



# **Business and Executives View of G8, G20 and the Global Economic Architecture**

**Speaking Notes for Hon. Perrin Beatty**

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**connect!**

Good afternoon ladies and gentlemen

It's a pleasure to join you here at DFAIT today and in particular to speak at your Economic and Finance Counselors Conference. As you know, I have been asked to speak on the subject of "Business and executives view of the G8, G20 and the global economic architecture". But before I turn to this, let me set the stage by saying a few words about the Canadian Chamber of Commerce, who we are and what we do.

As Canada's largest and most representative business association, the Canadian Chamber of Commerce is the vital connection between business and the federal government.

The Chamber network is comprised of over 300 chambers of commerce and boards of trade, representing 175,000 members - businesses of all sizes and in all sectors of the economy. The Canadian Chamber of Commerce is the only national organization connecting businesses of all types, from every province and territory.

The Canadian Chamber is unique - no other business organization has as vast and as varied a network. Because of this network, the Canadian Chamber is truly

the voice of Canadian business. The Chamber can activate its grassroots members across the country to deliver results for businesses.

The Canadian Chamber is the national leader of public policy advocacy on national and international business issues. We advocate public policies that will foster a strong, competitive economic environment that improves the standard of living of all Canadians. We produce new policy initiatives and bring stakeholders together to create shared strategies and more opportunities.

In order to continually demonstrate impact on public policy and decision-making to the benefit of businesses, communities and families across the country, my role as President and CEO takes me across Canada to visit communities and meet with business leaders to exchange ideas on important issues.

I will now turn to the main subject, “the business view of the G8, G20 and the global economic architecture”. This topic is indeed timely. And there is a lot to talk about. Hence, to structure this presentation, I would like touch on certain areas; I will first speak about the implications and then about the G8/20 Business Summit that we organized, provide information on the history, background and what was achieved, and talk about the declaration and business leaders’ views and recommendations. I want to also cover the Prime Minister’s participation in

our business summit and what he shared with us and conclude by talking about the results that business wants to see and, in conclusion, summarize their views. I would like to also have time for some questions and leave room for you to have an opportunity to raise what may not be covered and is of interest to you.

The eyes of the world will indeed be on Canada as the G-8 and G-20 Leaders Summits take place next month. What are the implications for Canada and for Canadian business?

First of all, these summits present an opportunity for Canadian leadership. And Canada stands proud on the world stage through its actions and example. While the global recession took its toll on Canadian businesses and families, just as it did throughout the world, our country weathered the storm much better than most others and is looked to as an example for other countries to emulate. In the midst of global financial turbulence, our banking sector was recognized as the world's soundest. Also, Canada has a strong fiscal position. This is political capital we can expend to influence reforms and present solutions on a spectrum of global issues.

For the Canadian Chamber of Commerce, among other things, it meant we were tasked to host and organize this year's G-8 Business Summit which is held in

advance, and is the business component of the agenda, of the G-8 and G-20 Leaders Summits. It also meant that we were going to lead the business input into the G-8 and G-20 Leaders Summits in order to push for furthering major objectives. These include full recovery from the financial and economic crisis; enabling economic growth through trade and investment liberalization and moving forward on climate change.

We organized a very successful G8/20 Business Summit on April 29 and I must also mention that we took advantage of the opportunity of the third round of CETA negotiations that was held in Ottawa the week before, to organize a Canada-EU Forum on the 28th. I will be pleased to say more about this later.

The G8/20 Business Summit featured highly respected and influential international business leaders addressing pressing business issues and bringing forward their thoughts and solutions. Business leaders from G8 and G20 countries offered opinions on issues critical to the health of businesses around the world – leaders, such as the Chairman and Chief Executive Officer of Canon and the President and Chief Executive Officer of the United States Chamber of Commerce.

