



C20 POSITION PAPER

We, the Chambers of Commerce from the countries of the G20, have come together to develop a common position on critical economic and financial policies being discussed at the G20 level.

We call on our G20 governments to implement coordinated policies that ensure broad economic recovery and robust long term growth. This requires implementing global stimulus exit strategies and post-crisis growth measures. Closer and more effective coordination is needed to establish a principle-based, peer-reviewed framework that ensures the health and stability of global financial markets. Exit strategies from excessive government spending and debt must be timely and coordinated to restore private sector confidence. This will drive sustainable global growth.

Businesses' ability to deliver much-needed jobs requires confidence in an open and rules-based trading system devoid of protectionism. The rules-based multilateral trading system faces serious threat. Political will to conclude the negotiations should be shown by G20 Leaders.

Action must be taken. The Toronto and Seoul G20 Summits must deliver measurable progress on these issues.

1. Adopt the Right Policy Measures to Prevent Recurrence of Crisis

While the world economy is showing signs of growth, the recovery process is likely to be uneven and uncertainty continues. The financial system remains damaged and governments must not abandon necessary financial sector reform. We must avoid a repeat of past mistakes in financial market regulation. Governments must implement credible exit policies from the extraordinary stimulus measures that provided much needed traction to the global economy. Confidence in public finances requires governments to unveil clear plans for significantly reducing their deficits over the medium term, with emphasis on spending cuts on entitlements and growth generating reform policies. In a period of constrained spending, all governments will face major challenges and will need to prioritize policies. Greater efficiency of public administrations, credible cost-cutting measures and public-private partnerships will help free up resources that can be redirected to increase education and training, R&D, innovation and modern infrastructure policies that enhance productivity, growth and employment. Private sector investment, needed for sustainable job creation, will require ongoing improvements in economic conditions, business confidence and enhanced support for education and vocational training of displaced workers.

A) Deliver the framework for a strong, sustainable economic growth: Governments must steer the global economy to sustainable growth while consolidating public finances and repairing the financial sector. Sound structural reforms must be put in place to remove weaknesses that led to global recession. We call on G20 governments to enable businesses to achieve private sector-led growth in the Global Plan for Reform and Recovery framework adopted at the London Summit. As part of these efforts, governments must continue to ensure that businesses, especially small and medium-sized, have adequate, flexible and efficient access to financing both from banks and capital markets. Employment needs to be fostered decisively through structural reforms and active labour market policies.

B) Sound Public Finances: Governments must ensure sustained economic growth while putting a break on public debt. Timely, coordinated exit strategies from extraordinary fiscal measures need to be implemented to restore fiscal discipline, preserve global growth and stability, and stimulate greater investment and participation in the labour market. Public budgets need to be rebalanced with clear plans for exiting from unsustainably high levels of public debt and more efficient spending to enhance long-term growth. The ability of businesses to create jobs and contribute to social welfare would be severely hampered by increased business, investment or employment taxes.

C) Reform the financial sector: Health and stability of the financial system must be ensured through an international framework for reform based on a principle-based, peer-reviewed global financial supervision framework. Priority should be given to ensuring adequate financial sector capital and liquidity requirements, developing an efficient early warning system and global initiatives to promote standardization, transparency and central clearing for derivatives markets. This framework should be based on internationally agreed principles and designed to reflect different conditions in different countries, regions and sectors, while ensuring an effective level playing field and close regulatory coordination in order to prevent market fragmentation. Each country's financial system regulation must focus on restoring system stability and ensuring access to business financing - an essential pillar for economic growth. Comprehensive impact assessments on credit and financing availability must be undertaken as part of all new regulatory initiatives, including analysis of cumulative effects. Instruments such as international financial transaction taxes or levies should not be implemented. An international financial transaction tax or bank levy is not the appropriate regulatory tool for addressing the essential systemic issues of capital and liquidity. It does not prevent new crises.* Moreover, any potentially forthcoming rules on banks' capital provisions should take into account the need to ensure that businesses have appropriate access to financing in economic downturns.

*After consultation with its members EUROCHAMBRES is not in the capacity to neither support nor disagree on this specific issue as it has not reached a consensus among its members.

2. Support Multilateral Trading System and Resist protectionism

Governments must maintain open and transparent economies to mitigate the impact of recession and preserve jobs. Open markets are key to economic growth and development during this fragile post-crisis period. Full economic recovery is only possible with an effective and efficient rules-based trading system. Our governments must champion the importance of global commerce through strong commitment to open markets via multilateral, regional and bilateral free trade, associations and foreign investment liberalization agreements. Foreign direct investment, a cornerstone of trade, creates jobs and lends to infusion of innovative technologies, management strategies and workplace practices.

A) Conclude the WTO Doha Round and dismantle trade barriers: The time is right to reach an ambitious and balanced conclusion to the Doha Round based on progress already made. Political energy at the highest level should be injected to bridge remaining gaps and ensure that any final Doha Round agreement creates new trade flows, reduces costs of doing business across borders and increases predictability for companies. It is imperative that a renewed commitment be both made and implemented. In 2010, governments must take the steps necessary to stop creating new protectionist measures and remove any adopted during the recession, including those found in stimulus initiatives. Needed reversals include tariffs, non-tariff measures, restrictions on public procurement, subsidies, burdensome administrative procedures and market-distorting restrictions.

B) Protect foreign investment: Governments must refrain from raising barriers or imposing new barriers to both outward and inbound investment. Government criteria for blocking foreign investment in defense of “national security” or of a “strategic industry” should be narrowly defined and only applied under exceptional circumstances. All international agreements must encompass high standards of investment protection, including non-discrimination, national treatment and fair and equitable treatment; prompt, adequate appeal mechanisms; effective compensation in event of discrimination or expropriation; and access to international arbitration to resolve disputes.

C) Effective protection of intellectual property (IP) rights: We call on G20 countries to coordinate closely in fighting illicit trade practices, such as counterfeiting, trade-marks and copyrights’ infringement and piracy. Inappropriate and insufficient protection of IP can distort free trade, impede investment, impair technology transfer and hinder innovation. Particular attention must be given to concrete enforcement of the TRIPS Agreement.

The C20: mirror of the G20

Argentina – The Argentinean Chamber of Commerce



Australia – The Australian Chamber of Commerce and Industry



Brazil – The National Confederation of Industry



Canada – The Canadian Chamber of Commerce



France – The Assembly of French Chambers of Commerce and Industry



Germany – The Association of German Chambers of Industry and Commerce



India – the Federation of Indian Chambers of Commerce and Industry



Indonesia – The Indonesian Chamber of Commerce and Industry



Italy – The Union of Italian Chambers of Commerce, Industry, Crafts and Agriculture



Japan – The Japan Chamber of Commerce and Industry



Mexico – Confederation of National Chambers of Commerce, Services and Tourism of Mexico



Russia – Chamber of Commerce and Industry of the Russian Federation



Saudi Arabia – The Council of Saudi Chambers



South Africa – Business Unity South Africa



South Korea – The Korea Chamber of Commerce & Industry



Turkey – The Union of Chambers and Commodity Exchanges of Turkey



United Kingdom – The British Chambers of Commerce



United States – The US Chamber of Commerce



European Union – EUROCHAMBRES



OBSERVERS: The Netherlands (The Netherlands Chamber of Commerce) and Spain (The High Council of Chambers of Commerce, Industry and Navigation of Spain)