



BDI G8 Business Summit

Growth and Responsibility

Berlin, 25 April 2007

Haus der Deutschen Wirtschaft

Preface

For the first time ever, on 25 April 2007, the leaders of the key industrial associations of the G8 countries came together at the BDI G8 Business Summit in Berlin to present their thoughts on the most pressing global economic issues.

Freedom for investment, intellectual property rights and climate protection were the main topics of our discussions. As a result a joint G8 Business Declaration was presented to Chancellor Angela Merkel, the current president of the Group of 8, for consideration at the G8 Summit in Heiligendamm at the beginning of June 2007.

The G8 countries still account for 63 % of global GDP, 60 % of global direct investment, and 50 % of global trade. But the shift in the balance of power in the global economy is becoming increasingly apparent and presents major challenges to global governance. With the Leitmotiv „Growth and Responsibility”, Chancellor Merkel is directing the focus of the G8 in 2007 on key global challenges and raises questions of central importance: Are the framework conditions still suitable for taking account of the new global dynamics? Do the institutions still adequately reflect the current situation?

In order to find and implement optimal solutions, governments and industry must work together. Business creates and drives growth and prosperity and often has the capacity to help address the problems facing humanity. The BDI G8 Business Summit showed that the business community in the G8 countries is well aware of its responsibility to contributing its fair share to that.

For me it has been a privilege to host this outstanding event. We very much appreciate the initiative of Keidanren to receive the G8 Business Community in Japan in 2008 to continue our discussions and our fruitful cooperation.



Jürgen R. Thumann
President
Federation of German
Industries (BDI)

A handwritten signature in black ink, reading "Jürgen Thumann". The signature is fluid and cursive, written on a light-colored background.

Jürgen R. Thumann
President, Federation of German Industries

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G8 Industrial Associations Profiles

Confederation of British Industry – CBI



The Confederation of British Industry (CBI) is the premier voice of British business, operating at national and international levels to help create conditions in which British businesses can compete and thrive. CBI represents some 240,000 UK companies and over 150 trade associations. This approximates to about 60 % of the UK private sector workforce. Our membership stretches across the UK with businesses from all sectors & sizes. We have thirteen offices throughout the UK & maintain offices in Brussels, Washington DC & Beijing.

CBI pursues its goals in cooperation with its members, national governments, international organizations and global business federations. It is the UK member of BUSINESSEUROPE, the Business & Industry Advisory Committee (BIAC) to the OECD and the International Organisation of Employers (IOE), and it belongs to the International Chamber of Commerce (ICC).

President, CBI
Martin Broughton
Chairman, British Airways plc.

www.cbi.org.uk

Confederation of the Italian Industry – CONFINDUSTRIA



Founded in 1910, CONFINDUSTRIA is the lead organization representing the manufacturing, construction, energy, transportation, ICT, tourism and services industries in Italy.

It represents 123,300 voluntary member companies, amounting to 4,768,000 employees. The organization consists in 103 local Associations established in 18 Regional CONFINDUSTRIA locations, 103 Sector Associations, 18 National Sector Federations, and 15 Associated Members.

In promoting the interests of Italian industry over 90 years, CONFINDUSTRIA has assumed a leading role as a reliable actor in the Italian economic and social development. Transparency, liberalization, privatization, tax reform, new policy guidelines in research and innovation, infrastructure, environment and social security are some of the CONFINDUSTRIA initiatives promoted at various levels with the main political and administrative institutions: Parliament, Government, Trade unions, and other stakeholders, as well as in the international and European political arena in collaboration with BUSINESSEUROPE and the European Commission.

President, Confindustria
Luca Cordero di Montezemolo
President of FIAT
President and Managing Director of Ferrari
President of Maserati

www.confindustria.it

Federation of German Industries – BDI



The Federation of German Industries (BDI) is the central organisation of German industry and industry-related service providers. It speaks for 37 industry associations and represents more than 100,000 companies that employ more than 8 million persons.

BDI's headquarter, with 150 employees, is located in Berlin. BDI maintains offices in Brussels, London, Washington and Tokyo, and stays in close contact with the member associations of the European umbrella organisation, BUSINESSEUROPE – and also with our partners around the world. BDI adheres to the guiding principles of the market economy and competition, and supports the shaping of German and European economic policy by providing a clear direction.

The BDI is the voice of German industry vis-à-vis the Federal Government, the Bundestag, the Federal Council, the parties and the Ministries. It represents German industry's interests in dealing with the European Commission, the European Parliament and international organisations such as WTO, OECD, World Bank, United Nations and the IWF.

President, BDI
Jürgen R. Thumann
Chair of the Shareholders' Committee, Heitkamp & Thumann KG
Chairman and Member of a Number of Supervisory Boards and Advisory Committees

www.bdi.eu

Nippon Keidanren

NIPPON KEIDANREN

Nippon Keidanren (Japan Business Federation) is a comprehensive economic organization born in May 2002 by amalgamation of Keidanren (Japan Federation of Economic Organizations) and Nikkeiren (Japan Federation of Employers' Associations). Its membership of 1,662 is comprised of 1,351 companies, 130 industrial associations, and 47 regional economic organizations (as of June 20, 2006).

The mission of Nippon Keidanren is to accelerate growth of Japan's and world economy and to strengthen the corporations to create additional value to transform Japanese economy into one that is sustainable and driven by the private sector, by encouraging the idea of individuals and local communities. Nippon Keidanren, for this purpose, shall establish timely consensus and work towards resolution of a variety of issues concerning Japanese business community, including economic, industrial, social, and labor. Meanwhile, it will communicate with its stakeholders including political leaders, administrators, labor unions, and citizens at large. It will urge its members to adhere to Charter of Corporate Behavior and Global Environment Charter, in order to recover public confidence in businesses. It will also attempt to resolve international problems and to deepen economic relations with other countries through policy dialogue with governments, business groups and concerned international organizations.

