

Draft Op-ED –

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Lessons from the past, vision for the future

COVID-19 has impacted our lives beyond any initial expectations. However, few of the challenges we are now facing are completely new. If anything, the pandemic is forcing us to confront issues that have been years in the making, but which have now been turbo charged as a result. In particular the digital and green transitions have been accelerated significantly – with a severe impact on our work force and the skills they need in this new business environment. That is why a long-term vision for sustainable, inclusive, and coordinated global action that we as the Global Chamber Platform (GCP) have long been advocating for, is more relevant than ever.

In this regard, recovery must continue to be the key word for the international business community. After more than a year of reeling from continuous uncertainty and plummeting demand, businesses are now eager to leave the economic hardship behind. According to the International Labor Organization, last year alone, globally the equivalent of more than 590 million jobs have been lost, and the OECD estimates the total impact of work hours lost due to the pandemic to be 10 times higher than after the 2008 financial crisis. This poses significant challenges for business and global policy makers alike which we must now address.

For the Global Chamber Platform it is clear that this implies first and foremost getting our people back in jobs, so as to stimulate global demand and pave the way for our recovery, while equally making sure our workforce can adapt to a new normal– one increasingly shaped by rapid digitalization. That is why this June, as Italy holds the G20 presidency this year, and as G7 leaders are meeting for the G7 summit in the United Kingdom, we are hopeful that forward-looking and pragmatic actions will be agreed upon by G20 Leaders to boost our economic recovery and tackle some of the key challenges ahead of us: Digitalization, green sustainability, the re-skilling our workforce and an enabling global trade environment.

Reaping the benefits of a digitalized global economy

When the first lockdowns were implemented, the digital economy and especially e-commerce was a decisive lifeline for businesses across the globe. Now, with a year of the COVID-19 pandemic behind us, the digital infrastructure is here to stay: for instance, the March 2021 UNCTAD report on the impact of Covid-19 on e-commerce identified significant, lasting changes in consumer behavior towards online shopping. However, this rapid digitalization has also exacerbated the digital gap between least and more developed regions. While businesses in developed economies were able to swiftly adapt a digital infrastructure for most aspects of their operations, those located in least developed countries are facing persistent barriers to participating in the digital economy.¹ But also within developed regions, businesses - especially SMEs - are in danger of falling behind larger companies if they do not receive adequate support to implement long-term digital solutions. That is why the global community

¹ See UNCTAD, March 2021, *COVID-19 and e-commerce: a global review*, p. 49, available at: https://unctad.org/system/files/official-document/dtlstict2020d13_en_0.pdf

must prioritize the development of a holistic and global roadmap that focuses on a balanced recovery for all regions and all companies alike.

The rapid digitalization also brings forth another ever increasing challenge, which is the availability of digital skills.

Making the workforce fit for the digital age

As the Global Chamber Platform, we have long advocated for greater emphasis on policy measures that incentivize the re- and upskilling of the workforce, as lack of access to skilled labor – especially for a digitalized economy - has been a consistent concern for the global business community. COVID-19 is now accelerating this trend and is exposing notable gaps between the rapid digitalization of the economy on the one hand, and the availability of digital skills of the workforce on the other. Our 2021 GCP Global Economic Survey pinpointed that for the post-COVID age, the digital transformation was one of the biggest challenges perceived by business across the globe, with access to skilled staff named a decisive element in mastering this challenge.² The increased demand for digital skills will only further increase when combined with a rising demand for AI solutions to boost productivity and mitigate supply chain disruptions.

Providing adequate training opportunities will thus be essential in closing the skills gap worldwide. The business community and Chambers of Commerce in particular are crucial players in delivering such training modules and have implemented many innovative programs already at national level. We should tap into this expertise by better promoting and benchmarking such actions globally, including through effective private-public partnerships. We must prioritize the push for recovery as a push for up- and reskilling our workforce. Only then can we assure that employment will not be outpaced by the new digital age – for instance by putting the focus on job programs dealing with artificial intelligence, big data, and other emerging professions in a digital economy.

