



RESPONSIBLE LEADERSHIP FOR A SUSTAINABLE FUTURE

1. We, the Leaders of the Group of Eight meeting in L'Aquila, express our heartfelt solidarity to the people of Abruzzo affected by the tragic earthquake which struck the region on 6th April 2009, and to all those around the world who have been touched by natural disasters.
2. We are determined to ensure sustainable growth and to tackle the interlinked challenges of the economic crisis, poverty and climate change. These challenges require immediate action and long term vision.
3. Guided by our common values, we will address global issues and promote a world economy that is open, innovative, sustainable and fair. To this end, effective and responsible leadership is required. We are determined to fully take on our responsibilities, and are committed to implementing our decisions, and to adopting a full and comprehensive accountability mechanism by 2010 to monitor progress and strengthen the effectiveness of our actions.
4. We remain focused on the economic and financial crisis and its human and social consequences. We will continue to work together to restore confidence and set growth on a more robust, green, inclusive and sustainable path. This will include strengthening standards of integrity, propriety and transparency for economic activities.
5. We intend to secure our present and future prosperity by taking the lead in the fight against climate change. We are committed to reaching a global, ambitious and comprehensive agreement in Copenhagen. In this respect, we call upon other industrialised countries and emerging economies to actively engage, consistently with the principle of common but differentiated responsibilities and respective capabilities.
6. We renew all our commitments towards the poor, especially in Africa. We are determined to undertake measures to mitigate the impact of the crisis on developing countries, and to continue to support their efforts to achieve the Millennium Development Goals.



WORLD ECONOMY

Economic and financial crisis: the way to recovery

7. The world economy is experiencing the most severe economic and financial disturbances in decades. After several years of very high global growth, we have been facing challenging economic conditions, characterised by financial turmoil, widespread recession, intense deleveraging, an abrupt decline in international trade and growing unemployment and social suffering. While there are signs of stabilization, including a recovery of stock markets, a decline in interest rate spreads, improved business and consumer confidence, the situation remains uncertain and significant risks remain to economic and financial stability.

8. We strongly reaffirm commitments undertaken at the London Summit to take all necessary steps to support demand, restore growth and maintain financial stability, including strengthening financial regulation and International Financial Institutions (IFIs) and maintaining open markets worldwide. We will continue to implement swiftly these decisions and call on all countries to act decisively to reinforce the international economic and financial system, and to work cooperatively and responsibly with regard to the impact on other countries.

9. We have taken stock of progress made to date to restore confidence, stabilise the financial sector and provide stimulus to boost growth and create jobs. Despite the current difficult conditions, we will continue to address global challenges, including fighting poverty and climate change, with the aim of establishing a more balanced and sustainable growth path, underpinned by sound fundamentals and social inclusion.

10. The current financial and economic crisis has reinforced the need generally for cooperation among key economies. The Heiligendamm Dialogue Process (HDP), a topic-driven dialogue of the G8 with major emerging economies – China, India, Brazil, Mexico and South Africa – established in 2007, has helped to fulfil this role by serving as a platform to develop common understanding and shared responsibility in responding to the challenges of the world economy concerning investment, innovation, development and energy efficiency, which will be important for global economic growth going forward. The dialogue has helped to gain a shared understanding of these global challenges in order to find appropriate responses. We endorse the results achieved until now and call for an extension of this dialogue among equals.

Economic stimulus and financial stabilisation

11. Since the beginning of the crisis we have taken an unprecedented and concerted action to ensure recovery and repair our financial systems. We have



coordinated our efforts with partners at various levels in response to a crisis that has affected every corner of the world. We have taken forceful and coordinated action to provide stimulus to economic growth. We have also acted to restore confidence by providing comprehensive support to our financial systems. While these necessary measures have an impact in the short term on our public finances, we commit to ensure fiscal sustainability in the medium term.

12. We note some signs of stabilisation in our economies and we believe that the turnaround will be reinforced as our measures reach their full effect on economic activity and contribute to improving confidence and expectations. However the economic situation remains uncertain and significant risks remain to economic and financial stability. We will take, individually and collectively, the necessary steps to return the global economy to a strong, stable and sustainable growth path, including continuing to provide macroeconomic stimulus consistent with price stability and medium-term fiscal sustainability, and addressing liquidity and capital needs of banks and taking all necessary actions to ensure the soundness of systemically important institutions.