Chairman, NIPPON KEIDANREN
Fujio Mitarai
Chairman & CEO, Canon U.S.A., Inc.

www.keidanren.or.jp

Mouvement des Entreprises de France – MEDEF



MEDEF represents more than 750,000 companies of all sizes in all sectors of business (industry, commerce and services) through 85 professional organizations (representing 600 specific branches) and 155 territorial MEDEF all over France (at local, departmental and regional level). 15 million persons are employed by MEDEF members.

MEDEF is also 2000 experts playing an active role in working groups and 35,000 employers' representatives active in conciliation boards. With the help of 13 committees, MEDEF promotes business standpoint on subjects that directly or indirectly concern companies, so that they could benefit from a favourable legal and regulatory environment. Convinced of the central role companies must play in today's society, MEDEF disseminates the thoughts of businesses and strengthens the entrepreneurship feeling. In addition to the European commitment of the French business confederation, MEDEF expresses employers' desire for progress and the convictions that they draw from their national and international experience on the general conditions of economic and social progress. MEDEF is an official social partner and as such takes part in a constructive social dialogue between the parties in businesses and their professional organizations. MEDEF is member of BUSINESSEUROPE.

President, MEDEF

Laurence Parisot

Chairman, Supervisory Board of Ifop Group
Member, Supervisory Board of BNP-Paribas
Member, Supervisory Board of Michelin SCA

www.medef.fr

Russian Union of Industrialists and Entrepreneurs – RSSP



The Russian Union of Industrialists and Entrepreneurs (RSPP) is an all-Russian, independent, non-governmental organization that represents the national business community. The RSPP is aimed at consolidating the efforts of industrialists and businessmen in Russia in order to improve business environment and elevate the status of Russia's business both within the country and abroad. The RSPP unites prominent businessmen, managers, researchers and public figures. To date, more than 328,000 representatives of industrial, financial, research and consultative organizations from all parts of the country that in total count for more than 80 percent of national GDP have been granted RSPP membership.

One of the major RSPP activities is the development of legislative proposals aimed at securing market economic changes. 18 groups and committees have been focused on some particular issues: taxation and state budget, WTO accession, energy policy, technical regulation, international cooperation, corporative governance, natural monopolies regulation and industrial policy, social and demographic policy, judicial system reform, ecology and social partnership, etc. The committees research the situation and put forward the proposals which make the base for socially important RSPP initiatives. The Union maintains long-standing relations with more than 70 partner organizations such as CBI, MEDEF, BDI and others.

President, RSPP

Alexander Shokhin

Chairman, Coordinating Council of Russian Business Associations
Member, The Public Chamber of the Russian Federation
Member, Board of Directors, Oil Company LUKOIL
Chairman, Advisory Council of Investment Group "Renaissance Capital"

www.rspp.org

The Canadian Chamber of Commerce – CCC



THE CANADIAN CHAMBER OF COMMERCE
LA CHAMBRE DE COMMERCE DU CANADA

Since 1925, the Canadian Chamber of Commerce (CCC) – The Voice of Canadian Business™ – has been the largest, most influential advocate for business in Canada. Founded with the aim of creating a strong, unified voice for Canadian business and a set of values from which policies encouraging prosperity would emerge, the Canadian Chamber of Commerce reflects a strong, diverse network of a 170,000 members including chambers of commerce, boards of trade, business associations, and businesses of all sizes, from all sectors of the economy and all regions of Canada.

As the national leader in public policy advocacy on business issues, the Canadian Chamber of Commerce's mission is to foster a strong, competitive, and profitable economic environment that benefits, not only business, but all Canadians. Through a two-way consultative process with its membership, the Canadian Chamber of Commerce steers the debate on federal and international policies affecting business. In collaboration with its members, the Canadian Chamber acts on policy resolutions, researching and developing strategies on a „best practices“ basis for business. It then communicates these viewpoints to officials in Ottawa and internationally, to the Canadian public, and to the media.

Past Chair, Board of Directors, The Canadian Chamber of Commerce

Russel Marcoux

Chief Executive Officer, Yanke Group of Companies

www.chamber.ca

United States Council for International Business – USCIB



Founded in 1945 to promote an open world trading system, the United States Council for International Business ranks among America's premier pro-trade, pro-market organizations.

Representing over 300 multinational companies, law firms and business associations, whose combined annual revenues exceed 3.5 trillion US \$, USCIB provides unparalleled access to international policy makers and regulatory authorities in national government and in international organizations such as the UN, OECD and ILO. Over 50 USCIB policy committees and working groups provide the platform for business executives to meet and address current regulatory and economic priorities.

USCIB serves as the U.S. affiliate of the International Chamber of Commerce, the Business and Industry Advisory Committee to the OECD and the International Organization of Employers, leveraging these networks to promote the views of U.S. business on a range of issues. USCIB also provides numerous business services to facilitate international trade. It issues and guarantees ATA Carnets, which allow temporary, duty-free imports overseas for trade shows, commercial samples and professional equipment. And it serves as the exclusive U.S. representative for ICC's multifaceted dispute resolution services.

Chairman, USCIB

William G. Parrett

CEO, Deloitte Touche Tohmatsu and senior partner of Deloitte & Touche, USA
Member, Board of Trustees of Carnegie Hall
Member, National Advisory Board of the National Underground Railroad Freedom Center
Member, Board of Trustees of the United Way of America

www.uscib.org

BUSINESSEUROPE



BUSINESSEUROPE, the Confederation of European Business, is the voice of more than 20 million small, medium and large companies.

BUSINESSEUROPE's members are 39 central industrial and employers' federations from 33 countries, working together to achieve growth and competitiveness in Europe.

BUSINESSEUROPE actively promotes the role of business in Europe: strong enterprises make a strong Europe. It advocates a favourable and competitive business environment to foster sustainable economic growth and sound economic governance.

BUSINESSEUROPE is a recognized social partner in the European Social Dialogue provided for in the EU Treaty.

