

Lyon Summit Economic Communiqué

Making a Success of Globalization for the Benefit of All

Lyon, 28 June 1996

Preamble

1. We, the Heads of State and Government of seven major industrialized democracies and the President of the European Commission, have met in Lyon for our 22nd annual Summit. Our discussions have taken place within the framework of a reflection on benefits and challenges posed by increasing economic globalization.

2. Economic growth and progress in today's interdependent world is bound up with the process of globalization. Globalization provides great opportunities for the future, not only for our countries, but for all others too. Its many positive aspects include an unprecedented expansion of investment and trade; the opening up to international trade of the world's most populous regions and opportunities for more developing countries to improve their standards of living; the increasingly rapid dissemination of information, technological innovation and the proliferation of skilled jobs. These characteristics of globalization have led to a considerable expansion of wealth and prosperity in the world. Hence, we are convinced that the process of globalization is a source of hope for the future. History shows that rising living standards depend crucially on reaping the gains from trade, international investment and technical progress.

3. Globalization also poses challenges to societies and economies. Its benefits will not materialize unless countries adjust to increased competition. In the poorer countries, it may accentuate inequality and certain parts of the world could become marginalized. The adjustment needed is, however, imposing rapid and sometimes painful restructuring, whose effects, in some of our countries, can temporarily exacerbate the employment situation. Globalization of the financial markets can generate new risks of instability, which requires all countries to pursue sound economic policies and structural reform.