

# Canada's Compliance with the G20's Los Cabos Business Commitments to October 2012

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## Executive Summary

This report assesses Canada's compliance with the priority business relevant commitments made at the G20's Los Cabos Summit in June 2012. It covers Canada's implementation of these commitments during the first four months following the summit, from June 19 to October 31, 2012. It begins by selecting the commitments of greatest relevance to the B20 and the business community from the total commitments contained in the G20 leaders' communiqués at Los Cabos, as identified by the G20 Research Group. It then assesses compliance using the methodology developed by the G8 Research Group and the G20 Research Group.

The Los Cabos Summit produced 180 precise, future-oriented commitments, but few directly reflected the advice that the B20 provided to the leaders. Only one G20 commitment – on corruption, an ongoing G20 issue – explicitly referenced the B20. Only two referenced “business” (one of which applied only to the United Kingdom) and two to the “private sector” (including the one that also referenced the B20). Of the specific recommendations contained in the B20's priority subjects, few directly matched the content of any of the 180 commitments the G20 leaders made. Thus, while the B20 did effectively influence the G20's decision making, the degree and extent of that influence were low.

Canada's compliance during the first four months following Los Cabos was assessed against five commitments – the three applying to Canada that referenced the B20, business and the private sector, and the two that most closely matched the B20's advice on food security. At the end of this period, Canada's compliance averaged 60% (or +0.2 on the scientific scale), with full compliance on two commitments, partial compliance on one commitment and no compliance on two commitments.

Canada complied fully with those on creating a supportive business environment for investors and supporting the Scaling Up Nutrition Movement. It complied partially with commitments on rotating demand from the public to the private sector and adapting agriculture practices to climate change. It did not comply with a commitment on involving the private sector in the review process of the United Nations Convention against Corruption.

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## **Introduction**

On June 18-19, 2012, the G20 leaders assembled in Los Cabos, Mexico, for the seventh G20 summit both to control an escalating eurocrisis and to advance and expand the institution's built-in agenda. Prior to the summit's start, first-time host Mexico identified the five summit priorities of the strengthening of economic growth; financial regulation; supervision and inclusion; international financial institution reform and resources; food, energy and commodity price stability; and sustainable development and green growth. Advancing the summit's agenda on the issues of trade, development, natural disasters, crime and corruption, and terrorist finance was also a major priority (Kirton and Kulik 2012).

One day prior to the summit's start, leaders from the global business community, including CEOs and leading experts from universities and organizations, assembled for the fourth Business 20 (B20) summit. The B20 summit, which began at the 2010 G20 Toronto Summit, is an international forum held in tandem with the G20 that aims to promote dialogue between the governments and business communities within G20 members. The discussions and dialogue that take place at each B20 meeting result in recommendations that are then presented to the G20 leaders at their subsequent meeting (B20 2012b).

This study has two major objectives. The first is to determine the degree of influence that the B20 summit in Los Cabos, its participants and its recommendations had on the final communiqué released by G20 leaders. The second is to measure, using the methodology developed and utilized by the G8 Research Group and the G20 Research Group, Canada's compliance with the B20-related commitments issued by the G20 at Los Cabos. This assessment will be done through a comparison of the 2012 B20 priorities and recommendations and the 2012 G20 final outcome documents. In addition, five compliance assessments have been conducted on commitments chosen according to specific criteria to determine how well Canada has complied in the four months following the summit.

## **Methodology**

The statements issued by the G20 leaders at the Los Cabos Summit contained 180 precise, future-oriented commitments. Five were chosen for this study based on specific criteria. The first three commitments refer directly to business-related terms: commitments 2012-99, 2012-47 and 2012-138 mention "B20," "business" and "private sector." The remaining two commitments, 2012-47 and 2012-77, align with one of the B20's prioritized recommendations on food security. At a later stage in this project, assessments will be conducted on commitments related to the remaining seven B20 recommendations on green growth, employment, transparency and anti-corruption, trade and investment, information and communications technologies and innovation, and financing for growth and development.

The methodology for measuring compliance was first developed by the G8 Research Group in 1996. It has since been adopted by the G20 Research Group and applied to the

leaders' declarations since their first G20 summit in Washington in 2008. The methodology uses a three-point scale where each member is awarded -1, 0 or +1 for each commitment. A score of -1 indicates a failure to comply or actions taken that are opposite to the commitment's stated goal. A score of 0 indicates partial compliance or a work in progress. A score of +1 indicates full compliance with the commitment's stated goal (G20 Research Group 2012).

## **G20 Performance on Business**

The measures to determine how well the G20 has performed have been adapted to assess whether G20 leaders have incorporated the B20's mandate into their summit process and its final outcome documents. Business and its related components have been a part of the G20's deliberations, decision making and communiqué conclusions since the summit's beginning in Washington in 2008. Not surprisingly, attention to business spiked in 2010, when for the first time global business leaders gathered for a B20 summit on June 26 on the first day of the G20 summit in Toronto. The G20 has paid consistent attention to business at the subsequent three summits in Seoul in November 2010, Cannes in November 2011 and Los Cabos in June 2012.

