

## **Speech by Mr Jean-David Levitte**

### **Diplomatic adviser to the President of the French Republic**

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Directors General,  
Ambassadors,  
Dear Colleagues,

I am honoured to be here with you today in Geneva. I would first like to thank the ILO Director-General, my friend Juan Somavía, for this invitation.

I am delighted that this meeting between the current G20 Presidency and the international community in Geneva has now become an essential event and I would once again like to commend the work carried out by Korea last year to inform and associate the United Nations as a whole with the work of the G20.

France has shown great interest in following this example, as it places great importance on opening up the G20 to the entire international community. The G20 cannot and must not become a closed, exclusive club. Even though G20 Member States account for 85% of world GDP, opening up to other States is one of the conditions of its legitimacy.

As you know, President Sarkozy dedicated the beginning of the French Presidency to consultations. This January, he met the Heads of State of the African Union at Addis-Ababa. He held extensive consultations, both inside and outside the G20, with Heads of State and Government, leaders of international organizations, but also unions, companies and civil society. He will continue in this vein until the Cannes Summit, and to this end, will welcome together on Wednesday the Secretaries General of the IOF and the Commonwealth.

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Ladies and Gentlemen, we wanted this year of our G20 Presidency to be productive, with results and progress throughout the year, rather than everything being focused on the

single event that is the annual Summit. I will get back to this work in a moment, as I would first like to thank the international organizations and specialized agencies which very efficiently helped us fulfil our Presidency's agenda.

But naturally, given the current world economic climate, the Cannes Summit will first and foremost have to focus on how to deal with the crisis, which is affecting not just the eurozone and the United States, but also emerging economies and in turn all developing countries.

The G20 has shown, since the very beginning, in November 2008 in Washington and April 2009 in London that it could act effectively to deal with the crisis. At the time, the message was clear: the financial system had to be repaired, and countries had to commit to abandoning protectionism to avoid repeating the mistakes of the 1930s, and to coordinating recovery efforts. In addition, of course, there was the reform of international financial institutions, which enabled a rebalancing which has become essential for emerging countries.

In 2010, we thought that future G20s would have to be adapted to manage the aftermath of the crisis, but the recent economic developments recorded both in developing and emerging countries mean that we must return to managing the crisis once again. This will therefore be the priority at the Cannes Summit.

At Cannes, we would like the G20 to be able to adopt a true action plan for world growth. To do this, it must be able to draw on concrete economic policy measures taken by the major powers, such as the United States, China and the eurozone, but also Japan, the United Kingdom and Brazil. I will not go into detail now about what we expect from each, as naturally I will be discussing this matter during our bilateral meetings with each of our partners.

I do not need to tell you how difficult our task will be. While the messages from Washington and London were unequivocally for recovery, that of Cannes must be more diverse: certain States need to concentrate on measures to support the economy, others on the consolidation of their public finances, others still on shifting their economic model towards domestic consumption.

I know that many people here today believe that the eurozone countries must first deal with their own problems before asking other to make efforts. For you, I have two messages:

The first is that the eurozone will do its job. The ratification of the 21 July package concerning the European Financial Stability Facility is now well underway, particularly after the massive vote in the Bundestag, and the troika made up of the IMF, the European Central Bank and the European Commission is currently in Athens and will submit its report in the coming days. The President of the Republic received Mr Papandreou on Friday and will travel to Berlin in the coming days to once again meet with Ms Merkel, with whom he is in constant contact. We are fully committed to helping Greece and, naturally, to ensuring the future of the euro and thus the European Union.

My second message is that it is pointless to go looking for people to blame for the crisis. We must focus on the solutions which we can put in place. After the bankruptcy of Lehman Brothers, we did not wait around for the United States to work on its banking system. We immediately wanted to ensure greater cooperation between the countries hardest hit by the financial crisis, as this was the only way to effectively deal with the issue. Today, we are in the same situation: nobody is immune to the economic crisis and no one must speculate on the failure of others as the interdependence of our economies means that imbalances are spread quickly. This is why France is calling on all G20 countries to take the appropriate measures to face up to the situation and on all non-G20 countries to support the joint efforts which will be taken to restore economic confidence.

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Although it will be dominated by the issues of growth and restoring confidence, the Cannes Summit will not be restricted to the action plan which we want to adopt there.

We want to make progress on new issues which France added to the G20 agenda at the end of 2010, such as the reform of the international monetary system and the fight against excessive price volatility. These are not only useful in order to better regulate globalization, but they are now complementary to the growth action plan.

We can all see that it is now essential to make progress towards a new international monetary order, which reflects the new economic realities and avoids the imbalances of foreign exchange markets which almost degenerated into a currency war only a year ago. We

can all see that the chaos on the commodity markets, which led to huge fluctuations in agricultural and energy prices, is a hindrance to growth, and even worse, is directly responsible for humanitarian disasters.

