



International Chamber of Commerce

The world business organization

Business and the global economy

*ICC statement
on behalf of world business
to the Heads of State
and Government attending
the Kananaskis Summit,
26-27 June 2002*

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Business and the Global Economy

The International Chamber of Commerce (ICC), the world business organization, is pleased to submit this statement to the Heads of State and Government attending the G8 Summit in Kananaskis, Canada (26-27 June 2002). The statement addresses several key issues of particular concern to world business, with the focus on promoting the conditions that enable developing countries to participate in the benefits of the global economy.

1. The global economy: an opportunity for all

<i>Globalization is the solution</i>	World business, as represented by ICC, believes that “globalization” is a powerful force for raising living standards. It has already contributed substantially to unprecedented advances in the lives of billions of people. The challenge facing government and business leadership is how to draw into the global economy those countries that remain on the margins. Aid can alleviate localised poverty and stimulate development; but it can never eradicate generalized poverty. The key to that goal is peace, good governance, the encouragement of entrepreneurship, and strong links to the outside world through trade, investment and technology flows.
<i>Business, governments must tell their story better</i>	Fears and misconceptions surround the phenomenon of globalization. Business and governments have an essential role in addressing these reactions and explaining the benefits that globalization brings.
<i>Protestors are misguided</i>	Business is concerned that the anti-globalization groups are pressuring governments to hinder progress in the very areas that can eradicate poverty and narrow the gap between rich and poor. Opening export markets, expanding foreign direct investment, and developing new technologies – particularly biotechnology, with its promise of the potential to end starvation – will help cure poverty, and not aggravate it.
<i>Governments must stand firm</i>	ICC calls upon the G8 governments, with the authority they derive from mass democratic elections, to stand firm in the face of groups that are mostly unaccountable and represent small minority views or narrow vested interests. We cannot curb the chances of poor people to profit from participation in a thriving global economy.

2. International trade policy post-Doha

<i>Doha brought new hope</i>	ICC warmly welcomed the World Trade Organization agreement in Doha last November to launch a new round of multilateral trade negotiations. And we applaud the leadership of several of the countries represented at Kananaskis. However, the more difficult task remains – bringing the negotiations to a successful conclusion and within the agreed time frame.
<i>Disputes are disturbing</i>	The prospects for the new round have not been improved by new trade disputes in recent months, particularly between the world's leading trading nations. We fear that the spirit of cooperation at Doha is under threat from a new outbreak of protectionism.
<i>A system overburdened</i>	Furthermore, we are concerned that the WTO's dispute settlement is becoming overburdened. That mechanism cannot be a substitute for good-faith efforts to find solutions through patient negotiation and diplomacy. Litigation must be the last, and not the first, resort in international trade disputes.
<i>Trade's vital role</i>	For the past 50 years, thanks in large part to new trade agreements, international trade has expanded significantly faster than the world economy. Last year, however, the growth rate of trade actually declined – and took its toll on the world economy.
<i>New round needs support</i>	ICC calls upon the leaders at Kananaskis to underline their commitment to renewed growth in trade and the world economy. We look to them to give strong political backing, at the highest level in government, to the new trade negotiations and to lead to a successful conclusion the broad trade liberalization agenda outlined at Doha.
<i>Priority: developing countries</i>	ICC's position is that the negotiations must address the interests and concerns of developing countries. The primary goal must be to improve substantially their access to developed country markets, and especially for products in which they possess a competitive advantage. This will require difficult reforms and adjustments in certain sectors of the economies of developed countries. But it will have a vital bearing on the ability of poor countries to lift themselves out of poverty.
<i>From words to action</i>	Governmental declarations must be accompanied by actions. This will mean refusing protectionist demands – including those from business. It will mean resisting the pressures and temptations of short-term political expediency. And it will mean taking a strategic view of the political as well as the economic benefits of a prosperous global economy that embraces an ever-increasing number of nations. For its part, ICC will continue to argue the case within the business community worldwide that trade liberalization contributes strongly to raising living standards and enlarging consumer spending power.

Trade, not war ICC understands that a key item on the agenda of the Kananaskis Summit is the fight against terrorism and the promotion of peace and stability. As an organization of businesspeople with members across the globe, our mission has long been to promote international trade, investment and cross-border business exchanges in the belief that these linkages reduce political conflicts. The big idea upon which ICC was founded – just after the 20th century's first world war – was 'world peace through world trade'. We commend this inspiring and enduring notion.

