



Seoul G20 Business Summit
Joint Statement by Participating Companies

(November 11th, 2010)

Seoul G20 Business Summit Joint Statement

1. We, the participants in the G20 Business Summit, gathered in Seoul on November 10th to 11th, 2010, at the invitation of the President of the Republic of Korea and the Korean business community. The G20 Business Summit brought together the heads of some 120 of the world's leading companies from both developed and developing countries in an unprecedented collaborative effort to address the most pressing challenges of the global economy. While we obviously do not represent the entirety of global business, we nonetheless feel that we represent a wide spectrum of views held in the business community.
2. As leaders of companies that have embraced globalization, we are keenly aware of the importance and benefits of open markets and a stable monetary system. We, therefore, congratulate G20 members on the progress they have made to date in dealing with the economic crisis and their restraint in dealing with exchange-rate issues.
3. We also applaud the initiative of the Republic of Korea, as chair of the G20, and the readiness of other G20 members to engage the business community in their mission to consolidate the recovery and secure the long-term stability of the global economy. As representatives of enterprises with combined total sales of over \$4 trillion, headquartered in 34 countries, we are committed to playing our part to ensure that the business sector helps lead the world to a global economic recovery.
4. In preparation for the G20 Business Summit, we have engaged in robust debates and deliberations in 12 working groups, each led by a convener. The discussions involved close to 120 corporate chairmen and CEOs. Our goal over the past four months was to produce reports with concrete proposals for action on global economic priorities.
5. In Seoul, we engaged in a rich exchange of views both among ourselves and with G20 Leaders and policymakers, focusing on how best to ensure that the global economy returns to a path of strong, sustainable and balanced growth. In their reports and discussions with G20 Leaders, each of the 12 working groups highlighted their members' recommendations for action by government, business, international organizations and civil-society groups. CEOs participating in the G20 Business Summit endorse only the analyses and recommendations of the working group of which they are a member.
6. We, the members of the Working Group on Revitalizing World Trade, believe global trade is essential to ensure that the world's economic growth potential is realized. As such, we call on the G20 to take the following actions:
 - Recommit to completing the Doha Development Round in 2011 and reinforce that commitment through the personal engagement of each G20 Leader.
 - Roll back protectionism at least to where it was at the start of the global financial crisis and resist protectionism and trade-restrictive measures going

forward.

- Give trade finance favorable treatment under the New Capital Framework, often referred to as Basel III.
- Put trade and investment permanently on the agenda of the G20.

The business community is committed to support the outcomes of the G20 Business Summit, and therefore urges the G20 to establish a public-private task force under G20 leadership, to help facilitate business actions, including:

- Providing data and analysis on how trade and finance interact to link economies and drive global growth.
- Stepping up advocacy and outreach programs to underscore the positive links between trade, job creation and economic growth.

7. We, the members of the Working Group on Encouraging Foreign Direct Investment (FDI), call on governments to avoid impediments to FDI and find ways for it to move even more freely in order for long-term flows to accelerate and continue to grow. We urge the G20 to:
 - Broaden monitoring of changes in conditions for private investment to areas affecting all private investment and to improvements in order to stimulate further opening.
 - Work toward a Multilateral Framework for Investment reflecting all interests (host and home countries), developing a non-binding International Model Investment Treaty as an interim step.
 - Ensure a clear and enforceable legal framework; aim for principle-based FDI regulation rather than detailed rules leading to simple compliance through box ticking.
 - Build a better understanding of the mainly positive impact of FDI (Creation of Shared Value).
8. We, the members of the Working Group on Funding and Nurturing the Small and Medium-Sized Enterprise Sector, believe that, despite its major contribution to the economy, the SME sector around the globe faces a multitude of impediments to growth, many of which could be addressed by the following recommendations:
 - Create an enabling legal, regulatory and financial framework to favor SMEs, such as rationalizing tax schedules.
 - Improve awareness of the range of financing options available.
 - Provide incentives encouraging the financial sector to lend to SMEs.
 - Improve access of SMEs and innovative ventures to capital markets.
 - Spur innovation and R&D by establishing SME Innovative Technology Development Funds to encourage and facilitate SME access to R&D capital.
 - Promote the value of intellectual property to help SMEs assess the effectiveness of their IP as the basis of innovative, creative and economic activity.

The business community should:

- Help foster an SME community by working with SME industry associations to reduce transaction costs, improve the structure of loan applications, share best practices, work with experienced business and financial mentors, and explore alternative financing options.

