G7: Beyond 2015
Report and Business Briefing Authorized by the G7 Task force 2015

DYNAMIC AND SUSTAINABLE GROWTH: THE CONTRIBUTION OF INTERNATIONAL BUSINESS

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SMEs Are The Main Foundation Of Our Real Global Economy

The custodians of the world economy agree that the main foundation to achieve sustainable global economic growth is by empowering SMEs.

We must provide the tools our SMEs need to do a better job, said H.E. Dr. Surin Pitsuwan, CCEL Asia Advisory Board Chairman, former ASEAN Secretary General and former Thailand Minister of Foreign Affairs.

It has been nearly seven years since the global economy suffered the worst economic crisis since the Great Depression. Today the world is still struggling to regain the momentum it maintained before the crisis.

Dr. Pitsuwan, What do you believe should be the focal points of the German G7 Presidency and the subsequent Turkish G20 Presidency towards re-energizing the global economy?

It is necessary that we think "outside the box" in order to recoup the 22 million jobs lost since the last crisis and generate the 600 million jobs needed over the next 15 years. Diversification of our economies is important to spread economic risk. It is also essential to shift our focus from financial engineering to the real economy, the industries that produce our food, make our clothes and manufacture the materials to build our cities. We must focus on tangible and inclusive solutions that are implementable now. The fact that SMEs generate more than 60% of a country's employment, it becomes inevitable that we must start from there.

Is there any gap between the policies made today to support the SMEs and what their real needs are?

While sound monetary, fiscal and trade policies are important, it is also incumbent upon policy makers to listen to the voice of the SMEs from the ground level. An essential starting point in creating economic prosperity lies in understanding trade efficiency levels today. The world's largest SME market, India, was the first G20 Country to conduct a comprehensive diagnostic assessment of its trade practices measured against what technology makes possible today. So far, 25 G20 government ministries, industry associations and academic institutions representing nearly 68% of the G20 citizens have also engaged in thorough diagnostic trade efficiency assessments to ascertain what SMEs need to grow their businesses.

Following 15 years of R&D, these assessments are based on a New Millennium Standard for Growth that combines 6 key elements identified by international organizations including the World Bank, WTO and UNCTAD. These elements are the main drivers to increase trade efficiency utilizing today's technology thus reducing trade costs and increasing trade. These assessments are designed to ascertain what the SMEs need in order to become more efficient. To date, the assessments of 36% of the G20 citizens have been completed and the results are staggering: 82% have no system and nearly 90% demand the Digital Economy Platform that will help to reduce their cost, increase their trade, and make them more sustainable. While 68% is a good start, it is the plan to finalize the assessments for the remaining 32% by November prior to the 2015 G20 Leaders summit. While the opinions of experts are important, a global economic policy should also include the voice of the SMEs from the ground level. For the first time, we can bring the voice of the SMEs to our leaders, without barriers.

What are the main elements to deliver a tangible economic development program to meet the needs of the world's SMEs?

There are four main pillars to deliver a tangible economic plan meeting the SMEs' economic ambitions:

A defined and achievable target equal to the level of the SMEs' financial goals since it is important to know where we are taking them.

The target must indicate trade cost savings, global trade increases, new market opportunity for the service industry, recurring funding for SMEs to build capacity and job creation in the tens of millions. We must tell them what is the target.

A clear road map based on the economic strengths and the demographics of each region to reach the defined target. We must have a clear road map indicating the way forward from where we stand today towards a prosperous future in our time and for generations to come.

Needed tools delivered by a trusted network from around the globe for use on the road map to reach the defined target. The tools must be free of cost to the end user and at the same time delivered by the technology industry maximizing on what technology makes possible today and in the future.

A global consensus must be obtained from a Macro and Micro perspective. A macro-perspective includes representatives of the world's citizens comprising governments, pan-regional organizations, NGOs and IGOs. From a micro-perspective we must involve the opinions from end users with equal importance. At the same time we must ensure the cooperation of the technology industry since technology is the conduit to achieve greater transparency and efficiency.