The first indication that business has been an important component of the G20 summit process is the presence of business-related terms in the summits' final outcome documents. There has been a steady increase in such references, measured by the number of words in the paragraph containing the reference, from 248 in Washington in November 2008, 305 in London in April 2009, 1,183 in Pittsburgh in September 2009 to a summit high of 1,859 in Toronto in June 2010. This peak is likely correlated with the introduction of the B20. There was a slight decrease in business references at both Seoul in November 2011 and Cannes in November 2012 with 1,834 and 1,359 references respectively. Business references increased to 1,590 at the most recent summit in Los Cabos in June 2012 (see Appendix A).

Although there has been a steady consistency in the number of references to business-related terms in the G20's documents since 2008, there have been very few commitments related directly to business. For the first four summits, including Toronto where the B20 was born, the number of business-related commitments was very low, with three commitments each in Washington, Pittsburgh and Toronto and one in London (see Appendix B). The commitments made at these summits included references to the private sector, business and entrepreneurship. At the two following summits, there was an increase in the business-related commitments, with seven at Seoul and nine at Cannes, including commitments on small and medium enterprises and public-private partnerships. In 2012 at Los Cabos the number decreased to four. However, it was at Los Cabos that the G20 leaders pledged a commitment with the first ever reference to the B20.

While the number of business-related G20 commitments indicate the influence of the B20, it is important to determine how well G20 members comply with these commitments. For the purpose of this study, Canadian compliance with five commitments from the Los Cabos was measured for the period from June 19 to October 31, 2012, with mixed results. Canada registered full compliance with two commitments,

partial compliance with two commitments and non-compliance with one commitment (see Appendix C). Over this four-month period, Canada's average compliance was +0.2 (60%). Because there have been no comparable studies measuring Canadian compliance with business-related commitments for previous summits, it may be useful to look to Canada's average overall compliance with the commitments made at the 2011 G20 Cannes Summit, where Canada received an average score of +0.73 (87%) (G20 Research Group 2012). However, this average was calculated from scores measured across 16 commitments over a period of six months.

Among the business-related commitments, Canada complied fully with those on creating a supportive business environment for investors and supporting the Scaling Up Nutrition Movement. It complied partially with commitments on rotating demand from the public to the private sector and adapting agriculture practices to climate change. It did not comply with a commitment on involving the private sector in the review process of the United Nations Convention against Corruption (see appendices D, E, F, G and H).

### **Causes of G20 Performance and Canadian Compliance**

An assessment of G20 final outcome documents from 2008 to 2012 indicates that business has become a component of the G20 summit process. However, this presence has yet to translate into a significant number of concrete business-related commitments. It is therefore important to determine what factors have contributed to this shortfall.

G20 attention to business at the last four summits can be partly attributed to the timing of the B20 summits. To date, B20 summits have been either one- or two-day events, always overlapping the G20 summit. That is, whether on its only or its final day, the B20 summit has occurred on the first official day of the leaders' summit. Furthermore, the B20 summit has been located in the same city as the G20 summit. The relevance of this close physical and temporal proximity is evident in comparison to other special interest summits related to the G20. For example, in 2012 the Young Entrepreneurs Summit (YES) and the Girls 20 Summit took place weeks in Mexico City before the G20 met in Los Cabos. The G20 made significantly fewer references to issues on the YES and Girls 20 agendas than to those on the B20's agenda.

Yet despite the B20's proximity, there has yet to be an overwhelming presence of G20 leaders in attendance. At the 2011 B20 summit in Cannes, eight heads of government were present: Argentina, Australia, Japan, Korea, Mexico, Russia, South Africa and Turkey. The next year at Los Cabos, only six G20 heads of government were present, namely Australia, Indonesia, Korea Mexico, Korea, Turkey and the United Kingdom (see Appendix I). The poor attendance rate of G20 leaders at the B20 summit may help explain why there have been few business-related commitments.

Canada on average has complied to a lesser degree with the business-related commitments assessed in this study than it has in other issue areas. For example, on macroeconomic commitments Canada's average is +1.0 (100%), on trade its average is +0.71 (86%) and on finance its average is +0.50 (75%). However, because this study is in preliminary stages, the small sample size of commitments makes it difficult to explain

compliance in some areas and non-compliance in others. In addition, this study has only monitored the commitments over a four-month period rather than the six-month period that the G20 Research Group tracks for its annual reports. In other issue areas, research has shown that specific catalysts can help to increase compliance. For example, with commitments related to finance and development, compliance increases when finance ministers meet to deal with the issue before and after a summit. Compliance in these issue areas also increases when leaders set one-year timetables for completion. Compliance with commitments on climate change increases when the issue area is given priority placement on the summit's agenda. In health, compliance increases when leaders invoke the assistance of the World Health Organization. Furthermore, evidence suggests that overall compliance increases when commitments involve the most relevant international organizations (Kirton and Guebert 2009).

## Conclusion

While still in early stages, this study has attempted to assess the degree to which the B20 has influenced the G20 summit process and its final outcome documents. In addition, it measured compliance with five commitments made at the 2012 G20 Los Cabos Summit that included business-related terms and aligned with the B20's recommendation on food security. It found that business has grown in importance to the G20, as evidenced by a steady increase in the number of references to business since the B20's start. However, the B20's influence remains limited as G20 leaders have yet to turn these references into firm, concrete commitments. This may be related to the low attendance rate of G20 heads of government at B20 summits, despite being hosted at the same time and in the same city. For the five selected Los Cabos commitments, Canada has complied on average lower than it has in previous years on other issue areas. However, due to the small number of commitments measured and the short time period assessed, it is difficult to determine what factors explain compliance or to predict trends on particular commitment subsets. Further progress on this study will be helpful in assessing why the G20 has yet to deliver a significant number of business-related commitments and why Canada has chosen to comply in some areas but not others.

