

# IFANS Review

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Background and Significance

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Beyond Debate between Principle and Flexibility:  
Searching for a Comprehensive North Korea Policy

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The U.S. and Implementing Multilateral Security in the  
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# Deepening Intra-Spoke Relations: The Australia-Japan Security Relationship\*

Rikki KERSTEN



When the Japan-Australia Joint Declaration on Security Cooperation (JDSC) was signed in March 2007, it was greeted with reasonable equanimity in both countries. But in the ensuing years as the perspective on this agreement and its ramifications shifted from the bilateral to the regional context, opinions on the evolving Australia-Japan security relationship have begun to diverge. When we locate the JDSC in its post-Cold War setting and in its regional context featuring rising powers and geopolitical tensions, the agreement is interrogated in terms of two variables: what does the JDSC imply about the future nature of U.S. engagement in the Asia-Pacific region; and how will enhanced security relations between these two countries in particular impact on the behavior of each country as a regional security actor? This article elaborates the underlying concerns surrounding the deepening of the Australia-Japan security relationship, and asks whether the recent firm commitments made by the U.S. can be expected to allay or rebut those concerns.

**Keywords:** Australia-Japan Security Relations, U.S.-China Contestation, Intra-Spoke Relations

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\* An earlier version of this paper was presented at the workshop on 'Bilateral Alliance Politics and Intra-spoke Relations in Asia' held at Keio University, Japan on September 15-16, 2011.

## 1. Introduction

When the Japan-Australia Joint Declaration on Security Cooperation (JDSC) was signed in March 2007,<sup>1</sup> it was greeted with reasonable equanimity in both countries. It was portrayed as an agreement whose time had come following decades of solid bilateral trade and cultural relations dating back to the 1957 Treaty on Commerce and the 1976 Treaty on Friendship and Cooperation, and a remarkable testimony of the ability to restore trust after enmity and war.<sup>2</sup> Furthermore, the Declaration rested on firm foundations of actual collaboration in the field, notably as members of the Tsunami Core Group after the Indian Ocean tsunami of 2004, and in the ‘coalition of the willing’ in Iraq. As firm allies of the U.S., Japan and Australia had also already established regular security consultations between officials and ministers as part of the Trilateral Strategic Dialogue (TSD).<sup>3</sup> But in the ensuing years as the perspective on this agreement and its ramifications shifted from the bilateral to the regional context, opinions on the evolving Australia-Japan security relationship have begun to diverge and equanimity has become harder to find.

When we locate the JDSC in its post-Cold War setting and in its regional context featuring rising powers and geopolitical tensions, the agreement is interrogated in terms of two variables: what does the JDSC imply about the future nature of the U.S. engagement in the Asia-Pacific region; and how will enhanced security relations between these two countries in particular impact on the behavior of each country as a regional security actor? Both questions indicate the existence of some skepticism concerning the underlying motivations driving the deepening of this security relationship, evoking specific doubts concerning a trilateral dynamic under the U.S. dominance, and the institutionalization of

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1 For the text of the Agreement, see <http://www.mofa.go.jp/region/asia-paci/australia/joint0703.html>.

2 See, for example, Reiji Yoshida, “Japan Signs Landmark Security Pact with Australia,” *Japan Times*, March 14, 2007; and Greg Sheridan, “Former Foe Now Close Ally,” *The Australian*, March 12, 2007.

3 For background on the TSD, see William T. Tow, et al., “Assessing the Trilateral Strategic Dialogue,” NBR Special Report 16 (Washington: National Bureau of Asian Research, December 2008).

fundamental change in Japan's security and defense policy. Looming over these concerns is the rise of China, and how this pivotal development is shaping the choices made by 'spoke' nations in the region. The complex web of counter-veiling forces that now prevail in the Asia-Pacific region, involving concurrent economic enmeshment and latent security risk, necessarily imposes commensurate complexities into our assessment of enhanced security relations between Australia and Japan. Since the turn of the century, it has become commonplace to assess the rise of China in one of two ways: either China's rise will lead to strategic competition for primacy in the region, or China's rise will imply relative U.S. decline, especially in terms of the Asia-Pacific security environment. It is this fear of partial abandonment on the part of the Asia-Pacific-based allies of the U.S. that has come to predominate in evaluations of Australia-Japan security relations.

In November 2011, the U.S. appeared to respond to these pervasive doubts concerning the U.S. engagement in the Asia-Pacific region in an emphatic manner. In the course of a week, President Obama traversed the core institutional landscape of the region in the form of the Asia-Pacific Economic Cooperation (APEC) Summit in Honolulu, a state visit to Australia to celebrate the 60<sup>th</sup> anniversary of the U.S.-Australia alliance, and the East Asia Summit (EAS) in Bali, where the U.S. and Russia attended for the first time as members. Indeed, in his address to the joint sitting of the Houses of the Australian Parliament on November 17, President Obama raised the issue of doubts concerning U.S. commitment to the Asia-Pacific region and directly rebutted them.<sup>4</sup> Despite this demonstration of the U.S. support for regional multilateralism and confirmation of the U.S. engagement in the region, questions concerning the trilateral dynamic in bilateral security relations between Australia and Japan, and how this will impact on each nation as an independent security actor in the region, are likely to remain salient for at the least the medium term.

Here we will elaborate the underlying concerns surrounding the

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<sup>4</sup> See the full text of U.S. President Barack Obama's speech in the House of Representatives in Canberra, *The Australian*, November 17, 2011, accessed November 17, 2011, <http://www.theaustralian.com.au/national-affairs/obama-in-australia/obamas-speech-to-parliament/story-fnb0o39u-1226197973237>.

deepening of the Australia-Japan security relationship, and ask whether the recent firm commitments made by the U.S. can be expected to allay or rebut those concerns. Although Obama's January 2012 announcement<sup>5</sup> concerning downsizing U.S. global military expenditure while retaining a commitment to the Pacific has clarified the question of U.S. regional presence still further, it will potentially complicate relations between spoke nations such as Australia and Japan. As each nation positions itself within this new U.S. defense strategy they will be doing so from very different standpoints. In future it will not be the degree of fealty and readiness of each nation operating in concert with the hub, but the efficacy and utility of the spoke-to-spoke security partnership that will determine their place and status within the evolving U.S. global and regional defense strategy.

## 2. Australia and Japan: Hedging for Partial Abandonment

It is not difficult to find rationales supporting a deepening of security ties between Australia and Japan. We can see clearly that accord has grown in a number of areas during the last ten years, based on common orientations towards the region and the world. Since September 11, 2001, Japan and Australia have increasingly projected their bilateral relationship into global settings as middle powers, notably in the action areas of peacekeeping, climate change and nuclear non-proliferation, as well as security.<sup>6</sup> But in the view of some commentators, it is the shared expectation on the part of Japan and Australia that the relative decline of U.S. power will negatively impact on the threat environment of the Asia-Pacific that has drawn them together in the security sphere. Chanlett-Avery and Vaughan point to Australia's 'growing uncertainty. . . with the evolving strategic environment in Asia' as 'a driver in Australia's

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5 See text, "Obama's Remarks on Military Spending," *New York Times*, January 5, 2012, <http://www.nytimes.com/2012/01/06/us/text-obamas-remarks-on-military-spending.html>, accessed January 6, 2012. For the full text of the new strategic guidance document, see [www.defense.gov/news/Defense\\_Strategic\\_Guidance.pdf](http://www.defense.gov/news/Defense_Strategic_Guidance.pdf).

6 Rikki Kersten, "Australia and Japan: Mobilizing the Bilateral Relationship," *Middle Power Dreaming: Australia in World Affairs 2006-2010*, eds. James Cotton and John Ravenhill (Oxford: Oxford University Press, 2011).

pursuit of a security agreement with Japan.’ This is complimented in their view by Japan’s ‘more muscular foreign policy and forward defense posture’ as an additional ‘push’ factor towards closer security relations with Australia.<sup>7</sup> In his assessment of the Australian government’s 2009 Defense White Paper, Tomita concludes that ‘regarding America’s strategic primacy and presence in the Asia-Pacific region there have been some changes, and there is a possibility that the region’s security environment could become unstable.’ Moreover, he posits that rather than the rise of China, it was Australia’s misgivings regarding the decline of U.S. supremacy that drove Australian decision-making vis-à-vis its security agreement with Japan.<sup>8</sup>

In Japan, the security debate has also been framed as part of the irresistible trend of global history. Specifically, the Council on Security and Defense Capabilities in the New Era pointed to the need for Japan to update its entire security policy thinking because it was still mired in Cold War assumptions and was therefore rendered ‘irrational’ in the contemporary threat environment. Moreover, Japan’s Cold War era alliance partner, the U.S., was suffering multiple assaults from the consequences of its protracted conflicts in Afghanistan and Iraq as well as the aftermath of the 2008 global financial crisis, as a result of which ‘the overwhelming military and economic superiority of the U.S. appears to be in decline, at least in the eyes of non-U.S. actors.’<sup>9</sup> For the Council’s experts, the momentum of history was moving away from the unilateral supremacy of the U.S. towards multi-polarity. In their view, this changed the threat environment in ways that Japan could no longer ignore:

The decline of the overwhelming superiority of the U.S. and the shift in the balance of power have resulted in the deterioration of international public goods which had hitherto been provided by the U.S. ... as

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7 Emma Chanlett-Avery and Bruce Vaughan, “Emerging Trends in the Security Architecture in Asia,” *CRS Report for Congress* (Washington: Congressional Research Service, January 7, 2008), 6.

8 Keiichiro Tomita, “Osutoraria Ruddo seiken no kokubō senryaku to Nichi-Gō anzen hoshō kyōryoku” (The Rudd Administration’s National Defense Strategy and Japan-Australia Security Cooperation), *Refarensu* (December 2009): 121, 125.

9 Council on Security and Defense Capabilities in the New Era, “Japan’s Visions for Future Security and Defense Capabilities in the New Era: Towards a Peace-Creating Nation,” (August 2010): 2, 6.

emerging countries gain more power, a number of nations are gaining and strengthening their ability to enclose parts of the global commons, such as obstructing the deployment of military force in the sea and airspace around their nations, destroying artificial satellites, and mounting attacks in cyberspace. The deterioration in openness of the global commons has become a risk.<sup>10</sup>

The specter of the China threat is ill-concealed in this argument and highlights another possible complication that may at some stage niggle at the newfound Australia-Japan security relationship, namely that each nation has quite different perspectives on what kind of problem China represents. In a similar but more realist vein, Lyon points to the fact that the JDSC implicitly supports a higher profile for Japan as a security actor, not in the spirit of counter-balancing China but rather as a signal that a more active Japan would be a beneficial development for its security partner, Australia.<sup>11</sup>

Seen in this light, the JDSC in effect becomes a joint hedging strategy on the part of two U.S. allies, with the agreement between them a vehicle that proactively addresses the expected eventual decline of U.S. influence and/or presence in the region. This suggests that instead of serving as reinforcement for the alliance with the U.S., the Japan-Australia security relationship may itself indicate a lack of confidence in the salience of the alliance over the long term. Victor Cha's 'variegated patchwork' notion<sup>12</sup> appears in this context to be a transitional strategy on the part of U.S. allies to address an anticipated inability of the senior alliance partner to deliver credible security guarantees into the future across the full threat spectrum.

The problem of potential U.S. disengagement from the Asia-Pacific has featured prominently in security policy planning in both Japan and Australia. The 2010 National Defense Program Guidelines (NDPG)<sup>13</sup> of

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10 Ibid., 6.

11 Rod Lyon, "Japan, Australia and the Changing Security Order in Asia," *Policy Analysis* (Canberra: Australian Strategic Policy Institute, March 22, 2007): 2-3.

12 Victor D. Cha, "Complex Patchworks: U.S. Alliances as Part of Asia's Regional Architecture," *Asia Policy* 11 (January 2011): 27-50.

13 Government of Japan, *National Defense Program Guidelines for FY 2011 and Beyond*, accessed September 1, 2011, [http://www.kantei.go.jp/foreign/kakugikettei/2010/ndpg\\_e.pdf](http://www.kantei.go.jp/foreign/kakugikettei/2010/ndpg_e.pdf).

Japan signaled the need for Japan independently to adjust to a security environment that no longer features a dominant U.S. The shift in Japan's security posture revealed in the 2010 NDPG has been widely heralded as a major departure in postwar Japan's strategic thinking.<sup>14</sup> This dramatic change can partly be attributed to the momentous 2009 election which saw the demise of conservative dominance of government by the Liberal Democratic Party (LDP) and the advent of the Democratic Party of Japan (DPJ) government, and partly to the supra-partisan recognition in Japan that the threat environment surrounding Japan had comprehensively changed in recent years. The key elements of Japan's new security policy include: a move from a passive 'Basic Defense Force' where the existence of forces was considered to be a deterrent in itself, to a 'Dynamic Defense Force' where Japanese forces would be expected to respond simultaneously to multiple or complex contingencies; a geographical shift in force disposition from the North to the Southwest, clearly designating Japan's small remote southern islands including the Senkaku Islands as of primary strategic concern and identifying China as the principal threat instead of Russia;<sup>15</sup> the nomination of 'grey zone conflicts' as the main strategic planning focus in place of full scale conflict or war; and an emphasis on bilateral security relationships called 'multilayered security cooperation' to reinforce and support the main alliance relationship with the U.S. All of these changes are premised on 'the global shift in the balance of power with the rise of powers such as China, India and Russia, along with the relative change of influence of the U.S.'<sup>16</sup>

The references to the need for 'multilayered security cooperation' and for a 'dynamic defense force' in the NDPG seem to be premised on an expectation that the relative power shift in the Asia-Pacific region will

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14 For instance, Masako Toki describes the 2010 NDPG as 'a major shift in post-world war II Japanese strategic thinking.' See Masako Toki, "Japanese Defense Guidelines: New Conventional Strategy, Same Old Nuclear Dilemma," *Issue Brief*, Monterey Institute for International Studies, March 1, 2011, accessed September 26, 2011, [http://www.nti.org/3\\_research/e3\\_japan.html](http://www.nti.org/3_research/e3_japan.html). See also Trefor Moss, "New Defense Posture Mostly Symbolic," *Asia Times*, December 21, 2010, accessed January 10, 2011, <http://www.atimes.com/atimes/Japan/11L21Dh01.html>. Moss describes the NDPG as "a marked progression in Tokyo's strategic outlook."

15 Masami Itō, "Defense Focus Shifts from Russia to China," *Japan Times*, December 18, 2010, accessed September 26, 2011, <http://search.japantimes.co.jp/cgi-bin/nn20101218a1.html>.

16 *National Defense Program Guidelines for FY 2011 and Beyond*: 3.

continue, and will require substantial change in the disposition of Japan's defense force, as well as an expansion of the scope of 'self-defense.' The preoccupation with 'grey zone' threats and 'complex contingencies' in the NDPG betrays a fear on Japan's part that the U.S. may not cover Japan's back in situations that amount to tension or localized conflict instead of war (NB territorial disputes). As Fouse indicates, Japan's increased concern over open access to 'global commons,' and its repositioning of Self Defense Forces (SDF) to the Southwest, represents 'a clear signal that confidence in U.S. commitment and capability to deter China in this region is lacking.'<sup>17</sup> Although the 2010 NDPG does not address the self-imposed constraints characterizing Japanese defense policy (such as the 1% budget limitation on defense expenditure, the weapons export ban, and Article 9 of the 1947 constitution), it does signal an important transition from a passive to a proactive security stance that reinforces the philosophical orientation of the DPJ. Similarly, the desire conveyed in the NDPG to rehearse and demonstrate Japan's area denial capability reinforces this impression. As the National Institute for Defense Studies has noted,<sup>18</sup> some ambiguity remains in the NDPG particularly with regard to prioritization and implementation, and articulating the relationship between deterrence (provided by the U.S.) and security cooperation (with other partners). However, what is clear is that Japan is signaling a new attitude towards regional security that is based in part on an assumption of partial abandonment, requiring proactive engagement with likeminded security partners such as Australia.

Australia's *2009 Defense White Paper*<sup>19</sup> similarly betrayed an increased concern with maritime security and the need to ensure an independent defense capability, though it did so by reaffirming that the principal scenario remains traditional warfare and not the 'complex contingencies'

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17 David Fouse, "Japan's 2010 National Defense Program Guidelines: Coping with the 'Grey Zones,'" *Asia-Pacific Papers* (Honolulu: Asia-Pacific Center for Security Studies, April 2011): 11. See also David Fouse, "Japan Unlikely to Redirect Defense Policy," *PacNet* 26, May 5, 2011, accessed September 26, 2011, <http://csis.org/publication/pacnet-26-japan-unlikely-redirect-defense-policy>.

18 National Institute for Defense Studies, *East Asian Strategic Review 2010* (Tokyo: NIDS, 2011), 253.

19 Australian Government Department of Defense, *Defending Australia in the Asia-Pacific Century: Force 2030* (Canberra: Commonwealth of Australia, 2009).

or ‘grey zones’ of Japan’s security scenario. However, the portrayal of the China threat in the White Paper implied consequences for U.S. dominance in the Asia-Pacific region that amount to contingency planning for a post-U.S. dominant situation. While the White Paper emphatically endorsed the desirability of ongoing U.S. centrality and primacy in the Asia-Pacific region, it did so in a qualified manner. Although the White Paper affirmed that “the U.S. will remain the most powerful and influential strategic actor over the period to 2030,”<sup>20</sup> it also accepted that this primacy would most likely be tested:

The U.S. might find itself preoccupied and stretched in some parts of the world such that its ability to shift attention and project power into other regions, when it needs to, is constrained. This is likely to cause the U.S. to seek active assistance from regional allies and partners, including Australia, in crises, or more generally in the maintenance of stable regional security arrangements. . . There are likely to be tensions between the major powers of the region, where the interests of the U.S., China, Japan, India and Russia intersect. As other powers rise, and the primacy of the U.S. is increasingly tested, power relations will inevitably change. . .<sup>21</sup>

The challenge to U.S. primacy is associated with China, and the White Paper anticipated the NDPG’s misgivings by pointing to the ‘pace, scope and structure of China’s military modernization’ that not only lacks transparency, but ‘appears potentially to be beyond the scope of what would be required for a conflict over Taiwan.’<sup>22</sup> Accordingly, media reports linked China’s rise with U.S. decline, saying the White Paper “anticipate[d] the risks of fading American power and of competition between rising nations like China.”<sup>23</sup> Australia’s defense force policy planners responded to this reading of the regional security environment by

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20 Ibid., 32.

21 Ibid., 33.

22 Ibid., 34.

23 John Garnaut et al., “Military Build-up ‘Risks New Asian Arms Race,’” *The Age*, May 4, 2009, accessed November 17, 2011, <http://www.theage.com.au/national/military-build-up-risks-new-arms-race-20090503-arew.html>.

planning for a dramatically enhanced maritime and air force projection and deterrence capability, which has been described as “Australia’s biggest military build-up since World War II.”<sup>24</sup> They also dubbed Japan “a critical strategic partner in our region,” and acknowledged that the security relationship between the two countries had matured “from one based on dialogue to one based on practical cooperation.”<sup>25</sup>

As Hugh White argues, the simplistic equation of China’s rise with U.S. (relative) decline does not expose or clarify the strategic implications of either phenomenon for their allies in the region. White maintains that it is the essential reality of the potential advent of contestation that is the catalyst making new strategic thinking for U.S. allies essential in the Asian century. The reason for this is:

This era of uncontested U.S. primacy has been the bedrock of Australia’s security and fundamental to our defense policy since the end of the Forward Defense era, because it limited our strategic risks and hence our defense needs.<sup>26</sup>

In other words, “the future of America’s role in Asia. . . is not a simple question of stay or go.”<sup>27</sup> The strategic assumptions behind U.S. regional engagement, and the concomitant demands placed on U.S. allies in the region as a result, in these circumstances become the crux of security policy planning within and between ‘spoke’ nations such as Australia and Japan in the Asian century.

For this reason, despite the fact that the rhetoric in both the NDPG and the White Paper powerfully reaffirmed the centrality of the U.S. alliance to each nation’s security, the thrust of the scenario planning in each document betrayed an entirely different fear — not of absolute abandonment, but of

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24 Patrick Walters, “White Paper Orders Huge Military Build-up,” *The Australian*, April 25, 2009, accessed November 17, 2011, <http://www.theaustralian.com.au/in-depth/anzac-day/revealed-rudds-defense-plans/story-e6frgdaf-1225703300042>.

