



THE FIFTH REGIONAL LEADERS' SUMMIT
WESTERN CAPE 2010



The Fifth Regional Leaders' Conference

of

Bavaria (Federal Republic of Germany)

Georgia (United States of America)

Quebec (Canada)

Shandong (People's Republic of China)

Upper Austria (Republic of Austria)

Western Cape (Republic of South Africa)

September 27- 29, 2010, Cape Town

FINAL DECLARATION

I Preface

The Fifth Regional Leaders Conference was held in Cape Town, South Africa, from September 27 to 29, 2010. On invitation of the Premier of the Western Cape, the Minister-President of Bavaria, the Governor of Georgia, represented by the Chief Operations Officer, Mr Trey Childress, the Premier of Quebec, represented by the Minister of International Relations and Minister responsible for La Francophonie, the Governor of Shandong Province and the Governor of Upper Austria, met for the Fifth Regional Leaders' Summit in Cape Town, South Africa. Due to the general elections on October 3, São Paulo was unable to attend the Summit.

The leaders of the delegations noted that the global context of the conference was marked by the overall recession of the world economy during 2008/2009, only recently followed by promising signs of recovery. They stated that the costs of the crisis placed a burden on the achievement of other important goals of global cooperation, such as climate protection and energy efficiency, security and social development, as well as on the capabilities of the regional governments to conduct policies for their citizens.

In this context, the Regional Leaders welcomed the opportunity of this conference to exchange political ideas about the different ways forward for the regions and to explore avenues for further cooperation, focusing on aspects where the regional governments have specific responsibility towards their citizens. They stated that the network of the regions now represents more than 173 million people in four continents with a GDP of more than US\$ 2,380 bn.

The leaders of the delegation accepted and welcomed the agenda of the conference proposed by the Premier of the Western Cape and were invited to a dialogue about:

- the current state of the regions in light of the global economic outlook;
- the future of agriculture and rural development in the regions (Food Security);
- the organization of mobility in the regions (Integrated Transport).

The leaders of the delegations noted that choosing specific fields of competence had proven fruitful for the cooperation since it start in Munich in 2002

("Sustainable development for generations" as a general motto for the network), and its continuation in Quebec in 2004 (Innovation and Technology, Youth and Education), in Linz in 2006 (Energy Efficiency, Youth and Education) and Shandong in 2008 (Resource-conserving Society and Health). They received reports from the Experts' Workshops and approved their results.

II SUMMARY OF COOPERATION SINCE THE 4TH CONFERENCE 2008

The Governor of Shandong, Mr. Jiang Daming, presented a report on the cooperation programs since the Fourth Summit in Jinan in August 2008. Practical and effective multilateral and bilateral projects were implemented by the partner regions in the economy, technology, environment, health care, culture and education, despite the economic crisis in recent years. He specifically referred to the projects on the themes "building a resource-efficient society" and "health and medical care":

- At the World Sustainable Energy Days 2009, organized by the Upper Austrian Energy Saving Agency, delegations of regional government and experts from Bavaria, Georgia, Québec, Shandong, and Upper Austria itself met, took part in expert conferences and discussions, gained insights into the latest research and developments in the fields of renewable energy, energy efficiency and saving, heating systems etc. The WSED are the largest annual conference in this field in Europe. The WSED 2010 was attended by delegations of Bavaria, Georgia, Shandong and Western Cape, and Georgia also participated in the European Pellets Conference.
- The 2010 China (Qingdao) International Forum on New Energies was successfully held in Shandong in April 2010, attended by about 600 people from 20 countries and regions, including delegations from Bavaria, Upper Austria and Québec, and representatives of 31 Fortune 500 global companies. The Forum held three workshops respectively themed on new energy development and utilization, energy conservation, emission reduction and environmental protection, and energy-efficient buildings, which created a good platform for Chinese and foreign companies to communicate and cooperate with each other, and on which over 50 cooperation intents were concluded.

- The 2009 BIO International Convention held in Atlanta, Georgia, was attended by over 15,000 bioscience industry professionals representing sixty countries and 48 states, including heads of states, congressional leaders and scientists. Delegations from Bavaria, Québec and Western Cape attended the convention.
- The BIO Familiarization Tour organized by the Georgia Department of Economic Development in Georgia in January 2009 was attended by the representative of Bavaria, Québec, Upper Austria and Shandong. Different institutes for research and development of numerous universities as well as the Centre for Disease Control and Prevention in Atlanta were visited. With its opportunities of networking and know-how exchange in the field of life sciences with participants of the tour as well as institutes and organizations in Georgia, the tour provided a good basis for future cooperation.
- The 21st World Energy Congress was held in Montreal, Québec in September 2010. It was attended by 1,300 experts, Ministers and corporate executives.
- The 4th ISCI World Congress was held in Dezhou City, Shandong Province, in September 2010, attended by 3000 experts, Regional Ministers and corporate executives.

