



GLOBAL ECONOMIC SURVEY 2023

The 2023 Eurochambres Global Economic Survey (GES2023) was conducted during November and December 2022. The survey provides a qualitative assessment for the year ahead of global economic developments, trade and other key policy challenges from a business perspective based on responses from the following organisations in countries accounting for around 70% of total world GDP:

- The **United States** Chamber of Commerce (USCC)
- **Singapore** Business Federation (SBF)
- **Korea** Chamber of Commerce and Industry (KCCI)
- Union of Chambers and Commodity Exchanges of **Türkiye** (TOBB)
- The National Confederation of Trade in Goods, Services and Tourism - **Brazil** (CNC)
- The **China** Council for the Promotion of International Trade (CCPIT)
- **British** Chambers of Commerce (BCC)
- **Australian** Chamber of Commerce and Industry (ACCI)
- Confederation of **Asia-Pacific** Chambers of Commerce and Industry (CACCI)
- Federation of the **Gulf** Cooperation Council of Chambers (FGCCC)
- The Association of **European** Chambers of Commerce and Industry (Eurochambres)

Conclusions drawn from the input reflect the majority opinion of participants, without prejudice to diverging opinions of individual organisations, which are highlighted in the report where appropriate.

Eurochambres' input is based on responses received from the following chambers within its network:

- **Bulgarian** Chamber of Commerce and Industry (BCCI)
- **German** Chamber of Commerce and Industry (DIHK)
- Federation of **Belgian** Chambers of Commerce
- The Chamber of Commerce and Industry **Romania** (CCIR)
- CCI **France**
- Unioncamere – **Italian** Union of Chamber of Commerce
- **Portuguese** Chamber of Commerce and Industry (CCIP)
- Official Chamber of Commerce, Industry, Services and Shipping of **Spain**
- **Luxembourg** Chamber of Commerce (CCL)

Their input has been aggregated into a single EU response, with specific aspects from the respective chambers highlighted at various points in the analysis.

EXECUTIVE SUMMARY

Macroeconomic Outlook

The slowdown of global economic activity caused by the outbreak of the war in Ukraine, the resulting distortions on energy markets, as well as the lingering impacts of the Covid-19 pandemic, lead the international business community to predict once more a challenging year ahead.

The latest International Monetary Fund (IMF) forecasts for real gross domestic product (GDP) in 2023 were overall much lower than those for 2022, and the deceleration of economic growth is reflected in the participants' expectations for their own country or region for 2023. These forecasts highlight the important challenges that global businesses continue to face, as, according to the IMF, more than a third of the global economy has contracted in 2022 and is expected to further do so in 2023¹. A notable deceleration in growth this year is also expected for the US, with the United States Chamber of Commerce seeing growth levels lower than those predicted by the IMF, reaching 0,5% in 2023. Equally, a more pessimistic outlook is expressed for Brazil by the National Confederation of Trade in Goods, Services and Tourism - Brazil with a 0,5% growth, as well as a slight downward projection by the Korea Chamber of Commerce and Industry to 1,8% and the British Chambers of Commerce significantly downgrading UK forecasts to a -1,3% contraction for 2023. The Eurochambres estimate closely follows the IMF estimate for the Euro Area, which has been displaying a decreasing trend since 2021.²

Conversely, according to the participants, other countries are finding different ways to relaunch their economies in an overall challenging global outlook for 2023 and register greater optimism than the IMF predictions. This is the case for China, where the loosening of COVID-19 restrictions may contribute to the slightly more optimistic outlook by the China Council for the Promotion of International Trade, predicting 5% growth for China for the year ahead, as well as for Türkiye, where the Union of Chambers and Commodity Exchanges of Türkiye revises 2023 growth expectations upwards by one and a half percentage points to 4,5% compared to the IMF benchmark.

Reflecting this challenging macroeconomic context, most participants in GES2023 expect a drop in business confidence for their country/region in 2023, with only the Gulf region and China indicating greater business confidence.

The overall top challenge for the global economy in 2023 has been identified as prolonged geopolitical tensions or instability. The other top challenges are rising inflation levels caused by soaring food and energy prices, especially highlighted by participants from the US and the UK, as well as a further tightening of global financial conditions. Energy security also appears as an important overall challenge for 2023, most strikingly for the EU.

¹ International Monetary Fund, World Economic Outlook, October 2022. Available at: <https://www.imf.org/en/Publications/WEO/Issues/2022/10/11/world-economic-outlook-october-2022>

² idem

India's G20 and Energy Security

Participants identify energy security as the most pressing issue that global leaders need to focus on during the 2023 Indian G20 Presidency. This result is followed by concerns on global food security, and the need to reform the multilateral trading system, as enshrined in the WTO.

Participants indicate noteworthy price increases on a global level for crude oil, coal, natural gas, liquified natural gas and renewables in 2022, although to different degrees according to the affected countries or regions and energy source.

These energy price increases have impacted businesses in a variety of ways, but participants are most concerned with significant reductions in companies' investment activities. This is followed by the threat of businesses and industries cutting back or completely shutting down their production, which is particularly highlighted for the EU. Higher energy prices are also leading companies worldwide to increase investments in renewable energy and energy efficiency, which is the third most relevant outcome in GES2023.

International Trade and Investment, the effects of a European Carbon Border Adjustment Mechanism (CBAM) and Supply Chain Resilience

The pandemic has exposed sensitivities in global supply chains, magnifying problems that already existed. The war in Ukraine has further exacerbated challenges for business. In this regard, participants in GES2023 see supply chain challenges as the biggest threat to global trade in the short to medium term. Other important threats identified include the weaponization of trade to further foreign political objectives rather than economic ones, which is a particular concern to participants from the Asia-Pacific region, and the inability to find multilateral solutions to pressing global or domestic challenges.

The majority of participants also believe that global rules for digital trade should be prioritized for the 13th WTO Ministerial Conference, closely followed by restoring the functionality of the Appellate Body and shortening timelines for settling disputes. The rise in protectionism is also ranked as an important threat to global trade, particularly by respondents from the US, EU and China.

Most participants consider that the EU's Carbon Border Adjustment Mechanism (CBAM) - adopted by the EU in 2022 - will have wide ranging global ramifications, identifying it as discriminatory towards their companies, and express concern about the excessive administrative and financial burdens associated with its implementation.

As previously highlighted, supply chain disruption is a recurrent challenge identified for global business throughout GES2023, with participants mostly looking for public policy responses to alleviate the problem. In particular, strengthening the multilateral trading system is perceived as the most effective measure. Incentives for the diversification of supply chains and for re- or nearshoring supply chains in the form of subsidies or tax cuts are also supported policy options.

Digitalization of SMEs

The severe impact of the Covid-19 crisis on small businesses has put SME digitalization high on the agenda of policy makers across countries/regions. Accelerating the digital uptake of SMEs is thus seen as essential for economies to recover and build up future resilience.

The vast majority of participants observe a moderate digital transition of SMEs in their country or region and that more government support is needed in this field. Respondents from the US and the Gulf region remark a swift digital transition of SMEs, while respondents from the Korea Chamber of Commerce and Industry and the Confederation of Asia-Pacific Chambers of Commerce and Industry signal a slow transition. Unsurprisingly, no member thinks that there are no noticeable changes in the digital transformation compared to pre-pandemic levels, highlighting the fact that Covid-19 acted as a “catalyst” for the adoption and increasing use of digitalization among entrepreneurs globally.