President, BUSINESSEUROPE

Ernest-Antoine Seillière

Chairman, Supervisory Board of WENDEL Investissement

Chairman, Board of Directors of Legrand Holding

Chairman, Supervisory Board of Oranje-Nassau Groep BV

Member, Supervisory Boards of Veritas, Editis Holding, Hermès and Peugeot SA

www.businessseurope.eu



Opening Speech – “Growth and Responsibility”

Jürgen R. Thumann

President, Federation of German Industries (BDI)

Dear Federal Minister Glos. Members of the German Bundestag. Excellencies. Dear BDI Vice Presidents. Ladies and Gentlemen, Distinguished guests, Welcome to the House of German Business!

I am delighted that you could join us today to participate in the BDI G8 Summit here in Berlin. I extend a special welcome to my colleagues from the business organizations of the G8 countries:

Mme Laurence Parisot, President of the “Mouvement des Entreprises de France” – MEDEF

Martin Broughton, President of the Confederation of British Industry – CBI

Luca Cordero di Montezemolo, President of the Confederation of Italian Industry – CONFINDUSTRIA

Fujio Mitarai, Chairman of the Japan Business Association – Nippon Keidanren

Russel Marcoux, Immediate Past Chair of the Board of Directors of the Canadian Chamber of Commerce

William G. Parrett, Chairman of the United States Council for International Business – USCIB

Alexander Shokhin, President of the Russian Union of Industrialists and Entrepreneurs – RSPP

and *Ernest-Antoine Seillière*, President of BUSINESSEUROPE

You represent the leadership of the key business organizations of the G8 countries today here in Berlin. Mme Parisot, gentlemen, this is a great honor. And a challenge! Our eight economies combined represent 63 % of global GDP. They account for 60 % of global direct investment. And for 50 % of total global trade. And we, Mme Parisot, gentlemen, represent the industrial backbone of the G8. For many years, our respective industry organizations have cooperated closely and successfully.

This meeting today, however, is a premiere!

For the first time in the history of the global economic summits, there is a meeting of the leaders of the key business organizations of the participating countries.

For the first time, we jointly discuss in advance of a G8 Summit the pressing questions of the global economy as perceived by industry. For the first time, the business community will provide its respective heads of state with joint suggestions for solutions. A moment of particular importance! I had several reasons to initiate this meeting. Germany is committed to globalization in a special way. It is dependent on a functioning global economy. 2 out of 5 Euros of German GDP are earned by export activities. One out of four jobs in Germany is dependant on foreign trade. Key catalysts for growth that are improving German prosperity, substantially originate abroad.

- Open markets,
 - unimpeded trade,
 - freedom of investment
 - and protection of intellectual property rights
- ... these are the conditions that will determine Germany's future.

... that will determine the future of all our countries. And it is up to us, the business community, to convince our political leaders of the critical necessity of these conditions!

There is yet another reason for this meeting, ladies and gentlemen. Mutual economic dependencies are growing. Worldwide. Developments in the global economy, developments in each of the G8 economies, have an impact on all the other economies. Positively as well as negatively. Consequently, we should shape these developments together as one business community. And what would be a better occasion than the world economic summit? “If not now, then when?” Chancellor Merkel has planned a lot for her G8 Presidency. With the motto “growth and responsibility”, she has set an ambitious agenda. German industry feels obliged to support the German G8 Presidency in a constructive way.

The global economy has changed dynamically. New players have appeared. The balance of power has shifted. New centers have emerged.

Old problems that remained unsolved are resurfacing. Underdevelopment, violation of property rights, protectionism. Many questions arise:

- Have the rules of the game changed?
- Is the general framework still suitable in view of the current dynamics?
- Are the political institutions still able to act effectively?

The answers to these questions will determine

- whether the global economy will continue to develop favorably.
- whether broader sections of society will be able to partake in global wealth, and whether there is scope for their further cultural and social development.

And these answers will also determine whether we will be able to find timely solutions for protecting the environment and the climate as well as ensuring the supply of energy.

Ladies and Gentlemen, dear Colleagues, Industry must closely monitor and consult politics in these areas! For us, for the sake of our companies. At the same time, our responsibilities transcend the realm of pure self-interest:

Who, if not Industry, is ultimately able to create growth and prosperity? Who, if not Industry, is able to provide an approach to sustainable solutions to the pressing challenges facing humanity?

For instance, protecting the climate, or overcoming underdevelopment. I am convinced that globalization can only be shaped sensibly in collaboration with Industry.

Attempts to shape globalization against Industry must fail.

Ladies and Gentlemen,

It is time that we as Industry collectively accompany the G8 political process. On our own, we would not achieve very much. We must send out a strong message to the heads of state: We are willing and able to contribute to developing solutions. But we all know: Plurilateral and multilateral processes are arduous. They develop their own dynamics, and setbacks are not uncommon. Current developments in the WTO are a good example. The Doha Round started out with great ambitions, and in the meantime has become a drawn-out struggle. But at least the negotiations that were suspended in June 2006 resumed earlier this year. A real breakthrough, however, remains elusive. We must not permit the foreign trade representatives to stop at the halfway point! The success of the Doha Round will depend on whether it will succeed in really improving market access conditions for our companies.

I am convinced that in foreign trade policy, the multilateral approach represents the best approach.

We will do all we can to reinvigorate the stalled negotiations. In this context, the G8 process can provide key impulses.

Today, we intend to examine three topics.

The first panel will be dedicated to the issue of freedom of investment.

We are concerned about the increasing political influence exerted over cross-border mergers of companies. The reason for such activity is the desire by politics to protect certain “strategic industries” or individual “national champions” from foreign takeovers.

The second panel will investigate the question of how innovation can be promoted.

