



European Council  
The President



European Commission  
The President

Brussels, 4 July 2017

Dear Colleagues,

Europe's role in the World and our responsibility at the international level in these turbulent times are growing. More than ever the EU has become a global point of reference for all those who value the principles of liberal democracy and human rights, free and fair trade or concrete actions in facing global challenges, such as climate change, poverty, terrorism and illegal migration. A strong and determined Union is the best way to promote our values and interests, to support a rules-based multilateral system, and ultimately to protect and defend citizens. With this in mind we will participate in the G20 Summit in Hamburg later this week. As usual, we would like to inform you about the key issues that we will discuss at the summit.

### **1. *The G20's key role in making the global economy work for all***

The global economy is gaining momentum. With economic growth expected to approach 2 per cent this year and next, the EU is making a robust contribution to global economic activity. However, many citizens in Europe and elsewhere still feel left behind by the economic recovery and are apprehensive with globalisation.

The G20 has played a critical role in bringing the global economy back to its feet after the crisis. Now it must ensure the global economy works for everyone. We will present the European internal and external responses to shape globalisation in line with our shared interests and values. We will also reaffirm the EU's commitment to the 2030 Agenda for Sustainable Development as the reference point for the efforts we must undertake together, and our readiness to lead these efforts.

Strong, sustainable, balanced and inclusive growth relies on multilateral cooperation and a rules-based order. It also requires that we put all economic policy tools to work – monetary, fiscal and structural. The Hamburg Action Plan will be a key deliverable of the summit in this regard. It will put forward a set of policy measures to make G20 economies more resilient to shocks, enhance social cohesion and foster confidence. It will also convey a common determination to improve the efficiency and composition of public finances so that they are conducive to growth and equity. We will call for swifter implementation of G20 members' growth strategies, especially regarding structural reforms, in view of the Brisbane objective to increase the level of the combined G20 GDP by an additional 2 per cent by 2018. Investment in infrastructure, skills and effective social security systems need particular attention.

### **2. *Bolstering an open and fair rules-based multilateral trading system***

Concerns about job losses and erosion of standards attributed to trade will be at the top of the agenda. These concerns must be addressed, not by erecting protectionist barriers, but by making trade and investment both free and fair. The EU will advocate three strands of action. *First*, the G20 must adhere to its anti-protectionism pledge and strengthen the rules-based multilateral trading system anchored in the World Trade Organisation (WTO), which is our best chance for a global level playing field. This means filling gaps in the rulebook. We will urge G20 members to contribute to concrete results at the WTO Ministerial Conference in Buenos Aires next December, including on



e-commerce and subsidies. All parties must implement agreed rules. We will be clear that the EU will defend its industry robustly when other countries refuse to abide by the rules. *Second*, it is critical that G20 members implement domestic policies which empower workers and companies of all sizes to benefit from open markets and help them to make the most of opportunities offered by the global economy, and adjust to change. *Third*, we need to engage in an honest, fact-based conversation with citizens to take stock of globalisation and its effects on producers and consumers. We will also underline the responsibilities of the private sector to address concerns about globalisation, and will welcome collaborative efforts to improve labour, social and environmental standards in global supply chains, as a contribution to a level playing field.

We will insist on further efforts to tackle production overcapacity, especially in the steel sector, as a matter of utmost priority. We expect all members of the Global Forum on Steel Excess Capacity, launched at the last G20 summit, to cooperate in good faith with a view to removing the subsidies and other government-imposed distortions at the root of the problem.

### ***3. Demonstrating that ambitious climate action is good for economic growth and jobs***

We regret the decision by the US Administration to withdraw from the Paris Agreement on Climate Change. The Agreement remains a corner stone for global efforts to effectively tackle climate change and implement the 2030 Agenda for sustainable development and we consider that it cannot be re-negotiated. We will reassure the international community that the EU remains steadfastly determined to swiftly and fully implement the Paris Agreement and accelerate the low-carbon transition, as well as to support our partners, in particular the vulnerable countries in the fight against climate change. We will work with all partners who share our conviction that the Agreement is necessary to protect our planet, is fit for purpose, and is good for economic growth and future jobs. We will support an ambitious G20 Joint Action Plan on Climate and Energy for Growth. We will also welcome further work on green finance and a dialogue on ways to improve resource efficiency and to tackle marine litter.