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I will now give some more details as regards the **international monetary system**, which is essential in the framework for sustainable, strong and balanced growth:

The G20 has reached agreement on 9 specific areas of reform since the successful Nanjing seminar on 31 March, co-organized by China and France. The 4 main areas are:

- The composition of Special Drawing Rights by the IMF: the G20 is working in particular on the integration criteria for new currencies in the Special Drawing Rights (SDR) basket.

- A reference framework for managing capital flows: there must be common references in order to respond to sudden capital inflows or outflows. I am thinking of a certain number of emerging countries, such as Brazil, which have been confronted with this type of problem.

- Strengthening of the response to systemic shocks through the establishment of new IMF credit lines, this time intended for countries which are well managed but exposed to a global crisis. Furthermore, we would like the IMF to connect its instruments as much as possible to the mutual support funds created by Europe through the European Financial Stability Facility and Asia through the Chiang Mai agreement.

- Finally, the G20 is working to strengthen the IMF's multilateral monitoring, in particular with regard to the effects of the economic and financial contagion of a country, or a region, on the rest of the world.

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Among the structural responses to the crisis, I would like to highlight, here at the ILO, how important it is for the economic agenda to include an ambitious social agenda. I would once again like to thank the ILO which has invited us here today, and its Director-General, for the work which we have accomplished together.

At the request of President Sarkozy, we managed to include the social aspect of globalization in the G20 working agenda. This was not for the sake of creating another topic, but to stress that we can only effectively respond to the crisis by including a renewed and shared focus on employment, social protection and social rights.

Last week, the Employment Ministers concluded an agreement which will enable the G20 to make progress on this crucial issue in the coming years.

We have secured the support of all G20 members for the concept of “social protection floors” and the United Nations initiative developed around this concept. The conclusions of the International Labour Conference held here at the ILO last June, as well as the recommendations of the Advisory Group, presided over by Michelle Bachelet, were fully taken into account. Naturally, and I insist on this point, the social protection floors are defined nationally and must take into account the specific nature of each country, but their usefulness was highlighted by all.

As I have said, international organizations play a key role in implementing the G20 agenda. This is particularly true in the social field. You have therefore given your agreement to the G20, for which we thank you, to establish a coordination and consultation mechanism and to provide platforms for information sharing on best practices with regard to social protection, which must be operational by the G20 Summit in Mexico in June 2012. Furthermore, President Sarkozy would like to see the creation of cross-observer positions between the WTO and ILO to further strengthen coherence with regard to the work of your organizations.

France would also like the eight Fundamental ILO Conventions to be ratified and observed in all areas, and that this be reported. I know how intense the debates on this issue can be and how difficult it will be to make progress, but France is determined to continue this fight, which it will not give up.

Lastly, and above all, the Ministerial Meeting made employment a priority. This is a worry that we all share. As a result of Gilles de Robien’s unremitting work and his ability to convince, we succeeded, not without difficulty, in ensuring not only the continuation of the annual G20 Employment Ministers’ meeting, but also the existence of a dedicated working

group, which will allow union organizations to join government discussions in favour of employment, a key objective of economic policy and a growth factor. Finally, I would like to add that for the first time this year, the G20 Presidency has facilitated the organization of a “Labour 20” to be held in parallel with the “Business 20”. France hopes that Mexico and the Presidencies which follow will repeat this experience each year.

It must also be said that France played a leading role in ensuring that the ILO Director-General will be present at the G20 Summits.

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Allow me now to come to the Cannes Summit issues which are not new under the French Presidency, but for which we have worked very hard to make tangible progress.

**Regarding financial regulation**, the strategy of the G20 has been based on a simple principle since the Washington Summit: all actors, all markets and all products must be subject to appropriate regulations and surveillance. The regulation of globalization also, and perhaps above all, involves the rules applicable to the financial sector.

Under the French Presidency, the G20 has worked on the implementation of commitments made during past summits, in particular at Pittsburgh, and on new objectives.

The G20 has now adopted enhanced measures for the major systemic banks. We are now working on extending regulation to non-bank entities and activities, such as supervising the shadow banking system, protecting the users of financial services, and regulating commodity derivatives.

We have also made further progress in the fight against non-cooperative countries and territories, in particular tax havens, and this will be a major subject at Cannes. We are working on a thorough evaluation of the progress made by sixty-odd countries in terms of compliance with regulations for the exchange of information, the fight against money laundering and the financing of terrorism.

At Cannes, we hope that the G20 will sign the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Almost all the G20 countries have committed to signing it, but a few partners are yet to be convinced.

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**Concerning the Development agenda**, we are implementing the Seoul Mandate.

Under our Presidency, and in close association with South Korea and South Africa, who co-chaired the working group with France throughout this year, we have made good progress on the 9 pillars which made up the Seoul action plan.

In addition, and for the first time, the G20 has held a ministerial meeting on development, in Washington on 23 September. Our Presidency will organize, on 21 October, two weeks before the Summit, a great mobilization conference in Paris in favour of development, which will be opened by the President of the Republic, so that civil society may combine its efforts with those of the Governments.