It is estimated that approximately 2%–3% of the goods and products traded globally are affected by trademark and product piracy, meaning that they are counterfeit. According to the OECD, the resulting damage amounts to about 200 billion



US \$. Each year! This reduces the entrepreneurial incentive to invest in the development of new products. Innovative activities subside, and the economy runs out of its most important fuel. This is an alarming trend, and we must stop it!

The third panel scheduled for this afternoon will deal with climate protection.

Responsibility for growth means combining global economic development and global climate protection. This is only possible if we increase global energy efficiency.

And this means: making use of the technical know-how of our companies!

So we can look forward to an exciting program. We intend to reach an understanding regarding all crucial issues affecting Industry in the G8 countries. And we want to show that we agree on these issues! Later today, we will present the results of our work to the German Chancellor and G8 Chairwoman, Ms. Angela Merkel.

Ladies and Gentlemen!

If we wish to have an impact, we must persevere. Let us look back in history: 1975, Rambouillet Castle. The first World Economic Summit. The heads of state – under the leadership of Helmut Schmidt and Giscard d'Estaing – held this type of summit for the first time because they felt the need to discuss problems and solutions in person. We as G8 business community can adopt this original idea! The concept of continuous dialogue and coordinated action. These are the prerequisites for resolving the pressing issues. Indispensable for effectively asserting a wide range of diverse interests. In shaping globalization, Industry must raise its profile! We represent millions of people. We have a clear mandate from millions of companies that wish to ensure sustainable growth and prosperity. As industry associations, we bear a considerable responsibility in this regard! And that is why I have a wish. I wish that this G8 Business Summit represents a beginning – the beginning of a continuous dialogue among the G8 industry association presidents.



Our objectives are ambitious. And we will only be able to convince politics if we work together!

Meine Damen und Herren, Ladies and Gentlemen, I would like to introduce you to Michael Buerk. Some of you might know him from the BBC. And might remember his reports from Ethiopia. In the 1980s, his reports called the world's attention to the famine in that country. Michael Buerk is a distinguished, multi-award winning journalist. And I am very pleased to have him as our moderator today.

The spoken word has precedence (Translation from German).





William G. Parrett
 “A legitimate concern for national security needs to be balanced against the benefits of allowing foreign investment.”



Luca Cordero di Montezemolo
 “The real national interest of a country that wants to play a global role is to attract foreign investments. Informal barriers are highly detrimental, because they are unattended and they strongly reduce markets’ predictability.”



Michael Glos
 “In Heiligendamm, we are seeking (...) a commitment by the G8 Heads of State and Government to open markets and equal investment conditions globally.”



Alexander Shokhin
 “...openness and competition are key requirements for economic development for any country regardless if it is developed or newly industrialized.”

Panel I
 Growth and Open Markets – Providing Freedom for Investment

Ensuring freedom of investment and avoiding investment protectionism were the main topics of this panel. The panelists explained that these are matters of common interest to industrialized and newly industrialized countries. Further aspects of the discussion were the questions which scope for national and international action exists in this field and where there is need for political action.

In his introductory statement Federal Minister Michael Glos underlined that global investment conditions are an issue of major concern for the German G8 Presidency. He emphasized the commitment to freedom of investment in industrialized and newly industrializing countries.

The panelists pointed out that foreign direct investment increased substantially, to more than 900 billion US\$ last year. Therefore, freedom of investment is an important driver of global growth and employment.

According to studies by UNCTAD, virtually all investment-related measures and regulations in the 90s were committed to liberalization. During recent years, there has been a clear reversal of this trend: The share of protectionist measures and regulations has increased significantly, reaching 20% in 2005. Concerns about „national security“, „strategic industries“ as well as public-sector companies are cited in order to justify exemptions from freedom of investment. A country’s investment climate, however, is not only jeopardised by protectionist regulations. Informal political signals can also have a significant negative impact. It needs to be seen that a climate which is hostile to investment is harmful to the entire economy.

Action:
 The leaders of the G8 industry associations therefore urged G8 governments to take action at the highest level to avoid investment protectionism and to reaffirm, in word and practice, the open investment policies and commitments to investors’ rights that have served as a key agent of economic growth, including technological innovation, in recent decades. Business calls for greater transparency and predictability in government investment decisions.



Bernd Pfaffenbach
 “Protectionism is always a sign of weakness.”



From the left: Luca Cordero di Montezemolo, Michael Buerk, William G. Parrett, Alexander Shokhin, Bernd Pfaffenbach

Panel I
Introductory Statement
Michael Glos
 Federal Minister of Economics and Technology, Ministry of Economics and Technology

Panelists
Luca Cordero di Montezemolo
 Chairman, Confederation of Italian Industry (CONFINDUSTRIA)

William G. Parrett
 Chairman, United States Council for International Business (USCIB)

Alexander Shokhin
 President, Russian Union of Industrialists and Entrepreneurs (RSPP)