H.E. Dr. Surin Pitsuwan

CCEL Asia Advisory Board Chairman, former ASEAN Secretary General and former Thailand Minister of Foreign Affairs.

Schloß Elmau, Germany 2013 I 07
Willkommen

Angela Merkel
Bundeskanzlerin der Bundesrepublik Deutschland

Herzlich willkommen!


SMEs Are The Main Foundation Of Our Real Global Economy

Indonesia’s telecommunications industry was behind the United States due to geographic and economic challenges. Yet by investing in a cellular tower, Indonesia was able to achieve rapid adoption, leapfrogging the United States due to the investments in analog switches and copper wires that delayed the United States in its transition to digital telecommunications. This increase in connectivity has greatly contributed to the growth of Indonesia’s economy.

Similarly, we can provide new digital tools to our SMEs connecting them to their trade partners in today’s global economy and reduce their costs, speed up and simplify trade finance, build market reach and reduce compliance costs. In the current financial environment where risks adverse banks are discarding SMEs as customers, it is essential to utilize technology that provides the transparent and dynamically updated information allowing banks to fund our SMEs. The global Digital Economy must encompass the collaboration of all sectors within the real economy where our SMEs represent the main cornerstone.

What should the public and private sectors do together towards achieving sustained global economic growth?

The private sector drives global economic activity, our legislatures make the rules and our governments administer our countries. Therefore, all of us must be part of the solution to create sustained global economic growth. By harnessing the power of today’s 21st century technology and providing the tools demanded by our SMEs to achieve business excellence, we can realize real economic integration and create productive economic communities setting the foundation for a prosperous tomorrow.

How can we achieve Real Economic Integration and where does it start for SMEs?

This is a very important question, the world leaders have long recognized the importance of “economic integration” as a foundation to sustain global economic growth when rebalancing the world economy between the developed, emerging and developing nations.

The ASEAN nations have continually acknowledged the vital role economic integration must play in order to increase the share of trade between their members that today is only 25% as compared to the 75% level that exists between European countries. However, integration has never been defined properly, nor where it should apply, nor its cost.

There are varying forms of economic integration, including preferential trade agreements, free trade areas, customs unions, common markets, and economic and monetary unions. However, let’s not forget the economic integration between the actual businesses that conduct our trade. The more integrated our economies become, the more coordination required between the respective businesses and countries. Let’s also remember the aim of economic integration is to reduce costs for both consumers and producers, as well as to increase trade between the countries.

Technology is a conduit to connect our government and business communities together, but by itself will not do the job; otherwise, the Internet would have been sufficient, as it does provide a form of point-to-point integration. The Internet has changed the face of entertainment, communications and business to consumer trade, but it has not yet achieved its own potential nor the unforeseen events affecting the trade activity in which they are involved. Real economic integration through the Digital Economy Platform provides trade participants the ability to:

- Confirm quality of services and products based on their global activities.
- Facilitate and expedite product and service finance.
- Minimize insurance premiums and optimize coverage.
- Ensure speed of integration of sellers into the buyers’ supply chain.
- Verify the reliability and dependability of the logistics industry pipeline from seller to buyer.

All of the above “dynamic and smart information” are a must at the moment that a buyer evaluates any seller’s products or services globally, thus maximizing conversion ratios from seeing a desired product and service to acquisition. This is the handshake representing the nucleus of real economic integration.

In ASEAN, we have taken the first step as Indonesia’s and Malaysia’s government ministries, leading industry association, academia and private sector experts have performed diagnostic surveys of their current trade information environment. The results yielded that 89% of their businesses demand the digital platform that can increase the conversion ratio from seeing product and service to acquisition. In conclusion, the Digital Economy is a key not only to achieve real economic integration but also to rebalance our global economy thus enlarging the pie for all of us rather than competing on the same portion.
SMEs Are The Main Foundation Of Our Real Global Economy

We know that Information Technology is the conduit to achieve real economic integration in the 21st century era. Why until today have we not been successful?