25 Government of Australia, Department of Defense, *Defending Australia in the Asia Pacific Century*, 95.

26 Hugh White, “A Focused Force: Australia’s Defense Priorities in the Asian Century,” Lowy Institute Paper 26, (Double Bay: Lowy Institute for International Policy, 2009), 18.

27 *Ibid.*, 21.

insecurity in the context of rising powers and power shift in the Asia-Pacific region. Australia and Japan share this sense of vulnerability to heightened ambiguity, and both are moving simultaneously to keep the U.S. engaged in the region, and to address potential gaps in security contingencies that may arise in the future. While much emphasis is placed on the existence of ‘shared values (democracy, human rights, the rule of law)’ between Japan and Australia as a foundation for ‘a natural security partnership,’<sup>28</sup> it is a shared strategic outlook concerning the U.S. and the region that is driving Australia and Japan towards a closer and deeper security relationship.

### 3. Navigating Power Shifts in Asia

As argued above, it has been the surge of a mutual sense of insecurity flowing from relative U.S. decline that has been one catalyst for the deepening of the Australia-Japan security relationship. A second preoccupation has been how this evolving security relationship between Australia and Japan may impact upon each nation as independent security actors. In recent days it has become clear that for Australia, regardless of agreements it makes with Japan, it means an enhanced role in a more integrated version of a bilateral U.S. alliance (as we will discuss below). For Japan, the clear enunciation of a proactive security and defense policy and a broadening of the security relationship with Australia, carry with it some bone-jarring implications concerning Japan’s pacifist national and legal identity. It also intensifies the pressure for Japan to resolve the incompatibility between proactive pacifism norms, and the doctrine of exclusive self-defense.

The notion of a ‘dynamic defense force’ contained in the 2010 NDPG is highly significant because it unravels the logic underpinning the concept of exclusive self-defense that has prevailed in Japan since 1952. This conclusion was powerfully underscored by the new chief of the Democratic Party of Japan’s Policy Affairs Research Council, Seiji Maehara, in a speech

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28 Japan-Australia Joint Communiqué, April 21, 2011, accessed November 17, 2011, <http://www.pm.gov.au/press-office/japan-australia-joint-communicue-tokyo>.

delivered in Washington on September 9, 2011.<sup>29</sup> Here Maehara identified a need for Japan's SDF to be a more active and effective participant in peace-keeping operations, to be able to benefit economically from weapons exports and technology development, and to enhance its capacity for inter-operability with U.S. forces. Significantly, Maehara tied what amounts to support for a move towards collective self-defense (and an end to Japan's weapons exports ban) to his belief that China was engaged in trying to bend the rules of the international system ('game-changing'), effectively linking constitutional revision in Japan with the normative ambition of preserving the liberal international system. While Japan's normative approach to regional security may be useful if the objective is to contain China in normative terms, it is a two-edged sword for Japan as it throws the spotlight onto its own normative dilemma. The intensified security relationship with Australia may have the same effect.

Commentators on the JDSC have stated that the bilateral security pact is motivated by a desire on Australia's part — and by implication as a cipher for the U.S. — to lead Japan away from its self-imposed constraints as a security actor, starting with peace-keeping activities. In the current context of rising powers and the projected relative decline of the U.S., Japan's move away from self-imposed restraints can be framed not only as a normative step (Japan can become a more proactive peace-builder), but as a move away from the restraints that were characteristic of the Cold War era. Katō, for instance, maintains that the main aim of the pact is to facilitate Japan's embrace of collective self-defense in an area that would be useful to its security partner Australia, namely peacekeeping.<sup>30</sup> Lyon argues that Australia is deliberately aiming to help 'normalize' Japan as a security actor.<sup>31</sup> Seen from this angle, Australia emerges as a more benign intermediary for the long-standing goal of the U.S. for Japan to 'normalize' its defense policies and shed its constraints, thereby becoming a more

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29 Seiji Maehara, "Japan-U.S. Alliance in the Multilateral Cooperation," September 7, 2011, accessed September 8, 2011, [http://ajwasahi.com/article/behind\\_news/politics/AJ201109099829](http://ajwasahi.com/article/behind_news/politics/AJ201109099829).

30 Akira Katō, "Nichi-Gō kyōdō sengen ni shizumu Nichi-Gō-Bei sozore no shikan" (Various Perspectives from Australia, Japan and the U.S. that Lie at the Bottom of the Japan-Australia Joint Declaration)," *Ekonomisuto* (May 22, 2007): 42, 44.

31 Rod Lyon, "Japan, Australia and the Changing Security Order in Asia," 2.

equal and active ally.

The question of why this is happening now is often neatly associated with the rise of China. Many analysts loudly proclaimed that the JDSC was primarily forged by fear at the ramifications of China's rise. *The Economist* described the declaration as "the main catalyst for the security pact,"<sup>32</sup> while Chinese commentators decried the JDSC as "a crazy, stupid and dangerous document that risks inciting an arms race across the region."<sup>33</sup> However, the China factor can be used both to explain closer Japan-Australia security relations, and to identify potential problems for this relationship. In the context of the forward-thinking that drives defense and security policy planning, the Australia-Japan security relationship is being mobilized in a logical and practical manner to fulfill a hedging role in the emerging geostrategic environment of the Asia-Pacific.<sup>34</sup> It is not a response to immediate, real threats from China or from any other nation in the present, and some commentators see this as evidence that the Japan-Australia security relationship is being pursued at this time for political and symbolic reasons as a signal to China that challenging U.S. dominance will not be easy.<sup>35</sup> Other analysts see the enhanced Japan-Australia security relationship as a thoughtless and even reckless gesture that China will not fail to read as showing Australia's preference for a U.S. dominated multilateral alliance system 'as the enduring security structure of the East Asian region.'<sup>36</sup> This places Australia in a fiendishly difficult situation, as China became Australia's largest two-way trading partner in 2007, and surpassed Japan to become Australia's largest export market in 2009.

While Australia's economic dependence on China makes the simple equation of the JDSC with China containment illogical, it does explain

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32 "We're just Good Friends, Honest," *The Economist*, March 15, 2007, accessed November 17, 2011, <http://www.economist.com/node/8856205>.

33 John Garnaut et al., "Military Build-up 'Risks New Asian Arms Race.'"

34 A similar point is made by Rod Lyon et al., "Assessing the Defense White Paper 2009," *Policy Analysis* 41, May 7, 2009, 5.

35 Subhash Kapila, "Japan-Australia Defense Agreement: Perspectives," South Asia Analysis Group, Paper No. 2191, April 2, 2007, 4, accessed September 1, 2011, <http://www.southasiaanalysis.org/%5Cpapers22%5Cpaper2191.html>.

36 Andrew Forrest, "How to be a Good Friend: China and the Australia-Japan Security Relationship," *Security Challenges* 4:1 (Autumn 2011), 44.

why Australia was reluctant to endorse the idea of a quadrilateral dialogue including India. Quite simply, crude China containment is not in Australia's national interest. Even though the White Paper was seen as conveying a stark assessment of the China threat, some analysts concluded that the White Paper was ham-fisted in its attempts to paint China as both opportunity and threat. Langmore et al maintained that because of this existential Australian dilemma, the White Paper represented China 'more as an abstract entity than an actual entity' in Australia's security environment, implicitly undermining the great investment in maritime capability envisaged in the document.<sup>37</sup> For his part, Hugh White perceives major dilemmas for both Japan and Australia in positioning China simultaneously as bonanza and bogey: for Japan, it means supporting hostility between its two largest trading partners; for Australia, it could either mean "having to do much more to support the U.S. as it competes with China, or. . . to do more to support our own security with less U.S. help."<sup>38</sup> One could argue that Obama's November 2011 visit to Australia resolved this dilemma, for the time being at least, in favor of the former.

It is clear that Australian and Japanese perspectives on China differ, and that this may lead to quite different portrayals of the security relationship by each country.<sup>39</sup> However, Australia's decision enthusiastically to pursue the JDSC should not be taken as a conscious decision on Australia's part to back militarization of its bilateral relationship with Japan over economic interdependence with China and other nations as the best way to create stability in the Asia-Pacific region, as Forrest argues.<sup>40</sup> Indeed, in the wake of Obama's November visit to Australia, at least one senior Japanese commentator has warned against subsuming the entire Japan-Australia bilateral relationship under the banner of a strategic partnership.<sup>41</sup> The

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37 John Langmore et al., "The 2009 Australian Defense White Paper: Analysis and Alternatives," *Austral Policy Forum* 10-01A, September 15, 2010, 10.

38 Hugh White, "A Focused Force," 21-2. Hugh White significantly elaborates this thesis in Hugh White, "Power Shift: Australia's Future between Washington and Beijing," *Quarterly Essay* 39, 2010.

39 Malcolm Cook, "Japan-Australia Security Cooperation: Getting Closer, Getting Harder," *Oosutoraria Kenkyū* 22 (March 2009): 30.

40 Andrew Forrest, "How to be Good Friends," 51.

41 Kazuo Ogura, "Partnership in the Asia Pacific," *Japan Times*, November 18, 2011.

JDSC and its consolidation through the revised Action Plan, the May 2010 Acquisition and Cross-Servicing Agreement, the 2+2 talks and a pending Information Security Agreement represent an underpinning of the U.S.-dominated alliance system, though it does simultaneously reveal an increased need to ensure U.S. engagement based on the growing fear that eventually the U.S. may not swing into action for its allies in every contingency. On the ground cooperation between Japan and Australia combined with growing convergence between defense governance structures in each country and enhanced interoperability with the U.S. will smooth the way for Japan to be a more active alliance partner of the U.S. when it chooses to do so, but none of this will force Japan to embrace collective self-defense or revise its pacifist constitution. Japan's inclination to take the route of a more proactive security policy that possibly includes collective self-defense has been driven by real concerns over the deterioration of access to international public goods, particularly open sea lane access and cyberspace. It is the combination of this threat perception with the view that the U.S. is in relative decline, which has given added momentum to the deepening of security relations between Japan and Australia.

#### 4. Obama in Australia: Throwing Down the Gauntlet

During a historic visit to Australia on November 16 and 17 in 2011, President Obama bluntly declared that the U.S. would make every effort to retain and consolidate its strategic primacy in the Asia-Pacific region. In his speech to the joint houses of the Australian parliament on November 17, Obama repeated his mantra that “the U.S. has been, and will always be, a Pacific nation,” but then directly confronted the abandonment problem by stating “as a Pacific nation, the U.S. will play a larger and long-term role in shaping this region and its future.” Moreover, the U.S. would not be stepping back from this ‘top priority’ no matter what economic storms assailed the U.S. and the world. Despite envisaged defense spending cuts in the U.S. budget, Obama stated that these cuts would not apply to the Asia Pacific theatre. Its allies would not be abandoned. Most importantly, Obama phrased this unshakable U.S. commitment to the Asia-Pacific

region in terms of ongoing U.S. unilateral primacy: “we will preserve our unique ability to project power and deter threats to peace.” And just in case there was any lingering doubt, Obama repeated the core message: “in the Asia Pacific in the 21<sup>st</sup> century, the United States of America is all in.”<sup>42</sup> With this statement, the U.S. brazenly revealed its embrace of contestation against China for primacy in the Asia-Pacific region.

In practical terms, what media reports described as “a significant deepening of military ties”<sup>43</sup> between Australia and the U.S. amounts to an agreement to rotate 2,500 U.S. troops in six month deployments through Australian military and training facilities located in the Northern Territory, and increasing rotations of U.S. aircraft through northern Australian airports.<sup>44</sup> Yet most commentators agreed that this token force was not significant in strategic terms. Instead, the symbolic impact of this force deployment was paramount. Coming on the heels of discussions at the APEC Summit in Honolulu over the Trans Pacific Partnership, which does not presently include China, the troop deployment announcement by Obama conveyed an unmistakable aura of assumed U.S. regional dominance in economic and strategic spheres. Obama’s multiple references to ‘playing by the rules’ in his November 17 speech cast the U.S. as ‘rule-maker’ for the region, and made no secret of its expectation that China should ‘play by the rules’:

We need growth that is fair, where every nation plays by the rules — where workers rights are respected and our business can compete on a level playing field; where the intellectual property and new technologies that fuel innovation are protected; and where currencies are market-driven, so no nation has an unfair advantage. . .<sup>45</sup>

Reputable commentary on Obama’s announcement highlighted its symbolic and unambiguous signaling towards both China and Obama’s

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42 Barack Obama, President of the U.S., Speech to the Australian Parliament, November 17, 2011.

43 Matthew Franklin, “Our Indispensable Alliance,” *The Australian*, November 17, 2011.

44 Prime Minister of Australia, Press Office, “Australia-United States Force Posture Initiatives,” November 16, 2011, accessed November 18, 2011, <http://www.pm.gov.au/press-office/australia-united-states-force-posture-initiatives>.

45 Barack Obama, President of the U.S., Speech to the Australian Parliament, November 17, 2011.

domestic constituency.<sup>46</sup> China duly responded in vehement terms, warning Australia its agreement with the U.S. was ‘inappropriate,’<sup>47</sup> that Australia ‘cannot play China for a fool’<sup>48</sup> and that there could well be economic consequences for Australia.<sup>49</sup>

Though their impact was considerable, Obama’s November 16 and 17 statements were made after extensive groundwork had already been laid by both the U.S. and Australian diplomacy. The envisaged northern Australian deployment reflects the U.S. global strategic policy planning that had been articulated in the 2001-2004 Global Force Posture Review (which is ongoing), and reaffirmed in the February 2010 *Quadrennial Defense Review*.<sup>50</sup> The 2006 agreement regarding the relocation of the U.S. Futenma air base within Okinawa and the redeployment of U.S. troops from Okinawa to Guam, though subsequently mishandled by both the U.S. and Japan and deeply problematic, represent a coherent part of this U.S. strategy. Indeed, it was the 2004 *Force Posture Review* that underpinned the rise of insecurity concerning U.S. intentions in the region, given its objectives of reducing U.S. troop numbers and re-thinking forward deployment as the main strategic approach to global troop location and basing. As O’Hanlon noted, “the reality that many around the world see is a trend to reduce U.S. commitments abroad out of a desire to preserve American flexibility’ as well as a desire ‘not to get bogged down excessively in the internal or even regional problems of its allies.’”<sup>51</sup>

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46 For example, see Keith B. Richburg, “U.S. Pivot to Asia Makes China Nervous,” *The Washington Post*, November 17, 2011; Jackie Calmes, “Eyeing China, U.S. Expands Military Ties to Australia,” *The New York Times*, November 16, 2011; Caren Bohan and James Gurbel, “Obama Boosts Military in Australia, Reassures China,” *The China Post*, November 17, 2011.

47 James Massola, “PM Julia Gillard Seeks to Soothe China, Indonesia over U.S. Defense Ties,” *The Australian*, November 18, 2011.

48 People’s Daily Online, “Australia could be caught in Sino-U.S. crossfire,” November 16, 2011, accessed November 17, 2011, <http://english.peopledaily.com.cn/90780/7646279.html>.

49 James Massola, “PM Julia Gillard Seeks to Soothe China, Indonesia over U.S. Defense Ties.”

50 United States of America, Department of Defense, “Strengthening U.S. Global Defense Posture,” Report to Congress, September 2004, accessed November 17, 2011, [http://www.defense.gov/home/features/global\\_posture/gp-index.html](http://www.defense.gov/home/features/global_posture/gp-index.html); United States of America, Department of Defense, *Quadrennial Defense Review Report*, February 2010, accessed November 17, 2011, <http://www.defense.gov/qdr/QDR%20as%20of%2026JAN10%200700.pdf>.

51 Michael O’Hanlon, “Unfinished Business: U.S. Overseas Military Presence in the 21<sup>st</sup> Century” (Washington: Center for a New American Security, June 2008), 7.

Senior U.S. officials had already heard the drumbeat of misgivings concerning U.S. economic decline and military disengagement from the Asia Pacific region, and had mobilized reassuring, though mainly rhetorical, messages.<sup>52</sup> Meanwhile, senior Australian message bearers, including Foreign Minister Rudd and Defense Minister Smith, embarked on a concerted campaign to lock-in U.S. commitment to the region.<sup>53</sup> U.S. intentions took more tangible form when Secretary of State Hillary Clinton made her ‘anchor’ speech in Honolulu on November 10, 2011, where she emphasized that the U.S. ‘pivot’ from the Middle East would mean enhanced U.S. engagement in Asia. Specifically, it heralded that “the 21<sup>st</sup> century will be America’s Pacific century,” where the U.S. would drive the formation of a “more dynamic and more durable transpacific system” commensurate to the Atlantic system crafted by the U.S. following World War II. Clinton nominated six action areas of implementation, including strengthening bilateral alliances, engaging with regional multilateral institutions, and forging a broad-based military presence.<sup>54</sup> But by then collaborative planning was already underway between U.S. and Australian defense officials. On November 8, 2010, Robert Gates, then Secretary of Defense and Stephen Smith, then Defense Minister, announced the launch of a collaborative Force Posture Review at the annual Australia-U.S. Ministerial Consultations (AUSMIN) Talks, and by June 2011 Australia had announced its own Defense Force Posture Review that is due to report in early 2012.

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52 See, for instance, Kurt Campbell, “The U.S.–Australia Alliance: An Anchor of Stability, Security and Prosperity,” *The Canberra Lecture 2010*, Lowy Institute for International Policy, May 6, 2010; and Robert M. Gates, Secretary of Defense, “Emerging Security Challenges in the Asia-Pacific,” at the 10<sup>th</sup> IISS Asian Security Summit, Shangri-La Dialogue, First Plenary Session, June 4, 2011, accessed November 17, 2011, <http://www.iiss.org/conferences/the-shangri-la-dialogue/shangri-la-dialogue-2011/speeches/first-plenary-session/dr-robert-gates/>.

53 See Stephen Smith, Minister for Defense, “The Asia Pacific Century and the Australia-U.S. Alliance,” Speech to the Brookings Institution, July 27, 2011; Kevin Rudd, Minister for Foreign Affairs, “The Case for American Engagement in Asia: the Australian Perspective,” Speech to the Asia Foundation, San Francisco, September 15, 2011.

54 Hillary Clinton, U.S. Secretary of State, “America’s Pacific Century,” Speech to the East-West Center, Honolulu, November 10, 2011, accessed November 17, 2011, <http://www.state.gov/secretary/rm/2011/11/176999.htm>.

## 5. Conclusion: Implications of the U.S. 'Pivot' for Spoke Nations Japan and Australia

What are the implications and consequences for Australia and Japan, separately and together, of the Obama declaration? By so overtly confirming its membership of what Mearsheimer calls 'the balancing coalition to contain China,'<sup>55</sup> Australia has pre-empted to a considerable degree the range of strategies it might adopt to address its existential dilemma. This dilemma was described by Prime Minister Gillard like this:

Australia has not been here before. Here, with our largest export market and largest trading partner neither a democracy nor part of our alliance system, a nation whose economic transformation is in turn transforming the economic and strategic balance of our world. . .<sup>56</sup>

On the narrow level of practical policy and specific security issues, the Obama Administration's 2011 and 2012 elucidation of its intention to shift its primary focus to the Asia-Pacific region and re-configure its global force structure has led to degrees of clarity in both Australia and in Japan. As a result of Obama's 'pivot' towards the Asia-Pacific region, Australia could be said to have gained some additional security backup for its northern energy resource projects. Through their decision to upgrade their alliance, both Australia and the U.S. have declared their interest in maintaining open access in both the Indian Ocean and the South China Sea. Greater port access for U.S. vessels in Australia is still under discussion, adding to the overall impression of a tighter embrace between the two allies Australia and the U.S.

But for Japan, the clarity that accompanied Obama's November 2011 visit to Australia assumed a less reassuring form. Even as the new strategic guidance from the Pentagon reaffirmed the U.S. absolute commitment to the Asia Pacific region, the Obama Administration closed the door on U.S.

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55 John Mearsheimer, "The Gathering Storm: China's Challenge to US Power in Asia," *Chinese Journal of International Politics*, 3: 4 (2010): 394.

56 Julia Gillard, Speech to the Asialink and Asia Society Lunch, Melbourne, September 28, 2011, accessed September 29, 2011, <http://www.pm.gov.au/press-office/speech-asialink-and-asia-society-lunch-melbourne>.

funding for the relocation of 8,000 U.S. troops and their dependents from Okinawa to Guam.<sup>57</sup> One week later, Japan's government drastically cut its own budget in support of the troop transfer.<sup>58</sup> The base relocation problem in Okinawa and the troop transfer to Guam remain festering issues between Japan and the U.S., and it represents an ever-widening chasm between the Japanese government and the people of Okinawa.