Bernd Pfaffenbach
 State Secretary, Federal Ministry of Economics and Technology



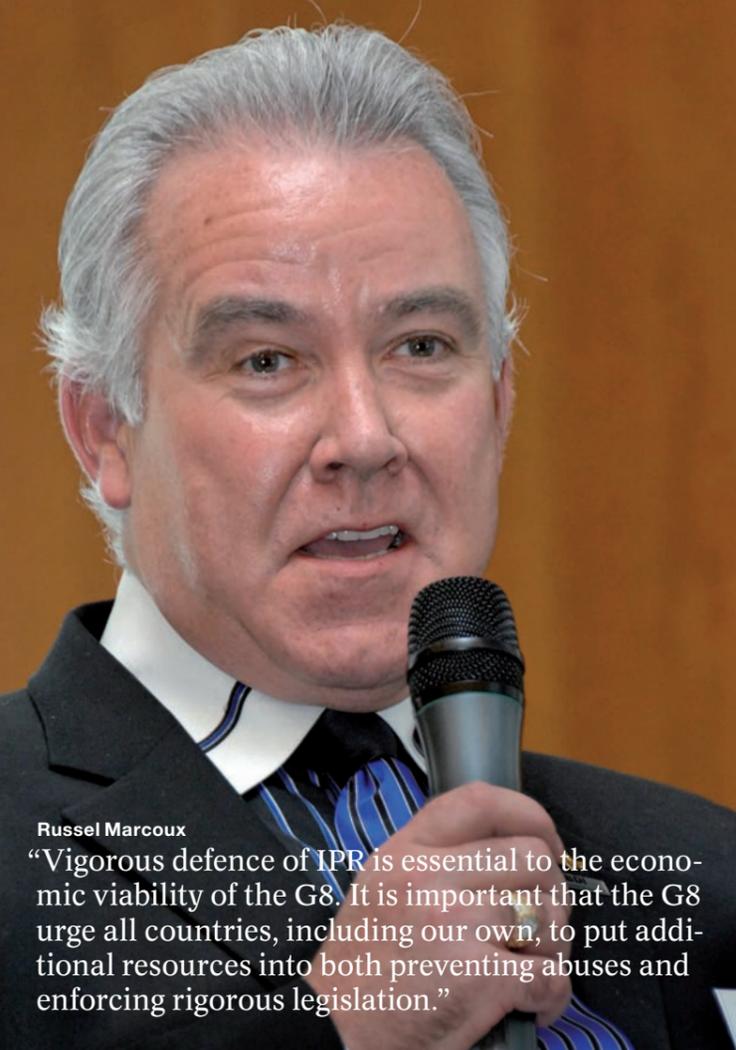
Laurence Parisot

“Our duty, as entrepreneurs as well as opinion leaders, is to repeat and to explain why intellectual property is legitimate. Intellectual property is the only legal way to promote innovation and to share results, that is to say jobs and growth.”



Fujio Mitarai

“It is important to continue to promote international cooperation to protect intellectual property rights.”



Russel Marcoux

“Vigorous defence of IPR is essential to the economic viability of the G8. It is important that the G8 urge all countries, including our own, to put additional resources into both preventing abuses and enforcing rigorous legislation.”



Brigitte Zypries

“Conducting research, developing ideas, and turning them into marketable products is only worthwhile if intellectual property rights are effectively protected.”

Panel II

Growth and Innovation – Fostering Intellectual Property Rights

This panel commented on the current innovation strategies and the protection of intellectual property rights. The panelists discussed measures to be taken by the G8 administrations in collaboration with the business community of the G8 countries.

To promote innovation and to protect innovation is the motto of the German G8 Presidency Federal Minister Brigitte Zypries outlined in her introductory remarks the importance of the protection of intellectual property rights and emphasized that the German G8 Presidency intended to agree on tangible measures especially regarding a better cooperation between the G8 countries amongst each other as well as with the newly industrializing countries, more effective civil laws and more efficient authorities.

The panelists stressed that innovation is the crucial driver of long-term economic growth. Technical progress increases productivity and is the key factor in determining industry’s competitiveness. Apart from the G8 and other highly developed economies this increasingly applies to those newly industrializing countries that are developing clearly focused innovation strategies. One key aspect of such strategies is a high degree of protection of intellectual property, because it is essential to foster technological innovations, to create incentives for investments and to maintain the quality and safety of products.

It is estimated that 2-3 % of the hard goods traded across border, roughly 200 billion US\$ are affected by counterfeiting and piracy. Adding domestic counterfeiting and piracy and Internet crime the percentage becomes larger and losses amount to many hundreds of billions of dollars across the global economy.

In most countries protection of intellectual property is provided by substantive law for instance by means of customs regulation, patents, trademarks or copyrights. However, the enforcement of intellectual property rights often needs to be strengthened. In this process it is important to identify and contain the sources of counterfeit products in consultation with the newly industrializing countries. At the same time awareness in industrial countries needs to be raised, as demand from these countries continuously provides new impulses to trading these products.

Action:

The leaders of the G8 industry associations were of the opinion that G8 governments should increase their intergovernmental coordination to enforce intellectual property rights and engage in a coordinated, constructive dialogue with newly industrializing and developing countries to improve enforcement worldwide. Governments should also support business efforts to reduce the demand for counterfeit products. The G8 industry associations support the efforts of both industry and governments to jointly address global counterfeiting and piracy as well as the development of specific joint strategies for consideration by the G8.



From the left: Russel Marcoux, Laurence Parisot, Michael Buerk, Fujio Mitarai, Brigitte Zypries

Panel II Introductory Statement

Brigitte Zypries
Federal Minister of Justice,
Ministry of Justice

Panelists

Russel Marcoux
Chief Executive Officer, Yanke Group
of Companies, Immediate Past Chair,
Canadian Chamber of Commerce

Fujio Mitarai
Chairman, President & CEO,
Keidanren

Laurence Parisot
President of the Movement of the Enterprises of France (MEDEF) and Chairman of the Supervisory Board of Ifop Group



Björn Stigson
 “If we want a “level playing field” for global companies – which we want – than we need a common global policy framework for climate change.”



Martin Broughton
 “I believe that the costs of not tackling climate change would be greater than the costs of reducing emissions. But effective, coordinated policies are needed to ensure that tackling climate change is done in a cost-effective manner.”



Ernest-Antoine Seillière
 “Binding targets for the EU alone will be insufficient to mitigate climate change. There must be an agreement that all major emitting countries make binding reduction commitments.”



Hiromasa Yonekura
 “In order to formulate effective measures to counter global warming, we must create a next-generation framework that includes all major emitting countries such as the United States, China and India.”

Panel III Growth and Climate Protection – Strengthening eco-efficient Technologies

The panel outlined the framework conditions under which growth, competition and climate protection can co-exist. The panelists emphasized the significant contributions that industry already makes to countering climate change and improving energy efficiency globally.

The German G8 Presidency intends to address the challenges of managing resources in a sustainable manner. A strong focus will lie on the promotion of energy efficiency. Global climate protection and the post-Kyoto process will play a key role.