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## Appendix A: G20 Conclusions on Business, 2008-2012

Julia Kulik, G20 Research Group, October 1, 2012

	# of Total Words	% of Total Words	# of Paragraphs	% of Total Paragraphs	# of Documents	% of Total Documents	# of Dedicated Documents
2008 Washington	248	7.0%	4	4.9%	2	100%	0
2009 London	305	5.0%	5	3.0%	3	100%	0
2009 Pittsburgh	1,183	12.4%	13	10.0%	2	100%	0
2010 Toronto	1,859	16.8%	18	9.4%	4	100%	0
2010 Seoul	1,834	11.6%	23	11.2%	5	100%	0
2011 Cannes	1,359	9.6%	22	10.2%	3	100%	0
2012 Los Cabos	1,590	12.5%	17	9.5%	2	100%	0
Average	1,196	10.7%	15	8.3%	3	100%	0

Notes:

Data are drawn from all official English-language documents released by the G20 leaders as a group. Charts are excluded.

“# of Words” is the number of business-related subjects for the year specified, excluding document titles and references. Words are calculated by paragraph because the paragraph is the unit of analysis.

“% of Total Words” refers to the total number of words in all documents for the year specified.

“# of Paragraphs” is the number of paragraphs containing references to health for the year specified. Each point is recorded as a separate paragraph.

“% of Total Paragraphs” refers to the total number of paragraphs in all documents for the year specified.

“# of Documents” is the number of documents that contain business-related subjects and excludes dedicated documents.

“% of Total Documents” refers to the total number of documents for the year specified.

“# of Dedicated Documents” is the number of documents for the year that contain a business-related subject in the title.

**Appendix B:  
G20 Summit Commitments Related to Business**

Julia Kulik, November 8, 2012

Summit	Number of Commitments
2008 Washington	3
2009 London	1
2009 Pittsburgh	3
2010 Toronto	3
2010 Seoul	7
2011 Cannes	9
2012 Los Cabos	4

**Appendix C:**  
**Canadian Compliance with 2012 G20 Commitments on Business**

Julia Kulik, November 6, 2012

Commitment	Lack of Compliance	Partial Compliance	Full Compliance
2012-99	-1		
2012-74			+1
2012-138		0	
2012-74			+1
2012-77		0	

## Appendix D: Canadian Compliance with G20 Commitment 2012-99

Antonia Tsapralis, November 5, 2012

### Crime and Corruption

#### Commitment [#99]:

*“We [welcome continuing engagement from the B20 in the fight against corruption and, in accordance with the Terms of Reference of the review mechanism,] will involve the private sector and civil society in the UNCAC review process on a voluntary basis.”*

Los Cabos Summit Document

#### Assessment:

Country	Lack of Compliance	Partial Compliance	Full Compliance
Canada	-1		

#### Background:

Corruption has been a key priority on the G20 summit agenda for a number of years. Since the 2009 Pittsburgh Summit, eliminating corruption has been presented as a necessary means for economic growth and stabilizing the international financial system. In its 2009 Pittsburgh communiqué, the G20 called for the ratification of the United Nations Convention against Corruption (UNCAC) and the adoption of an effective, transparent and inclusive mechanism for the review of its implementation. Similar sentiments were echoed at the 2010 Toronto Summit, where leaders once again called for the ratification and implementation of UNCAC and agreed to establish a working group to make recommendations on how to better combat corruption. Such actions yielded results, as the 2010 Seoul Summit developed the G20 Anti-Corruption Action Plan, which put into effect a global regime. Despite the G20’s continued efforts, it was not until the 2011 Cannes Summit that the business community was included in the fight against corruption. In the final declaration of the Cannes Summit, the G20 welcomed the commitments of the B20 to build on the Anti-Corruption Action Plan and urged business leaders to take concrete measures against corruption.

#### Commitment Features:

The Conference of State Parties to UNCAC adopted the Review Mechanism, resolution 3/1, during the third session. The review mechanism was established to assist state parties in implementing the convention. In order for this to occur, the conference adopted the terms of reference of the review mechanism, drafted guidelines for the governmental experts and the secretariat to conduct country reviews, and drafted an outline for country review reports to be conducted by the Implementation Review Group.

The mechanism started operation in July 2010. Two five-year review cycles will take place. Each country will undergo a review as outlined in the timetable established by the UNCAC. In the first cycle (2010-2014), the implementation of UNCAC Chapter III on criminalization and law enforcement and Chapter IV on international cooperation will be

reviewed. The second cycle (2015-2019) will cover Chapter II on preventive measures and Chapter V on asset recovery.

The review process begins with each country completing a self-assessment checklist. The countries conducting the review will then prepare a desk review based on the self-assessment checklist prepared by the countries under review. The desk review will report on the measures taken by the state in implementing the convention, as well as any success or challenges of implementation. Once the desk review has been completed, it may be complemented by direct dialogue facilitated by the state under review. Then the reviewing parties will submit a final report to the UNCAC secretariat. The secretariat will compile the most relevant information from the report and submit it to the Implementation Review Group.

