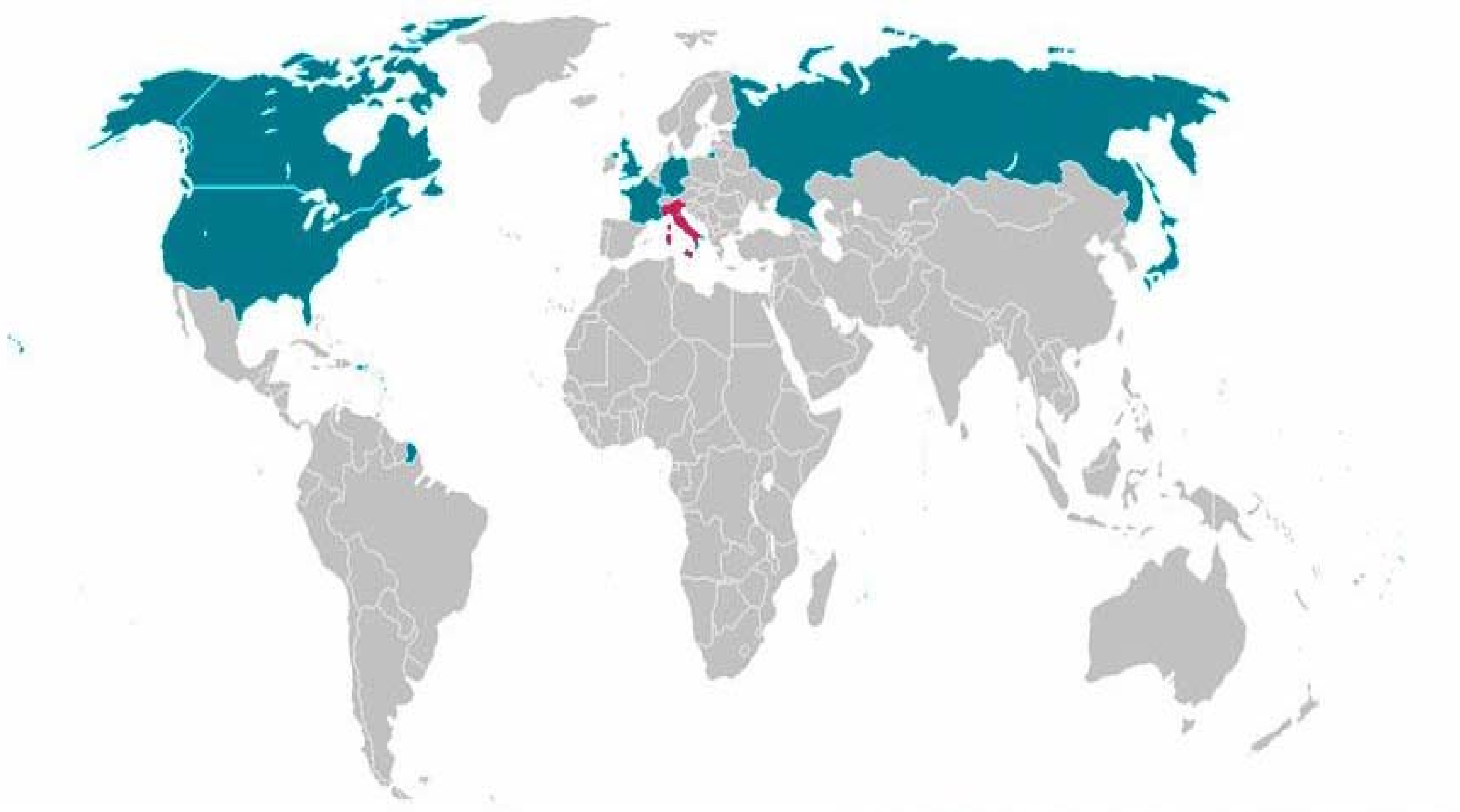

G8 Youth Summit 2009

Head of National Business Association Final Communiqué

We, the heads of the national business associations, see the world economy continuing to feel downward pressure through 2009 and well into 2010. Recovery in the stressed economic market depends on the strengthening of the US economy and banking industry, which is a key component in driving the world economy. Reducing trade barriers and increasing free trade agreements are also vital to further the progression of our global economy.

BUSINESS PROPOSITION TO GOVERNMENTAL ACTION IN THE STRESSED WORLD ECONOMIC ENVIRONMENT

There should be a global consensus to **improving regional "green" standards.** This must be achieved by changing the business model, encouraging firms to consider the impact of their actions on the environment. Governments can foster the right business attitudes by providing **incentives to firms that increase their environmental awareness e.g. those firms that increase fuel efficiency within the automotive sector.** This will generate the motivation for firms to increase research and development in green technologies and pave the way for greater environmental consciousness. Green initiatives such as the 'Better Place' project in Israel demonstrate how greater co-operation can promote greener attitudes.