9. We, the members of the Working Group on Supporting Economic Growth and the Implications for Financial Sector Policy and Regulatory Reforms, believe that, to promote economic growth and ensure that a stable financial sector contributes to financing the required investments in developed and emerging markets most efficiently, the following steps should be taken:

- Reaffirm the commitment to global capital flows and consistent global regulatory standards and take steps to deepen and broaden capital markets while highlighting the risks of financial protectionism.
- Work with the financial services industry to develop a policy environment that supports SME financing and further establishment of credit bureaus in emerging markets.
- Incentivize world trade through the globally consistent implementation of regulatory reform measures and infrastructure investment through development of innovative solutions.
- Export being of essence to support Economic Growth, give Trade finance (including Export Finance) a favorable treatment under the new Capital Framework, often referred as Basel III.

10. We, the members of Working Group on Reducing Monetary and Fiscal Stimulus, believe stimulus measures must be withdrawn to smoothly transition from government-stimulated demand to private-led growth as the recovery stabilizes.

In this regard, we agree on the following:

- Monetary and fiscal stimulus helped to stabilize a global economy marked by excess supply.
- In the long run, growth is based on private-sector investment and innovation.

Against this background, we recommend that the following actions be taken by G20 nations:

- Monetary policy should be gradually returned to a neutral stance to prevent inefficient capital allocation and new asset bubbles.
- Fiscal exit strategies should focus on cutting government spending and governments should avoid tax increases unless these prove unavoidable to forestall an acute fiscal crisis.
- Exit from financial-sector support is warranted to avoid competitive distortions, signify confidence in the underlying stability of the system, and boost market confidence. Public guarantees for the issuance of financial-sector bonds should be ended first.
- New standards for banking regulation and supervision must be sufficiently strong and responsive, while still encouraging growth and financial innovation.
- It will be imperative to avoid a perpetuation or aggravation of the current account-financial account imbalances of the past decade.

11. We, the members of the Working Group on Closing the Gap in Infrastructure and Natural Resource Funding, call for the following steps to be taken to overcome an estimated annual shortfall in infrastructure and natural resource (energy, water) investment of up to \$600 billion:

- Working groups of key government officials and business leaders should be

formed to prioritize investments, define the best models for partnering with private investors and getting them involved, and assess past successes.

- A consistent regulatory framework should be adopted. Clear and even-handed rules are important to encourage private investors to participate.
- Help to better quantify and reduce infrastructure project risk. Private sector knowhow should be leveraged to reduce delays by using innovative project management techniques. Governments could share the asymmetric risks of projects through such measures as guaranteeing supplementary financing in the event of cancellation.
- Government should clarify rules on sustainable development goals such as greenhouse gas mitigation, and promote transparency and predictability of energy availability through strengthened cooperation with the International Energy Forum (IEF) and International Energy Agency (IEA). The private sector should contribute to improve the dialogue between producing and consuming countries in the energy sector.
- Government and the private sector should cooperate to create alternative funding mechanisms to reduce the government's need to invest in projects and make infrastructure more attractive to private investors.

12. We, the members of the Working Group on Improving Energy Efficiency, believe improving energy efficiency is the best way to ensure energy security, limit greenhouse gas emissions, and insulate economies from the volatility of energy prices. We also believe larger capital investments are needed to push towards breakthrough technologies. To foster such commitments, G20 governments should:

- Establish clear, consistent standards that better measure energy opportunities, ease knowledge transfer and give small and medium enterprises access to information they can act on.
- Develop long-term energy policies that reflect an awareness of how legislation can radically shift demand, supply and price.
- Provide new financing solutions to help companies make long-term investments necessary for improved energy efficiency.
- Support education, energy services and R&D to help society build the skills it needs to develop and adopt new technologies.
- Continue working towards a global framework that coordinates national legislative approaches and overcomes "free rider" problems.

13. We, the members of the Working Group on Encouraging Substantial Use of Renewable and Low-Carbon Energy, believe concerted global efforts to develop and deploy renewables and low-carbon technologies are key to addressing concerns about economic growth, energy security and climate change. We also believe momentous change is needed, fostered by governments and businesses in partnership. To promote it, G20 governments should:

- Pursue market-based carbon pricing. A clear and steady carbon price is a prerequisite to incentivizing investment on the scale necessary to shift to renewable and low-carbon energy sources. Business prefers market-based mechanisms. If taxes are used, revenue should be recycled to support clean energy technologies.

- Mandate regular meetings of energy-related ministers. These should aim to set aspirational targets, develop technology roadmaps and address regulatory barriers such as tariff and trade barriers and international standards.
- Strengthen international public-private partnerships. Chief among these are promoting universal access to energy. Public funding must be provided in a way that helps to unlock further private investment in clean energy. Carbon crediting mechanisms should be streamlined and expanded.

We pledge in support to do the following:

- Work across the full spectrum of renewable and low-carbon energy sources to provide new engines for economic growth.
- Focus our expertise to speed renewable and low-carbon energy technologies from demonstration to commercial deployment.

