

## G-20Y SUMMIT COMMUNIQUÉ MEXICO CITY 2012

### PREAMBLE

1. We, the young business and financial leaders of the G20 countries, gathered in Mexico City for the third edition of the G-20Y Summit on May 23-27 2012, with an overall view to strengthen international cooperation between business and financial leaders and to find innovative ideas towards sustainable prosperity on a mid- and long-term perspective.
2. As a result of 3 days and 6 formal sessions of discussions, we, the young business and financial leaders of the G20 countries, have developed in Mexico City a set of recommendations on the four topics on the G-20Y agenda, namely:
  - I. The Eurozone Crisis;
  - II. The Possible Crisis of the Future;
  - III. Sustainable Growth and Green Economy and Climate Change; and
  - IV. Creativity, Technology, Innovations – Model for Future Growth in G20 Countries.
3. The recommendations made by each committee include the local and regional point of view, as evidence of our will to:
  - acknowledge the key role of all levels of government and legislative bodies, and the need to include decision makers from each of these various levels into the planning and implementation of policies; and
  - reaffirm the important role that such authorities and communities can play in implementing the G20 recommendations, by engaging both citizens and stakeholders.
4. While we acknowledge that the G20 is the relevant forum to address the world's most pressing and immediate issues, we believe that the G-20Y is an indispensable and complimentary forum for addressing the economic and environmental challenges in the longer term.
5. We therefore invite all governments, international institutions and non-governmental organizations involved in the international decision-making process to take into consideration the voice of the young business and financial leaders and to implement the recommendations set out on the present G-20Y Communiqué.
6. Where applicable, we commit ourselves to advertise and implement the G-20Y recommendations in our own business environment.

## I. THE EUROZONE CRISIS

### **Moving Beyond the Euro zone Crisis**

7. Over the last ten years, the Euro has shown it is a significant instrument for growth in the Eurozone. However, a lack of political will and financial transparency dramatically diminishes the Euro's benefits. Continuation of current policies will have catastrophic consequences.
8. We, the young business and financial leaders of the G20 countries, believe the crisis was largely caused by preferences given to short-term governmental objectives and political gains rather than long-term macroeconomic goals. Numerous examples illustrate how breaching the Stability and Growth Pact by member states and the lack of sanctions at a European Union (EU) level is harmful.
9. **Our preeminent recommendation focuses on long-term political responsibility in order to take into account macroeconomic and fiscal concerns.** In order to achieve these goals, we recommend strengthening governance, establishing accountability, and implementing transparency measures. In particular, we, the young business and financial leaders of the G20 countries, recommend to:
  - establish authority to require generational planning which politicians must obey;
  - address issues of equilibrium within the EU: trade imbalances, differences in unemployment, debt levels, generational imbalances, aging population, retirement age, migration, and different economic conditions in each country;
  - create stronger enforcement via a more integrated EU governance structure. Suggestions might include the following:
    - i. direct election of the President of the EU Commission in order to increase the President's authority/influence;
    - ii. creation of the position of Finance Minister. The Finance Minister would ultimately head a budgetary union with sufficient authority to enforce agreed-upon EU standards. When states fail to comply, the EU should have the authority to approve the personnel and processes put in place to get the state back into compliance;
    - iii. establish accountability in surveillance and reporting processes to ensure compliance and enforcement of EU standards. This accountability could be achieved through the office of the Finance Minister.
  - set transparent metrics and communicate performance progress to the public on a regular basis. A well-informed public is essential to a cohesive EU.
10. **EU leaders have a responsibility to act in the best interests of their citizens. Inaction transfers the power from EU leaders to the broader market. The broader market will implement exit plans which may not be in the best interests of the citizens of the EU member states.**

## **II. THE POSSIBLE CRISIS OF THE FUTURE**

11. The global economy faces immediate challenges which, if not properly addressed, will have significant negative consequences for our pursuit of higher standards of living. The substantial efforts required to overcome these challenges, however, cannot impair nor delay the urgent need for action to address major threats to mankind. We, the young business and financial leaders of the G20 countries, strongly believe that all constituents of our civil societies need to immediately enhance policies and actions – in a resolute, coordinated, equitable and systematic manner – to avoid crisis events in the next half a century. The price for doing nothing or delaying the implementation of effective solutions will ultimately be higher if we do not act now. We believe global cooperation is critical for the development of effective solutions to prevent and respond to the possible environmental, urbanization, socio-economic crises of the future.

