



Material für die Presse

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Communiqué issued by Federal Chancellor Angela Merkel

**on the occasion of her talks with the heads
of international organizations on**

**"Fair ground rules for a socially equitable and open global
economy"**

in the Federal Chancellery on 19 December 2007

For many people the expansion of international trade and cross-border investment opens up new prospects of a lasting increase in their standard of living. That is the case not only for the major emerging economies but also for countries whose development is not yet so far advanced. On balance Germany, too, benefits from globalization; in recent years many new jobs have been created particularly in export-oriented sectors.

At the same time, however, it is clear that, with the ongoing international integration of the goods and capital markets, the consequences of economic and political action increasingly have global implications. Given the manifold interdependences that now exist, risks and problems also spread at great speed, as we were again forcefully reminded by the latest crisis in the financial markets. By the same token, the current intensive debate about sovereign funds underlines what a sensitive stage we have now reached in the whole globalization process. Of one thing there can be no doubt: without fair political ground rules the stability and sustainability of globalization cannot be assured over the long term.

The leading industrialized countries especially, but increasingly also the emerging economies must assume responsibility for and take the initiative in creating appropriate ground rules for a dynamic, socially equitable and ecologically sustainable global economy. Assuming such political responsibility for shaping globalization requires not only that governments consult more closely but also that key international organizations such as the World Trade Organization (WTO), the International Labour Organization (ILO), the Organization for Economic Cooperation and Development (OECD), the International Monetary Fund (IMF) and the World Bank



act with greater coherence to uphold fundamental values of a socially responsible market economy, free competition and trade as well as environmental, consumer and employee protection.

The Federal Chancellor accordingly invited the heads of these five international organizations for talks at the Federal Chancellery, in which Federal Minister Scholz also participated. The Federal Chancellor and Federal Minister Scholz agreed with the heads of these organizations that still greater efforts are needed to steer globalization, in keeping with democratic rules, in a politically fair and socially equitable direction so that it generates lasting benefits both for the industrialized countries as well as for the emerging economy and developing countries. The Federal Chancellor called on the international organizations to develop a shared understanding of the manifold and equally important interconnections between economic prosperity, environmental protection and social justice and to cooperate with one another on this basis.

Federal Chancellor Merkel emphasized that "we need a coherent overall concept for everything we do to promote open markets, fair competition, sustainable development and socially equitable growth and employment. That is the only way to ensure fair and balanced globalization from which everyone benefits."

Accordingly, the Federal Government has taken a number of important political initiatives on globalization during Germany's EU and G8 presidencies:

- The focus on Africa's development at the G8 Summit in Heiligendamm served to raise awareness of these issues both in the business community and in society at large. The Summit's commitments in this connection will boost sustainable development across the continent. As Africa's institutions and the rule of law and security situation there continue to improve with support from the Federal Government and the international organizations, the continent will also become increasingly attractive to investors. This will open up new opportunities also for German companies and their employees.
- At the Heiligendamm Summit we also agreed to further develop and promote the worldwide adoption of social standards and support the ILO's Decent Work Agenda. In this context also bilateral free trade agreements and multilateral bodies have a useful role to play. The Federal Government is keen, too, for multinational companies as well to increasingly demonstrate their responsibility towards society by ensuring that social standards become an important and integral part of a global economic and social



order and consequently gearing their operations to the OECD Guidelines for Multinational Enterprises as well as the ILO's Tripartite Declaration of Principles in this connection.

- With the Heiligendamm Process, the Federal Government as G8 Presidency has paved the way for structured cooperation between the G8 and the five major emerging economies with a view to increasing investment, promoting and further developing social standards, effectively protecting intellectual property and enhancing energy efficiency as well as development cooperation especially with Africa. This new Process is very systematically aimed at creating a sound market economy environment in the world's most dynamic regions and thereby giving people greater confidence in fair competition and a socially equitable future.
- The latest crisis in the financial markets dramatically highlighted how globally contagious such crises can be and what a variety of channels aid in their transmission. In the international economic and financial policy debate the Federal Government had already raised the issue of transparency in the international financial markets early in the year. At the joint initiative of Federal Chancellor Merkel, Prime Minister Brown of the United Kingdom and President Sarkozy of France, EU finance ministers will shortly be presenting a report in this connection, on whose basis the European Council in March 2008 will adopt a series of measures aimed at enhancing transparency in the financial markets and improving risk management.
- The Federal Government is actively working for the liberalization of international trade and the success of the current Doha Development Round. The Doha Round will open up new markets notably for products of the developing countries and at the same time allow Europe to participate in the international division of labour even more fully. As far as the reform of trade protection instruments is concerned, the Federal Government will consistently press at European level for effective protection for German companies and employees against unfair trade practices.