In his opening statement Björn Stigson referred to recent studies in which scientists came to the conclusion that climate change is happening influenced by human actions. He pointed out that it is important to see that the actions we take in the next 10 years will significantly influence the decades to come. It therefore is important that global business works together on the global challenge of climate change and bring proposals for solutions and actions.

The panelists emphasized the necessity for responsible growth. They pointed out that the development of the global economy, global climate protection and the worldwide increase of energy efficiency have strong links. This calls for a strategic partnership among G8 and the major newly industrializing countries focusing on improving access to reliable, affordable and climate-friendly energy services while ensuring power supply security. A joint approach by G8+5, together accounting for approximately two thirds of global CO₂ emissions, would be the right signal.

It was also stressed that business is already taking important steps to increase energy efficiency and deploy new energy technologies. Therefore, it is important to significantly increase research and development expenditures and to create framework conditions that enable companies to invest in innovative technologies and procedures.

Action:
 The leaders of the G8 industry associations called on the G8 governments to promote, as an urgent matter, the creation of long-term value for green house gas reductions and partnerships with rapidly industrializing countries. They should develop long-term, market oriented policy frameworks to encourage improvements in energy efficiency and the application of new technologies. Voluntary international standards could play a role in this regard. Governments should not, however, attempt to dictate preferred technologies or energy sources, which would only dampen innovation and stifle progress.



From the left: Ernest-Antoine Seillière, Michael Buerk, Martin Broughton, Björn Stigson

**Panel III
 Introductory Statement**
Björn Stigson
 President, World Business Council for Sustainable Development (WBCSD)

Panelists
Martin Broughton
 President, Confederation of British Industry (CBI)

Ernest-Antoine Seillière
 President, BUSINESSEUROPE

Hiromasa Yonekura
 President, Sumitomo Chemical Co., Ltd.

Keynote Speech of the Federal Chancellor of the Federal Republic of Germany Angela Merkel

Mr. Thumann! Ladies and gentlemen!

First of all I would like to thank you, Mr. Thumann, for your initiative in organizing this G8 Business Summit. For it brings important participants together to discuss an issue that is the focus of heated debate all over the world. Globalization is a term that stands for great hopes and great fears alike. Although the process of globalization is by no means new, its pace has accelerated dramatically over the past decades, for several reasons: the fall of the Iron Curtain; the liberalization of world trade, the economic momentum of China, India and other threshold countries, and the development of the Internet.

Experience has shown that globalization offers great opportunities for growth, employment, prosperity and freedom – for all countries around the world.

Germany, as an export-oriented country, benefits particularly from globalization: 8.3 million of our jobs are dependent on exports. That is 2.5 million more than ten years ago. But other countries – especially our Central and Eastern European neighbors – also owe their new-found prosperity to globalization. Developing countries, too, stand to gain tremendously from globalization and the liberalization of world trade.

The World Bank has established that growth has increased in developing countries which participate actively in the globalization process. By contrast, countries which have closed themselves off have suffered a decline in growth. The potential hitch in these developments is that growth and prosperity are not guaranteed. Resources and potential can change, from one day to the next.

“The world is flat,” as U.S. foreign affairs columnist Thomas Friedman put it. This is the origin of the fear of globalization that has spread in our country.

Politics therefore faces an important challenge: To create the right political, economic and social framework to enable market forces to unfold and people everywhere to embrace the process of globalization.

Decreasing non-wage labor costs and corporate tax reform are two examples of how the federal government is getting Germany ready for tougher competition in the age of globalization.

To state the obvious: shaping the process of globalization is a task that cannot be handled by one country alone. It requires everyone to pull in the same direction. The G8 as the group of the eight leading industrial nations is the right platform for this. The motto of the German G8 Presidency is “Growth and

Responsibility”. We will focus on two main issues: Growth and responsibility in the global economy, and growth and responsibility in Africa.

This evening, we will focus our attention on the questions concerning the world economy:

- How can we deal with global imbalances?
- Can existing institutions cope with the new situation?
- How can we ensure that people all over the world have better prospects in life?

None of these questions can be answered without involving the newly industrialized nations. Economic growth in large threshold countries like China and India has given them a decisive role in shaping the globalization process. The newly industrialized countries naturally want to have their share of global prosperity. But they should also contribute to solving global problems within the scope of their ability. China has succeeded the United States as the second largest export country in the world. It is only a matter of time until China succeeds Germany as the world’s export leader. This tremendous surge in growth has given rise to a conflict of interests between the so-called “old” and “new” industrial nations. It is therefore necessary for these old and new industrial nations to enter into intensive dialogue. This does not imply, however, that the G8 should be formally expanded.

The old and the new industrial nations need to reach a common understanding on the global challenges facing us and on the options for finding a solution together.

In June in Heiligendamm, the G8 states will therefore convene with the leading threshold countries Brazil, China, India, Mexico and South Africa.

Five points head the list of economic issues on our G8 Agenda.

First: We want to secure the best-possible opportunities for balanced global growth.

This aim was clearly stated at the spring meetings of the IMF and the World Bank. The German economy has a significant share of this. The federal government expects a growth rate of well over two percent this year and in the coming year. The high costs of energy and raw materials have had a dampening effect on many industrial nations. But they have not derailed the global economy’s robust growth. However: We must not lose sight of the continuing global imbalances. These are particularly apparent in the stark differences in performance of the various national economies. One need only contrast the massive trade deficits of the United States with the huge surpluses

posted in China – to name but one example. Over the past years, the G8 states have tried to work towards reducing global imbalances. These concerted efforts should be continued.

The financial markets in particular require close attention. Their stability is an important precondition for global trade and cross-border investments.

In the past few years, new instruments have emerged on the financial markets in the form of hedge funds. While they increase market efficiency on the one hand, they still do not provide the necessary level of transparency. It is not my intention to demonize hedge funds, or to subject them to strict government regulations. But I do want to see the risks that they present reduced. Serious discussion about greater transparency of hedge funds is therefore an urgent necessity.

