



Joint Declaration

The *B8 - G8 Business Summit* - which is a group formed by the most representative business associations in the G8 countries, was hosted by MEDEF, on April 8, in Paris.

The main objective of this meeting was to discuss on the best way to achieve, in a coordinated way, a stabilized international economic environment and a job generating recovery in our economies.

The world economy is on the path towards recovery. The G8 and the G20 can be proud of the role they have played to avoid a further downturn of the economic activity. Now, they must take yet more brave decisions and actions. Governments must set out a clear pro-growth roadmap. This will give long, loud positive signals to markets, companies and people.

Politicians and businesses share the same objectives – growth and job creation. They must work together in order to secure sustainable economic growth, which is a key prerequisite for the systematic reduction of public deficits.

Business is in a strong position to meet the growth requirements and improve the levels of employment in our economies.

The recent international events – the Japanese natural disasters, which gave an unprecedented dimension to the debate on energy, and the wave of democratization in the Middle East and North Africa - further strengthen our belief in the key role G8 and G20 play as the sources of strong political signals to the international markets in times of stress. International coordination and cooperation for tackling worldwide challenges are more essential than ever. Coordinated action will put the world economy back on a track of sustained growth, and may prevent another severe global economic crisis.

Our business associations call on our governments, and on the French Presidency of the G8 and G20, to address these pressing issues with resolve and ambition. In our view, progress on such challenges can only be achieved via constructive dialogue among representative stakeholders.

To that end, we respectfully provide you with our recommendations.

We hope they will be helpful for the G8 dialogue and will encourage action for a strong, private sector-led, job-producing economic environment.

1. The path for job-generating recovery in our economies

- **Coherent global economic governance reforms** – The G8 and the G20 have a vital role in stabilizing the economic environment. It can restore confidence in financial markets, so that the private sector will feel able to plan for the future, and make investments. The market participants look to the French leadership in setting a rational pace and direction of a coordinated and coherent

cross-cutting policy-making at every level of G20 process: at the Summits, in meetings of finance ministers, and increasingly in the work of international institutions that the G20 leaders have empowered. We therefore urge the French Presidency to guide the appropriate development of capital and liquidity rules, suitable accounting and auditing standards, and measures to jump-start credit markets and securitization. All these measures must be implemented in a manner that would not choke the nascent private sector recovery. A special attention must be given to SMEs which extensively contribute to job creation.

- **Financial reforms** – Ensuring access to all essential forms of business finance must be the ultimate objective of all financial reforms. Policymakers must assess all regulatory proposals, including Basel III rules, to determine their impact on the availability of credit/financing, especially as this relates to SMEs. Reforms must also address the need of private sector companies to enhance their productivity and their job-creating function by participating in infrastructure projects worldwide, which requires trade finance, credit insurance and international securitization.
- **Fiscal consolidation** – Governments must deliver on restoring fiscal discipline without increasing company taxation, but rather by streamlining public spending, improving the efficiency of government programs and embracing public-private partnerships. This is imperative to stimulate greater investment, and to spur and sustain private sector-led growth. Governments' frameworks to restore fiscal discipline must be clear, structured and consistent so as to bolster the stability of financial markets, which is essential to medium and longer term financial planning and investment activities. Businesses' ability to innovate, create quality jobs and contribute to social welfare would be severely hampered by burdening companies with increased cost, particularly in the form of additional corporate taxes or employment costs.

2. Current impediments to recovery and rebalancing

- **Protectionism** - In spite of the positive analysis done by the OECD and the WTO, an increasing number of protectionist measures (tariff and non-tariff barriers) were taken by an important number of countries during the crisis, and they still persist. The best way to counteract this is to conclude the Doha Round in 2011 and to make real progress on all the other WTO chapters of negotiation – especially emerging countries' accession to the Government Procurement Agreement. To this end, tangible substantive breakthroughs are called for.

Governments must also avoid imposing new barriers to both outward and inbound investment, and must keep high standards of investment protection. A renewed effort to establish global investment rules is needed to establish a truly level playing field for business. The G8 and their partner countries should make it clear that foreign direct investment (FDI) remains a major source of capital, liquidity, best practice and, ultimately, growth. They should hold each other to a high standard when imposing restrictions on FDI, to ensure these are only put in place when strictly necessary (e.g. for reasons of national security) and not in the interests of economic nationalism. Governments should also avoid imposing local activity requirements (e.g. holding data on in-country servers; imposing technology transfer requirements; requiring export quotas) that can distort sensible business models.

- **Raw materials** – Export restrictions in trade, and in particular in trade of raw materials, as well as manipulation of the markets, undermine trade and investments. Governments should not impose, and should repeal existing, export taxes, quotas or other market-distorting measures that restrict global supply and prohibit a global level playing field. Importers of raw materials should engage in regulatory cooperation with exporters to ensure that new regulations – especially

environmental, health and safety regulations – are proportionate and do not undermine trade in raw materials. The WTO should establish clearer rules to eliminate import and export restrictions to trade in raw materials. To reduce price volatility in markets, policymakers should oppose arbitrary supply constraints and encourage transparent markets. They should also insist on policies that incentivise efficient capital deployment by end-users of raw materials. Promotion of responsible use of natural resources through recycling and research should also be discussed within the G20 framework.