13. We agreed on the need to prepare appropriate strategies for unwinding the extraordinary policy measures taken to respond to the crisis once the recovery is assured. These “exit strategies” will vary from country to country depending on domestic economic conditions and public finances, and must ensure a sustainable recovery over the long term. We welcome the analytical work of the IMF which will assist us with this process.

Repairing the financial system

14. Repairing the financial sector, including stabilising financial markets and normalising banking activity, is an urgent priority to ensure lasting economic recovery. We are implementing swiftly the commitments made at the London Summit and call on others to join our efforts to ensure global financial stability and an international level playing field.

15. Besides ensuring access to liquidity, it is crucial to deal decisively with distressed assets and to recapitalize viable financial institutions. We recognise the importance of further international cooperation in dealing with impaired assets, based on common principles and on an objective and transparent valuation of these assets, and in assessing the adequacy of banking capital and reserves, where necessary. Strong coordination on the principles underlying public capital injections, their conditions, and incentives to private interventions is also relevant. We ask the Financial Stability Board (FSB) to continue monitoring developments in financial systems and to help promote a coordinated approach, consistent with avoiding distorting competition and regulatory arbitrage.



Further efforts in international tax and prudential cooperation and in combating illicit financing

16. In this difficult time, the protection of our tax base and the efforts to combat tax fraud and tax evasion are all the more important, especially given the extraordinary fiscal measures adopted to stabilise the world economy and the need to ensure that economic activity is conducted in a fair and transparent manner. We are making progress in promoting tax information exchange and transparency across the globe, which is helping to widen the acceptance of internationally agreed standards on the exchange of tax information and increase the number of bilateral agreements signed by several jurisdictions. But there is no space for complacency: all jurisdictions must now quickly implement their commitments. We cannot continue to tolerate large amounts of capital hidden to evade taxation.

17. Echoing the call of the G-20, an appropriate follow up framework is needed to fully benefit from this renewed emphasis on tax information exchange and transparency:

- a. the OECD Global Forum on Transparency and Exchange of Information must implement a peer-review process that assesses implementation of international standards by all jurisdictions and provides an objective and credible basis for further action;
- b. since all countries monitored so far by the Global Forum have committed to implement international standards on exchange of tax information, efforts should now concentrate on implementing actual information exchange and increasing the number, quality and relevance of the agreements that adhere to these standards;
- c. participation to the Global Forum should be expanded;
- d. recognising the particularly damaging effects of tax evasion for developing countries, concrete progress needs to be made towards enabling developing countries to benefit from the new co-operative tax environment, including through enhanced participation in the Global Forum and the consideration of a multilateral approach for exchange of information;
- e. criteria used to define jurisdictions which have not yet substantially implemented internationally agreed standards on tax information exchange and transparency should be revised as part of the peer review assessment process to ensure an effective implementation of international standards; and
- f. a toolbox of effective countermeasures for countries to consider for use against countries that do not meet international standards in relation to tax transparency should be discussed and agreed.

We ask the OECD to swiftly address these challenges, propose further steps and report by the time of the next G20 Finance Ministers' meeting.



18. We call on all jurisdictions to adhere to international standards in the prudential, tax and Anti-Money Laundering and Combating Financing of Terrorism (AML-CFT) areas. To this end, we call on the appropriate bodies to conduct and strengthen objective peer-reviews, based on existing processes, including through the Financial Sector Assessment Program (FSAP) process.

19. We are pleased with the progress being made by the Financial Action Task Force (FATF) in improving the standards for combating money laundering and the financing of terrorism and by the OECD on international standards of transparency.

20. The fight against non-cooperative jurisdictions should also encompass anti money laundering and terrorism financing, as well as in the area of prudential regulations. We call on the Financial Stability Board (FSB) to assess jurisdictions against international supervisory and prudential standards. The FATF and FSB should report back by September on their progress in identifying uncooperative jurisdictions.