I. MACROECONOMIC OUTLOOK OF THE GLOBAL ECONOMY

1) Expectations for real GDP growth in 2023 compared to IMF statistics

The overall slowdown of global economic activity, the outbreak of the war in Ukraine and the resulting distortions on energy markets, as well as the lingering impacts of the Covid-19 pandemic, have led the business community to predict a challenging 2023. According to benchmark IMF predictions, global growth is predicted to drop from 3,2 percent in 2022 to 2,7 percent in 2023, resulting in the weakest growth profile since 2001, except for the global financial crisis and the severe phase of the pandemic.³ In this context, participants to GES2023 were asked about their expectations for real gross domestic product (GDP) growth in their country or region for 2023 compared to benchmark forecasts from the International Monetary Fund (IMF). As the latest IMF forecasts had lowered their growth predictions for 2023 compared to the previous year, the overall picture of sluggish global growth is also reflected in the participants' expectations of growth for their country or region, albeit to different degrees.

A closer look at the answers of the participants reveals some noteworthy differences in relation to participants' estimates of growth for 2023 in a challenging overall context. Many participants signal a further decrease in GDP growth for 2023 compared to IMF benchmark forecasts, including participants from the US, Brazil, Australia and Korea, while others expect a more optimistic growth forecast, such as for China, Türkiye, ASEAN-5 and Middle East and Central Asia.

Estimates given by the participants from the **UK** and **Türkiye** are significantly different to the IMF predictions for the year ahead, with the British Chambers of Commerce signalling an expected contraction of -1,3% for the UK economy in 2023 compared to the 0,3% growth predicted by the IMF benchmark forecasts, while the Union of Chambers and commodity

³ idem

Exchanges of Türkiye predicts a 4,5% GDP increase for 2023 for Türkiye compared to the initial 3,0% forecasted by the IMF.

What are your expectations for real gross domestic product (GDP) growth in your country/region for 2023 compared to the latest forecasts from the International Monetary Fund (IMF)?

Country/region	IMF estimates	Participants' estimates
Euro Area	0,50%	0,60%
ASEAN-5	4,90%	5,00%
Australia	1,90%	1,50%
Brazil	1,00%	0,50%
China	4,40%	5,00%
Korea	2,00%	1,80%
Middle East	3,60%	4,00%
Türkiye	3,00%	4,50%
UK	0,30%	-1,30%
US	1,00%	0,50%

Participants from the **US**, the **Euro Area** and **China** figure amongst the regions displaying similar real GDP growth estimates to the IMF for the year ahead. While Eurochambres and the China Council for the Promotion of International Trade revise their growth expectations slightly upwards for 2023, the US Chamber of Commerce on the contrary is slightly more pessimistic for the US economic growth in 2023 than the benchmark forecasts.

China reached the lowest growth in more than four decades in 2022 at 3,2%, due to frequent lockdowns under its zero Covid-19 policy.⁴ The 2023 revision upwards to 4,4% by the China Council for the Promotion of International Trade has therefore likely been influenced by the significant recent shift in the country's Covid-19 policy. According to the IMF, weaker growth for 2023 for the US is influenced by declining real disposable income that continues to negatively influence consumer demand, and high interest rates that are affecting spending, especially in relation to residential investment.⁵

Within the EU, the Spanish Chamber of Commerce and Unioncamere – **Italian** Union of Chamber of Commerce appear particularly optimistic for their countries' growth compared to the IMF forecasts, while the German Chamber of Commerce and Industry predicts a greater slowdown for Germany's growth than an already fairly pessimistic IMF forecast, with an estimated contraction of -3% for 2023. The slowdown for Germany is likely a reflection of spill over effects from the war in Ukraine and the especially important downward revisions for economies most exposed to the Russian gas supply cuts.⁶

Amongst the regions displaying significantly different figures than the IMF, according to the British Chambers of Commerce, **the UK** stands out with the lowest growth expectation for

⁴ idem

⁵ idem

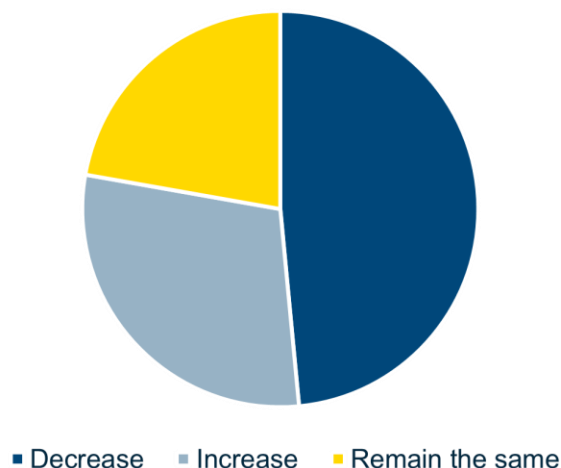
⁶ idem

2023 amongst the participants in GES2023. According to the IMF, high inflation in the UK has been reducing purchasing power and tightening monetary policy, influencing consumer spending and business investment.⁷ Brexit's role in the high inflation level might also be a factor in the gap between the two growth estimates. In this regard, according to the Centre for European Reform (CER), Brexit had reduced Britain's GDP by 5,5%, investment by 11%, and goods trade by 7% by the second quarter of 2022.⁸

2) Business Confidence

Most participants in GES2023 indicate a decrease in the level of business confidence in their region for 2023. This is an unsurprising result due to the current geopolitical instability and the array of economic consequences this brings for businesses. In particular, inflation has recently reached inflation levels unseen for decades.⁹ The regions in which business confidence is expected to drop in 2023 include the US, Korea, Brazil, the UK and Australia. The EU responses indicate no change from 2022 but given the turbulent year European businesses faced in 2022, this is not too encouraging. Singapore Business Federation and the Union of Chambers and Commodity Exchanges of Türkiye also expect business confidence to stay the same in 2023.

Over the next year (2023), do you expect business confidence overall in your region/country to:



The regions in which business confidence levels are expected to increase, on the other hand, are China, the Asia-Pacific (with the exclusion of Australia) and the Gulf region, according to the China Council for the Promotion of International Trade, the Confederation of Asia-Pacific Chambers of Commerce and Industry and the Federation of the Gulf Cooperation Council of Chambers. These results could be explained by the significant change in China's Covid-19 policies and Southeast Asia's favourable growth outlook. On

⁷ idem

⁸ Centre for European Reform, The Cost of Brexit to June 2022, December 2022. Available at: <https://www.cer.eu/insights/cost-brexit-june-2022>

