

CHAIR'S SUMMARY

Heiligendamm, 8 June 2007

I.

Growth and Responsibility in the World Economy

We met at Heiligendamm to address key challenges of the world economy, climate change and Africa. Under the core theme of the German G8 Presidency “Growth and Responsibility” we addressed economic, social and environmental aspects of the political shaping of globalization. In particular, we addressed the role of major emerging economies in the world today. We agreed on the benefits of a closer cooperation.

Heiligendamm Process: We discussed global challenges with the Leaders of Brazil, China, India, Mexico, and South Africa. We acknowledged our respective responsibilities and the need to develop common solutions. We therefore agreed to launch a new topic-driven dialogue on key world economic issues with the aim of reaching concrete results until the G8 Summit in Italy 2009. The topics of this dialogue include issues relating to the freedom of investment and investment conditions, including corporate social responsibility; the promotion and protection of innovation; energy efficiency and technology cooperation; and development policy. The road map of this process is described by a joint declaration of the G8 Presidency and Brazil, China, India, Mexico and South Africa.

G8 Agenda for Global Growth and Stability: We noted that the world economy is in good condition and growth is more evenly distributed across regions. In this context, we committed ourselves to a G8 Agenda for Global Growth and Stability with the aim of pursuing our strategies to promote a smooth adjustment of global imbalances which should take place in the context of sustained and robust global economic growth. These strategies include sound macroeconomic policies in our countries and structural reforms. They also include a clear signal to emerging economies concerning their necessary contribution.

Systemic Stability and Transparency of Financial Markets/Hedge Funds: We also discussed the situation on financial markets and, in particular, issues related to hedge funds. While noting the positive contribution of hedge funds to financial-market stability we also want to minimize systemic risks by increasing transparency and market discipline on the part of all parties involved. We welcomed the Financial Stability Forum's (FSF) work, support its recommendations and look forward to its report to finance ministers as from October this year.

Freedom of Investment, Investment Environment, and Social Responsibility: We concluded our discussion on investment with a strong commitment to the freedom of open and transparent investment. The G8 benefit considerably from cross-border investment, as do emerging economies. We agreed to work together in the Heiligendamm Process to foster open and more favorable investment conditions in our respective countries. We will increase our efforts toward helping investment be more

beneficial and sustainable. In the context of investment we also discussed social responsibility issues. Open markets need social inclusion. We therefore agreed on the active promotion of social standards, of corporate social responsibility, and on the need to strengthen social security systems in emerging economies and developing countries.

Promoting Innovation – Protecting Innovation: Innovation is one of the crucial drivers of economic growth in our countries. We therefore agreed to take action to promote innovation as well as research and development. At the same time, innovation needs to be protected worldwide. Intellectual Property Rights (IPRs) are a critical precondition for innovation. The protection of IPRs is of core interest for consumers in all countries, particularly in developing countries. We therefore agreed, together with the leaders from emerging economies, to address these issues as a part of the Heiligendamm Process. As G8, we decided to increase our cooperation in the field of intellectual property protection especially regarding our customs and law enforcement administrations. We will further engage our respective private sectors on effective solutions with regard to both the supply and the demand side of piracy and counterfeiting.

Climate Change, Energy Efficiency and Energy Security: Combating climate change is one of the major challenges for mankind and it has the potential to seriously damage our natural environment and the global economy. We noted with concern the recent IPCC report and its findings. We are convinced that urgent and concerted action is needed and accept our responsibility to show leadership in tackling climate change. In setting a global goal for emissions reductions in the process we have agreed in Heiligendamm involving all major emitters, we will consider seriously the decisions made by the European Union, Canada and Japan which include at least a halving of global emissions by 2050.

We have agreed that the UN climate process is the appropriate forum for negotiating future global action on climate change. We are committed to moving forward in that forum and call on all parties to actively and constructively participate in the UN Climate Change Conference in Indonesia in December 2007 with a view to achieving a comprehensive post 2012-agreement (post Kyoto-agreement) that should include all major emitters. To address the urgent challenge of climate change, it is vital that the major emitting countries agree on a detailed contribution for a new global framework by the end of 2008 which would contribute to a global agreement under the UNFCCC by 2009. We reiterate the need to engage major emitting economies on how best to address the challenge of climate change. We stress that further action should be based on the UNFCCC principle of common but differentiated responsibilities and capabilities.