- **Monetary imbalances** - Global imbalances have proved to be a source of economic and financial instability during the crisis and should be addressed with a renewed sense of responsibility. This calls for reinforced surveillance and new commitments towards more sustainable and global economic policies across the G20 main international powers. Businesses call for an international monetary system that is more stable, predictable and resilient. Reinforcing the mechanisms of crisis prevention and management, based especially on the identification of imbalances and risks, as well as the establishment of suitable instruments, should be the next steps to achieve this objective. The private sector should be consulted and able to provide input to the negotiations for the reform and enhancement of the international monetary system, including market-driven exchange rates as a fundamental principle.

However, market participants are requested to act with a high standard of responsibility so that myopic speculative behaviour may not lead to excess volatility and disorderly movements in exchange rates which have adverse implications for economic and financial stability.

- **Corruption** – Bribery erodes the integrity of markets, distorts fair competition and reduces the benefits of globalization for the industrialized and developing countries alike. Global and joint actions by the major trading countries, and specially the G20 countries, are imperative to cleaning up the business environment and eliminating corruption in public services. The business community offers to be a firm voice in the G8 and G20 processes that can improve the integrity of the global market place.

- **Business risks and financial derivatives** – International production requires the use of diverse financial instruments to reduce the risks inherent in investing capital in the global economy. In order to encourage growth-generating investments, governments should insure that capital requirements are conducive to prudent risk management and do not discourage the appropriate use of risk mitigating and tailor-made OTC derivatives in the non-financial sector.

3. New global challenges, innovation for growth

The G8 business leaders welcome the inclusion on the political agenda of issues related to the internet and green growth. Investing in innovative sectors with high added value, including information technologies, enhances business' profitability, generates employment and foster global economic growth, while favouring a win-win solution for business competitiveness and environment. To establish such a virtuous circle, well focused long-term policies are needed at global level. Governments should avoid by all means any increase of fiscal or administrative burdens for enterprises in this sphere.

- **Access to energy and energy resource options** - The recent tragic developments in Japan have changed the perception of the wider public and point to the importance of energy supply and security. Sound energy policy continues to be one of the key drivers of global economic growth.

Access to energy, security of supply and diversification of energy sources remain keys to energy security. It can translate into an appropriate balance between supply and demand, stability in producing countries and security of energy sources. No energy option, including nuclear power, should be excluded to promote a balanced and non-discriminatory energy-mix, which will contribute to climate protection as well as energy safety. In this context, we believe that decisions should be based on careful and sound criteria. Governments should develop an international framework for nuclear safety assessment.

- **ICT** – ICT, and Internet in particular, are key to economic growth, business competitiveness and development. To strengthen their positive impact, the G8 and other major partner countries must support the deployment of broadband and the diffusion of ICT digital applications at global level, in particular to the benefit of SMEs. ICT are strategic resources in the field of environmental protection and CO2 emission reduction, as they are present in a number of relevant sectors: eco-buildings, smart grids, energy efficiency process in production, sustainable mobility. However, to ensure the protection of such technological development and innovation, a stricter international cooperation is needed to fight against cyber criminality and to effectively stop it. To this end, global cooperation would be more effective than imposing filtering on citizens and on businesses. This practice should be limited and strictly supervised, respecting the freedom of information. As far as Internet governance is concerned, the G8 and the G20 countries must aim at an international, balanced and independent, multi-stakeholder approach, including the private sector. The global nature of the Internet should be recognized in the public policies.

- **Green growth** – Technological innovation in manufacturing processes, products and services is a key to take up the transition towards a low-carbon economy. Scalable and cost-effective innovative solutions are also needed to increase energy efficiency (reducing both inefficient spending and resource consumption). That also supposes to make it possible for developing countries to develop innovative technologies. Nevertheless, technology transfer must not harm the intellectual property rights. Without respect of intellectual property, there will be no incentive to innovate and therefore no technologies to be transferred. Policies should provide business with clear objectives and means to achieve them. Long-term visibility is key to facilitate investment. The definition of low-carbon roadmaps can guide national policies and build confidence at an international level, provided that they are transparent, feasible and translated into sectorial, specific and realistic objectives. Governments should be encouraged to measure, report and verify transparently their national emissions and implement climate policies. The recognition of credible and verifiable offsets by competent authorities (*e.g.*, national governments) and the improvement of Clean Development Mechanisms would help to maintain confidence of the business community and provide the growing volumes of finance that developed and developing countries need.

- **Fighting against counterfeiting and piracy** - Counterfeiting and piracy not only negatively affect business and destroy a great number of jobs, they also discourage investment, especially in innovative sectors, thereby hindering competitiveness and economic growth at global level. Furthermore, counterfeiting can be highly dangerous for human health and safety. Revenues from counterfeiting and piracy often feed criminal organisations to the detriment of the entire civil society. The ratification and the rapid implementation of the Anti-Counterfeiting Trade Agreement (ACTA) is the first necessary step to be undertaken to fight back these increasingly worrying illicit activities.

The business community of the G8 is optimistic about the future. We do not underestimate the scale of the challenges that lie ahead. But by working together, we believe that the momentum of recent months can be built upon to reverse the losses of the last downturn and to deliver new opportunities for all.

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