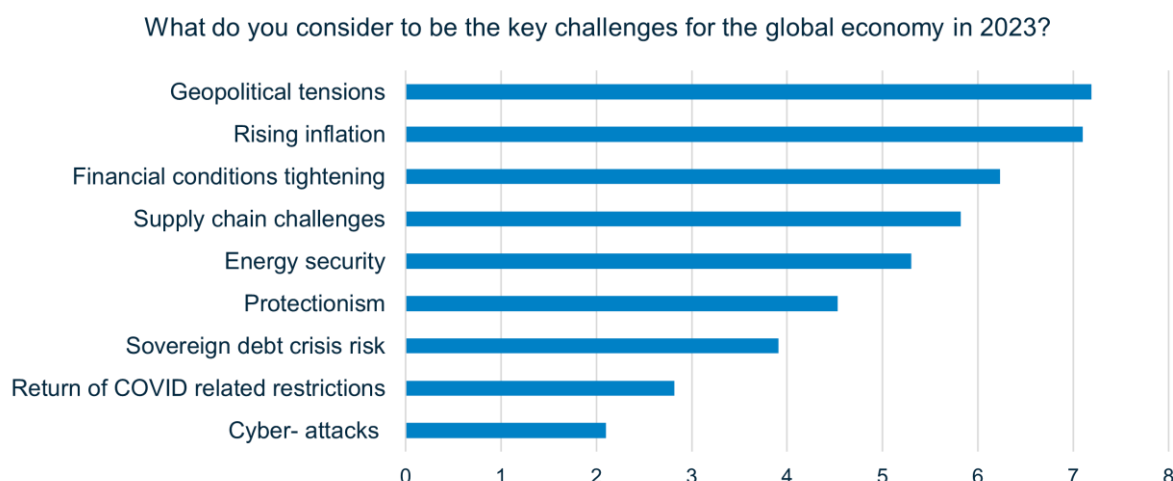
⁹ Reuters, Inflation in 2023: experts predict 'worst is yet to come' as recession looms, December 2022, available at: <https://www.reuters.com/markets/the-worst-is-yet-come-curse-high-inflation-2022-12-08/>

top of this, countries exporting hydrocarbons and with smaller populations, such as those located in the Gulf region, may be able to sustain high government spending thanks to strong financial buffers maintained by a relatively stable export revenue.¹⁰

3) Key challenges for the global economy

With the outbreak of the war in Ukraine at the beginning of 2022 showing no sign of abating, it is not surprising to find that the top challenge for the business community for the global economy in 2023 is prolonged geopolitical tensions and instability. High inflation ranks second, reflecting soaring food and energy prices.¹¹ Rising inflation represents a major challenge in particular for the US Chamber of Commerce and the British Chambers of Commerce, as well as for the Singapore Business Federation and the Confederation of Asia-Pacific Chambers of Commerce and Industry.

Threats to energy security also appear as an important challenge for 2023, notably for the EU where it is ranked first by Eurochambres.



According to the IMF, higher borrowing costs aimed at tackling inflation are likely to cause a number of economies to contract in 2023¹², which could help explain why tightening of global financial conditions is ranked as the third greatest challenge overall for 2023.

Supply chain challenges and challenges with the supply of intermediate products follows in fourth place. Supply chain vulnerabilities have grown incrementally in recent years due to export restrictions, as well as a lack of transparency and persistent market asymmetries,

¹⁰ ISPI, December 2022, available at: <https://www.ispionline.it/it/pubblicazione/middle-east-and-north-africas-2023-economic-outlook-36826>

¹¹ CEPR, Russia's invasion of Ukraine has led to higher inflation expectations of individuals in Germany, April 2022, available at: <https://new.cepr.org/voxeu/columns/russias-invasion-ukraine-has-led-higher-inflation-expectations-individuals-germany>

¹² Bloomberg, World Economy Is Headed for a Recession in 2023, Researcher Says, December 2022, available at: <https://www.bloomberg.com/news/articles/2022-12-26/world-economy-is-headed-for-a-recession-in-2023-researcher-says>

including the concentration of production in just a few countries.¹³ Supply chain challenges are particularly significant for the Korea Chamber of Commerce and Industry and is also highlighted by the German Chamber of Commerce and Industry in their input to the Eurochambres response.

The China Council for the Promotion of International Trade highlighted protectionism and insufficient access to foreign markets as an especially noteworthy challenge for the Chinese business community in the year ahead.

The response of the National Confederation of Trade in Goods, Services and Tourism of Brazil also stands out, ranking elevated risks of sovereign debt crisis in major markets as the biggest threat for the global economy in 2023. The Confederation of Asia-Pacific Chambers of Commerce ranks the impact of climate change on the world's economies as the number one global economic challenge. On a positive note, participants overall consider the return of pandemic-related restrictions as only a minor threat to the global economy for 2023.

Other challenges noted in particular by some individual EU respondents include the threat of an escalation of the war in Ukraine, as remarked by the Bulgarian Chamber of Commerce and Industry, as well as skills shortages, an issue even in a period of (relative) recession, as observed by CCI France. Indeed, access to skilled staff figures regularly as a major concern in economic surveys conducted by Eurochambres.¹⁴

II. INDIA'S G20

4) Priorities for the Indian G20 Presidency

GES2023 ranks energy security as the most pressing issue to be addressed in the framework of the 2023 Indian G20 Presidency. This topic is particularly important for EU respondents, but also for the United States Chamber of Commerce and the Union of Chambers and Commodity Exchanges of Türkiye.

Other priorities include global food security, which already rose to the top of the priorities for global leaders in 2022 as a consequence of the war in Ukraine and the blockade of key Ukrainian agricultural exports. The reform of the multilateral trading system and supply chain security rank third and fourth respectively.

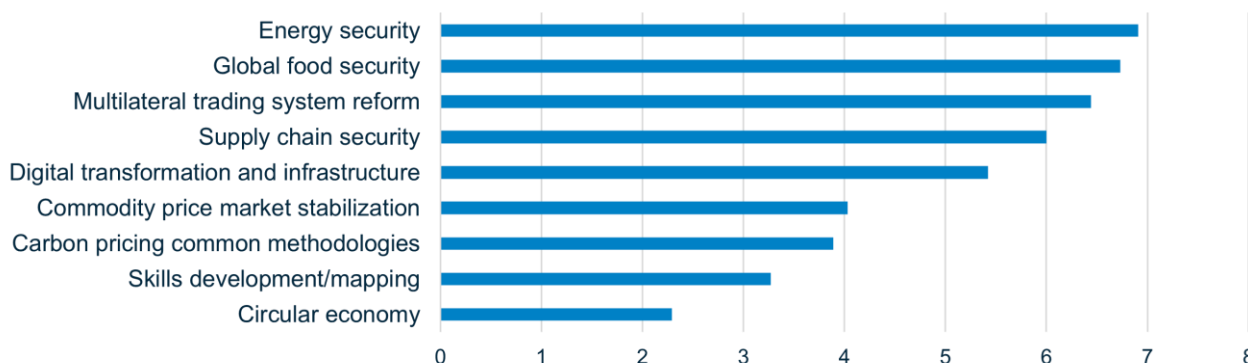
The reform of the WTO is especially relevant for the Singapore Business Federation, the National Confederation of Trade in Goods, Services and Tourism of Brazil and the China Council for the Promotion of International Trade.

¹³ OECD, The supply of critical raw materials endangered by Russia's war on Ukraine, August 2022, available at: <https://www.oecd.org/ukraine-hub/policy-responses/the-supply-of-critical-raw-materials-endangered-by-russia-s-war-on-ukraine-e01ac7be/>

¹⁴ Eurochambres, Global Economic Survey 2022, December 2021, available at: https://www.globalchamberplatform.org/wp-content/uploads/2021/Report_on_the_Global_Economic_Survey_2022.pdf

For European respondents, supply chain security is the most pressing issue, highlighting once more the significant consequences of disruptions for EU businesses and the impact of efforts to reduce dependency on Russian energy and key raw materials.

With a view to the incoming G20 Presidency, in your opinion, which are the most pressing issues?



Interestingly, for the Korea Chamber of Commerce and Industry, finding common methodologies for carbon pricing is identified as the major priority to be addressed during the Indian G20 Presidency. This may also be related to the implementation of different carbon border adjustment mechanisms, including that of the EU, and its potential consequences on trade. Conversely, the US Chamber of Commerce ranks this issue as the least important.

III. ENERGY SECURITY

5) Impact of the war in Ukraine on the prices of different energy sources

The war in Ukraine and the resulting energy market distortions are impacting prices for energy sources around the world. GES2023 asked participants to identify those differences in relation to different energy sources.