When viewed in terms of substance and broader strategic vision, the situation in which Australia and Japan find themselves vis-à-vis the U.S. carry quite different implications which may lend an incongruous degree of tension to the relationship between them. For Australia, the tighter embrace of the U.S. on Australian soil reduces the capacity for Australia to operate independently should it wish to do so. Australians in general do not seem to find this an onerous prospect. At the same time, the imperative to operationalize and upgrade Australia's security partnership with Japan becomes more intense, as both nations will clearly be expected by hub nation the U.S. to assume more responsibility not only for their own defense, but for regional security as well. Yet in Japan's case, the magnitude of policy changes that will be required in order for Japan to meet heightened expectations on the part of both the U.S. and Australia opens the door to a new dilemma: legally recognizing Japan's right to engage in collective self-defense through constitutional revision would free Japan to become a more active security partner, but it would also open the door for Japan to assume greater independence as a security actor.

The dominant theme in security debates in contemporary Japan associates this kind of fundamental policy reorientation with the goal of acquiring greater independent space within the U.S. alliance system, not with achieving closer engagement. This is the nature of the contrary dynamics swirling around spoke nations Japan and Australia as the U.S. embarks on its new defense strategy in the post-Iraq global theater. So even though Japan announces significant initiatives such as the softening of its weapons exports ban,<sup>59</sup> the rationale driving this policy shift cannot

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57 Eric Johnston, "Futenma Base Relocation Has Little Hope Left," *Japan Times*, December 16, 2011.

58 Kyodo Press, "Funding Slashed for Guam Transfer," *Japan Times*, December 25, 2011.

59 Masami Itō, "Government Goes Ahead with Easing Arms Export Ban," *Japan Times*, December 28, 2011.

neatly be confined to facilitating a closer security embrace with the U.S. This means that Obama's new defense strategy sits better with Australia than it does with Japan, and this could cause dissonance as these spoke nations endeavor to develop deeper and broader collaborative capacities in their security relationship.

The Obama pivot and global force restructure by the U.S. has delivered a kind of certainty, but it means different things to different constituencies. The price of this certainty, such as it is, is the loss of ambiguity — ambiguity that previously enabled both Australia and Japan to employ the dual hedge of keeping the U.S. engaged, and planning for the day when the U.S. becomes less committed to the region and to its allies. This previously ambiguous space is now filled with the uncomfortable clarity that results when the gauntlet has been thrown down, and sides have been chosen. By acknowledging that there is a struggle looming for primacy, the U.S. has deprived their allies of independent space for maneuver. Australia and Japan must hope that the subordination of economic engagement to military reassurance remains workable, as they enter an era of enhanced interoperability and closer military ties with one side of what may yet become a gargantuan struggle.

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## &lt;APPENDIX I&gt;

## Major Issues in and around the Korean Peninsula July-December 2011

Date	Issues
July 1	Korea-EU FTA was enacted
July 7	Korea-South Africa Summit Meeting President Lee Myung-bak and President Jacob Zuma Durban, Republic of South Africa
July 20	Korea-Malaysia Summit Meeting President Lee Myung-bak and King Mizan Zainal Abidin Seoul, Korea
July 22	The 1 <sup>st</sup> Round of Inter-Korean Denuclearization talks Bali, Indonesia
July 25	Korea-India Summit Meeting President Lee Myung-bak and President Pratibha Patil Seoul, Korea
July 28-29	The 1 <sup>st</sup> U.S.-DPRK Talks Ambassador Stephen Bosworth and Vice Foreign Minister Kim Kye-gwan New York, U.S.
September 1	Korea-China-Japan Trilateral Cooperation Secretariat opened. Seoul, Korea
September 21	The 66 <sup>th</sup> UN General Assembly New York, U.S. <i>*Address by President Lee Myung-bak at the 66<sup>th</sup> Session of the General Assembly</i>
	Korea-Peru Summit Meeting President Lee Myung-bak and President Ollanta Humala Tasso New York, U.S.
	Korea-Japan Summit Meeting President Lee Myung-bak and Prime Minister Noda Yoshihiko New York, U.S.
	The 2 <sup>nd</sup> Inter-Korean Denuclearization Talks Beijing, China

Date	Issues
September 22	The 55 <sup>th</sup> IAEA General Conference adopted the resolution of “Implementation of the NPT Safeguards Agreement between the Agency and the DPRK.”
September 22-23	The 29 <sup>th</sup> Korea-U.S. Security Policy Initiative (SPI) Meeting Deputy Minister for Policy Lim Gwan-bin and U.S. Deputy Assistant Secretary of Defense for East Asia Michael Schiffer Seoul, Korea
October 12	The 1 <sup>st</sup> Korea-EU Trade Committee Seoul, Korea
October 13	Korea-U.S. Summit Meeting President Lee Myung-bak and President Barack Obama Washington D.C., U.S.
October 19	Korea-Japan Summit Meeting President Lee Myung-bak and Prime Minister Yoshihiko Noda Seoul, Korea
October 20	The Transitional National Council of Libya announced that the deposed Libyan Leader Moammar Kadafi was killed by its military in his hometown of Sirte.
October 25	The 2 <sup>nd</sup> U.S.-DPRK Talks Ambassador Stephen Bosworth and Vice Foreign Minister Kim Kye-gwan Geneva, Switzerland
October 28	The 43 <sup>rd</sup> Korea-U.S. Security Consultative Meeting (SCM) Minister Kim Kwan-jin and U.S. Secretary of Defense Leon Panetta Seoul, Korea <i>*Joint Communiqué of the 43<sup>rd</sup> ROK-U.S. Security Consultative Meeting</i>
October 31	NATO ended Mission in Libya after seven months of an aerial bombing campaign.
November 1	Korea-Russia Summit Meeting President Lee Myung-bak and President Dmitry Medvedev Saint Petersburg, Russia
November 3	Korea-EU Summit Meeting President Lee Myung-bak, President Herman Van Rompuy of the European Council, and President José Manuel Durão Barroso of the European Commission Cannes, France
November 3-4	The 6 <sup>th</sup> G20 Summit Meeting Cannes, France <i>* Cannes Summit Final Declaration</i> <i>– Building Our Common Future: Renewed Collective Action for the Benefit of All</i>

Date	Issues
November 14-19	The 19 <sup>th</sup> ASEAN Summit Bali, Indonesia <i>*Bali Declaration on ASEAN Community in a Global Community of Nations “Bali Concord III”</i>
	The 6 <sup>th</sup> East Asia Summit Bali, Indonesia <i>* Declaration of the 6<sup>th</sup> East Asia Summit on ASEAN Connectivity</i>
	Korea-Indonesia Summit Meeting (November 17) President Lee Myung-bak and President Susilo Bambang Yudhoyono Bali, Indonesia
	Korea-ASEAN Summit Meeting (November 18) Bali, Indonesia
	the 14 <sup>th</sup> ASEAN Plus Three Summit (November 18) Leaders of Korea, China, Japan, and the ASEAN nations Bali, Indonesia
	Korea-China-Japan Summit Meeting President Lee Myung-bak, Japanese Prime Minister Yoshihiko Noda and Chinese Premier Wen Jiabao November 19, Bali, Indonesia
November 21	The U.S., U.K. and Canada announced a new set of additional sanctions on Iran over its nuclear program.
	Korea-Philippines Summit Meeting President Lee Myung-bak and President Benigno Simeon Cojuangco Aquino III Manila, Philippines
November 22	Ratification of Korea-U.S. FTA Seoul, Korea
November 28	Iran threatened to block a vital oil-trade route, Strait of Hormuz if the West imposes more sanctions over its controversial nuclear program.
November 28-29	The 17 <sup>th</sup> Session of the Conference of the Parties (COP17) to the UN Framework Convention on Climate Change (UNFCCC) Durban, Republic of South Africa
November 29	President Lee Myung-bak Signed the Ratification Bills on Korea-U.S. FTA Seoul, Korea
	The Eminent Persons Group Meeting for the 2012 Seoul Nuclear Security Summit

Date	Issues
	Seoul, Korea * <i>Joint Statement of the Eminent Persons Group for the 2012 Seoul Nuclear Security Summit</i>
November 29 -December 1	The 4 <sup>th</sup> High Level Forum on Aid Effectiveness Busan, Korea * <i>Busan Partnership for Effective Development Co-operation</i>
December 15	The U.S.-DPRK Talks on Humanitarian Aid The U.S. special envoy for North Korean human rights issues Robert King, Senior American aid official Jon Brause and Senior North Korean Foreign Ministry official Ri Gun Beijing, China
December 18	Korea-Japan Summit Meeting President Lee Myung-bak and Prime Minister Yoshihiko Noda Tokyo, Japan
December 19	North Korea's Chosun Joongang TV announced that North Korean Leader Kim Jong-il had died of a heart attack on December 17 at the age of 69.

\* *Essential Documents*

## &lt;APPENDIX II&gt;

**List of Essential Documents**

July-December 2011

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## **Address by President Lee Myung-bak at the 66<sup>th</sup> Session of the General Assembly**

**September 21, 2011**

Mr. President, Secretary-General, Distinguished Delegates,

I would like to begin by extending my sincere congratulations to you, Ambassador Al-Nasser, on your assumption of the Presidency of the 66<sup>th</sup> Session of the UN General Assembly. I have every confidence that under your able leadership this session shall indeed be guided to a fruitful conclusion.

May I also take this opportunity to extend my warmest congratulations to you, Secretary-General Ban Ki-moon, on your re-election as Secretary-General of the United Nations with unanimous support from the Member States. I thank you, Mr. Secretary-General for the great commitment and devotion you have demonstrated over the last five years to achieve the vision of a “responsible UN”. I have no doubt that in your second term you shall contribute even further to creating a “Stronger UN for a Better World.”

Mr. President,

This year marks the 20<sup>th</sup> anniversary of the Republic of Korea’s accession to the UN.

It would be no exaggeration to say that the Republic of Korea came into the world with the UN and grew up together with the Organization.

It is under the auspices of the UN that the democratic government of the Republic of Korea was established in 1948. Through a UN General Assembly Resolution, the Government of the Republic of Korea gained

international recognition as the only lawful government on the Korean Peninsula. When the Korean War broke out two years later, the UN forces played a decisive role in defending the country. In the aftermath of the war and during the years of national reconstruction, the UN provided us with generous economic assistance and the idea of universal human rights, and thus promoted progress both on the economic and democratic fronts.

Despite such special historic ties between the UN and the Republic of Korea, it was only in 1991, more than forty years later with the end of the Cold War, that the Republic of Korea's admission to the UN was achieved.

For the past twenty years, the Republic of Korea has exerted every effort to realize the causes and values of the UN. We have been playing an active role in various areas of international cooperation, including the global fight against poverty, sustainable development, the promotion of human rights and democracy, and the maintenance of international peace.

The Republic of Korea began its journey as one of the poorest countries in the world engulfed in war and poverty, and managed to achieve remarkable success both on the economic and democratic fronts. It may therefore be said that the Republic of Korea is an exemplary success story in the international community that fully embraces and reflects the values espoused by the UN, be it democracy, human rights or development.

Now the Republic of Korea wants to give back to the international community even more than what it has ever received. The Republic of Korea stands ready to extend a helping hand to those who are in need, providing them with appropriate support and care. We are keen to closely cooperate with the UN and to play a constructive role in combating various challenges the international community faces.

Mr. President,

Maintaining international peace and security is the fundamental responsibility of the UN. For the past sixty years, the UN has made every effort to

prevent war and armed conflicts in the international arena. Furthermore, the UN has provided various and creative means to maintain sustainable peace in dangerous parts of the world, from preventive diplomacy and peacekeeping to post-conflict peacebuilding.

The most striking example may be the advancement of the UN Peacekeeping Operations. There has been an increase in demand for UN PKO activities since the end of the Cold War. As a result, not only has there been an increase in the number of personnel but the work of the operations have also become more diverse and multifaceted, extending beyond the monitoring of cease-fires to assisting nation-building.

The UN Peacekeeping Operations offer great hope for millions of those who suffer in the midst of war and natural disasters. The Republic of Korea is proud to participate in ten UN PKO missions including in Haiti and Lebanon.

Today, while still struggling with conventional security threats, the international community faces new types of security threat such as the spread of weapons of mass destruction (WMD) and the threat of terrorism.

The international community must strengthen its non-proliferation regime in order to prevent the proliferation of nuclear, biological and chemical weapons and long range missiles.

Furthermore, the threat of transnational terrorism has emerged as a serious security issue that requires concerted efforts from the international community, in particular since the 9/11 attacks. The Republic of Korea stands firm against and condemns all forms and manifestations of terrorism. Terrorism, a vicious means to achieve political objectives by taking innocent civilian lives, cannot be justified under any circumstances. The international community must reaffirm its determination to eradicate terrorism and step up its collective counter-terrorism efforts.

The greatest threat of all perhaps emanates from nuclear terrorism.

International cooperation is now needed more than ever to prevent nuclear terrorism. Following the First Nuclear Security Summit in Washington last year, the Second Nuclear Security Summit will be held in Seoul in March next year. The Republic of Korea is making every effort to ensure that the summit will constitute a valuable opportunity for the international community to build a more solid system of international cooperation necessary to prevent nuclear terrorism.

Mr. President,

This year, the international community has witnessed a wave of dramatic changes sweeping across North Africa and the Middle East. The democratic movement that began in Tunisia which then swiftly spread to Egypt and Libya has proved that democracy is a universal value of humanity that transcends region and culture. Right now, even at this very moment, the people of Syria and Yemen are undertaking great risks to hold aloft the torch of freedom and democracy.

Democracy is a vehicle that holds together the basic values of humanity such as freedom and equality, human rights and the rule of law. The people's demand for democracy is their legitimate right, and the international community and the UN must do all they can to protect these people from persecution and human rights abuses.

The UN's efforts have played a great role in the recent democratic progress in Africa. The UN facilitated the birth of the Republic of South Sudan through peaceful referendum, and played a crucial role in the progress of democracy in Cote d'Ivoire by realizing the transfer of power.

Nevertheless, as history has only too clearly shown, building democracy is no easy task. It is important that fledgling democracies in many parts of the world become sustainable and robust. Above all, it is essential that these nations form stable governments through elections and achieve economic development. And the UN must be there for them.

Democracy constitutes a foundation for sustainable national development. For the Republic of Korea, economic growth and democratization have been achieved in a mutually reinforcing manner. Our economic growth expedited the process of democratization, and democratization in turn promoted our economic growth.

In the 21st century, in this age of globalization and communication revolution, the tide of democratization is unstoppable regardless of a nation's economic standing.

I believe a vibrant democracy will push forward economic growth in all corners of the world. To assist the developing nations to pursue both democracy and economic growth is indeed the role of the UN.

Mr. President,

The market economy and democracy enabled humankind to fulfill the desire for a better life along with the values of freedom and individual happiness. However, the growing gap between the rich and the poor that unfortunately accompanies today's highly developed market economy calls for a self-reflection of the capitalist system and greater public responsibility.

The growing development gap between the developed and developing countries should not only be addressed as a poverty issue, but also be understood as a potential destabilizing element to international peace. Furthermore, this inequality stands against the global vision of achieving common prosperity for all humankind.

It is only when members of the international community share each other's burden and work together in a mutually complementary manner towards the common good that an "eco-systemic development" of the world can be achieved.

Developed nations must help developing countries to maximize their capacity so that they can achieve economic growth and development on

their own. To this end, it is important to foster a global atmosphere that is conducive to supporting the development of trade, investment, finance and human resources in developing countries.

International aid must focus and provide support in areas that form the basis of economic development in developing countries, such as infrastructure and trade-related capacity building. At the same time, efforts must be made to strengthen the roles of multilateral organizations including the IMF and the World Bank for development assistance. These efforts should be grounded in our sincere belief that the growth of developing countries will provide a valuable growth engine for all, including the developed countries, by expanding global demand as a whole.

Through the global financial crisis in 2008, we have come to realize once again that we live in a highly interconnected world. A financial crisis that started in one place became a global one in an instant. No country was spared from the bitter sting of economic crisis. In the face of the crisis, the G20, a mechanism bringing together both developed and developing nations, was created. Such a crisis can only be addressed effectively by a collective response on a global scale, rather than national or regional efforts.

The Seoul Development Consensus for Shared Growth which was adopted last November at the G20 Seoul Summit and the G20 Multi-Year Action Plan outline specific measures to realize growth that embraces developing countries as partners. As a member of the G20, the Republic of Korea will faithfully and actively implement these measures.

The Millennium Development Goals (MDGs) championed by the UN constitute another important agenda that pursues shared growth between developed and developing nations.

The Government of the Republic of Korea will be an active participant in the international development cooperation as pursued by the MDGs. We will faithfully implement our plan to double our current level of ODA by 2015, and drawing wisdom from our past experiences, will assist developing

countries in ways that may enable them to build capacity to achieve genuine growth on their own.

I hope that the Fourth High-Level Forum on Aid Effectiveness to be held in Busan in November this year will provide a valuable opportunity for a new paradigm and partnership for global cooperation to emerge that can effectively address new changes and challenges in international development cooperation.

Mr. President,

The cost of reckless economic growth that ignores environmental warnings is beyond imagination. The rise in the earth's temperature due to greenhouse emissions caused abnormal climatic phenomena. Destruction in the ecosystem brought about by the greenhouse effect is incurring enormous economic damage in various parts of the world.

To protect our environment and promote growth at the same time, we must use less fossil fuel and more renewable energy, while promoting the use of safer nuclear energy. The green technology devoted to meet these goals will create more jobs for people and enable us to attain sustainable economic growth for decades to come.

Having designated "Green Growth" as a national growth paradigm in 2008, the Republic of Korea has been actively pursuing this goal. The Republic of Korea was the first country in the world to introduce the 'Framework Act on Low Carbon, Green Growth.' We are also investing 2% of our national GDP in green sectors every year.

Another important development has been the launch of the Global Green Growth Institute (GGGI) which was founded by the Republic of Korea along with like-minded countries. The aim of the Institute is to share cutting-edge green technology and experience with developing countries. In so doing, developing countries can join in the global green growth movement and attain economic growth and environmental protection

together as one global family.

The UN shall have a more important role than ever to play in restoring the equilibrium in the global ecosystem and promoting shared growth in the international community. In this regard, I welcome the inclusion of ‘Green economy in the context of sustainable development and poverty eradication’ as a main agenda item for the 2012 UN Rio+20 Conference. I look forward to the conference producing a solid vision and action plan towards economically, socially and environmentally sustainable development.

Mr. President,

The North Korean nuclear threat poses significant challenges to peace on the Korean Peninsula, Northeast Asia and beyond. The Republic of Korea has consistently exerted diplomatic efforts in cooperation with the international community for the last twenty years to achieve the denuclearization of the Korean Peninsula, and will continue to do so.

In the 21<sup>st</sup> century, we must first work together if we wish to attain peace and prosperity. This is a historical trend and the DPRK must take part.

It is my hope to see the DPRK enjoy peace and prosperity by becoming a responsible member of the international community. When the DPRK chooses the path to mutual benefit and common prosperity, we will be ready to help in this endeavor along with the international community. I sincerely hope that this will transform the Korean Peninsula from a place of conflict and strife into a bedrock of peace in Northeast Asia and the world.

Mr. President,

Today humanity faces a range of transnational challenges previously unknown. These challenges require close international cooperation than ever before. At this historic moment, the UN shall have a greater responsibility and role to play.

Over the past sixty years since the establishment of the UN, the dynamics of international relations have gone through fundamental and structural transformation. To meet the new demands of the times and address the diverse challenges of the future, the UN should constantly strive to renew and reinvent itself.

In particular, the UN Security Council should be reformed to become more democratic and accountable, so that it can fully fulfill its mandate of maintaining international peace and security. The Republic of Korea has been actively participating in discussions on Security Council reform. We will continue to contribute constructively to the discussions in the future.

With the spirit of the UN Charter always in our hearts, the Republic of Korea will continue to actively cooperate with the UN so as to create a greater UN in times of change.

Thank you.