The release of the input of the leaders of the largest business associations in the G8 into the G8 and G20 Leaders Summits was an important part of the agenda of the business summit. The Canadian Chamber of Commerce, the Confederation of British Industry, Confindustria of Italy, the Federation of German Industries, le Mouvement des entreprises de France (MEDEF), Nippon Keidanren, the Russian Union of Industrialists and Entrepreneurs, the US Chamber of Commerce and BUSINESSEUROPE represent the voice of millions of businesses in the G8.

A private meeting was held on April 28 when we signed the Business Declaration, calling on the G8 and G20 governments to implement coordinated policies to restore confidence in global markets, further trade and move forward on climate change action. This is the fourth year we have come together to develop a joint consensus position on key global issues to provide guidance to our presidents and prime ministers. Previous business summits were held in Germany, Japan and Italy. This year was Canada's turn and we were certainly challenged in pulling it together.

As you know, this is a transition year and for the first time, the G8 and G20 Leaders Summits will be held back-to-back on June 25-27. We had been grappling with the unique circumstances of Canada hosting both Summits. Accordingly, we worked hard to create an event that met the key objectives of (1)

maintaining some form of a G8 Business Summit event while (2) including a G20 component. This was how we believed Canada could exert leadership and put its mark on the event.

We discovered that achieving these goals was, however, far from simple. We were walking a fine line on how we would be able to meet both objectives, comply with the political developments and deliver a superb event to satisfy all stakeholders. A lot of work went into planning and negotiating to develop the right program elements to meet the objectives. And we are indeed satisfied with the final product and what was achieved.

We succeeded in preserving the integrity and tradition of the G8 business group by giving it priority in the private meeting and declaration. We also advocated inclusion of G20 representation and invited the G20 business leaders, securing participation of India, China, Brazil, Korea and Australia. In so doing, we have led the way to opening the door to a smooth transition from the G8 to the G20 business summit. And Korea has already announced that they will organize the Seoul G20 Business Summit just before the G20 Summit in November.

Indeed, our approach to aim to include G20 business leaders in the mix for the first time was perceived by the original G8 group to be rather unconventional. It

is however logical, in view of political developments. As you know, the G20 leaders' summits were first convened in November 2008 in response to the global economic and financial crisis. Last year, at the height of the recession, G20 leaders announced they would replace the G-7 as the main platform for global decisions on economic policy. The June meeting in Toronto – with the theme, “Recovery and New Beginnings” – is their fourth summit.

Given the mandate of the G-20 to look at financial and economic issues, it was timely and important to manage the transition and influence how the business group could move forward in future. The solution was crystal clear to us given that our agenda focused on economic recovery, the financial sector and furthering trade, which is more in line with the discussions that will take place at the G20 table (rather than at the G8 table which will centre on the themes of maternal/child health, international security and the development agenda).

The only exception was climate change. While the G8 business leaders recognized that climate change will not form part of the official agendas of the Leaders' Summits, it will no doubt come up. This is a subject of major importance to our group and we cannot ignore it. Global climate action leads to business opportunities. We drew attention to our united stand that an international agreement is needed for achieving targets for greenhouse gas

emissions and business certainty. As a matter of fact, the UN Secretary General has since called for climate change to be on the agenda.

Mirroring the key issues in the declaration, we organized a series of panels to enable the business leaders to provide an overview of their views. The morning sessions covered economic recovery and financial reform as well as trade liberalization and climate change. The afternoon panel provided the opportunity to hear from the G20 panelists on the subject of their economies and the opportunities created.

We are delighted that the Prime Minister participated in our event and, following his speech and 'fireside chat' session with delegates, the signed declaration was formally presented to him by the Chair of the Canadian Chamber of Commerce. In his speech, the Prime Minister acknowledged that our event was vitally important and being held at a very opportune time because "now more than ever, we need our business leaders to come together to help articulate solutions to the economic challenges facing all our nations."