Technology, energy efficiency and market mechanisms, including emission trading systems or tax incentives, are key to mastering climate change as well as enhancing energy security. We reaffirmed the energy security principles we agreed at St. Petersburg. In our discussion with the emerging economies we agreed that energy efficiency and technology cooperation will be crucial elements of our follow-up dialogue.

Responsibility for Raw Materials - Transparency and Sustainable Growth: We discussed the situation on world commodity markets and recent price increases and reaffirmed our commitment to free, transparent and open markets. We will support increased transparency and build good governance in developing countries with social and environmental standards. We therefore express our continuous support for EITI and we will launch a certification pilot project. We acknowledge that promoting a consolidated set of principles and guidelines that apply to the international mining

sectors in the developing countries would help ensure that the sector contributes to development.

Fight against Corruption: We are committed to full implementation of our obligations under existing international agreements created to combat corruption, particularly those of the United Nations and the Organisation for Economic Cooperation and Development (OECD) and will intensify our common efforts to effectively combat corruption worldwide.

Trade: We stressed the need for achieving an ambitious, balanced and comprehensive agreement on the Doha Development Agenda (DDA), which will enhance worldwide trade among and between developed and developing countries and reinforce multilateral trade rules. We took note of the Ministerial Communiqué of the G-6 Trade Ministers of 12 April 2007 underlining their belief that by intensifying their work convergence can be reached and thus contribute to concluding the Round by the end of 2007. In this spirit, we pledged to work with a high level of ambition in all areas of the DDA and call on all WTO members to demonstrate constructive flexibility to bring these negotiations to a prompt successful conclusion. The time has come to translate the continued commitment on political level into tangible results. Therefore we urge Ministers in charge of trade, in particular from leading developed countries and major emerging economies, to provide in the coming weeks a solid platform for a multilateral negotiation leading to an agreement on modalities.

II.

Growth and Responsibility in Africa

On 8 June 2007, we met with the Leaders of Algeria, Nigeria, Senegal, and South Africa as well as with the Chairs of the African Union (the President of Ghana), the President of the AU Commission, the Chair of the NEPAD Executive Committee, the Prime Minister of Ethiopia, and the Secretary General of the United Nations to discuss key elements of “Growth and Responsibility in Africa”. Together with our African partners, we agreed on the aims and core principles of our partnership to achieve our common goal of promoting African development.

Our discussions focused how the G8 could effectively contribute toward the achievement of the Millennium Development Goals in Africa. In the context of the G8 Partnership with Africa we dealt in greater detail with the issues of “Peace and Security”, “Sustainable Investment”, “Good Governance”, and “Improving Health Systems and Fighting HIV/Aids, TB, and Malaria”. We confirmed together with the African Leaders that we can only meet these challenges in a spirit of partnership, mutual accountability and trust, and through enhanced international dialogue and cooperation, including with emerging economies. We agreed to a core set of development principles. We stressed the importance of private sector growth, including deepening financial markets, improving governance, and enabling trade. We jointly confirmed the commitments made in Gleneagles, in particular with regard to development financing. Debt relief, innovative finance initiatives as well as private sector engagements will contribute to fulfill these commitments.

Peace and Security: We discussed with our African partners questions relating to long-term peace-building and the prevention of violent conflicts. We commended the progress achieved so far and the efforts of the African Union and African sub-regional organizations to develop an African Peace and Security Architecture and to establish the African Standby Force to settle violent intra-African conflicts and secure stability. We

concurred that strengthening the civilian component of the African Standby Force, including police capabilities, would be an important step in this regard. We agreed that continued G8 support of these efforts will be required. We affirmed that military solutions alone can not secure peace in the long term. Instead, the political, economic and social conditions needed for promoting human security and stability would have to be aimed for. We also agreed to assist the AU and sub-regional organizations to combat the unauthorized proliferation and the misuse of illicit small arms and light weapons, and to halt the illegal exploitation of natural resources. We will continue and intensify our ongoing dialogue with the African Union and, together with other development partners, will foster the coordination and coherence of our endeavors.

Economic growth and investment: We welcomed significant and stable economic growth rates for the past years in many African countries as the outcome of courageous reforms and improved governance. The G8 want to enhance these positive developments and contribute to sustainable growth by encouraging and mobilizing domestic and international entrepreneurship and investment. In order to reach the MDGs, we need ODA as an important catalyst for reaching the MDGs and also more and more sustainable private investment. To support African partners in facilitating investment, the G8 welcomed on a variety of measures, including establishing a partnership for making finance work for Africa. We also decided to further promote market integration and cross-border infrastructure, inter alia through more coherent and coordinated support for capacity building for regional economic communities. We reiterated our commitment to accelerate the delivery of universal primary education as key instrument for sustainable development in Africa.