14. We, the members of the Working Group on Creating Green Jobs, believe that to generate green growth and jobs, G20 countries need to adopt policies that strike a new balance between incentives and disincentives that indisputably favors green investment. To promote green jobs, G20 countries should adopt policies with respect to key sectors:

- Buildings: Set high energy-efficiency standards and develop public- and private-sector funding mechanisms for green investments.
- Power: Accelerate uptake of renewable and other low-carbon energies, and expand and upgrade electrical grids to guarantee priority access for green energy.
- Industrial: Devise targeted incentives for energy efficiency in manufacturing equipment and processes.
- Transport: Introduce fuel-efficiency standards that ratchet up over time, and reduce barriers that prevent adoption of new technologies.

G20 governments should promote free trade in environmental goods and services by eliminating tariff and non-tariff barriers, which will accelerate diffusion of green technologies, lower prices, encourage competition, and result in faster job creation. G20 governments should also abolish fossil-fuel subsidies within the shortest possible timeframe, and not more than five years.

15. We, the members of the Working Group on Unleashing Technology-Enabled Productivity Growth, believe that productivity will be the primary driver of economic growth in the coming decade and the core driver for improving the economic wellbeing of our citizens. Technology and innovation will be critical factors enabling productivity growth. Working together, the G20 and business sectors should take three actions to foster productivity growth and foster innovation:

- Develop a joint commission between the G20, other relevant organizations such as the World Trade Organization (WTO), and the business community to identify barriers to the diffusion of productivity-enhancing innovations and create a process to reduce them.
- Create a G20 clearinghouse to identify best practices in workforce

development and innovation.

- Work with the Organization for Economic Cooperation and Development (OECD) or other suitable international bodies in collaboration with the business community to create a task force to identify opportunities to drive public-sector productivity.

16. We, the members of the Working Group on Addressing the Impact of Youth Unemployment, believe the global economic crisis has brought the problem of youth unemployment to the fore. We call on governments, business, and civil society to take the following actions to create and maintain employment leading to sustainable recovery:

- Create public-private academic partnerships to train youth for available jobs.
- Create effective unemployment, welfare and social-protection systems.
- Foster entrepreneurship.
- Identify high-growth sectors by geography.

Government should take the lead in:

- Providing adequate incentives and policies for stakeholders to create jobs, leveraging training and internships.
- Implementing multifaceted programs to ensure that special needs are addressed with a “social-protection floor” with “mutual obligations” approaches to handle benefit dependence.
- Supporting innovation and growth with low barriers of access for entrepreneurs.
- Creating a baseline report on job scenarios based on economic and political transformations with standardized data to monitor progress.

Enterprise should take the lead in:

- Leveraging local talent for on-the-job training, internships and apprenticeships in high-growth sectors.
- Piloting and testing progressive policies to increase jobs.
- Participating in task forces to create net new employment and working to ease entry to the workforce through self-employment.
- Creating a “global resource center” to collate data and assist governments with implementations of best practices and programs.

17. We, the members of the Working Group on Increasing Access to Healthcare in Developing Economies, encourage G20 members to recognize the following in order to change the trajectory of the private sector’s involvement with healthcare in developing economies and to have a meaningful impact on improving access to healthcare:

- The importance of health to economic growth, by including global health as a permanent agenda item at G20 Summits.
- The urgent need for healthcare system strengthening in developing economies with targeted investments through novel financing mechanisms, such as the Global Fund and GAVI Alliance.
- The importance for developing countries to invest a significant proportion of their annual budgets in health, such as the 15% pledged by African leaders in

2001.

In support, in order to serve as a catalyst for broader global business community investment in health, we encourage G20 Business Summit participants to:

- Commit voluntarily to a financial or core business competency investment in healthcare system strengthening lasting at least three years and to longer-term support if performance indicators are met.
- Support the novel global financing public-private partnerships such as the Global Fund and GAVI Alliance.
- Make a minimum investment equivalent to \$1 million a year for three years.

18. We, the participants in the G20 Business Summit, have welcomed the dialogue at this Summit and look forward to continuing engagement with the G20 both on upcoming issues and in tracking and implementing the commitments made before and during this Summit.

19. We hope that the G20 Leaders recognize the value of business input into the G20 process and, in doing so, seek to build on the Seoul Business Summit and its framework for engagement in 2011 and thereafter. We stand ready to work with the G20 in this process.

20. Finally, we thank the President of the Republic of Korea and other G20 Leaders for the opportunity to contribute to the G20 Seoul Summit and reiterate our commitment to support the G20 in its efforts to strengthen the global economy and deepen international economic cooperation.