With the agreement of all our G20 partners, we have focused on three particularly important themes for us this year: food security, infrastructure and the financing of development, with marked interest in innovative financing.

In terms of **food security**, we have already obtained results, even though, of course, the priority of the international community these last months has been the catastrophic humanitarian disaster in the Horn of Africa, which has mobilized a certain number of organizations in Geneva.

The G20 agriculture Ministers adopted an action plan in June, of which I would like to highlight two measures which have already been implemented:

- Firstly, an information system on the physical agricultural data hosted by the FAO, called AMIS, which will enhance the transparency of the markets and make it easier to stabilize them.

- Secondly, a Rapid Response Forum, also at the FAO, which would include the countries playing a significant role in the international agricultural markets, and which aims to improve international emergency coordination. The idea is that producer countries should alert this forum to any supply problem which could have an impact on consumers, while the major consumer countries would be more able to make their needs known.

France is also deeply committed to the G20 extending its support to initiatives aimed at protecting the most vulnerable countries from the consequences of the excessive price volatility of agricultural commodities. I am thinking in particular of the pilot project, under the responsibility of the Economic Community of West African States (ECOWAS), of prepositioned emergency humanitarian food reserves. The success of the project will make it possible to extend the initiative to other regions.

The French Presidency also wants to encourage the G20 countries to commit to not imposing restrictions on the exports needed by the World Food Programme in case of a humanitarian emergency.

Lastly, as you know, France considers that the main policy to conduct to improve global food security is to increase investment in agriculture in every major region of the world. We will have to increase international production by 70% by 2050 if we are to fulfil our responsibilities to feed the world population. We need to encourage production in every region of the world, but, of course, we must make Africa our priority.

**Second priority subject on our development agenda: infrastructure.** Lack of infrastructure is one of the main obstacles to development in many parts of the world, especially in Africa. The G20 has asked the High Level Panel for Infrastructure Investment, whose Chair we have entrusted to Mr Tidjane Thiam, to prepare concrete, innovative recommendations to encourage and increase investment in infrastructure in developing countries.

At Cannes, we hope to identify flagship infrastructure projects which would be primarily at regional level, and which would have maximum impact on economic development. We are working to ensure that the efforts of G20 in the field of infrastructure remain, here too, focused on low-income countries, in particular in Africa.

**Concerning development financing,** President Sarkozy asked Bill Gates to submit proposals to the Heads of State and Government at Cannes, to renew commitments and innovate in favour of new forms of financing.

We wanted Bill Gates' report to address the common objectives in terms of ODA, to which France is fully committed, and for which it has maintained its budget effort, despite the current situation of the public finances (0.5 % of GDP in 2010). But the report will also include a "menu of options" concerning innovative financing mechanisms. We will propose that each G20 country consider this menu and implement at least one of the options.

France considers, and this will be no surprise, that the financial transactions tax (FTT) is the most effective mechanism. This tax is technically feasible. With our German partners, we made tangible propositions to implement it. The European Commission will submit a draft in the coming days. With support from civil society and international opinion, which ask governments to take action on this issue, we hope to prove not only the feasibility of such a tax but also the need for one, in order to face up to the major challenges of development, such as achieving the Millennium Development Goals or the fight against climate change. Several non-European Union states have shown interest, in particular numerous African partners including Mali, Benin, Burkina Faso, Congo, Guinea, Mauritania, Senegal and Togo, and I would like to call for the mobilization of your countries and your organizations in favour of this idea. We intend to create momentum in order to turn words into action.

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As we are in Geneva, but in particular because trade makes a great contribution to international growth, I would not like to conclude this presentation without mentioning trade issues.

The eighth WTO ministerial conference will take place, here in Geneva, from 15 to 17 December. And here in Geneva, you are well aware that the negotiations in the framework of the Doha mandate are very difficult to pursue. For this reason, the French Presidency would like the G20 to give momentum to reflection on strengthening the WTO. We aim to show the commitment of all our countries to trade multilateralism. The WTO is the best protection against the law of the jungle, and its capability to settle disputes must be not only preserved but also enhanced.

I would not like to say more, while the experts who meet each day in Geneva exchange coded messages between themselves that only they can decipher, but France would like a message of confidence in the WTO and of commitment to the fight against protectionism to be proclaimed at Cannes. We would also like, of course, to see measures in

favour of the least developed countries taken as quickly as possible, as they are at the heart of the trade negotiations underway. I would like to insist on the action plan for growth. Our approach aims to leave no person by the wayside.

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Ladies and Gentlemen,

The agenda at the Cannes Summit is packed and we are facing a crisis of considerable scale, which requires strong, concrete decisions and a clear message on growth.

As you have already seen, we have made a lot of progress this year on long-term challenges, and we are confident in the commitment of Mexico to continue this work in 2012.

Today, we are exactly one month, to the day, from the Cannes Summit, which begins on 3 November. There is still work to be done. The synergy between the G20, the United Nations and the entire international community will be essential in the next four weeks. We need you now more than ever.

Thank you very much.