5.1) Average increase in prices for crude oil

As Russian oil production has been drastically decreasing following the economic sanctions imposed at an international level, oil prices increased to \$US100/bbl in 2022 from a recent five-year average of \$US60/bbl and are forecast to drop moderately to \$US92/bbl in 2023 and \$US80/bbl in 2024.¹⁵

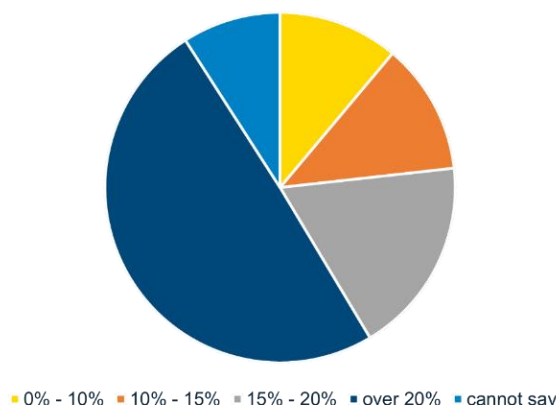
This outlook is reflected in GES2023's outcome, as the majority of participants remarked an increase in the prices for crude oil in their country or region of **over 20%**.

However, the US Chamber of Commerce and the Confederation of Asia-Pacific Chambers

¹⁵ World Bank Blogs, Oil prices remain volatile amid demand pessimism and constrained supply, December 2022, Available at: <https://blogs.worldbank.org/opendata/oil-prices-remain-volatile-amid-demand-pessimism-and-constrained-supply>

of Commerce and Industry observe a lower increase of **15%-20%**, while the Korea Chamber of Commerce and Industry observes an increase of **10%-15%**.

How much have prices for crude oil increased on average in your country/region in 2022?



On the other hand, the National Confederation of Trade in Goods, Services and Tourism of Brazil only observe an increase of **0-10%** for Brazil.

The China Council for the Promotion of International Trade is **not able to answer** as it doesn't have enough data on crude oil price.

5.2) Average increase in prices for coal

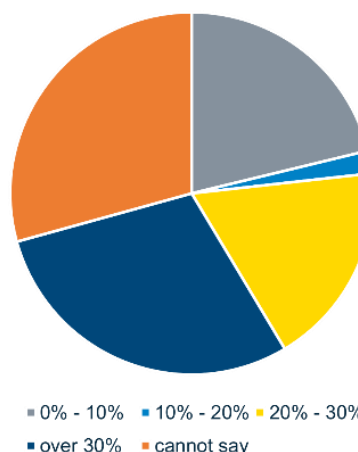
Concerning, the average price increases for coal in 2022, the two most selected responses are “**over 30%**” and “**cannot say**”. The latter is due to a lack of data available to participants, or a different pattern followed by coal prices in the participants' country/region.

The participants that observe an increase of **over 30%** in prices for coal include the Korea Chamber of Commerce and Industry, the British Chambers of Commerce, and the Australian Chamber of Commerce and Industry.

The participants that chose the second most voted option, namely an increase of **0%-10%**, include the United States Chamber of Commerce, the Confederation of Asia-Pacific Chambers of Commerce and Industry and Eurochambres.

Concerning the two remaining options, the Union of Chambers and Commodity Exchanges of Türkiye and the Federation of the Gulf Cooperation Council of Chambers observe an increase of **20%-30%** for their respective country/region.

How much have prices for coal increased on average in your country/region in 2022?

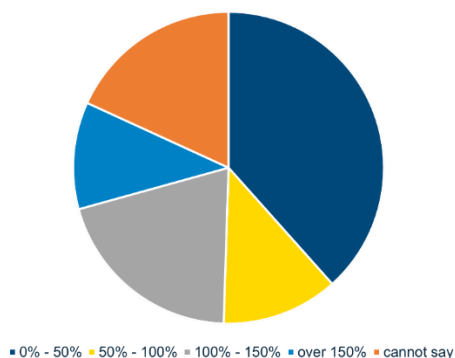


5.3) Average increase in prices for natural gas

The majority of participants observe a price increase in the prices of natural gas of **0%-50%**. This result is the case for the United States Chamber of Commerce, the Korea Chamber of Commerce and Industry, the National Confederation of Trade in Goods, Services and Tourism of Brazil and the Confederation of Asia-Pacific Chambers of Commerce and Industry.

Eurochambres indicates a higher average increase in prices of **50%-100%** in 2022 for the EU, with its member the German Chamber of Commerce and Industry in particular observing an increase of over 150%.

How much have prices for natural gas increased on average in your country/region in 2022?



Participants that choose the second most voted category, namely price increases of **100%-150%**, include the Union of Chambers and Commodity Exchanges of Türkiye and the Australian Chamber of Commerce and Industry, while the British Chambers of Commerce observes an increase of **over 150%**.

The Singapore Business Federation and the China Council for the Promotion of International Trade report **not having enough data** on natural gas for their regions to answer this question.

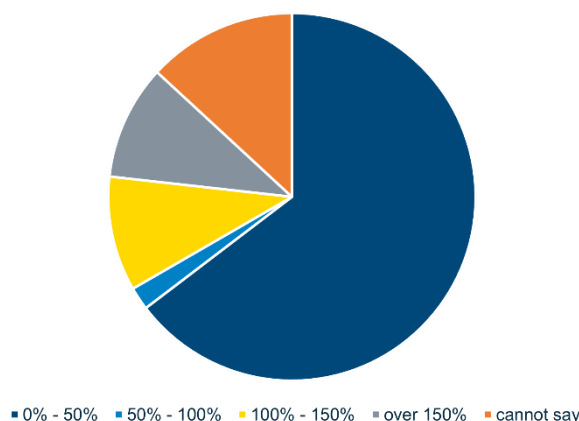
5.4) Average increase in prices for liquefied natural gas

The vast majority of participants observe an increase in prices of **0%-50%** in 2022, including the United States Chamber of Commerce and the Korea Chamber of Commerce and Industry.

A lack of data available to most of its contributing members leads Eurochambres to respond, **“cannot say”**, as does the Singapore Business Federation.

The Australian Chamber of Commerce and Industry reports an increase of **over 150%**, while the Union of Chambers and Commodity Exchanges of Türkiye indicates **100%-150%**. This outcome highlights the heterogeneity of price increases across regions for this energy source.

How much have prices for liquefied natural gas increased on average in your country/region in 2022?

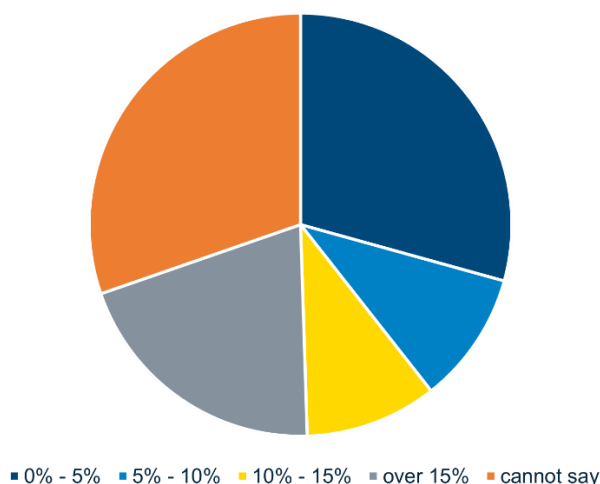


5.5) Average increase in prices for renewables

The majority of participants **cannot not answer** the question relating to the increase of prices for renewables in their country or region due to various factors, including a lack of data, or an observed decrease in price for both wind and solar energy.