The most important aspect of the review process for this compliance report is the self-assessment. Each state prepares its comprehensive self-assessment checklist by consulting all relevant stakeholders at the national level. Stakeholders may include the private sector, individuals and groups outside the public sector. Furthermore, if the state under review wishes, it may facilitate a country visit to facilitate direct dialogue with the reviewing countries. In such a case, states are encouraged to facilitate engagement with all national stakeholders in the course of the country visit.

For the purpose of this compliance report:

- 1) “Corruption” refers to “bribes and kickbacks, fraud, misappropriation of funds or any other diversion of funds by a public agent. Moreover, it can involve cases of nepotism, extortion trading in influence, use of privileged information for personal purposes and selling of judicial sentences, among other practices” as defined by the United Nations Office on Drugs and Crime;
- 2) “terms of reference of the review mechanism” refers to those adopted in resolution 3/1, entitled “Review Mechanism,” by the Conference of the States Parties of the UNCAC in Doha in November 2009;
- 3) “Private sector” refers to “a basic organizing principle of economic activity where private ownership is an important factor, where markets and competition drive production and where private initiative and risk taking set activities in motion” as defined by the Development Assistance Committee of the Organisation for Economic Co-operation and Development;
- 4) “Civil society” refers to “the wide array of non-governmental and not-for-profit organizations that have a presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious, or philanthropic considerations, as defined by the World Bank Group;
- 5) “UNCAC review process” refers to the process outlined in the UNCAC review mechanism.

The G20 members committed to involve the private sector and civil society on a voluntary basis. Therefore private sector and civil society actors are not required to take action. To achieve full compliance the G20 member must promote and facilitate the

inclusion of private sector or civil society actors in the UNCAC review process between June 19 and October 31, 2012.

If the G20 member only promoted the inclusion but did not actually facilitate an action to increase the inclusion of the private sector and civil society in the process between June 19 and October 31, 2012, the member is awarded a score of partial compliance.

Non-compliance is assigned to countries that did not take any action or mention involving the private sector or civil society in the UNCAC review process between June 19 and October 31, 2012.

**Scoring Guidelines**

-1	Member did not promote the involvement of the private sector or civil society in the UNCAC review process.
0	Member promotes or discusses the involvement of the private sector and civil society but does not facilitate inclusion OR discusses the involvement of the private sector and civil society in neutral terms, therefore keeping the status quo.
+ 1	Member promotes and facilitates the involvement of both the private sector and civil society in the UNCAC review process.

**Canada: -1**

Canada has not complied with its commitment to promote or facilitate the involvement of both private sector and civil society in the UNCAC review process between June 19 and October 31, 2012. Thus, Canada has been awarded a score of -1.

As Canada begins its first UNCAC review in 2012, it is in the process of preparing its self-assessment checklist. According to civil society organizations such as Transparency International, Canada has thus far not made any effort to promote or facilitate the involvement of civil society or the private sector in the review process.

An attempt was made to contact officials at the Department of Justice and the Department of Foreign Affairs and International Trade regarding the promotion and facilitation of private sector and civil society involvement in the UNCAC review process and no response was received.

Although Canada has not yet begun the UNCAC review process, there is no indication thus far that it has facilitated dialogue and engagement with civil society and the private sector. Therefore, Canada has been awarded a score of -1.

## **Appendix E: Canadian Compliance with G20 Commitment 2012-47**

Julia Hein, November 4, 2012

### **Trade**

#### **Commitment [#47]:**

*“Recognizing the importance of investment for boosting economic growth, we commit to maintaining a supportive business environment for investors.”*

Los Cabos Summit Document

#### **Assessment:**

Country	Lack of Compliance	Partial Compliance	Full Compliance
Canada			+1

#### **Background:**

The G20 first mentioned the business community, followed by a reference to the private sector, at the Washington Summit in November 2008. There the G20 leaders agreed that a review of business conduct should take place to protect markets and investors. At the London Summit in 2009, G20 leaders said that trust needs to be rebuilt in the financial system so that it can support global growth and better serve citizens and the business community.

At the 2011 B20 Cannes Summit, the B20 identified 12 topics that should be priorities for the G20. A number of global corporations, including presidents of the business confederations of the G20 countries, as well as 120 CEOs and chairs, worked for months to prepare for the summit. At Cannes they were organized into 12 working groups based on the priority topics. The B20 expressed concern over the gravity of the world economic condition, including market instability, rising unemployment and economies that did not appear to be improving.

For the 2012 Los Cabos B20 Summit, the B20 concentrated on eight topics. Task forces were set up for each one, including a new Advocacy and Impact Task Force, intended to ensure continuity from one summit to the next and to promote consensus among the members. The Trade and Investment Task Force had two objectives for the summit: to strengthen a multilateral exchange system and to encourage actions promoting investment.

