



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 Sea Island Summit,
8-10 June 2004*

International Chamber of Commerce

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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 at Sea Island, Georgia, U.S.A. (8 -10 June 2004). The statement addresses a number of issues of particular importance to world business, with the focus on promoting the conditions that enable developing countries to benefit from the opportunities offered by the global economy.

1. Managing the global economy for the benefit of all

*Global economy
raises living
standards*

World business, as represented by ICC, firmly believes that the global economy of today offers an unparalleled opportunity to raise living standards across the world. Indeed, the evidence is that it has already helped bring unprecedented improvements in material welfare to billions of people. The combination of technological advances and open international markets for goods, services and investment capital is proving a powerful engine of progress. Countries that have successfully integrated themselves into the global trading system are enjoying faster economic growth, higher-paid jobs, and rising prosperity.

*Individuals must
be empowered to
adapt to change*

Inevitably, the extraordinarily rapid changes in today's competitive world economy can cause economic discontinuities and can demand unusual degrees of adaptability. Government and business must work together to put in place the appropriate education, training and development programmes which enable individuals to adapt to these changes.

*Good governance vital
for reducing poverty*

One of the biggest challenges facing government and business leadership is how to draw into the global economy those countries that still remain on the margins. While aid can alleviate localized poverty and stimulate development, it can never eradicate generalized poverty. Equally, while the encouragement of entrepreneurship and access to foreign markets, capital and know-how are vital for sustained growth and development, they can be so easily undermined by bad government, including legal and regulatory regimes. ICC calls on the G8 to continue to emphasize the indispensability of good governance in promoting development and reducing poverty, and to work closely with countries who wish to undertake reforms. Business is very ready to make its contribution to that process.

*Resist protectionism
and
extraterritoriality
... respect
multilateral rules*

Freedom can only work within rules, and the same holds true for markets. Global markets have to be managed by global rules to ensure their smooth functioning. Respect for multilateralism by all nations is essential. In this context, ICC urges the G8 leaders to recognize the current dangers inherent in growing protectionist sentiment and in the ever-expanding practice of applying national laws extraterritorially. Both are serious threats to wealth-creating cross-border trade and investment, as well as to harmony among states.

<i>Development requires peace</i>	Clearly, the maintenance of peaceful conditions between and within sovereign states is crucial to enabling the benefits of the global economy to spread to all mankind. The absence of armed conflict is a precondition both for local entrepreneurship to flourish and for international business to invest.
<i>Trade as a deterrent to war</i>	ICC understands that the key item on the agenda of the Sea Island Summit is the fight against terrorism and the promotion of international peace and stability. As an organization of businessmen with members across the globe, our mission has long been to further international trade, investment and cross-border commercial exchanges in the belief that these linkages reduce political conflict. The big idea upon which ICC was founded – just after the 20 th century's first world war – was 'world peace through world trade'. We continue to commend this inspiring and enduring notion.
<h2>2. Multilateral trade policy after Cancún</h2>	
<i>WTO a central pillar of international cooperation</i>	World business believes strongly that the rules-based multilateral trading system, managed through the World Trade Organization (WTO), is one of the central pillars of international cooperation. It has contributed enormously to liberalizing world trade and improving market access, and is a major driving force for global economic growth, job creation, and wider consumer choice.
<i>Failure of WTO Cancún meeting regrettable</i>	ICC therefore greatly regretted the failure of the WTO Ministerial Conference in Cancún last September to finalize the negotiating agenda of the Doha trade negotiations and set the round on course for completion by the agreed date. The outcome of Cancún sent a worrying signal to investors, traders and consumers that, even in the face of geopolitical volatility and a fragile world economy, governments still could not find the political will to strengthen the multilateral framework for commercial exchanges among nations.
<i>Need for strong G8 leadership to complete Doha round</i>	Fortunately, early this year governments took some tentative, and much-needed, steps to breathe new life into the Doha round. As a result, ICC believes that some momentum has been restored and is hopeful that a window of opportunity has opened in which to make significant progress in the negotiations by the time summer arrives – paving the way for a WTO meeting at ministerial level to lock-in this progress. Despite past disappointments and missed deadlines, we call upon the G8 heads to renew their pledge to take the lead in bringing the round to a successful and early conclusion, and to commit themselves personally to that goal. In terms of contributing to the health of the world economy, the current proliferation of bilateral and regional trading arrangements - which the present uncertainty is encouraging – is not a substitute for a sound multilateral accord in the WTO.