0%-5% is chosen by the United States Chamber of Commerce, the National Confederation of Trade in Goods, Services and Tourism of Brazil and the Federation of the Gulf Cooperation Council of Chambers.

How much have prices for renewables increased on average in your country/region in 2022?



A 2022 price increase of **over 15%** for renewables is chosen by the Australian Chamber of Commerce and Industry and the Korea Chamber of Commerce and Industry.

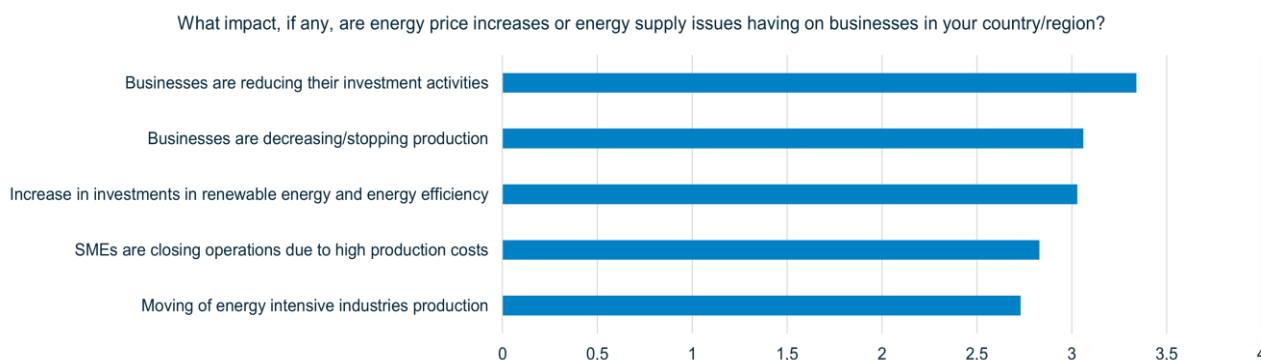
6) Impact of energy price increases or energy supply issues

Economies across the globe experienced disruptions in energy security already in 2021 due to sudden commodity price shocks, and predictions that energy prices would continue to grow in the foreseeable future.¹⁶ During 2022, the war in Ukraine and its distortions in world energy markets further escalated concerns about energy supply shortages and led to further significant price hikes. The average price increases in various energy sources, especially natural gas, coal and crude oil as highlighted above, have impacted businesses in a variety of ways. GES2023 asked participants to rank different options as to the impacts that those energy price increases will have on businesses in their country/region.

Most participants are concerned with a significant reduction in companies' investment activities, as companies do not wish to take any further risks in such an uncertain economic situation. This is especially true for the Singapore Business Federation, the Korea Chamber of Commerce and Industry and the British Chambers of Commerce.

¹⁶ CNBC, Goldman Sachs says oil prices could be higher for much longer, October 2021, available at: <https://www.cnbc.com/2021/10/14/goldman-sees-sustained-high-prices-for-oil-in-the-coming-year.html>

The concern of businesses and industries having to cut back or completely shut down their production as a result of energy price hikes ranks second overall and is the top choice for Eurochambres, the Federation of the Gulf Cooperation Council of Chambers and the Australian Chamber of Commerce and Industry.



Previous global surveys conducted by Eurochambres already highlighted the importance of increasing investment in renewable energy production capacities to increase the resilience against price volatility and energy shortages. This outlook is still very relevant, as the third most voted option overall is that companies are increasing their investments in renewable energy and energy efficiency as a result of energy price hikes. In particular, the National Confederation of Trade in Goods, Services and Tourism of Brazil highlights this option.

Although not ranking highly overall, the threat of SMEs having to close operations due to high production costs is particularly relevant for the Confederation of Asia-Pacific Chambers of Commerce and Industry and the China Council for the Promotion of International Trade, while the concern of energy intensive industries moving production to locations with lower energy prices is a particularly significant issue for the Union of Chambers and Commodity Exchanges of Türkiye.

However, the United States Chamber of Commerce observes that none of these options reflect activity in their country, and therefore is not considered for the results. In its input to Eurochambres, CCI France emphasises the detrimental impact of rising energy bills and inflation on cash flow and business-to-business payments.

IV. THE EFFECTS OF A EUROPEAN CARBON BORDER ADJUSTMENT MECHANISM (CBAM)

7) Expected impacts of the Carbon Border Adjustment Mechanism (CBAM)

In 2021, the European Commission tabled a proposal for a Carbon Border Adjustment Mechanism (CBAM). Following the positioning of the Council and the European Parliament in the first half of 2022, the final regulation was agreed and adopted by the European institutions last year. Participants were asked to give their opinion on the regulation and pinpoint to the impacts that it could have on businesses in their country/region.

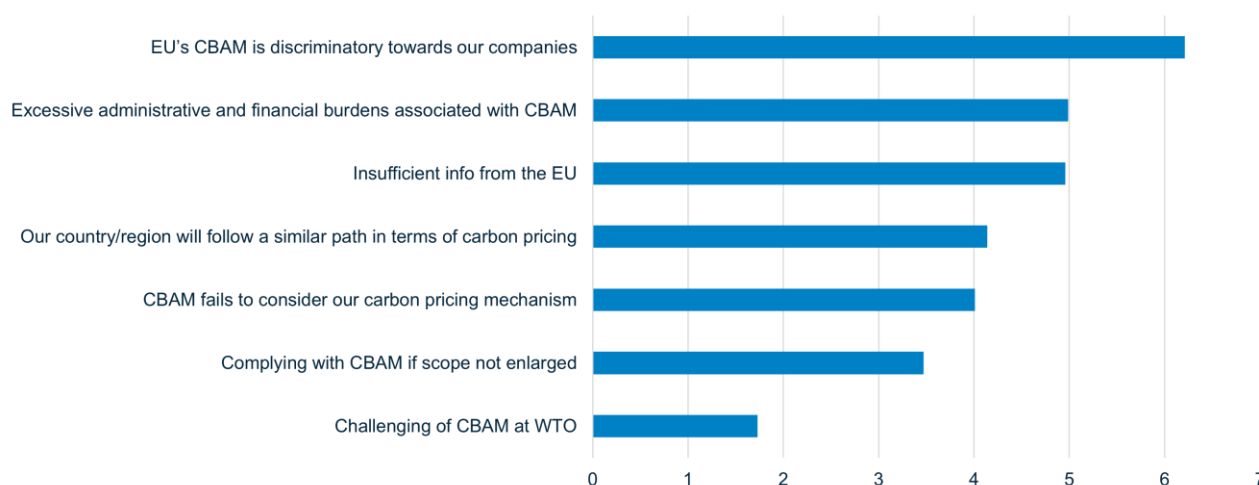
The results indicate that the majority of participants believe that the EU's CBAM is discriminatory towards their companies. The Federation of the Gulf Cooperation Council of Chambers expresses particular concern which could be linked to negative future effects expected on their hydrocarbons industry¹⁷.

There are also considerable concerns about excessive administrative and financial burdens associated with CBAM and that consequently affected companies will turn to other markets, highlighted particularly by the National Confederation of Trade in Goods, Services and Tourism of Brazil.

A lack of information to judge how companies will be impacted and on how to comply is cited by the Singapore Business Federation, the Korea Chamber of Commerce and Industry, the China Council for the Promotion of International Trade and the Confederation of Asia-Pacific Chambers of Commerce and Industry.