#### **Commitment Features:**

The commitment reiterates the members’ understanding of the importance of reliable investment for growth. The Los Cabos B20 Report explains that investment contributes to both economic growth and job creation. Foreign direct investment (FDI) and local investment are not alternatives to each other; rather, they complement one another and form a mutual partnership. FDI plays a key role in improving the growth impact of private investment. “Supportive business environment for investors” can refer to policy,

conferences and publicly announced support for the business community. Examples include:

- promoting trade and investment through conferences and other forums and by making information readily available;
- taking steps to create predictable and stable conditions for international investment;
- enhancing protection for rights of intellectual property;
- decreasing protectionist measures that may hinder international investment;
- refraining from imposing barriers to outward and inward investment; and
- facilitating dispute settlements for international investment agreements.

Full compliance requires the G20 member to introduce at least one measure that promotes a supportive business environment for investors between June 19 and October 31, 2012, while refraining from imposing new measures that may hinder investment.

Partial compliance requires the G20 member to refrain from imposing new measures that may hinder investment between June 19 and October 31, 2012. The G20 member is not actively pursuing a supportive business environment for investors, and is not adopting any new measures to that end.

Investment promotion may be aimed at local investment as well as FDI. However, full compliance requires at least one measure aimed at international investment for the period under review.

**Scoring Guidelines:**

-1	Member does not maintain a supportive business environment for investors and imposes new barriers to investment.
0	Member does not significantly contribute to maintaining a supportive business environment for investors and does not impose new barriers to investment.
+1	Member maintains a supportive business environment for investors.

**Canada: +1**

Canada has complied fully with its commitment to maintain a supportive business environment for investors between June 19 and October 31, 2012. Thus, Canada has been awarded a score of +1.

On August 8, 2012, after a visit to London to promote trade and investment, Ed Fast, Minister of International Trade and Minister for the Asia-Pacific Gateway, announced that “attracting new foreign investment to Canada by telling our country’s story of economic excellence and pro-trade leadership is a key part of our government’s Economic Action Plan.” Fast explained that “with one in ten Canadian jobs linked to foreign investment, we know that attracting new investment creates jobs and prosperity for Canadian businesses, workers and families.” During the visit, he publicized Canada’s continuing commitment to creating investment advantages in order to attract foreign investment.

On July 31, 2012, the Canadian government began online consultations aimed at soliciting suggestions from stakeholders and the public on how the government can enhance the Immigrant Investor Program (IIP). The IIP is slated for reform under the 2012 Economic Action Plan, which aims to increase the benefits of the program, thereby increasing immigrant investment capital in Canada. Through the consultations, the government seeks feedback on how the IIP can “attract experienced, international investors with the skills and resources needed to ensure they can integrate into Canada’s economy.”

In September 2012, the Department of Foreign Affairs and International Trade published a document titled “Invest in Canada.” The document explains the benefits of investing in Canadian industries by comparing Canada with other G7 countries in the areas of business competition, workforce, market access, innovation and favourable FDI outcomes.

On September 9, 2012, the Canadian government signed a Foreign Investment Promotion and Protection Agreement (FIPA) with China. Its primary purpose is to provide greater protection to foreign investors. Chinese investors have expressed increasing interest in investing in Canada, and the Canada-China FIPA will facilitate these investment flows by making Canada more attractive to investors.

On October 1, 2012, the Canadian government announced that it would provide \$3 million to communities and local organization across Canada to help them attract global investors. The funding comes from the Invest Canada – Community Initiatives (ICCI) program, established in 2008, which annually accepts applications. In this announcement, Fast explained that foreign investment is key to creating jobs in Canada, and through programs like the ICCI, Canada is ensuring that it continues to be an attractive investment destination.

Understanding the importance of investment for encouraging economic growth, Canada has successfully displayed its support for investors by creating a positive business environment. Canada promoted itself as being attractive for foreign investment and worked actively to maintain these favourable conditions between June 19 and October 31, 2012. For this, Canada has been awarded a compliance score of +1.

## Appendix F: Canadian Compliance with G20 Commitment 2012-138

Bailie McGurn, November 4, 2012

### Macroeconomic

#### Commitment [#138]

*“[We will intensify our efforts to rebalance global demand, through] rotating demand from the public to private sector in countries with fiscal deficits (subset commitment: countries with fiscal deficits)”*

Los Cabos Summit Document

#### Assessment

Country	Lack of Compliance	Partial Compliance	Full Compliance
Canada		0	

#### Background:

At the 2009 Pittsburgh Summit, the G20 launched the Framework for Strong, Sustainable and Balanced Growth. It was intended to promote policy actions to overcome the legacy of the 2007-08 financial crisis and put the global economy back on the path of economic growth and job creation.

At the 2010 Toronto Summit, the G20 reiterated that its highest priority was safeguarding and strengthening the recovery and laying the foundation for strong, sustainable and balanced growth, as well as strengthening its members’ financial systems against risks. Members focused on the importance of cooperation and undertaking actions to bolster economic growth and foster a strong and lasting recovery. Based on the first stage of the framework’s Mutual Assessment Process, members concluded that the G20 could do much better and that more ambitious paths of reform were required.

At the 2011 Cannes Summit, G20 members acknowledged that the global economy had entered a new and difficult phase; global growth had weakened, downside risks had heightened and confidence had decreased. The G20 members agreed that strengthened international policy cooperation was needed immediately, and thus agreed on an action plan to address short-term vulnerabilities and strengthen medium-term foundations for growth. To address the medium-term foundations for growth, a six-point plan was developed. One point focused on commitments to boost private demand in countries with current account surpluses and, where appropriate, to rotate demand from the public to the private sector in countries with current account deficits. Countries with large current account surpluses as well as those with relatively weak private demand were to play an important role in rebalancing and sustaining global demand.