This question is answered by Captain Samuel Salloum, the Founder and Co-Chairman of the Global Coalition for Efficient Logistics.

The answer is in the word by itself “Information Technology”.

First Information, we must ask ourselves what kind of information are we reliant upon? Second Technology, who is delivering this technology, at what cost, and can we depend on it to connect our economies?

The quality of data in the world of information can be divided into two extremes:
The first extreme is the Non-Validated Data or NVD provided by a single source of data without validation. The second extreme is the Ultimate Data Quality or UQD provided to initiate an action in the real world validated through multiple sources of data in the same pipeline.

Today the world of IT is mainly reliant on the NVD with high dependency on reviews, IP address behavior, like and dislike selection, etc. and less reliant on UQD.

Can you give us an example of what is the UQD?

For an example, when traveling we cannot enter the name of George and show-up at the airport with Robert’s passport. In order for Robert to travel he must enter the true data to initiate an action in the real world, then the multiple parties involved in Robert’s move from one part of the world to another will continuously update the data as a prerequisite to initiate the sequential events in a real action.

Why is this technical complexity important for economic integration?

Well, according to the trade efficiency assessment conducted with 36% of the G20 citizens an average 89% demand the Digital Economy Platform to serve as a tool to help their business. For this Digital Economy to succeed it must be dependent on real-time dynamic data validated by multiple sources. Simply said the Digital Economy must be based on the UQD.

Does the UQD environment exist today?

Yes, it does exist in the logistics industry. The logistics industry is the core of our real economy, the products we find on the shelves of our supermarkets or the materials with which we build our cities are available thanks to the logistics industry.

To most people when we mention logistics the first thing that comes to their minds is a truck. The logistics industry has been underestimated for a long time and still is today. Yet it has enormous potential to empower our global economy. The logistics pipeline is the core of our economies, while at the same time it represents the main source of the UQD that we are in desperate need of in order to reach the tipping point towards achieving the required 21st century prosperous economic era in our time for the generations to come.

Is the logistics industry alone enough to achieve the real economic integration the world needs and at the same time providing the required tools to the SMEs to do a better job?

Global experts believe that trade is the main foundation to achieve sustained economic growth. Trade depends upon four interdependent industries: Commerce, Finance, Insurance, and Logistics. The weakest of these is logistics, which is highly fragmented. Issues facing logistics prevent the other three industries from performing at optimal levels. Enhancing the efficiency of the logistics will enable peak logistics performance and at the same time will generate the UQD to boost the performance of the other three industries, thus reaching their full potential to a complete new level never possible before. This is briefly the main foundation of the Digital Economy.

We are aware that the search for the Digital Economy is still on; it has been the demand of many governments, NGOs and IOGs around the world. But it has never been properly defined; can you please explain further on the Digital Economy?

The Digital Economy environment is an ecosystem that permits global integration of product and service offerings with the intelligent capability to match sellers to targeted buyers. This environment is based upon dynamic, validated real-time information accumulated and continuously updated through the normal course of trade activities around the world. In other words the UQD, rather than the unsubstantiated reviews presently in use.

This environment will transform the four pillars of trade to a completely new digitally integrated level, E-Commerce, E-Finance, E-Insurance, and E-Logistics.

The E-COMMERCE enables the smart matrix at the moment that a buyer evaluates any seller’s products or services globally, thus maximizing conversion ratios from seeing a desired product and service to acquisition. By the way, this is the starring point of Real Economic Integration.

The E-FINANCE expedites trade finance, promoting trade increases and enabling new global market expansion for large enterprises, as well as for the SMEs who represent one of the main cornerstones of global economic growth.