21. We note that several countries are implementing voluntary compliance strategies in order to repatriate assets held in non-cooperative jurisdictions, and the need is felt to define a discussion framework for interested countries.

A common framework for balanced and sustainable-growth

22. Going forward, we need a strategy to comprehensively address long-term issues and lead the global economy to stable, balanced and sustainable growth. Achieving economic and social stability as a global public good requires better governance. Regulatory reform will reduce room for excessive leveraging and risk taking and promote sound capitalisation of financial institutions. Common principles and standards on propriety, integrity and transparency governing the conduct of international business and finance help promote a healthy and sustainable economic system. The social dimension of growth is also crucial in this effort, through the promotion of employment opportunities, the creation and updating of skills and the protection of the weakest through appropriate social safety nets and income support.

23. Stable and sustained long-term growth will require a smooth unwinding of the existing imbalances in current accounts. We recognise the importance of working together to ensure the necessary adjustments in line with the multilaterally agreed strategies, which include supporting strong internal demand in surplus countries and increasing savings rates in deficit countries through appropriate macroeconomic and structural policies. New sources of growth will have to be supported by investments in infrastructure, innovation and education to facilitate productivity growth, while ensuring sustainable use of resources in a greener economy, within a context of open markets. Greater macroeconomic policy coordination will also be needed to help ensure that the burden of adjustment is fairly shared.



Financial and regulatory reform

24. We strongly support the work undertaken at the Washington and London Summits for the reform of financial regulation, IFIs and the FSB. We are fully committed to implement these decisions in a timely manner and we urge other partners to join our efforts.

25. We emphasize the need for an enhanced global framework for financial regulation and supervision, promoting consistency between accounting and prudential standards and setting up adequate tools to address procyclicality, as well as ensuring a comprehensive oversight of all systemically significant entities and activities. We commit to vigorously pursue the work necessary to ensure global financial stability and an international level playing field, including on compensation structures, definition of capital and the appropriate incentives for risk management of securitisation, accounting and prudential standards, regulation and oversight of systemically important hedge funds, standardisation and resilience of OTC derivative markets, establishment of central clearing counterparties for these products, and regulation and transparency of credit rating agencies.

26. We are fulfilling the commitments to provide resources to the International Monetary Fund (IMF) and for trade finance. We have led efforts to provide the IMF with the necessary resources to expand its lending capacity and urge other countries to participate. We are also exploring ways to substantially increase the IMF capacity for concessional lending and we encourage the Fund to explore the scope for increased concessionality to low-income countries. We remain committed to reforming the IMF to enable it to carry out its critical role in the modern global economy. We support the completion of the IMF quota review by January 2011 and the agreement on the second phase of voice and representation reform in the World Bank Group by the 2010 Spring Meetings. We welcome the actions being taken by the World Bank and other Multilateral Development Banks (MDBs) that highlight their important countercyclical role in responding to the global crisis. After comprehensively reviewing their capital positions, including a thorough resource demand analysis based on agreed medium to long-term strategies, we are prepared to consider additional financing needs. Additional elements to be considered include a clearer division of labor and collaboration among institutions, enhanced balance sheet flexibility, good governance, better risk management, effective use of aid, progress on promoting innovation, and an adequate focus on the world's poorest.

Common Principles and Standards

27. For the market economy to generate sustained prosperity, fundamental norms of propriety, integrity and transparency in economic interactions must be respected. The magnitude and reach of the crisis has demonstrated the need for urgent action in this regard. Reform efforts must address these flaws in international economic and



financial systems with resolve. This will require promoting appropriate levels of transparency, strengthening regulatory and supervisory systems, better protecting investors, and strengthening business ethics. To address these issues we have agreed on the objectives of a strategy to create a comprehensive framework, “the Lecce Framework”, building on existing initiatives, to identify and fill regulatory gaps and foster the broad international consensus needed for rapid implementation. The Framework includes the areas of corporate governance, market integrity, financial regulation and supervision, tax cooperation, and transparency of macroeconomic policy and data. To ensure the effectiveness of the Lecce Framework, we will make every effort to pursue maximum country participation and swift and resolute implementation. We are committed to working with our international partners to make progress, with a view to reaching out to broader fora, including the G-20 and beyond.

