



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 Gleneagles Summit,
6-8 July 2005*

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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 Gleneagles, UK (6-8 July 2005). 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. The ingredients of development

Promoting business enterprise is vital for development

ICC welcomes the inclusion of economic development on the agenda of the Gleneagles Summit, and we are especially pleased to note that Africa will once again be the focus three years after the G8 heads of state and government adopted the Action Plan for Africa at Kananaskis. We have examined the recent report of the UK-sponsored Commission for Africa and applaud its emphatic recognition of the key role that a functioning private sector plays in successful development. The creation of a local framework supportive of entrepreneurship and small enterprises – particularly in the areas of financing instruments and technical assistance – is a vital component of a strategy to achieve the UN Millennium Development Goals.

Need to draw poor countries into global economy

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, 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, if it is targeted and accountable, can alleviate localized poverty. But it cannot eradicate generalized poverty.

Peace and good governance are preconditions

The keys to that great aspiration are first and foremost peace and the absence of armed conflict, together with good governance and the rule of law - the essence of which is a framework of just and essential laws and regulations administered by efficient, honest, and impartial government and enforced by an independent judiciary. Beyond that, ICC would also highlight the importance of establishing and protecting property rights, particularly since the latter are important for attracting foreign investors with their capital, technology, management skills and access to overseas markets. We have more to say below about trade and property rights.

2. Doha trade negotiations at the crossroads

WTO a central pillar of international cooperation

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. The current proliferation of bilateral and regional trading arrangements is no substitute for multilateral liberalization in the WTO in terms of providing an engine for the world economy.

Progress in Doha round still disturbingly slow

It is therefore with considerable regret that, once again before a G8 summit, ICC must register its concern at the prospects for the Doha round of trade negotiations. Although WTO member governments did act to pull the round back from the brink of failure in July last year, the original date agreed at Doha for completion of the negotiations has now been missed and progress continues to be disturbingly slow. The negative signal continues to go out to investors, traders and consumers that, even in the face of a fragile and uncertain world economy, governments seem unable to find the political will to strengthen the multilateral framework for commercial exchanges among nations.

WTO Ministerial Conference in Hong Kong will be decisive

Business is now setting its sights – and its hopes – on the Sixth Ministerial Conference of the WTO scheduled for the end of this year in Hong Kong. That meeting could well prove decisive in determining the fate of the Doha round and it is therefore vital that the preparations for it are solid, substantive and in good time; we know from experience that ministerial meetings left with too many decisions to take at the last moment usually break up in failure. Thus, steady progress in the negotiations must be achieved between now and Hong Kong, enabling the ministerial to lock in worthwhile, concrete results and establish a forceful momentum for completing the round by the revised deadline of end-2006. For this, ministers and capitals must remain strongly engaged to ensure that their delegations in Geneva receive clear negotiating mandates – as well as to maintain the practice of occasional ‘mini-meetings’ of trade ministers, which have recently proved effective in pushing the agenda forward.

Improve market access for poorer countries’ exports

ICC believes that the Doha negotiations must above all address the interests and meet the aspirations of poorer 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 poorer countries to lift themselves out of poverty by their own efforts and earn a better standard of living in the world economy.

Doha round success will require personal attention of G8 leaders

Despite past setbacks and several missed deadlines, ICC continues to attach overriding importance to the successful completion of the Doha round trade negotiations. We call upon the heads of state and government gathering in Gleneagles to pledge to achieve that goal by the end of next year and to commit themselves personally to devote what time and attention may prove necessary from the very highest political level.

3. Intellectual property and innovation

Piracy and counterfeiting are a global epidemic

ICC firmly believes that the protection of intellectual property (IP) encourages research and innovation, international trade and investment, and sound economic growth and development. We are therefore deeply disturbed by the current epidemic levels of product counterfeiting and copyright piracy. 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 global phenomenon.

Damaging health as well as wealth

Piracy and counterfeiting deter innovation and creativity, which underpin the knowledge society we live in today; they deprive governments of tax revenue; and they retard 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 food, medicines, car parts and toys. Further, the relatively easy profits to be made from piracy and counterfeiting attract organized crime networks interested in funding other criminal activities and lead to a misuse of the international financial system for money laundering purposes.

Investment in environmental technologies requires IP protection

One area of IP protection that we understand will be of particular relevance to the Gleneagles discussions is environmental technologies. For example, addressing climate change will require significant private sector investment in climate-related technology and in technology transfer. Companies need to know that their IP will be protected if they are to undertake the necessary investment or transfer the technology that can help in resolving environmental problems. IP protection is an essential part of an enabling framework to stimulate research and development to create affordable and reliable technologies with low greenhouse gas emissions and to encourage the global dissemination of advanced energy technologies.

Business looks to G8 for concrete action to fight IP piracy

The last two G8 summits have recognized the growing need for strong measures to fight piracy and counterfeiting. However, we in the business community see little evidence of concrete action. We urge the leaders meeting at Gleneagles not only to reiterate the importance of respect for international obligations in the intellectual property field but also to commit their governments to enforce existing laws against such activity with a new and strong determination. An already huge problem risks spiralling totally out of control if the world's major powers do not act together to show the way to combat a global menace. Business stands ready to assist and support governments to the maximum in the design and execution of vigorous programmes to that end.

4. Climate change

Challenge is to meet global energy demand while curbing greenhouse gas emissions

ICC recognizes that climate change risks are a major long-term concern. Business is actively addressing climate change by measuring and reporting greenhouse gas emissions from facilities and products, by investing in energy efficiency and conservation, and by undertaking research to develop advanced, innovative new technologies and processes with reduced greenhouse gas emissions. The challenge to which it is contributing is to meet the world's growing demand for energy – essential to raising global living standards – while also taking measures to reduce the harmful impact of greenhouse gas emissions on the environment.

Lack of global consensus on climate change is discouraging search for new technologies

Deep differences exist among countries and regions about the most effective ways to address climate change – and clearly call into question whether an international framework based on a progression of national, binding, differentiated, absolute emission reduction targets can effectively marshal a sustained and global response to concerns about climate change. Business is particularly worried that the lack of global consensus is deterring technological innovation and the investment vital for both securing energy supplies and reducing greenhouse gas emissions over the longer term.

Use UNFCCC to develop long-term global policy framework

ICC remains committed to the UN Framework Convention on Climate Change (UNFCCC) and believes that it provides a useful structure in which countries across the world can co-operate to develop measures to confront climate change over the longer term. We believe that a long-term international policy framework to tackle climate change should be developed under the UNFCCC: one that reflects a global consensus on addressing the risks effectively and that encourages investment in and dissemination of advanced technologies for producing clean energy necessary for growth and development.

Switch focus to spur long-term innovation and investment in new technologies

To date, climate change policy negotiations have focussed on implementing near-term greenhouse gas emission limits, in particular those defined in the Kyoto Protocol. The implications for long-term innovation and investment, especially in technology and infrastructure for energy supply and use, have been secondary. It is essential that such implications be thoroughly discussed, especially in relation to research, innovation and investment decisions with long life-spans that must be made now. The discussion should be of considerable help to policymakers in reaching an international consensus on an effective, long-term and global approach to the risks of climate change.

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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