## **Joint Communiqué of the 43<sup>rd</sup> ROK-U.S. Security Consultative Meeting**

**October 28, 2011**

1. The 43<sup>rd</sup> Republic of Korea-U.S. Security Consultative Meeting (SCM) was held in Seoul on October 28, 2011. ROK Minister of National Defense Kim, Kwan Jin and U.S. Secretary of Defense Leon E. Panetta led their respective delegations, which included senior defense and foreign affairs officials. Before the SCM, the ROK Chairman of the Joint Chiefs of Staff, General Jung, Seung Jo and the U.S. Chairman of the Joint Chiefs of Staff, General Martin E. Dempsey, presided over the 35<sup>th</sup> ROK-U.S. Military Committee Meeting (MCM) on October 27, 2011.
2. The Minister and the Secretary reaffirmed the commitment of the ROK and U.S. Presidents to build a comprehensive strategic Alliance of bilateral, regional, and global scope, based on common values and mutual trust, as set forth in the June 2009 Joint Vision for the Alliance of the ROK and the U.S., and reiterated in the ROK-U.S. Summit on 13 October, 2011. They also reaffirmed their shared view that the scope and level of Alliance cooperation should continue to broaden and deepen, including reinforcement of the combined defense posture on the Korean Peninsula and the expansion of the Alliance's strategic contributions for regional and global security in the 21<sup>st</sup> century, based on the ROK-U.S. Defense Cooperation Guidelines signed at the 42<sup>nd</sup> SCM last October.
3. The Minister and the Secretary reiterated the firm view of the ROK and the U.S. that the North Korean nuclear situation constitutes a serious threat to world peace as well as to security on the Korean Peninsula and in Northeast Asia. The Minister and the Secretary also underscored that North Korea's uranium enrichment program (UEP), revealed last November, poses a grave threat as this program allows North Korea a second path to nuclear weapons development and increases the potential for onward proliferation of fissile material and

sensitive technologies to other parties. The Minister and the Secretary confirmed that North Korea's nuclear activities, including UEP, are violations of UN Security Council resolutions 1718 and 1874 and contrary to North Korea's commitments under the 2005 Joint Statement. They also reaffirmed that North Korea should immediately cease all activities related to its nuclear programs. The Minister and the Secretary urged North Korea to abandon all nuclear weapons and existing nuclear programs, including UEP, in a complete, verifiable, and irreversible way and to renounce its pursuit of nuclear weapons. Furthermore, they called on North Korea to demonstrate its genuine will toward denuclearization through concrete actions. The Minister and the Secretary also reaffirmed that the ROK and U.S. would continue to cooperate closely on the implementation of UN Security Council resolutions 1718 and 1874 as well as bilateral sanctions against North Korea.

4. Under the unpredictable security environment since the sinking of the Republic of Korea ship Cheonan and the artillery shelling of Yeonpyeong Island, both the Minister and the Secretary reaffirmed the need to conduct combined exercises on the Peninsula to demonstrate Alliance readiness. They perceived the increase of asymmetric military threats, such as North Korean nuclear weapons and ballistic missile developments, as a serious threat to global peace as well as the security of the Korean Peninsula and Northeast Asia. They reaffirmed that any North Korean aggression or provocation is not to be tolerated and that the ROK and the U.S. will work shoulder to shoulder to demonstrate our combined resolve. Both the Minister and the Secretary reaffirmed their commitment to further develop the Alliance's deterrent capability for the defense of the Korean Peninsula, led by the ROK and supported by the U.S., as outlined in the June 2009 ROK-U.S. Joint Vision for the Alliance. Against this backdrop, they agreed to establish the 'Korea-U.S. Integrated Defense Dialogue (KIDD),' a senior level policy consultative channel co-chaired by the ROK Deputy Minister of National Defense for Policy and the U.S. under Secretary of Defense for Policy, as an umbrella framework that encompasses various defense dialogue mechanisms between the ROK and the U.S. to ensure high-level

- political oversight and synchronization of Alliance objectives.
5. The Minister and the Secretary also thought highly of the development of the ROK-U.S. Counter-Provocation Plan, which prepares for potential provocations by North Korea. Through this plan, both the Minister and the Secretary reaffirmed the need to advance the military deterrence capabilities of the Alliance in a more practical and concrete manner and also to improve response readiness in the event of a North Korean provocation. Moreover, they decided to increase the combined watch activities on the North Korea situation in order to ensure the success of the Nuclear Security Summit to be held in Seoul next March. The Minister and the Secretary reaffirmed that continued close bilateral planning for various scenarios, as well as extensive combined training and exercises, were critical to adequately prepare for future challenges on the Peninsula. Also they have decided to advance their combined readiness capabilities in the Northwest Islands and areas near the Northern Limit Line. Both the Minister and the Secretary urged the North to accept the practical value of, and abide by, the Northern Limit Line, which has been an effective means of separating ROK and North Korean military forces and preventing military tension for 58 years. Additionally, the Minister and the Secretary reaffirmed that the Armistice Agreement and the United Nations Command remain crucial instruments in maintaining peace and stability on the Korean Peninsula.
  6. The Minister and the Secretary reaffirmed the two nations' mutual commitment to the fundamental mission of the Alliance to defend the Republic of Korea through a robust combined defense posture, as well as to the enhancement of mutual security based on the Mutual Defense Treaty. They also reaffirmed that the ROK-U.S. alliance remains vital to the future interests of both nations in securing peace and stability on the Korean Peninsula and in Northeast Asia, and stressed their determination to ensure sufficient capabilities of the combined forces for the security of the Republic of Korea. Secretary of Defense Panetta reiterated the firm and unwavering U.S. commitment to the defense of the ROK using both capabilities postured on the Korean Peninsula and globally available U.S. forces and capabilities that can be deployed to augment the combined defense in the case of a crisis. He

also reiterated the commitment to maintain the current U.S. troop level in Korea.

7. Secretary of Defense Panetta reaffirmed the continued U.S. commitment to provide and strengthen extended deterrence for the ROK, using the full range of capabilities, including the U.S. nuclear umbrella, conventional strike, and missile defense capabilities. Moreover, the Minister and the Secretary decided to further develop the Extended Deterrence Policy Committee (EDPC), already held twice this year, which serves as a cooperation mechanism to enhance the effectiveness of extended deterrence. To this end, the Minister and the Secretary endorsed the 'EDPC Multi-year Work Plan,' and decided to develop a tailored bilateral deterrence strategy including future activities, such as the ROK-U.S. Extended Deterrence Table Top Exercise (ITX), to enhance effective deterrence options against the nuclear and WMD threats from North Korea.
8. The Minister and the Secretary pledged that the ROK and the U.S. would continue to enhance close Alliance cooperation to address wide-ranging global security challenges of mutual interest, including through peacekeeping activities, stabilization and reconstruction efforts, humanitarian assistance, and disaster relief. Secretary Panetta expressed appreciation for the ROK's past contribution in Iraq as well as the contribution that the ROK is making in Afghanistan through the deployment of its Provincial Reconstruction Team since 2010 and financial support of 500 million U.S. dollars over 5 years from 2011. The Secretary also praised the ROK's contribution to Haiti disaster relief operations, anti-piracy efforts in the Gulf of Aden, and the UN mission in Lebanon. In addition, he expressed appreciation for the ROK government's continued active participation in the Proliferation Security Initiative (PSI).
9. The Minister and the Secretary affirmed the need to strengthen cooperation with respect to protection of, and access to, the space and cyberspace domains, and to promote the resilience of critical infrastructure, including the security of information and space systems. The Minister and the Secretary committed themselves to discuss new ways for the ROK and the U.S. to confront the challenges posed by increasing

threats in cyberspace and welcomed the establishment of a bilateral strategic policy dialogue on cyber-security issues. They also acknowledged that effective bilateral cooperation on cyber-security would require a “whole-of-government” approach and coordination with the private sector.

10. The Minister and the Secretary received a report from the Commander of the ROK-U.S. Combined Forces Command (CFC), General Thurman, on the results of the ROK-U.S. Military Committee Meeting, which highlighted that the combined defense posture is capable and ready to “Fight Tonight,” and that it is prepared to effectively respond to any provocation, instability, or aggression.
11. The Minister and the Secretary received a report on the results of the ROK-U.S. Security Policy Initiative (SPI) meetings over the past year. They expressed satisfaction that, through close consultations, the two countries are making significant progress on important issues, including: ensuring an effective combined defense, developing a joint counter-provocation plan, enhancing contributions to regional and global security, proceeding with the implementation of U.S. Forces Korea (USFK) relocation and camp returns, and articulating a shared future vision for the Alliance.

The Minister and the Secretary pledged to continue SPI consultations in 2012, based on the significant accomplishments of the past seven years and the mutual desire to continue to enhance the ROK-U.S. Alliance.

12. The Minister and the Secretary acknowledged their comprehensive strategy to strengthen the Alliance in years to come, including achieving the transition of wartime operational control (OPCON) to the ROK Joint Chiefs of Staff in 2015. The transition of OPCON should sustain and enhance the Alliance’s combined defense posture and capabilities, and support both the Alliance’s bilateral defense priorities and its future development. The Minister and the Secretary reaffirmed their intent for the transition to occur in December 2015. They also reaffirmed that the implementation of the Strategic Alliance 2015 plan is to be regularly assessed and reviewed at the annual SCM/MCM, paying particular attention to evolving North Korean threats, and is to be reflected in the transition process. In this regard, they further noted the importance of

the OPCON Certification Plan in ensuring that the transition is implemented methodically to validate that the combined defense posture remains strong and seamless. The Secretary reaffirmed that the U.S. is determined to provide specific and significant bridging capabilities until the ROK obtains full self-defense capabilities, and further noted the U.S. commitment to contribute enduring capabilities for the life of the Alliance.

13. The Minister and the Secretary acknowledged the progress on USFK base relocation and camp returns. They committed to work closely together to successfully complete base relocation and camp returns, noting that the efficient and effective completion of these cooperative joint efforts is in the best interest of both nations. The Minister and the Secretary pledged to minimize challenges and to pursue, as planned, the Yongsan Relocation Plan (YRP) and Land Partnership Plan (LPP). They also concurred that the Joint Environmental Assessment Procedure (JEAP) is useful in facilitating bilateral cooperation for camp returns.
14. The Minister and the Secretary noted that the two militaries have made substantial progress in the development of military preparation plans related to a range of situations on the Korean Peninsula and that these military plans are to further ensure an effective Alliance response to potential crisis.
15. Secretary of Defense Panetta expressed sincere appreciation to Minister of National Defense Kim for the courtesy and hospitality extended to him and his delegation by the Government of the Republic of Korea, and for the excellent arrangements that contributed to the success of the meeting. The Minister and the Secretary affirmed that the discussions during the 43<sup>rd</sup> SCM and 35<sup>th</sup> MCM contributed substantively to strengthening the ROK-U.S.

Alliance and further enhanced the development of the bilateral defense relationship into a comprehensive strategic Alliance. Both sides expect to hold the 44<sup>th</sup> SCM in Washington D.C. at a mutually convenient time in 2012.

**Cannes Summit Final Declaration –  
Building Our Common Future:  
Renewed Collective Action for the Benefit of All**

**November 4, 2011**

1. Since our last meeting, global recovery has weakened, particularly in advanced countries, leaving unemployment at unacceptable levels. Tensions in the financial markets have increased due mostly to sovereign risks in Europe. Signs of vulnerabilities are appearing in emerging markets. Increased commodity prices have harmed growth and hit the most vulnerable. Exchange rate volatility creates a risk to growth and financial stability. Global imbalances persist. Today, we reaffirm our commitment to work together and we have taken decisions to reinvigorate economic growth, create jobs, ensure financial stability, promote social inclusion and make globalization serve the needs of our people.

**A global strategy for growth and jobs**

2. To address the immediate challenges faced by the global economy, we commit to coordinate our actions and policies. We have agreed on an Action plan for Growth and Jobs. Each of us will play their part.

**Fostering Employment and Social Protection**

3. We firmly believe that employment must be at the heart of the actions and policies to restore growth and confidence that we undertake under the Framework for strong, sustainable and balanced growth. We are committed to renew our efforts to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis. We therefore decide to set up a G20 Task-Force on Employment, with a focus on youth employment

that will provide input to the G20 Labor and Employment Ministerial Meeting to be held under the Mexican Presidency in 2012. We have tasked International organizations (IMF, OECD, ILO, World Bank) to report to Finance Ministers on a global employment outlook and how our economic reform agenda under the G20 Framework will contribute to job creation.

4. We recognize the importance of investing in nationally determined social protection floors in each of our countries, such as access to health care, income security for the elderly and persons with disabilities, child benefits and income security for the unemployed and assistance for the working poor. They will foster growth resilience, social justice and cohesion. In this respect, we note the report of the Social Protection Floor Advisory Group, chaired by Ms Michelle Bachelet.
5. We commit to promote and ensure full respect of the fundamental principles and rights at work. We welcome and encourage the ILO to continue promoting ratification and implementation of the eight ILO Fundamental Conventions.
6. We are determined to strengthen the social dimension of globalization. Social and employment issues, alongside economic, monetary and financial issues, will remain an integral part of the G20 agenda. We call on international organizations to intensify their coordination and make it more effective. In view of a greater coherence of multilateral action, we encourage the WTO, the ILO, the OECD, the World Bank and the IMF to enhance their dialogue and cooperation.
7. We are convinced of the essential role of social dialogue. In this regard we welcome the B20 and L20 Meetings that took place under the French presidency and the willingness of these fora to work together as witnessed in their joint statement.
8. Our Labor and Employment Ministers met in Paris on September 26-27, 2011 to tackle these issues. We endorse their conclusions, annexed to this Declaration. We ask our Ministers to meet again next year to review progress made on this agenda.

## **Building a more stable and resilient International Monetary System**

9. In 2010, the G20 committed to working towards a more stable and resilient IMS and to ensure systemic stability in the global economy, improve the global economic adjustment, as well as an appropriate transition towards an IMS which better reflects the increased weight of emerging market economies. In 2011, we are taking concrete steps to achieve these goals.

### *Increasing the benefits from financial integration and resilience against volatile capital flows to foster growth and development*

10. We agreed on coherent conclusions to guide us in the management of capital flows drawing on experiences, in order to reap the benefits from financial globalization, while preventing and managing risks that could undermine financial stability and sustainable growth at the national and global levels.
11. To pursue these objectives, we adopted an action plan to support the development and deepening of local currency bond markets, scaling up technical assistance from different international institutions, improving the data base and preparing joint annual progress reports to the G20. We call on the World Bank, Regional Development Banks, IMF, UNCTAD, OECD, BIS and FSB to work together to support the delivery of this plan and to report back by the time of our next meeting about progress made.

### *Reflecting the changing economic equilibrium and the emergence of new international currencies*

12. We affirm our commitment to move more rapidly toward more market-determined exchange rate systems and enhance exchange rate flexibility to reflect underlying economic fundamentals, avoid persistent exchange rate misalignments and refrain from competitive devaluation of currencies. We are determined to act on our commitments to exchange rate reform articulated in our Action plan for Growth and

Jobs to address short term vulnerabilities, restore financial stability and strengthen the medium-term foundations for growth. Our actions will help address the challenges created by developments in global liquidity and capital flows volatility, thus facilitating further progress on exchange rate reforms and reducing excessive accumulation of reserves.

13. We agreed that the SDR basket composition should continue to reflect the role of currencies in the global trading and financial system and be adjusted over time to reflect currencies' changing role and characteristics. The SDR composition assessment should be based on existing criteria, and we ask the IMF to further clarify them. A broader SDR basket will be an important determinant of its attractiveness, and in turn influence its role as a global reserve asset. This will serve as a reference for appropriate reforms. We look forward to reviewing the composition of the SDR basket in 2015, and earlier if warranted, as currencies meet the criteria, and call for further analytical work of the IMF in this regard, including on potential evolution. We will continue our work on the role of the SDR.

*Strengthening our capacity to cope with crises*

14. As a contribution to a more structured approach, we agreed to further strengthen global financial safety nets in which national governments, central banks, regional financial arrangements and international financial institutions will each play a role according to and within their respective mandate. We agreed to continue these efforts to this end. We recognize that central banks play a major role in addressing liquidity shocks at a global and regional level, as shown by the recent improvements in regional swap lines such as in East Asia. We agreed on common principles for cooperation between the IMF and Regional Financial Arrangements, which will strengthen crisis prevention and resolution efforts.
15. As a contribution to this structured approach and building on existing instruments and facilities, we support the IMF in putting forward the new Precautionary and Liquidity Line (PLL). This would enable the

provision, on a case by case basis, of increased and more flexible short-term liquidity to countries with strong policies and fundamentals facing exogenous, including systemic, shocks. We also support the IMF in putting forward a single emergency facility to provide non-concessional financing for emergency needs such as natural disasters, emergency situations in fragile and post-conflict states, and also other disruptive events. We call on the IMF to expeditiously discuss and finalize both proposals.

16. We welcome the euro area's comprehensive plan and urge rapid elaboration and implementation, including of country reforms. We welcome the euro area's determination to bring its full resources and entire institutional capacity to bear in restoring confidence and financial stability, and in ensuring the proper functioning of money and financial markets.

We will ensure the IMF continues to have resources to play its systemic role to the benefit of its whole membership, building on the substantial resources we have already mobilized since London in 2009. We stand ready to ensure additional resources could be mobilized in a timely manner and ask our finance ministers by their next meeting to work on deploying a range of various options including bilateral contributions to the IMF, SDRs, and voluntary contributions to an IMF special structure such as an administered account. We will expeditiously implement in full the 2010 quota and governance reform of the IMF.

#### *Strengthening IMF surveillance*

17. We agreed that effective and strengthened IMF surveillance will be crucial to the efficiency and stability of the IMS. In this context, a strengthening of multilateral surveillance and a better integration with bilateral surveillance will be important, as well as enhanced monitoring of interlinkages across sectors, countries and regions. Against this background, we welcome the recent improvements to the IMF surveillance toolkit including the consolidated multilateral surveillance report and spillover reports and ask the IMF to continue to improve

upon these exercises and methodology.

18. We call on the IMF to make further progress towards a more integrated, even-handed and effective IMF surveillance, taking into account the Independent Evaluation Office report on surveillance, covering in particular financial sector, fiscal, monetary, exchange rate policies and an enhanced analysis of their impact on external stability. We call on the IMF to regularly monitor cross-border capital flows and their transmission channels and update capital flow management measures applied by countries. We also call on the IMF to continue its work on drivers and metrics of reserve accumulation taking into account country circumstances, and, along with the BIS, their work on global liquidity indicators, with a view to future incorporation in the IMF surveillance and other monitoring processes, on the basis of reliable indicators. We will avoid persistent exchange rate misalignments and we asked the IMF to continue to improve its assessment of exchange rates and to publish its assessments as appropriate.
19. While continuing with our efforts to strengthen surveillance, we recognize the need for better integration of bilateral and multilateral surveillance, and we look forward to IMF proposals for a new integrated decision on surveillance early next year.
20. We agreed on the need to increase the ownership and traction of IMF surveillance, which are key components of its effectiveness. We agreed to ensure greater involvement of Ministers and Governors, by providing greater strategic guidance through the IMFC. To increase the transparency of IMF surveillance, we reaffirm the importance of all IMF members to contribute to improve data availability, support the Managing Director's proposal to publish multilateral assessments of external balances, and we recommend timely publication of surveillance reports. We welcome the publication of Art. IV reports by most members of the G20 and look forward to further progress.

#### *Next steps*

21. Building a more stable and resilient IMS is a long-term endeavor. We commit to continue working to ensure systemic stability in the global

economy and an appropriate transition towards an IMS which better reflects the increased weight of emerging market economies. In 2012, we will continue to take concrete steps in this direction.

### **Implementing and deepening Financial sector reforms**

22. We are determined to fulfill the commitment we made in Washington in November 2008 to ensure that all financial markets, products and participants are regulated or subject to oversight as appropriate to their circumstances in an internationally consistent and non-discriminatory way.

*Meeting our commitments notably on banks, OTC derivatives, compensation practices and credit rating agencies, and intensifying our monitoring to track deficiencies*

23. We are committed to improve banks' resilience to financial and economic shocks. Building on progress made to date, we call on jurisdictions to meet their commitment to implement fully and consistently the Basel II risk-based framework as well as the Basel II-5 additional requirements on market activities and securitization by end 2011 and the Basel III capital and liquidity standards, while respecting observation periods and review clauses, starting in 2013 and completing full implementation by 1 January 2019.
24. Reforming the over the counter derivatives markets is crucial to build a more resilient financial system. All standardized over-the-counter derivatives contracts should be traded on exchanges or electronic trading platforms, where appropriate, and centrally cleared, by the end of 2012; OTC derivatives contracts should be reported to trade repositories, and non-centrally cleared contracts should be subject to higher capital requirements. We agree to cooperate further to avoid loopholes and overlapping regulations. A coordination group is being established by the FSB to address some of these issues, complementing the existing OTC derivatives working group. We endorse the FSB progress report on implementation and ask the CPSS and IOSCO to work with FSB to carry forward work on identifying data that could be

provided by and to trade repositories, and to define principles or guidance on regulators' and supervisors' access to data held by trade repositories. We call on the Basel Committee on Banking Supervision (BCBS), the International Organization for Securities Commission (IOSCO) together with other relevant organizations to develop for consultation standards on margining for non-centrally cleared OTC derivatives by June 2012, and on the FSB to continue to report on progress towards meeting our commitments on OTC derivatives.

