing tax distortions and improving the allocation of investment and capital within the Canadian economy by phasing out tax preferences for resource industries."[1797]

The Economic Action Plan 2012 proposes to phase out the Atlantic Investment Tax Credit for investments in the oil, gas and mining sectors and the Corporate Mineral Exploration and Development Tax Credit.[1798]

According to the current Economic Action Plan Canadian government is committed to expand tax support for clean energy producers, who use renewable sources or fuels from waste, or use fuel more efficiently. It also plans to expand the eligibility for the accelerated capital cost allowance for clean energy generation equipment to include a broader range of bioenergy equipment.[1799]

Canada has made further steps towards eliminating fossil fuel subsidies. But no facts of government's support of the vulnerable groups without access to the subsidized fossil fuels have been found. Thus Canada has been awarded a score of 0.

Analyst: Andrei Sakharov

China: +1

China has fully complied with the commitment on inefficient fossil fuel subsidies.

On 19 March 2012, to reflect price changes on the international crude oil market, the ChinaNational Development and Reform Commission (NDRC), announced that it would increase gasoline and diesel prices by more than 6% or CNY600 (USD95) per tonne from 20 March 2012.[1800]

China's current oil pricing system, which was introduced in May 2009, gives the NDRC the right to adjust domestic fuel, diesel and gas prices when average prices for Brent, Cinta, and Dubai crude oil move by 4% within 22 consecutive working days.[1801]

[1796] Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group 11 June 2010.Date of Access: 2 April 2012. http://www.hse.ru/data/2012/04/17/1250180042/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

[1797] Canada's Economic Action Plan 2012, Government of Canada 29 March 2012. Date of Access: 30 March 2012. http://www.budget.gc.ca/2012/plan/pdf/Plan2012-eng.pdf

[1798] Canada's Economic Action Plan 2012, Government of Canada 29 March 2012. Date of Access: 30 March 2012. http://www.budget.gc.ca/2012/plan/pdf/Plan2012-eng.pdf

[1799] Canada's Economic Action Plan 2012, Government of Canada 29 March 2012. Date of Access: 30 March 2012. http://www.budget.gc.ca/2012/plan/pdf/Plan2012-eng.pdf

[1800] Rising fuel prices drive worries over living costs, inflation, China Daily News Agency 19 March 2012. Date of Access: 21 March 2012. http://usa.chinadaily.com.cn/business/2012-03/21/content_14880780.htm

[1801] China to raise gasoline, diesel prices, Xinhua News Agency 7 February 2012. Date of Access: 7 February 2012. http://news.xinhuanet.com/english/china/2012-02/07/c_131396727.htm

According to the information from Joint Report "The Scope of Fossil-Fuel Subsidies in 2009 and a Roadmap for Phasing out Fossil-Fuel Subsidies," which is prepared by International Energy Agency, Organisation for Economic Co-Operation and Development and the World Bank, increases in fossil fuel prices can be treated as fulfillment of this commitment.[1802]

To mitigate the impacts, the government would provide subsidies for people working in the fishery, forestry and public transport sectors and using the latter's services, which are most likely to be affected by price hikes. In March 2012 the Government ordered railway and urban public transportation administrators not to hike their prices for consumers.[1803]

China has taken actions to phase-out inefficient fossil fuel subsidies and provided support to the national vulnerable groups who do not have access to the subsidized fossil fuels. That is why China is given a score of +1.

Analyst: Svetlana Nikitina

France: +1

France has complied with its commitment to rationalize and phase-out inefficient fossil fuel subsidies, with targeted support for the national vulnerable groups.

On 12 December 2011, Nathalie Kosciusko-Morizet Minister for Ecology, Sustainable Development, Transportation and Housing, Roselyne Bachelot Minister for Solidarity and Social Cohesion, Eric BessonMinister for Industry, Energy, and the Digital Economy announced support scheme that will continue to help consumers deal with increasing energy costs.[1804]

On 2 February 2012, President Sarkozy reaffirmed that one million households will be renovated through eco-interest loan between 2012 and 2017 in France.[1805]

On 1 April 2012, base of monthly allowances for poor families to cover housing costs was increased to 1%.[1806]

According to the report on G20 initiative on rationalizing and phasing out inefficient fossil fuel subsidies, France does not have any inefficient fossil fuel subsidies and therefore does not require

[1802] The Scope of Fossil-Fuel Subsidies in 2009 and a Roadmap for Phasing out Fossil-Fuel Subsidies, IEA, OECS, the World Bank 11 November 2010. Date of Access: 11 November 2010. http://www.iea.org/weo/docs/second_joint_report.pdf

[1803] Rising fuel prices drive worries over living costs, inflation, China Daily News Agency 19 March 2012. Date of Access: 21 March 2012. http://usa.chinadaily.com.cn/business/2012-03/21/content_14880780.htm

[1804] La lutte contre la précarité énergétique : une priorité pour le Gouvernement, Ministry for Ecology, Sustainable Development, Transportation and Housing 12 December 2012. Date of Access: 24 May 2012. http://www.developpement-durable.gouv.fr/IMG/pdf/cp-3.pdf

[1805] Politique du logement, The President of the French Republic 4 February 2012. Date of Access: 2 April 2012. http://www.elysee.fr/president/les-actualites/discours/2012/politique-du-logement.12937.html

[1806] Les prestations familiales augmentent le 1er avril 2012, Family Allowances Fund 1 April 2012. Date of Access: 2 April 2012. http://www.caf.fr/web/WebCnaf.nsf/090ba6646193ccc8c125684f005898f3/7525b741b95dbb8dc12579ce004f09f4/$FILE/Lesprestationsfamilialesaugmentent%20le01042012.pdf an implementation strategy.[1807] However, the OECD report "Inventory of estimated budgetary support and tax expenditures relating to fossil fuels in selected OECD countries" registered several support mechanisms to fossil fuels in France. The most notable of these is the Reduced Rate for Fuel Oil Used as Diesel Fuel scheme.[1808]

France has taken actions to help the poorest to cope with increased costs that result from elimination fossil fuel subsidies, and undertaken efforts to enhance energy efficiency. Thus, France has been awarded a score of +1 for its commitment to provide targeted support for the national vulnerable groups.

Analyst: Vitaly Nagornov

Germany: 0

Germany 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.

According to G20 Initiative on Rationalizing and Phasing out Inefficient Fossil Fuel Subsidies Germany proposed as implementation strategy to discontinue subsidized coal mining in a socially acceptable manner by the end of 2018.[1809]

On 24 November 2011, the Federal Ministry of Economics and Technology published its official Budget. Due to the Budget the amount of inefficient subsidies to the coal mining industry will be reduced from EUR1.4 million in 2011 to EUR1.2 million in 2012.[1810] The Budget for 2012 is in line with an earlier adopted plan by the Federal Ministry of Economics and Technology for reduction of subsidies from EUR1.5 million in 2011 to EUR1.363 million in 2012.[1811]

On 7 December 2011, the Federal Minister of Economics and Technology Dr. Philipp Rösler promoted the financing of new coal plants. The change to financing of new coal power plants was announced following the Federal Government decision to switch from nuclear energy. Philipp Rösler stressed that the Fund will subsidize projects promoting clean energy and combating climate change, but the money will promote the most efficient plants possible. Between 2013 and 2016, high-carbon brown coal factories will receive over EUR165 million annually.[1812]

[1807] Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group 11 June 2010.Date of Access: 2 April 2012. http://www.hse.ru/data/2012/04/17/1250180042/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

[1808] Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil Fuels, OECD October 2011. Date of Access: 20 April 2012. http://www.oecd.org/document/41/0,3746,en_2649_34183_48813609_1_1_1_1,00.html

[1809] Analysis of the Scope of Ebergy Subsidies and Suggestions for the G-20 Initiative.OECD 2010.http://www.oecd.org/dataoecd/55/5/45575666.pdf

[1810] The Official Budget for 2012.The Federal Ministry of Economics and Technology 24 November 2011. Date of access: 24 April 2012. http://www.bmwi.de/BMWi/Redaktion/PDF/H/haushalt-2012-uebersicht,property=pdf

[1811] Coal industry information.The Federal Ministry of Economics and Technology 24 April 2012. Date of access: 24 April 2012. http://www.bmwi.de/BMWi/Navigation/Energie/Energietraeger/kohle,did=190808.html

[1812] Dr. Philipp Rösler want investments in new coal plants. Date of access: 07 April 2012. http://www.zeit.de/wirtschaft/2011-12/kohlekraftwerke-bmwi

Thus, Germany has partially compiled with this commitment by taking actions to phase-out inefficient fossil fuel subsidies but doesn't provide support to the national vulnerable groups who do not have access to the subsidized fossil fuels. Germany has been awarded a score of 0.

Analyst: Yulia Ovchinnikova

India: +1

India has fully complied with its commitment on clean energy.

According to the Annex 1 to the report "Analysis of the Scope of Energy Subsidies and Suggestions for the G-20 initiative" India planned "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." In its national strategy India also identified four subsidies as being subject to phase out: subsidies to kerosene public distribution system, liquefied petroleum gas (LPG) and natural gas and freight subsidy for far-flung areas.[1813]

On 13 December 2011, the Cabinet Committee on Economic Affairs approved the establishment of the National Electricity Fund (Interest Subsidy Scheme) to provide interest subsidy amounting to US$1.61 billion for a period of 14 years for projects of electricity distribution sector.[1814]

On 16 March 2012, Indian Minister of Finance Pranab Mukherjee, presented the Union Budget for 2012-2013. In the speech he mentioned that subsidies on petroleum products and fertilisers would be provided "to the extent that they can be borne by the economy without any adverse implications." In 2012-2013 the expenditure on all Central subsidies in India will be capped at 2% of GDP. The Minister also said that this target would be further brought down to 1.75% of GDP.[1815]

According to the Budget Speech several projects aimed at energy subsidy rationalisation have been launched in India. Minister Mukherjee mentioned that two pilot projects, under which LPG is sold at market price and the cost of subsidy is reimbursed directly into the beneficiary's bank account, were being realised in Mysore and Alwar district of Rajasthan.[1816]

India is making steps to rationalize and phase-out inefficient fossil fuel subsidies while providing targeted support for the national vulnerable groups. Thus it gets a score of +1.

Analyst: Andrei Sakharov and Anastasiya Kuptsova

Indonesia: 0

Indonesia has failed to comply with the commitment to rationalize inefficient fossil fuel subsidies that encourage wasteful consumption.

[1813] Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group 11 June 2010.Date of Access: 2 April 2012. http://www.hse.ru/data/2012/04/17/1250180042/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf.

[1814] National Electricity Fund (Interest Subsidy) Scheme to subsidize interest rate on loans, Press Information bureau, Government of India 13 December 2011. Date of Access: 27 April 2012. http://pib.nic.in/newsite/erelease.aspx?relid=78626

[1815] Budget 2012-2013, Speech by Parnab Mukherjee, Minister of Finance, Ministry of Finance 16 March 2012. Date of Access: 27 April 2012. http://www.financialexpress.com/FM-speech.pdf

[1816] Budget 2012-2013, Speech by Parnab Mukherjee, Minister of Finance, Ministry of Finance 16 March 2012. Date of Access: 27 April 2012. http://www.financialexpress.com/FM-speech.pdf

On 30 January 2012, Indonesian government announced that by April 2012 it will implement plans to reduce subsidies to fossil fuels by restricting access to subsidized gasoline and developing alternative gas-based transport fuels. The government also announced a plan to raise the price of subsidized gasoline by US$0.17 per litre, which is equivalent to one third of the current price.[1817]

In March 2012, the Indonesian government proposed to implement plans to redirect the savings from the planned subsidy reduction towards direct support measures, namely a cash transfer scheme, under which 18.5 million households will receive US$16.5 each over 9 month.[1818]

However, the promise of fuel price hike triggered mass demonstrations and nationwide protests, and on 31 March 2012 Indonesian parliament agreed to delay any rise in fuel prices until the Indonesian Crude Price exceeds a benchmark of US$105 a barrel by 15%.[1819]

On 3 May 2012, a plan to restrict the sale of subsidized fuel to select vehicles was further delayed by the Indonesian government. Energy and Mineral Resources Minister Jero Wacik said that the Indonesian Government would "temporarily delay the draft regulation until it figures out a workable formula for its implementation."[1820]

On 4 May 2012, Indonesian Economic Coordinating Minister Hatta Rajasa said that Indonesian fuel oil subsidies can swell up to IDR234.2 trillion (US$25.2 billion) if fuel price stays at US$119 per barrel and consumption reached 42 million kilolitres. He also stated that the electricity subsidy was likely to increase in the revised 2012 State Budget, from IDR65 trillion (US$6.9 billon) to IDR75 trillion (US$8 billion). In order to mitigate the impact of the rising subsidies and maintain the budget deficit in the range of 2.23%, the government decided to implement five subsidized fuel control programmes.[1821]

As the government delayed the planned subsidies' reduction, it also had to temporarily abandon the plans to redirect its savings towards direct support measures. No other facts of Indonesian government support of the national vulnerable groups have been found during the compliance cycle.

Although under severe political pressure the Indonesian government had to temporarily delay the implementation of the plan to cut fossil fuel subsidies, it ha not been canceled. Thus, Indonesia receives a score of 0 for its work in progress on fossil fuel subsidies' phase-out.

Analysts: Elena Martynova and Andrei Sakharov

[1817] Indonesia's Fuel Subsidies: Action Plan for Reform, GSI, IISD March 2012. Date of Access: 27 April 2012. http://www.iisd.org/gsi/sites/default/files/ffs_actionplan_indonesia.pdf
[1818] Indonesia's Fuel Subsidies: Action Plan for Reform, GSI, IISD March 2012. Date of Access: 27 April 2012. http://www.iisd.org/gsi/sites/default/files/ffs_actionplan_indonesia.pdf
[1819] Indonesian Government Retreats From Immediate Fuel Price Rise, World Socialist Web Site 19 April 2012. Date of Access: 12 May 2012. http://www.wsws.org/articles/2012/apr2012/indo-a19.shtml
[1820] Plan to Restrict Indonesia's Subsidized Fuel Sales 'Delayed Indefinitely', The Jakarta Globe 3 May 2012. Date of Access: 5 May 2012. http://www.thejakartaglobe.com/economy/plan-to-restrict-indonesias-subsidized-fuel-sales-delayed-indefinitely/515803
[1821] Fuel subsidies can swell up to Rp234. 2 trillion: Minister, Antara News 4 May 2012. Date of Access: 5 May 2012. http://www.antaranews.com/en/news/81851/fuel-subsidies-can-swell-up-to-rp234-2-trillion-minister

Italy: +1
Italy has fully complied with the commitment on inefficient fossil fuel subsidies.

On 13 June 2011, at the G20 Toronto Summit Italy provided its implementation strategy for phasing out selected fossil-fuel subsidies. It proposed "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."[1822]

According to the Annex to the report "Analysis of the Scope of Energy Subsidies and Suggestions for the G-20 initiative" Italy "does not have subsidies that lower the price of fossil fuels below the international market price levels. The rationale of the major part of the measures is "either social, i.e. economic sustain to the poor, or related to public objectives, such as the development of renewable energy production capacity."[1823]

On 1 December 2011, according to the Regulatory Authority for Electricity and Gas the reform with respect to gas, named the Mercato del Bilanciamento (Balancing Market), entered into effect to improve competition and influence positively consumer prices. It would be possible to use a different method of updating protection conditions to reflect gradually the price fluctuations in the Italian market.[1824]

On 28 December 2007, the Interministerial Decree established the social bonus on electricity (from EUR60 up to EUR150 annually) in order to support low-income families and citizens who need medical electrical equipment for treatment.[1825] This provision remains effective.

On 15 December 2009, the Italian Ministry of Economic Development introduced "Bonus on gas receipts"[1826], the reduction on gas receipts for low-income and numerous families.[1827]

During the monitoring period Italy has not taken any actions to support the national vulnerable groups. But, a number of measures (Bonus on electricity and Bonus on gas receipts) were undertaken before and were in force during the period.

[1822] The first year of the G-20 commitment on fossil-fuel subsidies: a commentary on lessons learned and the path forward, International Institute for Sustainable Development January 2011. Date of Access: 14 April 2012. http://www.iisd.org/gsi/sites/default/files/ffs_g20_firstyear.pdf

[1823] Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group 11 June 2010.Date of Access: 2 April 2012. http://www.hse.ru/data/2012/04/17/1250180042/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf.

[1824] Energy: electricity prices locked starting in October, +5,5% for gas, the Regulatory Authority for Electricity and Gas 30 September 2011. Date of Access: 14 April 2012. http://www.autorita.energia.it/it/inglese/press_releases/11/110930.htm

[1825] Speciale Energia elettrica: operative il bonus, sollievo per cinque milioni di famiglie, Italian Ministry of Economic Development (MED) 26 February 2009. Date of Access: 29 March 2012. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&id=68883

[1826] Bonus sulla bolletta del gas, Italian MED. Date of Access: 28 March 2012. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&id=2009642

[1827] Energia: al via il bonus gas, un aiuto alle famiglie bisognose o numerose, Italian MED 14 December 2009. Date of Access: 29 March 2012. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&id=1001552

Italy has taken actions to phase-out inefficient fossil fuel subsidies and has effective mechanisms to support national vulnerable groups. Therefore, it has been awarded a score of +1.

Analyst: Anna Vekshina

Japan: 0
Japan has partially complied with its commitment on inefficient fossil fuel subsidies.

At the G20 Toronto Summit in June 2010 Japan provided no information of its inefficient fossil fuel subsidies, claiming that it had none.[1828] Japan phased out its subsidies for domestic coal production in the early 2000s.[1829] The prices for oil are also deregulated.[1830]

However, the OECD report "Inventory of estimated budgetary support and tax expenditures relating to fossil fuels in selected OECD countries" registered several support mechanisms to fossil fuels in Japan. The Oil Refining Rationalisation Subsidy was the most cost intensive of them.[1831]

Japan claimed that it did not have inefficient fossil fuel subsidies. No facts of government's support to the national vulnerable groups have been found during the monitoring cycle. Thus, it has been awarded a score of 0.

Analyst: Andrei Sakharov

Korea: +1
Korea has fully complied with its commitment to rationalise and phase-out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption, while providing targeted support for the poorest.

In its national implementation strategy presented at the G20 Toronto Summit Korea proposed to phase-out subsidies to anthracite coal and briquette producers. The subsidy to anthracite coal was to be eliminated by the end of 2010.[1832] However, as of October 2011 briquette and anthracite coal were still subject to VAT-exemptions in South Korea.[1833]

[1828] G20 Fossil Fuel Subsidy Phase Out. A Review of Current Gaps and Needed Changes to Achieve Success. Doug Koplow, Steve Kretzmann, November 2010. Date of Access: 21 March 2012. http://www.earthtrack.net/files/uploaded_files/OCI.ET_.G20FF.FINAL_.pdf
[1829] OECD Environmental performance reviews Japan, OECD 2010. Date of Access: 22 March 2012. http://www.oecd.org/document/24/0,3746,en_2649_34307_46265112_1_1_1_1,00.html
[1830] Japan: Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil Fuels, OECD October 2011. Date of Access: 27 April 2012.
http://www.oecd.org/dataoecd/55/50/48786349.pdf
[1831] Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil Fuels, OECD October 2011. p.53
http://www.oecd.org/document/41/0,3746,en_2649_34183_48813609_1_1_1_1,00.html
[1832] Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group 11 June 2010.Date of Access: 2 April 2012.
http://www.hse.ru/data/2012/04/17/1250180042/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf.
[1833] South Korea, Country VAT/GST Essentials, KPMG January 2012. Date of Access: 28 May 2012. http://www.kpmg.com/Global/en/WhatWeDo/Tax/GlobalIndirectTax/Documents/vat-gst-essentials-2012/south-korea-2011-vat-gst-essentials.pdf

Another, more indirect, subsidy, which was not mentioned in the implementation strategy,[1834] is the sale of electricity at prices below costs, which is planned to be phased-out in accordance with the National Energy Master Plan 2008-2030.[1835] Korean government raised electricity prices in December 2011.[1836]

The national implementation strategy stated that the purpose of fuel subsidies in South Korea was to ensure that low-income households have an affordable supply of fuel.[1837]Support to briquette coal production is due to be phased out progressively and terminated by the end of 2020. Though a scheme to provide vouchers to subsidy consumption is expected to be expanded to offset the impact of higher prices.[1838]

Thus, Korea is awarded a score of +1 for making steps towards fossil fuel subsidies' phase-out while supporting national vulnerable groups.

Analyst: Pavel Zhdanov andAndrei Sakharov

Mexico: +1

Mexico has fully complied with its commitment to phase-out inefficient fossil fuel subsidies and provide support to the national vulnerable groups who do no have access to the subsidized fossil fuels.

On 8 December 2011, President Felipe Calderón announced the Strategy for Structural Change in the Natural Gas Market in Mexico that entails wider use of natural gas as a cleaner, more efficient fuel with less of an environmental impact than other fossil fuels. The increase in natural gas reserves and supply has lowered prices and made natural gas more competitive. In 2018, a public-private investment scheme of nearly USD8 billion will be used to build eight gas pipelines in Mexico. These projects will involve the construction of nearly 4,500 km in ducts for the transport of natural gas, a nearly 40% increase in the natural gas transport network and the investment will total USD10.4 billion.[1839]

[1834] Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group 11 June 2010.Date of Access: 2 April 2012. http://www.hse.ru/data/2012/04/17/1250180042/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf.

[1835] Korea's Green Growth Strategy, OECD 29 August 2011. Date of Access 28 May 2012. http://www.oecd-ilibrary.org/docserver/download/fulltext/5kmbhk4gh1ns.pdf?expires=1338196078&id=id&accname=guest&checksum=74EBE4B8855596B59F6F67CAA6F33D07

[1836] South Korea to Raise Power Prises For Second Time This Year, Bloomberg 2 December 2011. Date of Access: 28 May 2012. http://www.bloomberg.com/news/2011-12-02/south-korea-to-raise-power-prices-for-second-time-this-year.html

[1837] Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group 11 June 2010.Date of Access: 2 April 2012. http://www.hse.ru/data/2012/04/17/1250180042/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

[1838] Korea: Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil Fuels, OECD. Date of Access: 15 April 2012 http://www.oecd.org/dataoecd/55/49/48786359.pdf.

[1839] Announcement of Structural Change in Natural Gas Market, Presidency of Mexico 8 November 2011. Date of Access: 20 March 2012. http://en.presidencia.gob.mx/2011/11/working-tour-of-sonora/.

Mexico implements Infonavit Green Mortgages program, which provides low-income households with energy-saving technology to enable them to save energy and money. Through this initiative, the Government supports low-income families and encourages clean energy consumption.[1840] Since its launch in 2007, 750,000 loans have been granted as outlined by President Calderón on the 26th National Housing Congress on 27 March 2012.[1841]

On 15 February 2012, President Calderón delivered the 17 millionth energy saving light bulb in the Sustainable Light Program and announced the delivery of the 1.5 millionth appliance in the Electro-Domestic Appliance Substitution Program. Sustainable Light Program is targeted at replacing incandescent light bulbs by energy-saving ones. The program has now reached its second stage when those who have already benefitted from the program will receive eight rather than four light bulbs and are expected to reduce utility bills by MXN50 per family.[1842]

Electrical Appliance Replacement Program promotes "Trade in Your Old One for a New One" and is expected to save up to MXN90 on average on utility bills per household.[1843] The Ministry of Energy launched the Program in March 2009 in order to improve energy efficiency in the residential sector through the replacement of inefficient home appliances by new efficient models. As a result, families, energy sector and the Government are to benefit through the growth of disposable incomes, cleaner energy and reduction of electricity subsidies.[1844]

As a result of the above programs, the government promotes clean energy use and competitive energy generation while supporting its citizens.

