Joint letter of
President Van Rompuy and President Barroso
on the G20 Summit in Cannes

We would like to share with you our views on the key issues coming up for discussion at the G20 Summit in Cannes. We hope these orientations will serve as a good basis for our preparatory exchange of views at the next European Council meeting.

The G20 Summits were crucial in steering us through the global financial and economic crisis three years ago by acting strongly and decisively in a sense of urgency and common purpose. In light of the current economic situation, with world growth slowing down and the global economic outlook deteriorating, we need to renew this collective G20 spirit. Europe should be proud to have been instrumental in the creation of the G20 process. The fact that France holds the G20 Presidency this year gives Europe a special responsibility. We need to make the Cannes Summit a G20 Summit that restores confidence, supports sustainable growth and job creation, and maintains financial stability.

Europe will be in the focus of the Cannes Summit. Our G20 partners' perception is that if Europe does not solve its sovereign debt crisis there will be dangerous spillovers on the global economy. We need to show them that the European Union is determined to do whatever necessary to overcome the current difficulties. At the same time, we will also demand from our G20 partners a constructive contribution to face the global economic challenges.

Against this background, we consider the following EU priorities for the G20 summit in Cannes:
1) **Restoring growth and tackling global macroeconomic imbalances.** Many of the distortions underlying the large pre-crisis imbalances remain in place including undervalued exchange rates in key emerging surplus economies, and insufficient domestic savings in some advanced economies. The EU should strongly support the adoption of an ambitious Action Plan at the Cannes Summit to address the immediate challenges coming from the current economic slowdown, and to strengthen and rebalance global growth over the medium-term. We therefore need to ensure a balanced discussion of the various risks to the global economy, including those coming from the US and from emerging market economies. All countries need to make a contribution. The EU needs to demonstrate that we are aware of our own responsibility and fully engaged in addressing the challenges we face. Our contribution to the Action Plan should be based on our agreed economic policy strategy, and in particular the decisive measures that we are taking to address the sovereign debt crisis, and strong policy commitments in the areas of economic governance; fiscal policy; monetary policy; financial repair; structural reforms and restoring growth.

2) **Making tangible progress on implementing the financial market reform agenda.** The agreed financial market reforms must be fully implemented while ensuring a level playing field. The EU is honouring its G20 commitments by being the first jurisdiction to launch, with the Commission proposal, the legal process for implementing the Basel III agreement. Our G20 partners have to deliver as well and together we should accelerate work to advance on other agreed reforms, such as Over-The-Counter derivatives, commodity derivatives, bank crisis prevention and resolution - where the EU is already moving. And further work is needed to agree ambitious measures on Systemically Important Financial Institutions, shadow banking, and paving the way towards a single set of high quality globally accepted accounting standards. It is time to make the necessary changes to the governance of the Financial Stability Board so as to underpin its monitoring function. On non-cooperative jurisdictions, the G20 in Cannes should support the Global Forum's work.

3) **Making the International Monetary System more resilient.** The current international monetary system, despite many imperfections, has enabled remarkable progress in global economic and financial integration. But there is scope for improvement and reform to strengthen economic surveillance by the International Monetary Fund, agreeing on principles to guide G20 members in the management of capital flows; agreeing on a roadmap for broadening the IMF Special Drawing Rights to facilitate the internationalisation of key emerging market currencies; improving the cooperation between Regional Financing Arrangements and the IMF; and improving further the Fund's toolkit to support countries during systemic stress. We will also need to discuss the issue of the adequacy of IMF resources.
4) Boosting trade as the most effective way to support global growth. Despite our intensive engagement and that of some others in the first half of this year, it will not be possible to conclude the WTO Doha Round in 2011. This is depriving the global economy of a significant boost, and risks encouraging protectionist measures. The EU has a particular responsibility to lead the discussion in Cannes on how the G20 could support the WTO at the present juncture. We must advocate an active WTO negotiating agenda that delivers concrete results from the Doha agenda in 2012, in particular on least developed countries, as well as broaden the scope of issues being considered by the WTO in order to address new global challenges. We need to renew our commitment to refrain from all protectionist measures and also need to ensure a global market and open trading system for raw materials that is undistorted, sustainable and transparent.

5) Enhancing the social dimension of globalisation. As reaffirmed by G20 Labour and Employment Ministers on 26-27 September in Paris employment and poverty reduction are at the centre of global economic policy coordination.

6) Ensuring Food Security and Promoting the G20 Development Agenda and Innovative Financing. We need to address the global food security challenge by fully endorsing the Action Plan on Food Price Volatility and Agriculture agreed by G20 Agriculture Ministers on 22-23 June 2011. The G20 Development Agenda has become an important part of the G20 and we welcome this year's focus on food security and infrastructure. We are looking forward to the report by Bill Gates on Financing for Development which will contribute to the G20 Leaders discussion on development. The European Commission has recently proposed a financial transaction tax for the EU. We believe that a similar approach among G20 partners can help us all meet global challenges. We will therefore strongly support further discussions by the G20 in this field.

7) The G20 needs to further tackle the global climate and energy challenge and continue its fight against corruption. The G20 Summit will be an important opportunity to push for a successful outcome of the Durban Climate Conference (COP 17) and we welcome the initiative taken by the G20 to conduct further work on mobilising resources for climate change finance.

8) Improving global governance. Finally, we look forward to discussing the proposals contained in the report by Prime Minister David Cameron on global governance which he will present at the summit following an invitation by President Sarkozy.
The EU is fully engaged in making Cannes a successful summit in order to restore confidence and underpin the global economic recovery by demonstrating the ability of the G20 to act with a common purpose. The stakes for Cannes are high - for the credibility of the G20 and for each of its members.