TRADE

Furthering the aim of increasing free trade, we propose the re-organisation of the International Monetary Fund (IMF) and the World Trade Organisation (WTO). We encourage developed economies to increase funding to the IMF in order to make it possible for the IMF to assist developing economies.

We also recognize that there have been controversial regulations in the past. These have to be reviewed and reformed to meet the current needs of struggling economies in order to prevent preferential trade agreements and improve the efficiency of the fund. With a stable, long-term financial provision mechanism in place, governments will have the ability to support structural changes in their home countries. We propose that the IMF should not be entitled to print money for aid provision due to the risk of potentially diluting currency.

We recommend the **restarting of the Doha Development Round**, recognising the ability it has to enhance free trade. Talks should not be halted due to divergent opinions of certain countries. Especially in today's economic climate, governments must take the necessary steps to reach a beneficial conclusion.

Certain essential changes to the structure of the WTO have to be made, such as the **restructuring of the voting principles. To increase market competition, we recommend that China lowers tariffs on imports in order to join us in our commitment to the development and integration of member countries.** In return, we all agree to ensure international competitors are not subjected to unfair conditions or limitations that prevent them from establishing industries in our domestic nations.

States should implement **gradual cuts in agricultural subsidies**, revising spending focus to businesses and trade to stimulate the markets. Implementing this change will increase industry efficiency; because market forces will ensure only the most efficient firms succeed.

RATING AGENCIES

We recommend full disclosure by rating agencies to ensure **greater transparency of their rating procedures including how they rate assets and companies.** This is particularly important with subjacent assets. We also endorse full disclosure of consultancy practices to prevent conflicts of interest. There should be more frequent ratings of agencies to improve the reflection of the market situation. More accurate investment ratings result in greater business confidence. This can be furthered by the implementation of an international code of conduct for all rating agencies globally, much like IOSCO.

We want to encourage **all businesses to obtain 'green' ratings**. This information will be available to the public, so that investors can choose to invest in progressively green companies. This will help us achieve our aim of changing the business model.

REGULATION

We recommend greater regulation and sufficient human resources in regulatory bodies (e.g. SEC) to ensure effective implementation of rules that are in place. **The business associations would like to see the assembly of a unified governing body to oversee the mortgage markets.** This body would establish a standard test to qualify individuals who sell loans, and oversee the firms they represent.

There should be an implementation of a global standard regarding leverage and capital requirements.

ACCOUNTING AND AUDITING STANDARDS

We wish to **advance the homogenisation of accounting and auditing standards internationally.** We recommend more countries implementing IFRS standards and this should become a global policy.

We recommend that in full disclosure of accounting information, **mark-to-market value and historical value are both represented. T**his can help prevent vicious cyclical downturns in economic crises. Mark-to-market value often under or overvalues assets, thus reducing business confidence. Having the historical value can help ensure the maintenance or improvement of investor confidence with economic entities.

GOVERNMENT SPENDING

Where appropriate, governments should **inject capital directly into banks in return for principal reductions.** This reduction of principle would apply to mortgage values that are currently higher than the market value of the underlying home. The homeowner will see a sizeable reduction in their monthly payments, which will reduce the amount of defaults. This will reduce debt pressure on banks making it easier for them to lend. This should increase credit flows, thus stimulating the economy. This can also be seen as direct stimulus to millions of consumers. A reduction in payment amounts will increase discretionary income for the life of the loan.

Western European banks have exposure to the US sub-prime defaults, but have also written trillions of dollars in loans to emerging market economies. As the global slowdown progresses, these economies have shown a tendency to decline at a much faster rate. This could potentially mean even further write downs taken by Western European banks. In some of these cases, the insolvent banks have become too big to save, meaning their home governments cannot afford to bail them out. The collapse of a sizable sovereign bank could mean disaster for the entire region. It is important that stronger economies in the European Union, take steps to sure up these economies. Action can be taken by these countries in a position to lend by either loaning money to the IMF or capitalizing the European Central Bank.

We recommend that where appropriate, insolvent banks go into temporary receivership. The banks profitable assets will be split and then quickly reintroduced into the private markets. The toxic assets will be quarantined and gradually reintroduced into the market as it begins to stabilise. We emphasise that this receivership is merely a temporary measure but has proved successful in the past e.g. in Sweden. However, this should only be implemented under extenuating circumstances and should not be adopted as standard procedure.