Mexico has fully complied with the commitment on clean energy and is awarded a score of +1.

Analyst: Polina Arkhipova

Russia: +1

Russia has fully complied with the commitment on inefficient fossil fuel subsidies.

According to the Annex to the report "Analysis of the Scope of Energy Subsidies and Suggestions for the G-20 initiative" Russia plans "to implement the commitment to rationalize and phase out inefficient fossil fuel subsidies through national economic and energy policy,

[1840] Miguel Alemán Valdés Ecology and Environment Award, Presidency of Mexico 14 December 2011. Date of access: 27 March 2012. http://en.presidencia.gob.mx/2011/12/miguel-aleman-valdes-ecology-and-environment-award/.

[1841] Record Boost for Housing Sector, Presidency of Mexico 27 March 2012. Date of access: 10 April 2012. http://en.presidencia.gob.mx/2012/03/record-boost-for-housing-sector/.

[1842] Energy Savings, Money Savings, Presidency of Mexico 15 February 2012. Date of access: 10 April 2012. http://en.presidencia.gob.mx/2012/02/energy-savings-money-savings/.

[1843] Energy Savings, Money Savings, Presidency of Mexico 15 February 2012. Date of access: 10 April 2012. http://en.presidencia.gob.mx/2012/02/energy-savings-money-savings/.

[1844] Energy efficiency in Mexico.A program for the replacement of home appliances, Ministry of Energy, Mexico May 2010. Date of access: 24 April 2012. http://electricitygovernance.wri.org/files/egi/PP%20Clean%20Energy%20Forum%20LAOS.ppt#347 within the framework of its Energy Strategy 2030 and the Concept of Long-Term Social and Economic Development."[1845]

The Energy Strategy for the Period until 2030 implies that 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%. The Strategy 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.[1846]

On 28 November 2011, the Interdepartmental working group to coordinate the activities of the federal executive bodies to improve the wholesale and retail electricity market mechanisms was created. The main objective of the working group is to build consensus between government agencies and consumers on rules and regulations in wholesale and retail electricity markets in Russia, with a special emphasis made on the protection of the consumers' interests and "establishing fair prices."[1847]

On 13 February 2012, a non-profit partnership "Market council" launched, at the government's request, the monitoring system of electricity retail prices for end-users. The data obtained during the monitoring will be used to analyze and control consumer prices, keeping them from rising sharply.[1848]

On 20 March 2012, the Russian Ministry of Energy submitted to the Russian Government a draft decree on retail electricity markets' regulation.[1849] The proposed legislation is aimed, inter alia, at resolving the issue of cross-subsidies in the Russian electricity market.[1850]

Russia is taking steps to rationalize and phase-out inefficient fossil fuel subsidies while providing targeted support for the national vulnerable groups. Thus it gets a score of +1.

Analyst: Andrei Sakharov

[1845] Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group 11 June 2010.Date of Access: 2 April 2012. http://www.hse.ru/data/2012/04/17/1250180042/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

[1846] Energy Strategy for 2030, Ministry of Energy 13 November 2009. Date of Access: 27 April 2012.http://minenergo.gov.ru/activity/energostrategy

[1847]Interdepartmental working group to coordinate the activities of the federal executive bodies to improve the wholesale and retail electricity market mechanisms, Russian Ministry of Energy 28 November 2011. Date of Access: 27 April 2012 http://minenergo.gov.ru/activity/powerindustry/interdepartmental_working_group/group/index.php?sphrase_id=206960

[1848] Non-profit partnership "Market council" started monitoring electricity retail prices for end-users, Russian Ministry of Energy 13 February 2012. Date of Access 27 April 2012.http://minenergo.gov.ru/press/company_news/10946.html?sphrase_id=206960

[1849] Ministry of Energy submitted a draft decree on retail electricity markets' regulation to the Russian Government, Russian Ministry of Energy 22 March 2012. Date of Access: 27 April 2012. http://minenergo.gov.ru/press/min_news/11548.html?sphrase_id=206960

[1850] Energy Minister S.I. Shmatko: "The power industry should heed to consumers", Russian Energy Ministry 16 March 2012. Date of Access: 27 April 2012. http://minenergo.gov.ru/press/most_important/11475.html?sphrase_id=206960

Saudi Arabia: n/a

According to Annex to the IEA, OPEC, OECD, World Bank report "Analysis of the Scope of Energy Subsidies and Suggestions for the G-20 Initiative" prepared for the G20 Toronto Summit in 2010 Saudi Arabia "is not implementing any measures that fit the criteria for inefficient fossil fuel subsidies" and "the G20 proposal for phasing out inefficient fossil fuel subsidies does not … apply to Saudi Arabia."[1851]

However, according to the analysis by IEA, the subsidisation rate in Saudi Arabia is one of the highest in the world equalling 75.8% of the full cost of supply.[1852]

As Saudi Arabia claimed that this commitment could not be applied to this country as it did not have any inefficient subsidies and, thus, did not eliminate any of them, there is no need to compensate for their removal by providing targeted support to national vulnerable groups. Thus, Saudi-Arabia cannot be assessed for compliance with this commitment and has been awarded no score.

Analyst: Alexey Mironov

South Africa: +1

South Africa has fully complied with the commitment on clean energy.

According to Annex 1 to the IEA, OPEC, OECD, World Bank report "Analysis of the Scope of Energy Subsidies and Suggestions for the G-20 Initiative" prepared to the G20 Toronto Summit in 2010 there are no inefficient fossil-fuel subsidies in South Africa.[1853] And no such subsidies have been introduced since then. However, the study by IEA estimated the cost of support mechanisms to fossil fuel consumption in South Africa at US$2.12 billion in 2010. The entire sum was allocated to support the electricity consumption.[1854]

South Africa provides support to the national vulnerable groups who do not have access to the subsidized fossil fuels: households connected to the grid can get free basic electricity of 50kWh monthly; consumers without access to grid are provided with non-grid energy by their municipalities.[1855]

[1851] Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group 11 June 2010.Date of Access: 2 April 2012. http://www.hse.ru/data/2012/04/17/1250180042/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

[1852] Fossil Fuel Consumption Subsidy Rates as a Proportion of the Full Cost of Supply, IEA October 2011. Date of Access: 20 April 2012. http://www.iea.org/subsidy/index.html

[1853] G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies, G-20 Toronto Summit, Canada 26–27 June 2010. Date of Access: 14 April 2012. http://www.eenews.net/assets/2010/06/28/document_cw_03.pdf

[1854] Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil Fuels, OECD October 2011. Date of Access: 20 April 2012. http://www.oecd.org/document/41/0,3746,en_2649_34183_48813609_1_1_1_1,00.html

[1855] South African Government Information.Last modified: 15 March 2012. Date of Access: 29 March 2012. http://www.info.gov.za/faq/services.htm

On 21 March 2012, an oversight on the program for free basic electricity was performed. The Department of Energy decided to review the policy in the future to incorporate new policy developments.[1856]

Since South Africa has specified it does not have inefficient fossil fuels subsidies and it has provided support to the national vulnerable groups who do not have access to the subsidized fossil fuels, the score is +1.

Analyst: Tatyana Lanshina

Turkey: 0
Turkey has partially complied with its commitment on fossil fuel subsidies.

The government subsidizes directly hard coal mining producer TTK (the monopoly state-owned hard coal producer).[1857] Support is mostly provided through transfer payments from the Turkish Treasury to Turkish Hard-Coal Enterprises.

The government plans to phase out this subsidy with the planned restructuring of TTK.[1858]

However, no facts that Turkey is taking action aimed at the TTK restructuring during the compliance period have been found.

Turkey provides support to the national vulnerable groups who do not have access to the subsidized fossil fuels.

The Ministry of Energy and Natural Resources distributes coal for heating purposes to assist poor families.[1859]

Thus Turkey has been awarded a score of 0 for failing to rationalize its inefficient fossil fuel subsidies, but providing support to the national vulnerable groups who do not have access to the subsidized fossil fuels.

Analyst: Nadezhda Sporysheva

United Kingdom: +1
The UK has fully complied with its commitment on clean energy.

At the G20 Toronto Summit in June 2010 the United Kingdom stated that it did not have inefficient fossil-fuel subsidies and no new evidence of such subsidies introduction during the compliance period has been found. However, the UK has some forms of indirect subsidies for heating and electricity including those based on fossil fuel as all fuel and power for households' domestic use, i.e. heating and electricity has a reduced VAT rate of 5%, below the standard rate

---

[1856] Free Basic Electricity / Alternative Energy: oversight; Electrical Power Interruptions: solutions and strategies, South African Integrated Energy 21 March 2012. Date of Access: 30 March 2012.http://irp2.wordpress.com/2012/03/29/free-basic-electricity-alternative-energy-oversight-electrical-power-interruptions-solutions-and-strategies/

[1857] World Energy Outlook 2011, International Energy Agency. Date of Access: 30 March 2012. Date of Access: 1 April 2012. http://www.iea.org/w/bookshop/add.aspx?id=428

[1858] World Energy Outlook 2011. Date of Access: 1 April 2012. http://www.iea.org/w/bookshop/add.aspx?id=428

[1859] Inventory of estimated budgetary support and tax expenditures for fossil fuels, OECD 2011. Date of Access: 1 April 2012. http://www.oecd.org/dataoecd/40/35/48805150.pdf of 17.5%. According to the international organizations' estimates, the tax revenue thereby foregone is equivalent to 0.25% of GDP.[1860] According to more recent estimates, due to reduced VAT gas producers received about GBP3 billion in subsidy, while oil producers — GBP500 million and coal producers — GBP72 million.[1861]

The UK also undertakes some actions to support the national vulnerable groups who do not have access to the subsidized fossil fuels. On 15 March 2012, the Independent Report on Fuel Poverty commissioned by the Department of Energy and Climate Change was published. The report contains recommendations for the government how to tackle the problem of fuel poverty. The UK Government committed to adopt a revised approach to the fuel poverty basing on this Report.[1862] In the Report it was also stated that the UK Government had already introduced some discount schemes to support low income and vulnerable households.[1863] For example, the Warm Home Discount scheme had to support about 2 million low income and vulnerable households in winter 2012.[1864]

The UK has fossil fuel subsidies though it stated that it did not have inefficient fossil-fuel subsidies, it has taken steps to provide support to the national vulnerable groups. Therefore, the UK score is +1.

Analyst: Natalia Churkina

United States: 0

The United States has partially complied with its commitment to rationalise and phase-out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption.

In its national implementation strategy presented at Toronto Summit, the US proposed to pass legislation to eliminate twelve preferential tax provisions related to the production of coal, oil and natural gas. According to President Obama's plan to create jobs now "The American Jobs Act"[1865] assumed to cancel at least 10 tax provisions: Percentage depletion for oil and gas, Expensing of intangible drilling costs (IDCs), Geological and geophysical expenditures, Percentage depletion for hard mineral fossil fuels, Royalty taxation of coal, Expensing of exploration and development costs for hard mineral fuels, Passive loss exception for working

[1860] Analysis of the Scope of Energy Subsidies and Suggestions for the G-20 Initiative, IEA, OPEC, OECD, World Bank Joint Report 16 June 2010. Date of Access: 26 April 2012. http://www.hse.ru/data/2012/04/17/1250178060/G20_Energy_Subsidy_Joint_Report.pdf.

[1861] Wind power still gets lower public subsidies than fossil fuel tax breaks, The Guardian 27 February 2012. Date of Access: 14 April 2012. http://www.guardian.co.uk/environment/2012/feb/27/wind-power-subsidy-fossil-fuels.

[1862] Written Ministerial Statement on the publication by Professor Hills of the final report of his independent review of fuel poverty, Department of Energy and Climate Change 15 March 2012. Date of Access: 14 April 2012. http://www.decc.gov.uk/en/content/cms/news/wms_hills_rpt/wms_hills_rpt.aspx.

[1863] Independent review on Fuel Poverty final report published, Department of Energy and Climate Change 15 March 2012. Date of Access: 14 April 2012. http://www.decc.gov.uk/en/content/cms/news/pn12_024/pn12_024.aspx.

[1864] Minister's Winter Warmth Appeal, Department of Energy and Climate Change 12 February 2012. Date of Access: 14 April 2012. http://www.decc.gov.uk/en/content/cms/news/pn2012_005/pn2012_005.aspx.

[1865] The American Jobs Act, President Obama's plan to create jobs now 12 September 2011. Date of Access: 15 April 2012 http://www.whitehouse.gov/sites/default/files/omb/legislative/reports/american-jobs-act.pdf.

interests in oil and gas properties, Deduction for tertiary injectants, Enhanced oil recovery (EOR) credit, Marginal wells credit, Domestic manufacturing deduction for oil and gas, Domestic manufacturing deduction for coal and other hard mineral fossil fuels. On 2 March 2012 "Oil and Natural Gas Industry Tax Issues in the FY2013 Budget Proposal" was developed.[1866] But on 26 March 2012 at the initiative of Senator Jim Inhofe the plan was blasted.[1867]

On 14 December 2011 Agriculture Secretary Tom Vilsack announced loans and grants for agricultural producers and rural small businesses across the country to implement renewable energy and energy efficiency measures in their operations. The funding is provided through USDA Rural Development's Rural Energy for America Program (REAP).[1868]

US has taken actions to phase-out inefficient fossil fuel subsidies but has not provided support to the national vulnerable groups who do not have access to the subsidized fossil fuels, thus it receives a score of 0.

Analyst: Pavel Zhdanov

European Union: +1
The EU has fully complied with its commitment on clean energy.

No evidence of introduction of fossil fuel subsidies by the EU have been found. Moreover, according to the Treaty on the Functioning of the European Union, any State aid distorting competition and trade is forbidden in general, including aid for fossil fuels consumptions.[1869]

Though most of actions to support vulnerable consumers of energy are undertaken at the national level of the EU members, the European Commission (EC) monitors and controls such national policies and gives recommendations.[1870]

On 7 February 2012, EU Commissioner for Development Andris Piebalgs confirmed the EC commitment to provide access to energy for the poorest people by 2030 at the official European Launch of UN Year on Sustainable Energy for All. He also said that the EU would increase

[1866] Oil and Natural Gas Industry Tax Issues in the FY2013 Budget Proposal, CRS Report for Congress 2 March 2012. Date of Access: 15 April 2012 http://budget.house.gov/UploadedFiles/CRSR42374.pdf.
[1867] Inhofe: Menendez Bill Tax Increases Continue Obama's War on Fossil Fuels, U.S. Senate 26 March 2012. Date of Access: 15 April 2012 http://epw.senate.gov/public/index.cfm?FuseAction=PressRoom.PressReleases&ContentRecord_id=5118BA19-802A-23AD-485B-FC6643A41790.
[1868] Agriculture Secretary Vilsack Announces Funding To Create Jobs, Reduce Energy Costs for Agricultural Producers and Rural Small Businesses, United States Department of Agriculture 14 December 2011. Date of Access: 15 April 2012 http://www.usda.gov/wps/portal/usda/usdahome?contentid=2011/12/0515.xml&navid=NEWS_RELEASE&navtype=RT&parentnav=LATEST_RELEASES&edeployment_action=retrievecontent.
[1869] Analysis of the Scope of Energy Subsidies and Suggestions for the G-20 Initiative, IEA, OPEC, OECD, World Bank Joint Report 16 June 2010.
[1870] Status review of the definitions of vulnerable customer, default supplier and supplier of last resort, European Regulators Group for Electricity & Gas 16 July 2009. Date of Access: 14 April 2012. http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Customers/Tab/E09-CEM-26-04_StatusReview_16-Jul-09.pdf.

access to energy services for the poorest through the promotion of its technologies, expertise and aid funding.[1871]

The EU does not have any inefficient fossil fuels subsidies and has undertaken some steps to provide support to the vulnerable groups who do not have access to the subsidized fossil fuels; therefore its score is +1.

Analyst: Natalia Churkina

[1871] Energy tops the Development agenda: Commissioner Piebalgs to attend the European launch of the UN's Year of Sustainable Energy for All, European Commission 7 February 2012. Date of Access: 14 April 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=IP/12/104&format=HTML&aged=0&language=EN&guiLanguage=en.

Energy: Clean Technology [242]

Commitment [#242]

"We commit to encouraging effective policies that overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies"

Cannes Summit Final Declaration

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			+1
Mexico			+1
Russia			+1
Saudi Arabia			+1
South Africa			+1
Turkey		0	
United Kingdom			+1
United States			+1
European Union			+1
Average Score		+0.95	

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. The Cannes Summit further underlined the commitment with reference to the United Nations Secretary General's Sustainable Energy for All initiative.[1872]

[1872] Cannes Summit Final Declaration: Building Our Common Future, G20 Information Center (Toronto) 4 November 2011. Date of Access: 5 February 2012. http://www.g20.utoronto.ca/2011/2011-cannes-declaration-111104-en.html.

Commitment Features:
This commitment focuses on encouraging existing policies. Measures that fulfil this commitment thus improve the performance of such existing measures and do not require the establishment of novel ventures. This commitment consists of two components. Either governments promote policies that overcome barriers to efficiency. Or they otherwise spur both innovation and also deployment of clean and efficient energy technologies. The United Nations Secretary General's Sustainable Energy for All initiative suggests the following examples of policies that overcome barriers to efficiency:[1873]

The Establishment of unified sets of standards for energy efficiency[1874]
Instruments that help overcome the high initial costs of efficiency applications[1875]

Examples of policies that assist in spurring innovation and deployment of clean and efficient energy technologies include:

The 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
The Implementation of credits and tax credits for private investment in clean energy technology research and development
The Establishment of privileged loans for energy efficiency and clean technology research and development
Setting up a certification system for companies that invest in energy efficiency and clean energy technology research and development

Scoring Guidelines:

-1	G20 member neither encourages effective policies that overcome barriers to efficiency, nor otherwise spurs both innovation and deployment of clean and efficient energy policies.
0	G20 member either encourages effective policies that overcome barriers to efficiency, OR otherwise spurs both innovation and deployment of clean and efficient energy policies.
+1	G20 member encourages effective policies that overcome barriers to efficiency, AND spurs both innovation and deployment of clean and efficient energy policies.

Lead Analysts: Robert Schuster and Semra Sevi

[1873] Sustainable Energy for All: A Framework for Action, The Secretary General's High-level Group on sustainable Energy for All (New York) 1 January 2012. Date of Access: 5 February 2012. http://sustainableenergyforall.org/images/SE_for_All_-_Framework_for_Action_FINAL.pdf.
[1874] Sustainable Energy for All: A Framework for Action, The Secretary General's High-level Group on sustainable Energy for All (New York) 1 January 2012. Date of Access: 5 February 2012. http://sustainableenergyforall.org/images/SE_for_All_-_Framework_for_Action_FINAL.pdf.
[1875] Sustainable Energy for All: A Framework for Action, The Secretary General's High-level Group on sustainable Energy for All (New York) 1 January 2012. Date of Access: 5 February 2012. http://sustainableenergyforall.org/images/SE_for_All_-_Framework_for_Action_FINAL.pdf.

Argentina: +1

Argentina has fully complied with its commitment to create environments that are conducive to the development and deployment of clean energy technologies and energy efficiency.

Ranked 16th among G20 members, Argentina attracted USD743 million in clean energy investment in 2010. Its current clean energy policy framework focuses on oil displacement through the development of biofuels and wind energy, and financial incentives, such as Production Tax Credits and other tax exemptions.[1876] According to Argentina's Minister of Industry, Débora Giorgi, the Argentinian government is strongly committed to supporting environmentally friendly projects that both diversify the country's energy matrix and act as major generators of employment.[1877]

On 11 January 2012, Argentina's Minister of Industry, Débora Giorgi, held a meeting with the representatives of the Chamber of Industrial Members for Projects and Engineering of Capital Goods of Argentina (CIPIBIC) to announce the creation of the "Argentine Wind Cluster Project." Based on the findings of Argentina's "Industrial Strategic Plan 2020," this project aims to inject a cluster of wind power generation companies into Argentina's market in the hope that, by 2020, 10,000 jobs will be created with an annual domestic production of 1000 MW of wind power. According to CIPIBIC, the Cluster will develop over 500 suppliers and four national wind turbine brands as well as generate 500 MW of installed wind power annually. The project already has 32 members in eight different provinces, but it hopes to unite all companies dedicated to wind power generation in Argentina.[1878]

However, on 16 April 2012, Argentinean President Cristina Kirchner announced that the government would expropriate 51% of the shares of YPF, an oil company that was purchased by Spanish energy firm Repsol in 1999. The fact that the government justified its decision on the need to boost national oil and gas production brings into question the country's commitment to clean energy development as well. It is reported that the shale deposits trapped under the Vaca Muerta basin could increase Argentina's oil reserves by at least 750 million barrels.[1879]

Overall, Argentina's existing clean energy policy framework and recent investments in renewable energy sources, such as wind power, demonstrate its commitment and willingness to foster enabling environments that are conducive to the deployment and development of clean energy technologies and energy efficiency. It is thus, awarded a score of +1.

Analyst: Maria Carmela Poblador

[1876] Who's Winning the Clean Energy Race? 2010 Edition: G-20 Investment Powering Forward, The Pew Charitable Trusts (Washington, D.C.) 29 March 2011. Date of Access: 19 February 2012. http://www.pewenvironment.org/uploadedFiles/PEG/Publications/Report/G-20Report-LOWRes-FINAL.pdf

[1877] Presentan Cluster de 32 Empresas Para Generar Energía Eólica, Ministerio de Industria (Buenos Aires) 11 January 2012. Date of Access: 1 March 2012. http://www.industria.gob.ar/?p=10759

[1878] Presentan Cluster de 32 Empresas Para Generar Energía Eólica, Ministerio de Industria (Buenos Aires) 11 January 2012. Date of Access: 1 March 2012. http://www.industria.gob.ar/?p=10759

[1879] YPF Takeover May Cut Argentine Government Spending on LNG, Reuters (New York) 26 April 2012. Date of Access: 29 April 2012. http://www.reuters.com/article/2012/04/26/argentina-ypf-lng-idUSL2E8FQHXH20120426

Australia: +1

Australia has fully complied with its commitment to encourage effective policies that overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies.

On 16 February 2012, the Ministry for Industry and Innovation launched a Clean Technology Investment Program.[1880] This program offers AUD800 million in transitional assistance to industry and businesses to invest in energy-efficient supplies and low carbon technologies.[1881]

On 20 April 2012, the Ministry for Industry and Innovation appointed expert committees to deliver the Clean Technology Investment Program. Australian Senator Kate Lundy said "their manufacturing experience and expertise will enable them to help deliver the important Clean Technology Investment programs to ensure the sector invests in clean energy and remains competitive."[1882] The Australian government also launched AUD200 million in a Clean Technology Food and Foundries Investment Program in order to support energy efficiency and low pollution technology.

On 30 January 2012, the Government of Australia also invested AUD34 billion dollars for Ichthys liquefied natural gas field (LNG), the largest gas transmission pipeline project in the world.[1883] Australia's Minister for Resources, Energy and Tourism Martin Ferguson remarked that this major investment in gas pipeline is also important to the clean energy sector of Australia and other nations that would want to use LNG.[1884]

Australia has launched the Clean Technology Investment Program in addition to continuously supporting previous programs, such as Carbon Farming Futures Fund. Thus, Australia is awarded score of +1.