28. We invite international organisations, in particular the World Bank, the International Monetary Fund (IMF), the World Trade Organisation (WTO), the International Labour Organisation (ILO) and the Organisation for Economic Cooperation and Development (OECD), to enhance their cooperation and to improve coherence.

Corruption

29. In this context we are determined to strengthen action on corruption, which poses serious problems to the stability and security of societies, undermines the institutions and values of democracy and jeopardises sustainable development and economic prosperity. Reaffirming our previous commitments, we will intensify our efforts to effectively fight against corruption in all countries.

30. The ratification and implementation of international Conventions in this field is a fundamental signal in this direction. We call for the ratification of the United Nations Convention against Corruption (UNCAC) by all countries and a strong and consistent follow-up of the Bali Conference by ensuring effective implementation of UNCAC, including the development of an effective, transparent and inclusive review mechanism. We will promote adherence to and enforcement of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and support of its permanent monitoring mechanism. We will fully enforce our laws against bribery of foreign public officials and, consistent with national legal principles, will rigorously investigate and prosecute foreign bribery offences. We encourage other major economies to accede to the OECD Convention as soon as possible.

31. International cooperation against corruption should be enhanced in order to achieve effective results. We are therefore committed to update G8 anticorruption



initiatives and further support outreach activities and technical assistance to other countries.

32. We reiterate our previous commitments to deny safe havens to corrupt individuals and their illicitly acquired assets, and to prevent corrupt holders of public office from gaining access to the fruits of their illicit activities in our financial systems. We will strive to improve international legal cooperation in asset recovery investigations within the framework of the UNCAC, including by seeking ways to facilitate informal cooperation and supporting identification and dissemination of good practices. We will strengthen cooperation on asset recovery, including through the Stolen Asset Recovery initiative (StAR).

33. We encourage IFIs to adopt more transparent business practices, including through enhanced internal safeguards, and enhancement of measures to facilitate cooperation with national authorities in corruption cases.

34. We also welcome the update of the *Accountability Report: Implementation Review of G8 on Anti-Corruption Commitments* which was presented for the first time in Toyako. We envisage making it a permanent tool which sets examples on combating corruption and holds the G8 countries to the highest standards of transparency and accountability. To this end, we appreciate the assistance of the OECD in preparing our regular reports on anti-corruption commitments. Going forward, we invite our major partners to prepare similar reports on their anti-corruption commitments.

35. We continue to support the Extractive Industries Transparency Initiative (EITI) to improve governance and reduce corruption in the extractive sector. We will intensify efforts to promote validation by all implementing countries and all companies operating in those countries. We also strongly encourage EITI candidate countries to complete implementation within their agreed timeframe and call on other developing and emerging countries and their companies to adhere to the initiative.

Employment and social dimension

36. We are committed to tackling the social dimension of the crisis, putting peoples' concerns first. The impact of the economic crisis on labour markets can undermine social stability. Therefore, good macroeconomic policies must be linked to employment and social policies that reduce unemployment, enable a quick re-entry into the labour market and prevent social exclusion. We support the conclusions of the G8 Social Summit in Rome and the London Jobs Conference to take further coherent actions to reduce the impact of the crisis on employment and maximise the potential for growth in jobs, in accordance with the following principles:

a) promotion of active labour market policies to reduce unemployment, enhance skills development and match jobs with labour market needs; maintain income support for the unemployed; sustain existing employment, including through partial

unemployment schemes combined with training provisions and temporary flexible work or other arrangements, such as employment subsidies, in order to prevent layoffs;

b) ensuring the sustainability and effectiveness of social protection systems as drivers of confidence and consequently of economic and employment recovery;

c) we invite international organisations, in particular the IMF, the OECD and the ILO, to take into account the labour and social impact of their advice and cooperation with governments.