The commitment assessed for this study is part of the six-point plan to strengthen medium-term foundations for growth. At the 2012 Los Cabos Summit, the G20 acknowledged that its ability to address current risks is influenced by each member’s ability to take strong actions to promote stability and growth and reduce ongoing

imbalances by encouraging the rotation of demand from the public to the private sector in countries with fiscal deficits and from the external to the domestic sector in countries with current account surpluses. The G20 leaders agreed about the need to intensify efforts to reduce internal and external imbalances. All members agreed to build on the Cannes six-point plan and focus on priority areas to boost confidence, raise global output and create jobs.

**Commitment Features:**

This commitment falls under both the overarching Pittsburgh Summit Framework for Strong, Sustainable, and Balanced Growth and the Cannes six-point plan. The foundation of this commitment is based on the goal to rebalance global demand.

This commitment is a subset of a larger commitment, focusing on increasing domestic demand in countries with current account surpluses and increasing national savings in countries with current account deficits. For the purposes of this study, only efforts made by Canada to rebalance global demand through rotating demand from the public to private sector in countries with fiscal deficits has been analyzed.

For the purpose of this compliance report:

- 1) “private sector” refers to “a basic organizing principle of economic activity where private ownership is an important factor, where markets and competition drive production and where private initiative and risk taking set activities in motion” as defined by the Development Assistance Committee of the Organisation for Economic Co-operation and Development;
- 2) “public sector” refers to all government-controlled entities such as ministries, departments, funds, organizations and business enterprises that political authorities at all levels use to implement their social and economic policies.

To achieve full compliance, members must take concrete actions to rotate demand from the public to private sector in countries with fiscal deficits between June 19 and October 31, 2012. Actions by countries without fiscal deficits must be directed at rotating demand from the public to private sector in countries that do have fiscal deficits. Countries that have fiscal deficits can achieve full compliance by focusing on rotating demand from the public to private sector within their own borders. Taking concrete actions to rotate demand from the public to private sector in countries with fiscal deficits could include implementing incentives (i.e., tax incentives) that encourage private sector investment.

Members that promote by way of publicly encouraging or attending meetings or conferences regarding rotating demand from the public to private sector in countries with fiscal deficits between June 19 and October 31, 2012, but do not actually facilitate a concrete action to rotate demand from the public to private sector are assigned partial compliance.

Members that do not take any concrete action or publicly encourage or attend meetings or conferences regarding rotating demand from public to private sector in countries with fiscal deficit between June 19 and October 31, 2012, are found to be non-compliant.

**Scoring Guidelines:**

-1	Member does not take any concrete action, publicly encourage or attend meetings or conferences regarding rotating demand from public to private sector in countries with fiscal deficits.
0	Member publicly encourages or attends meetings or conferences regarding rotating demand from the public to private sector in countries with fiscal deficits, but does not actually facilitate an action to rotate demand from the public to private sector.
+ 1	Member takes concrete actions to rotate demand from the public to private sector in countries with fiscal deficits.

**Canada: 0**

Canada's Economic Action Plan 2012 makes \$400 million available to help increase private sector investments in early-stage risk capital and to support the creation of large-scale venture capital funds led by the private sector. The Canadian government indicated that it was seeking to increase the capital and expertise available for growing, innovative firms. However, because the Economic Action Plan 2012 was initiated prior to this compliance period, these actions do not count towards compliance for this study.

On June 22, 2012, the government of Canada launched consultations to encourage private sector investment and management of seed and large-scale venture capital funds.

On August 22, 2012, Mark Carney, Governor of the Bank of Canada, told the Canadian Auto Workers union (CAW) that Canadian firms, which have with hundreds of billions of dollars in their bank accounts, are not doing enough to drive economic growth and create new jobs. He suggested that Canadian companies are holding on to large amounts of money because of global economic instability, but that the level of caution could be viewed as excessive. He said that it is the job of corporate managers to put money to work, and they should return it to shareholders if they cannot think of what to do with it. Carney was responding to a question about a previously released Canadian Labor Congress study that suggested Canadian businesses have \$500 billion in cash assets. CAW president Ken Lewenza said that money can be reinvested in technology, the workplace, productivity and training to keep workers abreast of industry trends.

On August 27, 2012, Jim Flaherty, Minister of Finance told reporters that stimulating the economy ultimately falls on the heads of the private sector. He suggested that the government has done a lot through the tax system to encourage Canadian executives and business people to use some of their capital. Flaherty said the government has already introduced measures in the budget, such as the accelerated capital cost allowance and the mining exploration credit, to compel Canadian corporations to invest \$525 billion back into the economy.

Between June 19 and October 31, 2012, Canada encouraged rotating demand from the public to private sector through consultations on encouraging private sector investment and managing seed and large-scale venture capital funds; through Carney's statement that

Canadian firms are not doing enough to drive economic growth and create new jobs; and through Flaherty's comments that stimulating the economy ultimately falls on the heads of the private sector. Thus, Canada has partially complied with its commitment.