Second: Innovations are the key to growth and prosperity in our society.

This not only applies to Germany and other Western nations. The major players among the newly industrialized countries, with China leading the way, are increasingly aware of the fundamental importance of innovations in the quest for more investments and employment. In Heiligendamm we therefore want to use the opportunity to put our heads together and think of how we can promote and protect innovations on a global scale.

More effective protection of intellectual property is therefore of primary concern here.

In too many countries, product and brand piracy still have a major impact on the economy. This is something which is a particular problem for German industry. Thirty percent of worldwide patents in mechanical engineering are registered in Germany. We therefore have a strong natural interest in protecting these inventions. This means that current WTO regulations must be better enforced. Industrial nations can also contribute more to the global protection of intellectual property. I am therefore delighted to hear that the industrial

associations of the G8 countries have agreed to develop common strategies to combat product and brand piracy. Dialogue and cooperation with the newly industrialized nations is also important to ensure comprehensive protection of intellectual property. I am confident that we will set important signals for improving the framework conditions in Heiligendamm. The EU-US Summit in Washington next Monday is another occasion when we can increase cooperation on the question of intellectual property. We aim to deepen the transatlantic economic partnership. Common standards and norms will benefit all parties involved.

Third: Cross-border investments are the central motor driving increased growth and more employment.

The global economy has always benefited from the fact that direct foreign investments are generally very welcome. The volume of transatlantic investments between Europe and the United States alone amounts to 1.5 billion Euros.

But over the past few years it seems that the activities of foreign investors in some places are increasingly blocked by protectionist barriers.

This applies on the one hand to America and Europe. Here, excessive legal, regulatory and political barriers block direct foreign investment. But it also applies to newly industrialized nations, which often allow foreign companies only limited scope – in the form of a minority stake, for example. In Heiligendamm we will therefore strive to produce a G8 declaration affirming the openness of our markets for foreign investment. But I do want to stress one thing:

As a general principle, we expect our trade partners to greet our investors with the same degree of openness which foreign investors enjoy on our markets.

This is another reason why dialogue between the G8 and the large threshold economies is so important.

Fourth: We all have a great responsibility as regards the social aspect of the globalization process.

We need to significantly improve the consideration and enforcement of social and environmental standards. Globally operating companies have a particular responsibility here.

Responsible corporate culture and economic success are two sides of the same coin. During our G8 presidency we aim to persuade more companies to commit to the principles of the United Nations Global Compact. We also want to persuade more states to endorse the OECD Guidelines for Multinational Enterprises.

Fifth: Protecting the climate is one of the biggest global challenges of our day.

Many of the economic goals we are working towards today will become null and void if we do not effectively handle the danger of climate change. The course for this will be set in the coming years. In Heiligendamm we therefore aim to do everything possible to push ahead international policies to protect the climate for the period after 2012.

The G8 must reach a common understanding of how climate change can be effectively tackled.

The major industrial nations must lead the way. Another goal is to persuade the most advanced newly industrialized countries to commit themselves to appropriate cuts in emissions. There are many ways in which the emission of greenhouse gases can be reduced. Increasing energy efficiency is of supreme importance here. New power-plant technologies, energy-efficient building technologies and environmentally friendly fuels and engines are as vital to securing the energy supply as they are to protecting the climate. I intend to achieve significant progress on this matter with our G8 partners. At the same time, we have to systematically push ahead our technological cooperation with the newly industrialized countries.

Ladies and gentlemen!

Great challenges and important decisions lie ahead of us as far as the liberalization of world trade is concerned. From the outset, Germany has done everything in its power to bring the Doha-Development Round to a successful conclusion. Despite the limited time available, I am confident that we can still achieve a breakthrough. All parties involved must accept their responsibility. They must show greater flexibility and shore up their willingness to compromise with concrete proposals. Our central aim is to achieve more growth and greater prosperity for all stakeholders, especially in developing countries. We should all remember this throughout the coming weeks.

As the President of the EU and the G8, I will do my utmost to ensure the success of the Doha Round.

Ladies and gentlemen!

I am convinced: Given the right framework conditions, the process of globalization will benefit all people across the world. The G8 presidency gives us the opportunity to contribute to shaping the course of “global governance”. But as we know:

In a globalized world, politics alone cannot effect change. To do that, it needs to partner up with business.

I hope I can count on your support during the German G8 presidency. And I would ask you to take up the impulses provided by this presidency and channel them into good business practice.

I am sure together we can give globalization a friendly face, and allow people everywhere to experience for themselves the many opportunities and positive developments this process implies.

Thank you for listening.

The spoken word has precedence (Translation from German).



G8 Business Declaration

Joint Statement of the G8 Business Organizations

We, the leaders of the key business organizations of the G8 countries have gathered on 25 April 2007 in Berlin to discuss urgent issues concerning the global economy. These matters, and our deliberations on them, are to be taken up for consideration by the Heads of State at the G8 Summit in Heiligendamm.

We are pleased to note that this year's G8 summit which has „Growth and Responsibility“ as its theme attempts to respond to the central challenges facing the global economy. The G8 countries still account for 63% of global GDP, 60% of global direct investment, and 50% of global trade. However, newly emerging countries are playing a more important role in the global economy, which creates both opportunities and challenges for global governance.

We emphasize that business makes substantial contributions to finding solutions to these challenges. Our member companies are deeply engaged in the global economy. They are the primary agents of economic activity, trade, investment, and technological innovation. They drive growth and prosperity, create the jobs, provide the economic basis for the social infrastructure and often have the innovative capacity to help address the problems facing humanity. The business community is well aware of its responsibility to work with governments to meet these challenges and realize these opportunities.

