



## **G8 BUSINESS DECLARATION**

**April 28, 2010 :: Ottawa, Canada**

We, the most representative business associations in the G8 countries, call on our governments to implement coordinated policies that ensure broad economic recovery and robust long term growth. This requires finding a way forward on correcting trade, fiscal and structural imbalances. Closer and more effective coordination is needed to establish a principle-based, peer-reviewed framework that ensures the health and stability of the global financial markets. Businesses' ability to deliver much-needed jobs requires confidence in an open and rules-based trading system devoid of protectionism. Exit strategies from excessive government spending and debt, must be timely and coordinated to restore private sector confidence. This will drive sustainable global growth.

While climate change is not a focus of the G8 / G20 discussions, it is too important for us to ignore in this declaration. Our governments must reach a climate change agreement with all major emitters setting ambitious targets to meet the Copenhagen agreed objectives with a focus on driving technology R&D and investments for a highly-efficient and non-discriminatory energy mix.

The Toronto G20 Summit must make clear progress on these matters with commitments for timely actions being achieved at the Seoul Summit.

## G8 BUSINESS DECLARATION

We, the G8 business leaders, have gathered on April 28–29, 2010, in Ottawa, Canada, to address urgent issues concerning the global economic agenda. Our attention is focused on improving global cooperation and effectiveness of national and international institutions, in three major areas: preventing future financial and economic crises; supporting trade liberalization and rejecting protectionism; and climate action.

Progress on the challenges facing the global economy can only be achieved via constructive dialogue among all stakeholders. We respectfully provide our deliberations and recommendations to the heads of state at the forthcoming Canadian G8 and G20 Leaders' Summits to be held on June 25-27, 2010.

Our deliberations take into account the fact that this is a unique year for the G8 Business Summit as Canada hosts both the G8 and G20 Leaders' Summits. We welcome our counterparts from G20 countries at the G8/20 Business Summit. The enhanced collaboration of the G20 business community is of high importance as we pave the way forward.

The issues being discussed by our leaders at the G8 and G20 summits require improvements to the global governance framework. Our comments are designed to encourage action that provides a strong, job-producing economic environment. Societal challenges cannot be solved without a dynamic and growing private sector economy. In addition to generating growth and jobs, businesses increasingly play a role in addressing wider societal challenges through voluntary corporate responsibility programs which should be recognized and encouraged by governments. Governments must ensure that corporate social responsibility will continue to develop on a business-led basis, without interference from legislation.

The G8 business leaders welcome the results of the G20 Pittsburgh Summit, which sent a strong signal of international cooperation and support Prime Minister Stephen Harper's view that there is a need to demonstrate real progress on previous summit commitments at the 25-27 June summits.

### **1. Restore long-term confidence in global markets**

While the world economy is showing signs of recovery, growth in most countries continues to be supported by government and central bank policies. The recovery process is likely to be uneven, and the outlook uncertain. The financial system remains damaged and governments must not abandon necessary financial sector reform just because the recovery is underway. We also need to avoid a repeat of past mistakes in failed financial market regulation. Governments must implement credible exit strategies, at a pace that depends on the state of the economy, 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 the emphasis on spending cuts on entitlements and a focus on growth generating reform policies.

We recognize that, 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 redirect the resources needed to increase the effectiveness of education and training, R&D, innovation and modern infrastructure policies that enhance productivity, growth and employment.

Private sector investment is needed for sustainable job creation. This will require ongoing improvements in economic conditions, business confidence and enhanced support for training displaced workers.

**Deliver the framework for a strong, sustainable and balanced economic recovery:** Governments must steer the global economy to sustainable growth while delivering on the commitment to achieve fiscal responsibility. Sound structural reforms must be put in place to remove the weaknesses that led to the global recession and correct trade, fiscal and structural imbalances that may set the stage for the next downturn. We call on governments to enable businesses to exert their full capacity to achieve private sector-led economic growth. As part of these efforts, governments must continue to ensure that businesses, especially small and medium-sized, have adequate and affordable access to finance.

