Business and the global economy

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Opening world markets, protecting intellectual property, and investing in new technologies for tackling climate change should be top priorities for international action.

"We call upon the heads of state and government to achieve the successful completion of the Doha round"

The message of business to the world leaders meeting at Gleneagles in July can be simply stated: the global economy of today offers an unparalleled opportunity to raise living standards across the world. The clear challenge now facing government and business leadership is how to draw into the global economy countries which remain on the margins.

We at International Chamber of Commerce (ICC), representing world business, are especially pleased that Africa will once again be the focus of G8 leaders, three years after they adopted the Action Plan for Africa at Kananaskis. We have examined the recent report of the UK-sponsored Commission for Africa, and we applaud its emphatic recognition of the key role that a functioning private sector plays in successful development. The creation of a local framework supportive of entrepreneurship and small enterprises – particularly in the areas of financing instruments and technical assistance – is a vital component of a strategy to achieve the UN Millennium Development Goals.

Aid, if it is targeted and accountable, can alleviate localised poverty. But it cannot eradicate generalised poverty. The keys to that aspiration are first and foremost peace and the absence of armed conflict, together with good governance and the rule of law – the essence of which is a framework of just and essential laws and regulations administered by efficient, honest and impartial government and enforced by an independent judiciary. Beyond that, ICC would also highlight the importance of establishing and protecting property rights, particularly since they are important for attracting foreign investors with their capital, technology, management skills and access to overseas markets.

Doha and the poorer countries

World business believes strongly that the rules-based multilateral trading system, managed through the World Trade Organization (WTO), is one of the central pillars of international cooperation. It has contributed enormously to liberalising world trade and improving market access, and is a major driving force for global economic growth, job creation and wider consumer choice. The current proliferation of bilateral and regional trading arrangements is no substitute for multilateral liberalisation in the WTO in terms
of providing an engine for the world economy.

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

Business is now setting its sights – and its hopes – on the Sixth Ministerial Conference of the WTO scheduled for the end of 2005 in Hong Kong. Steady progress in the negotiations must be achieved between now and Hong Kong, enabling the Ministerial to lock in worthwhile, concrete results and establish a forceful momentum for commercial exchanges among nations.

We urge the leaders also to commit their governments to enforcing existing laws against piracy and counterfeiting.

We call upon the heads of state and government gathering in Gleneagles to pledge to achieve the successful completion of the Doha round trade negotiations and to commit themselves personally to devote what time and attention may prove necessary from the very highest political level.

Intellectual property and innovation

ICC firmly believes that the protection of intellectual property (IP) encourages research and innovation, international trade and investment, and sound economic growth and development. We at ICC are deeply disturbed by the current epidemic levels of product counterfeiting and copyright piracy. Virtually no sector of industry is untouched by this illegal – and sometimes dangerous – activity. The Internet is being misused for massive copyright theft. Piracy and counterfeiting have become a huge and global phenomenon.

Piracy and counterfeiting deter innovation and creativity, which underpin the knowledge society we live in today; they deprive governments of tax revenue; and they retard the development of legitimate economic activities and employment. They also undermine consumer confidence in the quality assurance of branded products and pose serious health and safety risks in areas such as food, medicines, car parts and toys. Further, the relatively easy profits to be made from piracy and counterfeiting attract organised crime networks interested in funding other criminal activities and lead to a misuse of the international financial system for money laundering.

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

The past two G8 summits have recognised the growing need for strong measures to fight piracy and counterfeiting. However, we in the business community see little evidence of concrete action. We urge the leaders meeting at Gleneagles not only to reiterate the importance of respect for international obligations in the intellectual property and innovation field, but to take concrete steps to ensure that the protection of intellectual property is an integral part of any future framework for tackling the global challenges facing the world economy.
A long-term international policy framework to tackle climate change should be developed under the UNFCCC.