



Joint Statement of the G8 Tokyo Business Summit

17 April 2008

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- ◆ Confederation of Italian Industry - CONFINDUSTRIA
- ◆ The Canadian Chamber of Commerce - CCC
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- ◆ Business Roundtable
- ◆ U.S. Chamber of Commerce
- ◆ United States Council for International Business - USCIB
- ◆ The Confederation of British Industry - CBI
- ◆ Russian Union of Industrialists and Entrepreneurs - RSPP
- ◆ The Federation of German Industries - BDI
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Economic globalization is occurring at an unprecedented scale and pace. Key forces behind it have been striking progress in transportation and telecommunication technologies, the modernization of financial markets, and deregulation encouraging trade and investment in countries. At the same time, challenges remain as the growing demand for energy, raw materials and food puts strong pressures on economies and societies. The problem of climate change is becoming pressing. Volatility in financial markets poses additional problems for policy makers, investors, and consumers.

Under these circumstances, companies doing business across borders value a seamless economic environment which ensures the free movement of goods, services, people, capital and knowledge, and which delivers a reliable framework with which business can flourish. To this end, we would urge that governments make a concerted effort to cooperate, not just among the G8, but also more widely on a global scale. Conclusion of an ambitious Doha Round agreement this year is an important opportunity in this cooperation, which should not be missed.

Against this background, leaders of the economic organizations of the G8 industrialized countries gathered on April 17, 2008 to hold the second G8 Business Summit in Tokyo, following the inaugural meeting in Berlin in 2007, and exchanged views on the themes of "Enhancing competitiveness through innovation", "Tackling climate change", and "Partnership with Asia as a center of growth".

The following reflects our deliberations on the challenges facing the world economy including the above-mentioned issues. We urge the heads of the G8 gathering in Hokkaido Toyako in July to give our recommendations priority consideration. We also call on emerging economies, which are expected to play a growing role in resolving global issues, to take action along the lines set forth below. The international business community is prepared to do its part to achieve these goals.

1. Securing stability and growth of the world economy

The world economic outlook has become less certain than when we met in Berlin a year ago. The turmoil in the international financial markets, coupled with skyrocketing

prices of crude oil and other primary commodities as well as sudden and rapid movements in exchange rates entails downside risks. Even robust emerging economies will not be immune from these influences.

We urge the G8 countries, which play leading roles in the global economy, to cooperate even more closely to help stabilize the world economy, and pave the way for strong global growth. Among the issues to be addressed, we would like to draw the attention of the government leaders to the following:

- Private financial institutions should reinforce their capital positions as deemed necessary.
- Exchange markets should be closely monitored. Excess volatility and disorderly movements in exchange rate are a cause for concern and should be adequately addressed at the G8 Hokkaido Toyako Summit.
- Access to raw materials should be ensured by removing trade and investment restrictions, and free and fair competition in the market should be maintained.

Although slower economic growth is expected in 2008 and 2009 relative to recent years and uncertainty is rising, the world economy remains resilient in the long-term. Our economies will continue to grow through coordinated efforts by the G8 countries to combat the following challenges.

2. Promoting and protecting innovation

Promotion of innovation is essential to secure sustainable growth, while solving global issues such as those relating to the environment, energy, health care and poverty. Business will be a main driver of innovation to address these global challenges, and therefore needs to obtain the conditions whereby firms can justify the risks of investing in breakthrough innovations. Such innovations require support and action across ministries at national and sub-national level as well as international cooperation between business, scientific organizations, governments and civil society.

To this end, each country should further the innovation process by taking such measures as increasing the budget for science and technology, improving science/industry cooperation, improving R&D tax systems, and reinforcing human resources including support for higher education. It is also necessary for policies in other areas, including regulatory reform, public sector reform and public procurement, to be framed so that citizens can reap the benefits of innovation in society.

At the same time, with open innovation gaining weight, it is important to promote integration of knowledge and technology by strengthening exchange and networking of human resources, and other forms of collaboration. Such collaborative efforts transcend borders as well as organizations. The G8 countries should cooperate yet further for this purpose, and also make efforts to help developing countries build their capacities.

In order to promote innovation, protection and enforcement of intellectual property rights is crucial. Moreover, effective intellectual property rights systems can enhance voluntary technology transfer. The G8 countries should cooperate through commitments to strengthen intellectual property protection and enforcement against counterfeit and piracy worldwide, and help developing countries build capacity.

With a view to establishing a solid international framework for fighting against counterfeit and piracy, the G8 Business Summit calls for start of formal negotiation on a carefully considered Anti-Counterfeiting Trade Agreement (ACTA), in close consultation with industry, towards its conclusion as soon as possible. Furthermore, we welcome the efforts made by the G8 countries to move towards the harmonization of patent systems, and call for progress in discussions on harmonization of conditions for patentability such as inventive step and novelty, as well as the first-to-file system and a grace period.