III STATE OF THE REGIONS (Current Economic Situation)

The 2008/2009 financial crisis, caused by the financial sector and leading to a broad-scale slowdown of economic development, demanded and still demands an unprecedented degree of attention and intervention by governments at all levels. The Heads of Delegations presented the current outlook and the political priorities of their respective governments.

Western Cape

Probably the most important characteristic of the Western Cape economy and its economic development is the broad base and diversity of its promising sectors. The four core sectors of the Western Cape's economy (agriculture, manufacturing, trade and financial services as well as business services) are each well diversified, reducing the risk of over-dependence on any single industry. In addition, the region has a well-developed and diversified tourism sector, and relatively strong and dynamic construction, fishing, professional

services, higher education and transport sectors. While it lacks a significant mining sector, Saldanha has become a major export harbour for minerals and a downstream iron and steel industry.

The broad services sector accounts for more than two-thirds of the regional economy. Within this sector, business services are particularly important, comprising 27% of the regional economy – considerably higher than the 19% national average. Manufacturing makes up 20% of the regional economy – similar to the national figure. Within manufacturing, the major activities are agro-processing, metals and engineering, oil and petro-chemicals and clothing and textiles. Agriculture (5.6%) and construction (3.4%) are also somewhat larger than the national average. Mining and quarrying (0.3%) is much lower than the national average (7.8%).

Bavaria

Being an export-oriented region, Bavaria had been particularly affected by the global economic and financial crisis. Since the first half of 2010, there are hopeful signs of recovery. An increasing number of sectors and industries are gripped by the economic recovery. In the first year following the crisis, large parts of Bavaria are on the path towards full employment. The extensive support and stimulus measures in Europe, Germany and in the Free State of Bavaria have contributed significantly to this development. The best example of Bavaria's active economic policy in the crisis is the elaboration of an instrument securing the lending to SMEs in economically difficult times.

Today, the greatest challenge of the future lies in the consolidation of public finances at all levels, guaranteeing a basis for a stable monetary policy. In Germany, by a constitutional Amendment, the states have to gradually decrease new debts, thus assuring balanced budgets until 2020 (the so called "debt break"). At the same time, the Bavarian State Government is working hard to elaborate a new program for the future, "Bavaria on the Move", with a focus on family, education and innovation.

The Bavarian Minister-President also reported on the bid for the Olympic Winter Games 2018. He welcomed the support offered by the other Regional Leaders, and referred to the vast experience of the Regions in Olympic Games and FIFA World Cup Events.

Georgia

With its diversified economy, Georgia is the 9th largest U.S. State and is a leader in the aerospace, agribusiness, automotive, energy, logistics and clean-tech industries. The diversity of Georgia's industries has been a contributing factor to its historically stable economy. Although the recent economic and financial crisis resulted in job and personal income losses along with decreased tax revenue, Georgia's economy is gradually regaining strength. Constitutionally, Georgia must operate with a balanced budget and has maintained its AAA bond rating during the economic crisis. State government has implemented various policies aimed at reducing spending in order to ensure economic efficiency, international competitiveness, and a high quality of life. Georgia's high level of foreign direct investment as well as a strong export sector has also supported this stabilizing process. Georgia's unemployment rate has been slowly declining since March 2010. Personal income has resumed its growth and housing starts have begun to increase slightly. In addition, shipping activity through Georgia's ports has increased by over 20% in each month of 2010 as the global economy has strengthened. During the last three months, Georgia has experienced positive revenue growth. The Pew Center recently rated Georgia among the best managed states in the United States, reflecting Georgia's fundamental basis for a positive future and the promise of success.

Quebec

Quebec has an extremely diversified economy. In Canada, it leads the strategic sectors of information technology and communications, life sciences and aerospace. Not to mention that in 2009, Quebec dominated the Canadian venture capital market with 43% of all dollars invested in Canada. Furthermore, it has the largest public-private Fund, the Teralys Capital Fund, which finances private venture capital funds used to invest in technology firms.

Indeed, Quebec successfully emerged from the economic crisis due, in large part, to the specific strategies that its government developed i.e. a massive infrastructure and energy development investment plan, improved tax measures for businesses and increased funding to government levers of economic development (such as Investissement Quebec and the Société Générale de financement du Quebec) to help firms deal with the credit crunch. Overall, the government and its partners injected billions of dollars of additional liquidities in 2009 and 2010 into the economy.