The Prime Minister spoke of the transition we are living in and said that effective global economic governance requires all major players at the table, hence the G-20. There must be an approach developed where all countries can benefit. He set

out a clear agenda for the leaders' meetings and said that June's G20 discussions will be focused on accounting for existing initiatives that were developed in Pittsburgh at the last meetings. June's discussion must be about establishing accountability for existing agreements.

He also said that the G-20 must move to complete and then exit from our short-term stimulus commitment and must show leadership on two other files: fighting protectionism and reform of financial regulation.

Business is on the same page, with the Declaration we presented calling on the implementation of coordinated policies to restore confidence in global markets. To do so, governments must institute a framework for sustainable recovery based on getting fiscal houses in order and reform of the global financial framework. Examples of Canada's leadership are our priorities for a global peer-reviewed, principle-based financial framework. As part of an international financial reform agenda, priority should be given to ensuring stronger capital and liquidity standards and building a principles-based global financial supervision framework.

The challenge for the G-20 is to formulate well-timed, coordinated and credible exit strategies to wean economies off enormous monetary and fiscal stimulus.

Sustained growth hinges on the private sector resuming its role as the engine of economic growth.

Maintaining confidence of financial markets requires governments to unveil clear and credible plans for significantly reducing their deficits over the medium term.

Difficult decisions will need to be made. Expenditure restraint, improving the efficiency and effectiveness of government programs and services, and embracing public-private partnerships are necessary to ensure longer-term fiscal sustainability. The ability of businesses to create jobs and contribute to social welfare would be severely hampered by increasing taxes.

International trade is a cornerstone for sustainable growth in both the developed and developing world. All parties know what is needed and it is now time to move from empty commitments to completion of the WTO Doha Round. Action on the WTO along with removing protectionist barriers; a sound investment environment and protection of intellectual property can provide the needed business environment for the recovery to fully take hold and businesses, and jobs, to flourish. The G-20 leaders must embrace an effective and efficient rules-based trading system, and champion the importance of unencumbered global commerce. They must reaffirm their commitment to open markets via multilateral, regional and bilateral free trade and foreign investment liberalization agreements, and remove existing barriers to trade and capital

flows. They must set an example by quickly removing protectionist measures adopted during the downturn, including in stimulus packages. The stakes for Canada are high. When so much of our prosperity depends on trade, protectionism can have a devastating impact throughout the country.

The G-20's success and spirit of cooperation have made it the premier forum for international economic cooperation. Now it will be judged by its ability to nurture economic recovery and lay the foundation for sustainable and balanced growth. This will entail finding a way forward on correcting trade, fiscal and structural imbalances, strengthening financial regulatory systems and pressing for an open and rules-based trading regime.

Business wants to see results and the June G-8 and G-20 summits present an opportunity for Prime Minister Harper to provide leadership and recommend reforms and present solutions to address today's challenges. The Prime Minister should call on world leaders to not simply talk about their opposition to protectionism, but to demonstrate it in their actions.

I would now like to conclude by summarizing the main views that figured prominently throughout our business summit, as follows:

1. Our interconnectedness

We are in this together for better or worse. Trade flows, capital flows, our financial systems, people flows and the flow of information is increasingly global.

2. The urgency of the issues we are facing together

- protecting and advancing our nascent economic recovery and ensuring there will not be a second shock.

- preventing protectionism

- moving governments back to fiscal responsibility

- the urgent and shared need to reform and revitalize our international institutions and global frameworks given our global economic interconnectedness

3. It is critical for business to develop a common agenda and to find mechanisms to ensure that the voice of the business community is heard by our political leaders.

4. Technology, innovation, education and training will enable new and creative solutions to the issues we face and foster our economic growth and development.

Finally, both the leaders of international business associations and Canadian CEOs underscored how interconnected our economies have become and how we must look for new technologies and new strategies to overcome the present

challenges and take advantage of the opportunities that exist at this point in the world's development. It will take a combination of wise national policies in each country and concerted global action to succeed.

Thank you and I will now be pleased to answer your questions.

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