## Appendix G: Canadian Compliance with G20 Commitment 2012-74

Antonia Tsapralis, November 6, 2012

### Food and Agriculture

#### Commitment [#74]:

*“We [also note that chronic malnutrition is an enormous drain on a country’s human resources, and] we therefore support the Scaling Up Nutrition movement and encourage wider involvement of G20 members.”*

Los Cabos Summit Document

#### Assessment:

Country	Lack of Compliance	Partial Compliance	Full Compliance
Canada			+1

#### Background:

Launched in 2010, the Scaling Up Nutrition (SUN) initiative unites governments, civil society, businesses and citizens in a global effort to end under-nutrition. It has steadily expanded to include 30 countries. The movement has laid out a three-year plan (2012-15) to reduce under-nutrition significantly in participating countries, most of which have established their own mechanism of reducing under-nutrition. Some of these mechanisms include increasing access to affordable and nutritious food and other determinants of nutrition such as access to clean water, sanitation, and health care; social protection; and initiatives to empower women. Together, these countries are aiming to meet the global targets established by the 2012 World Health Assembly.

For the purpose of this compliance cycle:

- 1) “chronic Malnutrition” refers to a range of conditions that hinder good health, caused by inadequate or unbalanced food intake or from poor absorption of food consumed, as defined by the Food and Agriculture Organization;
- 2) “support” refers but is not limited to financial support, public endorsement, involvement of ministers or government officials, and sharing technical information and expertise; and
- 3) “encouraging wider involvement” refers but is not limited to publicly encouraging members to become involved and encouraging involvement in other forums or bilateral meetings.

#### Commitment Features:

G20 members have committed to support and encourage involvement in the SUN movement. Therefore, members must complete both tasks between June 19 and October 31, 2012, in order to receive full compliance.

If a G20 member only supports the SUN movement but does not encourage involvement between June 19 and October 31, 2012, it receives a score of partial compliance.

Non-compliance is assigned to countries that did not support or encourage involvement in the SUN movement between June 19 and October 31, 2012.

**Scoring Guidelines**

-1	Member country did not support or encourage involvement in the Scaling up Nutrition movement.
0	Member country supported or encouraged involvement in the Scaling Up Nutrition movement, but not both.
+1	Member country supported and encouraged involvement in the Scaling Up Nutrition Movement.

**Canada: +1**

Canada committed to financially supporting the SUN movement between June 19 and October 31, 2012, and publicly encouraged engagement and support from other members. Thus, Canada has been awarded a score of +1.

On June 22, 2012, Bev ODA, Minister for International Cooperation, issued a statement on the “Zero Hunger Challenge” that described Canada as a supporting development partner in the SUN movement. Oda said that one of the main objectives of the food security strategy of the Canadian International Development Agency (CIDA) is to address the extreme hunger and malnutrition of the world’s most vulnerable people.

Between 2012 and 2014 Canada will contribute \$1.5 million to the SUN secretariat through CIDA. These funds will be devoted to improving basic nutrition through the secretariat’s tracking the success of participating countries in meeting their nutrition objectives and coordinating the different actors involved in the SUN process. Funding will be divided among three continents, with 70% going to countries in Africa, 20% to countries in Asia and 10% to countries in the Americas.

On September 29, 2012, Julian Fantino, the new Minister of International Cooperation, and Anthony Lake, Executive Director of the United Nations Children’s Fund, co-hosted a SUN event convened by the Secretary-General of the United Nations. Fantino stated that “the Scaling Up Nutrition Movement provides an opportunity for partners to work together to focus our efforts on reducing deaths and diseases caused by undernutrition in mothers and children and to give the world’s most vulnerable a better chance at a healthier future.” He encouraged attendees to “continue to fund nutrition programming, build partnerships, and measure the impact of our investments in helping developing countries create a strong, healthy, and productive workforce and economy.”

During the assessed compliance period Canada announced that it will contribute \$1.5 million in funding to the SUN movement. Furthermore, Fantino publicly encouraged other members to continue supporting this movement. Thus, Canada has been awarded a score of +1.

## Appendix H: Canadian Compliance with G20 Commitment 2012-77

Julia Hein, November 5, 2012

### Food and Agriculture

#### Commitment [#77]:

*“We recognize the need to adapt agriculture to climate change and we recognize the importance of improving the efficiency of water and soil use in a sustainable manner. To this end, we support the development of and a greater use of available technologies, well-known practices and techniques such as soil fertility enhancement, minimum tillage and agroforestry”*

Los Cabos Summit Document

#### Assessment:

Country	Lack of Compliance	Partial Compliance	Full Compliance
Canada		0	

#### Background:

The G20’s commitment to climate change has increased at recent summits. The G20 Research Group has identified 64 references to climate change in the 2008 Washington Summit communiqué, increasing to 2018 references to climate change in the 2010 Seoul Summit communiqué.

At the 2009 Pittsburgh Summit, G20 leaders tied development and poverty reduction to the challenges of climate change and food security. Greater access to agricultural technology and improved agricultural productivity was identified as a means to enhance food security. At the 2010 Toronto Summit, G20 leaders applauded the launch of the Global Agriculture and Food Security Program, which provides financing to low-income countries to improve agricultural productivity and develop sustainable agricultural systems.