25. We reaffirm our commitment to discourage compensation practices that lead to excessive risk taking by implementing the agreed FSB principles and standards on compensation. While good progress has been made, impediments to full implementation remain in some jurisdictions. We therefore call on the FSB to undertake an ongoing monitoring and public reporting on compensation practices focused on remaining gaps and impediments to full implementation of these standards and carry out an on-going bilateral complaint handling process to address level playing field concerns of individual firms. Based on the findings of this ongoing monitoring, we call on the FSB to consider any additional guidance on the definition of material risk takers and the scope and timing of peer review process.
26. We reaffirm our commitment to reduce authorities' and financial institutions' reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. We ask the FSB to report to our Finance Ministers and Central Bank Governors at their February meeting on progress made in this area by standard setters and jurisdictions against these principles.
27. We agree to intensify our monitoring of financial regulatory reforms, report on our progress and track our deficiencies. To do so, we endorse the FSB coordination framework for implementation monitoring, notably on key areas such as the Basel capital and liquidity frameworks, OTC derivatives reforms, compensation practices, G-SIFI policies, resolution frameworks, and shadow banking. This work will build on the monitoring activities conducted by standard setting bodies to the extent possible. We stress the need to report the results of this

monitoring to the public including on an annual basis through a traffic lights scoreboard prepared by the FSB. We welcome its first publication today and commit to take all necessary actions to progress in the areas where deficiencies have been identified.

*Addressing the too big to fail issue*

28. We are determined to make sure that no financial firm is “too big to fail” and that taxpayers should not bear the costs of resolution. To this end, we endorse the FSB comprehensive policy framework, comprising a new international standard for resolution regimes, more intensive and effective supervision, and requirements for cross-border cooperation and recovery and resolution planning as well as, from 2016, additional loss absorbency for those banks determined as global systemically important financial institutions (G-SIFIs). The FSB publishes today an initial list of G-SIFIs, to be updated each year in November. We will implement the FSB standards and recommendations within the agreed timelines and commit to undertake the necessary legislative changes, step up cooperation amongst authorities and strengthen supervisory mandates and powers.
29. We ask the FSB in consultation with the BCBS, to deliver a progress report by the G20 April Finance meeting on the definition of the modalities to extend expeditiously the G SIFI framework to domestic systemically important banks. We also ask the IAIS to continue its work on a common framework for the supervision of internationally active insurance groups, call on CPSS and IOSCO to continue their work on systemically important market infrastructures and the FSB in consultation with IOSCO to prepare methodologies to identify systemically important non-bank financial entities by end-2012.

*Filling in the gaps in the regulation and supervision of the financial sector*

30. Bank-like activities. The shadow banking system can create opportunities for regulatory arbitrage and cause the build-up of systemic risk outside the scope of the regulated banking sector. To this end, we

agree to strengthen the regulation and oversight of the shadow banking system and endorse the FSB initial eleven recommendations with a work-plan to further develop them in the course of 2012, building on a balanced approach between indirect regulation of shadow banking through banks and direct regulation of shadow banking activities, including money markets funds, securitization, securities lending and repo activities, and other shadow banking entities. We ask Finance Ministers and Central Bank Governors to review the progress made in this area at their April meeting.

31. **Markets.** We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. We also call on IOSCO to assess the functioning of credit default swap (CDS) markets and the role of those markets in price formation of underlying assets by our next Summit. We support the creation of a global legal entity identifier (LEI) which uniquely identifies parties to financial transactions. We call on the FSB to take the lead in helping coordinate work among the regulatory community to prepare recommendations for the appropriate governance framework, representing the public interest, for such a global LEI by our next Summit.
32. **Commodity markets.** We welcome the G20 study group report on commodities and endorse IOSCO's report and its common principles for the regulation and supervision of commodity derivatives markets. We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the

implementation of its recommendations by the end of 2012.

33. Consumer protection. We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions and ask the FSB and OECD along with other relevant bodies, to report on progress on their implementation to the upcoming Summits and develop further guidelines if appropriate.
34. Other regulatory issues. We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. We endorse the joint report by FSB, IMF and World Bank on issues of particular interest to emerging market and developing economies and call international bodies to take into account emerging market and developing economies' specific considerations and concerns in designing new international financial standards and policies where appropriate. We reaffirm our objective to achieve a single set of high quality global accounting standards and meet the objectives set at the London summit in April 2009, notably as regards the improvement of standards for the valuation of financial instruments. We call on the IASB and the FASB to complete their convergence project and look forward to a progress report at the Finance Ministers and Central Bank governors meeting in April 2012. We look forward to the completion of proposals to reform the IASB governance framework.

#### *Tackling tax havens and non-cooperative jurisdictions*

35. We are committed to protect our public finances and the global financial system from the risks posed by tax havens and non cooperative jurisdictions. The damage caused is particularly important for the least developed countries. Today we reviewed progress made in the three following areas:
  - In the tax area, the Global Forum has now 105 members. More than

700 information exchange agreements have been signed and the Global Forum is leading an extensive peer review process of the legal framework (phase 1) and implementation of standards (phase 2). We ask the Global Forum to complete the first round of phase 1 reviews and substantially advance the phase 2 reviews by the end of next year. We will review progress at our next Summit. Many of the 59 jurisdictions which have been reviewed by the Global Forum are fully or largely compliant or are making progress through the implementation of the 379 relevant recommendations. We urge all the jurisdictions to take the necessary action to tackle the deficiencies identified in the course of their reviews, in particular the 11 jurisdictions whose framework does not allow them at this stage to qualify to phase 2. We underline in particular the importance of comprehensive tax information exchange and encourage competent authorities to continue their work in the Global Forum to assess and better define the means to improve it. We welcome the commitment made by all of us to sign the Multilateral Convention on Mutual Administrative Assistance in Tax Matters and strongly encourage other jurisdictions to join this Convention. In this context, we will consider exchanging information automatically on a voluntary basis as appropriate and as provided for in the convention;

- In the prudential area, the FSB has led a process and published a statement to evaluate adherence to internationally agreed information exchange and cooperation standards. Out of 61 jurisdictions selected for their importance on several economic and financial indicators, we note with satisfaction that 41 jurisdictions have already demonstrated sufficiently strong adherence to these standards and that 18 others are committing to join them. We urge the identified non-cooperative jurisdictions to take the actions requested by the FSB;
- In the anti-money laundering and combating the financing of terrorism area, the FATF has recently published an updated list of jurisdictions with strategic deficiencies. We urge all jurisdictions and in particular those identified as not complying or making sufficient progress to strengthen their AML/CFT systems in cooperation with the FATF.

36. We urge all jurisdictions to adhere to the international standards in the tax, prudential and AML/CFT areas. We stand ready, if needed, to use our existing countermeasures to deal with jurisdictions which fail to meet these standards. The FATF, the Global Forum and other international organizations should work closely together to enhance transparency and facilitate cooperation between tax and law enforcement agencies in the implementation of these standards. We also call on FATF and OECD to do further work to prevent misuse of corporate vehicles.

*Strengthening the FSB capacity resources and governance*

37. The FSB has played a key role in promoting development and implementation of regulation of the financial sector.

38. To keep pace with this growing role, we agreed to strengthen FSB's capacity, resources and governance, building on its Chair's proposals. These include:

- the establishment of the FSB on an enduring organizational footing: we have given the FSB a strong political mandate and need to give it a corresponding institutional standing, with legal personality and greater financial autonomy, while preserving the existing and well-functioning strong links with the BIS;
- the reconstitution of the steering committee: as we move into a phase of policy development and implementation that in many cases will require significant legislative changes, we agree that the upcoming changes to the FSB steering committee should include the executive branch of governments of the G20 Chair and the larger financial systems as well as the geographic regions and financial centers not currently represented, in a balanced manner consistent with the FSB Charter;
- the strengthening of its coordination role vis-à-vis other standard setting bodies (SSB) on policy development and implementation monitoring, avoiding any functional overlaps and recognizing the independence of the SSBs.

39. We call for first steps to be implemented by the end of this year and will review the implementation of the reform at our next Summit.

## **Addressing Food Price Volatility and Increasing Agriculture Production and Productivity**

40. Increasing agricultural production and productivity is essential to promote food security and foster sustainable economic growth. A more stable, predictable, distortion free, open and transparent trading system allows more investment in agriculture and has a critical role to play in this regard. Mitigating excessive food and agricultural commodity price volatility is also an important endeavor. These are necessary conditions for stable access to sufficient, safe and nutritious food for everyone. We agreed to mobilize the G20 capacities to address these key challenges, in close cooperation with all relevant international organizations and in consultation with producers, civil society and the private sector.
41. Our Agriculture Ministers met for the first time in Paris on 22-23 June 2011 and adopted the Action Plan on Food Price Volatility and Agriculture. We welcome this Action Plan, annexed to this Declaration.
42. We have decided to act on the five objectives of this Action Plan: (i) improving agricultural production and productivity, (ii) increasing market information and transparency, (iii) reducing the effects of price volatility for the most vulnerable, (iv) strengthening international policy coordination and (v) improving the functioning of agricultural commodity derivatives' markets.
43. We commit to sustainably increase agricultural production and productivity. To feed a world population expected to reach more than 9 billion people by 2050, it is estimated that agricultural production will have to increase by 70% over the same period. We agree to further invest in agriculture, in particular in the poorest countries, and bearing in mind the importance of smallholders, through responsible public and private investment. In this regard, we decide to:
  - Urge multilateral development banks to finalize their joint action plan on water, food and agriculture and provide an update on its implementation by our next Summit;
  - Invest in research and development of agricultural productivity. As a first step, we support the "International Research Initiative for

Wheat Improvement” (Wheat Initiative), launched in Paris on September 15, 2011 and we welcome the G20 Seminar on Agricultural Productivity held in Brussels on 13 October 2011 and the first G20 Conference on Agricultural Research for Development, held in Montpellier on 12-13 September 2011, designed to foster innovation-sharing with and among developing countries.

44. We commit to improve market information and transparency in order to make international markets for agricultural commodities more effective. To that end, we launched:
  - The “Agricultural Market Information System” (AMIS) in Rome on September 15, 2011, to improve information on markets. It will enhance the quality, reliability, accuracy, timeliness and comparability of food market outlook information. As a first step, AMIS will focus its work on four major crops: wheat, maize, rice and soybeans. AMIS involves G20 countries and, at this stage, Egypt, Vietnam, Thailand, the Philippines, Nigeria, Ukraine and Kazakhstan. It will be managed by a secretariat located in FAO;
  - The “Global Agricultural Geo-monitoring Initiative” in Geneva on September 22-23, 2011. This initiative will coordinate satellite monitoring observation systems in different regions of the world in order to enhance crop production projections and weather forecasting data.
45. We recognize that appropriately regulated and transparent agricultural financial markets are a key for well-functioning physical markets and risk management. We welcome IOSCO recommendations on commodity derivatives endorsed by our Finance Ministers.
46. We commit to mitigate the adverse effects of excessive price volatility for the most vulnerable through the development of appropriate risk-management instruments. These actions are detailed in the development section of this final Declaration.
47. According to the Action Plan, we agree to remove food export restrictions or extraordinary taxes for food purchased for non-commercial humanitarian purposes by the World Food Program and agree not to impose them in the future. In this regard, we encourage the adoption of a declaration by the WTO for the Ministerial Conference in December 2011.

48. We have launched a “Rapid Response Forum” in Rome on September 16, 2011 to improve the international community’s capacity to coordinate policies and develop common responses in time of market crises.
49. We welcome the production of a report by the international organizations on how water scarcity and related issues could be addressed in the appropriate fora.
50. We commend the joint work undertaken by FAO, OECD, The World Bank Group, IFAD, UNCTAD, WFP, WTO, IMF, IFPRI and the UN HLTf to support our agenda and we request that they continue working closely together.
51. We will keep progress on the implementation of the Action Plan on Food Price Volatility and Agriculture.

### **Improving the Functioning of Energy Markets**

52. We stress the importance of well-functioning and transparent physical and financial energy markets, reduced excessive price volatility, improved energy efficiency and better access to clean technologies, to achieve strong growth that is both sustainable and inclusive. We are committed to promote sustainable development and green growth and to continue our efforts to face the challenge of climate change.
53. We commit to more transparent physical and financial energy markets. Commodity derivatives are being addressed as part of our financial regulation reform agenda. We have made progress and reaffirm our commitment to improve the timeliness, completeness and reliability of the JODI-Oil database as soon as possible. We also commit to support the IEF-JODI work in order to improve the reliability of JODI-Oil and look forward to receiving their recommendations. We will regularly review and assess progress made on this front.
54. We welcome the IEF Charter’s commitment to improve dialogue between oil producer and consumer countries, as well as the holding on January 24, 2011 of the Riyadh Symposium on short, medium and long term outlook and forecasts for oil markets. We call for those meetings to be held on an annual basis and for the IEF, the IEA and OPEC to release a joint communiqué and a report highlighting their

outcomes.

55. We note the new JODI-Gas database and commit to work on contributing to it on the basis of the same principles as the JODI-Oil database. We also call for annual symposiums and communiqués on short, medium and long term outlook and forecasts for gas and coal. We call for further work on gas and coal market transparency and ask the IEA, IEF and OPEC, to provide recommendations in this field by mid-2012.
56. Recognizing the role of Price Reporting Agencies for the proper functioning of oil markets, we ask IOSCO, in collaboration with the IEF, the IEA and OPEC, to prepare recommendations to improve their functioning and oversight to our Finance Ministers by mid-2012.
57. We reaffirm our commitment to rationalize and phase-out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption, while providing targeted support for the poorest. We welcome the country progress reports on implementing strategies for rationalizing and phasing out inefficient fossil fuel subsidies, as well as the joint report from the IEA, OPEC, OECD and the World Bank on fossil fuels and other energy support measures. We ask our Finance Ministers and other relevant officials to press ahead with reforms and report back next year.

### **Protecting Marine Environment**

58. We decide to take further action to protect the marine environment, in particular to prevent accidents related to offshore oil and gas exploration and development, as well as marine transportation, and to deal with their consequences. We welcome the establishment of a mechanism to share best practices and information on legal frameworks, experiences in preventing and managing accidents and disasters relating to offshore oil and gas drilling, production and maritime transportation. We ask the Global Marine Environment Protection working group, in cooperation with the OECD, the International Regulators Forum and OPEC, to report next year on progress made and to establish this mechanism in order to disseminate these best practices by mid-2012,

at which point it will be reviewed. We also commit to foster dialogue with international organizations and relevant stakeholders.

### **Fostering Clean Energy, Green Growth and Sustainable Development**

59. We will promote low-carbon development strategies in order to optimize the potential for green growth and ensure sustainable development in our countries and beyond. We commit to encouraging effective policies that overcome barriers to efficiency, or otherwise spur innovation and deployment of clean and efficient energy technologies. We welcome the UN Secretary General's "Sustainable Energy for All" initiative. We support the development and deployment of clean energy and energy efficiency (C3E) technologies. We welcome the assessment of the countries' current situation regarding the deployment of these technologies as well as the on-going exercise of sharing best practices, as a basis for better policy making.
60. We are committed to the success of the United Nations Conference on Sustainable Development in Rio de Janeiro in 2012. "Rio + 20" will be an opportunity to mobilize the political will needed to reinsert sustainable development at the heart of the international agenda, as a long term solution to growth, job creation, poverty reduction and environment protection. A green and inclusive growth will create a broad spectrum of opportunities in new industries and in areas such as environmental services, renewable energy and new ways to provide basic services to the poor.

### **Pursuing the Fight against Climate Change**

61. We are committed to the success of the upcoming Durban Conference on Climate Change on 28 November - 9 December 2011. We support South Africa as the incoming President of the Conference. We call for the implementation of the Cancun agreements and further progress in all areas of negotiation in Durban.
62. We stand ready to work towards operationalization of the Green Climate Fund as part of a balanced outcome in Durban, building

- upon the report of the Transitional Committee.
63. Financing the fight against climate change is one of our main priorities. In Copenhagen, developed countries have committed to the goal of mobilizing jointly USD 100 billion per year from all sources by 2020 to assist developing countries to mitigate and adapt to the impact of climate change, in the context of meaningful mitigation actions and transparency. We discussed the World Bank - IMF - OECD - regional development banks report on climate finance and call for continued work taking into account the objectives, provisions and principles of the UNFCCC by international financial institutions and the relevant UN organizations. We ask our Finance Ministers to report to us at our next Summit on progress made on climate finance.
  64. We reaffirm that climate finance will come from a wide variety of sources, public and private, bilateral and multilateral, including innovative sources of finance. We recognize the role of public finance and public policy in supporting climate-related investments in developing countries. We underline the role of the private sector in supporting climate-related investments globally, particularly through various market-based mechanisms and also call on the MDBs to develop new and innovative financial instruments to increase their leveraging effect on private flows.

### **Avoiding Protectionism and Reinforcing the Multilateral Trading System**

65. At this critical time for the global economy, it is important to underscore the merits of the multilateral trading system as a way to avoid protectionism and not turn inward. We reaffirm our standstill commitments until the end of 2013, as agreed in Toronto, commit to roll back any new protectionist measure that may have risen, including new export restrictions and WTO-inconsistent measures to stimulate exports and ask the WTO, OECD and UNCTAD to continue monitoring the situation and to report publicly on a semi-annual basis.
66. We stand by the Doha Development Agenda (DDA) mandate. However, it is clear that we will not complete the DDA if we continue to conduct negotiations as we have in the past. We recognize the progress achieved so far. To contribute to confidence, we need to pursue in

2012 fresh, credible approaches to furthering negotiations, including the issues of concern for Least Developed Countries and, where they can bear fruit, the remaining elements of the DDA mandate. We direct our Ministers to work on such approaches at the upcoming Ministerial meeting in Geneva and also to engage into discussions on challenges and opportunities to the multilateral trading system in a globalised economy and to report back by the Mexico Summit.

67. Furthermore, as a contribution to a more effective, rules-based trading system, we support a strengthening of the WTO, which should play a more active role in improving transparency on trade relations and policies and enhancing the functioning of the dispute settlement mechanism.
68. We look forward to welcoming Russia as a WTO member by the end of the year.

### **Development: Investing for Global Growth**

69. As part of our overall objective for growth and jobs, we commit to maximize growth potential and economic resilience in developing countries, in particular in Low-Income Countries (LICs). Development is a key element of our agenda for global recovery and investment for future growth. It is also critical to creating the jobs needed to improve people's living standards worldwide. Recognizing that development is a concern and duty to all G20 countries, our Ministers met for the first time on Development in Washington on September 23, 2011.
70. We support the report of the Development Working Group, annexed to this Declaration, implementing the G20's Seoul Development Consensus for Shared Growth, and call for prompt implementation of our Multi-Year Action Plan.
71. We take actions to overcome the most critical bottlenecks and constraints hampering growth in developing countries. In this regard, we decided to focus on two priorities, food security and infrastructure, and to address the issue of financing for development.
72. The humanitarian crisis in the Horn of Africa underscores the urgent need to strengthen emergency and long-term responses to food insecurity.

In accordance with our Multi-Year “Action Plan on Food Price Volatility and Agriculture”, we:

- welcome the initiative of the Economic Community of Western African States (ECOWAS) to set up a targeted regional emergency humanitarian food reserve system, as a pilot project, and the “ASEAN+3” emergency rice reserve initiative;
  - Urge multilateral development banks to finalize their joint action plan on water, food and agriculture and provide an update on its implementation by our next Summit;
  - Support, for those involved, the implementation of the L’Aquila Food Security Initiative and other initiatives, including the Global Agriculture and Food Security Program;
  - Launch a platform for tropical agriculture to enhance capacity-building and knowledge sharing to improve agricultural production and productivity;
  - Foster small holder sensitive investments in agriculture and explore opportunities for market inclusion and empowerment of small producers in value chains;
  - Support risk-management instruments, such as commodity hedging instruments, weather index insurances and contingent financing tools, to protect the most vulnerable against excessive price volatility, including the expansion of the Agricultural Price Risk-Management Product developed by the World Bank Group (IFC). We ask international organizations to work together to provide expertise and advice to low-income countries on risk-management and we welcome the NEPAD initiative to integrate risk management in agricultural policies in Africa;
  - Encourage all countries to support the Principles of Responsible Agricultural Investment (PRAI) to ensure sustained investment in agriculture;
  - Confirm our commitment to scaling-up nutrition through a combination of direct nutrition interventions and the incorporation of nutrition in all relevant policies.
73. Investing in infrastructure in developing countries, especially in LICs and, whilst not exclusively, with a special emphasis on sub-Saharan

Africa, will unlock new sources of growth, contribute to the achievement of the Millennium Development Goals and sustainable development. We support efforts to improve capacities and facilitate the mobilization of resources for infrastructure projects initiated by public and private sectors.