The E-INSURANCE minimizes underwriter risk, expedites insurance coverage, enables maximized global door-to-door coverage, enables firms’ seamless integration into the global market, and facilitates expedited claims processing by providing firms with all data needed to process claims quickly and accurately.

The E-LOGISTICS minimizes standardization requirements, creates a point-to-point integration environment, enables real-time performance monitoring, creates an optimal and validated E-Documentation environment and provides the required tools to plan and manage global trade lanes from shelf to shelf.

Who will be responsible to deliver the Digital Economy to the world and at what cost?

This question takes us back to the second part of your first question related to Information Technology. A global trusted network that has proven success selected under a transparent equal opportunity process must deliver the Technology. Furthermore, it must include all forms of organizations, public, non-profit, and private sectors working in concert together capitalizing on each organization’s capabilities and jurisdiction. This introduces an independent global monitoring mechanism offsetting geopolitical and monopolistic concerns at the same time ensuring rapid global deployment, providing benefits to all participants at no cost to the end user.

If the objectives of the custodians of the world economy is to deliver a tangible solution, the Digital Economy must be their top priority.
Welcome!

“Think ahead. Act together. – An morgen denken, Gemessen handeln.” This is the motto we have chosen for the G7 Summit in Schloss Elmau. The Group of Seven is a community of shared values. Together, the Heads of State and Government of Canada, France, Germany, Italy, Japan, the United Kingdom and the United States stand for freedom and human rights, democracy and the rule of law, prosperity and sustainable development.

I am constantly asked about the point of these informal meetings. After all, recent, standardised meeting formats, telephone calls and video conferences have long been a part of international diplomacy. Isn’t that enough? The value of meetings such as the Summit in Schloss Elmau lies particularly in the personal interaction – the opportunity to come together in one place with the space and the time to discuss central issues and get to know one another better. Schloss Elmau fulfils all the criteria for informal talks to produce forward-looking international policy.

Secondly, open world markets and a functioning labour market were on the agenda from the start. We have long been promoting dynamic and sustainable economic growth for some time. Global environmental issues are also always a focus of the G7. Progress on two UN projects is therefore planned for Schloss Elmau: the international climate change agreement which is to be adopted at the UN Climate Change Conference in Paris in December (COP 21) and the UN Sustainable Development Agenda.

The world’s oceans are under threat from pollution from plastic debris. This not only has a negative impact on ecosystems. It can also threaten human health via the food chain. Plastic waste has to be reduced. The global abuse of antibiotics in humans and animals also poses a threat to our health. The number of antibiotic-resistant bacteria is increasing. We need fewer but more effective antibiotics for humans and a different approach to animal farming.

A reliable basis for peace and security, growth and sustainable development has to be established in Africa. The reform efforts of African states need our support. That includes, specifically, providing help for women starting their own businesses and strengthening women’s rights. Fair working conditions throughout the world also mean promoting fair and transparent supply chains. Africa is at greater risk from poverty-related diseases than other continents, as the example of Ebola has shown. Coordinated contingency plans are required to combat these diseases, and local healthcare systems must be strengthened.

The talks in Schloss Elmau have been well prepared. The Ministers of Foreign Affairs, Energy and Finance have convened in advance, and a meeting of the Science Ministers is scheduled. The G7 processes attract keen interest within German society. A free and vibrant civil society is a precious commodity. Dialogue fora will accompany the process. Events involving young people’s and non-governmental organisations, businesses and union representatives and academics have given me ideas and insights for the G7 discussions.

I am looking forward to the talks and hope they will bear fruit.

Angela Merkel
Chancellor of the Federal Republic of Germany
Sustainability

It is a key word on every world leader’s mind this year. It is little wonder why; every major international summit, from Germany’s G7 meeting to Turley’s G20 Meeting, from the United Nations General Assembly to the November COP21 meeting in France, has a theme of sustainability at its core. This sustainability theme is not just about going green—although climate change and sustainable environmental practices are the focus of the COP21 meeting—but rather about creating a world in which resources are available to all. Sustainable job creation, sustainable food supplies, and sustainable economic development, especially in low income nations, are all topics at the forefront of summit agendas in 2015.