37. Social and employment policies are a crucial pillar in the context of a new global framework. Measures should provide income relief for people and households and prevent long-term unemployment, with particular reference to the most vulnerable groups, taking into consideration gender issues. Advanced, emerging and developing countries as well as international institutions should work together to ensure employment oriented growth and promote social cohesion. Taking forward the ILO Decent Work Agenda, building on the ILO resolution on “Recovering from the crisis: A Global Jobs Pact”, is relevant to respond to the crisis at worldwide level and advance the social dimension of globalisation. Governments and enterprises should not use the crisis as an excuse to diminish compliance with worker rights or to diminish worker protections. We commit to promote employment and social protection on a global level and the observance of internationally recognised labour rights as reflected in the ILO declaration on Fundamental Principles and Rights and its follow-up. We also commit to address the human dimension of the crisis and to restore growth on a stronger footing.

38. We support the decisions taken in London regarding the reinforcement of resources for social protection for the poorest countries through voluntary and bilateral contributions, including to the World Bank’s Vulnerability Framework.

Green recovery

39. The emergency response to the economic crisis should not overlook the opportunity to facilitate a global green recovery putting our economies on a path towards more sustainable and resilient growth. Our fiscal stimulus packages are increasingly investing in measures encouraging the creation of green jobs and low-carbon, energy efficient and sustainable growth. These include energy efficiency measures, investment in public transportation infrastructure, incentives for fuel-efficient vehicles, research in alternative sources of energy, support for renewable energy technologies, as well as in enhanced CO₂ reduction, recycling and disposal such as Carbon Capture and Storage. We remain committed to enhance the environmental dimension of budgetary measures and to reinforce efforts to promote clean energy and energy efficiency. Along with the ongoing WTO negotiations on the liberalization of environmental goods and services, we will intensify efforts to make progress on the reduction or elimination of trade barriers on a voluntary basis



on goods and services directly linked to addressing climate change, as agreed at the Toyako Summit. At the same time, we will ensure proper regulatory and other frameworks facilitating transition towards low-carbon and resource efficient growth. In this light, we call for a reduction of subsidies that artificially encourage carbon-intensive energy consumption.

Energy security, global energy markets and investment climate in the energy sector

40. The current financial and economic crisis should not delay cost-effective investments or programmed energy projects that would create jobs, enhance energy security and help limit greenhouse gas emissions in the short and medium term. We urge all countries and the private sector to adopt a long-term view in planning their investments. We are committed to promoting economic recovery together with a significant change in investment patterns that will accelerate the transition towards low-carbon, energy efficient growth models. We especially encourage more rapid application of the many cost-effective technologies already available to improve the energy efficiency of power generation facilities, buildings, industry and transport. Accelerated investment in low-carbon technologies is needed to minimize the existing and potential carbon lock-in represented by capital stock in buildings, factories, vehicles and electric power generating facilities.

41. In this context, we reaffirm our strong commitment to implement the St Petersburg Principles on Global Energy Security in our countries and call on others to join us in this effort. We invite the major international energy organisations to review and update their programmes and promote them in light of the changing energy challenges.

42. Unpredictable energy markets and highly volatile prices put at risk the ability of the industry to plan and implement investments in new infrastructures, consistently with long term demand dynamics. It is in the interest of both producers and consumers to enhance transparency and to strengthen their dialogue towards reducing excessive volatility in the market. Fossil fuel producing, transit and consuming countries must work together to increase stability and predictability of supply and demand patterns and promote investments in the energy sector, including by supporting and developing further predictable legal and regulatory frameworks. We welcome the progress made and the follow up initiatives of the Jeddah and London Energy Meetings in identifying obstacles to efficient energy markets. We call for better coordination among the international institutions and for the acceleration and strengthening of the existing initiatives towards a more structured dialogue, based on the outcome of the London Energy Meeting, between producing, transit and consuming countries, focused on improving the investment climate, discussing ways to reduce excessive volatility of prices and promoting energy security. To this effect we support the important work undertaken by the International Energy Agency (IEA)



and the International Energy Forum (IEF), including the activities of the High Level Steering Group of the IEF. We ask experts within the IEF to assess different options to reduce excessive volatility in oil prices.