The latest economic indicators show that economic recovery is well underway in Quebec. Quebec continues to set itself apart from its main trading partners in economic growth and employment. For example, Quebec already has created more jobs compared to those lost between February 2008 and July 2009.

São Paulo

The global economic crisis required governments to implement a range of counter-cyclical policies. In Brazil, the federal government put in place monetary measures and granted tax exemptions, namely at the state and municipal levels. As these initiatives were applied to shared resources, they comprised of the revenues and the execution of investment programs of regional governments – precisely those that invest the most in the country. The Government of São Paulo acted on two fronts: first, in order to stimulate private consumption, it implemented a set of tax measures, including exemptions and subsidies, and extended credit lines to key economic sectors. Secondly, to sustain the level of activity while assuring stable debt ratios, the State government maintained its investment program, relying on extra revenues from anti-tax evasion and on alternative sources.

Shandong

Shandong Province, located in the eastern coastal area of China, is one of the country's leading economies with its total economic strength ranked 3rd. Last year, affected by the impact of the international financial crisis, Shandong was faced with severe difficulties and challenges in its economic development. By taking the international and domestic situation into consideration, and by tapping into international and domestic markets, the province has expanded the internal demand. The GDP for 2009 totalled US\$ 496.22 billion, an increase of 12.2% over the previous year, with average GDP per capita, reaching US\$ 5255.

At present, Shandong Province, by deepening the implementation of the Scientific Outlook for Development and implementing a pro-active fiscal policy and moderately relaxed monetary policy, strives to make new breakthroughs in energy conservation, emission reduction, transformation of the mode for economic development and readjustment of the industrial structure, new measures on reform and opening up of the economy, and new achievements in benefiting people's livelihood and ensuring stability. Efforts have been made in

enhancing the quality and efficiency of economic operation, in building a harmonious society, and in promoting the construction of the Shandong Peninsular Blue Economic Zone and Yellow River Eco-Efficient Economic Zone. All the efforts are to achieve comprehensive coordinated and sustainable development of Shandong's economy and society.

Upper Austria

Upper Austria is Austria's leading state in technology, innovation and export. The sustainable growth of the economy and the low unemployment rate are the result of flexible and innovative companies presenting an ideal mixture of large, small and medium-sized companies. Upper Austria encourages cooperation in networks, analogous to the largest branches of industry. Since 1998, a total of eight branch-specific clusters and four cross-industry networks have been founded. Based on the motto "Innovation via cooperation and competence," more than 2,200 partners are interconnected in cluster-initiatives – in particular companies in the automobiles, plastics, furniture and wood construction, health technology, mechatronics, environmental engineering, eco energy or food stuffs branches. 85 percent of them are SMEs.

Due to its highly export-oriented economy, Upper Austria was affected by the impact of the recent financial and economic crisis. Implementing large investment programs in the economy, research, science and education by the State Government, the unemployment rate is among the lowest in Europe. To strengthen Upper Austria's international competitiveness, a "State Reform Process" is being implemented until 2011. Its goals are to make the state even leaner, effective, efficient and citizen-friendly, ensuring a better position in international competition. The state's focal points of investment in future oriented fields, such as creativity, science and education as well as international co-operation, play a crucial role to reach these goals.

Meetings of representatives from the business chambers

The Regional Leaders particularly welcomed the meeting of the business chamber representatives on September 27 that explored various ways of creating even more business opportunities between the partner regions. The Business representatives of the partner regions had successful meetings with prospects for future co-operation and further exchange.

IV FOOD SECURITY

The Premier of Western Cape explained that ensuring a sufficient and secure food supply to the population is a priority for her government. She stated that national food self-sufficiency is important in itself, but does not necessarily lead to household food security. Urbanisation, unemployment and lack of education demand innovative solutions to provide equal access for all parts of the population. She welcomed the support offered by the Partner Regions in sharing their experiences.

The Regional Leaders discussed the issues of Food Security and related topics such as the development of markets and regulations for producers, education, innovation, energy efficiency, on-farm renewable energy, their positions on genetically modified organisms, the prevention of diseases and demographics and rural development as a whole.

They agreed that undue restrictions on the free flow of food between countries may actually have a negative impact on household food security. They are convinced that more emphasis should be placed on supplying the energy needs of the world from renewable energy sources. Yet, they also believe that the production of renewable energy should sustain social and economic development and should not be to the detriment of household food security.

They appreciate that significant amounts of technology, knowledge and institutional capacity are embedded in the partner regions and that considerable efficiency gains can be achieved by sharing this capacity between the partner regions.

During deliberations by the respective regional experts, the following topics were identified as being of particular interest:

- The development of fair regulations that can be applied on the international playing field.
- Innovation exchange.
- On-farm renewable energy.
- Exchange of farmers – especially young farmers.
- Fair trade and marketing in a free trade environment.
- The promotion of Investment in Agricultural research.