The Seoul Development Consensus, which was adopted at the 2010 Seoul Summit, identified nine key pillars that would facilitate growth. One pillar focused on enhancing food security, which included agriculture productivity. Recognizing that climate change needs to be a priority for all nations, the G20 leaders reiterated their support for the UN Framework Convention on Climate Change, which promotes the need for sustainable agricultural practices.

On June 23, 2011, the G20 agriculture ministers published the Action Plan on Food Price Volatility and Agriculture, which was submitted to the G20 leaders at the 2011 Cannes Summit. The report stresses the need for increased agriculture productivity through sustainable practices, such as improvements to land and water management and improved agriculture technologies. At the Cannes Summit, G20 leaders committed to increase agricultural production and productivity. Because the world population is expected to reach 9 billion people by 2050, it is estimated that food production will need to increase

70%, which makes agricultural productivity an important issue. The G20 leaders agreed to objectives introduced in the Action Plan on Food Price Volatility and Agriculture, including a commitment to improve agriculture production and productivity.

In 2012, Mexico asked international organizations to research actions that could be taken to improve agriculture productivity, particularly on small family farms. The report identified climate smart agriculture as supporting sustainable increases in agriculture productivity. Sustainable land management practices such as “reduced tillage, maintenance of a protective organic soil cover, crop rotation to enhance nutrient levels and manage pests, and integrated nutrient and water management techniques” are also associated with environmental and productivity improvements. Based on the recommendations of the report, at Los Cabos the G20 leaders adopted the commitment to improve water and soil efficiency in a sustainable manner through the development and greater use of available technologies, practices and techniques.

**Commitment Features:**

This commitment is consistent with the G20’s growing awareness of climate change and the need to adapt to a changing world. Agriculture improvements are needed in order to make agriculture production more sustainable, requiring better water management and leading to less soil fertility deterioration. Support for improvements would involve research funding, policies that make technologies more available, and funding for programs that improve awareness of technologies through newsletters, conferences or websites.

Full compliance requires members to adopt at least one measure between June 19 and October 31, 2012, that supports the development of technologies, practices and techniques that improve the use of water. Compliance would also be granted if members supported sustainable soil through technologies, practices and techniques that improve soil fertility, minimum tillage and development of agroforestry. Full compliance also requires members to adopt at least one measure during that period that makes greater use of technologies, practices and techniques that are already available.

Partial compliance of this commitment requires members to adopt at least one measure between June 19 and October 31, 2012, that supports the development of technologies, practices and techniques that improve soil management. Partial compliance would also be awarded if members adopt at least one measure in that period that makes greater use of technologies, practices and techniques that are already available. Members only need to contribute one measure – either development or making greater use of current practices – to be awarded partial compliance.

A member that does not adopt any such measure between June 19 and October 31, 2012, receives a score of non-compliance.

**Scoring Guidelines:**

-1	Member has not supported the development of and greater use of available technologies, practices and techniques to improve water efficiency and sustainable soil use.
0	Member has supported some development or made some effort to make greater use of technologies, practices and techniques to improve water efficiency and sustainable soil use.
+1	Member has supported the development and greater use of available technologies, practices and techniques.

**Canada: 0**

Canada has partially complied with its commitment to support the development of and greater use of available technologies, practices and techniques. Thus, Canada has been awarded a score of 0.

The fall issue of the Heartland Soil and Crop newsletter published by the Ontario Soil and Crop Improvement Association, which is sponsored by the province of Ontario, outlined a study on crop rotation taking place. The study found that “the more complex the rotation, and the less tillage that occurs, the better the soil quality.”

In the October 15, 2012, issue of Agri-News, published by Alberta Agriculture and Rural Development, soil compaction was identified as a problem caused by tillage farming practices. It explains how eliminating or reducing tillage can decrease soil compaction. The article recommends alternatives, such as crop rotation, and makes further recommendations for soil management.

Canada did not begin any new measures to develop technologies to improve water efficiency and sustainable soil use during this compliance period. Canada has made some effort to make greater use of current technologies, practices and techniques through the publication of newsletters. Previously, the government of Canada has conducted research to develop technologies, such as soil fertility enhancement, minimum tillage and agroforestry, and has made this information available on various governmental websites. In recent years, the government of Canada has also supported conferences and newsletters that were intended to make greater use of these technologies.

Understanding the importance of improving the efficiency of water and soil use in a sustainable manner, Canada has made some effort to make greater use of available technologies, practices and techniques. For this, Canada has been awarded a compliance score of 0.

**Appendix I:  
Leaders' Attendance at B20 Summits, 2011-2012**

Julia Kulik, November 8, 2012

**2011 Cannes**

Leader	Country
Cristina Fernandez de Kirchner	Argentina
Julia Gillard	Australia
Yoshihiko Noda	Japan
Lee Myung-bak	Korea
Felipe Calderon	Mexico
Dmitry Medvedev	Russia
Jacob Zuma	South Africa
Recep Tayyip Erdogan	Turkey

**2012 Los Cabos**

Leader	Country
Julia Gillard	Australia
Susilo Bambang Yudhoyono	Indonesia
Lee Myung-bak	Korea
Felipe Calderon	Mexico
Recep Tayyip Erdogan	Turkey
David Cameron	United Kingdom