43. Besides stable and predictable regulatory frameworks, transparent and well-functioning energy markets are essential prerequisites for reducing investment risks and uncertainties both in producing and consuming countries. We therefore emphasise the need for timely and reliable data on demand, supply, stocks, spare capacity and investment plans. To this end, we continue to strongly support the Joint Oil Data Initiative (JODI), managed by the IEF, and call for all countries to cooperate in improving quality, completeness and timeliness of data. We also strongly support the IEF's work on initiating the collection of annual data on investment plans. We believe that greater transparency in gas markets is required. We therefore call upon the IEF to examine the possibility of extending JODI-type activities to natural gas.

44. We encourage international initiatives to improve market transparency and functioning and to address excessive price volatility in commodities markets. In particular, we welcome recommendations by the International Organization of Securities Commissions (IOSCO) on regulation and supervision of financial derivative markets, and underline the importance of accelerating their implementation by national authorities and further cooperation between them and ask all countries to implement IOSCO's recommendations. We ask the IOSCO Task Force on Commodity Markets to consider further possible specific improvements to the transparency and market supervision of oil futures markets and make specific recommendations.

Trade

45. We reconfirm our commitment to keep markets open and free and to reject protectionism of any kind. In difficult times we must avoid past mistakes of protectionist policies, especially given the strong decline in world trade following the economic crisis. Recovery needs a strong international trade component to be viable and the relevant programmes must fully respect our obligations and commitments to non-discriminatory treatment under WTO and other international agreements. We will maximise efforts and steps to promote and facilitate trade and investment.

46. We stress the importance of fully adhering to the standstill commitment and the commitment to rectify protectionist measures adopted in London to avoid further deterioration of international trade, including refraining from taking decisions to increase tariffs above today's levels. We will refrain from raising new barriers to investment or to trade in goods and services, imposing new exports restrictions, or implementing World Trade Organisation (WTO) inconsistent measures to stimulate exports. We ask the WTO together with other international bodies, within their respective mandates, to continue to monitor the situation and to report publicly on the adherence to these commitments on a quarterly basis.



47. We will continue to ensure that our share of the pledge taken in the London Summit of \$250 billion of support for trade finance is promptly made available through our export credit agencies (ECAs) and investment agencies and through Multilateral Development Banks. We support coordination and cooperation in its implementation, and welcome exchange of information on the measures taken in this regard. Cooperation among ECAs, such as strengthening re-insurance schemes, is expected to play an important role to this end.

48. We commit to reach a rapid, ambitious, balanced and comprehensive conclusion of the Doha Development Agenda on the basis of progress already made, including with regard to modalities. We are engaged in a strengthened dialogue with our major partners to this end and look forward to discussing with them tomorrow.

Investment

49. The current crisis has affected capital flows, including foreign direct investments (FDIs), which represent an important source of financing and a driver of economic growth and integration. We stress the positive role of long term investments. We will work to reverse the recent decline in FDI, by fostering an open, receptive climate for foreign investment, especially in emerging and in developing countries.

50. Aware of the global nature of the markets where our citizens and businesses operate, and of the interrelated effects of our actions, we fully stress our engagement against protectionist measures. In this light, we welcome OECD's efforts to monitor restrictions on investments and encourage the ongoing joint work of the OECD Freedom of Investment Roundtable (FOI RT) with the WTO, the United Nations Conference on Trade and Development (UNCTAD) and the IMF, in this area.

51. The interconnected nature of the crises we are facing and the contribution investment can make in tackling them – for example, by improving energy security, agricultural production, technology transfer and development opportunities - calls for an improved investment framework. Progress was made at the Toyako Summit on the basic principles contained in Bilateral Investment Treaties and Free Trade Agreements that set the stage for attracting investments. We now need to work with a wider group of countries toward principles and instruments suited to a global scenario, that foster predictability and stability of the investment framework and we stress the important contribution that the Heiligendamm Dialogue has made in this context to build common ground on the need for an open investment climate.

52. To this end, we commit to enhance cooperation with our major partners to agree upon shared principles which may serve as the basis for a more structured and wider process towards an agreed common multilateral framework in the long run creating a predictable and stable climate for investment. To this end, we commit to work with our HDP/HAP partners to produce in one year's time a report on progress made in order to evaluate possible common responses, including the feasibility of



launching a process with wide ownership, and with participation from relevant international organisations such as OECD, UNCTAD, the World Bank, and other major stakeholders.