74. We commissioned a High Level Panel (HLP), chaired by Mr Tidjane Thiam, to identify measures to scale-up and diversify sources of financing for infrastructure and we requested the MDBs to develop a joint action plan to address bottlenecks. We welcome both the HLP's report and the MDB Action Plan. In this regard, we support the following recommendations to:

- Support the development of local capacities to improve supply and quality of projects and make them bankable and enhance knowledge sharing on skills for employment in low income countries. In this regard, we welcome the High Level Panel fellowship program and MDB's efforts to develop and strengthen regional public-private partnerships practitioner's networks;
- Increase quality of information available to investors, through the establishment of online regional marketplace platforms to better link project sponsors and financiers, such as the "Sokoni Africa Infrastructure Marketplace", and the extension of the Africa Infrastructure Country Diagnosis, which aim at benchmarking infrastructure data;
- Prioritize project preparation financing, encouraging the MDBs to dedicate a greater share of their funds to preparation facilities that can operate on a revolving basis and call on MDBs to improve effectiveness of the existing preparation facilities;
- Contribute to building an enabling environment for private and public infrastructure financing, especially for regional projects. We support increased transparency in the construction sector, the review of the Debt Sustainability Framework taking into account the investment-growth nexus. We call on MDBs to harmonize their procurement rules and practices and we support move towards mutual recognition of procedures and eligibility rules;
- Improve access to funding, notably through the strengthening of local intermediaries and financial markets, more effective use of

- MDBs capital, including through use of credit enhancement and guarantee instruments.
75. We commissioned the HLP to establish criteria to identify exemplary investment projects in cooperation with multilateral development banks. We highlight the 11 projects mentioned in the HLP report annexed to this Declaration, which have the potential to have a transformational regional impact by leading to increased integration and access to global markets, with due consideration to environmental sustainability. We call on the MDBs, working with countries involved and in accordance with regional priorities (in particular the Program for Infrastructure Development in Africa), to pursue the implementation of such projects that meet the HLP criteria and to prioritize project preparation financing, notably the NEPAD Infrastructure Projects Preparation Facility.
  76. We stress the importance of following-up on these concrete actions and invite MDBs to provide regular updates on the progress achieved.
  77. Recognizing that economic shocks affect disproportionately the most vulnerable, we commit to ensure a more inclusive and resilient growth. We therefore decide to support the implementation and expansion of nationally-designed social protection floors in developing countries, especially low income countries. We will work to reduce the average cost of transferring remittances from 10% to 5% by 2014, contributing to release an additional 15 billion USD per year for recipient families.
  78. Recognizing that 2.5 billion people and millions of Small and Medium Enterprises (SMEs) throughout the world lack access to formal financial services, and the crucial importance for developing countries to overcome this challenge, we launched in Seoul an ambitious Global Partnership for Financial Inclusion (GPFI). We commend the ongoing work by the GPFI to foster the development of SME finance and to include financial inclusion principles in international financial standards. We endorse the five recommendations put forward in its report, annexed to this Declaration, and commit to pursue our efforts under the Mexican Presidency.
  79. We welcome the presentation of the report by Mr Bill Gates on financing for development. We recognize the importance of the

- involvement of all actors, both public and private, and the mobilization of domestic, external and innovative sources of finance.
80. Consistent with the Multi-Year Action Plan agreed in Seoul, we strongly support developing countries' mobilization of domestic resources and their effective management as the main driver for development. This includes technical assistance and capacity building for designing and efficient managing of tax administrations and revenue systems and greater transparency, particularly in mineral and natural resource investment. We urge multinational enterprises to improve transparency and full compliance with applicable tax laws. We welcome initiatives to assist developing countries, on a demand-led basis, in the drafting and implementation of their transfer pricing legislation. We encourage all countries to join the Global Forum on Transparency and exchange of information in tax purposes.
  81. We stress the pivotal role of ODA. Aid commitments made by developed countries should be met. Emerging G20 countries will engage or continue to extend their level of support to other developing countries. We welcome the emphasis on ensuring that poor countries benefit rapidly from innovation and technological advances, and agree to encourage triangular partnerships to drive priority innovations forward. We commit to raise the quality and efficiency of aid by concentrating on the highest impact interventions and increase the focus on concrete results and overall impact on development.
  82. We agree that, over time, new sources of funding need to be found to address development needs. We discussed a set of options for innovative financing highlighted by Mr Bill Gates, such as Advance Market Commitments, Diaspora Bonds, taxation regime for bunker fuels, tobacco taxes, and a range of different financial taxes. Some of us have implemented or are prepared to explore some of these options. We acknowledge the initiatives in some of our countries to tax the financial sector for various purposes, including a financial transaction tax, *inter alia* to support development.
  83. We welcome the upcoming 4<sup>th</sup> High-Level Forum on aid effectiveness to be held in Busan, Korea (29 November - 1 December 2011). The Forum will be an opportunity to establish a more inclusive partnership

to address development effectiveness.

84. We look forward to a successful replenishment of the Asian Development Fund and of the International Fund for Agriculture Development.

### **Intensifying Our Fight against Corruption**

85. Corruption is a major impediment to economic growth and development. We have made significant progress to implement the G20 Anti-Corruption Action Plan. We endorse our experts' report, annexed to this Declaration, which outlines the major steps taken both by individual countries and the G20 collectively, and sets out further actions required to ensure that G20 countries continue to make positive progress against the Action Plan.
86. In this context:
  - We welcome the ratification by India of the United Nations Convention against Corruption (UNCAC). We also welcome the decision made by Russia to join the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. We commit to accelerate the ratification and implementation of UNCAC and to have a more active engagement within the OECD Working Group on Bribery on a voluntary basis. We further commend the member countries which are taking steps in the spirit of the Action Plan;
  - We commend the first reviews on the implementation of UNCAC. We commit to lead by example in ensuring the transparency and inclusivity of UNCAC reviews by considering the voluntary options in accordance with the Terms of Reference of the Mechanism, notably with regards to the participation of civil society and transparency;
  - We support the work of the Financial Action Task Force (FATF) to continue to identify and engage those jurisdictions with strategic Anti-Money Laundering/Counter-Financing of Terrorism (AML/CFI) deficiencies and update and implement the FATF standards calling for transparency of cross-border wires, beneficial ownership, customer due diligence and enhanced due diligence;

- We agree on a work program which includes a framework for asset recovery, building on the World Bank's Stolen Asset Recovery (StAR) Initiative, whistle-blowers' protection, denial of entry to corrupt officials and public sector transparency, including fair and transparent public procurement, with concrete results by the end of 2012.
87. We welcome initiatives aimed at increasing transparency in the relationship between private sector and government, including voluntary participation in the Extractive Industries Transparency Initiative (EITI). We also acknowledge the steps taken by some of us to request companies in the extractive industry to publish what they pay in countries of operation and to support the Construction Sector Transparency Initiative (CoST).
  88. We commend the enhanced engagement of the private sector to fight against corruption. We welcome the commitments by the B20 to build on our Action Plan and urge them to take concrete action.
  89. We hold ourselves accountable for our commitments and will review progress at our next Summit.

## **Governance**

90. We welcome the report of UK Prime Minister David Cameron on global governance.
91. As our premier Forum for international economic cooperation, the G20 is unique in bringing together the major economies, advanced and emerging alike, to coordinate their policies and generate the political agreement necessary to tackle the challenges of global economic interdependence. It is a Leader-led and informal group and it should remain so. The G20 is part of the overall framework of international governance.
92. We agree that, in order to strengthen its ability to build and sustain the political consensus needed to respond to challenges, the G20 must remain efficient, transparent and accountable. To achieve this, we decide to:
  - Maintain our focus on the broad global economic challenges;

- Bolster our ability to deliver our agenda and work program effectively. We decide to formalize the Troika, made of past, present and future Presidencies to steer the work of the G20 in consultation with its members. We ask our Sherpas to develop working practices for the G20 under the Mexican Presidency;
  - Pursue consistent and effective engagement with non-members, regional and international organizations, including the United Nations, and other actors, and we welcome their contribution to our work as appropriate. We also encourage engagement with civil society. We request our Sherpas to make us proposals for the next meeting.
93. We reaffirm that the G20's founding spirit of bringing together the major economies on an equal footing to catalyze action is fundamental and therefore agree to put our collective political will behind our economic and financial agenda, and the reform and more effective working of relevant international institutions.
  94. On December 1<sup>st</sup>, 2011, Mexico will start chairing the G20. We will convene in Los Cabos, Baja California, in June 2012, under the Chairmanship of Mexico. Russia will chair the G20 in 2013, Australia in 2014 and Turkey in 2015. We have also agreed, as part of our reforms to the G20, that after 2015, annual presidencies of the G20 will be chosen from rotating regional groups, starting with the Asian grouping comprising of China, Indonesia, Japan and Korea. Details of the regional groups are attached.
  95. We thank France for its G20 Presidency and for hosting the successful Cannes Summit.

**Bali Declaration on ASEAN Community  
in a Global Community of Nations  
“Bali Concord III”**

**November 17, 2011**

WE, the Heads of State/Government of Brunei Darussalam, the Kingdom of Cambodia, the Republic of Indonesia, the Lao People’s Democratic Republic, Malaysia, the Republic of the Union of Myanmar, the Republic of the Philippines, the Republic of Singapore, the Kingdom of Thailand, and the Socialist Republic of Viet Nam, Member States of ASEAN, at the 19<sup>th</sup> ASEAN Summit;

REAFFIRMING our commitments to the purposes and principles of the Charter of the United Nations and international laws subscribed to by the ASEAN Member States;

REAFFIRMING FURTHER our commitment to the purposes and the principles enshrined in the ASEAN Declaration (Bangkok, 1967), the Declaration on Zone of Peace, Freedom, and Neutrality (Kuala Lumpur, 1971), the Treaty of Amity and Cooperation in Southeast Asia (Bali, 1976), the Declaration of ASEAN Concord (Bali, 1976), the Treaty on the Southeast Asia Nuclear Weapons Free Zone (Bangkok, 1995), the Declaration of ASEAN Concord II (Bali, 2003), and the ASEAN Charter (Singapore, 2007);

ENCOURAGED by the progress of the implementation of the Cha-am Hua Hin Declaration on the Roadmap for the ASEAN Community (2009-2015);

RECALLING the ASEAN Leaders’ Joint Statement on the ASEAN Community in a Global Community of Nations adopted at the 18<sup>th</sup> ASEAN Summit on 8 May 2011 in Jakarta, Indonesia;

RECOGNIZING the strategic importance of the ASEAN Connectivity to strengthen ASEAN integration and to promote the role of the ASEAN Community in the global community of nations;

ENCOURAGED ALSO by the progress of ASEAN cooperation and partnership with its external partners in all of the three pillars of the

ASEAN Community within the framework of ASEAN Plus One, ASEAN Plus Three, ASEAN Regional Forum, and the East Asia Summit, as well as other ASEAN-initiated regional processes, while maintaining ASEAN centrality; MINDFUL OF the complex, multifaceted, and trans-national character of issues and challenges and greater opportunities, which require concerted and coordinated responses and efforts at the national, regional, and global levels; RECOGNIZING the existing concrete contributions of individual ASEAN Member States on numerous global initiatives, which provide the basis to develop a common platform on various global issues as part of the solution in a rapidly changing world;

EMPHASIZING the need to enhance ASEAN coordination and cooperation on key global issues of common interest and concern in relevant multilateral fora and international organizations, including the United Nations, in accordance with the fundamental principles of international law and the domestic laws of ASEAN Member States;

HIGHLIGHTING the importance of the establishment of a comprehensive partnership between ASEAN and the United Nations;

MINDFUL that efforts to take forward ASEAN's shared vision and coordinated action on various global issues of common interest and concern should complement continuing efforts to build and strengthen an ASEAN Community and to enhance and maintain ASEAN centrality and its role in the evolving regional architecture;

DO HEREBY ADOPT:

An ASEAN common platform on global issues with the following characteristics:

A more coordinated, cohesive, and coherent ASEAN position on global issues of common interest and concern, based on a shared ASEAN global view, which would further enhance ASEAN's common voice in relevant multilateral fora;

An enhanced ASEAN capacity to contribute and respond to key global issues of common interest and concern which would benefit all ASEAN Member States and its peoples;

A strengthened ASEAN Community centered on ASEAN as a rules-based organization, with the ASEAN Charter as the foundation, while upholding the fundamental principles, values and norms of ASEAN; and

A strengthened capacity of the ASEAN Secretariat which is able to support the vision and development of the ASEAN Community in a global community of nations.

On the basis of these characteristics and drawn upon the experiences and endeavors of ASEAN, we are committed to collectively undertake cooperation at the global level on, but not limited to, the following areas:

## **A. POLITICAL-SECURITY COOPERATION**

### **1. Peace, Security, and Stability**

Consistent with the purposes and principles of ASEAN basic instruments to maintain and enhance peace, security, and stability, as well as further strengthen peace-oriented values, ASEAN resolves at the global level to:

- a. Respect the principles of the independence, sovereignty, equality, territorial integrity, non-interference, and national identity of all nations.
- b. Rely on peaceful settlement of disputes in accordance with international law.
- c. Renounce aggression and the threat or use of force or other actions in any manner inconsistent with international law.
- d. Promote the culture of peace, which includes, *inter alia*, respect for diversity, promotion of tolerance, and understanding of faiths, religions, and cultures, in accordance with applicable domestic laws.
- e. Promote initiatives, such as the initiative on Global Movement of the Moderates, as part of ASEAN's positive contribution to global peace and security.
- f. Promote ASEAN Member States active participation in peacekeeping and post-conflict peace building efforts, based on the readiness of respective ASEAN Member States.
- g. Respond effectively, in accordance with the principles of comprehensive security, to all forms of threats, transnational crimes, and transboundary challenges.
- h. Promote maritime cooperation as well as combat piracy and armed

- robbery against ships.
- i. Ensure peaceful, safe, free, and unimpeded international navigation in accordance with relevant international laws.
  - j. Intensify cooperation, in the framework of the applicable national and international laws, to combat corruption in the area of asset recovery and in denying safe haven to those found guilty of public corruption.
  - k. Promote non-proliferation and disarmament of weapons of mass destruction as well as peaceful uses of nuclear energy.
  - l. Support the establishment of regional nuclear-weapons free zones and free of all other weapons of mass destruction within the framework of the applicable national and international laws.
  - m. Continue to work towards a consensus on the outstanding issues relating to the Southeast Asia Nuclear Weapon Free Zone (SEANWFZ) Treaty and its Protocol and pursue the early accession of all five nuclear weapons states to the Protocol in order to promote the effective enforcement of the SEANWFZ.
  - n. Develop a coordinated ASEAN approach that would contribute to global undertakings to improve nuclear safety, in cooperation with the International Atomic Energy Agency (IAEA) and other relevant partners, as well as promote and uphold IAEA standards of safety and security in the development of civilian nuclear energy.
  - o. Support narrowing development gaps in the region to contribute to the promotion of sustained peace and stability in the region and the world at large.
  - p. Continue to enhance cooperation against terrorism in accordance with the ASEAN Convention on Counter Terrorism and the relevant domestic laws of ASEAN Member States.

## **2. Political Development**

Consistent with the purposes and principles of ASEAN basic instruments to ensure that peoples and Member States of ASEAN live in peace with the world at large in a just, democratic, and harmonious environment, ASEAN resolves at the global level to:

- a. Adhere to the rules of law, good governance, the principles of democracy, and constitutional government.
- b. Promote and protect human rights and fundamental freedoms, as well as promote social justice.

## **B. ECONOMIC COOPERATION**

### **1. Economic Integration**

Consistent with the purposes and principles of ASEAN basic instruments to implement the ASEAN Economic Community and to promote a region fully integrated into the global economy, ASEAN resolves at the global level to:

- a. Enhance ASEAN's effective participation in regional and global economic initiatives impacting on the region.
- b. Advance ASEAN economic relations, in particular trade and investment, within the region as well as with the rest of the world in line with the general principles set out in the ASEAN Framework for Regional Comprehensive Economic Partnership.
- c. Strengthen ASEAN's capacity into becoming a more dynamic and stronger segment of the global supply chain.
- d. Continue the adoption of international best practices and standards in production and distribution, where possible.
- e. Intensify collaboration to adopt common position on issues of mutual interest in regional and international fora.

### **2. Economic Stability**

Consistent with the purposes and principles of ASEAN basic instruments to advance ASEAN's collective commitment on economic stability, ASEAN resolves at the global level to:

- a. Emphasize the importance of complementing domestic macroeconomic policy with regional and global macroeconomic coordination and

financial cooperation.

- b. Strengthen macroeconomic coordination and promoting financial cooperation at the regional and global level.
- c. Enhance cooperation among ASEAN Member States and with relevant international organizations and agencies to prevent future economic and financial crisis, including through continued active participation of ASEAN in the G-20.
- d. Enhance collaboration to reform the international financial architecture.

### **3. Economic Development**

Consistent with the purposes and principles of ASEAN basic instruments to advance ASEAN's collective commitment on economic development, ASEAN resolves at the global level to:

- a. Strengthen cooperation with relevant international organizations in promoting higher level of economic dynamism, sustained prosperity, and inclusive growth.
- b. Ensure implementation of internationally agreed development goals and global commitment on financing for development.
- c. Strengthen efforts to promote inclusive and sustainable growth in line with the principles outlined in the ASEAN Framework for Equitable Economic Development.
- d. Ensure better access to technology, market, and especially financing, such as internationally-funded financial inclusion program through regional programs for Small and Medium-sized Enterprises (SMEs).
- e. Intensify collaboration in sub-regional initiatives which contribute to overall economic integration of the region.
- f. Strengthen collective efforts in ensuring food and energy security at the regional and global levels.
- g. Increase productivity and investment in the agricultural sector as well as promoting greater collaboration in research and development with the United Nations World Food Program (UNWFP), the Food and Agriculture Organization (FAO), the International Fund for Agricultural Development (IFAD), and other relevant international and regional

organizations.

- h. Enhance cooperation with the international community to ensure greater security and sustainability of global energy through diversification, research and development, conservation of resources, efficient use of energy, as well as wider application and transfer of environmentally-sound technologies.

## **C. SOCIO-CULTURAL COOPERATION**

### **1. Disaster Management**

Consistent with the purposes and principles of ASEAN basic instruments to promote disaster-resilient nations and safer communities, ASEAN resolves at the global level to:

- a. Promote partnership with relevant stakeholders through established ASEAN mechanisms, including local communities, non-governmental organizations, civil society organizations, and private enterprises, as well as strengthen cooperation with the United Nations and relevant international agencies.
- b. Strengthen efforts to address climate change adaptation needs, particularly by forging support for capacity-building, to ensure disaster and climate resiliency of ecosystems and communities.
- c. Enhance public awareness and promote public participation in programs related to disaster risk reduction and emergency response in order to promote community resilience to disasters.
- d. Enhance civil-military coordination in providing effective and timely response to major natural disasters and enhance cooperation among ASEAN militaries in Humanitarian Assistance and Disaster Relief (HADR) through the familiarization with each other's model of operation as well as identified areas for improvement in HADR capacity-building and improved military-to-military and civilian-military communication and coordination.
- e. Facilitate regional cooperation on disaster risk reduction programs particularly, but not limited to, the conduct and institutionalization of

- regional disaster risk assessment, early warning, and monitoring.
- f. Strengthen cooperation between the ASEAN Coordinating Centre for Humanitarian Assistance on disaster management (AHA Centre) and relevant regional and international organizations and agencies for ensuring prompt and smooth communication in times of disaster as well as enhancing coordination mechanisms to facilitate the flows of support in a timely manner.