3. Tackling climate change

Climate change is one of the most serious challenges facing the world today. Climate change is global in both its causes and impacts, and requires cooperative action to reduce green-house gas (GHG) emissions on a global basis. All countries need to take effective measures to reduce emissions for the long term. International cooperation in this area must achieve meaningful emission reductions while assuring economic development and access to reliable, affordable and secure energy supplies, and addressing the challenges of adapting in developed and developing countries to climate change impacts.

The G8 can play a leadership role in global climate change negotiations as it did in Heiligendamm by calling for global participation and effective climate commitments by all major emitting countries that allow for diversified approaches tailored to meet national circumstances. We welcome the "Bali Action Plan," which was adopted at the 13th Conference of Parties (COP13) to the U.N. Framework Convention on Climate

Change (UNFCCC), establishing the Ad hoc Working Group on Long-term Cooperative Action under the Convention with the purpose of discussing a framework for proactively tackling the climate change challenge beyond 2012 with all the major GHG emitters participating. We are also pleased by the clear signal to enhance action on technology as a crucial prerequisite to achieving emissions reductions breakthroughs and long-term improvements.

The G8 Business Summit calls for a post-2012 international framework to be designed:

- 1) to include all the major GHG emitters,
- 2) to develop a shared vision for long-term cooperative action, including a long-term global goal for emission reduction,
- 3) to secure flexibility and diversity in the way of the reduction of GHG suited to each country,
- 4) to strike a good balance between environment, energy security, and economic growth,
- 5) and to ensure equitable actions in reducing emission among major emitters.

The outcome of the G8 summit in Hokkaido, from this point of view, should be an important trigger to intensify international discussions building on the Bali Action Plan and the progress achieved at the Bangkok meeting. It is crucial that the G8 governments reach a consensus to help the above-mentioned U.N. process make substantive progress.

To put it concretely, we hope that, at the Hokkaido Toyako Summit, a proactive consensus will be achieved on:

- 1) exploring equitable and comparable emissions reductions that are based on sound science, national circumstances, transparent, measurable and verifiable methodologies, sectoral and economy wide considerations and impacts and cost effective opportunities for energy efficient improvements.
- 2) encouraging further development of cooperative sectoral approaches like the Asia Pacific Partnership (APP) including data gathering and sharing to this end, which will assist developing countries to participate in the post-2012 framework on climate change,
- 3) stimulating development and dissemination of innovative low carbon technology under international cooperation and in improved enabling frameworks for foreign direct investment and commercial operations,

- 4) establishing bilateral and multilateral financial mechanism that can support efforts of developing countries to limit their increase of GHG emissions, save energy, and adapt to the impact of climate change,
- 5) protecting intellectual property rights and rules of law in order to accelerate technology deployment and cooperation,
- 6) removing trade barriers to environmental goods and services in a non-discriminatory manner,
- 7) promoting voluntary technology transfer to developing countries with appropriate incentives.

More frequent substantive dialogue between business and government must be a core to and regular component of the talks that will take place within the UNFCCC, and in a host of important forums, including the G8, the Asia-Pacific Economic Cooperation, and the U.S. Major Economies Meetings.

Informed and integrated discussions with direct business input are essential for policymakers to reach an agreement on effective, long-term, global and pragmatic approaches to address the concerns about, and adaptation to, the impacts of global climate change. We call on the G8 countries to support and engage in such dialogue with the full business community.

Climate change studies show that there is no single technology that can serve as a “silver bullet”. Rather, widespread deployment of existing and emerging technologies can be successful. It is vital that G8 governments, together with business, cooperate on policies to facilitate and encourage much needed research and development as well as investments in low carbon technologies. Moreover, abatement potential is not only found in industrial and power sectors but across all sectors of the economy. Many of these opportunities for abatement can be achieved at zero or even negative cost.

Business will continue to address climate change by:

- 1) reducing GHG emissions,
- 2) researching, developing and deploying energy-saving products and innovative technologies,
- 3) transferring technology to developing countries through usual commercial transaction,
- 4) helping tackle land use, land use changes and forestry issues,

- 5) voluntarily cooperating with works on sectoral approaches and helping to increase the understanding of the benefits and roles of them,
- 6) promoting, where applicable, purchasing and financing practices that minimize impact on the climate,
- 7) and exchanging views on principles that may help business develop its work in this field. (The annex to this paper provides initial views exchanged with the G8 Business Summit members.)

For business to play this role, we call on the G8 governments to ensure that industry will continue to be competitive without being unduly penalized by unbalanced policy measures that would divert resources away from investments in innovation.

4. Promoting liberalization of trade and investment

Maintaining open trade and investment regimes remains critical to generating economic growth and prosperity around the world economy. Governments must recommit themselves to resist the mounting political pressures for protectionism.

A successful conclusion to the WTO's Doha Development Agenda (DDA) negotiations is vital for the global economy and for reinforcing the rules-based multilateral system. The government leaders of the G8 and other major WTO members must show leadership and make the political decisions to conclude the DDA negotiations by the end of this year. To achieve it, an agreement must be reached as soon as possible on modalities of agriculture and non-agricultural market access (NAMA), and on liberalization of trade in services, with significant market access results in all three areas, as well as agreement on strengthened rules and trade facilitation. If the current negotiations fail, all players will be losers. We also fully support Russia's expeditious accession to the WTO.