### ***4. Tapping the potential of the digital revolution***

With accessible, open, reliable and secure internet, digitisation can drive productivity and sustainable development. We will seek G20 cooperation to develop common standards for the fifth generation of mobile communication networks and interoperable digitised products and services; promote free flow of information while respecting applicable legal frameworks for privacy and personal data protection; uphold fair competition in the digital environment; and tackle cyber threats. We will also underline the need to prepare for the profound impact of digitalisation and automation on labour, by investing in digital skills and adapting social security systems to benefit workers in all work arrangements.

### ***5. Advancing the global fight against tax avoidance and evasion***

The recent signature of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting marks another milestone in the international fight against tax avoidance and evasion. These practices undermine our tax bases, fair competition and trust in globalisation. Having led these global efforts, the EU expects wide and effective implementation of the agreed standards on tax transparency and good governance. Those not ready to cooperate should bear the consequences. This is why we have a firm stance on a common list of non-cooperative jurisdictions with regard to tax transparency, including defensive measures. We will call for improving authorities' access to information about ultimate beneficiaries of legal persons and arrangements, as well as cross-border exchange of this information, to improve detection of abusive tax behaviour. Furthermore, the G20 should monitor and evaluate developments related to the digitalisation of the economy with a view to a consistent approach to taxation.

### ***6. Stepping up efforts to fight terrorism and terrorist financing***

Recent attacks have again sadly underlined the need to further strengthen the global fight against terrorism and violent extremism, and to adapt it to the evolving threat. The G20 must remain united in these efforts. We will welcome a G20 Action Plan on Countering Terrorism to enhance



cooperation based on our international commitments. We will advocate particularly further steps to ensure full implementation of international standards on counter-terrorist financing and money laundering, as well as on beneficial ownership transparency to prevent the misuse of companies, trusts and funds to finance terrorist activities. We will also support reinforcing the Financial Action Task Force. All G20 members must take strong steps to combat terrorists' misuse of the Internet and social media. As agreed in the European Council we should work with industry and encourage the development and sharing of new technologies and tools to enhance automatic detection and removal of terrorist content online.

#### **7. Aiming for a more resilient international monetary and financial system**

Through joint action after the crisis the G20 has significantly improved global financial stability. This cooperation must continue. The Basel Committee has worked to complete the Basel III post-crisis reform, but has yet to produce a final agreement. The G20 should encourage a swift outcome that promotes a level playing field and does not lead to significant increases in overall capital requirements for banks. We will reiterate that agreed reforms must be implemented in a timely and consistent fashion, and should not be rolled back. At the same time, we will support the work of the Financial Stability Board to evaluate the effects of the regulatory reforms and monitor emerging financial risks and vulnerabilities. Enhanced international coordination on cybersecurity in the financial system is a priority going forward. In addition, we will support a more stable and resilient international financial architecture with a strong, quota-based and adequately resourced IMF at its centre.

#### **8. Sharing responsibility for refugees and migrants**

Forced displacement and irregular migration remain major global challenges. We will emphasize the importance of effective border management and control as well as of swift and humane return of migrants who have no right to remain or who are not eligible for international protection. We will also encourage concerted action at the global level to disrupt the smugglers' and traffickers' networks. At the same time, we must improve global governance based on shared responsibility and partnership among countries of origin, transit and destination to protect refugees and migrants in need, and to alleviate the pressure on affected communities.

We will call for support to the United Nations process to develop the Global Compacts on Refugees and on Regular, Safe and Orderly Migration, and underline the importance of enhancing legal pathways for migration, including refugee resettlement. We will welcome the exchange of good practices for integrating regular migrants and refugees in labour markets.

#### **9. Partnering with Africa for investment, growth and jobs**

As we prepare for the Africa-EU Summit, we will welcome the new G20 Africa Partnership to promote investment, jobs and sustainable development in the continent, and thereby also contribute to tackling the root causes of irregular migration and radicalisation. Côte d'Ivoire, Ethiopia, Ghana, Morocco, Rwanda, Senegal and Tunisia are already engaged in setting out Investment Compacts, committing to improve their investment environments working together with international organisations, G20 partners and the private sector. The EU is participating actively and will seek synergies with our initiatives, notably the proposed External Investment Plan that aims to leverage at least EUR 44 billion of investment in Africa and the European neighbourhood by 2020.

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