



## Statement of the United States Council for International Business on The G-20 Summit

November 2008

USCIB applauds the actions taken by governments attending the G-20 Summit meeting in Washington to restore confidence in financial markets. Nonetheless, additional steps may be necessary to prevent the world economy from sliding into deep recession. While much has been done, much more work lies ahead, and that will require the full participation of governments, institutional investors, capital users, and ordinary citizens everywhere.

The goal of concerted action must be to get capital flowing once again. Businesses large and small are starved of the capital they need for everyday operations. Meanwhile, investment spending is grinding to a halt. G-20 Governments must find ways to ensure that the liquidity that they have collectively pumped into the system finds its rightful targets.

Clearly, the complexity of financial instruments, coupled with a lack of transparency in certain financial sectors, has compounded the regulatory task. Although new regulation may be needed, it must be targeted, prudent, and sensible. By freezing asset flows, overregulation can do as much damage to the world economy as a weak regulatory framework.

We call on the G-20 to support continued convergence to a single set of high-quality global financial reporting standards set through an independent, thorough due process giving voice to all stakeholders yet free of political pressures.

Along side efforts to strengthen capital markets, improve transparency, and promote sensible regulation, G-20 countries need to work together to keep markets open to international trade and investment. There is a real risk that some countries may resort to border measures to protect their domestic economies. Such policies failed during the Great Depression and are not likely to be anymore effective today. Open markets allow the free flow of goods, services, and capital to where they are needed most and where they earn the greatest rate of return.

In that regard, USCIB calls for a renewed effort to conclude the Doha Development Round, which has foundered after seven years of negotiations. WTO members should build on the achievements made at the July Ministerial meeting and establish modalities for trade liberalization in the agricultural, industrial, and services sectors.

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USCIB believes that a Doha success will not be possible without the full participation of all key players. To date many countries have failed to show the flexibility and political will that would help ensure a positive outcome. USCIB continues to believe that an agreement on modalities is possible, which would pave way for the conclusion of the overall negotiations in 2009. Investment flows are key to the revival of the global economy. Foreign investment has contributed enormously to the wealth and prosperity enjoyed by most of the world's population. However, in the current market environment, calls by some countries to restrict investment flows or to channel them to certain sectors must be resisted. USCIB regards as especially pernicious the notion of using national security reviews of inward investment as some form of industrial policy where governments, not markets, pick the winners and losers and also discriminate against foreign investment.

Difficult tests face governments, business, and average citizens in the months ahead. USCIB urges G-20 governments to work together for the common good and avoid unilateral actions, which could slow the return to sustainable and expansive economic growth.

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USCIB promotes an open system of global commerce in which business can flourish and contribute to economic growth, human welfare and protection of the environment. Its membership includes more than 300 leading U.S. companies, professional services firms and associations whose combined annual revenues exceed \$4 trillion. As American affiliate of three global business groups – the International Chamber of Commerce, the International Organization of Employers, and the Business and Industry Advisory Committee to the OECD – USCIB provides business views to policy makers and regulatory authorities worldwide, and works to facilitate international trade.

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