### **Environment**

12. We believe that cooperation across the G20 countries is required to ensure that sustainable, global solutions are put into place. While well intentioned and beneficial at the local or regional level, unilateral regulations are less impactful and may actually result in actions that increase environmental impacts globally. We, the young business and financial leaders of the G20 countries, recommend:

- that the G20 countries emphasize the critical nature of environmental issues through the formation of an International Risk Management body consisting of newly appointed Country Risk Managers representing each of the G20 countries. These Risk Managers, in high level governmental positions, will focus on holistic approaches to the assessment of risk and development of integrated solutions for their countries in cooperation with their peers to integrate the global perspectives at the same time;
- that the G20 countries establish a structured long-term recovery fund for dealing with natural disasters. The effective management of distributions and activation would speed the reconstruction of the country, minimizing the negative economic impact;
- to ensure the long-term viability of sustainable, renewable green technologies, we recommend that government subsidies have a strict standard for duration in order to allow those solutions which are economically viable to reach the market and to limit subsidies for less viable solutions;
- the G20 countries endorse the creation of cross-border committees to address water, waste management and water treatment facilities where rivers, oceans, and bodies of water are shared; and
- global market-based mechanisms for limiting emissions and water pollution that share the burden of public costs with the private sector, thus encouraging greener industrial practices and technologies.

### **Over-Population and Urbanization**

13. According to OECD, world population is expected to increase from 7 billion to over 9 billion in 2050, with nearly 70% of this population living in urban areas. The phenomenon of urbanization brings serious challenges, including the need for adaptive infrastructure, transportation, water supply, sanitation, waste management, housing access, education and job creation. We, the young business and financial leaders of the G20 countries, therefore recommend:



- in order to stimulate job creation, that G20 countries adopt policies promoting responsible entrepreneurship, such as providing legal and technical support, promotion of alternative business models (cooperatives, member-based models), and business education;
- G20 sponsored cooperation among cities and local governments within developed and developing countries to enable the sharing of best practices and practical solutions to the urbanization challenges; and
- with the influx of poor populations relocating to urban areas, and in order to inhibit the growth of slums, that G20 countries promote housing, land use and property management policies directed at public housing and low income housing.

### **Socio-Economic Issues**

14. It is fundamental to develop initiatives to foster economic stability, thus diminishing the impact of poverty and its negative social consequences. To reduce the financial vulnerability of the individual, it is important to provide tools for his or her financial health. We believe this will encourage self-sufficiency and empowerment through personal financial stability, effective job and life skills. We, the young business and financial leaders of the G20 countries, therefore recommend:

- that the G20 countries adopt policies and programs fostering financial inclusion, enabling access to diversified, secure and non-exploitative, fairly priced financial services; and
- the creation of financial instruments, backed by strong financial institutions and governmental bodies, directed to the financing of new sustainable, socially responsible businesses.

15. To successfully overcome the social challenges that future generations will face, an education-oriented resolution is necessary. We believe that real change begins with the individual and from his or her education. We, the young business and financial leaders of the G20 countries, therefore recommend that:

- the G20 countries introduce an “Education Resolution” focused on children and teens as well as the professional training of educators. This resolution should incorporate into its recommended curriculum social consciousness, self-awareness and character-building;
- the G20 countries promote financial education and literacy as a basis for sustainable, meaningful inclusion of a majority of the population in their local economies; and
- the G20 countries cooperate and collaborate on the development of a global set of guidelines for educational preparation for the job market of the future.

### **III. SUSTAINABLE GROWTH, GREEN ECONOMY AND CLIMATE CHANGE**

16. We believe that people today and generations to come have the right to live in a sustainable world. In order to achieve this, we should move beyond a short-term, wealth accumulating society to a long-term, people-centered, more prosperous future. With that in mind, we, the young business and financial leaders of the G20 countries, recommend:



- accelerating the execution of local sustainable solutions rather than waiting for global agreements, while finding ways to build a harmonizing global framework. Those solutions must respect social, economic and cultural diversity; and
  - broadening the measures of prosperity, adopting a common indicator, similar to the Human Development Index, to assess the impact of all actors in society. This indicator should be transparent, accessible and reliable to drive investment decisions, policies and influence individual choices.
17. Individual actions directly impact the sustainability of our planet. Hence, it is fundamental for each person to exercise responsible behavior and lifestyle. While we acknowledge that the satisfaction of basic needs (food and nutrition security, health, education, etc.) is critical to enable people to make responsible choices, it cannot delay the focus on sustainability. Therefore, we, the young business and financial leaders of the G20 countries, recommend the following:
- building sustainability consciousness at the individual level through education, communication and example;
  - making sustainability education mandatory in every school curriculum for all children of the world;
  - raising the profile of sustainability to the level of safety for all training and compliance programs in companies and institutions; and
  - establishing incentive systems at the local level to portrait, promote and reinforce good practices. More specifically, we recommend the establishment of a guide of realistic measures at the local level.
18. In order to achieve sustainable development, it is fundamental to accelerate the Green Economy. Accordingly, we, the young business and financial leaders of the G20 countries, recommend:
- developing life cycle analysis standards to assess the sustainability of products and services across the value chain. The standards would not be leveraged as trade barriers and must guide communication and claims on sustainability;
  - funding the transition to a Green Economy by taxing the unsustainable to incentivize the sustainable;
  - fostering alignment among governments, companies, academia, NGOs and the broad civil society to develop coherent solutions for Green Economy; and
  - creating special funding to promote more effective strategies in regard to Climate Change mitigation and develop sustainable energy, products, services and technologies.
19. Transparency in regard to data credibility, standardization, and public access to information on sustainability is a key driver to promote the change. We, the young business and financial leaders of the G20 countries, therefore recommend:
- diligent and urgent action on standardization of sustainability reports, considering local and sector needs to reduce risk, build trust and create social capital; and