**Ensure sound public finances:** Our governments must ensure sustained economic growth while putting a break on public indebtedness. Well-timed and coordinated exit strategies from the extraordinary fiscal measures undertaken 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 burdening companies with increased taxes on investment or employment.

**Reform the financial sector:** Authorities must ensure the health and stability of the financial system through an international framework for reform. Priority should be given to ensuring adequate financial sector capital and liquidity requirements and building a principle-based global financial supervision framework through better collaboration of regulators and peer review. Each country's regulation of the financial system must not constrain growth or innovation and must focus on restoring stability of the financial system and ensuring companies' greater access to finance. The international framework should be designed to reflect different conditions in different countries, regions and sectors, while ensuring an effective level playing field. Concerning discussions on Basel III, government leaders must ensure that comprehensive impact assessments on credit/financing availability be undertaken as part of all new regulatory initiatives. This analysis must include cumulative effects.

**Enable job creation:** Governments must continue to tackle unemployment. For too many unemployed, the return to economic growth will not see the return of their former jobs. For employers in many G8 countries, the aging population will add significant mid-term pressure to growth strategies. Governments must focus on enhancing access to education and training in order to generate the skilled and experienced workers able to drive innovative productions and services and take advantage of the new economic opportunities. This should include expanding training opportunities by supporting apprenticeship and internship programs which provide necessary work experience and career development, as well as retraining programs to help people adapt their skills to the labour market.

## 2. Global governance needed to support trade and reject protectionism

Full economic recovery is only possible if nations further enhance the development of an effective and efficient rules-based trading system and champion the importance of global commerce through a strong commitment to open markets via multilateral, regional and bilateral free trade and foreign investment liberalization agreements. Empirical evidence clearly shows that robust, rules-based trade between countries is win-win, enhancing the prosperity of countries and their citizens.

**Conclude the Doha Round and promote free-trade agreements (FTAs):** It is no longer acceptable to simply “commit” to concluding the WTO Doha Round. The time is right for governments to go beyond merely advocating for conclusion of the Doha Round, and reach an ambitious and balanced conclusion within this year on the basis of progress already made. Political energy at the highest level should be injected to bridge the remaining gaps and ensure that any final Doha Round agreement creates new trade flows, reduces the cost of doing business across borders and increases predictability for companies. Bilateral and regional free-trade agreements as complementary measures to the multilateral process, should serve as a conduit for further liberalization of world trade in harmony with the WTO agenda and not as closed “trading clubs”.

**Refrain from raising or imposing trade barriers, dismantle existing ones and resist protectionism:** Governments must refrain from raising or imposing new barriers to trade and investment, imposing new export restrictions or implementing measures to stimulate exports inconsistent with the WTO. Governments should also quickly take steps to remove any protectionist measures that were adopted in relation to the recession, including in stimulus plans. The lengthy list of needed reversals includes tariffs, non-tariff measures, restrictions on public procurement, subsidies, burdensome administrative procedures affecting imports, market-distorting restrictions on exports. There remains a continued need to encourage governments to jointly work to prevent and dismantle protectionist measures in collaboration with the WTO, OECD, IMF and UNCTAD.

**Facilitate and further 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 the defense of “national security” or of a “strategic industry” should be narrowly defined and only applied under exceptional circumstances. All international agreements must include high standards of investment protection, including non-discrimination, national treatment and fair and equitable treatment. They must also include prompt, adequate appeal mechanisms; effective compensation in the event of discrimination or expropriation; and access for companies to international arbitration to resolve disputes.

**Facilitate secure trade and business travel:** In a world where businesses compete across borders, it is crucial that borders not act as impediments to legitimate goods and the mobility and temporary entry of business travelers. While recent terrorism incidents have spurred calls for tighter border and travel restrictions, measures for securing borders and the safety of travelers must be implemented in a manner that does not unduly burden legitimate trade or business travel. This requires clear direction that border measures must be targeted to achieve the combined objectives of higher security and trade facilitation.