Good Governance and the Reform-Partnership with Africa: We paid tribute to the Regional and Pan-African institutions, especially the African Union (AU), and underlined our strong intention to further support African institutions at the pan-African and regional level. The G8 welcomed progress in the African Peer Review Mechanism (APRM) which aims at fostering governance reforms in Africa on a voluntary basis. The G8 have given assistance to NEPAD and the APRM process from its beginning while recognizing and supporting complete ownership by participating countries. The G8 agreed to provide additional support to countries during their peer reviews and for implementing reforms emerging from the APRM recommendations. The G8, together with their African partners, also welcomed the Extractive Industries Transparency Initiative (EITI) and agreed to implement an Action Plan for Good Financial Governance.

Improving health systems, fighting HIV/AIDS, TB, and Malaria: We recognized that the access to quality health services remains a critical challenge in many African countries. We therefore agreed to assist our partner countries in developing and strengthening health systems to help them work toward the availability of appropriate health services for all, including poor and vulnerable groups such as women and children. Enhancing this process, the G8 will elaborate on sustainable and equitable financing of health systems through linking national financing strategies with coordinated international support. The G8 and their African partners also agreed to address the different causes of the lack of human resource capacity within the health sector.

The G8 reaffirmed their commitment to continue to scale up their efforts towards the goal of universal access, the Millennium Development Goals for fighting HIV/AIDS, malaria and tuberculosis as well as strengthening of health systems by providing at least a projected US\$ 60 billion over the coming years. We noted the substantially increasing demand projected by the board of the Global Fund to Fight AIDS, TB and Malaria and we agreed that the Global Fund continues to enjoy our full support. We will

provide predictable, long-term additional funding in the ongoing replenishment round. The G8 acknowledged the increasing feminization of the HIV/AIDS pandemic and agreed to specifically focus activities on the needs of women and girls. We will concretely work with all the relevant stakeholders including UNAIDS, WHO, the World Bank and the GFATM, the African Union and African States, innovative and generic pharmaceutical industry, private donors and civil society in order to deliver practical steps towards “universal access”.

In St. Petersburg we agreed to regularly review our work on tackling the three pandemics HIV/AIDS, TB and malaria. We undertake this monitoring exercise for the first time and will publish a report to provide information on our activities in September at the GFATM replenishment conference.

Our Joint Progress Report on Africa is a sign of the mutual accountability of our relations with Africa and showed where we had already made progress, but also outlined areas where we still need to make immediate progress.

III.

Foreign Policy and Security Issues

Counter Terrorism: We adopted a Statement on Counter-Terrorism. We condemned all acts of terrorism, whatever their alleged motivation, in the strongest terms and reaffirmed that there could be no justification for such acts. We pledged to work closely together to react efficiently to new and continuing threats stemming from terrorist activities. We defined specific areas of further joint work to counter terrorism including, among others, responding to the terrorist and criminal abuse of modern communication and information technology, protecting critical energy infrastructures, improving transportation security, countering terrorist recruitment and preventing nuclear terrorism. We reaffirmed our support for the central role of the United Nations in the international fight against terrorism; in this context, we are providing a Report on G8 Support to the United Nations’ Counter-Terrorism Efforts.

Non-Proliferation: We adopted a statement on this issue. Preventing the proliferation of weapons of mass destruction and their means of delivery are critical to international peace and security. We remain resolute in our shared commitment to counter the global proliferation challenge. In this regard, we reaffirm our commitment to the multilateral treaty system which provides the normative basis for all non-proliferation efforts. To be successful, we need to work jointly with other partners and through relevant international institutions, in particular those of the United Nations system, and reiterate the key role of the United Nations Security Council in addressing the challenge of proliferation. We also stress the importance of developing and implementing mechanisms of multilateral approaches to the nuclear fuel cycle. In this regard, we appreciate suggested initiatives listed in the statement. We remain committed to resolving regional proliferation challenges by diplomatic means.