## **2. Sustainable Development, Environment, and Climate Change**

Consistent with the purposes and principles of ASEAN basic instruments to promote sustainable development, protection of the region's environment, and sustainability of its natural resources, ASEAN resolves at the global level to:

- a. Ensure a continuous effort towards a balance between economic growth and social development and environmental sustainability in order to reduce and not to create negative impacts to the attainment of the Millennium Development Goals (MDGs).
- b. Contribute actively to the conclusion of a balanced, comprehensive, and legally binding agreement under the United Nations Framework Convention on Climate Change (UNFCCC) and under the mandate of the Bali Road Map, taking into account common but differentiated responsibilities and their respective national and regional development priorities, objectives, circumstances, and capabilities.
- c. Ensure continuous efforts to conserve and sustainably manage ASEAN's rich biological diversity toward enhancing social, economic, and environmental well-being.
- d. Implement commitments to multilateral and regional instruments on sustainable development and environmental agreements by working through bilateral, regional, and global partnership.
- e. Promote the development and transfer of low carbon and other climate-friendly technologies, as well as encourage innovative financing options to stimulate investment in climate-friendly technology research and development.

### **3. Health, Science and Technology, Education, Human Resources, Culture, and the High Quality of Life**

Consistent with the purposes and principles of ASEAN basic instruments to promote health, science and technology, education, human resources, cultural heritage, and the high quality of life, ASEAN resolves at the global level to:

- a. Ensure access to adequate and affordable healthcare, medical services, as well as accessibility to safe, non-counterfeit, affordable, and effective medication.
- b. Enhance collaboration in the fields of technology transfer, science and technology research and development, exchange of scientists, and commercialization with the active participation of the private sector and relevant international organizations.
- c. Establish and strengthen international networks of scientific and technological institutions, as well as networking in various levels of institutions of higher learning.
- d. Strengthen collaboration with other regional and international educational organizations to enhance the quality and adaptability of education, and to achieve universal access on primary education.
- e. Continue existing efforts to promote regional mobility and mutual recognition of professional credentials, talents, and skills development.
- f. Promote fair and appropriate employment protection for payment of wages, and adequate access to decent working and living conditions for migrant workers, who may be victims of discrimination, abuse, exploitation, violence, with adequate access to the legal and judicial system of the receiving states, without undermining the laws, regulations, and policies of the receiving states.
- g. Promote the conservation and preservation of ASEAN cultural heritage; enhance awareness and understanding of the people and the unique history of the region; and protect the distinctiveness of the ASEAN identity through unity in cultural diversity.
- h. Strengthen ASEAN's commitment in the attainment of the MDGs, such as poverty alleviation, underscoring the importance of better

coordination and participation of all key stakeholders, such as public and private sectors, civil societies, and United Nations specialized agencies.

Building on current practice and achievements, we will identify key global issues of common interest and concern, enhance ASEAN coordination and cooperation on these key global issues in relevant multilateral fora and international organizations, such as the United Nations, and raise ASEAN's profile and constructive role in the global stage. We will undertake an assessment of key long-term trends, including the evolution of the global architecture, and develop appropriate adjustment and response strategies to such trends.

We hereby pledge to our peoples our resolve and commitment to bring the ASEAN common platform on global issues into reality by 2022. For this purpose, we task the concerned Ministers to follow-up and implement this Declaration with the coordinating role of the ASEAN Coordinating Council (ACC), supported by the concerned sectoral ASEAN Senior Officials, the Committee of Permanent Representatives (CPR) to ASEAN, and an enhanced ASEAN Secretariat whose capacity will be strengthened to provide effective support in projecting ASEAN's collective undertakings at the global level.

The implementation of this Declaration shall be reported to the ASEAN Summits by the ASEAN Coordinating Council (ACC) taking into account the changing dynamics of the region and the global environment.

Done in Bali, Indonesia, on the Seventeenth of November in the Year Two Thousand and Eleven, in a single original copy, in the English Language.

## **Declaration of the 6<sup>th</sup> East Asia Summit on ASEAN Connectivity**

**November 19, 2011**

WE, the Heads of State/Government of the Member States of the Association of Southeast Asian Nations (ASEAN), Australia, People's Republic of China, Republic of India, Japan, Republic of Korea, New Zealand, Russian Federation and the U.S. of America on the occasion of the 6<sup>th</sup> East Asia Summit (EAS); WELCOMING the 2010 Ha Noi Declaration on the Adoption of the Master Plan on ASEAN Connectivity and the 2009 ASEAN Leaders' Statement on ASEAN Connectivity that articulated the vision to enhance intra-regional connectivity within ASEAN which will complement and support integration within ASEAN as well as within the broader regional framework in East Asia; RECALLING the 2010 Ha Noi Declaration on the Commemoration of the 5<sup>th</sup> Anniversary of the East Asia Summit and its support for the Master Plan on ASEAN Connectivity and its readiness to partner ASEAN in its implementation; RECOGNISING that enhancing intra-regional Connectivity would benefit all EAS participating countries through enhanced trade, investment, infrastructure, tourism, people-to-people linkages and cultural exchanges, and development, which would complement and contribute to the ongoing community building efforts in the East Asian region as well as narrow development gaps and deepen cross cultural understanding; REAFFIRMING our support for the effective and timely implementation of the Master Plan on ASEAN Connectivity in all three pillars, namely, physical, institutional and people-to-people connectivity, and with equal emphasis on connectivity between mainland and archipelagic Southeast Asia and the development of sub-regional interconnectivity among ASEAN Member States; ACKNOWLEDGING that ASEAN Connectivity is the first step in the development of enhanced connectivity within East Asia.

DO HEREBY DECLARE TO:

1. Include ASEAN Connectivity as a key priority area of cooperation in the EAS, together with the other agreed priority areas of cooperation;
2. Support and facilitate further relevant cooperation between ASEAN and its EAS Partners in the Connectivity initiative, particularly in mobilizing resources and expertise, information sharing, and identifying specific cooperation projects where the EAS Partners could participate in the three dimensions of physical, institutional, and people-to-people connectivity;
3. Support the development of a regional public-private partnership (PPP) development agenda and leverage on and work through bilateral arrangements, as well as regional and international financial institutions to mobilize resources in support of the implementation of projects under the Master Plan on ASEAN Connectivity;
4. Promote greater awareness within the public and private sectors on the Master Plan on ASEAN Connectivity, including its potential benefits and economic opportunities, through the conduct of outreach and advocacy activities such as symposiums, workshops, seminars, business missions, and courses;
5. Encourage the involvement of the public and private sectors in key priority projects under the Master Plan on ASEAN Connectivity, including financing of tangible and bankable PPP projects through new and innovative financing sources;
6. Promote greater engagement and cooperation in people-to-people connectivity initiatives, including those relating to education and life-long learning, human resource development, innovation and entrepreneurship, cultural exchanges, and tourism.
7. Consider the possibility of having a “Connectivity Master Plan Plus” in the future which would expand Connectivity beyond ASEAN and

develop further linkages between ASEAN and its EAS Partners, with appropriate reference to the initiatives including but not limited to “Comprehensive Asia Development Plan” while maintaining ASEAN Connectivity as a priority by effectively implementing the Master Plan on ASEAN Connectivity.

## **Joint Statement of the Eminent Persons Group for the 2012 Seoul Nuclear Security Summit**

**November 29, 2011**

We, members of the Eminent Persons Group established to advise the President of the Republic of Korea, Lee Myung-bak, on the 2012 Seoul Nuclear Security Summit, met in Seoul on 29 November, 2011. We, upon the invitation of President Lee, gathered to discuss ways to ensure the success of the Seoul Summit. In sincere and intense discussions today, we agreed on the following statement and express the hope that it will contribute to next year's Summit.

1. We recognize and fully support the efforts of many world leaders and intellectuals who have strived to achieve a peaceful and prosperous world free of nuclear weapons, and note that some progress has been made in this regard. However, we at the same time recognize that there is still much to be done to attain this noble cause.
2. We are of the view that nuclear security, aimed at preventing terrorists, criminals, and other irresponsible actors from using nuclear weapons, highly enriched uranium or plutonium for malicious purposes, constitutes an important element in advancing the goal of a nuclear weapon-free, peaceful and prosperous world, together with nuclear disarmament, nuclear non-proliferation, and peaceful uses of nuclear energy. In this regard, we acknowledge that a key strategy to prevent nuclear terrorism is to deny terrorists from gaining access to nuclear weapons, materials, and facilities.
3. We emphasize that in order for the global nuclear security architecture to be robust enough to protect humankind and the planet, it needs to be based on the principle of integrated and balanced independence and interdependence between countries with shared responsibility. We

support the objectives of international nuclear security instruments, including the Convention on the Physical Protection of Nuclear Material, as amended, and the International Convention for the Suppression of Acts of Nuclear Terrorism, as essential elements of the global nuclear security architecture. We hope that the Participating States of the Seoul Summit will work towards the Conventions' universal adherence.

4. We welcome the fact that the Washington Nuclear Security Summit, held in April 2010, made nuclear security the focus of attention at the summit level and succeeded in achieving consensus among 50 global leaders on the gravity of the threat of nuclear terrorism and the need for common action. We recognize that President Obama's four-year lock-down initiative, which aims to "secure all vulnerable nuclear materials in four years," played a key role in bringing about this consensus, and strongly support this initiative.
5. We are confident that the 2012 Seoul Nuclear Security Summit will serve as a catalyst for realizing a world free of nuclear and radiological terrorism by both reaffirming the principles and the spirit of the Washington Summit and reaching agreement on new commitments and measures to enhance nuclear security. In this regard, we strongly support the Seoul Summit.
6. We expect leaders at the Seoul Summit to enhance public confidence in the peaceful uses of nuclear energy. We also urge them to reduce the threats to nuclear facilities and their operating systems, such as sabotage or cyber attacks, by discussing in a responsible manner the ways in which nuclear security and nuclear safety can be mutually reinforced, bearing in mind the implications and lessons learned from the Fukushima nuclear accident. We have every confidence that the Republic of Korea can play a leading role to this end as the Chair Country of the Seoul Summit.
7. We recognize that there is a critical need to build up national and regional capabilities and resilience to deal with the aftermath of a

radiological and nuclear accident, whether as a result of a terrorist attack or a natural disaster, in order to mitigate the consequences. In this regard, we also note the need to explain international standards on radioactivity in ways that are understandable to the public.

8. Noting the risk that radiological materials may be illegally obtained and explosive devices may be assembled, and given the serious consequences that arise from perpetrated acts of radiological terrorism, we believe that there is a need to engage in in-depth discussions on the threat of radiological terrorism, together with that of nuclear terrorism at the Summit, with a view to resolving these threats through mutual cooperation.
  
9. Recognizing that the success of the Seoul Nuclear Security Summit is important to further bolster the global nuclear security regime, we would like to highlight the following for the success of the Summit:
  - First, the Seoul Summit should demonstrate tangible progress in implementing the commitments made at the Washington Summit with all participants reporting specifically on activities they have undertaken and propose to undertake;
  - Second, the Seoul Summit should further advance the Nuclear Security Summit process to the implementation phase by setting out in the ‘Seoul Communiqué’ a practical vision and new concrete measures;
  - Third, each Participating State undertakes to make significant contributions to the objective of strengthening nuclear security regime by announcing voluntary, individual commitments at the Seoul Summit. Furthermore, Participating States need to reaffirm the essential role of the International Atomic Energy Agency (IAEA) in the nuclear security and safety framework.
  - Fourth, the Seoul Summit should take into account the new international security circumstances that have taken shape since the Washington Summit. In particular, in considering the lessons of the Fukushima accident that releases of radioactivity into the environment have grave consequences, the Seoul Summit should

recognize that just as insufficient nuclear safety may put nuclear security at risk, insufficient nuclear security may put nuclear safety at risk. In conjunction, it should develop measures for cooperation to reduce the threat of radiological terrorism. The Seoul Summit should also promote the strengthening of international and regional cooperation mechanisms in nuclear safety and security;

- Fifth, the Seoul Summit should emphasize the importance of preventing the illicit transfer of nuclear materials by, inter alia, strengthening international and regional cooperation through the sharing of information, best practices, and capacity building.
- Sixth, the Seoul Summit should build upon the momentum generated by the Washington Nuclear Security Summit and should make efforts to hold a third Summit to provide political impetus at the highest level for the nuclear security regime strengthening process and assess progress made on the Washington Summit's 4-year lock-down target.

10. We welcome the fact that the Republic of Korea has been steadfast in the peaceful uses of nuclear energy by upholding the principles of nuclear non-proliferation, security and safety. We look forward to the leading role of the Republic of Korea in bridging diverse opinions among Participating States and achieving an effective and successful outcome for the Seoul Nuclear Security Summit. The highly successful peaceful nuclear program of the Republic of Korea, operated with full respect for the requirements of safety, security and safeguards provides a solid basis for this leadership. Their contribution will surely serve to a comprehensive approach to nuclear security worldwide and be seen as the Republic of Korea's unique contribution to a more secure, safe, happy and prosperous world.

## **Busan Partnership for Effective Development Co-operation**

**December 1, 2011**

1. We, Heads of State, Ministers and representatives of developing and developed countries, heads of multilateral and bilateral institutions, representatives of different types of public, civil society, private, parliamentary, local and regional organizations meeting here in Busan, Republic of Korea, recognize that we are united by a new partnership that is broader and more inclusive than ever before, founded on shared principles, common goals and differential commitments for effective international development.
2. The nature, modalities and responsibilities that apply to South-South co-operation differ from those that apply to North-South co-operation. At the same time, we recognize that we are all part of a development agenda in which we participate on the basis of common goals and shared principles. In this context, we encourage increased efforts to support effective co-operation based on our specific country situations. The principles, commitments and actions agreed in the outcome document in Busan shall be the reference for South-South partners on a voluntary basis.
3. The world stands at a critical juncture in global development. Poverty and inequality remain the central challenge. The Millennium Declaration sets out our universal mandate for development and, with the target date for the Millennium Development Goals less than four years away, the urgency of achieving strong, shared and sustainable growth and decent work in developing countries is paramount. Moreover, the Declaration identifies that promoting

human rights, democracy and good governance are an integral part of our development efforts. Nowhere are our development goals more urgent than in fragile and conflict-affected states. Political will is vital if these challenges are to be addressed.

4. As we reaffirm our development commitments, we realize that the world has changed profoundly since development co-operation began over 60 years ago. Economic, political, social and technological developments have revolutionized the world in which we live. Yet poverty, inequality and hunger persist. Eradicating poverty and tackling the global and regional challenges that have adverse effects on the citizens of developing countries are central to ensuring the achievement of the Millennium Development Goals and a more robust and resilient global economy for all. Our success depends on the results and impact of our joint efforts and investments as we address challenges such as health pandemics, climate change, economic downturns, food and fuel price crises, conflict, fragility and vulnerability to shocks and natural disasters.
5. We also have a more complex architecture for development co-operation, characterized by a greater number of state and non-state actors, as well as co-operation among countries at different stages in their development, many of them middle-income countries. South-South and triangular co-operation, new forms of public-private partnership, and other modalities and vehicles for development have become more prominent, complementing North-South forms of co-operation.
6. International development co-operation has achieved many positive results. When we met in Monterrey a decade ago, we recognised that increases in volumes of financing for development must be coupled with more effective action to generate sustainable and transparent

results for all citizens. Our dialogue in Busan builds on the foundations laid by previous High Level Fora, which have been proven to remain relevant, and which have helped to improve the quality of development co-operation. Yet we recognize that progress has been uneven and neither fast nor far-reaching enough. We each reaffirm our respective commitments and will implement in full the actions to which we have already agreed.

7. We can and must improve and accelerate our efforts. We commit to modernize, deepen and broaden our co-operation, involving state and non-state actors that wish to shape an agenda that has until recently been dominated by a narrower group of development actors. In Busan, we forge a new global development partnership that embraces diversity and recognizes the distinct roles that all stakeholders in co-operation can play to support development.
8. Our partnership is founded on a common set of principles that underpin all forms of development co-operation. At the same time, we recognize that the ways in which these principles are applied differ across countries at various stages of development, and among the different types of public and private stakeholders involved. Lessons should be shared by all who participate in development co-operation. We welcome the opportunities presented by diverse approaches to development co-operation, such as South-South co-operation, as well as the contribution of civil society organizations and private actors; we will work together to build on and learn from their achievements and innovations, recognizing their unique characteristics and respective merits.
9. Sustainable development results are the end goal of our commitments to effective co-operation. While development co-operation is only

part of the solution, it plays a catalytic and indispensable role in supporting poverty eradication, social protection, economic growth and sustainable development. We reaffirm our respective commitments to scale up development co-operation. More effective co-operation should not lead to a reduction in resources for development. Over time, we will aim to increase independence from aid, always taking into account the consequences for the poorest people and countries. In this process, it is essential to examine the interdependence and coherence of all public policies — not just development policies — to enable countries to make full use of the opportunities presented by international investment and trade, and to expand their domestic capital markets.

10. As we partner to increase and reinforce development results, we will take action to facilitate, leverage and strengthen the impact of diverse sources of finance to support sustainable and inclusive development, including taxation and domestic resource mobilization, private investment, aid for trade, philanthropy, non-concessional public funding and climate change finance. At the same time, new financial instruments, investment options, technology and knowledge sharing, and public-private partnerships are called for.

### *Shared principles to achieve common goals*

11. As we embrace the diversity that underpins our partnership and the catalytic role of development co-operation, we share common principles which — consistent with our agreed international commitments on human rights, decent work, gender equality, environmental sustainability and disability — form the foundation of our co-operation for effective development:

- a) *Ownership of development priorities by developing countries.* Partnerships for development can only succeed if they are led by developing countries, implementing approaches that are tailored to country-specific situations and needs.
  - b) *Focus on results.* Our investments and efforts must have a lasting impact on eradicating poverty and reducing inequality, on sustainable development, and on enhancing developing countries themselves.
  - c) *Inclusive development partnerships.* Openness, trust, and mutual respect and learning lie at the core of effective partnerships in support of development goals, recognizing the different and complementary roles of all actors.
  - d) *Transparency and accountability to each other.* Mutual accountability and accountability to the intended beneficiaries of our co-operation, as well as to our respective citizens, organizations, constituents and shareholders, is critical to delivering results. Transparent practices form the basis for enhanced accountability.
12. These shared principles will guide our actions to:
- a) Deepen, extend and operationalize the democratic ownership of development policies and processes.
  - b) Strengthen our efforts to achieve concrete and sustainable results. This involves better managing for results, monitoring, evaluating and communicating progress; as well as scaling up our support, strengthening national capacities and leveraging diverse resources and initiatives in support of development results.

- c) Broaden support for South-South and triangular co-operation, helping to tailor these horizontal partnerships to a greater diversity of country contexts and needs.
  - d) Support developing countries in their efforts to facilitate, leverage and strengthen the impact of diverse forms of development finance and activities, ensuring that these diverse forms of co-operation have a catalytic effect on development.
13. We recognize the urgency with which these actions must be implemented. Beginning implementation now — or accelerating efforts where they are ongoing — is essential if our renewed approach to partnership is to have the maximum possible impact on the realization of the Millennium Development Goals by 2015, as well as on development results over the longer term. We will hold each other accountable for implementing our respective actions in developing countries and at the international level. As we focus on implementing our commitments at the country level, we will form a new, inclusive Global Partnership for Effective Development Co-operation to support implementation at the political level.

**Realizing change: Complementary actions to reach common goals**

*Indusion of new actors on the basis of shared principles and differential commitments*

14. Today's complex architecture for development co-operation has evolved from the North-South paradigm. Distinct from the traditional relationship between aid providers and recipients, developing nations and a number of emerging economies have become important providers of South-South development co-operation. They remain

developing countries and still face poverty at home. As such, they remain eligible to benefit from development co-operation provided by others, yet they have increasingly taken upon themselves the responsibility to share experiences and co-operate with other developing countries. The Paris Declaration did not address the complexity of these new actors, while the Accra Agenda for Action recognised their importance and specificities. While North-South co-operation remains the main form of development co-operation, South-South co-operation continues to evolve, providing additional diversity of resources for development. At Busan, we now all form an integral part of a new and more inclusive development agenda, in which these actors participate on the basis of common goals, shared principles and differential commitments. On this same basis, we welcome the inclusion of civil society, the private sector and other actors.

*Improving the quality and effectiveness of development co-operation*

15. Progress has been made in advancing the aid effectiveness agenda, yet major challenges persist. Evidence has shown that — despite the challenges encountered in the implementation of our respective commitments — many of the principles underpinning the Paris Declaration on Aid Effectiveness and Accra Agenda for Action have contributed to higher quality, more transparent and effective development co-operation.
16. We will sustain our high-level political leadership to ensure that the commitments made here in Busan are implemented. Within this context, those of us that endorsed the mutually agreed actions set out in Paris and Accra will intensify our efforts to implement our respective commitments in full. A growing range of actors — including

middle-income countries, partners of South-South and triangular co-operation and civil society organizations — have joined others to forge a broader, more inclusive agenda since Paris and Accra, embracing their respective and different commitments alongside shared principles.