The United States Chamber of Commerce and the British Chambers of Commerce point out that they don't have enough information to answer this question.

In relation to the implementation of the EU's CBAM, what options do you consider most likely for your country/region?



The Union of Chambers and Commodity Exchanges of Türkiye considers Türkiye following a similar approach on carbon pricing as the most likely option, as Türkiye is amongst the major exporters of cement (38,6% of EU imports), aluminium and steel (12,6% of EU imports) to the EU and is designing an Emissions Trading System similar to the European one¹⁸.

¹⁷ UNCTAD, A European Union Carbon Border Adjustment Mechanism, July 2021, available at: https://unctad.org/system/files/official-document/sgsinf2021d2_en.pdf

¹⁸ idem

V. SUPPLY CHAIN RESILIENCE

8) Public policy responses to bolster supply chain resilience

The Covid-19 pandemic has transformed the global economy in a variety of ways, with availability and supply of a wide range of raw materials, intermediate goods, and finished products being seriously disrupted.

While national lockdowns have temporarily stopped the flow of raw materials and finished goods, disrupting manufacturing as a result, the pandemic has also brought to light previously unseen vulnerabilities and magnified problems that already existed in the supply chain.¹⁹ The war in Ukraine following the pandemic has exacerbated these supply chain disruptions.

This phenomenon has triggered a series of policy responses to bolster supply chain resilience. Participants were asked about the public policy responses that would be most effective in alleviating supply chain issues.



The vast majority of the participating organizations, including the United States Chamber of Commerce and the China Council for the Promotion of International Trade, identify stable and strong rules based on the international trading system as the most effective tool policy makers can use to improve supply chain resilience. This response is in line with the reform of the multilateral trading system figuring amongst the most pressing issues for the Indian G20 Presidency.

Incentives for re- or nearshoring supply chains ranks second. These incentives might be in the form of subsidies or tax cuts. This is favoured by Eurochambres and the Korea Chamber of Commerce and Industry.

¹⁹ EY, How Covid-19 impacted supply chains and what comes next, January 2023, available at: https://www.ey.com/en_it/supply-chain/how-covid-19-impacted-supply-chains-and-what-comes-next

The third most ranked option by the respondents is the need for incentives to diversify supply chains, which could include for instance an active trade policy. This issue is particularly favoured by the US Chamber of Commerce, while conversely the China Council for the Promotion of International Trade ranks it as the least relevant option.

While the priorities vary across the different world regions, respondents mostly agree that some form of public policy response is needed to bolster supply chain security as the option of “no public policy intervention needed” is ranked lowest. Eurochambres’ response reflects this approach, identifying government investment in strategic sectors of the economy and public funding to help companies in these sectors monitor and improve supply chains resilience (e.g., stress-testing etc.) as key policy measures. Public funding is particularly underlined by CCI France, while the German Chamber of Commerce and Industry specifies that the governments and institutions should focus on bringing down energy prices in Germany and in the EU.

The National Confederation of Trade in Goods, Services and Tourism of Brazil is the only participant to consider the facilitation of export and import of raw materials and intermediate products as the most effective public policy response to improve supply chain security.

VI. INTERNATIONAL TRADE AND INVESTMENT

9) Main threats to global trade

International trade has again proven to be a key factor in the economic recovery following the heights of the Covid-19 pandemic, yet a myriad of factors is currently endangering the needed flow of goods and services across international borders. Participants were asked to rank the greatest threats they see for global trade in the short to medium term.

Once more, the issue of supply chain challenges is identified as crucial, figuring as the biggest threat to global trade for participating organizations.

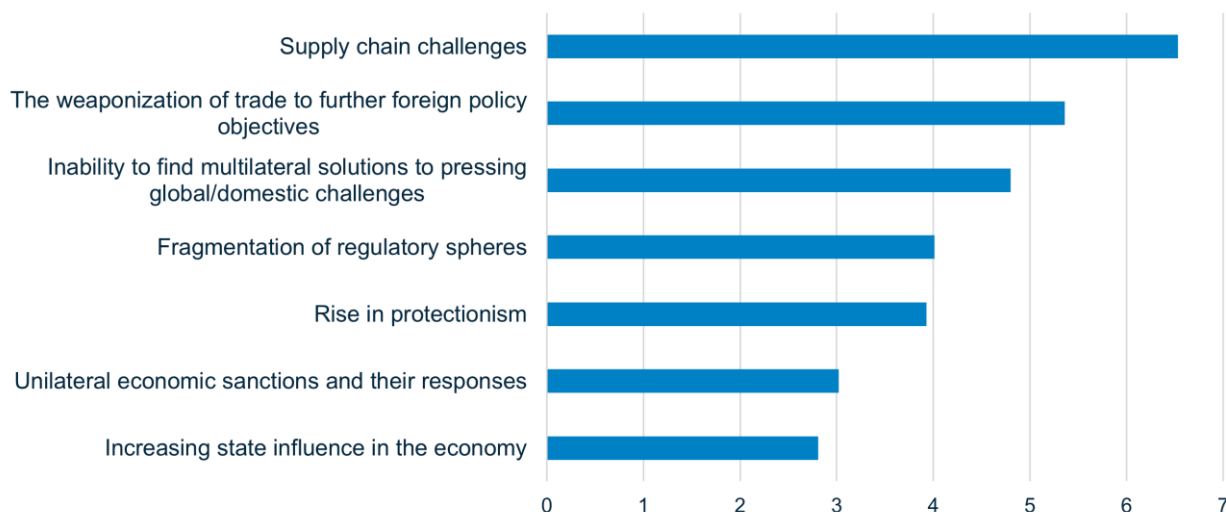
The weaponization of trade to further foreign policy objectives rather than economic ones rank second and strikingly is highlighted in particular by respondents from the Asia-Pacific region: the Singapore Business Federation, the Korea Chamber of Commerce and Industry, the Confederation of Asia-Pacific Chambers of Commerce and Industry and the Australian Chamber of Commerce and Industry.

The inability to find multilateral solutions to pressing global or domestic challenges follows in the ranking as the third greatest overall threat to global trade. This issue is in line with the need to reform the multilateral trading system and to increase multilateral cooperation to anticipate supply shocks and to allow for better planning, which had already been highlighted by the global business community in similar previous surveys conducted by Eurochambres.²⁰ This challenge is especially prioritized by the Singapore Business

²⁰ Eurochambres, Global Economic Survey 2022, December 2021, available at: https://www.globalchamberplatform.org/wp-content/uploads/2021/Report_on_the_Global_Economic_Survey_2022.pdf

Federation, the Union of Chambers and Commodity Exchanges of Türkiye, the National Confederation of Trade in Goods, Services and Tourism of Brazil and the British Chambers of Commerce.

What are the biggest short-medium term threats to global trade?



The rise in protectionism was one of the main concerns of previous surveys conducted by Eurochambres. This concern seems to have fallen in relative importance as it ranks fourth overall in the list for 2023. However, Eurochambres, the US Chamber of Commerce and the China Council for the Promotion of International Trade rank the rise in protectionism as the top threat to global trade.

It is also interesting to note that increasing state influence in the economy ranks last, although still considered relevant by the US Chamber of Commerce and the Federation of the Gulf Cooperation Council of Chambers. This seems to be in line with the perceived need expressed by participants for an active public policy response to alleviate supply chain problems for businesses.