Doha round priorities

ICC calls upon the G8 countries to give strong backing to the following priorities:

- agreement on a framework and negotiating modalities on agriculture with a view to improving market access for developing country agricultural products in particular, and reducing trade-distorting subsidies;
- agreement on a framework and negotiating modalities on market access for industrial products, with greater attention paid to non-tariff barriers; and
- agreement on moving forward each of the so-called Singapore issues – competition, investment, trade facilitation and transparency in government procurement – on their own merits and at their own pace. ICC attaches strong importance to the inclusion of trade facilitation and transparency in government procurement in the negotiations at the earliest possible date.

Improve market access for developing country exports

ICC firmly believes that the Doha negotiations must address above all 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 by their own efforts and earn a better living in the global economy.

G8 leaders must make the case for trade liberalization

In the light of resurgent protectionist rhetoric, ICC considers it an essential responsibility of G8 leaders and governments to communicate more effectively to the public at large the benefits of trade liberalization for economic growth and development, so as to build more solid support for the rules-based multilateral trading system. For its part, ICC will continue to stress the importance of resisting protectionist demands – including those from sections of the business community.

3. Security and cross-border business

New security measures must not obstruct world trade

World business fully understands the need in today's world for heightened security requirements governing the movement of goods, services and people across national frontiers. At the same time, it urges governments to take into account the impact on business, and to design security measures that continue to facilitate international commercial flows which are vital for economic growth and development.

Business needs global security standards that minimize costs

We urge governments, and particularly the G8 governments, to refrain from unilateral measures that affect trading partners. The goal should be close cooperation among governments – through existing intergovernmental organizations as appropriate – to develop global security regulations and

standards aimed at uniformity, simplicity and ease of deployment from country to country. Governments should also work with business, which has a detailed knowledge of modern international supply chains, customs practices and risk-assessment techniques, to put in place security measures which are both cost-effective and trade-friendly.

Business can help governments with technology and management skills

ICC believes that efficient, least-disruptive solutions to new security problems can be found through the application of modern technology and the management expertise possessed by business. It hopes that governments will consult with business every step of the way in designing measures to improve security in the cross-border movement of goods and services and people, and particularly at the conceptual stage.

4. Protecting intellectual property

Piracy and counterfeiting a huge, global phenomenon

ICC firmly believes that the protection of intellectual property encourages research and innovation, international trade and investment, and sound economic growth and development. It is therefore profoundly concerned by the rapidly-growing infringement – or piracy – of intellectual property rights and production of counterfeit goods. A recent estimate puts the value of cross-border sales of counterfeit goods at US\$ 450 billion – approximately six per cent of total world trade. Virtually no sector of industry is untouched by this illegal – and sometimes dangerous – activity. The internet is being misused for massive copyright theft. Piracy and counterfeiting have become a huge and truly global phenomenon.

Damaging health as well as wealth

Piracy and counterfeiting deter innovation, trade and investment, rob the creative community of the rewards of its work, deprive governments of tax revenue, and hold back the development of legitimate economic activities and employment. They also undermine consumer confidence in the quality assurance of branded products and pose serious health and safety risks in areas such as foodstuffs, medicines, car parts and toys. Finally, the relatively easy profits to be made from piracy and counterfeiting attract organized crime networks interested in funding other criminal activities.

G8 urged to take lead in programmes to combat IP piracy

For all these reasons, ICC calls on the G8 to underline the importance of respect for international obligations in the intellectual property field and to take a lead in improving the enforcement of existing laws. In particular, governments should give higher priority to fighting piracy and counterfeiting by gathering more accurate data on the extent of the problem, elaborating campaigns to raise public awareness of the damage it does, improving cross-border cooperation and training of national enforcement agencies, and exchanging information and best practice. Business stands ready to assist and support governments to the maximum in the development and execution of determined programmes to combat such harmful activity.

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 last 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 membership 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 work with their members to address the concerns of business in their countries and convey to their governments the business views formulated by ICC.



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