- the publication of standardized sustainability annual reports to be made mandatory for companies, governments, institutions and NGOs.

20. The G20 leaders must prioritize long-term sustainable prosperity over public-opinion-driven, short-term issues.

21. The G20 leaders must recognize that individuals make a difference and invest in education for sustainability.

#### **IV. CREATIVITY, TECHNOLOGY, INNOVATIONS – MODEL FOR FUTURE GROWTH IN G20 COUNTRIES**

22. We live in extraordinary times - an era in which our countries must address complex global challenges while simultaneously creating conditions for sustainable global growth and prosperity. We, the G-20Y business and financial leaders of the G20 countries, believe that our best means of successfully tackling such shared challenges is by fostering a new era of creativity and innovation, a rebirth, a global Renaissance. To that end, we strongly recommend that the leaders of the G20 add a focus on creativity, innovation and technology (CIT) to the global agenda and consider our recommendations for how this might be achieved.

23. Our recommendations will require a shift in mindset by the global community and its leadership. For too long we have competed rather than cooperated. We have neglected the human dimension of business, in particular the need to develop talent and intellectual capital. Partnership, rather than competition, will enable faster, more productive and relevant innovation, the kind that can only be borne of the diversity of thought, perspective and experience that is available in the G20 countries.

#### **General Recommendation**

24. The G20 countries should develop and implement a strategic model to address CIT in order to achieve global sustainability and prosperity. This strategic model should be based on the following pillars:

- a governance framework that fosters global sharing of CIT best practices;
- a long term global funding model;
- private and public sector CIT activities focused on major social and ethical challenges, including demographic shifts, digitalisation, mobility and natural resource scarcity;
- clear, ambitious and measurable goals; and
- transparent disclosure from public and private entities to ensure global engagement.

#### **Specific Recommendations**

25. To address the lack of a CIT **regulatory framework** that promotes consistent prioritization of, and investment in innovation within and across the G20, we, the G-20Y business and financial leaders of the G20 countries, recommend:

- that each government should make it a strategic priority to foster innovation by appointing an Innovation Officer, and set targets for funding R&D projects that drive the CIT agenda;
- to incentivize entities to invest in R&D through, for example, tax credit provisions; and



- harmonize copyright, patent infringement and piracy policies across the G20.
26. To address the absence of creativity and innovation as core values in **education** in the G20 countries, we, the G-20Y business and financial leaders of the G20 countries, recommend:
- establish a cross border consortium of education professionals who drive a shared platform leveraging skills, expertise and best practices; and
  - developing and implementing a CIT curricula and increase the funding available for scholarships.
27. To address challenges in the **global financial system**, such as funding and macro stability that are impeding our ability to invest in CIT and therefore undermining our ability to achieve sustainable growth, we, the G-20Y business and financial leaders of the G20 countries, recommend to:
- set standards imposing fiscal discipline and trade balance requirements on each G20 countries; and
  - create incentives to encourage long term savings and investment necessary to support CIT.
28. To address global challenges imposed by **demographic and social changes** as well as **inadequate infrastructure, health care and energy costs** arising in part from a lack of investment in CIT, we, the G-20Y business and financial leaders of the G20 countries, recommend to:
- invest in the improvement of mobility solutions;
  - set standards requiring G20 countries to build infrastructure that, for example, would support utilizing renewable energy sources; and
  - promote collaboration across G20 countries on reducing healthcare costs and increasing healthcare access.
29. Finally, to promote increased cooperation and engagement by all G20 countries in response to complex global challenges, we, the G-20Y business and financial leaders of the G20 countries, recommend a global CIT Olympics to encourage teams of individuals from different G20 countries to come together to develop, and with prize money implement, the best solution to the most pressing problems facing the globe.

#### **DISCLAIMER**

**THE PRESENT COMMUNIQUÉ ONLY REFLECTS THE VIEWS AND RECOMMENDATIONS OF THE G-20Y SUMMIT PARTICIPANTS THEMSELVES, NOT THOSE OF THEIR COMPANIES OR EMPLOYERS.**

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