Analyst: Jihae Jang

[1880] Clean technology investment program, AusIndustry (Canberra) n.d. Date of Access: 1March 2012 http://www.ausindustry.gov.au/CleanTech/InvestmentProgram/Pages/InvestmentProgram.aspx

[1881] Helping business access $1 billion in clean tech funding, Office of Hon. Greg Combet AM MP (Canberra) 5 Mar 2012. Date of Access: 6 March 2012 http://minister.innovation.gov.au/gregcombet/mediareleases/pages/helpingbusinessaccess1million.aspx

[1882] Expert committee appointed to deliver $1 billion Clean Tech programs, Office of Senator the Hon Kate Lundy (Canberra) 20 Apr 2012. Date of Access: 29 April 2012 http://minister.innovation.gov.au/katelundy/mediareleases/pages/expertcommitteeappointedtodeliver1billioncleantechprograms.aspx

[1883] Australian LNG attracts new $30 billion investment, Australian Trade Commission (Canberra) 30 January 2012. Date of Access: 6 March 2012 http://www.austrade.gov.au/Invest/Investor-Updates/2012/0130-Australian-LNG-attracts-new-30-billion-investment

[1884] Australian LNG Attracts New $30 billion Investment, Australian Trade Commission (Camberra) 30 January 2012. Date of Access: 6 March 2012 http://www.austrade.gov.au/Invest/Investor-Updates/2012/0130-Ausstralian-LNG-attracts-new-30-billion-investment

Brazil: +1

Brazil has fully complied with the commitment to encourage effective policies that overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies.

On 14 December 2011, the National Bank of Economic and Social Development (BNDES) approved the construction of 26 wind farms, totaling BRL1.8 billion. This was the largest amount ever approved by BNDES and also 275% greater than 2010 approvals.[1885]

On 28 November 2011, it was announced that the National Bank of Economic and Social Development (BNDES) would provide BRL200 million to projects aimed at combating climate change and reducing greenhouse gas emissions.[1886]

On 5 March 2012, the Brazilian government and World Bank approved a loan agreement amounting to USD106 million, to be directed to the energy and mining sectors. The loan will work to purchase equipment, facilitate the universal application of electric energy, as well as enhancing sustainability actions.[1887]

On 2 April 2012, the Ministry of Environment (MME) announced that it will begin to reward positive practices that help promote the development of sustainable cities. The MME explained that they hope that rewarding such practices, and then publishing and releasing them at conferences such as the United Nations Conference on Sustainable Development (Rio+20), will promote and aid the distribution and exchange of sustainable ideas.[1888]

On 1 November 2011, the Brazilian government released a proposal for the United Nations Conference on Sustainable Development (Rio+20). The proposal contains a section on energy which calls for various clean energy measures, including the establishment of incentives to encourage regulatory and institutional reforms that promote the use of renewable energies (such as hydroelectric power, biomass-based cogeneration of electric power, and wind and solar power). The proposal also calls for an increase in investments in research to help improve technologies used to produce cleaner vehicle fuels, in order to reduce greenhouse gas emissions.[1889]

[1885] Brazilian Development Bank (BNDES) approved R$ 1.8 billion in financing for 26 wind parks in Northeast Brazil. 14 December 2011. Date of Access: 10 March 2012. http://www.brasil.gov.br/news/history/2011/12/14/brazilian-development-bank-bndes-approves-r-1.8-billion-in-financing-for-26-wind-parks-in-northeast-brazil

[1886] The Climate Fund enters operation with R$235 million. 28 November 2011. Date of Access: 3 March 2012. http://www.brasil.gov.br/news/history/2011/11/28/the-climate-fund-enters-operation-with-r-235-million

[1887] Government signs loan with World Bank for projects in the energy sector. 5 March 2012. Date of Access: 10 March 2012. http://www.brasil.gov.br/news/history/2012/03/05/government-signs-loan-with-world-bank-for-projects-in-the-energy-sector

[1888] Ministry of Environment awards sustainability experiences. 2 April 2012. Date of Access: 28 April 2012. http://www.brasil.gov.br/news/history/2012/04/02/ministry-of-environment-awards-sustainability-experiences

[1889] Submission by Brazil to the Preparatory Process of the United Nations Conference on Sustainable Development (Rio+20) 2012. 1 November 2011. Date of Access: 3 March 2012. http://www.brasil.gov.br/news/history/2011/11/brazil-announces-proposals-to-promote-sustainable-development-ahead-of-rio-20

On 25 November 2011, the undersecretary-general for Environment, Energy, Science and Technology of the Ministry of External Relations, Ambassador Luiz Alberto Figueiredo Machado, expressed Brazil's hope that an adoption of a second commitment period under the Kyoto Protocol would result from the 17th Conference of the Parties (COP17) to the United Nations Framework Convention on Climate Change (UNFCCC) and the 7th Session of the Conference of the Parties serving as the Meeting of the Parties (CMP7) to the Kyoto Protocol.[1890] Secretary of the Ministry of the Environment Eduardo Assad continued to express this support for a second commitment period by sharing how Brazil voluntarily set daring targets for the reduction of emissions at the COP15, and how it is possible to meet such targets when making decisions such as those taken by Brazil.[1891]

On 8 December 2011, at the COP 17 in South Africa, Brazilian Minister of the Environment Izabella Teixeira called for the creation of a new regime that will require all nations involved to reduce greenhouse gas emissions as of 2020, in order to complement the Kyoto Protocol that expires in 2012.[1892]

On 6 December 2011, at COP 17, Ambassador Luiz Alberto Figeuiredo Machado announced Brazil's willingness to agree to a legally binding instrument regarding carbon emission targets.[1893]

On 7 December 2011, the President of Brazil Dilma Rousseff, urged for an agreement at COP 17 supporting a second round of the Kyoto Protocol.[1894]

On 28 November 2011, the Brazilian Federal Government announced its continuing dedication to their Ten Year Plan and Energy Sector Plan.[1895]

Thus, Brazil has been awarded a score of +1 for its encouragement of policies that promote clean and efficient energy, such as the measures taken by the National Bank of Economic and Social Development (BNDES).

Analyst: Michelle Cramer

[1890] UN Climate Change Conference begins in Durban, last chance to preserve the Kyoto Protocol in its integrity. 25 November 2011 Date of Access: 3 March 2012. http://www.brasil.gov.br/news/history/2011/11/25/un-climate-change-conference-begins-in-durban-last-chance-to-preserve-the-kyoto-protocol-in-its-integrity

[1891] COP17: Brazil wants the adoption of a second commitment period under Kyoto. 3 December 2011. Date of Access: 10 March 2012. http://www.brasil.gov.br/news/history/2011/12/3/brazil-wants-to-adopt-binding-commitments-for-the-second-step-of-the-kyoto-protocol

[1892] Izabella Teixeira advocates extension of the Kyoto Protocol at the UN conference. 9 December 2011. Date of Access: 3 March 2012. http://www.brasil.gov.br/news/history/2011/12/9/izabella-teixeira-advocates-extension-of-the-kyoto-protocol-at-the-un-conference

[1893] Brazil is willing to adopt a legally binding instrument. 6 December 2011. Date of Access: 3 March 2012. http://www.brasil.gov.br/news/history/2011/12/6/brazil-is-willing-to-adopt-a-legally-binding-instrument

[1894] President Dilma makes appeal for agreement at COP 17. 7 December 2011. Date of Access: 3 March 2012. http://www.brasil.gov.br/news/history/2011/12/7/president-dilma-makes-appeal-for-agreement-at-cop-17

[1895] Brazil invests in maintaining a clean energy matrix. 28 November 2011. Date of Access: 2 March 2012. http://www.brasil.gov.br/news/history/2011/11/28/brazil-invests-in-maintaining-a-clean-energy-matrix/newsitem_view?set_language=en

Canada: +1
Canada has fully complied with its commitment to encourage effective policies that overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies.

In late January 2012, Canadian Minister of Natural Resources Joe Oliver announced the allocation of CAD117 million for the ecoEnergy Efficiency Initiatives program, more than doubling the initial investment of CAD78 million by the Government of Canada during the previous year.[1896] The ecoEnergy Efficiency Initiative is a program meant to make "the housing, building, and equipment stock more energy efficient, energy performance more visible, and industry and vehicle operations more efficient."[1897]

Peter Kent, Canada's environment minister, has also announced substantial funding for international emissions reduction projects. On 5 December 2011, the minister pledged CAD1.2 billion in accordance with Canadian commitments under the 2009 Copenhagen Accord to assist developing countries lower their greenhouse gas emissions and adapt to the impacts of climate change.[1898]

Joe Oliver also announced, on 20 Match 2012, that an investment of CAD14 million would be made in the province of Saskatchewan's Aquistore project. The project focuses on the implementation of a technological advancement that safely sequesters carbon dioxide from coal-burning plants. The scale of the project represents a first for this type of technology in the world.[1899]

Minister Peter Kent has also been promoting a set of draft regulations targeting pollution from coal-fired power plants.[1900] Though, the draft regulations have not yet been passed into law, Environment Canada has labeled the regulation of fossil fuel sectors as a priority in its efforts to reduce greenhouse-gas emissions.[1901]

[1896] Government of Canada Takes Action to Improve Energy Efficiency, Natural Resources Canada (Ottawa) 29 January 2012. Date of Access: 4 March 2012. http://www.nrcan.gc.ca/media-room/news-release/2012/3709.
[1897] ecoENERGY Efficiency, Office of Energy Efficiency (Ottawa) 26 October 2011. Date of Access: 4 March 2012. http://oee.nrcan.gc.ca/corporate/14511.
[1898] Minister Kent Announces International Climate Funding, Environment Canada (Durban) 5 December 2011. Date of Access: 4 March 2012.
http://www.ec.gc.ca/default.asp?lang=En&n=714D9AAE-1&news=B37E3BE6-5D04-4566-B674-677A20213456.
[1899] Government of Canada Invests in Carbon Capture and Storage Technology, Natural Resources Canada (Regina) 20 March 2012. Date of Access: 26 April 2012.
http://www.nrcan.gc.ca/media-room/news-release/2012/32/6082.
[1900] Environment Canada Presses for Urgent Crackdown on Coal, Vancouver Sun (Vancouver) 22 February 2012. Date of Access: 4 March 2012.
http://www.vancouversun.com/technology/Environment+Canada+presses+urgent+crackdown+coal/6193772/story.html.
[1901] Environment Canada Presses for Urgent Crackdown on Coal, Vancouver Sun (Vancouver) 22 February 2012. Date of Access: 4 March 2012.
http://www.vancouversun.com/technology/Environment+Canada+presses+urgent+crackdown+coal/6193772/story.html.

On 16 February 2012, The Government of Canada launched the 2012 R-2000 standard.[1902] The 2012 R-2000 standard will create a new benchmark for energy efficiency in Canadian households, with the goal of lowering energy costs and reducing greenhouse gas emissions.[1903]

The Canadian government, on 23 February 2012, announced the planned introduction of fuel consumption labels aimed at assisting Canadians in making informed decisions when purchasing new vehicles.[1904] The policy hopes to encourage energy efficiency on Canadian roads.

On 23 April 2012, Minister Kent publicized plans to reduce emissions on Canadian roads. The proposed regulations will seek to reduce greenhouse gas emissions for new on-road heavy-duty vehicles. The strategy's goal is to reduce emissions from Canadian heavy-duty vehicles by 3 million tonnes per year.[1905]

Thus, Canada receives a +1 for score for its commitment to encourage effective policies to overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies.

Analyst: Josh Zakkai

China: +1

China has fully complied with its commitment to encourage effective policies that overcome barriers to energy efficiency, or otherwise spur both innovation and deployment of clean and efficient energy technologies.

On 22 November 2011, the Information Office of the State Council published a white paper titled "China's Policies and Actions for Addressing Climate Change."[1906] According to the document, China aims at reducing carbon dioxide emission and energy consumption per-unit GDP by respectively 17 and 16% in the next five years. The country is and will continue to: (1) implement energy-conservation projects; (2) accelerate the development of low-carbon energy sources; and (3) establish a carbon emissions trading market.[1907] These measures are facilitated through policy

[1902] Harper Government Launches New Energy-Efficiency Standard for Canadian Homes, Natural Resources Canada (Ottawa) 16 February 2012. Date of Access: 4 March 2012. http://www.nrcan.gc.ca/media-room/news-release/2012/21/3794.

[1903] Harper Government Launches New Energy-Efficiency Standard for Canadian Homes, Natural Resources Canada (Ottawa) 16 February 2012. Date of Access: 4 March 2012. http://www.nrcan.gc.ca/media-room/news-release/2012/21/3794.

[1904] Harper Government to Introduce New Fuel Consumption Labels, Announces 2012 Winners for Fuel Efficiency, Natural Resources Canada (Toronto) 17 February 2012. Date of Access: 4 March 2012. www.nrcan.gc.ca/media-room/news-release/2012/23/3798.

[1905] Harper Government Takes Next Step to Reduce Greenhouse Gas Emissions from Heavy-Duty Vehicles, Environment Canada (Boucherville) 13 April 2012. Date of Access: 26 April 2012. http://www.ec.gc.ca/default.asp?lang=En&n=714D9AAE-1&news=1145351A-3CE2-4AFF-9A39-3E05FFC31D79.

[1906] China's Policies and Actions for Addressing Climate Change, Government of China (Beijing) 22 November 2011. Date of Access: 28 February 2012. http://english.gov.cn/official/2011-11/22/content_2000272.htm.

[1907] China's Policies and Actions for Addressing Climate Change, Government of China (Beijing) 22 November 2011. Date of Access: 28 February 2012. http://english.gov.cn/official/2011-11/22/content_2000272.htm.

guidance and funding input, as well as financial subsidies, preferential taxation, connecting generated power to grid, and electricity price subsidies.[1908]

On 27 November 2011, at the Sixth China-Japan Forum on Energy-Saving and Environment Protection in Beijing, 51 energy-saving projects were signed between China and Japan. China also pledged to strengthen its intellectual property protection in the hopes of creating a healthy environment for Japanese technology.[1909]

During the Durban Climate Change Conference discussions in December 2011, China adopted a plan to establish a carbon emissions trading scheme, whereby companies with green projects will receive financial support.[1910] For the first time, the country released carbon intensity goals for each provincial-level region, thus tying green targets to appraisal systems for officials. This new arrangement will form a systematic program to improve energy efficiency and expand the deployment of clean energy in China.[1911]

On 16 January 2012, at the Fifth World Future Energy Summit in Abu Dhabi, Premier Wen Jiabao reiterated China's stand on clean and renewable energy. China plans to improve energy efficiency by upgrading its energy structure, which entails lifting the usage of non-fossil fuels and lowering total energy consumption.[1912] The Premier also outlined a series of regulatory and financial incentives to deliver his promise, such as shutting down highly polluting industrial plants, establishing a monitoring and evaluation system on energy conservation, and investing more in solar, wind, and electric vehicles.[1913]

On 25 November 2011, the Chinese government issued a regulation that designates new-energy vehicles, such as plug-in hybrids and all-electric automobiles, as officially approved government purchases. The regulation also aims to curb emissions by limiting the engine displacement of newly purchased government vehicles to 1.8 litres and restricting the price to CNY180 thousand (USD28 thousand).[1914]

[1908] China's Policies and Actions for Addressing Climate Change, Government of China (Beijing) 22 November 2011. Date of Access: 28 February 2012. http://english.gov.cn/official/2011-11/22/content_2000272.htm.
[1909] China Committed to Green Policies, People's Daily Online (Beijing) 27 November 2011. Date of Access: 28 February 2012. http://english.people.com.cn/90883/7657413.html.
[1910] China's Efforts in Carbon Emission Cut, Xinhua News Agency (Beijing) 10 December 2011. Date of Access: 28 February 2012. http://news.xinhuanet.com/english/video/2011-12/10/c_131299023.htm.
[1911] Blueprint Sets out Control of Emissions, People's Daily Online (Beijing) 7 December 2011. Date of Access: 28 February 2012. http://english.people.com.cn/90778/7667860.html.
[1912] China Continues to Step up Investment, Co-op in New Energy, Ministry of Commerce People's Republic of China (Beijing) 31 January 2012. Date of Access: 28 February 2012. http://english.mofcom.gov.cn/aarticle/newsrelease/counselorsoffice/westernasiaandafricareport/201201/20120107944975.html.
[1913] China Strives for Energy Efficiency, Xinhua News Agency (Beijing) 18 January 2012. Date of Access: 28 February 2012. http://news.xinhuanet.com/english/video/2012-01/18/c_131366781.htm.
[1914] China Gives New-Energy Vehicles Official Nod, Xinhua News Agency (Beijing) 25 November 2011. Date of Access: 28 February 2012. http://news.xinhuanet.com/english2010/china/2011-11/25/c_131269594.htm.

On 27 February 2012, the Ministry of Industry and Information Technology announced that China plans to cut its energy consumption per unit of industrial value-added output by 21% during the Twelfth Five-Year Plan period. The Ministry's industrial energy conservation plan also laid out detailed targets for cuts by several energy-intensive sectors. Other measures to promote emission reductions include phasing out polluting industries and constructing energy-saving buildings.[1915]

On 24 February 2012, the China Banking Regulatory Commission released guidelines that encourage banks to use green credits as a tool to support carbon emission reductions. Under the new guidelines, Chinese banks must evaluate environmental and social impacts caused by their customers' projects, and then determine credit ratings and entry/exit terms based on those assessments.[1916]

On 14 March 2012, the State Council adopted the draft central and local budgets submitted at the Fifth Session of the 11th National People's Congress. The budget report outlines plans for expanding the use of new energy sources, such as solar energy, wind power equipment, and new-energy vehicles.[1917] At the same time, the Chinese government will promote the clean and efficient usage of traditional energy, safely develop nuclear power and hydroelectric power, and resolve issues in the exploration of shale gas.[1918] China also aims to use economic, legal, and administrative means to conserve energy and reduce emissions in such key areas as manufacturing, transportation, construction, public institutions, private homes, and 1 000 energy-intensive enterprises.[1919] Some specific practices include: (1) developing smart power grids; (2) ensuring the proper distribution of energy supplies; (3) quickening the construction of energy transportation routes; and (4) closing down outdated production facilities.[1920]

On 22 April 2012, China and Iceland signed an intergovernmental agreement on cooperation in geothermal energy. During his visit at the Hellisheidi Power Station in Iceland, Premier Wen Jiabao remarked that China has great market potential due to its abundant geothermal energy

---

1915 China Targets 21 Pet Less Energy Use, Ministry of Commerce People's Republic of China (Beijing) 27 February 2012. Date of Access: 2 March 2012. http://english.mofcom.gov.cn/aarticle/newsrelease/counselorsoffice/westernasiaandafricareport/201202/20120207985579.html.

1916 Chinese Banks Urged to Boost Green Credit, Ministry of Commerce People's Republic of China (Beijing) 26 February 2012. Date of Access: 2 March 2012. http://english.mofcom.gov.cn/aarticle/newsrelease/counselorsoffice/westernasiaandafricareport/201202/20120207983728.html.

1917 Report on the Work of the Standing Committee, Government of China (Beijing) 14 March 2012. Date of Access: 28 March 2012. http://english.gov.cn/official/2012-03/18/content_2094146.htm.

1918 Report on the Work of the Standing Committee, Government of China (Beijing) 14 March 2012. Date of Access: 28 March 2012. http://english.gov.cn/official/2012-03/18/content_2094146.htm.

1919 Report on the Work of the Standing Committee, Government of China (Beijing) 14 March 2012. Date of Access: 28 March 2012. http://english.gov.cn/official/2012-03/18/content_2094146.htm.

1920 Report on the Work of the Standing Committee, Government of China (Beijing) 14 March 2012. Date of Access: 28 March 2012. http://english.gov.cn/official/2012-03/18/content_2094146.htm.

resources.[1921] The premier encouraged Icelandic geologists to educate Chinese students on developing, utilizing, researching, and promoting geothermal and other energies.

On 29 March 2012, Premier Wen Jiabao reiterated China's stance on working closely with the United Arab Emirates (UAE) to promote efficient and sustainable development of bilateral energy cooperation. The two countries plan to strengthen investment collaborations in energy efficiency, the green industry, and trade.[1922]

On 31 March 2012, Vice President Xi Jinping met with Kazakh Prime Minister Karim Masimovat to promote bilateral relations in clean energy. The vice president said that both countries must maximize their complementary energy industries and strengthen cooperation in clean energy and infrastructure construction.[1923]

On 19 April 2012, the State Council approved a development guideline for the energy-saving and new-energy car industry. According to a poll conducted by a major Chinese web portal, this guideline approval has prompted more than half of the survey participants into considering purchasing a new-energy vehicle.[1924] The Chinese government has already launched a trial subsidy programs in five cities, offering CNY60 thousand to buyers of purely electric vehicles and CNY50 thousand to hybrid vehicle buyers.[1925] The government also plans to build more battery-charging stations and create more facilities for recycling batteries.[1926] Currently, although the sales volume of new-energy cars only constitutes a small share of China's total car sales, the State Council hopes to increase this output by requiring domestic manufacturers to become capable of independently producing state-of-the-art components for new-energy cars.[1927]

On 15 March 2012, the Municipal Government of Beijing and state-owned China Petrochemical Corporation (SINOPEC) signed an agreement to implement clean-energy public transportation in Beijing. SINOPEC agreed to provide liquefied petroleum gas, on which the new vehicles will

[1921] Premier Wen Pledges More Cooperation with Iceland in Geothermal Energy, Government of China (Beijing) 22 April 2012. Date of Access: 26 April 2012. http://english.gov.cn/2012-04/22/content_2119571.htm.
[1922] Wen Calls for Orderly, Efficient Energy Cooperation with UAE, Government of China (Beijing) 29 March 2012. Date of Access: 26 March 2012. http://english.gov.cn/2012-03/29/content_2102834.htm.
[1923] Chinese VP Calls for Boosting China-Kazakhstan Ties, Government of China (Beijing) 31 March 2012. Date of Access: 28 April 2012. http://english.gov.cn/2012-03/31/content_2104724.htm.
[1924] Chinese Look to New-Energy Cars Amid Government Incentives, Xinhua News Agency (Beijing) 19 April 2012. Date of Access: 26 April 2012. http://news.xinhuanet.com/english/china/2012-04/19/c_131538842.htm.
[1925] Chinese Look to New-Energy Cars Amid Government Incentives, Xinhua News Agency (Beijing) 19 April 2012. Date of Access: 26 April 2012. http://news.xinhuanet.com/english/china/2012-04/19/c_131538842.htm.
[1926] Chinese Look to New-Energy Cars Amid Government Incentives, Xinhua News Agency (Beijing) 19 April 2012. Date of Access: 26 April 2012. http://news.xinhuanet.com/english/china/2012-04/19/c_131538842.htm.
[1927] Chinese Look to New-Energy Cars Amid Government Incentives, Xinhua News Agency (Beijing) 19 April 2012. Date of Access: 26 April 2012. http://news.xinhuanet.com/english/china/2012-04/19/c_131538842.htm.

run, at designated gas stations.[1928] The purpose of the collaboration is to improve air quality and energy sustainability in the nation's capital.

Thus, China has been awarded a score of +1 for encouraging policies that either overcome barriers to efficiency, or otherwise spur both innovation and deployment of clean and efficient energy technologies.

Analyst: Maggie Shi

France: +1

France has fully complied with its commitment to encourage effective policies that overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies.