Free trade agreements, if they are comprehensive in scope and cover substantially all trade, serve as a stepping stone, not a stumbling block for multilateral liberalization. Sustainable growth in Africa, Asia, Latin America and other regions is indispensable for the development of the world economy. Achieving closer economic integration in these regions in a manner that is open to the world economy constitutes a foundation for realizing their full potential.

Freedom of investment is also imperative for ensuring sustainable growth and

long-term prosperity. Foreign direct investment, which promotes competition and innovation, has played and will continue to play an important role in the development of economies in many regions of the world.

Recently, sovereign wealth funds (SWFs) have expanded in both number and scale. Although some SWFs are different in characteristics from private funds that are operated with money from a large number of investors, they should be equally required to have risk control systems that are commensurate with each fund's scale as a global investment institution, and should have accountability and transparency so that they compete with private entities in a fair manner. The aim is to ensure that all the parties involved receive equal treatment. The IMF is working on best practices and a voluntary code of conduct in order to enhance transparency and accountability of sovereign wealth funds while the OECD is working on best practices for open investment for recipient countries. The G8 countries should support and promote these multilateral efforts, and not create new barriers for foreign investment.

5. Solving development issues through economic growth

Sustainable growth in developing countries themselves is a prerequisite for the poverty reduction. The key driving forces for economic growth lie in business activities by the private sector. Without private sector activities, Millennium Development Goals (MDGs) risk not being met.

Despite growth in some developing countries including some in Africa, others continue to face serious challenges resulting from underdeveloped economic infrastructure, shortage in education and health care, weak governance by the government, corruption, and poverty. Official assistance directly to these countries should be continued, but it is also crucially important to promote business activities by the private sector through such measures as improving and expanding the framework for public-private partnership, providing incentive for investments in developing countries, and encouraging investments in infrastructure. There is great scope for the private sector to contribute to the development of human resources both in the government and the private sector of these countries.

We strongly believe that potential of the private sector should be fully utilized as one of the most effective and feasible ways for solving development issues and reducing poverty.

We also call on the G8 governments to actively engage emerging economies in dialogue

and cooperation on development issues, and promote the internationally recognized standards on human rights, rule of law, anti-corruption and environmental protection.

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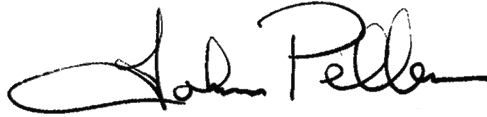
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Annex: Initial Views on Principles to Help Business Advance a Low Carbon Society

Climate change is one of the most serious challenges facing the world today. Urgent actions are called for to tackle climate change.

The G8 Business Summit, as part of its effort to address climate change, has exchanged initial views on principles to help business advance a low carbon society.

1. Efforts in Business Operation

- (1) Proactively reduce green-house gas emissions from industrial and commercial operations through introduction of energy-saving technologies and programs.
- (2) Strive to build transportation systems with a low environmental load, involving shared transport with affiliated companies, low-emission vehicles, and the use of the most appropriate mode of transportation, etc.
- (3) Adopt measures to actively address climate change in offices, such as setting quantitative targets for energy conservation, and upgrading buildings to higher levels of efficiency, etc.

2. Reporting and Documenting Progress

- (1) Document and measure progress in reducing emissions and improving energy efficiency.
- (2) Encourage public reporting on emission reductions and other actions to mitigate climate change.
- (3) Encourage to set goals and policies, adapted to individual sector and company needs, for addressing climate change.
- (4) Where feasible and necessary, establish an overarching climate change lead who will have the responsibility and authority to work with all parts of the organization to ensure climate change commitments are measured and met.

3. Utilizing Technology

- (1) Recognize industry's role in addressing climate change and strive through vigorous research and development efforts to develop innovative technologies for energy efficiency and the prevention of

global climate change.

- (2) Transfer energy efficiency technologies, climate change prevention technologies, and related know-how both domestically and internationally through usual commercial transactions and in an appropriate manner.
- (3) Contribute to reduction of greenhouse gas emissions in the residential and commercial sector by providing energy-saving products and services.

4. Partnerships with Stakeholders

- (1) While fully respecting company's specific needs and concerns in relation to purchasing and financing, examine ways to promote purchasing practices that minimize impact on the climate change("voluntary green purchasing"), and look at financing practice that could facilitate the development of companies that offer products and services with a low environmental load ("voluntary green financing").
- (2) Undertake forest management projects and other social contribution activities related to climate change.
- (3) Where applicable, participate in voluntary emission reduction and energy efficiency programs.
- (4) Raise employees' awareness of household energy efficiency and promote activities to reduce carbon footprints.
- (5) Cooperate with scientific research into the causes and effects of climate change as well as economic analysis of various measures to deal with the issue, including studies and activities by international organizations such as International Energy Agency (IEA).

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