53. Conscious of the complementary role played by governments and the private sector in reaching a sustainable growth, we call for enhanced efforts to avoid wider consequences of the financial crisis and to promote responsible business practices. To this end we promote the dissemination of internationally-recognised voluntary Corporate Social Responsibility (CSR) standards to raise awareness among our governments, citizens, companies and other stakeholders. We will further promote and foster Corporate Social Responsibility through encouragement of adherence to the existing relevant international instruments, in accordance with our Heiligendamm commitments. We also welcome the work of relevant international institutions (ILO, OECD, UN Global Compact) to incorporate CSR into business practices and encourage them to work together in a coherent way in order to achieve synergy effects with existing CSR instruments.

Innovation and Intellectual Property Rights

54. Innovation and knowledge are key factors for supporting the recovery and putting the world economy on a more sustainable growth path. We intend to accelerate innovation in relation to long-term challenges and to encourage the development of new industries, companies and services that will be decisive to create new sources of growth. We are committed to implementing innovation policies in our countries, also through our stimulus packages. We aim to foster research, entrepreneurship, human capital and skills, green technologies and investment in infrastructure, including Information and Communication Technology (ICT) networks.

55. Innovation has also a major role in addressing global policy challenges, such as environment protection, health and poverty. Stronger international cooperation and more effective mechanisms for diffusion of innovation in all its forms are needed, both in, and between, developed and developing economies, including modernisation of public administration. In this framework, we acknowledge the contribution made by the OECD Innovation Strategy to the development of mechanisms for monitoring changes in the innovation process, its diffusion and its impacts and evaluating innovation policies.

56. We also recognize the important contribution that the Heiligendamm Dialogue has made to build common understanding on priorities of Partner countries, on the socio-economic aspects of intellectual property, and on ways to increase the efficiency of the international system to the benefit of all. The Dialogue has reinforced a common understanding with Partner countries that an enabling policy



and business environment where intellectual property rights (IPR) are respected is necessary to promote innovation, knowledge, entrepreneurship and creativity.

57. Innovation can be promoted via an effective Intellectual Property Rights system. The increasing use of IPR at the international level has made IP a key component in sectors as diverse as trade, industrial policy, public health, consumer safety, environment protection and the internet. We acknowledge the central role that the World Intellectual Property Organisation (WIPO) plays in fostering an integral vision and coherent development of the international IP system. We also reaffirm the importance of Patent Cooperation Treaty and global patent harmonisation such as Substantive Patent Law Treaty (SPLT) and acknowledge the expansion of international patent collaboration including work-sharing initiatives such as the Patent Prosecution Highway.

58. Counterfeiting and piracy continue to pose a threat to the global economy, public health and welfare. For this reason, we welcome the results of work carried out by our experts, as reflected in the G8 Intellectual Property Expert Group Report of Discussion. We stress the importance of enhanced, inclusive, ambitious international cooperation to tackle counterfeiting and piracy. The negotiations for the Anti-Counterfeiting Trade Agreement (ACTA), which the participants should seek to agree as soon as possible, represent an important opportunity to strengthen standards for enforcement of IPR. With the same aim, we will continue strengthening bilateral and multilateral cooperation among customs authorities through INFO IPR and information exchange considering the model arrangement and capacity building at the World Customs Organisation (WCO). Moreover, we encourage governments and businesses to participate in the ongoing work of the OECD as it examines further the economic impacts of counterfeiting and piracy in Phase III of its study.

59. Internet and the new technologies have created new opportunities and business models for the creation and widespread distribution of digital content that fosters increased knowledge, science, education and free speech. At the same time, these technologies can provide a mechanism for digital piracy. For this reason we consider it important to deepen our understanding of the impact of the Internet and the new technologies on the worldwide diffusion of digital piracy and counterfeit goods, as a component of strategies aimed at ensuring that ICT fully serves the goal of fostering innovation and creating sustainable economic growth and prosperity.