Prior to the current compliance period, France initiated a broad range of measures for enhancing deployment of clean and efficient energy technologies. On 16 December 2011, the Ministry of Ecology, Sustainable Development, Transportation and Housing bolstered these measures by outlining a 27-step roadmap for energy efficiency at the National Roundtable on Energy Efficiency.[1929] The roadmap aims to reduce energy consumption by between 19.7% and 21.4% by 2020. 16 of the 27 measures contained in the roadmap will be operational by summer 2012.[1930]

Key measures of the roadmap include: standardization of software and professional certifications for energy audits, eco-energy loans for small businesses, and public loans for energy-efficiency initiatives. The Government of France issued standardized rules for energy audits between 10 February 2012 and 15 March 2012.[1931] On 19 March 2012, the French government made available eco-energy loans for small businesses seeking to procure energy-efficient equipment.[1932] On 9 March 2012, the Government of France opened an envelope of EUR300 million in public funding for energy-efficiency projects and initiatives. The fund received applications until May 2012.[1933]

France has made efforts to encourage removal of barriers to efficiency and to foster the deployment of clean and efficient energy technologies. Thus, France receives a score of +1.

Analyst: Robert Schuster

[1928] 中石化与北京联合推广液化天然气清洁能源公交车, Government of China (Beijing) 15 March 2012. Date of Access: 26 April 2012. http://www.gov.cn/jrzg/2012-03/15/content_2092662.htm.

[1929] Progress in March 2012, Ministry of the Environment, Sustainable Development, Transport and Housing (Paris) 15 March 2012. Date of Access: 29 April 2012. http://www.developpement-durable.gouv.fr/Introduction,27138.html.

[1930] Progress in March 2012, Ministry of the Environment, Sustainable Development, Transport and Housing (Paris) 15 March 2012. Date of Access: 29 April 2012. http://www.developpement-durable.gouv.fr/Introduction,27138.html.

[1931] Progress in March 2012, Ministry of the Environment, Sustainable Development, Transport and Housing (Paris) 15 March 2012. Date of Access: 29 April 2012. http://www.developpement-durable.gouv.fr/Introduction,27138.html.

[1932] Progress in March 2012, Ministry of the Environment, Sustainable Development, Transport and Housing (Paris) 15 March 2012. Date of Access: 29 April 2012. http://www.developpement-durable.gouv.fr/Introduction,27138.html.

[1933] Progress in March 2012, Ministry of the Environment, Sustainable Development, Transport and Housing (Paris) 15 March 2012. Date of Access: 29 April 2012. http://www.developpement-durable.gouv.fr/Introduction,27138.html.

Germany: +1

Germany has fully complied with its commitment to encourage effective policies that overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies.

The Government of Germany has improved the country's funding framework for clean and efficient energy technologies. On 14 December 2011, the German cabinet adapted regulations regarding energy subsidies, removing a time delay during the disbursement of funding in order to avoid project liquidity gaps.[1934] On the same day, the Government of Germany also introduced an amendment to the legal framework on combined heat and power systems. This amendment increases the application period for funding by 4 years (extended until 2020) and enables funding for both district energy networks as well as energy storage systems.[1935] The German government also increased funding for the CO2 building retrofit program to EUR1.5 billion between 2012 and 2014.[1936]

What is more, the Government of Germany is also optimizing the country's legal and regulatory framework with regards to clean and efficient energy technologies. The German government seeks to finalize regulations for smart meters and time-of-use electricity pricing by summer 2012.[1937] The Federal Ministry of Transport, Building and Urban Development is working on a long-term model for building retro-fits. This model, aiming to achieve an 80% reduction in building energy consumption by 2050, will serve as a guideline for building owners seeking to invest in energy-efficient retrofits.[1938]

Finally, the Government of Germany is in the process of transposing recent European Union energy-efficiency regulations into German law. These regulations pertain to efficiency standards and certifications for buildings and appliances; transposition will be finalized between May 2012 and spring 2013.[1939]

[1934] Energiewende auf Gutem Weg, Bundesministerium fuer Umwelt, Naturschutz und Reaktorsicherheit (Berlin) 23 February 2012. Date of Access: 29 April 2012. http://www.bmu.de/files/pdfs/allgemein/application/pdf/broschuere_energiewende_bf.pdf.
[1935] Energiewende auf Gutem Weg, Bundesministerium fuer Umwelt, Naturschutz und Reaktorsicherheit (Berlin) 23 February 2012. Date of Access: 29 April 2012. http://www.bmu.de/files/pdfs/allgemein/application/pdf/broschuere_energiewende_bf.pdf.
[1936] Energiewende auf Gutem Weg, Bundesministerium fuer Umwelt, Naturschutz und Reaktorsicherheit (Berlin) 23 February 2012. Date of Access: 29 April 2012. http://www.bmu.de/files/pdfs/allgemein/application/pdf/broschuere_energiewende_bf.pdf.
[1937] Energiewende auf Gutem Weg, Bundesministerium fuer Umwelt, Naturschutz und Reaktorsicherheit (Berlin) 23 February 2012. Date of Access: 29 April 2012. http://www.bmu.de/files/pdfs/allgemein/application/pdf/broschuere_energiewende_bf.pdf.
[1938] Energiewende auf Gutem Weg, Bundesministerium fuer Umwelt, Naturschutz und Reaktorsicherheit (Berlin) 23 February 2012. Date of Access: 29 April 2012. http://www.bmu.de/files/pdfs/allgemein/application/pdf/broschuere_energiewende_bf.pdf.
[1939] Energiewende auf Gutem Weg, Bundesministerium fuer Umwelt, Naturschutz und Reaktorsicherheit (Berlin) 23 February 2012. Date of Access: 29 April 2012. http://www.bmu.de/files/pdfs/allgemein/application/pdf/broschuere_energiewende_bf.pdf.

Germany has made both regulatory as well as fiscal efforts to encourage removal of barriers to efficiency and to foster the deployment of clean and efficient energy technologies. Thus, Germany receives a score of +1.

Analyst: Robert Schuster

India: +1

India has demonstrated full compliance with its commitment to encourage effective policies that overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies.

The Government of India has recently announced a pledge of INR19.42 crores towards the installation of 2,391 solar pumps during the current fiscal year. The pumps will be dispersed throughout Chhattisgarh, Haryana, Maharashtra, Punjab, Rajasthan and Uttar Pradesh.[1940]

The Government of India demonstrated its desire to encourage renewable and energy efficiency projects shortly after the 2011 Cannes Summit. On 25 November 2011, the Ministry of New and Renewable Energy announced its implementation of the Energy Efficient Solar/Green Building Program, an initiative focused on promoting the construction of buildings that use renewable energy.[1941] The program includes a green building rating system, and aims to promote the construction of energy efficient buildings through the use of incentives.[1942]

Additionally, the Ministry of New and Renewable Energy is promoting a policy initiative to develop sixty Indian cities through the use of solar power.[1943] A press release from the Government of India, released 25 November 2011, outlines 48 cities that have already been granted approval and 37 cities that have been sanctioned to begin planning new solar projects.[1944]

In line with the plans for solar development, the Indian government announced, on 26 March 2012, that it will install 20 million new solar lights throughout the country by 2022. The lights will be accompanied by 20 million square meters of solar thermal collection for water heating systems. In support of this program the Government of India has planned for grid connected solar power projects reaching 20,000 megawatts.[1945]

On 29 December 2011, the Government of India publicized a statement that outlined its request to public sector enterprises to set up renewable energy projects or procure Renewable Energy

---

[1940] Solar Water Pump, Ministry of New and Renewable Energy, 20 March 2012. Date of Access: 26 April 2012. http://pib.nic.in/newsite/erelease.aspx?relid=77615.

[1941] Renewable Energy Efficiency Proposal, Ministry of New and Renewable Energy, 25 November 2011. Date of Access: 5 March 2012. http://pib.nic.in/newsite/erelease.aspx?relid=77611.

[1942] Renewable Energy Efficiency Proposal, Ministry of New and Renewable Energy, 25 November 2011. Date of Access: 5 March 2012. http://pib.nic.in/newsite/erelease.aspx?relid=77611.

[1943] 48 Cities to be Developed as Solar Cities, Ministry of New and Renewable Energy, 25 November 2011. Date of Access: 5 March 2012. http://pib.nic.in/newsite/erelease.aspx?relid=77615.

[1944] 48 Cities to be Developed as Solar Cities, Ministry of New and Renewable Energy, 25 November 2011. Date of Access: 5 March 2012. http://pib.nic.in/newsite/erelease.aspx?relid=77615.

[1945] Targets Under JNNSM, Ministry of New and Renewable Energy, 26 March 2012. Date of Access: April 26, 2012. http://pib.nic.in/newsite/erelease.aspx?relid=77615.

Certificates as part of an Energy Management Program meant to encourage sustainable development.[1946]

The Indian government has also begun providing financial assistance and incentives to Indian citizens seeking to purchase or deploy various types of clean energy equipment.[1947] The subsidies range between 30% and 100% of the costs.[1948]

In addition to the various incentive schemes and policy initiatives outlined above, the Indian government has also been investigating the potential for the development of energy from sea tides and waves.[1949] Minister of New and Renewable Energy Dr. Farooq Abdullah announced that a demonstration project of the new technology is sanctioned to take place near the Indian city of Calcutta.[1950]

Finally, Minister Farooq Abdullah participated in the creation of an Agenda on behalf of the UN Secretary-General's Sustainable Energy for All initiative, released on 26 April 2012. The Agenda entails a practical roadmap to guide a multi-stakeholder process which will foster advanced energy efficiency, renewable energy technologies, and increased energy access. The initiative seeks to achieve it's goals by 2030.[1951]

Thus, India receives a +1 score for its commitment to encourage effective policies to overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies.

Analyst: Josh Zakkai

Indonesia: +1

Indonesia has fully complied with its commitment to encourage effective policies that overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies.

The Indonesian government continues to actively engage with USAID in the Indonesia Clean Energy Development (ICED) initiative. The ICED initiative was designed in March 2011 in order "to improve energy sector policies and coordination; work with three provinces, local governments and Perusahaan Listrik Negara (PLN) [the government-owned electricity

[1946] Central PSEs to Set up Renewable Energy Projects, Ministry of New and Renewable Energy, 29 December 2011. Date of Access: 5 March 2012. http://pib.nic.in/newsite/erelease.aspx?relid=79264.

[1947] Incentives for Renewable Energy Equipment, Ministry of New and Renewable Energy, 16 December 2011. Date of Access: 5 March 2012. http://www.pib.nic.in/newsite/erelease.aspx?relid=78832.

[1948] Incentives for Renewable Energy Equipment, Ministry of New and Renewable Energy, 16 December 2011. Date of Access: 5 March 2012. http://www.pib.nic.in/newsite/erelease.aspx?relid=78832.

[1949] Electricity from Sea Tides and Waves, Ministry of New and Renewable Energy, 12 December 2011. Date of Access: 5 March 2012. http://www.pib.nic.in/newsite/erelease.aspx?relid=78541.

[1950] Electricity from Sea Tides and Waves, Ministry of New and Renewable Energy, 12 December 2011. Date of Access: 5 March 2012. http://www.pib.nic.in/newsite/erelease.aspx?relid=78541.

[1951] Coalition of World Energy Ministers Commit to Improvements in Energy Efficiency, Renewable Energy, Energy Access, U.S. Department of Energy (London) 26 April 2012. Date of Access: 27 April 2012. http://energy.gov/articles/coalition-world-energy-ministers-commit-improvements-energy-efficiency-renewable-energy.

distributor] in Sumatra to increase deployment of clean energy projects; and increase institutional capacity and public outreach of government and other stakeholders for clean energy."[1952] The partnership between Indonesia and USAID also assists the Government of Indonesia in achieving "its dual goal of expanding the domestic energy supply and reducing GHG emissions by 41% by 2020 through GHG emission reductions in the energy and transportation sectors."[1953] The partnership between the Indonesian government and USAID is an example of Indonesia's encouragement of effective policies that overcome barriers to efficiency.

The government of Indonesia has declared its intent to pursue the development of geothermal technology "to provide a clean and reliable energy source for the future."[1954] It is widely held that "Indonesia [has] 40 per cent of the world's geothermal energy resources…making geothermal energy economically feasible will require adjusting the country's heavily subsidized energy prices."[1955]

On 18 May 2012, chairman of the Indonesian State Investment Agency (PIP) Soritaon Siregar stated "the agency would provide loans of RP2 trillion to companies to build geothermal power plans and another RP1.4 trillion to firms building micro-hydropower plants."[1956] Through initiatives like these, "the government has been encouraging PLN and independent power producers to invest in 'clean' power."[1957] Facilitating the investment in clean energy technologies permits the government toassist in spurring innovation and deployment of clean and efficient energy technologies.

Indonesia receives a score of +1 for complying with its commitment to encourage effective policies to overcome barriers to efficiency or otherwise spur innovation and deployment of clean and efficient energy technologies.

Analyst: Ava-Dayna Sefa

[1952] Indonesia Clean Energy Development, USAID Indonesia (Jakarta), 11 March 2011. Date of Access: 30 May 2012. http://indonesia.usaid.gov/en/USAID/Activity/291/Indonesia_Clean_Energy_Development_ICED.

[1953] New $16.2 million USAID program supports clean energy in Indonesia, USAID Indonesia (Jakarta), 11 March 2011. Date of Access: 30 May 2012. http://indonesia.usaid.gov/en/USAID/Article/510/New_162_million_USAID_Program_Supports_Clean_Energy_in_Indonesia.

[1954] For future energy, volcanic Indonesia bets on heat, National Public Radio (Washington DC), 28 May 2012. Date of Access: 31 May 2012. http://www.npr.org/2012/05/28/153882495/for-future-energy-volcanic-indonesia-bets-on-heat.

[1955] For future energy, volcanic Indonesia bets on heat, National Public Radio (Washington DC), 28 May 2012. Date of Access: 31 May 2012. http://www.npr.org/2012/05/28/153882495/for-future-energy-volcanic-indonesia-bets-on-heat.

[1956] Indonesia announces huge geothermal energy investment, Jakarta Globe (Jakarta), 18 May 2012. Date of Access: 30 May 2012. http://www.thejakartaglobe.com/economy/indonesia-announces-huge-geothermal-energy-investment/518507.

[1957] Indonesia announces huge geothermal energy investment, Jakarta Globe (Jakarta), 18 May 2012. Date of Access: 30 May 2012. http://www.thejakartaglobe.com/economy/indonesia-announces-huge-geothermal-energy-investment/518507

Italy: +1
Italy has fully complied with the commitment to encourage effective policies that overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient technologies.

On 13 December 2011, the Italian Ministry of Economic Development adopted actions to begin the creation of biomass production chains, as was called for under the Ministerial Decree of 23 July 2009 (POI — Renewable Energy and Energy Saving). EUR100 million have been allotted to starting the actions called for under the Decree.[1958]

On 25 January 2012, the Minister for the Environment, Land and Sea; the Minister of Economic Development; and the Minister of Agriculture and Forestry signed a decree establishing a national system of certification for the sustainable biofuels and bioliquids.[1959] In order for these biofuels and bioliquids to be certified, different criteria must be met, such as guarantees that their use will reduce greenhouse gas emissions.[1960]

On 11 April 2012, Minister of Economic Development Corrado Passera, Minister of Environment Corrado Clini, and Minister of Agriculture Mario Catania launched new measures setting incentives for photovoltaic (PV) technology, as well as other renewable energies such as electric, hydroelectric, geothermal, wind, biomass, and biogas. The measures are expected to come into effect on 1 January 2013, with EUR6 billion (USD7.8 billion) in incentives for PV technology, in order to help meet the European Union's renewable energy targets for 2020.[1961]

On 20 January 2012, the Italian government drafted a decree that calls for cuts in production incentives for renewable energy (power generation from wind, water, and biomass). The most recent draft of the decree calling for these cuts will force a reduction in annual spending to EUR5.0 billion (USD6.1 billion), when spending on incentives by the end of 2011 was EUR8 billion (USD10.5 billion). According to Italian renewable energy groups (such as APER, ANIE

[1958] Biomasse: bando POI Energie Rinnovabili e Risparmio Energetico 2007-2013. 15 December 2011. Date of Access: 10 March 2012. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=1&idarea1=593&idarea2=0&idarea3=0&idarea4=0&andor=AND&sectionid=0&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2263&id=2021983
[1959] Biocarburanti e Bioliquidi: Sistema di Certificazione Nazionale. 25 January 2012. Date of Access: 10 March 2012. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&idmenu=454&idarea1=572&andor=AND&idarea2=0&sectionid=4,7&andorcat=OR&showMenu=1&showCat=1&MvediT=1&showArchiveNewsBotton=0&id=2022255&viewType=0
[1960] Schema di decreto interministeriale sel sistema nazionale di certificazione per biocarburanti e bioliquidi. 23 January 2012. Date of Access: 11 March 2012. http://www.sviluppoeconomico.gov.it/images/stories/normativa/decreto_SCN_relazione_illustrativa.pdf
[1961] Rinnovabili: Al via Nuovi Incentivi per Sviluppo Settore oltre Obiettivi UE 2020. 11 April 2012. Date of Access: 29 April 2012. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=1&idarea1=593&idarea2=0&idarea3=0&idarea4=0&andor=AND&sectionid=0&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2263&id=2022921

and ANEV), such actions may significantly jeopardize Italy's ability to meet its 2020 clean energy targets.[1962]

On 27 January 2012, the Ministerial Decree of 12 November 2011, No. 226, set up national competitions in order to increase the reliability of the service, distribution, and sales of natural gas.[1963] The Italian government published the Official Journal of Rules for these competitions on 30 January 2012.[1964]

On 24 January 2012, the Italian government put into effect Article 65 of Law Decree No. 1/2012, meaning that photovoltaic (PV) systems need to meet requirements listed in Article 10 of the Legislative Decree No. 28/2011 by 24 January 2012, instead of the originally planned 29 March 2012 deadline. The requirements include: PV systems on agricultural land must not exceed one Megawatt (MW), PV systems must be a minimum distance of two kilometers from privately owned land, and PV systems cannot occupy more than 10% of available land. If PV systems do not meet these requirements by 24 January 2012, they cannot apply for feed-in-tariffs (FIT). This has led to a high degree of reluctance in interested buyers and investors to pursue construction of PV plants.[1965]

On 2 March 2012, the Italian government rejected Article 65 of Law Decree No. 1/2012, pushing the deadline by which photovoltaic (PV) systems can apply for feed-in-tariffs back to 29 March 2012. Incentives will still, however, be held back for PV systems that are greater in size than one Megawatt.[1966]

[1962] Italy plans more renewable energy incentive cuts. 20 January 2012. Date of Access: 10 March 2012. http://www.reuters.com/article/2012/01/20/renewables-italy-idUSL6E8CK2IM20120120
[1963] Gas naturale: Completato il Quadro Normativo della Distribuzione per gli ambiti Territoriali. 30 January 2012. Date of Access: 10 March 2012. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&idarea1=0&idarea2=0&idarea3=0&idarea4=0&andor=AND&sectionid=4,9&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=3083&directionidUser=0&id=2022279&viewType=0
[1964] Gas Naturale: Completato il Quadro Normativo della Distribuzione per Gli Ambiti Territoriali. 30 January 2012. Date of Access: 28 April 2012. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=1&idarea1=593&idarea2=0&idarea3=0&idarea4=0&andor=AND&sectionid=0&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2263&id=2022279
[1965] Italian government deals second, retroactive, PV blow. 27 January 2012. Date of Access: 11 March 2012. http://www.pv-magazine.com/news/details/beitrag/italian-government-deals-second--retroactive--pv-blow_100005592/#axzz1orgNCdNB
[1966] Italian government scraps retroactive PV measures. 2 March 2012. Date of Access: 11 March 2012. http://www.pv-magazine.com/news/details/beitrag/italian-government-scraps-retroactive-pv-measures_100005980/#axzz1orgNCdNB

On 4 November 2011, the Italian government submitted a report on cogeneration in Italy in order to assist the European Commission with their "2011 Report on progress towards increasing the share of high efficiency cogeneration."[1967]

On 16 February 2012, the Italian Ministry of Economic Development joined the campaign "M'illumino di Meno,"[1968] a campaign started by the Italian radio station Caterpillar Radio 2 that focuses on Energy Conservation.[1969]

Italy has taken steps to encourage energy efficiency and clean energy, such as the EUR6 billion investment in PV technology. Thus, Italy receives a score of +1.

Analyst: Michelle Cramer

Japan: +1

Japan has fully complied with its commitment to encourage effective policies that overcome barriers to energy efficiency, or otherwise spur both innovation and deployment of clean and efficient energy policies.