Global Partnership: At the midpoint of its lifespan we have reviewed the progress made so far in the Global Partnership against the Proliferation of Weapons and Materials of Mass Destruction and assessed the state of the cooperative projects undertaken. We consider the Global Partnership, launched five years ago at Kananaskis as a unique and successful joint effort. We acknowledge the progress made since the launch of the Partnership in 2002. We will do more to increase the effectiveness of our cooperation. On the occasion of the midterm-review we reaffirm our commitments made in Kananaskis and will discuss in the years to come the

geographical scope of the Global Partnership and whether it should be extended beyond 2012.

Nuclear Safety and Security: The Nuclear Safety and Security Group (NSSG) provided technically informed, strategic policy advice on selected nuclear safety and radiation protection issues, discussed nuclear safety improvement programs for operating Nuclear Power Plants (e.g. in Armenia, Ukraine), and furthered international activities on the safety and security of radioactive sources. The G8 commitments with regard to Chernobyl were reaffirmed.

Kosovo: We addressed the issue of the future status of Kosovo and UN Special Envoy Martti Ahtisaari's comprehensive proposal submitted to the UN Security Council by the UN Secretary General on 26 March 2007. While there continue to be different views on substance and on the way forward, we will remain engaged on the issue.

Sudan/Darfur: We adopted a statement on the situation in Sudan/Darfur which reflects our deep concern that the situation in Sudan continues to be marked by conflict and strife. We are particularly concerned over the tragic security and humanitarian situation in Darfur. We urge all sides to abide by the ceasefire agreements and by their obligations under UN Security Council Resolution (UNSCR) 1591 as well as international humanitarian law. We also appeal to the Government of Sudan and the rebel movements to ensure safe and unhindered humanitarian access. We underline that there is no military solution to the conflict in Darfur and fully support the efforts of the Special Envoys of the UN and the AU to restart negotiations with a view to reaching a political agreement. We call on the Government of Sudan and rebel movements to engage fully in this process. In order to create an enabling environment for negotiations and humanitarian access, the security situation must improve. Therefore, while we welcome the acceptance by the Government of Sudan of the UN heavy support package for AMIS, we urge Khartoum to also express its full acceptance of the AU/UN Hybrid force. Finally, we agreed that, if the Government of Sudan and the rebel movements continue to fail to meet their obligations, we will support appropriate action in the Security Council.

Iran: We reiterate our profound concerns over the proliferation implications of the Iranian nuclear program. We urge Iran to comply with its international obligations and UNSCR 1696, 1737 and 1747, in particular its obligation to suspend all enrichment related activities. We deeply deplore the fact that, as evidenced by the IAEA Director General's latest report to the Security Council, Iran has expanded its enrichment programme. We urge Iran to engage on the proposals put forward in June 2006 on behalf of China, France, Germany, Russia, the United Kingdom and the United States of America and reiterate that we remain committed to a negotiated solution. We call on Iran to meet the requirements for the resumption of negotiations. Should Iran continue not to heed the call of the Security Council, we shall support further appropriate measures as agreed in UNSCR 1747. We also call on Iran to play a more responsible and constructive role in the Middle East region and condemn the threats towards Israel by the Iranian government and the repeated denial of the Holocaust by representatives of the Iranian government.

Middle East Peace Process: We reiterate our firm commitment to a comprehensive just and lasting peace solution in the Middle East. The Middle East Quartet which plays a central role in this respect enjoys our full support. We hope that the continued talks

between Prime Minister Olmert and President Abbas will lay the foundation for negotiations on the establishment of a Palestinian state, consistent with the Roadmap and based on the UNSCR 242, 338, 1397, and 1515. In this context, we welcome the re-affirmation of the Arab Peace Initiative and the intention of the Arab League to engage with Israel on this initiative. We call for an immediate end to violence against Israel, especially the continued firing of Qassam rockets into Southern Israel, and for the immediate release of the abducted Israeli soldier and urge all Palestinian factions to end internal violence and to respect the ceasefire. We call on Israel to show restraint in responding to these attacks and to refrain from all activities which are not in accordance with international law. We reiterate our concern over the severe economic and humanitarian situation in the Palestinian Territories and call on Israel to resume the transfer of the withheld Palestinian tax and customs revenues. We also call for the release of elected members of the Palestinian government and legislature by Israel.