And there is no better place right now than Germany to kick off this conversation with the 2015 G7 Summit. The nation has not only led the way in clean and renewable energy—it has been the world’s top photovoltaics installer for several years, and is well on its way toward reaching its goals of 55 percent renewable power in the country’s electrical grids by 2020—but its leadership in pulling the European Union through the Global Financial Crisis has demonstrated its commitment to sustainable business development and financial leadership as well.

The push for sustainability is inherently an optimistic one—a vision in which we imagine the world we want to create by 2030. But that does not mean achieving sustainability will be an easy task, particularly at a time when international security threats such as cyber espionage and worsening refugee crises demand attention.

The pages ahead comprehensively feature calls for bold action and steadfast leadership. Perhaps never before has so much action been demanded of global leaders at this scale: from addressing climate change to solving global poverty; from taking action on a global jobs crisis to structuring international trade deals in ways that are fair and beneficial to all.

For 10 years, the publication you hold in your hands has been the authoritative voice in bringing world-class analysis of these global challenges to leaders. It has seen the progress achieved by the Millennium Development Goals and the creation of the Sustainable Development Goals; it has seen this summit grow from the G7 to the G8, and the crises that shrunk it again. The world has seen radical change in these years, and we look with hope toward the radical changes to come.

Thank you for reading.
Welcome to Bavaria – welcome daabam!

We look forward to welcoming you here in Bavaria. Hospitality is a long-honoured tradition where we come from. Our home—the Free State of Bavaria—is known around the world for its mountains, lakes and thousand years of culture. Bavaria is an inspiring location nestled in a spectacular natural landscape where you can experience for yourself why I like to say: “It is a good fortune to live in Bavaria.”

Bavaria is Germany’s economic powerhouse. One of every three German patents comes from our state. We generate over one-quarter of our value added in the manufacturing sector. The “Made in Bavaria” label is a sign of top quality. Bavarian companies export well over 50 per cent of the products they make. Bavaria is home to small and medium-sized enterprises as well as major global players who are successful worldwide. We feel Bavarian and think global.

Bavaria is connected to the world. We believe firmly that working together with our international partners is the key to a good future. That is the spirit of the G7 summit—and our Bavarian philosophy. It is the reason why our state has more than two dozen representative offices around the world, from Chile to Japan, from Warsaw to Vietnam. We maintain particularly close ties with nine partner regions in China, India, South Africa, Brazil, Canada, Austria and the U.S. Today’s power regions know that we can only remain competitive through innovation. This is the foundation for tomorrow’s social stability and quality of life.

Only courageous and curious people create innovation and premium quality. Our world-class universities attract bright minds from all over the world. There is a good reason why Munich is Europe’s IT capital.

Germany’s decision to transition into a new energy era poses major challenges. Here in Bavaria, we are already meeting one-third of our gross electricity needs through renewable energy today.

Bavaria offers opportunities for all. That is why people from Germany and the entire world are moving to our state. In the past 23 years, the population of Bavaria has grown by more than 1.6 million people to 12.6 million.

Bavaria is nature and culture, technology and hospitality. I am proud that we are playing host to the world. Come and experience our state’s diversity. The people of Bavaria look forward to welcoming you!

Horst Seehofer
Minister President of Bavaria
Welcome at Europe’s leading business location!

Big data, cyber-physical systems and machine-to-machine-communication are the main drivers of innovation. That’s why Bavaria is your perfect business location in Europe. As a leading industrial site with a high export ratio we can realise the tremendous potentials of digitisation at an early stage. Invest in Bavaria is the expert partner for foreign investors and assists you to set up and expand business operations in Bavaria.

→ www.invest-in-bavaria.com