On 9 December 2011, the Agency for Natural Resources and Energy updated the Feed-in Tariff Scheme for Renewable Energy. This scheme obligates electric utilities to purchase electricity generated from such renewable energy sources as solar PV and wind power, on a fixed-period contract at a fixed price. The implementation of this plan will result in a nationwide equal surcharge for all electricity customers. It will be launched on 1 July 2012.[1970]

On 10 and 11 November 2011, at the Asia-Pacific Economic Cooperation (APEC) Ministerial Meeting in Honolulu, the Minister of Economy, Trade and Industry (METI) Yukio Edano concurred with other ministers on several decisions. The agreed measures include: (1) streamlining import procedures for energy-efficient demonstration vehicles in order to generate research outcomes; (2) rationalizing and phasing-out fossil fuel subsidies to eliminate wasteful consumption; and (3) promoting energy efficiency via steps related to transport, buildings, power grids, jobs, knowledge sharing, and education in support of energy-smart, low-carbon

[1967] Relazione sulla Cogenerazione in Italia – 2011. 19 October 2011. Date of Access: 10 March 2012.
http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&idarea1=0&idarea2=0&idarea3=0&idarea4=0&andor=AND&sectionid=4,9&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=3083&directionidUser=0&id=2021407&viewType=0

[1968] De Vincenti, da MSE pieno sostegno all'iniziativa "M'illumino di Meno". 16 February 2012. Date of Access: 11 March 2012.
http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=1&idarea1=593&idarea2=0&idarea3=0&idarea4=0&andor=AND&sectionid=0&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2263&id=2022443

[1969] M'illumino. 17 February 2012. Date of Access: 11 March 2012.
http://caterpillar.blog.rai.it/milluminodimeno/

[1970] Feed-in Tariff Scheme for Renewable Energy, Agency for Natural Resources and Energy (Tokyo) 9 December 2011. Date of Access: 26 February 2012.
http://www.meti.go.jp/english/policy/energy_environment/renewable/pdf/summary201209.pdf.

communities.[1971] The ministers also proposed to reduce APEC's aggregate energy intensity by 45% by 2035. Moreover, Minister Edano asserted that international cooperation would be necessary for enhancing standardization in the areas of smart grid, green buildings, and solar technologies.[1972]

On 17 and 18 February 2012, Japan and the Republic of Iceland signed the "Memorandum of Understanding on Mutual Cooperation in the Field of Geothermal Energy." This memorandum serves as a framework for the two nations to promote personal and technological exchange in geothermal development. The Japanese delegations further expressed their intention of modifying existing energy policies to increase geothermal heating and reduce dependence on nuclear power stations.[1973]

On 20 December 2011, the Fundamental Issues Subcommittee, under the Advisory Committee for Natural Resources and Energy, released a summary report on establishing a new Basic Energy Plan for Japan. In compiling a balanced collection of opinions from a broad perspective, the Subcommittee called for a reformed energy plan that utilizes diverse power and energy sources.[1974]

On 20 February 2012, Japan hosted the first Japan-France Energy Policy Dialogue, in accordance with the "Joint Declaration on Nuclear Power and Energy Policy" implemented in October 2011. At the dialogue, attendants from both countries exchanged opinions on energy mix, renewable energies, energy efficiency, and nuclear energy practices.[1975]

On 29 November 2011, the Ministry of Foreign Affairs released a plan titled "Japan's Vision and Actions toward Low-Carbon Growth and a Climate-Resilient World."[1976] The Ministry underlined cooperation among developed countries in technological innovation, such as improving the cost and efficiency of solar cells. In terms of cooperating with developing countries, the proposal showcased Japan's intentions to: (1) share its technologies and experiences; (2) continue to implement Fast-Start Financing; (3) further improve the Clean Development Mechanism (CDM); and (4) promote bilateral and regional cooperation towards a

[1971] Overview of Ministerial Meeting at APEC 2011, Ministry of Economy, Trade and Industry (Tokyo) 13 November 2011. Date of Access: 26 February 2012. http://www.meti.go.jp/english/press/2011/1115_02.html.
[1972] Overview of Ministerial Meeting at APEC 2011, Ministry of Economy, Trade and Industry (Tokyo) 13 November 2011. Date of Access: 26 February 2012. http://www.meti.go.jp/english/press/2011/1115_02.html.
[1973] Summary of the Results of the Talks with the Government of Iceland and the On-Site Investigation of the Utilization of Geothermal Heat, Ministry of Economy, Trade and Industry (Tokyo) 24 February 2012. Date of Access: 27 February 2012. http://www.meti.go.jp/english/press/2012/pdf/0224_04a.pdf.
[1974] Major Discussion Points toward the Establishment of a New "Basic Energy Plan for Japan," Ministry of Economy, Trade and Industry (Tokyo) 20 December 2011. Date of Access: 28 February 2012. http://www.meti.go.jp/english/press/2011/pdf/1220_05a.pdf.
[1975] Outline of the First "Japan-France Energy Policy Dialogue," Ministry of Economy, Trade and Industry (Tokyo) 21 February 2012. Date of Access: 26 February 2012. http://www.meti.go.jp/english/press/2012/0221_02.html.
[1976] Outline of the First "Japan-France Energy Policy Dialogue," Ministry of Economy, Trade and Industry (Tokyo) 21 February 2012. Date of Access: 26 February 2012. http://www.meti.go.jp/english/press/2012/0221_02.html.

new market mechanism.[1977] These measures are designed to help vulnerable countries continue their transition to low-carbon societies.[1978]

On 13 March 2012, the Ministry of Economy, Trade and Industry (METI) submitted the Bill to Partially Amend the Act on the Rational use of Energy (Energy Conservation Act). This bill puts forth an evaluation system that encourages industrial and private sectors to reduce the consumption of electricity during peak hours.[1979] In addition, the bill aims to apply the Top Runner Program to a greater variety of energy consuming machinery and equipment.[1980] This program will require manufacturers and importers to satisfy a high standard in the target fiscal year and submit a report to allow governmental monitoring on achievement situations.[1981]

On 23 April 2012, the Economic Research Institute for ASEAN and East Asia (ERIA) established an Energy Unit. This unit will cooperate with existing energy organizations to enhance energy security in East Asia.[1982] Japan has decided to set aside JPY1.5 billion for ERIA and to support the creation of an East Asia Energy Fund (EAEF).[1983] The institute serves as a platform on which members may update and share information on the use of energy-saving technologies, as well as to propose policy recommendations in such fields as energy efficiency and conservation, renewable energy, and energy security.[1984]

On 28 March 2012, the Ministry of Economy, Trade and Industry (METI) held the third Japan-U.S. Clean Energy Policy Dialogue in Tokyo. The dialogue was based on the new Japan-U.S. initiatives announced by Japanese Prime Minister Kan and U.S. President Obama at the end of 2010.[1985] At the meeting, Japan outlined the results of the latest review of its Basic Energy Plan.

[1977] Japan's Vision and Action toward Low-Carbon Growth and a Climate-Resilient World, Ministry of Foreign Affairs of Japan (Tokyo) 29 November 2011. Date of Access: 26 February 2012.

[1978] Japan's Vision and Action toward Low-Carbon Growth and a Climate-Resilient World, Ministry of Foreign Affairs of Japan (Tokyo) 29 November 2011. Date of Access: 26 February 2012. http://www.mofa.go.jp/policy/environment/warm/cop/lowcarbongrowth_vision_1111.html.

[1979] Bill to Partially Amend the Act on the Rational Use of Energy (Energy Conservation Act), Ministry of Economy, Trade and Industry (Tokyo) 13 March 2012. Date of Access: 28 April 2012. http://www.meti.go.jp/english/press/2012/0313_02.html.

[1980] Bill to Partially Amend the Act on the Rational Use of Energy (Energy Conservation Act), Ministry of Economy, Trade and Industry (Tokyo) 13 March 2012. Date of Access: 28 April 2012. http://www.meti.go.jp/english/press/2012/0313_02.html.

[1981] Bill to Partially Amend the Act on the Rational Use of Energy (Energy Conservation Act), Ministry of Economy, Trade and Industry (Tokyo) 13 March 2012. Date of Access: 28 April 2012. http://www.meti.go.jp/english/press/2012/0313_02.html.

[1982] The Economic Research Institute for SEAN and East Asia (ERIA) has established an Energy Unit, Ministry of Economy, Trade and Industry (Tokyo) 23 April 2012. Date of Access: 26 April 2012. http://www.meti.go.jp/english/press/2012/0423_03.html.

[1983] The Economic Research Institute for SEAN and East Asia (ERIA) has established an Energy Unit, Ministry of Economy, Trade and Industry (Tokyo) 23 April 2012. Date of Access: 26 April 2012. http://www.meti.go.jp/english/press/2012/0423_03.html.

[1984] Joint Ministerial Statement of the Fifth East Asian Summit Energy Ministers Meeting, Ministry of Economy, Trade and Industry (Tokyo) 23 April 2012. Date of Access: 26 April 2012. http://www.meti.go.jp/press/2012/04/20120423002/20120423002-3.pdf.

[1985] Summary of the Third Japan-U.S. Clean Energy Policy Dialogue, Ministry of Economy, Trade and Industry (Tokyo) 28 March 2012. Date of Access: 28 April 2012. http://www.meti.go.jp/english/press/2012/0328_02.html.

The two countries also confirmed the results of the Japan-U.S. Clean Energy Cooperation and discussed future development of clean energy.[1986]

On 23 March 2012, the Prefecture of Okinawa, the Ministry of Economy, Trade and Industry (METI), the U.S. Department of Energy (DOE), and the State of Hawaii held the fourth meeting of the Hawaii-Okinawa Taskforce in Naha, Okinawa, where they discussed existing projects under the Hawaii-Okinawa Partnership on Clean and Efficient Energy Development and Deployment. At the meeting, Japan and the U.S. supported energy evaluations of building management and energy efficiency, conducted by a team of U.S. and Japanese energy experts.[1987] The two countries also reviewed cooperative activities and progress under the Partnership. Some highlights include: (1) the dispatch of Japanese representatives to Hawaii to learn about subtropical energy efficient buildings; (2) the development of an online curriculum on energy efficient building technologies for secondary students in Honolulu and Okinawa; and (3) the continuous exchange between Okinawa Enetech Co, Inc. and Hawaiian Electric Company on the Molokai Renewable Energy Integration Initiative.[1988]

On 17 April 2012, for the purpose of promoting recovery from the Great East Japan Earthquake, the Ministry of Economy, Trade and Industry (METI) prepared a subsidy project to support smart communities that use renewable energy. The METI aims to establish more smart communities by subsidizing expenses for renewable energy systems or expenses necessary for management of the project.[1989]

On 10 April 2012, the Ministry of Economy, Trade and Industry (METI) selected certain devices to be subsidized for the home energy management system (HEMS). The subsidy will be a fixed amount of JPY100 thousand, and will be available to individuals who live in private homes in Japan and who install the designated devices, or to businesses that rent the devices to owners of private homes.[1990]

Thus, Japan has been awarded a score of +1 for its promotion of policies that overcome barriers to efficiency, or otherwise spur both innovation and deployment of clean and efficient energy technologies.

Analyst: Maggie Shi

[1986] Summary of the Third Japan-U.S. Clean Energy Policy Dialogue, Ministry of Economy, Trade and Industry (Tokyo) 28 March 2012. Date of Access: 26 April 2012. http://www.meti.go.jp/english/press/2012/0328_02.html.
[1987] Hawaii-Okinawa Partnership on Clean and Efficient Energy Development and Deployment, Ministry of Economy, Trade and Industry (Tokyo) 23 March 2012. Date of Access: 28 April 2012. http://www.meti.go.jp/english/press/2012/0328_01.html.
[1988] Hawaii-Okinawa Partnership on Clean and Efficient Energy Development and Deployment, Ministry of Economy, Trade and Industry (Tokyo) 23 March 2012. Date of Access: 28 April 2012. http://www.meti.go.jp/english/press/2012/0328_01.html.
[1989] Selected Areas in Creating Master Plans under the Project for Promoting Introduction of Smart Communities, Ministry of Economy, Trade and Industry (Tokyo) 17 April 2012. Date of Access: 26 April 2012. http://www.meti.go.jp/english/press/2012/0417_01.html.
[1990] Selected Devices to be Subsidized in the Project to Promote Introduction of the Home Energy Management System (HEMS), Ministry of Economy, Trade and Industry (Tokyo) 10 April 2012. Date of Access: 26 April 2012. http://www.meti.go.jp/english/press/2012/0410_01.html.

Korea: +1
The Government of Korea has fully complied with its commitment to encourage effective policies that overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies.

On 15 February 2012, the Ministry of Knowledge and Economy announced that the government will support small businesses applying for green technology certificates by giving grants for performance tests of clean and energy-efficient technologies.[1991]

On 28 November 2011, the Korea Institute for Advancement of Technology (KIAT) announced an initiative for expanding the range of technologies eligible for green certificates and began researching market demand for the current range of Korean clean technologies.[1992] On 1 February, KIAT launched the Green Online Self-Test for small businesses to review their green technology prior to applying to the government for green technology certificates.[1993]

On 15 January 2012, the Government of Korea announced a new Green Technology Center that will be established in March 2012[1994]. This agency is expected to promote clean technology, support green growth policy, and efficiently manage both greenhouse gas emissions as well as energy consumption.[1995] The Government of Korea also announced its plan to strengthen the regulation of green and energy-saving buildings. Regulations for green certificates and energy savings plans on newly constructed buildings as well as existing buildings will be tightened in order to reduce greenhouse gas emissions by 30% by 2020[1996].

On 1February 2012, the Government of Korea further announced new legislation for achieving low-carbon green growth[1997]. The legislation involves energy use rationalization and support for reducing carbon emissions in the logistics and marine environment sectors.

[1991] 中企녹색인증성능시험비용지원, Today Energy (Seoul) 15 February 2012. Date of Access: 1 March 2012 http://www.todayenergy.kr/news/articleView.html?idxno=69977
[1992] 녹색인증범위확대 · 활성화된다, Today Energy (Seoul) 28 November 2012. Date of Access: 1 March 2012 http://www.todayenergy.kr/news/articleView.html?idxno=67744
[1993] 녹색인증, 온라인자가진단시스템큰인기, Sanup Times (Seoul) 16 February 2012. Date of Access: 1 March 2012 http://www.sanupnews.com/section/?fn=v&no=28581&cid=21120100
[1994] 녹색기술정책총괄 '녹색기술센터' 설립, Government of Korea (Seoul) 26 January 2012. Date of Access: 1 March 2012 http://www.korea.go.kr/ptl/news/category/selectPolicyView.do?todayNewsCtgryCode=0001&menuId=MENUID000000000003000332&todayNewsId=CNTNTS000701327568412949
[1995] S. Korea to establish 'Green Technology Center' to speed up green growth, Yonhap news agency (Seoul) 26January 2012. Date of Access: 6 March 2012 http://english.yonhapnews.co.kr/national/2012/01/26/56/0301000000AEN20120126001200315F.HTML
[1996] 올해부터건축물부문녹색성장고삐죈다, CNews (Seoul) 20 February 2012. Date of Access: 1 March 2012 http://www.cnews.co.kr/uhtml/read.jsp?idxno=201202201628491230589
[1997] 올해녹색성장법령 74건제 · 개정추진, Government of Korea (Seoul) 2 February 2012. Date of Access: 6 March 2012 http://www.korea.go.kr/ptl/news/category/selectPolicyView.do?todayNewsCtgryCode=0002&menuId=MENUID000000000003000333&todayNewsId=CNTNTS000531328159415682

In summary, the Government of Korea has actively supported green technology through green certification system and green energy saving building standards. Thus, the Government of Korea receives a score of +1.

Analyst: Jihae Jang

Mexico: +1

Mexico has fully complied with its commitment to create enabling environments that are conducive to the development and deployment of clean energy technologies and energy efficiency.

In the 17th session of the Conference of the Parties (COP 17) that took place in Durban, South Africa, from 28 November to 9 December 2011, the Mexican Secretary of Environment and Natural Resources Juan Rafael Elvira Quesada stated that Mexico has strengthened its response to climate change with the adoption of a national low-carbon development strategy. With this strategy, Mexico aims to reduce 10% of its greenhouse gas (GHG) emissions by 2012, and a total of 30% by 2020. At a different meeting held in Washington on 16 February 2012, Elvira also stated that around two hundred municipalities in Mexico will have comprehensive climate change programs by 2013.[1998]

On 19 April 2012, the Mexican legislature passed the "General Law on Climate Change." The new law essentially favors a national "transition towards a competitive, sustainable economy with low-carbon emissions."[1999] It commits the country to reduce carbon dioxide emissions by 30% below business-as-usual levels by 2020, and by 50% below 2000 levels by 2050.[2000] To accomplish these goals, the law stipulates that, by 2024, 35% of Mexico's electricity supply must come from renewable sources, such as wind power, the most promising renewable energy industry in the country to date.[2001] Another key contribution of the law is the creation of the National Environmental and Climate Change Institute to generate and consolidate all necessary information for monitoring GHG emissions.[2002] Moreover, the law authorizes the Climate Change Commission to design state strategies, goals, and policies, as well as to exact and oversee emissions reports from the nation's largest polluters. The new law also mandates the creation of a national-level Green Fund as the financing instrument of the Federal Government to channel

[1998] Address by Mexican Secretary of Environment and Natural Resources Juan Rafael Elvira Quesada at COP 17, United Nations Framework Convention on Climate Change (Durban) 7 December 2011. Date of Access: 19 February 2012. http://unfccc.int/files/meetings/durban_nov_2011/statements/application/pdf/111207_cop17_hls_mexico.pdf

[1999] Mexico's Congress Looks to Pass Climate Change Law This Spring, Environmental Defense Fund (New York) 1 February 2012. Date of Access: 28 February 2012. http://blogs.edf.org/climatetalks/2012/02/01/mexicos-congress-looks-to-pass-climate-change-law-this-spring/

[2000] Mexico Passes Climate Change Law, Nature International Weekly Journal of Science (London) 20 April 2012. Date of Access: 27 April 2012. http://www.nature.com/news/mexico-passes-climate-change-law-1.10496

[2001] Mexico Sets Climate Targets, Nature International Weekly Journal of Science (London) 24 April 2012. Date of Access: 28 April 2012. http://www.nature.com/news/mexico-sets-climate-targets-1.10503

[2002] Low Emission Development Strategy Pre-Scoping Mission Assessment: Mexico Final Report, United States Agency for International Development (Washington, D.C.) November 2010. Date of Access: 1 March 2012. http://pdf.usaid.gov/pdf_docs/PNADW067.pdf public and private funding towards climate change mitigation and adaptation.[2003] Lastly, the law intends to create a new market for carbon emissions that can include transactions between Mexico and any country with which it makes emissions trading agreements.

Mexico is committed to the reduction of GHG emissions and has taken progressive steps towards fostering an enabling environment to develop and deploy clean energy technologies. The country thus receives a score of +1.

Analyst: Maria Carmela Poblador

Russia: +1

Russia has fully complied with its commitment on clean energy technologies.

Russia has taken several measures aimed at overcoming barriers to energy efficiency.

On 21 November 2011, the Russian Government introduced to the State Duma a draft law aimed at stimulating natural gas usage as engine fuel.[2004] On 14 March 2012 the draft law was adopted in the first reading.[2005]

On 13 February 2012, the Russian State Duma extended a term of proposing amendments to the draft federal law On Introducing Amendments to Certain Legislative Acts of the Russian Federation Concerning Improvement of Standardization in Environmental Protection and Introducing Economic Stimulation of Economic Entities for the Implementation of Best Technologies. The draft law is aimed at, inter alia, creating economic stimuli for reducing emissions by establishing tax benefits for companies using clean technologies.[2006] The draft law is to be adopted by the State Duma in the second reading.

Russia has taken measures that assist in spurring innovation and deployment of clean and efficient energy technologies.

On 9 December 2011, the Russian Ministry of Economic Development approved a project of gas-turbine power station construction to be realized under Article 6 of the Kyoto Protocol which provides for trading of "emission reduction units resulting from participation in the projects aimed at reducing anthropogenic emissions by sources or enhancing anthropogenic removals by

[2003] Low Emission Development Strategy Pre-Scoping Mission Assessment: Mexico Final Report, United States Agency for International Development (Washington, D.C.) November 2010. Date of Access: 1 March 2012. http://pdf.usaid.gov/pdf_docs/PNADW067.pdf

[2004] Executive Order No. 2085-p, Government of Russia 21 November 2011. Date of Access: 1 April 2012. http://government.ru/gov/results/17206/.

[2005] Draft federal law №634248-5, Russian State Duma 14 March 2012. Date of Access: 1 April 2012.http://asozd.duma.gov.ru/main.nsf/%28Spravka%29?OpenAgent&RN=634248-5.

[2006] Draft federal law №584587-5 On Introducing Amendments to Certain Legislative Acts of the Russian Federation Concerning Improvement of Standardization in Environmental Protection and Introducing Economic Stimulation of Economic Entities, Russian State Duma 13 February 2012. Date of Access: 1 April 2012.
http://asozd.duma.gov.ru/main.nsf/(Spravka)?OpenAgent&RN=584587-5.

sinks of greenhouse gases in any sector of the economy."[2007] On 27 December 2011, two more projects of building combined cycle turbines carried out under Article 6 were approved.[2008]

On 23 March 2012, the biggest combined cycle gas turbine in Russia, which construction was supported by the Russian Government, was launched.[2009]

Russia has taken measures to encourage effective policies that overcome barriers to efficiency, or otherwise spur both innovation and deployment of clean and efficient energy policies. Thus, it has been awarded a score of +1.

Analyst: Mark Rakhmangulov

Saudi Arabia: +1
Saudi Arabia has fully complied with the commitment to encourage effective policies that overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies.

The Saudi Arabian government has made the commitment to provide USD100 billion over the course of the next ten years for the development of clean, non-hydrocarbon energy sources. The funds will be spent primarily on solar technologies; the Saudi Arabian government seeks to deploy five Gigawatts (GW) of solar power by 2020.[2010]

On 20 February 2012, Prince Turki Bin Saud Bin Muhammad Al Saud, announced that USD4.8 billion has been allocated for the development of renewable energy over the next ten years.[2011]

On 28 December 2011, the executive president to the Saudi Electricity Company (SEC) announced the launch of the National Company for Power Transmission. The executive president, Ali Al-Barak, said that the new company would ensure better production and efficiency for meeting the Kingdom's electrical demands.[2012]

On 8 February 2012, the Saudi Energy Efficiency Center (SEEC) announced five national energy conservation targets: (1) adaptation of energy efficient standards, (2) promotion of efficiency

[2007] Order of the Russian Ministry of Economic Development No. 722 of 9 December 2011, Russian Ministry of Economic Development (Moscow) 9 December 2011. Date of Access: 1 April 2012. http://merit.consultant.ru/page.aspx?45629.
[2008] Order of the Russian Ministry of Economic Development No. 768 of 27 December 2011, Russian Ministry of Economic Development (Moscow) 27 December 2011. Date of Access: 1 April 2012. http://merit.consultant.ru/page.aspx?46474.
[2009] Prime Minister Vladimir Putin launches a new combined cycle gas turbine unit at the Kirishi Thermal Power Plant during his working visit to the Leningrad Region, Government of Russia 23 March 2012. Date of Access: 1 April 2012. http://premier.gov.ru/eng/events/news/18521/.
[2010] Clean Energy and Energy Efficiency Trade Mission to Saudi Arabia. 10 December 2011. Date of Access: 12 March 2012. http://export.gov/saudiarabia/SaudiEnergy/
[2011] Saudi Arabia allocated SR18b for renewable energy projects. 20 February 2012. Date of Access: 12 March 2012.
http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=20120220117997&archiveissuedate=20/02/2012
[2012] National power company to be launched on January 1. 28 December 2011. Date of Access: 12 March 2012.
http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=20111228114538&archiveissuedate=28/12/2011

programs for utility-run facilities, (3) refining energy efficient programs in different industries such as the petrochemical industry, (4) reducing the use of electrical gadgets during peak periods, and (5) encouragement of energy efficiency in buildings.[2013] In alignment with these five targets, the SEEC has been appointed the responsibility of managing the Kingdom's energy demands and developing energy efficient technologies and conservation policies.[2014]

On 2 April 2012, it was made clear that, according to Saudi Oil Minister Ali Al-Naimi, Saudi Arabia is planning on decreasing the amount of oil used to provide electricity during summer months by consuming more natural gas instead. Saudi Arabia's Aramco Research & Development Center even hopes to increase its gross gas production to 15 billion cubic feet per day by 2015, compared to the 10.2 billion cubic feet per day during 2010.[2015]

On January 2012, 13 mayors across Saudi Arabia launched "The Be'aty — Green Flag, Green Country" initiative that supports sustainable development.[2016]

On 19 February 2012, Saudi Prince Turki Bin Saud Bin Mohammed Al-Saud, vice president of the Research Institutes Office at King Abdulaziz City for Science and Technology (KACST), presented an outline showing Saudi Arabia could increase the amount of water desalinated at plants across the country by using solar energy. KACST is currently constructing what will be the world's largest solar-powered desalination plant (using photovoltaic technology), and has announced that it plans to construct many more over the next ten years.[2017]

On 14 April 2012, Saudi Arabia commenced operations at the world's largest solar energy facility. The facility consists of 36,000 square meters of solar panels and cost USD4.7 million. It will provide warm water to the Princess Noura Bint Abdulrahman University, and has special technology that will allow it to withstand sandstorms.[2018]

[2013] Five national energy conservation targets set. 10 February 2012. Date of Access: 12 March 2012.
http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=20120210117276&archiveissuedate=10/02/2012

[2014] Five national energy conservation targets set. 10 February 2012. Date of Access: 12 March 2012.
http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=20120210117276&archiveissuedate=10/02/2012

[2015] Higher gas output to cut Kingdom's dependence on oil for electricity. 2 April 2012. Date o Access: 28 April 2012.
http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=20120402120845&archiveissuedate=02/04/2012

[2016] Experts discuss "going green" at Jeddah environment forum. 20 January 2012. Date of Access: 12 March 2012.
http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=20120120115914&archiveissuedate=20/01/2012

[2017]KSA to go solar to raise water desalination plant output. 11 February 2012. Date of Access: 12 March 2012.
http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=20120211117333&archiveissuedate=11/02/2012

[2018] World's largest solar facility opens in Riyadh . 14 April 2012. Date of Access: 28 April 2012.
http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=20120414121751&archiveissuedate=14/04/2012

On January 2012, Saudi Arabia held the 2012 Environmental Infrastructure Forum (EIF), where many studies were presented, and forums held, discussing solar plants, alternative energy in street and road lighting, as well as an American Council for Green Buildings initiative where buildings would need to be certified as "green" before construction.[2019]

On February 2012, Saudi Arabia's Aramco Research & Development Center, together with Germany's FEV (an engine design company), created experimental fuels that allow engines to consume significantly less fuel per kilometer travelled, thus reducing the amount of CO2 produced.[2020]

On January 2012, Saudi Arabia held its first international conference on renewable energy, as an attempt to express the Kingdom's determination to explore solar, wind, biofuel, and fuel cell energies. The head of the organizing committee, Dr. Sahel N. Abduljawad, expressed his hopes that the conference would encourage investments in renewable energy in the kingdom.[2021]

On 19-21 February 2012, Saudi Arabia held the first Renewable Energy Conference and Exhibition, where it invited renewable energy experts from Germany, Spain, France, United States, Canada, United Kingdom, Hungary, Finland, Switzerland, and Japan, so that they could present their nation's experiences with renewable energy technologies and help Saudi Arabia develop its own strategies. Topics such as green technologies, investment opportunities, and government responsibility for supporting the private sector in renewable energy were discussed.[2022]

On 20 February 2012, Dr. Maher A. Alodan, a consultant at the King Abdullah City for Atomic & Renewable Energy (KA-CARE), urged the private sector to invest in the development of renewable energy, especially solar energy.[2023]

On 26 February 2012, Saudi Aramco announced its plan to shift from being a purely oil and gas producing company to a integrated international energy and petrochemicals company that also hopes to produce and develop renewable energy technologies.[2024]

[2019] Experts discuss "going green" at Jeddah environment forum. 20 January 2012. Date of Access: 12 March 2012.
http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=20120120115914&archiveissuedate=20/01/2012

[2020] Saudi-German team develops fuel formula to cut emissions. 5 February 2012. Date of Access: 12 March 2012.
http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=20120205116941&archiveissuedate=05/02/2012

[2021] KFUPM to host int'l forum on clean energy. 25 January 2012. Date of Access: 12 March 2012.
http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=20120125116309&archiveissuedate=25/01/2012

[2022] Global experts to guide KSA on green energy. 19 February 2012. Date of Access: 12 March 2012.
http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=20120219117880&archiveissuedate=19/02/2012

[2023] Private sector urged to invest in clean energy. 20 February 2012. Date of Access: 12 March 2012.
http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=20120220117945

The Saudi Arabian government has spurred innovation in regards to clean and efficient energy technologies by allowing and hosting many conferences on renewable energy, as well as investing in various renewable energy technologies. Thus Saudi Arabia has been awarded a score of +1.