10) Priorities for WTO MC13

In the run up to the WTO's 12th Ministerial Conference (MC12), previous surveys had cited improved compliance with the WTO notifications commitments, developing rules for digital trade and shortening the timeline for settling disputes at the WTO as the main issues to be tackled.²¹

Following the outcomes of MC12 which left several issues still unaddressed, participants were now asked which areas should be prioritized for the upcoming 13th WTO Ministerial Conference. The replies vary somewhat among the participants, but two in particular stand out: the majority of respondents thought that global rules for digital trade should be prioritized, including the US Chamber of Commerce, closely followed by restoring the

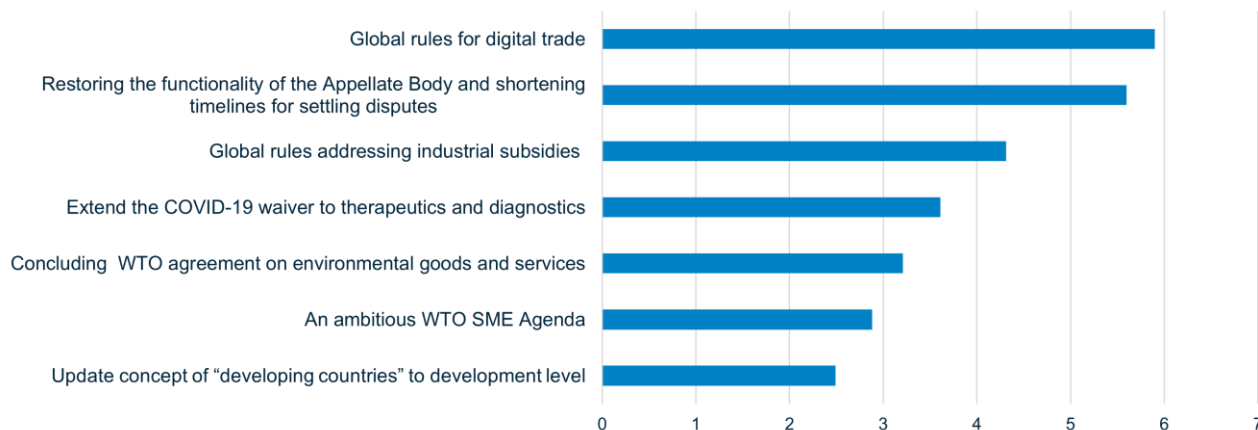
²¹ idem

functionality of the Appellate Body and shortening timelines for settling disputes, which is the main priority for the China Council for the Promotion of International Trade. These consistent Global Economic Survey results in the run-up to two consecutive WTO Ministerial Conferences emphasize the main themes that businesses want to be addressed to strengthen the multilateral trading system.

The third ranked option is global rules addressing industrial subsidies, which is also the main priority for Eurochambres and the Federation of the Gulf Cooperation Council of Chambers.

Finally, updating the concept of “developing countries” commensurate with the level of development is the least voted option overall, with the exception of the Australian Chamber of Commerce and Industry.

In your view, for the next WTO Ministerial Conference (MC13) what areas should be prioritized?



VII. DIGITALIZATION

Digitalisation is a core aspect to ensure resilience of businesses across the globe, as it boosts businesses’ capacity to anticipate, react and adapt to large shocks. The severe impact of the Covid-19 crisis on small businesses has put SME digitalization at the top of the agenda of policy makers across countries.

While some SMEs have already undergone a process of digitalisation of their business operations also thanks to the flexibility of digital services and online platforms, many others are still looking for ways to translate digital uptake into increased resilience and competitiveness over the long term. In this sense, according to the OECD Digital Economy Outlook 2020, small businesses only generated about 10% on average of their profits online, as opposed to large firms at 24%.²²

Participants were therefore asked to assess the pace of the digital transition of SMEs in their country/region.

²² OECD, Digital Economy Outlook 2020, November 2020, available at: <https://www.oecd-ilibrary.org/sites/bb167041-en/index.html?itemId=/content/publication/bb167041-en>

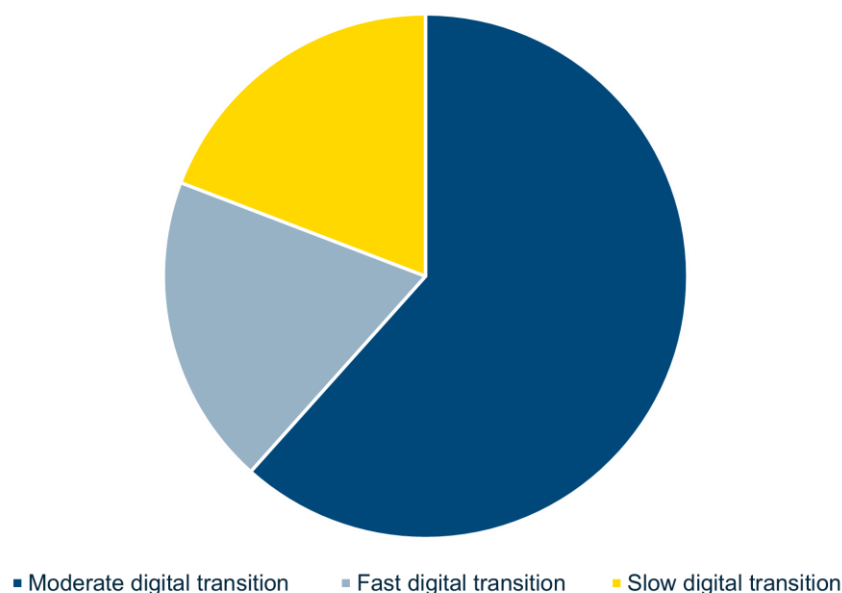
11) Pace of digital transition for SMEs

According to the vast majority of participants, SMEs underwent a moderate digital transition in their country or region and believe that more government support is needed in this field. Unsurprisingly, no respondent considers that there are no noticeable changes in the digital transformation compared to pre-pandemic levels, as Covid-19 acted as a catalyst for the adoption and increasing use of digitalization across the economy.

The US Chamber of Commerce and the Federation of the Gulf Cooperation Council of Chambers even observe a fast digital transition of SMEs in their country or region. Faster SMEs digitalization could have been influenced by a vision shared by various economies in the Gulf region, including Saudi Arabia, making clear the role for the digital economy to drive ecommerce, improve public services, and support a thriving non-oil-based private-sector economy.

However, respondents from the Korea Chamber of Commerce and Industry and the Confederation of Asia-Pacific Chambers of Commerce and Industry signal that SMEs in their regions have only slowly transitioned to a digital business model and that more support is needed towards assisting their SMEs.

In your region, how well have SMEs adapted to the digital transformation since the start of the pandemic?



VIII. ANNEX – QUESTIONNAIRE

I. MACROECONOMIC OUTLOOK OF THE GLOBAL ECONOMY

1) What are your expectations for real gross domestic product (GDP) growth in your region for this year (2023) compared with the latest forecast from the International Monetary Fund (IMF)²³?

(Please provide an estimated percentage figure in the right column)

Country/region	IMF forecasts	Estimates %
World	2.7%	
EU ²⁴	2.8%	
Euro Area	0.5%	
Turkey	3.0%	
Japan	1.6%	
United States	1.0%	
China	4.4%	
Korea	2.0%	
Australia	1.9%	
Europe and Central Asia	3.9%	
Russia	-2.3%	
Latin America & the Caribbean	1.7%	
Brazil	1.0%	
Middle East and Central Asia	3.6%	
ASEAN 5	4.9%	
India	6.1%	
Sub-Saharan Africa	3.7 %	

2) Over the next year (2023), do you expect business confidence overall in your region/country to:

- ☐ Rise
- ☐ Remain constant
- ☐ Fall

3) What do you consider as the key challenges for the global economy in 2023?