3. Innovation, technology and development

The role of technology Business believes that the freedom to research and innovate is one of the main engines of economic growth and job creation. Technological advances have been a key driving force in the history of human progress.

IT and economy linked ICC applauds the leadership of the G8 in initiatives to help developing countries to take advantage of the opportunities offered by the digital era. Business shares this goal of digital development. We stress, however, that this goal cannot be separated from overall economic development. The factors that will enable poorer nations to adopt new information technologies are the same ones required for their overall economic development – a competitive marketplace, an entrepreneurial culture, a positive and efficient regulatory framework, a focus of resources on education and training, and an ability to attract foreign partners to help build the necessary infrastructure and technical capability.

Feeding the starving New technologies in agriculture, biotechnology and health care hold the promise of dramatic improvements in human nutrition and treatment of diseases. They are our greatest hope of feeding and curing the rapidly growing population of a world in which 800 million people are already seriously undernourished.

Be cautious, but move ahead As new technologies offer brighter horizons for all mankind, business is seriously concerned at the emerging crescendo of suspicion and hostility. We recognize that there are genuine and legitimate concerns about some new technologies – especially on health and safety grounds – that must be addressed with candour and transparency. But we also recognize that much of the resistance to the new technologies is motivated by an ideological aversion to capitalism and risk-taking, or by plain protectionism.

Use sound science ICC urges governments to work with business to ensure an informed and balanced public debate, with the emphasis on risk assessment based on sound scientific enquiry and reasonable caution. A policy that seeks to exclude all risk would exclude all progress.

- A call for unity* We strongly encourage the G8 countries in their efforts to promote an agreed international approach to health and safety standards and regulatory requirements to facilitate the global diffusion of new technologies and reduce the potential for trade conflicts.
- Conditions for progress* Technological breakthroughs do not just happen. They are the product of conditions that are conducive to scientific research, inventiveness, and entrepreneurship. They happen most readily in societies that:
- respect the commercial, as well as the health and safety, risk of developing new technologies – and reward it accordingly, including by the robust protection of intellectual property rights;
 - allow small ventures to breathe, prosper and multiply; and
 - maintain moderate taxation levels, pro-competitive regulation, and efficiently functioning product, service, capital and labour markets.

4. Public-private partnerships and Africa

- A welcome initiative* Business is aware that the Kananaskis Summit is due to approve an Action Plan for Africa. We applaud this focus on Africa and G8 support of that continent's home-grown New Partnership for Africa's Development (NEPAD) initiative, which recognizes the need for improvements in governance to attract more resources for development.
- Business helps* ICC itself has cooperated with the UN to create a practical mechanism to contribute to the aims of NEPAD: an Investment Advisory Council (IAC) that brings together chief executive officers of companies in developed nations and government leaders from the least developed countries.
- Focus on partnerships* The principal focus of IAC is to overcome obstacles to investment in the poorest countries and to identify projects for local business development, particularly in joint ventures with companies from other parts of the world who can contribute capital, technology and management skills. We applaud African leaders' determination to stimulate domestic – as well as foreign – investment and entrepreneurship.
- Two roles, one goal* ICC calls on the G8 leaders at Kananaskis to endorse the public-private partnerships for economic development that are expanding rapidly in number with the growing recognition that governments and business have separate but complementary roles, and depend on each other to achieve many of their objectives.

The International Chamber of Commerce

ICC is the world business organization, the only representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world.

ICC promotes an open international trade and investment system and the market economy. Its conviction that trade is a powerful force for peace and prosperity dates from the organization's origins early in the 20th century. The small group of far-sighted business leaders who founded ICC called themselves "the merchants of peace".

Because its member companies and associations are themselves engaged in international business, ICC has unrivalled authority in making rules that govern the conduct of business across borders. Although these rules are voluntary, they are observed in countless thousands of transactions every day and have become part of the fabric of international trade.

ICC also provides essential services, foremost among them the ICC International Court of Arbitration, the world's leading arbitral institution.

Within a year of the creation of the United Nations, ICC was granted consultative status at the highest level with the UN and its specialized agencies.

Business leaders and experts drawn from the ICC member-ship establish the business stance on broad issues of trade and investment policy as well as on vital technical and sectoral subjects. These include financial services, information technologies, telecommunications, marketing ethics, the environment, transportation, competition law and intellectual property, among others.

ICC was founded in 1919. Today it groups thousands of member companies and associations from over 130 countries. National committees in the world's major capitals coordinate with their membership to address the concerns of the business community and to convey to their governments the business views formulated by ICC.



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