Analyst: Michelle Cramer

South Africa: +1

The Government of South Africa has fully complied with its commitment to encourage effective policies that overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies.

The Government of South Africa signed the Green Economy Accord on 17 Nov 2011, two weeks following the 2011 G20 Cannes Summit.[2025] The Accord is a component of a South African initiative to transition to a less carbon-intensive economy while increasing jobs and overall development.[2026] The accord stipulates a number of obligations to be observed by governments, private sector actors, and labour organizations.[2027]

South Africa also hosted the 17th Conference of the Parties to the United Nations Framework Convention on Climate Change from 28 November to 9 December 2011.[2028] The parties to the convention agreed to a second term of commitment to the Kyoto Protocol starting 1 January 2013.[2029] In this regard, the parties have committed to quantify emission limitation or reduction levels by 1 May 2012.[2030]

[2024] Aramco to expand usage of renewable energy in Kingdom. 26 February 2012. Date of Access: 12 March 2012. http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=20120226118359&archiveissuedate=26/02/2012

[2025] South Africans Sign Accord to Inject Billions of into Green Economy, South African Government Information, 17 November 2011. Date of Access: 5 March 2012. http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=23295&tid=49268.

[2026] South Africans Sign Accord to Inject Billions of into Green Economy, South African Government Information, 17 November 2011. Date of Access: 5 March 2012. http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=23295&tid=49268.

[2027] South Africans Sign Accord to Inject Billions of into Green Economy, South African Government Information, 17 November 2011. Date of Access: 5 March 2012. http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=23295&tid=49268.

[2028] Durban Conference Delivers Breakthrough in International Community's Response to Climate Change, United Nations (Durban) 11 December 2011. Date of Access: 5 March 2012. http://www.cop17-cmp7durban.com/en/news-centre/media-releases/breakthrough-response-to-climate-change-20111211.html.

[2029] Durban Conference Delivers Breakthrough in International Community's Response to Climate Change, United Nations (Durban) 11 December 2011. Date of Access: 5 March 2012. http://www.cop17-cmp7durban.com/en/news-centre/media-releases/breakthrough-response-to-climate-change-20111211.html.

[2030] Durban Conference Delivers Breakthrough in International Community's Response to Climate Change, United Nations (Durban) 11 December 2011. Date of Access: 5 March 2012. http://www.cop17-cmp7durban.com/en/news-centre/media-releases/breakthrough-response-to-climate-change-20111211.html.

South Africa's Department of Environmental Affairs published a whitepaper on Climate Change on 16 January 2012. The Department describes the white paper as an evolving policy that "must be seen as the embodiment of South Africa's commitment to a fair contribution to the stabilization of global greenhouse gas concentrations in the atmosphere and protection of the country and people from the impacts of unavoidable climate change."[2031] The whitepaper lays out South Africa's continued commitment to policies already implemented and negotiations underway. Furthermore, the government commits to manage climate change impacts and make a "fair contribution to the global effort to stabilize GHG concentrations in the atmosphere."[2032]

The Government of the Republic of South Africa has continued to promote its Integrated Resource Plan (IRP) 2010-2030. On 6 February 2012, South Africa's Minister of Energy Dipuo Peters announced that the Integrated Resource Plan "was groundbreaking for South Africa. It defined a tangible plan for embarking on a low carbon energy future."[2033] The IRP is an existing program, promulgated in May 2011 that "was approved with a 42 per cent compliment of all new generation capacity to be delivered by renewable energy technologies."[2034]

Member of the Executive Council Mcebisi Jonas articulated South Africa's commitment to economic growth in the context of green jobs during March 2012. Mr. Jonas also reaffirmed South Africa's commitment to renewable energy, announcing a Provincial Energy Summit to focus on economic growth through renewable energy.[2035]

Thus, South Africa receives a +1 score for its commitment to encourage effective policies to overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies.

Analyst: Josh Zakkai

Turkey: 0

Turkey has partially complied with its commitment to foster environments conducive to the development and deployment of energy efficiency and clean energy technologies.

Ranked 15th among G20 members, Turkey attracted a clean energy investment worth USD1.2 billion in 2010. Its current clean energy policy framework focuses on the development of wind,

[2031] National Climate Change Response White Paper, Environmental Affairs Republic of South Africa (Pretoria) 16 January 2012. Date of Access: 5 March 2012. http://www.environment.gov.za//PolLeg/Legislation/2012Jan16/climatechange_whitepaper.htm.

[2032] National Climate Change Response White Paper, Environmental Affairs Republic of South Africa (Pretoria) 16 January 2012. Date of Access: 5 March 2012. http://www.environment.gov.za//PolLeg/Legislation/2012Jan16/climatechange_whitepaper.htm.

[2033] Keynote Address by the Minister of Energy, Ms Dipuo Peters, NUMSA International Conference on Building a Socially Owned Renewable Energy Sector in South Africa (Johannesburg) 6 January 2012. Date of Access: 5 March 2012. http://www.energy.gov.za/files/media_frame.html

[2034] Keynote Address by the Minister of Energy, Ms Dipuo Peters, NUMSA International Conference on Building a Socially Owned Renewable Energy Sector in South Africa (Johannesburg) 6 January 2012. Date of Access: 5 March 2012. http://www.energy.gov.za/files/media_frame.html

[2035] Eastern Cape Green Economy Yields Positive Results, South African Government Information 22 March 2012. Date of Access: 26 April 2012. http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=26111&tid=61766.

geothermal and solar energies through the implementation of Feed-in Tariffs (FITs) and government tax exemptions.[2036]

In the 17th session of the Conference of the Parties (COP 17) that took place in Durban, South Africa, from 28 November to 9 December 2011, Turkish Ambassador Mithat Rende, the foreign affairs advisor to the Prime Minister of Turkey, stated that Turkey remains strongly committed to fighting climate change.[2037]

On 15 December 2011, Turkey's Minister of Energy Taner Yildiz stated that the planned construction of two Akkuyu nuclear plant facilities on Turkey's Mediterranean and Black Sea coasts would ultimately reduce the country's dependence on natural gas imports. The Turkish government chose Russian firms, Rosatom Corp. and Atomstroyexport ZAO to build the nuclear plants related to the USD20-billion project.[2038]

However, on 5 February 2012, the Turkish and Korean Ministers of Energy attended the signing of a Memorandum of Understanding between Turkey's Electricity Generation A.S and Korea's SK E&C and South-East Power Co. regarding the construction of a coal-fueled power plant in the Afsin-Elbistan region[2039]. This USD2-billion first-phase project plans to renovate four existing power-generating units with a combined capacity of 1,355 Megawatts (MW) and to build an additional two units with a total of 700 MW.[2040] If the first-phase project proves successful, it will then green-light the implementation of the second phase, which will cost roughly USD9 billion and focus on the development of three new coal mines and three power plant units each capable of generating 1,400 MW.[2041]

Turkey is currently in the process of renewing national commitments to fostering an environment that is conducive to energy efficiency and clean energy. However, continued investments in both coal power plants as well as coal mines cast uncertainty on Turkey's political commitment to renew its efforts. Thus, Turkey is awarded a score of 0.

Analyst: Maria Carmela Poblador

2036 Who's Winning the Clean Energy Race? 2010 Edition: G-20 Investment Powering Forward, The Pew Charitable Trusts (Washington, D.C.) 29 March 2011. Date of Access: 20 February 2012. http://www.pewenvironment.org/uploadedFiles/PEG/Publications/Report/G-20Report-LOWRes-FINAL.pdf.

2037 Climate Negotiator Rende: Turkey Ready to Do Its Part on Climate Change, Zaman (Ceren Kumova) 8 January 2012. Date of Access: 3 March 2012. http://www.todayszaman.com/newsDetail_getNewsById.action?newsId=267928.

2038 Turkish Nuclear Plants to Reduce Russia Dependence, Cut Gas Cost, Bloomberg Professional (Ankara) 15 December 2011. Date of Access: 19 February 2012. http://www.bloomberg.com/news/2011-12-15/turkish-nuclear-plants-to-reduce-russia-dependence-cut-gas-cost.html.

2039 Korea, Turkey to Sign MOU on $2bn Power Plant, The Korea Herald (Seoul) 5 February 2012. Date of Access: 4 March 2012. http://www.koreaherald.com/national/Detail.jsp?newsMLId=20120205000383.

2040 Korea, Turkey to Sign MOU on $2bn Power Plant, The Korea Herald (Seoul) 5 February 2012. Date of Access: 4 March 2012. http://www.koreaherald.com/national/Detail.jsp?newsMLId=20120205000383.

2041 Korea, Turkey to Sign MOU on $2bn Power Plant, The Korea Herald (Seoul) 5 February 2012. Date of Access: 4 March 2012. http://www.koreaherald.com/national/Detail.jsp?newsMLId=20120205000383.

United Kingdom: +1

The United Kingdom has fully complied with its commitment to encourage effective policies that overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies.

On 24 November 2011, United Kingdom invested GBP200 million to support the Green Deal[2042] and its energy efficiency scheme. This special funding is expected to boost installations of energy efficient technology for private homes and businesses.

On 6 March 2012, the United Kingdom announced additional investments of EUR3.5 million to prepare Green deal assessors and installers ahead of launching the Green Deal retrofit program. On the same day, the country also released another EUR10 million for enhancing the energy efficiency of non-domestic buildings[2043].

On 8 February 2012, the United Kingdom launched the Energy Efficiency Deployment Office (EEDO)[2044]. The EEDO both issued an evidence paper highlighting its role for moving the country towards energy efficiency and also outlined a strategy for achieving this goal.

On 6 March, Energy Secretary Ed Davey gave a speech that stressed the importance of energy efficiency and clean technology.[2045] The Government of the United Kingdom has been stressing improvement for energy security and efficiency, actively supporting renewable energy technology development.[2046] The United Kingdom government announced that it will partner with Bangladesh for research in renewable energy and low carbon technology[2047].

In summary, the United Kingdom has promoted efforts for achieving energy efficiency by launching a special office in addition to expanding its existing green program. Thus, the country receives a score of +1.

Analyst: Jihae Jang

[2042] £200M FUNDING BOOST FOR GREEN DEAL, Department of Energy and Climate Change (London) 24 November 2011. Date of Access: 1 March 2012 http://www.decc.gov.uk/en/content/cms/news/pn11_099/pn11_099.aspx

[2043] Green Deal Cash Boost, Department of Energy and Climate Change (London) 8 March 2012, Date of Access: 8 March 2012 http://www.decc.gov.uk/en/content/cms/news/pn12_020/pn12_020.aspx

[2044] Energy Efficiency Deployment Office Evidence Brief, Energy Efficiency Deployment Office (London) 8 February 2012. Date of Access: 1 March 2012 http://www.decc.gov.uk/assets/decc/11/consultation/4287-energy-efficiency-deployment-office-evidence-brief.pdf

[2045] UK Energy Secretary says it's time to get serious about saving energy, Energy Efficiency News (Great Rissington) 6 March 2012. Date of Access: 6 March 2012, http://www.energyefficiencynews.com/i/4914/

[2046] Government says renewables and efficiency 'vital' to energy security, Edie Energy Newsroom. 22 February 2012 (South Croydon) Date of Access: 6 March 2012, http://www.edie.net/news/news_story.asp?id=21939&title=Government+says+renewables+and+efficiency+'vital'+to+energy+security+

[2047] UK AND BANGLADESH TO COLLABORATE ON ENERGY RESEARCH, Department of Energy and Climate Change (London) 28 February 2011. Date of Access: 1 March 2012 http://www.decc.gov.uk/en/content/cms/news/pn12_015/pn12_015.aspx

United States: +1

The United States has fully complied with its commitment to encourage effective policies to overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies.

On 2 December 2011, President Barack Obama announced nearly USD4 billion in energy upgrades with the goal of increasing energy efficiency in the public and private sectors.[2048] The funding is part of the Better Buildings Challenge, an initiative launched in February 2011 by the American government.

Another recent demonstration of the United States' commitment to encouraging the use of efficient and renewable energies is the new American initiative to exploit the potential for wind-power off the country's coasts. On 1 March 2012, Energy Secretary Steven Chu announced the allocation of USD180 million over the course of the next six years to support the development of up to four offshore wind power projects.[2049]

President Obama, on 22 March 2012, announced funding of USD14.2 million towards the development and deployment of stronger and lighter materials for advanced vehicles. The goal of the project is to increase fuel efficiency and limit carbon pollution. It is expected that, by replacing certain auto parts with the new materials, fuel economy can be improved by 6% to 8%.[2050]

On 24 April 2012, Energy Secretary Steven Chu publicized the availability of USD5 million for plug-and-play photovoltaic solar power systems. The project is meant to spur the deployment of solar technology units that can be installed and made operational within one day. Plug-and-play solar energy systems make buying, installing, and connecting solar energy systems more attractive, convenient, and cheaper. The program is a component of the SunShot initiative to be discussed in greater detail below.[2051]

The Government of the United States of America recently provided funding to the tune of USD1.3 million to support training centers aimed at improving efficient energy usage in

[2048] We Can't Wait: President Obama Announces Nearly USD4 billion Investment in Energy Upgrades to Public and Private Buildings, U.S. Department of Energy (Washington) 2 December 2011. Date of Access: 6 March 2012. http://apps1.eere.energy.gov/news/news_detail.cfm/news_id=17939.

[2049] Energy Department Announces $180 Million for Ambitious New Initiative to Deploy U.S. Offshore Wind Projects, U.S. Department of Energy (Washington) 1 March 2012. Date of Access: 6 March 2012. http://energy.gov/articles/energy-department-announces-180-million-ambitious-new-initiative-deploy-us-offshore-wind.

[2050] Obama Administration Announces $14.2 Million in New Funding to Develop Lightweight Materials for Advanced Vehicles, U.S. Department of Energy (Columbus) 22 March 2012. Date of Access: 27 April 2012. http://energy.gov/articles/obama-administration-announces-142-million-new-funding-develop-lightweight-materials.

[2051] Energy Department Announces Funding to Develop "Plug-and-Play" Solar Energy Systems for Homeowners, U.S. Department of Energy (Washington) 24 April 2012. Date of Access: 27 April 2012. http://energy.gov/articles/energy-department-announces-funding-develop-plug-and-play-solar-energy-systems-homeowners.

commercial buildings.[2052] The training program is being offered in order to support the Better Buildings Initiative goal of improving energy efficiency across the country by 20% by 2020.[2053]

A further example of the United States' full compliance with its Green Growth commitments can be found in the Department of Energy's plan to accelerate solar energy innovation through the SunShot Incubator program, a program that seeks to encourage the growth and creation of innovative solar energy companies.[2054] This program has the goal of increasing the pace at which solar energy technology is available in the marketplace at a cost-effective price following its initial development in the laboratory.[2055] The plan includes the allocation of USD12 million to the SunShot Incubator program.[2056]

Some of these initiatives are part of an all-of-the-above approach to energy efficiency outlined by President Barack Obama in February 2012.[2057] The all-of-the-above strategy seeks to promote the exploitation of alternative energy sources, including wind, solar, nuclear, and bio-fuels.[2058] Furthermore, the policy initiative seeks to encourage fuel efficiency in cars and trucks.[2059]

A more recent aspect of the all-of-the-above approach to energy efficiency includes America's plan to streamline the development of offshore wind resources in the Great Lakes. The project has

---

[2052] Energy Department and Department of Commerce Announce $1.3 Million of Clean Energy Workforce, U.S. Department of Energy (Washington) 16 February 2012. Date of Access: 6 March 2012. http://energy.gov/articles/energy-department-and-department-commerce-announce-13-million-clean-energy-workforce.
[2053] Energy Department and Department of Commerce Announce $1.3 Million of Clean Energy Workforce, U.S. Department of Energy (Washington) 16 February 2012. Date of Access: 6 March 2012. http://energy.gov/articles/energy-department-and-department-commerce-announce-13-million-clean-energy-workforce.
[2054] Energy Department Announces Over $12 Million to Spur Solar Energy Innovation, U.S. Department of Energy (Washington) 8 February 2012. Date of Access: 6 March 2012. http://energy.gov/articles/energy-department-announces-over-12-million-spur-solar-energy-innovation.
[2055] Energy Department Announces Over $12 Million to Spur Solar Energy Innovation, U.S. Department of Energy (Washington) 8 February 2012. Date of Access: 6 March 2012. http://energy.gov/articles/energy-department-announces-over-12-million-spur-solar-energy-innovation.
[2056] Energy Department Announces Over $12 Million to Spur Solar Energy Innovation, U.S. Department of Energy (Washington) 8 February 2012. Date of Access: 6 March 2012. http://energy.gov/articles/energy-department-announces-over-12-million-spur-solar-energy-innovation.
[2057] Weekly Address: An All-Of-The-Above Approach to American Energy, Office of the Press Secretary (Washington) 25 February 2012. Date of Access: 6 March 2012. http://www.whitehouse.gov/the-press-office/2012/02/25/weekly-address-all-above-approach-american-energy.
[2058] Weekly Address: An All-Of-The-Above Approach to American Energy, Office of the Press Secretary (Washington) 25 February 2012. Date of Access: 6 March 2012. http://www.whitehouse.gov/the-press-office/2012/02/25/weekly-address-all-above-approach-american-energy.
[2059] Weekly Address: An All-Of-The-Above Approach to American Energy, Office of the Press Secretary (Washington) 25 February 2012. Date of Access: 6 March 2012. http://www.whitehouse.gov/the-press-office/2012/02/25/weekly-address-all-above-approach-american-energy.

the potential to accrue environmental dividends through its potential to generate over 700 Gigawatts of energy from offshore wind. It has been estimated that each Gigawatt of offshore wind power would be enough to power 300,000 American homes.[2060]

President Barack Obama has also announced EV-Everywhere. EV-Everywhere is a challenge that will unite American scientists, engineers, and businesses in cooperation towards making electric vehicles more affordable and convenient for American consumers. The challenge is one in a series that is aimed at advancing technical innovations and cost reductions in green technologies that will make clean energy competitive with current sources of energy.[2061]

Finally, Secretary Chu participated in the creation of an Agenda on behalf of the UN Secretary-General's Sustainable Energy for All initiative, released on 26 April 2012. The Agenda entails a practical roadmap to guide a multi-stakeholder process which will foster advanced energy efficiency, renewable energy technologies, and increased energy access. The initiative seeks to achieve it's goals by 2030.[2062]

Thus, the United States receives a +1 score for its commitment to encourage effective policies to overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies.

Analyst: Josh Zakkai

European Union: +1

The EU has fully complied with its commitment to encourage effective policies that overcome barriers to energy efficiency, or otherwise spur both innovation and deployment of clean and efficient energy technologies.

On 20 December 2011, the European Investment Bank (EIB) financed a EUR300 million loan to a development project that targets energy efficiency in the home. BSH Bosch und Siemens Hausgeraete GmbH (BSH), the market leader in resource-saving domestic appliances, is responsible for conducting the project. BSH plans to reduce domestic electricity and water consumption by modifying washing machines, driers, and refrigerators.[2063]

On 15 December 2011, the European Commission adopted the "Energy Roadmap 2050," which acts as the basis for developing a long-term European framework. The Energy Roadmap explores

[2060] Obama Administration and Great Lakes States Announce Agreement to Spur Development of Offshore Wind Projects, U.S. Department of Energy (Washington) 30 March 2012. Date of Access: 27 April 2012. http://energy.gov/articles/obama-administration-and-great-lakes-states-announce-agreement-spur-development-offshore.

[2061] President Obama Launches EV-Everywhere Challenge as Part of Energy Department's Clean Energy Grand Challenges, U.S. Department of Energy (Mt. Holly) 7 March 2012. Date of Access: 27 April 2012. http://energy.gov/articles/president-obama-launches-ev-everywhere-challenge-part-energy-department-s-clean-energy.

[2062] Coalition of World Energy Ministers Commit to Improvements in Energy Efficiency, Renewable Energy, Energy Access, U.S. Department of Energy (London) 26 April 2012. Date of Access: 27 April 2012. http://energy.gov/articles/coalition-world-energy-ministers-commit-improvements-energy-efficiency-renewable-energy.