- Rural development and agriculture's role in this regard (including agribusiness)

They agreed to pursue further bilateral and multilateral cooperation during the next two years, using various events and activities.

- The BioFach International Expo and Convention in Nuremberg, Bavaria 16-19 February 2011.
- World Sustainable Energy Days, Wels, Upper Austria, 2-4 March 2011
- South African Cheese Festival April 29 - May 2, 2011, Cape Town, Western Cape
- Yantai International Wine Festival, Yantai, Shandong, September 2011
- Fourth McGill Conference on Global Food Security, Montreal, Quebec (October 2011)
- International Poultry Expo, Atlanta, Georgia January 2012

V INTEGRATED TRANSPORT

The Regional Leaders recognized that the mobility of people and goods is at the heart of a prosperous region. They acknowledged that different levels of mobility and access exist between and within the present regions and that transportation systems are very different from one another. The Western Cape presented the challenges of creating an integrated transport system in the Province, connecting rural and urban areas in an efficient intermodal manner. The Premier welcomed the support offered by the Partner Regions in sharing experiences and expertise.

The Regional Leaders discussed the topics of future mobility, such as encouraging the use of climate friendly technologies and services to increase energy efficiency of people and freight movements, to promote public transport (mass transit), to reduce the carbon footprint through increasing the public transport modal share, and the importance of an efficient logistics industry as a backbone for a modern economy. They recognized the responsibility of governments at all levels in transport planning, regulation and investment.

They agreed that it is imperative that sustainable integrated transport solutions are implemented which can compete with and provide viable and suitable alternatives to the private petrol-fuelled motor vehicle. Reducing the carbon footprint in the regions will be dependent on the shifting of individual private vehicle use to public transport, the shift of freight from road to rail, and the development of environmentally friendly fuels and engines. They are convinced that integrated transport strategies are needed to improve inter-operability between different modes of transport, and that specifically public transport has to be strengthened. They are convinced that in order to make mobility efficient and accessible to everyone but at the same time emission-free and supporting environmental sustainability, a fundamental change of public awareness and the current mobility systems is necessary. Moving towards that goal is a great challenge which requires intensified international cooperation.

During deliberations by the respective regional experts the following topics were identified as being of particular interest:

- Promote the stewardship of environmental resources and the reduction of the carbon footprint, through the use of climate friendly technologies and services for increased energy efficiency.
- Collaborate on mechanisms utilized to promote public transport (mass transit) over individual transport, which may include improved efficiencies and expanded economic opportunities.
- Facilitate skills transfer through the collaboration on aspects of institutional arrangements, the regulatory environment, and funding and financing flows.
- Improve safety in land transport.
- Collaborate on the integration of freight movement, inter-connectivity, multi- and inter-modal facilities with a view to improve and create efficiencies in the logistics and supply chain.

They agreed to pursue further bilateral and multilateral cooperation during the next two years, using various events and activities:

- Convention on Integrated Transport: Innovative Tools, Montreal, Quebec, Fall 2011
- International Fair on Transport and Logistics, 2011, Munich, Bavaria
- International Port Development and Management Forum, Qingdao, Shandong, July 2011

- World Sustainable Energy Days and International Fair for Energy Efficiency and Eco Energy, Wels, Upper Austria, March 2012
- International Air Cargo Association (TIACA, 50th annual meeting), Atlanta, Georgia, November 2012

VI. THE SIXTH REGIONAL LEADERS' CONFERENCE

The Regional Leaders' welcomed and accepted the invitation of São Paulo to host the Sixth Regional Leaders' Conference of the Partner Regions in Brazil, at a date to be determined through Diplomatic Channels. The topics for the next Conference will be determined in direct consultation with the Regional Government of São Paulo.

The Western Cape Province will also establish a Secretariat to facilitate the reporting, monitoring and evaluation of the implementation of this Declaration and the joint projects between the partner regions until the next conference in São Paulo in 2012.

Signed in Cape Town, Western Cape on September 29, 2010 in English, German, Chinese and French, whereby all four texts are in the same way authentic.

Mr Horst Seehofer, Minister-President, Free State of Bavaria

Mr Trey Childress, Chief Operations Officer of the State of Georgia, as representative of the Governor of Georgia

Mrs Monique Gagnon-Tremblay, Minister of International Relations and Minister responsible for La Francophonie, as Representative of the Premier of Québec

Mr Jiang Daming, Governor of Shandong Province

Dr. Josef Pühringer, Governor of Upper Austria

Ms Helen Zille, Premier of the Western Cape Province