Lebanon: We addressed the situation in Lebanon and remain committed to Lebanon's sovereignty, independence and territorial integrity. We fully support the legitimate and democratic government of Lebanon. Noting the decision by UNSCR 1757 regarding the timely establishment of the Special Tribunal for Lebanon, we urge all states to fully cooperate with the Special Tribunal for Lebanon in accordance with UNSCR 1757 (2007). We strongly condemn the terrorist attacks that led to the recent outbreak of violence. We urgently call on all sides to respect the authority of the Lebanese Government and of the Armed Forces and thereby to prevent the situation in Nahr el Bared from escalating. We deplore the human suffering and loss of life caused by the violence. We reiterate our call on all political forces in Lebanon to search for a solution to the current political crisis through dialogue and with full respect for the democratic institutions of the country.

Iraq: We exchanged views on the developments in Iraq and reiterated our commitment to Iraq's independence, sovereignty and territorial integrity. We once again condemn in the strongest terms all acts of terrorism and politically motivated or sectarian violence. We welcome the launching of the International Compact with Iraq and the meeting of neighbouring countries on 3/4 May 2007 in Sharm El Sheikh as important steps towards the goal of national reconciliation and a long-term process of regional confidence-building.

Afghanistan: We welcomed the progress achieved by Afghans with the support of the International Community in the past years. We are deeply concerned over the increase of suicide attacks, deeply regret the losses sustained by the Afghan national security forces and ISAF members, and strongly condemn attacks on civilians, Afghan and international security forces. We expressed our support for the UN's central role in Afghanistan and encourage its ongoing leadership and engagement. We agreed that strong and reliable Afghan institutions, especially its courts, police and correctional systems, are vital to that country's future and committed to continued support in these areas. We welcome the launch of the European Police Mission EUPOL Afghanistan as an important contribution to the strengthening of the Afghan National Police and the decision by Canada to contribute significant resources to this initiative. We support a comprehensive approach to the challenges that still lie ahead and we reiterated our commitment to stay engaged in Afghanistan and contribute to building a safe and prosperous country, free from narcotics and terrorism, on the basis of the Afghanistan

Compact. In this context we underline the importance of the Rule of Law and the importance of the conference that will be held in Rome, hosted by the Italian government and co-chaired with the UN and the government of Afghanistan on 3 July. We call on countries in the region to contribute constructively to this effort. In this context, we welcomed the meeting of G8 Foreign Ministers with the Foreign Ministers of Afghanistan and Pakistan in Potsdam on 30 May and endorsed their “Joint Statement on the G8 Afghanistan-Pakistan Initiative”.

Nagorno-Karabakh: We agreed that a settlement of the dispute between Armenia and Azerbaijan over Nagorno-Karabakh is vital for regional peace and stability. The G8 support the efforts undertaken by the Co-Chairs of the OSCE Minsk Group and call on the Presidents of Armenia and Azerbaijan to increase efforts to reach agreement on the basic principles proposed by the Co-Chairs of the OSCE Minsk Group. In this connection, we welcome the intention of both Presidents to meet at the margins of the CIS-meeting in St. Petersburg on 9 June, 2007, and call on them to reach early agreement on the basic principles in order to pave the way for a peaceful resolution of the conflict.

North Korea: We urge North Korea to return to full compliance with its obligations under the NPT and, in accordance with the Joint Statement of 19 September 2005 and UNSC-Resolutions 1695 and 1718, to abandon all nuclear weapons and existing nuclear programs as well as ballistic missile programs. We fully support the Six Party Talks and swift implementation of the initial actions agreed on 13 February 2007 as a first step towards full implementation of the Joint Statement of 19 September 2005 in good faith. We also urge North Korea to respond to other security and humanitarian concerns of the international community, including the early resolution of the issue of abductions.

Colombia: We have discussed the recent developments that have occurred in Colombia in the last few days. We acknowledged and welcomed the bold and courageous decision by President Uribe of Colombia to release a significant number of prisoners, including Mr. Rodrigo Granda, as a positive humanitarian step.

Against this background, we call on the FARC to consider urgent steps that would contribute to a humanitarian solution leading to the liberation of hostages detained by the FARC, as well as guerilla fighters that have not yet been released. We urge all those concerned to continue to make the best use of French, Spanish and Swiss facilitation in this regard. We expressed our hope that such a humanitarian solution might pave the way to the resumption of a peace process to the benefit of the entire Colombian people.

G11: We welcome the meeting of the German G8 Presidency with the Jordanian Chair of the G11 in the second half of 2007.

IV.

G8 Summit 2008: We welcome the offer of the Prime Minister of Japan to host our next Summit in Hokkaido Toyako, Japan in July 2008.