[2063] EIB Finances Energy Efficiency in the Home, European Investment Bank 20 December 2011. Date of Access: 25 February 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=BEI/11/208&format=HTML&aged=0&language=EN&guiLanguage=en.

the possibility of realizing decarbonisation in the EU while ensuring secure energy supply and competitiveness.[2064]

On 8 February 2012, the EU, represented by Commissioner for Development Andris Piebalgs, implemented the "20-20-20" host of initiatives. Set to be achieved by 2020, the three initiatives are: (1) reduce carbon emissions by 20%; (2) expand renewable energy usage to 20% of the energy mix; and (3) increase energy efficiency by 20%.[2065] Commissioner Piebalgs also promised to raise funding levels for such projects as PAMENU and the ACP-EU Energy Facility, which aim to increase access to sustainable energy in developing regions.[2066]

On 15 December 2011, the European Commission adopted a Green Paper and launched a public consultation on expanding LED lighting in Europe. LED-based lighting is one of the most energy-efficient forms of lighting technology. However, LED deployment also faces such issues as high purchase costs, lack of familiarity among potential users, and an absence of common standards. The public consultation is meant to generate solutions to overcome these barriers.[2067]

On 24 November 2011, the European Commission urged several Members to comply with EU energy legislations. The Commission dispatched a notice to the Republic of Slovenia for failing to incorporate the Ecodesign Directive into its national legislation. Said directive encompasses rules that prohibit energy inefficient devices from the EU market.[2068] The Commission also formally requested France and the Czech Republic to bring their national legislations on renewable energy in line with EU rules, which aim at removing administrative barriers to allow free access of renewable energy to the electricity grid.[2069] Furthermore, the Commission referred

[2064] Energy Roadmap 2050: A Secure, Competitive and Low-Carbon Energy Sector Is Possible, European Union 15 December 2011. Date of Access: 25 February 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/1543&format=HTML&aged=0&language=EN&guiLanguage=en.

[2065] Address by Commissioner for Development Andris Piebalgs in Brussels, European Union 8 February 2012. Date of Access: 25 February 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/12/74&format=HTML&aged=0&language=EN&guiLanguage=en.

[2066] Address by Commissioner for Development Andris Piebalgs in Brussels, European Union 8 February 2012. Date of Access: 25 February 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/12/74&format=HTML&aged=0&language=EN&guiLanguage=en.

[2067] Digital Agenda: Commission Consults on Massive Expansion of LED Lighting in Europe, European Union 15 December 2011. Date of Access: 25 February 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/1554&format=HTML&aged=0&language=EN&guiLanguage=en.

[2068] Energy Efficiency: Slovenian Legislation Still Not in Line with EU Ecodesign Rules, European Union 24 November 2011. Date of Access: 25 February 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/1438&format=HTML&aged=1&language=EN&guiLanguage=en.

[2069] Renewable Energy: French and Czech Legislation Still Not in Line with EU Rules, European Union 24 November 2011. Date of Access: 25 February 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/1446&format=HTML&aged=1&language=EN&guiLanguage=en.

Spain to the EU's Court of Justice for failure to comply with the directive on reducing the energy consumption of buildings.[2070]

On 16 April 2012, European Commission President José Manuel Barroso attended the EU Sustainable Energy for All Summit. At the summit, President Barroso reiterated the "20-20-20" initiative and announced a new EU objective called "Energizing Development," which aims to provide access to sustainable energy services to 500 million people by 2030.[2071] To achieve this goal, the EU intends to invest several hundred million Euros in clean and renewable energy projects for developing countries.[2072]

On 3 April 2012, the EU Commissioner for Energy gave an address on the Helios project and the role of energy for European growth. The Commissioner stressed on the importance of renewable energy sources for Europe's long-term development, especially for Greece and other regions most severely hit by the Eurozone crisis. The speech highlighted three features of the EU's energy policy: (1) decreasing EU's dependency on fossil fuel imports; (2) sustaining technology leadership of European industries; and (3) creating jobs via renewable energy installations.[2073] Furthermore, the Commissioner for Energy encouraged Greece to develop the Helios project, as well as additional renewable energy projects, together with other Members. These projects will help Greece to reach national energy requirements and allow it to export a substantial amount of solar energy to other European countries.[2074]

On 22 March 2012, the EU urged several Members to implement necessary energy directives. The Commission sent reasoned opinions to Finland, Greece, and Poland for failing to comply with their legal obligations to assist in increasing to 20% the renewable energy share of the EU's

---

[2070] Energy Performance of Buildings: Commission Refers Spain to Court, European Union 24 November 2011. Date of Access: 24 November 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/1447&format=HTML&aged=1&language=EN&guiLanguage=en.

[2071] Address by President Jose Manuel Barroso of the European Commission at the EU Sustainable Energy for All Summit, European Union 16 April 2012. Date of Access: 26 April 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/12/263&format=HTML&aged=0&language=EN&guiLanguage=en.

[2072] Address by President Jose Manuel Barroso of the European Commission in Brussels, European Union 16 April 2012. Date of Access: 26 April 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/12/263&format=HTML&aged=0&language=EN&guiLanguage=en.

[2073] Address by EU Commissioner for Energy Gunther Oettinger at the Conference "Renewable Energy and Infrastructure Development in South Eastern European and HELIOS Project", European Union 3 April 2012. Date of Access: 26 April 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/12/255&format=HTML&aged=0&language=EN&guiLanguage=en.

[2074] Address by EU Commissioner for Energy Gunther Oettinger at the Conference "Renewable Energy and Infrastructure Development in South Eastern European and HELIOS Project", European Union 3 April 2012. Date of Access: 26 April 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/12/255&format=HTML&aged=0&language=EN&guiLanguage=en.

overall energy consumption by 2020.[2075] Furthermore, the EU issued warnings to the Czech Republic and Poland for failing to adopt the Energy Labelling Directive, a directive that promotes energy efficiency by giving consumers comparative information on the energy consumption of the products they purchase.[2076] If these Members fail to respond within a two-month timeframe, the Commission may refer them to the Court of Justice of the European Union.

On 26 April 2012, the Commission referred Italy to the Court of Justice for failure to comply with the directive on the energy performance of buildings. Since buildings are responsible for around 40% of energy consumption and 36% of carbon dioxide emissions in the EU, the aforementioned directive requires all buildings to have energy performance certificates made available to their owners, prospective buyers, and tenants.[2077] To this end, consumers may gain a clear sense of the quality of the building in terms of energy savings and associated costs.

The EU has undertaken various measures to encourage policies that either overcome barriers to efficiency, or otherwise spur both innovation and deployment of clean and efficient energy technologies. For this reason, the EU has been awarded a score of +1.

Analyst: Maggie Shi

[2075] Renewable Energy: Finnish, Greek and Polish Legislation Still Not in Line with EU Rules, European Union 22 March 2012. Date of Access: 26 April 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=IP/12/278&format=HTML&aged=0&language=EN&guiLanguage=en.

[2076] Energy Labeling: Commission Urges Czech Republic and Poland to Adopt Consumer-Friendly Legislation, European Union 26 March 2012. Date of Access: 26 April 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=IP/12/277&format=HTML&aged=0&language=EN&guiLanguage=en.

[2077] Energy Labeling: Commission Urges Czech Republic and Poland to Adopt Consumer-Friendly Legislation, European Union 26 March 2012. Date of Access: 26 April 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=IP/12/277&format=HTML&aged=0&language=EN&guiLanguage=en.

International Cooperation [282]

Commitment [#282]:

"Pursue consistent and effective engagement with non-members, regional and international organisations, including the United Nations, and other actors, and we welcome their contribution to our work as appropriate. We also encourage engagement with civil society. We request our Sherpas to make us proposals for the next meeting."

Cannes Summit Final Declaration

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			+1
Italy		0	
Japan		0	
Korea			+1
Mexico			+1
Russia			+1
Saudi Arabia		0	
South Africa		0	
Turkey		0	
United Kingdom			+1
United States		0	
European Union		0	
Average Score	+0.25		

Background:

At the Seoul summit the G20 leaders for the first time explicitly recognized "the necessity to consult with the wider international community" and pledged to "increase […] 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." The G20 also specified two principles for non-members invitations to summits: there will be no more than five non-member invitees and two of them should be African countries.[2078]

Commitment Features:

This commitment calls for closer G20 cooperation between the G20 and non-members, international organizations, the United Nations, regional organizations, civil society and other actors. As indicated in the Seoul Summit Declaration the other actors include trade unions and academia. During the G20 Cannes Summit, G20 leaders welcomed all these stakeholders' contribution to the work of G20 and requested their sherpas to make proposals on cooperation for

[2078] The Seoul Summit Document. 12 November 2010. http://www.g20.utoronto.ca/2010/g20seoul-doc.html.

the next meeting recognized. These proposals have not been announced yet. G20 members will be evaluated on their efforts to contribute towards G20 engagement with the stakeholders specified above.

Scoring Guidelines:

-1	Member does not contribute towards G20 engagement with any of the following partners: non-members, international organizations, UN, regional organizations, civil society, trade unions, and academia.
0	Member contributes towards G20 engagement with three or less of the following partners: non-members, international organizations, UN, regional organizations, civil society, trade unions, and academia.
+1	Member contributes towards G20 engagement with more than three of the following partners: non-members, international organizations, UN, regional organizations, civil society, trade unions, and academia.

Argentina: 0

Argentina has partially complied with its commitment to contribute towards G20 engagement with non-members, regional and international organizations and other actors.

On 21-22 November 2011 the "Pendulum of Argentina in development" conference took place. The Industrial Union of Argentina (UIA) organized the event. President of Central Bank of Argentina Mercedes Marco del Pont, Ambassador of Argentina in US Alfredo Chiaradiaparticipated in the section "International Crisis: overview and perspectives. Role of developing countries in G20. Argentina's inclusion in international development." They discussed measures aimed at mitigating the crisis impact and proposals of UIA for the G20 business forum. Representative of academia, for example from National University of Quilmes, participated in the conference.[2079]

Argentina gets score of 0 because it has contributed towards G20 engagement with only two actors: civil society and academia.

Analyst: Elizaveta Safonkina

Australia: 0

Australia has partially complied with its international cooperation commitment.

On 19 February 2012, Foreign Minister Kevin Rudd took part in the first G20 Foreign Ministers Meeting (source). On the sidelines of the meeting Mr. Rudd had a number of meetings, including with non-G20 members. "The G20 has a leadership role to play to get the global economy back on track to create jobs and minimise the human impacts of economic uncertainty," Mr Rudd stressed.[2080]

On 20 April 2012, Deputy Prime Minister Wayne Swan held meetings in Washington with G20 Finance Ministers to assess global economic conditions. Deputy Prime Minister stressed that important reforms are still needed to minimize the risk of contagion from instability in Europe and that IMF should have enough sufficient resources to address any potential contagion in the

[2079] Conference "El pendulo argentino o la hora del desarrollo", UIA 21-22 November 2011. Date of Access: 15 March 2012http://www.uia.org.ar/download.do?id=3560

[2080] Foreign Minister to attend first G20 Foreign Ministers' Meeting, Australia Government Media center 18 February 2012. Date of access: 20 April 2012. http://www.foreignminister.gov.au/releases/2012/kr_mr_120218.html global economy. Wayne Swan also met bilaterally with a number of heads of international organizations including the Managing Director of the IMF Christine Lagarde, and the outgoing President of the World Bank Robert Zoellick.[2081]

Australia has taken measures to promote G20 engagement with non-members and international organizations — less than three actors mentioned in the guidelines. Thus, Australia is awarded a score of 0.

Analyst: Yulia Ovchinnikova

Brazil: 0
Brazil has partially complied with the commitment to contribute towards G20 engagement with non-members, regional and international organisations, civil society, and academia.

On 9-12 April 2012, G20 Youth Summit 2012 took place in Brazil. The event was aimed at increasing young people awareness about the G20 and promoting dialogue and inclusion.[2082] Key issues of G20 priorities, including economic stability and growth were on the agenda.[2083]

Thus, Brazil has contributed to G20 cooperation only with civil society and is awarded a score of 0.

Analyst: Polina Arkhipova

Canada: 0
Canada has partially complied with its commitment topursue consistent and effective engagement with non-members, regional and international organizations and civil society institutions.

On 8 November 2011, Canadian Finance Minister Jim Flaherty delivered a speech to the members of the Calgary Chamber of Commerce. In the address he mentioned several key decisions made by the G20 leaders at the Cannes summit and their implications for Canada.[2084]

On 5 March 2012, Canadian Minister of International Cooperation Beverley J. Oda held a roundtable with private sector leaders and development partners "focusing on how the Canadian private sector's engagement in international development can help make Canada's international assistance more effective." Participants discussed examples of successful, current private sector engagement initiatives, which include programs supported by the G-20.[2085]

[2081] Treasurer to Attend G20, IMF and World Bank Meetings, Deputy prime minister and Treasurer 20 April 2012. Date of access: 22 April 2012. http://www.treasurer.gov.au/wmsDisplayDocs.aspx?doc=pressreleases/2012/025.htm&pageID=003&min=wms&Year=&DocType=0
[2082] G20 Youth Summit – Brazil 2012, Global Attitude 2012. Date of access: 27 April 2012. http://globalattitude.org.uk/global-education/g20ys-brazil/
[2083] G20 Youth Summit 2012, Date of access: 27 April 2012. http://g20youthsummit.com.br/wp-content/uploads/2012/04/Brochure-Economics.pdf.
[2084] Speech by the Honourable Jim Flaherty, Minister of Finance, to the Calgary Chamber of Commerce. Canadian Ministry of Finance 8 November 2011. Date of Access: 15 March 2012 http://www.fin.gc.ca/n11/11-114_1-eng.asp
[2085] Minister Oda and Canadian Business Leaders Work Together to Reduce Global Poverty, Canadian International Development Agency 5 March 2012, Date of Access: 15 March 2012. http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAT-35133810-PUW.

No information of Canadian authorities' contribution to the G20 engagement with civil society, regional and international organizations during the compliance cyclehas been found.

Thus, Canada has been awarded the score of 0 for partially complying with the commitment to pursue consistent engagement with development partners and other actors.

Analyst: Andrei Sakharov

China: 0

China has partially complied with the commitment on international cooperation.

China has pursued G20 engagement withBRICS.

On 29 March 2012 China participated in the Fourth BRICS summit in New Delhi. In the Delhi Declaration BRICS leaders recognized G20 as a "premier forum for international economic cooperation" and made a commitment "to work with the [G20] Presidency, all [G20] members and the international community to achieve positive results, consistent with national policy frameworks, to ensure strong, sustainable and balanced growth."[2086]

China has contributed towards G20 engagement with BRICS. Thus China has been awarded a score of 0.

Analyst: Svetlana Nikitina

France: 0

France has partially complied with its commitment to contribute towards G20 engagement with non-members, regional and international organisations.

On 10 November 2011, Diplomatic Advisor to the President of the French Republic Jean-David Levitte, made a statement at the UN General Assembly informal meeting on the outcomes of the G20 Summit in Cannes.[2087]

On 15 November 2011, during a conference at the Centre for International Studies and Research in Paris, French G20 Sherpa Xavier Musca analyzed the results of the G20 Cannes Summit with the representatives of academia.[2088]

On 20 December 2011, FARM Foundation (NGO) together with the French Ministry of Economy, Finance and Industry organized a conference "G20 agriculture: what's next?" to discuss the issues of agriculture and food security.[2089]

France has contributed to G20 engagement with three actors (international organizations, NGO and academia). Thus, France has been awarded a score of 0.

Analyst: Vitaly Nagornov

[2086] Fourth BRICS Summit Delhi Declaration, Fourth BRICS Summit 29 March 2012. Date of Access: 27 April 2012. http://www.bricsindia.in/delhi-declaration.html

[2087] General Assembly Informal meeting on the outcome of the G20 Summit in Cannes, 10 November 2011. Date of Access: 2 April 2012. http://www.franceonu.org/spip.php?article5886

[2088] Comprendre le G20 avec la recherche de Sciences Po, 15 November 2011. Date of Access: 2 April 2012. http://www.sciencespo.fr/node/8077

[2089] Conference "G20 agriculture: what's next ?" 20 December 2011. Date of Access: 24 May 2012. http://www.fondation-farm.org/zoe/doc/conf_farmigpdepluriagri2011_program_en.pdf

Germany: 0
Germany has partially complied with its international cooperation commitment.

The German Ministry for Economic Cooperation and Development and the German Society for International Cooperation (GIZ) together with the Siemens Foundation supported a competition "G20 Challenge on Inclusive Business Innovation" which was aimed at selecting 15 companies, working in low- and medium-income countries, to be showcased at the G20 Los Cabos summit. In the regional workshops to be held later, the companies will be able to "exchange experiences, meet relevant stakeholders, find new partners and together learn how to transfer their business models to other markets."[2090]

Germany has been awarded a score of 0 for its contribution towards G20 engagement with several actors.

Analyst: Yulia Ovchinnikova

India: 0
India has partially complied with its commitment to pursue consistent and effective engagement of the G20 with non-members, regional and international organizations, including the United Nations, and other actors.

On 21 November 2011, the representatives of Indian financial authorities took part in the Meeting of the Financial Stability Board Regional Consultative Group for Asia hosted by the Bank of Korea in Seoul. The participants held consultations on regional outreach activities to broaden the circle of countries involved in the promotion of international financial stability as agreed at the G20 Toronto Summit in June 2010.[2091]

On 29 March 2012 India hosted the Fourth BRICS summit in New Delhi. In the Delhi Declaration the BRICS leaders recognized G20 as a "premier forum for international economic cooperation" and made a commitment "to work with the [G20] Presidency, all [G20] members and the international community to achieve positive results, consistent with national policy frameworks, to ensure strong, sustainable and balanced growth."[2092]

Thus India gets a score of 0 for partially complying with its commitment on international cooperation.

Analyst: Andrei Sakharov

Indonesia: +1
Indonesia has fully complied with the commitment on G20 international cooperation.

On 17 November 2011 the 19th ASEAN Summit, chaired by the Indonesian President Susilo Bambang Yudhoyono was held in Bali. According to the statement adopted at the summit, the

[2090] "Challenge on Inclusive Business Innovation": an ideas competition for innovative business models for development with a broad impact 1 December 2012. Date of access: 26 May 2012. http://www.siemens-stiftung.org/en/basic-needs-social-entrepreneurship/g20-challenge.html
[2091] Meeting of the Financial Stability Board Regional Consultative Group for Asia, FSB 21 November 2011. Date of Access: 26 April 2012. http://www.financialstabilityboard.org/press/pr_111121.pdf
[2092] Fourth BRICS Summit Delhi Declaration, Fourth BRICS Summit 29 March 2012. Date of Access: 27 April 2012. http://www.bricsindia.in/delhi-declaration.html

participants were "briefed by Indonesia, permanent member of the G20 and concurrently this year, as Chair, also representing ASEAN, of the results of the G20 meeting in Cannes."[2093]

On 3-5April 2012 Princess Máxima of the Netherlands as the UN Special Advocate for Inclusive Finance for Development and Honorary Patron of the G20 Global Partnership for Financial Inclusion visited Indonesia to discuss the issue of financial inclusion.[2094]President Yudhoyono and Princess Máxima agreed to promote the issue at the Los Cabos G20 Summit. Indonesia also committed to promote financial inclusion during its chairmanship of APEC in 2013.[2095]

On 18-20 April 2012, Trade Ministers of the G20 met in Puerto Vallarta, Mexico, to discuss the current global trade issues. Indonesian Minister of Trade, Gita Wirjawan, who led the Indonesian delegation, called for enhancing the G20 cooperation with developing countries. "Indonesia hopes that G20 … will be sensible enough to accommodate the aspirations of developing countries. … Developing countries certainly have a strong interest in having a fair and balanced multilateral trading system" said Indonesian Trade Minister.[2096]

On 30 April 2012 a roundtable discussion on implementation of G20 commitments and Indonesian development was held in Jakarta. It was organised by International NGO Forum on Indonesian Development (INFID) to promote NGOs interaction with the government, including on the Indonesian activities in the G20. Indonesian Deputy Minister of Finance and G20 Sherpa Mahendra Siregar participated in the roundtable.[2097]

Thus, Indonesia has been awarded a score of +1 for contributing towards G20 engagement with the United Nations, regional organizations, non-G20 members and civil society.

Analyst: Elena Martynova

Italy: 0

Italy has partially complied with the commitment on international cooperation.

On 6 December 2011, Italian financial authorities participated in the Meeting of the Financial Stability Board (FSB) Regional Consultative Group for Europe in Luxembourg. Members discussed "the FSB's workplan and policy priorities, major financial regulatory reforms and their impacts, and vulnerabilities and regional financial stability issues."[2098]

[2093] "ASEAN Community in a Global Community of Nations" Chair's Statement of the 19th ASEAN Summit Bali, 17 November 2011. . Date of Access: 15 April 2012 http://www.aseansec.org/documents/19th%20summit/CS.pdf

[2094] Princess Máxima's visit to Indonesia on behalf of Inclusive Finance. Date of Access: 25 April 2012 http://indonesia.nlembassy.org/news/2012/04/princess-maxima-in-indonesia.html

[2095]The Princess, the President and the G20.Date of Access: 10 April 2012 http://www.rnw.nl/english/article/princess-president-and-g20

[2096] The First Occasion of G20 Trade Ministerial Meeting: A New Narrative with Critical Notes Date of Access: 22 April 2012 http://www.kemendag.go.id/publikasi/iframe_mod.php?a=siaran_pers&i=publikasi&id=1034&f=20120420Press%20Release%20G20%20First%20Trade%20Ministers%20Meeting%20in%20Mexico.pdf

[2097] Undangan RTD - G20 dan Indonesia. Date of Access: 28 April 2012 http://www.infid.org/2012/04/27/undangan-rtd-g20-dan-indonesia/

[2098] Press release Meeting of the Financial Stability Board Regional Consultative Group for Europe, Financial Stability Board 6 December 2011. Date of Access: 25 April 2012. http://www.financialstabilityboard.org/press/pr_111206.pdf

On 18-20 February 2012, the Italian Under-Secretary for Foreign Affairs, Marta Dassù, attended the G20 Ministerial in Los Cabos, Mexico, the first meeting of G20 Foreign Ministers. Under-Secretary Dassù "underscored the role diplomacy can play in supporting greater overall cohesiveness in the G20, whose sphere of operation has progressively expanded beyond the traditional economic-financial agenda." On the margins, Under-Secretary Dassù had numerous meetings with the other ministers present, including from the non-G20 member countries: Chile, and Colombia.[2099]

On 19 April 2012, Italy represented by Vice-Minister of State for Economic Development Claudio de Vicenti, took part in the B20 Trade Ministers' meeting Trade and Investment: Promoter of development, growth and employment. The B20 Task Force "urged the G20 Ministers to execute concrete actions that may generate a stable and proper environment for investment, in addition to trade" (source). It elaborated a document with 6 recommendations that would "be analyzed and evaluated by the Ministers in order to prepare an agenda for discussion prior to and during the G20 Summit in Los Cabos."[2100]

Thus, Italy has contributed towards G20 engagement with less than three partners: FSB and B20. Therefore, the country has been awarded a score of 0.

Analyst: Anna Vekshina

Japan: 0

Japan has partially complied with its commitment to pursue consistent and effective engagement with non-members, regional and international organizations and other actors.

On 21 November 2011, the representatives of Japanese financial authorities took part in the Meeting of the Financial Stability Board Regional Consultative Group for Asia hosted by the Bank of Korea in Seoul. The participants held consultations on regional outreach activities to broaden the circle of countries involved in the promotion of international financial stability as agreed at the G20 Toronto Summit in June 2010.[2101]

No other facts of Japan's engagements with other actors on the issues of the G20 agenda have been found during the monitoring period.

Thus Japan has been awarded a score of 0.

Analyst: Andrei Sakharov

Korea: +1

Korea has fully complied with its commitment on international cooperation.