We believe that there is a political responsibility to examine whether existing policies are still appropriate and to establish new policy guidelines where reasonable. In this context, the leaders of the G8 nations are confronted with a two-fold challenge. On the one hand, they must increasingly keep a close eye on the conditions for sustaining the international competitiveness of companies in times of growing competition. On the other hand, they must recognize that effective responses increasingly require international cooperation. In particular, this means intensifying the dialogue with newly industrializing countries. Shaping globalization is a task not only for the G8 countries.

Therefore, we call on the leaders of the G8 countries to ensure the adoption, promotion and implementation of the right set of initiatives and responses during their summit in Heiligendamm. We call on G8 governments to address mounting challenges to the trading system, the international investment regime, the efficiency of capital markets, the structure and rules for enforcement of intellectual property protection, and global environmental conditions, while keeping all energy options open. G8 governments must establish and maintain appropriate policies in these key areas so that international business can play its part to promote sustainable economic growth and create the wealth essential for economic development.

Confederation of British Industry – CBI

Confederation of Italian Industry – CONFINDUSTRIA

Federation of German Industries – BDI

Japan Business Federation – Nippon Keidanren

French Business Confederation – MEDEF

Russian Union of Industrialists and Entrepreneurs – RSPP

The Canadian Chamber of Commerce

United States Council for International Business – USCIB

BUSINESSEUROPE

Growth and Free Trade: Concluding the Doha Round

Issue:

The successful conclusion of the current WTO round will increase economic growth, reduce poverty, further integrate developing countries into the global economy, and improve this vital global framework for expanding trade and investment. However, the negotiations have dragged on for five years without any tangible result. Meanwhile, protectionist pressures are growing in some G8 countries.

Action:

G8 governments, as a matter of urgency and top priority, should take immediate action to break the current political impasse of the Doha Round, particularly on agriculture, to secure a result that includes reductions in trade-distorting agricultural subsidies and tariffs, a significant reduction in applied tariffs on manufactured goods in both industrialized and newly industrialized countries, substantial further liberalization of trade in services, improvements in trade facilitation, and strengthened WTO rules. All key players in the negotiations, including the newly industrialized countries, must demonstrate the necessary flexibility to achieve an ambitious result.

Growth and Innovation: Fostering Intellectual Property Rights

Issue:

Piracy of intellectual property remains a serious worldwide problem for business, governments and consumers. Even where countries have adequate policies and legislation, effective enforcement is lacking. Intellectual property protection is essential to foster technological innovations and maintain the quality and safety of products.

Action:

G8 governments should increase their intergovernmental coordination to enforce intellectual property rights and also engage in a coordinated, constructive dialogue with newly industrializing and developing countries to improve enforcement worldwide. They should also support business efforts to reduce the demand for counterfeit products. We support the efforts of both business and governments to jointly address global counterfeiting and piracy and we support the development of specific joint strategies for consideration by the G8.

Growth and Open Markets: Providing Freedom of Investment

Issue:

Another challenge is the growing trend of governmental intervention—in a wide variety of sectors—to block or impede cross-border investment in the name of enhanced national security or to protect so-called strategic sectors of the economy. Ironically, the main interventionists include the G8 countries, the very nations that have gained most from open investment policies with strong protection for investor rights. The task of safeguarding national security is legitimate, but it must not serve as an excuse for arbitrary discrimination, unnecessarily burdensome regulation, or be used to gain commercial advantage.

Action:

G8 governments should take action at the highest level to avoid investment protectionism and to reaffirm, in word and practice, the open investment policies and commitments to investors' rights that have served as a key agent of economic growth, including technological innovation, in recent decades. Business calls for greater transparency and predictability in government investment decisions.

Growth and Stability: Enhancing Efficient Capital Markets

Issue:

The efficient functioning of international capital markets is crucial for global growth and prosperity. For several years hedge funds have played an important role in capital markets. We see enhanced transparency as contributing to market discipline and reducing risk.

Action:

G8 governments should address issues aimed at maintaining the stability of capital markets, including the development by market participants of transparency standards and options for mitigating financial market risk.

Growth and Climate Protection: Strengthening eco-efficient Technologies

Issue:

Given the evidence that global climate change is underway, there is a very high value put on governmental and private sector cooperation to respond to growing energy demand while addressing climate change risks through mitigation, sequestration and adaptation. It is in the fundamental long-term interest of industrialized and newly industrialized countries to increase energy efficiency significantly in a manner that promotes sustainable economic growth. Business is already taking important steps to increase energy efficiency and to innovate new energy technologies. Consistent and coordinated long-term governmental policies will help industry to step up its efforts to effectively address the issue.

Action:

G8 governments should promote, as an urgent matter, the creation of long-term value for green house gas reductions and partnerships with rapidly industrializing countries. They should develop long-term, market oriented policy frameworks to encourage improvements in energy efficiency and the application of new technologies. Voluntary international standards could play a role in this regard. Governments should not, however, attempt to dictate preferred technologies or energy sources, which would only dampen innovation and stifle progress.

Growth and Development: Providing Facilitating Private Sector Activity in Africa

Issue:

Economic opportunities for Africa have improved: conflicts in several countries have been settled, and average growth rates have increased. However, deficits in infrastructure, education, health, public governance and economic management persist. The private sector is the driving force behind development. Poverty reduction strategies will therefore only be successful if trade and private investment are facilitated. But private sector involvement requires suitable framework conditions.

Action:

G8 governments, in collaboration with African governments, should improve framework conditions, particularly in public governance and property rights, and support new participants in development cooperation to follow internationally recognized standards. As substantial public funds are still required for infrastructure, quality aspects and life cycle costs should increasingly guide development projects. Public private partnerships and means of protecting investments should be expanded.

G8 Business Declaration

Joint Statement of the G8 Business Organizations

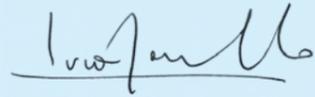
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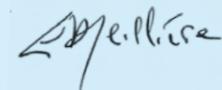
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