A particular focus should thereby be placed on young people, who are particularly affected by rising unemployment due to the pandemic. COVID-19 is one of the most disruptive crises for education and job opportunities of young people, and without proper action we are at a risk of creating a “lockdown generation”. It is therefore high time for global policymakers to take decisive steps to facilitate access to a skilled workforce, including through a global skills action plan that targets those groups made most vulnerable in the labor market by the COVID-19 pandemic. The sooner a global plan is laid out, the earlier the private sector can contribute with tangible solutions to achieve its objectives.

Global solutions for a greener post-COVID 19 future

As unprecedented levels of financial support have been pledged by governments for the economic recovery, we must also consider how to use those resources effectively and in a forward-looking manner so as to create long term positive effects. To that end, financial recovery packages should be geared towards bringing the global community closer to achieving its goals on sustainability so as to meet the targets of the Paris Climate Agreement and the UN Sustainable Development Goals. To that end, Global Leaders and the G20 in particular should recognize and empower the business community to play its natural role in delivering the needed innovations for the green transition to succeed. It can thereby rely on its unique ability to merge sustainability as a vision, with pragmatic, innovative and sustainable production models.

² See *Global Economic Survey 2021*. Full report available at: http://www.globalchamberplatform.org/wp-content/uploads/2021/GCP_Global_Economic_Survey_2021.pdf

In this respect, the GCP is advocating to bring circular economy to the center of the sustainability discourse. In partnership with the United Nations Industrial Development Organization, the Club of Rome, and the Energy Globe Foundation, the Global Chamber Platform has signed a declaration to identify and promote globally successful circular production models that reduce waste and help create a more functional cross-border market for secondary raw materials. Enhancing the uptake of circular economy models globally, including via smart COVID funding, would significantly help reduce resource waste globally, support regional growth, and promote green business practices across the economy, while creating new jobs through a sustainable global recovery.

Likewise, in order to bolster the green transition in an inclusive and fair manner, we must also be able to address the issue of carbon leakage together. In this respect, as the Global Chamber Platform we keep advocating for global solutions to this challenge, such as the establishment of a global carbon pricing mechanism. This is ambitious of course – but failure to act in a coordinated fashion at the global level will only increase the risk of unilateral actions, or lead to a patchwork of rules on the international scene that inhibits a coherent global response.

For a more resilient and future-oriented international trade environment

Moreover, our global economic recovery can only fulfill its entire potential if we manage to restrict and roll back the worrying rise in protectionism. The Global Chamber Platform has consistently expressed its strong concern over the increase in unilateral, protectionist action on the international stage. And here the G20 as well as the G7 must lead by example. The COVID-19 pandemic and the resulting disruptions in global supply chains are exposing how quickly protectionist tendencies can emerge and endanger the resilience of international trade. As the GCP, we have thus called for a G20 crisis moratorium on new trade restrictive measures for the duration of the pandemic. We also need a more effective use of multilateral institutions such as the WTO, and other international business platforms to combat rising protectionism. After years of attacks on multilateral institutions and multilateralism in general, it is vital that G20 Leaders and G7 leaders in particular make headway this year in reforming global trade rules to meet business needs post COVID.

Of course not everything will be able to be agreed at multilateral level all at once, which is why we must also allow flexibility to let willing partners advance in reducing red tape and barriers between each other until a multilateral consensus is achieved. This is especially important for our SMEs, for whom liberalizing trade and increasing access to finance and investments, is the best possible framework to recover swiftly from the pandemic.

At the end of the day the challenges, be they old or new, come back down to one undeniable reality: We need international cooperation more than ever. None of these issues can be overcome by a singular country or region. And while the basis for making our economic recovery a success is there – we must act decisively to implement it with a long term and inclusive global vision. And for this the pragmatic solutions from the business community are more needed than ever.