(Please rank from highest to lowest, with the first option representing the highest priority)

- ☐ Tightening of global financial conditions
- ☐ Geopolitical tensions/instability
- ☐ Elevated risk of sovereign debt crisis in major markets
- ☐ Protectionism/Insufficient access to foreign markets
- ☐ Return of COVID related restrictions
- ☐ Rising inflation levels
- ☐ Supply chain challenges/challenges with supply with intermediate products and raw materials
- ☐ Energy security
- ☐ Cyber-attacks and destabilization of digital infrastructure
- ☐ Other, please specify:

²³ IMF World Economic Outlook, October 2022: [World Economic Outlook, October 2022: Countering the Cost-of-Living Crisis \(imf.org\)](https://www.imf.org/en/Publications/WEO/Issues/2022/10/12/world-economic-outlook-october-2022)

²⁴ This is compared to data form the European Commission's latest economic forecast. European Commission, Winter 2022 Economic Forecast: Growth expected to regain traction after winter slowdown, February 2022, available at: https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/winter-2022-economic-forecast-growth-expected-regain-traction-after-winter-slowdown_en

II. India's G20:

4) As the Indonesian G20 Presidency comes to a close, and with a view to the incoming Indian G20 Presidency, in your opinion which are the three most pressing issues that global Leaders need to focus on next year? (Please rank from highest to lowest, with the first option representing the highest priority)

- ☐ Global Food security
- ☐ Digital transformation and infrastructure
- ☐ Common methodologies for carbon pricing
- ☐ Reforming of the multilateral trading system (WTO)
- ☐ Energy security
- ☐ Skills development/mapping
- ☐ Stabilization of the global commodity price market
- ☐ Supply Chain security
- ☐ Circular economy
- ☐ Other, please specify:

III. Energy security:

5) The war in Ukraine and the resulting distortions on the energy markets are having different effects in different regions of the world. How much have the prices for different energy sources increased on average in your country/region in 2022? (Please select the most appropriate option for each column)

Crude oil	Coal	Natural gas	Liquified gas	Renewables
over 20%	over 30%	over 150%	over 150%	over 15%
15% – 20%	20% – 30%	100% – 150%	100% – 150%	10% – 15%
10% – 15%	10% – 20%	50% – 100%	50% – 100%	5% – 10%
0% – 10%	0% – 10%	0% – 50%	0% – 50%	0% – 5%

6) What is the impact of energy price increases and other distortions in the energy market, such as supply shortages, on businesses in your region? (Please rank from highest to lowest, with the first option representing the highest priority)

- ☐ Due to the high energy prices, businesses and industry is having to cut back or completely shut down their production.
- ☐ Production of energy intensive industries is moving to other locations where energy prices are lower than in my country/region.
- ☐ Due to the uncertain economic situation, companies are significantly reducing their investment activities in order not to take any further risks.
- ☐ Companies are increasing their investments in renewable energy and energy efficiency due to the crisis.
- ☐ Particularly SMEs are having close operations as they are unable to pass down high production costs to consumers and remain competitive.
- ☐ Other, please specify:

IV. The effects of a European Carbon Border Adjustment Mechanism (CBAM)

7) In 2021, the European Commission tabled a proposal for a Carbon Border Adjustment Mechanism (CBAM). Following the positioning of the Council and the European Parliament

in the first half of 2022, the final regulation could be agreed and adopted by the European Union this year. In light of that, pls select the options that you consider most likely for your country/region. (Please rank from highest to lowest, with the first option representing the highest priority)

- ☐ We believe the EU's CBAM is discriminatory towards our companies and retaliatory measures will be implemented as a result.
- ☐ We recognize the aim of the EU's CBAM and believe our country/region will follow a similar in terms of carbon pricing.
- ☐ We already have a carbon pricing mechanisms in my country/region, but CBAM fails to take it adequately into account.
- ☐ We do not have sufficient information from the EU to judge how our companies will be impacted and feel unprepared to comply with its requirements.
- ☐ We believe the administrative and financial burdens associated with a CBAM are excessive and will make affected companies turn to other markets.
- ☐ We feel comfortable complying with CBAM after the transition period as its stands. However, this doesn't apply if the scope is enlarged (to indirect emissions or additional sectors beyond those discussed).
- ☐ Our government will immediately challenge CBAM at the World Trade Organization (WTO).
- ☐ Other, please specify:

V. Supply Chain Resilience

8) The COVID-19 pandemic has exposed sensitivities in global supply chains, triggering a series of policy responses to bolster supply chain resilience. In you view, what are the most effective public policy responses that government could undertake? (Please rank from highest to lowest, with the first option representing the highest priority)

- ☐ A stable and strong rules based international trading system.
- ☐ Incentives for re- or nearshoring of supply chains in the form of subsidies, tax cuts, etc.
- ☐ Incentives for diversification of supply chains in the form of subsidies, tax cuts, etc.
- ☐ Government investment in strategic sectors of the economy.
- ☐ Enhancing supply chain resilience through standardization.
- ☐ Public funding to help companies in strategic sectors monitor and improve supply chains resilience (e.g., stress-testing etc).
- ☐ Facilitate the import/export of raw materials and intermediate products.
- ☐ No public policy response needed, it should be left entirely to private economic operators to act.
- ☐ Other, please specify:

VI. INTERNATIONAL TRADE AND INVESTMENT

9) With a view to the short and medium term, what do you see are the biggest threats to global trade?

(Please rank from highest to lowest, with the first option representing the highest priority)

- ☐ Fragmentation of regulatory spheres, with different economic blocs increasingly at odds with one another.
- ☐ The weaponization of trade to further foreign policy objectives (rather than economic ones).
- ☐ Increasing state influence in the economy/on private economic operators.
- ☐ Inability to find multilateral solutions to pressing global/domestic challenges.
- ☐ Unilateral economic sanctions and their responses.

- ☐ Rise in protectionism.
- ☐ Supply Chain Challenges.
- ☐ Other, please specify:

10) The WTO's 12th Ministerial Conference (MC12) concluded with members setting out a path for WTO reform. In your view, for the next WTO Ministerial Conference (MC13) what areas should be prioritized? (Please rank from highest to lowest, with the first option representing the highest priority)

- ☐ Global rules addressing industrial subsidies.
- ☐ Extend the Covid-19 waiver to therapeutics and diagnostics.
- ☐ Global rules for digital trade.
- ☐ Restoring the functionality of the Appellate Body and shortening timelines for settling disputes.
- ☐ Update the concept of "developing countries" commensurate with the level of development.
- ☐ Relaunching and swiftly concluding a WTO agreement on environmental goods and services.
- ☐ An ambitious WTO SME Agenda.
- ☐ Other, please specify and rank:

VII. Digitalization

11) Digitalization is a core aspect to ensure resilience of businesses across the globe, especially SMEs. In your region, how well have SMEs adapted to the digital transformation since the start of the pandemic? (Please select the most appropriate option)

- ☐ Fast digital transition of SMEs in my country/region.
- ☐ Moderate digital transition among SMEs in my country/region – and more support is needed.
- ☐ Slow digital transition among SMEs in my country/region – and urgent support needed.
- ☐ I don't see any noticeable change in the digital transformation compared to pre-pandemic levels.



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