[2099] G20 Messico: Under-Secretary Dassù attends the ministerial, Italian Ministry of Foreign Affairs (MFA) 21 February 2012. Date of Access: 26 March 2012. http://www.esteri.it/MAE/EN/Sala_Stampa/ArchivioNotizie/Approfondimenti/2012/02/20120221_MessicoDassu.htm?LANG=EN

[2100] B20 Trade Ministers' meeting Trade and Investment: Promoter of development, growth and employment, Mexican Presidency of the G20 19 April 2012. Date of Access: 24 April 2012. http://www.g20.org/en/news-room/press-releases/346-comercio-e-inversion-promotores-del-desarrollo-crecimiento-y-la-generacion-de-empleos-b20

[2101] Meeting of the Financial Stability Board Regional Consultative Group for Asia, FSB 21 November 2011. Date of Access: 26 April 2012. http://www.financialstabilityboard.org/press/pr_111121.pdf

On 29 November 2011, President Lee Myung-bak held a summit talk with Prime Minister Meles Zenawi of the Federal Democratic Republic of Ethiopia, on the eve of the High Level Forum on Aid Effectiveness. During the summit, the two leaders discussed inter alia strengthening joint efforts in the international arena including the follow-up of the G20 development agenda drawn as a result of the G20 Seoul Summit.[2102]

On 30 November — 1 December 2011, High Level Forum on Aid Effectiveness was held in Busan. Participants included delegations from 158 countries and 45 international organizations, United Nations, OECD inter alia. During the sessions, heads of the delegation participated in an in-depth discussion to achieve synergy between the Busan forum and the G20 in support of the successful implementation of the G20 Development Agenda 2010.[2103]

On 19-20 March 2012, the G-20 Development Working Group (DWG) held its second meeting in Seoul. As part of efforts to link the G-20 development agenda and the Busan Global Partnership, the ROK, together with the OECD and the UN, held during the DWG meeting an event themed "Busan Partnership for Effective Development Cooperation" highlighting the importance and implications of the Partnership. The event sought to raise the interest and understanding of the G20 member countries and international organizations in the Busan Partnership.[2104]The DWG meeting was attended by some 150 delegates from 27 countries and 19 international organizations, including G20 members and non-G20 invited countries as well as the World Bank, OECD, WTO, and UN.[2105]

Korea has contributed towards G20 engagement with a wide range of partners. Thus it is awarded a score of +1.

Analyst: Pavel Zhdanov

Mexico: +1
Mexico has fully complied with the commitment to contribute towards G20 engagement with non-members, regional and international organizations, civil society, and academia.

The Mexican Presidency of the G20 attaches great importance to strengthening the G20 dialogue with countries and organizations outside of the G20. Spain, Benin, Cambodia, Chile, and Colombia were invited as well as the IMF, the World Bank, the Financial Stability Board, the

[2102] Korea and Ethiopia Agree to Expand Cooperation in Development Assistance, Portal Korea.net 29 November 2011. Date of Access: 15 April 2012 http://www.korea.net/NewsFocus/Policies/view?articleId=90106&pageIndex=10.

[2103] High Level Forum on Aid Effectiveness Kicks off in Busan on November 29, Portal Korea.net 25 November 2011. Date of Access: 15 April 2012 http://www.korea.net/NewsFocus/Policies/view?articleId=90062&pageIndex=10.

[2104] G-20 Development Working Group Prepares Ways to Support Developing Countries, MOFAT 20 March 2012. Date of Access: 15 April 2012http://www.mofat.go.kr/webmodule/htsboard/template/read/engreadboard.jsp?typeID=12&boardid=302&seqno=310974&c=TITLE&t=g-20&pagenum=1&tableName=TYPE_ENGLISH&pc=&dc=&wc=&lu=&vu=&iu=&du=.

[2105] G-20 Development Working Group to Convene a Meeting in Seou, MOFAT 15 March 2012. Date of Access: 15 April 2012 http://www.mofat.go.kr/webmodule/htsboard/template/read/engreadboard.jsp?typeID=12&boardid=302&seqno=310959&c=TITLE&t=g-20&pagenum=1&tableName=TYPE_ENGLISH&pc=&dc=&wc=&lu=&vu=&iu=&du=.

UN, the ILO, the OECD, the WTO and FAO to participate in the G20 activities.[2106] Special Representative of the Mexican Presidency of the G20 has been appointed, who is responsible for exchanging views with groups not directly represented in the Group, such as non-member countries, international organizations, civil society with particular emphasis on young people, academia, and the business community, among others.[2107]

On 13 December 2011, G20 Seminar "The Current Challenges for Global Economic Growth" was held to increase awareness and dialogue with representatives of the G20 countries, the diplomatic community, members of the national and international academic community, entrepreneurs and executives of international organizationson G20 agenda.[2108]

The first ever G20 think tanks meeting was held in February 2012.[2109] On 28-29 March 2012, the Special Representative for Mexico's G20 Presidency Roberto Marino presented the G20 priorities at the informal meeting of Finance and Central Bank Deputies of the Association of Southeast Asian Nations (ASEAN) in order to "expand the G20 reach" and "increase the dialogue with non-members countries."[2110] In 2012 priorities of the G20 agenda have been also discussed with representatives of regional organizations in Africa, Latin America, the Caribbean, Europe and Asia in order to promote productive dialogue and inclusion.[2111]

As part of G20 civil society dialogue, national and international partners, including business representatives, young leaders, NGOs, academia and think tanks are invited to join dialogue process hosted by G20 Mexican Presidency.[2112] A number of meetings, including World Social Forum, and informative and dialogue meetings took place in January-February 2012.[2113]

[2106] Invited countries and international organizations, 2012 Mexican G20 Presidency 29 March 2012. Date of access: 24 April 2012. http://g20mexico.org/mexican-presidency-of-the-g20/invited-countries-and-international-organizations.
[2107] Broader discussion, 2012 Mexican G20 Presidency 29 March 2012. Date of access: 24 April 2012. http://g20mexico.org/en/dialogue-with-other-actors-and-side-events/widened-discussion.
[2108] Mexico´s G20 Presidency: Outreach activities with Southeast Asian nations, 2012 Mexican G20 Presidency 11 April 2012. Date of access: 24 April 2012. http://g20mexico.org/en/news-room/news/325-presidencia-de-mexico-del-g20-labores-de-dialogo-y-consulta-rumbo-a-la-cumbre-de-los-cabos.
[2109] Think20 Meeting Concludes Successfully, 2012 Mexican G20 Presidency 29 February 2012. Date of access: 24 May 2012. http://g20mexico.org/index.php/en/press-releases/259-la-reunion-think-20-concluye-exitosamente.
[2110] Mexico´s G20 Presidency: Outreach activities with Southeast Asian nations, 2012 Mexican G20 Presidency 29 March 2012. Date of access: 24 April 2012. http://g20mexico.org/en/news-room/news/321-presidencia-de-mexico-del-g20-actividades-de-dialogo-y-consulta-con-paises-de-sureste-asiatico.
[2111] Mexico's G20 Presidency: outreach activities towards Los Cabos Summit, 2012 Mexican G20 Presidency 11 April 2012. Date of access: 24 April 2012. http://g20mexico.org/en/news-room/news/325-presidencia-de-mexico-del-g20-labores-de-dialogo-y-consulta-rumbo-a-la-cumbre-de-los-cabos.
[2112] G20 Civil Society Dialogue, 2012 Mexican G20 Presidency 2012. Date of access: 24 April 2012. http://g20mexico.org/en/dialogue-with-other-actors-and-side-events/civil-society-and-ngos
[2113] Calendar of Meetings about the G20 with Civil Society Organizations, 2012 Mexican G20 Presidency 2012. Date of access: 24 April 2012. http://g20mexico.org/en/dialogue-with-other-actors-and-side-events/civil-society-and-ngos

Y-20 México Delegates Forum is an analysis and discussion fora for young people to review the main issues of the G-20 and work on a document with recommendations to be presented to the governments of the participating countries prior to the leaders' summit in Los Cabos. Y-20 México Delegates Forum is to take place in May 2012.[2114] On 30 March 2012, the list of Y-20 delegates on the part of Mexico has been confirmed.[2115]

All things considered, Mexico has contributed towards G20 engagement with non-members, international organizations, regional organizations, academia and civil society and is awarded a score of +1.

Analyst: Polina Arkhipova

Russia: +1
Russia has fully complied with its commitment on international cooperation.

Russia has contributed to G20 engagement with academia.

On 27 October 2011, the research seminar "G20 in the Contemporary International Relations System and its Future in the Context of External Challenges and Long-term Priorities of Russian Domestic and Foreign Policy" took place in Moscow. Russian Foreign Ministry Coordinator for G20 and BRICS issues Ambassador-at-Large Vadim Lukov participated in the event and made a presentation on G20 activities and Russia's priorities in the institution. The seminar was one of the events of the joint project implemented by the National Research University Higher School of Economics (Russia) with support of the Russian International Affairs Council, which is a non-profit partnership established by the Russian authorities, aimed at "increasing effectiveness of Russia's participation in G8, G20 and BRICS" through engaging representatives of academic institutions and think tanks.[2116]

Russia has contributed to G20 engagement with non-members of this institution.

On 30 January 2012, the Russian Finance Ministry hosted the inaugural meeting of the Regional Consultative Group for the Commonwealth of Independent States (RCG for CIS) of the Financial Stability Board. The participants held consultations on regional outreach activities to increase the number of countries involved in the promotion of international financial stability as agreed at the G20 Toronto Summit in June 2010.[2117]

Russian authorities have also contributed to G20 engagement with civil society.

[2114] Y-20 Mexico Program, 2012 Mexican G20 Presidency 11 April 2012. Date of access: 24 April 2012. http://g20mexico.org/en/dialogue-with-other-actors-and-side-events/y20-mexico-youth-forums.
[2115] Resultados de la convocatoria para seleccionar a los delegados juveniles que representarán a México en "Y20 México", Ministryof Foreign Affairs 20 March 2012. Date of access: 24 April 2012. http://saladeprensa.sre.gob.mx/index.php/es/comunicados/1391-110.
[2116] RIAC and IORI Seminar on perspectives of G20 development in international affairs system, IORI HSE 28 October 2011. Date of access: 27 April 2012. http://www.hse.ru/en/org/hse/iori/news/37454021.html.
[2117] Inaugural Meeting of the Financial Stability Board Regional Consultative Group for the Commonwealth of Independent States, FSB 30 January 2012. Date of Access: 27 April 2012. http://www.financialstabilityboard.org/press/pr_120130.pdf.

On 29 February 2012, the strategic planning meeting of G8/G20 Russian NGOs Working Group, which includes representatives of the civil society and academia and aimed at increasing civil society participation in the G8 and G20 activities, took place in Moscow. Representatives of the Russian Presidential Executive Office and Russian Finance Ministry participated in the meeting.[2118]

On 5 March 2012, Russian G8 Sherpa Arkady Dvorkovich and Russian G20 Sherpa Stanislav Voskresensky met with the members of the G8/G20 Russian NGOs Working Group and discussed civil society participation in the events of the Mexican G20 Presidency in 2012 and Russian G20 Presidency in 2013.[2119]

Russian has taken actions to promote G20 engagement with international institutions.

On 29 March 2012, Russia participated in the Fourth BRICS summit in New Delhi. In the Delhi Declaration BRICS leaders recognized G20 as a "premier forum for international economic cooperation" and made a commitment "to work with the [G20] Presidency, all [G20] members and the international community to achieve positive results, consistent with national policy frameworks, to ensure strong, sustainable and balanced growth."[2120]

Russia has taken actions to contribute towards G20 engagement with more than three types of partners mentioned in the guidelines (non-members, international organizations, civil society and academia). Thus, it has been awarded a score of +1.

Analyst: Mark Rakhmangulov

Saudi Arabia: 0

On 20 January, 2012 Financial Stability Board Regional Consultative Group for the Middle East and North Africa in Abu Dhabi discussed the FSB's "work plan and policy priorities, major financial regulatory reforms and their impacts, and vulnerabilities and regional financial stability issues." The governor of the Saudi Arabian Monetary Agency Fahad Al-Mubarak co-chairs the Group. The regional consultative groups were established "to bring together financial authorities from FSB member and non-member countries to exchange views on vulnerabilities affecting financial systems and on initiatives to promote financial stability."[2121]

The Saudi Arabia has contributed towards G20 engagement with non-members. Thus it is awarded a score of 0.

Analyst: Alexey Mironov

South Africa: 0

South Africa has partially complied with commitment on international cooperation.

[2118] The strategic planning meeting of G8/G20 Russian NGOs working group, G8/G20 Russian NGOs Working Group. Date of access: 27 April 2012. http://www.g20civil.com/newsg20/436/.
[2119] The strategic planning meeting of G8/G20 Russian NGOs working group, G8/G20 Russian NGOs Working Group. Date of access: 27 April 2012. http://www.g20civil.com/newsg20/436/.
[2120] Fourth BRICS Summit Delhi Declaration, Fourth BRICS Summit 29 March 2012. Date of Access: 27 April 2012. http://www.bricsindia.in/delhi-declaration.html.
[2121] Meeting of the Financial Stability Board. Regional Consultative Group for the Middle East and North Africa, Financial Stability Board Press Release 20 January 2012. Date of Access: 14.04.2012. http://www.financialstabilityboard.org/press/pr_200112.pdf

On 4 March 2012, BRICS trade ministers promised to ensure at the G20 trade ministerial summit that attempts of industrialised countries to create a new trade agenda do not drive down trade liberalisation and the WTO talks.[2122]

On 29 March 2012, at the meeting of BRICS trade and economic ministers in Delhi, countries including South Africa decided to work together at the G20 and WTO level.[2123] In the Delhi Declaration the G20 was called a premier forum for international economic cooperation, and enhanced macroeconomic policy coordination was welcomed.[2124]

South Africa is engaged into G20 Youth Summits under the mentorship of the Department of International Relations and Cooperation (DIRCO). On 31 March 2012, South Africa confirmed its delegation for 2012 G20 Youth Summit which will be held in Peubla, Mexico, on 09-11 May 2012.[2125]

Since South Africa contributed towards G20 engagement only with two partners, one international organization (BRICS) and civil society (youth), the score is 0.

Analyst: Tatyana Lanshina

Turkey: 0

Turkey has partially complied with its commitment to pursue consistent and effective engagement with non-members, regional and international organisations, including the United Nations, and other actors.

On 18-20 February 2012, Turkish Minister of Foreign Affairs Ahmet Davutoğlu, attended the G-20 Ministers of Foreign Affairs Informal Meeting organized by the Mexican Presidency of the G-20, held in Los Cabos, Mexico andemphasized the importance of adopting new approaches in the global political system. Additionally, Foreign Minister Davutoğlu suggested convening a joint meeting of G20 and Least Developed Countries.[2126]

On 6 March 2012, Deputy Undersecretary of the Ministry of Foreign Affairs and Turkey's G20 Sherpa Mehmet Gucuk at a meeting, aimed at involving business community in the G20 process, with the International Chamber of Commerce (ICC) said that "business is an integral part of the G20 process and cannot be disassociated from the G20's work on the global economy. In

[2122] BRICS ministers say new trade narrative sinks development, BRICS ministers say new trade narrative sinks development 4 March 2012. Date of Access: 17 April 2012. http://www.afriquejet.com/economy-brics-south-africa-2012040436308.html.

[2123] BRICS trade ministers vow to work together at G20 and WTO level, CNTV 29 March 2012. Date of Access: 31 March 2012. http://english.cntv.cn/program/newshour/20120329/113435.shtml.

[2124] Fourth BRICS Summit - Delhi Declaration, Ministry of External Affairs 29 March 2012. Date of Access: 26 April 2012. http://www.mea.gov.in/mystart.php?id=190019162.

[2125] 2012 G8 & G20 Youth Summits: South African Delegation, SAYouth of International Diplomacy 31 March 2012. Date of access: 10 April 2012. http://g20southafrica.blogspot.com/.

[2126] Foreign Minister Ahmet Davutoğlu, at the G20 meeting emphasized the importance of adopting new approaches in the global system, Republic of Turkey Ministry of Foreign Affairs. Date of Access: 30 March 2012. http://www.mfa.gov.tr/foreign-minister-ahmet-davutoglu-at-the-g20-meeting-emphasized-the-importance-of-adopting-new-approaches-in-the-global-system.en.mfa addition, business is an important part of civil society and is therefore responsible to play an active role."[2127]

Turkey contributes towards G20 engagement with non-members and civil society. Thus, it has been awarded a score of 0 for partially complying with the commitment.

Analyst: Nadezhda Sporysheva

United Kingdom: +1

The UK has fully complied with its commitment on international cooperation.

The UK engages with non-members of G20, international organizations, corporations, trade unions and academia on G20 issues.

Trade unions: On 21 November 2011 Foreign Secretary William Hague spoke at the annual conference of the Confederation of British Industry. The discussed issues included an action plan for growth and jobs of the G20 Summit in Cannes and completing the Doha round of trade talks.[2128]

On 12 January 2012, the UK Chancellor George Osborne called on implementation of the agreed G20 reforms of derivatives, remuneration and systemic financial institutions and IMF reform at the Asian Financial Forum in Hong Kong — the annual forum with participants from more than 30 countries, including leaders in government, financial and business sectors.[2129]

On 26-27 March 2012, representatives of the government of the UK together with governments of China, Ethiopia, Korea, Mexico, Morocco, Norway, Qatar, South Africa, Sweden, Turkey, USA and Vietnam and global corporations took part in the meeting in Copenhagen to discuss the role of public-private partnerships in unlocking green growth. This meeting laid the tracks for the second annual Global Green Growth Forum on 9-10 October 2012 aimed at "informing and drawing from key international processes" including the G20 Summit in Mexico.[2130]

The UK government also often orders independent research on different G20 issues from academia. One of the latest examples is the Independent review on Fuel Poverty written by Professor John Hills of the London School of Economics and published on 15 March 2012.[2131]

[2127] Business executives gather in Istanbul to prepare G20 Summit input, The International Chamber of Commerce 6 March 2012. Date of Access: 1 April 2012. http://www.iccwbo.org/index.html?id=47623

[2128] Foreign Secretary William Hague spoke at the Confederation of British Industry Annual Conference on 21 November, Foreign and Commonwealth Office 21 November 2011. Date of Access: 14 April 2012. http://www.fco.gov.uk/en/news/latest-news/?view=Speech&id=694968482.

[2129] The Chancellor's speech at the Asian Financial Forum, Foreign and Commonwealth Office 12 January 2012. Date of Access: 14 April 2012. http://www.fco.gov.uk/en/news/latest-news/?view=Speech&id=716173082.

[2130] Global Green Growth Forum Boosts The Green Economy Through Public-Private Partnerships, Ministry of Foreign Affairs of Denmark 23 March 2012. Date of Access: 14 April 2012. http://um.dk/en/news/newsdisplaypage/?newsID=6DE5B8AD-2BEC-4616-996B-DDEC84BE5FB7.

[2131] Independent review on Fuel Poverty final report published, Department of Energy and Climate Change 15 March 2012. Date of Access: 14 April 2012. http://www.decc.gov.uk/en/content/cms/news/pn12_024/pn12_024.aspx.

The UK contributes towards G20 engagement with more than three types of partners (international organizations, corporations, trade unions and academia). The UK score is +1.

Analyst: Natalia Churkina

United States: 0

The United States has partially complied with the commitment on international cooperation.

On 2 December 2011, financial authorities of the United States participated in the Meeting of the Financial Stability Board (FSB) Regional Consultative Group for the Americas in Mexico. Members discussed the FSB's workplan and policy priorities, global and regional vulnerabilities and related financial stability issues, and regulatory issues relevant for financial stability.[2132]

On 18-20 February 2012, U.S. Secretary Hillary Clinton participated in the first G20 Ministerial Meeting in Los Cabos. The Secretary discussed "key issues the United States and other G20 members face individually and as partners on global economic matters including principles for the international economic system, green growth and sustainable development, food security, and human development." Secretary Clinton also held meetings with counterparts, including from non-G20 members, to discuss bilateral issues.[2133]

On 14 April 2012, during the Summit of the Americas in the dialogue with the President Rousseff of Brazil and the President Santos of Colombia the U.S. President Obama said that the G20 was not a temporary thing to respond to the world economic crisis "this should be the permanent forum for determining and coordinating direction in the world economy."[2134]

On 19 April 2012, the United States represented by the Deputy Trade Representative, Michael Punke, took part in the B20 Trade Ministers' meeting "Trade and Investment: Promoter of development, growth and employment." The B20 Task Force "urged the G20 Ministers to execute concrete actions that may generate a stable and proper environment for investment, in addition to trade." It elaborated the document with 6 recommendations which would "be analyzed and evaluated by the Ministers in order to prepare an agenda for discussion prior to and during the G20 Summit in Los Cabos."[2135]

Thus, the United States has contributed towards G20 engagement with non-members and business. Therefore, the country has been awarded a score of 0.

Analyst: Anna Vekshina

[2132] Press release Meeting of the Financial Stability Board Regional Consultative Group for the Americas, Financial Stability Board 2 December 2011. Date of Access: 25 April 2012. http://www.financialstabilityboard.org/press/pr_111202.pdf

[2133] Secretary Clinton: Travel to Mexico, U.S. Department of State 20 February 2012. Date of Access: 24 April 2012. http://www.state.gov/secretary/trvl/2012/184007.htm

[2134] President Obama at CEO Summit of the Americas, U.S. Department of State 14 April 2012. Date of Access: 24 April 2012. http://translations.state.gov/st/english/texttrans/2012/04/201204143882.html#axzz1szTkp0Qs

[2135] B20 Trade Ministers' meeting Trade and Investment: Promoter of development, growth and employment, Mexican Presidency of the G20 19 April 2012. Date of Access: 24 April 2012. http://www.g20.org/en/news-room/press-releases/346-comercio-e-inversion-promotores-del-desarrollo-crecimiento-y-la-generacion-de-empleos-b20

European Union: 0
The EU has partially complied with its commitment on international cooperation.

The EU has taken actions to engage with companies and academiaon G20 issues.

On 16 January 2012, European Commissioner Michel Barnier appointed the Chairman of a High-level Expert Group on reforming the structure of the EU banking sector. The announcement of the creation of the Group was made in November 2011 at the European Parliament.[2136] On 22 February 2012, members of the Group were appointed, including representatives of Central Banks, private companies and academia.[2137] The Group will take part in developing recommendations to strengthen the oversight and regulation of the shadow banking system. Regulation and supervision of shadow banking is one of the important issues on the G20 agenda, including at the Seoul and Cannes summits, that is mentioned by the European Commission as one of the reasons of High-level Expert Group establishment.[2138]

The EU has contributed towards G20 engagement with less than three types of partners mentioned in the guidelines, therefore its score is 0.

Analyst: Natalia Churkina

[2136] Creation of a High-level Expert Group on reforming the structure of the EU banking sector, European Commission 16 January 2012. Date of Access: 14 April 2012. http://ec.europa.eu/commission_2010-2014/barnier/headlines/news/2012/01/20120116_en.htm.
[2137] Commissioner Barnier appoints members of a High-level Expert Group on possible reforms to the structure of the EU banking sector, European Commission 22 February 2012. Date of Access: 14 April 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/129&format=HTML&aged=0&language=EN&guiLanguage=en.
[2138] Green Paper on Shadow Banking – Frequently asked questions, European Commission 19 March 2012, Date of Access: 14 April 2012. http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/191&format=HTML&aged=0&language=EN&guiLanguage=en.