**Further protect intellectual property (IP) rights:** IP is key to every knowledge-based economy. IP infringements result in knockoffs that unfairly compete against legitimate goods and associated services, all too often threaten health and safety, dent consumer confidence in brands and are often a major source of funding for organized crime. We call on governments to coordinate closely in fighting illicit trade practices, such as counterfeiting, trade-mark infringement and piracy. Particular attention must be given to the concrete enforcement of the TRIPS Agreement and advancing negotiations on the Anti-Counterfeiting Trade Agreement.

### **3. Post-Copenhagen: Global action needed on climate change**

While the 2009 Copenhagen climate change conference failed to reach consensus, the Copenhagen Accord represents a step forward in bringing the largest economies together in developing a long-term agreement on climate change. G8 business supports the development of an international agreement on climate change that includes all major economies and major greenhouse gas emitters. While the UNFCCC has been the primary forum for these discussions, the G8/G20 can play an important role in bringing the largest economies together to advance an agreement that will lead to a low carbon economy. Global climate action leads to business opportunities. There must be a balance between addressing climate change, which includes the advancement of clean energy development, and other global priorities, such as poverty and disease eradication. Since many developing countries are struggling to provide even the most basic necessities to their citizens, a global approach to addressing climate change will require innovative financing mechanisms to ensure their participation in climate action as well as their commitment to eliminate wasteful energy subsidies which encourage energy inefficiency.

**Conclude an ambitious international climate agreement:** Building on the Copenhagen Accord agreed by all major emitters and taken note at the COP15, the agreement must include all major emitters with binding reduction commitments that establish a “level playing field”. Responsibility for action is shared by both private and public sectors. We endorse the concept of common but differentiated responsibilities. This includes developed countries working with emerging economies to achieve their twin goals of economic growth and sustainable development. An effective compliance system must be developed to enable measurable, transparent and verifiable comparison of the climate change efforts among countries. Business, which already provides significant financial support both directly and through taxes and charges, requires clarity from governments on where additional financial support will come from in future. Other general principles of a post-Copenhagen international framework include flexibility and diversity for GHG reduction. A balance between environment, energy security and economic growth must be struck.

**Support innovation and research and diffusion of a clean energy and low carbon technologies:** A technological revolution is needed in order for the world economy to grow without accelerating climate change. Since many technologies will take decades to move from R&D to widespread implementation, governments must commit to programs that support new technology development by the private sector. A paradigm shift to a low carbon economy enabled by an optimal policy mix will drive profitable technological innovation. This requires the future UNFCCC agreement to support a significant scale-up of investment and demonstration in eco-innovation, carbon mitigating technologies, renewable energies and energy efficiency, both in the developed and developing countries. Financial and international

cooperation mechanisms should be encouraged, including the use of flexible tools, such as Joint Implementation and the Clean Development Mechanism, and other incentives. Linking carbon markets, in those countries and regions that choose to utilize this option, would make them more effective and foster more cooperation on investment in low carbon or carbon mitigating projects. Concerted global support for R&D will need to be put in place in order to increase the pace of change, commercialization and deployment of these new technologies. Also required is the dismantling of trade and investment barriers for environmental technologies by rejecting “green protectionism”, liberalizing trade, increasing investment security, cooperating on global standards and opening procurement markets to competition. Protection for intellectual property rights is essential. Any measures to weaken these provisions will run contrary to efforts aimed at developing and deploying clean technologies through joint ventures, licensing and other private sector contracts for technological cooperation.

**Strive for a full exploitation of energy efficiency:** Energy security and climate protection policies must be mutually reinforcing. Increasing energy efficiency and diversifying energy-mix and eliminating wasteful energy subsidies are of key importance for any future climate strategy. Under this framework, all energy options have to be pursued to promote a balanced and non-discriminatory energy-mix, including those from traditional, renewable and nuclear energy sources.