17. Drawing on the evidence generated through periodic monitoring and the independent evaluation of the Paris Declaration, we will be guided by a focus on sustainable results that meet the priority needs of developing countries, and will make the urgently needed changes to improve the effectiveness of our partnerships for development.

*Ownership, results and accountability*

18. Together, we will increase our focus on development results. To this end:
  - a) Developing countries' efforts and plans to strengthen core institutions and policies will be supported through approaches that aim to manage — rather than avoid — risk, including through the development of joint risk management frameworks with providers of development co-operation.
  - b) Where initiated by the developing country, transparent, country-led and country-level results frameworks and platforms will be adopted as a common tool among all concerned actors to assess performance based on a manageable number of output and outcome indicators drawn from the development priorities and goals of the developing country. Providers of development co-operation will minimize their use of additional frameworks, refraining from requesting the introduction of performance indicators that are not consistent with countries' national development strategies.

- c) We will partner to implement a global Action Plan to enhance capacity for statistics to monitor progress, evaluate impact, ensure sound, results-focused public sector management, and highlight strategic issues for policy decisions.
  - d) As we deepen our efforts to ensure that mutual assessment reviews are in place in all developing countries, we encourage the active participation of all development co-operation actors in these processes.
  - e) Pursuant to the Accra Agenda for Action, we will accelerate our efforts to untie aid. We will, in 2012, review our plans to achieve this. In addition to increasing value for money, untying can present opportunities for local procurement, business development, employment and income generation in developing countries. We will improve the quality, consistency and transparency of reporting on the tying status of aid.
19. The use and strengthening of developing countries' systems remains central to our efforts to build effective institutions. We will build on our respective commitments set out in the Paris Declaration and Accra Agenda for Action to:
- a) Use country systems as the default approach for development co-operation in support of activities managed by the public sector, working with and respecting the governance structures of both the provider of development co-operation and the developing country.
  - b) Assess jointly country systems using mutually agreed diagnostic tools. Based on the results of these assessments, providers of development co-operation will decide on the extent to which they

can use country systems. Where the full use of country systems is not possible, the provider of development co-operation will state the reasons for non-use, and will discuss with government what would be required to move towards full use, including any necessary assistance or changes for the strengthening of systems. The use and strengthening of country systems should be placed within the overall context of national capacity development for sustainable outcomes.

20. We must accelerate our efforts to achieve gender equality and the empowerment of women through development programmes grounded in country priorities, recognizing that gender equality is both an end in its own right and a prerequisite for sustainable and inclusive growth. As we redouble our efforts to implement existing commitments we will:
  - a) Accelerate and deepen efforts to collect, disseminate, harmonize and make full use of data disaggregated by sex to inform policy decisions and guide investments, ensuring in turn that public expenditures are targeted appropriately to benefit both women and men.
  - b) Integrate targets for gender equality and women's empowerment in accountability mechanisms, grounded in international and regional commitments.
  - c) Address gender equality and women's empowerment in all aspects of our development efforts, including peacebuilding and statebuilding.
21. Parliaments and local governments play critical roles in linking citizens with government, and in ensuring broad-based and democratic ownership of countries' development agendas. To facilitate their

contribution, we will:

- a) Accelerate and deepen the implementation of existing commitments to strengthen the role of parliaments in the oversight of development processes, including by supporting capacity development — backed by adequate resources and clear action plans.
  - b) Further support local governments to enable them to assume more fully their roles above and beyond service delivery, enhancing participation and accountability at the sub-national levels.
22. Civil society organizations (CSOs) play a vital role in enabling people to claim their rights, in promoting rights-based approaches, in shaping development policies and partnerships, and in overseeing their implementation. They also provide services in areas that are complementary to those provided by states. Recognizing this, we will:
- a) Implement fully our respective commitments to enable CSOs to exercise their roles as independent development actors, with a particular focus on an enabling environment, consistent with agreed international rights, that maximizes the contributions of CSOs to development.
  - b) Encourage CSOs to implement practices that strengthen their accountability and their contribution to development effectiveness, guided by the Istanbul Principles and the International Framework for CSO Development Effectiveness.

*Transparent and responsible co-operation*

23. We will work to improve the availability and public accessibility of

information on development co-operation and other development resources, building on our respective commitments in this area. To this end, we will:

- a) Make the full range of information on publicly funded development activities, their financing, terms and conditions, and contribution to development results, publicly available subject to legitimate concerns about commercially sensitive information.
  - b) Focus, at the country level, on establishing transparent public financial management and aid information management systems, and strengthen the capacities of all relevant stakeholders to make better use of this information in decision-making and to promote accountability.
  - c) Implement a common, open standard for electronic publication of timely, comprehensive and forward-looking information on resources provided through development co-operation, taking into account the statistical reporting of the OECD-DAC and the complementary efforts of the International Aid Transparency Initiative and others. This standard must meet the information needs of developing countries and non-state actors, consistent with national requirements. We will agree on this standard and publish our respective schedules to implement it by December 2012, with the aim of implementing it fully by December 2015.
24. We will also work to make development co-operation more predictable in its nature. To this end:
- a) Those of us who committed, through the Accra Agenda for Action, to improve medium-term predictability will implement fully our

commitments in this area, introducing reforms where needed. By 2013, they will provide available, regular, timely rolling three- to five-year indicative forward expenditure and/or implementation plans as agreed in Accra to all developing countries with which they co-operate. Other actors will aim to provide developing countries with timely and relevant information on their intentions with regard to future co-operation over the medium term.

25. We welcome the diversity of development co-operation actors. Developing countries will lead consultation and co-ordination efforts to manage this diversity at the country level, while providers of development assistance have a responsibility to reduce fragmentation and curb the proliferation of aid channels. We will ensure that our efforts to reduce fragmentation do not lead to a reduction in the volume and quality of resources available to support development. To this end:
- a) We will, by 2013, make greater use of country-led co-ordination arrangements, including division of labour, as well as programme-based approaches, joint programming and delegated co-operation.
  - b) We will improve the coherence of our policies on multilateral institutions, global funds and programmes. We will make effective use of existing multilateral channels, focusing on those that are performing well. We will work to reduce the proliferation of these channels and will, by the end of 2012, agree on principles and guidelines to guide our joint efforts. As they continue to implement their respective commitments on aid effectiveness, multilateral organizations, global funds and programmes will strengthen their participation in co-ordination and mutual accountability mechanisms at the country, regional and global levels.

- c) We will accelerate efforts to address the issue of countries that receive insufficient assistance, agreeing — by the end of 2012 — on principles that will guide our actions to address this challenge. These efforts will encompass all development co-operation flows.
- d) Providers of development co-operation will deepen and accelerate efforts to address the problem of insufficient delegation of authority to their field staff. They will review all aspects of their operations, including delegation of financial authority, staffing, and roles and responsibilities in the design and implementation of development programmes; and they will implement measures that address the remaining bottlenecks.

*Promoting sustainable development in situations of conflict and fragility*

26. Fragile states are for the large part off-track to meet the Millennium Development Goals (MDGs). Achieving these goals will depend on our collective ability to understand the unique challenges facing fragile states, overcome these challenges, and promote foundations for lasting development. We welcome the New Deal developed by the International Dialogue on Peacebuilding and Statebuilding, including the g7+ group of fragile and conflict-affected states. Those of us who have endorsed the New Deal will pursue actions to implement it and, in doing so, will use:

- a) The Peacebuilding and Statebuilding Goals (PSGs) — which prioritize legitimate politics, people's security, justice, economic foundations and revenues and fair services — as an important foundation to enable progress towards the MDGs to guide our work in fragile and conflict-affected states.

- b) FOCUS — a new country-led and country-owned way of engaging in fragile states.
- c) TRUST — a set of commitments to enhance transparency; manage risk to use country systems; strengthen national capacities; and improve the timeliness and predictability of aid — to achieve better results.

*Partnering to strengthen resilience and reduce vulnerability in the face of adversity*

27. We must ensure that development strategies and programmes prioritize the building of resilience among people and societies at risk from shocks, especially in highly vulnerable settings such as small island developing states. Investing in resilience and risk reduction increases the value and sustainability of our development efforts. To this end:
- a) Developing countries will lead in integrating resilience to shocks and measures for disaster management within their own policies and strategies.
  - b) Responding to the needs articulated by developing countries, we will work together to invest in shock resistant infrastructure and social protection systems for at-risk communities. In addition, we will increase the resources, planning and skills for disaster management at the national and regional levels.

**From effective aid to co-operation for effective development**

28. Aid is only part of the solution to development. It is now time to broaden our focus and attention from aid effectiveness to the challenges of effective development. This calls for framework within which:

- a) Development is driven by strong, sustainable and inclusive growth.
  - b) Governments' own revenues play a greater role in financing their development needs. In turn, governments are more accountable to their citizens for the development results they achieve.
  - c) Effective state and non-state institutions design and implement their own reforms and hold each other to account.
  - d) Developing countries increasingly integrate, both regionally and globally, creating economies of scale that will help them better compete in the global economy. To this effect, we will rethink what aid should be spent on and how, in ways that are consistent with agreed international rights, norms and standards, so that aid catalyses development.
29. Effective institutions and policies are essential for sustainable development. Institutions fulfilling core state functions should, where necessary, be further strengthened, alongside the policies and practices of providers of development co-operation, to facilitate the leveraging of resources by developing countries. Developing countries will lead in efforts to strengthen these institutions, adapting to local context and differing stages of development. To this end, we will:
- a) Support the implementation of institutional and policy changes led by developing countries, resulting in effective resource mobilization and service delivery, including national and sub-national institutions, regional organizations, parliaments and civil society.
  - b) Assess country institutions, systems and capacity development

needs, led by developing countries.

- c) Support the development of improved evidence on institutional performance to inform policy formulation, implementation and accountability, led by developing countries.
- d) Deepen our learning on the determinants of success for institutional reform, exchanging knowledge and experience at the regional and global levels.

*South-South and triangular co-operation for sustainable development*

- 30. The inputs to sustainable development extend well beyond financial co-operation to the knowledge and development experience of all actors and countries. South-South and triangular co-operation have the potential to transform developing countries' policies and approaches to service delivery by bringing effective, locally owned solutions that are appropriate to country contexts.
- 31. We recognize that many countries engaged in South-South co-operation both provide and receive diverse resources and expertise at the same time, and that this should enrich co-operation sharing of knowledge and mutual learning by:
  - a) Scaling up — where appropriate — the use of triangular approaches to development co-operation.
  - b) Making fuller use of South-South and triangular co-operation, recognizing the success of these approaches to date and the synergies they offer.

- c) Encouraging the development of networks for knowledge exchange, peer learning and co-ordination among South-South co-operation actors as a means of facilitating access to important knowledge pools by developing countries.
- d) Supporting efforts to strengthen local and national capacities to engage effectively in South-South and triangular co-operation.

*Private sector and development*

32. We recognize the central role of the private sector in advancing innovation, creating wealth, income and jobs, mobilizing domestic resources and in turn contributing to poverty reduction. To this end, we will:
- a) Engage with representative business associations, trade unions and others to improve the legal, regulatory and administrative environment for the development of private investment; and also to ensure a sound policy and regulatory environment for private sector development, increased foreign direct investment, public-private partnerships, the strengthening of value chains in an equitable manner and giving particular consideration to national and regional dimensions, and the scaling up of efforts in support of development goals.
  - b) Enable the participation of the private sector in the design and implementation of development policies and strategies to foster sustainable growth and poverty reduction.
  - c) Further develop innovative financial mechanisms to mobilise private finance for shared development goals.

- d) Promote “aid for trade” as an engine of sustainable development, focusing on outcomes and impact, to build productive capacities, help address market failures, strengthen access to capital markets and to promote approaches that mitigate risk faced by private sector actors.
  
- e) Invite representatives of the public and private sectors and related organizations to play an active role in exploring how to advance both development and business outcomes so that they are mutually reinforcing.

*Combating corruption and illicit flows*

33. Corruption is a plague that seriously undermines development globally, diverting resources that could be harnessed to finance development, damaging the quality of governance institutions, and threatening human security. It often fuels crime and contributes to conflict and fragility. We will intensify our joint efforts to fight corruption and illicit flows, consistent with the UN Convention Against Corruption and other agreements to which we are party, such as the OECD Anti-Bribery Convention. To this end, we will:
- a) Implement fully our respective commitments to eradicate corruption, enforcing our laws and promoting a culture of zero tolerance for all corrupt practices. This includes efforts to improve fiscal transparency, strengthen independent enforcement mechanisms, and extend protection for whistleblowers.
  
  - b) Accelerate our individual efforts to combat illicit financial flows by strengthening anti money laundering measures, addressing tax evasion, and strengthening national and international policies, legal

frameworks and institutional arrangements for the tracing, freezing and recovery of illegal assets. This includes ensuring enactment and implementation of laws and practices that facilitate effective international co-operation.

### *Climate change finance*

34. Global climate change finance is expected to increase substantially in the medium term. Recognizing that this resource flow brings with it new opportunities and challenges, we will endeavor to promote coherence, transparency and predictability across our approaches for effective climate finance and broader development co-operation, including to:

- a) Continue to support national climate change policy and planning as an integral part of developing countries' overall national development plans, and ensure that where appropriate — these measures are financed, delivered and monitored through developing countries' systems in a transparent manner.
- b) Continue to share lessons learned in development effectiveness with those entities engaged in climate activities and ensure that broader development co-operation is also informed by innovations in climate finance.

### **The road ahead: Partnering for progress towards and beyond the MDGs**

35. We will hold each other accountable for making progress against the commitments and actions agreed in Busan, alongside those set out in the Paris Declaration on Aid Effectiveness and Accra Agenda for Action. To this end, we will:

- a) At the level of individual developing countries, agree on frameworks based on national needs and priorities for monitoring progress and promoting mutual accountability in our efforts to improve the effectiveness of our co-operation and, in turn, development results. Developing countries will lead in the elaboration of such frameworks which, together with any indicators and targets agreed, will respond to their specific needs and will be grounded in their aid and development policies. The results of these exercises will be made public.
  - b) Agree, by June 2012, on a selective and relevant set of indicators and targets through which we will monitor progress on a rolling basis, supporting international and regional accountability for the implementation of our commitments. We will build on the initiatives led by developing countries and learn from existing international efforts to monitor aid effectiveness. We will review these arrangements in the context of the post-MDG framework. We will periodically publish the results of these exercises.
  - c) Support initiatives at the national and regional levels led by developing countries that strengthen capacities to monitor progress and evaluate the impact of efforts to improve development effectiveness.
36. We accept that the strengthening of our co-operation and the adherence to both common goals and differential commitments calls for continued high-level political support, as well as an inclusive space for dialogue, mutual learning and accountability at the global level. Regional organizations can and should play an important role in supporting implementation at the country level, and in linking country priorities with global efforts. The UN Development Cooperation

Forum is also invited to play a role in consulting on the implementation of agreements reached in Busan. To this end, we will:

- a) Establish a new, inclusive and representative Global Partnership for Effective Development Co-operation to support and ensure accountability for the implementation of commitments at the political level. This Partnership will offer an open platform that embraces diversity, providing a forum for the exchange of knowledge and the regular review of progress.
- b) Agree, by June 2012, on light working arrangements for this Global Partnership, including its membership and opportunities for regular ministerial-level engagement that complements, and is undertaken in conjunction with, other fora.
- c) Call on the Working Party on Aid Effectiveness (WP-EFF) to convene representatives of all countries and stakeholders endorsing this document with a view to reaching agreement on the working arrangements for the Global Partnership — and the indicators and channels through which global monitoring and accountability will be supported — in preparation for the phasing out of the WP-EFF and its associated structures in June 2012.
- d) Invite the organization for Economic Co-operation and Development and the United Nations Development Programme to support the effective functioning of the Global Partnership, building on their collaboration to date and their respective mandates and areas of comparative advantage.

# The Institute of Foreign Affairs and National Security The Provision of Research Ethics for the *IFANS Review*

[Enacted on June 26<sup>th</sup>, 2009]

## I. General

**Article 1** (Purpose) The '*IFANS Review*' published by the Institute of Foreign Affairs and National Security (IFANS), under the Ministry of Foreign Affairs and Trade is an academic journal that devotes to presenting professional research articles on Korea's diplomacy · national security · unification · trade policies and international political issues. The *IFANS Review* has both academic and practical characteristics and its purpose is to provide qualified knowledge and information to those who are interested in the political situation in the Korean Peninsula and the neighboring countries, such as scholars both domestic and abroad, experts in the field, and embassies in Seoul. The Provision of Research Ethics of the Institute of Foreign Affairs and National Security ("the Provision of Ethics" in short) defines the principles and the standards of research ethics in publishing the *IFANS Review*.

**Article 2** (Application) This Provision is applied to the editorial board members, the panel members, and the authors of articles.

## II. The Provision of Ethics for the Editorial Board Members

**Article 3** (Responsibilities) The editorial board members are responsible for the selection of the articles to publish and should respect the personality and independence of the authors.

**Article 4** (Fairness) The editorial board members shall not discriminate the articles for the authors' gender, age, or the institutions they are from. The editorial board members must treat the articles with fairness, apart from personal opinions and based on their academic quality and the standards for submission.

**Article 5** (Objectivity in the Appointment of the Panel Members) The editorial board members should appoint the panel members from those who are experts in the related field and are objective and fair, to evaluate the submitted articles.

**Article 6** (Closed Evaluation of the Articles) The editorial board members shall not disclose the information about the authors and the contents of the articles until their publication is determined.

### III. The Provision of Ethics for the Panel Members

**Article 7** (Adaptability) The panel members are responsible for the evaluation of the articles requested by the editorial board members and should inform of the result to the editorial board, within fixed time period. In case where a panel member deems oneself unqualified, one should notify the editorial board within two days.

**Article 8** (Objectivity) The panel members shall evaluate the articles with fairness, based both on academic principles and objective standards. The panel members shall not disqualify the articles based on the disagreement in one's personal view or interpretation.

**Article 9** (Responsibilities) The panel members must respect the personality and independence of the authors as the experts in the field. In the written evaluation, the panel members should state one's opinion and clarify the reason when there is a part in the article where one decides that the supplement is necessary.

**Article 10** (Confidentiality of Evaluation & Prohibition of Pre-Citation) The panel members shall keep the confidentiality of evaluation and shall not cite the contents of the article without the consent of the author, before it is published in the journal.

### IV. The Provision of Ethics for the Article Authors

**Article 11** (Fabrication and Falsification) 'Fabrication' and 'falsification' are misconducts that are never allowed under any circumstances. 'Fabrication' states to the act of making up the nonexisting research materials or results. 'Falsification' states to optional alteration or omission of research materials, process, or results and distortion of the contents or the result of the research.

**Article 12** (Plagiarism and Self-Plagiarism) 'Plagiarism' including both 'plagiarism' and 'self-plagiarism' is misconduct that is never allowed under any circumstances. 'Plagiarism' states to the act of using the original language and thoughts of the other authors, which are not general knowledge, as one's own work, without authorization from the original author or acknowledgement of the source. 'Self-plagiarism' states to the act of re-using portions of one's own publication without citing the original work. The case where the quotation is indicated but not in accordance with the fair practice and the extent exceeds that of justified by purpose, is also considered plagiarism.

**Article 13** (Duplicate Publication or Secondary Publication of the Research Articles) The authors should not submit or publish one's research article which was published before domestic or abroad, or that is scheduled to be published or in evaluation

process. In case where one is using the published article, one should provide the chief editor the information concerning the previous publication, and should clarify whether it is a duplicate publication or a secondary publication. In the above case, the language of publication should be different from that of the former publication.

**Article 14** (Indication of the Author) The author is responsible for what one writes and contributes oneself, and is recognized for the achievement in the research. The name of the authors must be listed in accordance with one's contribution. It is not allowed to omit one's name as a co-author despite the contribution in research or in writing.

#### **V. The Restrictions against the Misconducts**

**Article 15** (Restriction) In case where the editorial board members, the panel members, or the authors violated the Provision of Ethics, the restrictions below can be imposed under the name of the IFANS Chancellor.

1. The Editorial Board Members: Dismissed from the post.
2. The Panel Members: The appointment is withdrawn and prohibited for the next three years.
3. The Article Authors: The submission of article to the *IFANS Review* is prohibited for the next three years and the one's violation is posted on the IFANS homepage.

#### **Supplementary Provision**

**Article 1.** This Provision takes effect from June 26<sup>th</sup>, 2009.