B20 Conference
Resilience, Responsibility, Responsiveness – Towards a Future-oriented, Sustainable World Economy

"Businesses have to contribute to the G20 process with their advice, expertise and practical experience to develop concrete and implementable policy proposals."

- B20 Chairman Juergen Heraeus

Gerhard Braun, Vice-President BDA; Ulrich Grillo, President BDI; Juergen Heraeus, B20 Chairman; Eric Schweitzer, President DIHK and Wolfgang Schäuble, German Federal Minister of Finance
Wolfgang Schäuble, German Federal Minister of Finance

Erol Kirespi, Vice President of TİSK, David Iakobachvili, President Orian Heritage Company, and Elisabeth Denison, Chief Strategy & Talent Officer Germany, Deloitte

Peter Robinson, President & CEO of USCIB, Renate Hornung-Draus, Head of the European Union and International Social Policy Department at BDA, and Gerhard Braun, Vice-President, BDA

Dennis Snower, President of the Kiel Institute for the World Economy and T20 Chairman

Lynette Magasa, CEO Boniswa Corporate Solutions

B20 Sherpa Stormy-Annika Mildner moderating the panel discussion on Resilience
G20 Germany Presents Working Program

With the official start of the German G20 Presidency on 1 December 2016, Federal Minister of Finance Wolfgang Schäuble and G20 Sherpa Lars-Hendrik Röller used the opportunity to present the priorities of the German Presidency at the B20 Conference in Berlin.

Wolfgang Schäuble stressed the role the G20 played in the global financial crisis and the potential the G20 had to ameliorate policy coordination on a global level.

In light of the recent rise of populist pressures, Lars Hendrik Röller, Germany’s G20 Sherpa, underlined the importance of inclusive globalization. The German G20 Presidency wants to ensure that benefits of globalization accrue to everyone and that the message about the advantages of interconnectedness is communicated better in order to stem the tide of increasingly protectionist and nationalistic sentiment around the world.

Working towards an inclusive and functioning globalization is what the German G20 presidency means by its motto “Shaping an interconnected world”. The German Presidency will especially focus on three pillars: building resilience, improving sustainability and assuming responsibility.

Mega trends such as digitalization, migration and climate change are the key challenges which are addressed in the G20 priorities. In this regard, Lars-Hendrik Röller welcomed the initiative of B20 to set up a “Digitalization” taskforce as well as a taskforce on “Energy, Climate and Resource Efficiency” for the first time.

One topic, which especially lies at the heart of the German G20 Presidency will be an intensified partnership with Africa. G20 Germany wants to promote regional and G20 initiatives in order to foster private sector investments and investments in infrastructure in Africa. Cooperation with interested African partner countries will be deepened not only to improve employment opportunities in Africa but also to enhance global action on climate change and disease prevention.

Lars-Hendrik Röller expressed the German government’s appreciation for the cooperation between the business community and the official German G20 Presidency. The roadmap of the German G20 Presidency foresees numerous ministerial meetings in the run-up of the G20 summit which takes place on 7 and 8 July 2017 in Hamburg.
B20 President Juergen Heraeus Explains the Role of the B20

B20 Chairman Juergen Heraeus welcomed the participants of the B20 Process at the evening reception at Soho House, Berlin. Over 300 guests from all G20 states joined to kick-off the B20 conference. Heraeus appreciated the engagement of the business community in the G20 Presidency and stressed the responsibility businesses have to contribute with their advice, expertise and practical experience to develop concrete and implementable policy proposals.

In his introductory remarks Heraeus explained why the B20 chose the motto “Resilience, Responsibility and Responsiveness – Towards a Future-oriented, Sustainable World Economy.” The B20 Chairman emphasized that resilience is not a term restricted to financial systems. Instead resilience in an economic sense must also be a holistic concept, including new frameworks for disruptive technologies brought about by digitalization and those suited for increased uncertainty around the world to ensure crisis-responsiveness. As a family entrepreneur himself, he called for responsible leaders who address challenges such as climate change and digitalisation pro-actively. In the light of the recent rise of anti-globalization movements, the motto of “responsiveness” seems timelier than ever. He illustrated the potential of the G20 as an international forum to facilitate participation of SMEs and developing countries in global value chains in order to ensure inclusive growth, while national policymakers have to develop retraining, life-long education and social policies that effectively respond to a rising feeling of being left-behind by globalization.

After the evening reception, the practical work continued during the second conference day. The Taskforces and Cross-thematic Groups discussed first policy paper drafts both amongst their members present in Berlin and with those connected via phone. After more Taskforce/Cross-thematic Group working meetings over the coming months, the final policy papers will be presented at the B20 Summit, which will take place on 2 and 3 May 2017 in Berlin.
B20 Taskforces and Cross-thematic Groups Meet to Discuss Focal Areas

On Friday, December 2, 2016, the Taskforce and Cross-Thematic Group Chairs and members gathered personally or via telephone to discuss their policy priorities for the coming weeks and the progress made so far.

For the “Trade and Investment” Taskforce, three core priorities were on the agenda: fostering inclusive trade by advancing multilateral liberalization and reducing trade barriers, the design of a conducive global framework for digital trade, and fostering a sustainable and durable environment to facilitate international investments. Within these areas, participants of the Taskforce were particularly concerned with the increase in protectionist sentiments globally, and consequently supported the overarching G20 objective of more effectively communicating the success story of international trade. Moreover, new, clear rules and classifications for digital trade are needed, and investment conditions for sustainable development facilitated.

The “Energy, Climate, and Resource Efficiency” Taskforce meeting prioritized the implementation of the Paris Agreement, leveraging investments into low-carbon and digital energy technologies and efficient energy and resource-use, and finding ways to break the linear relationship between resource consumption and economic growth. As a premier forum for coordination between heads of states in an informal manner, the G20 and B20 respectively play an important part in facilitating the implementation of nationally determined contributions (NDC). Additionally, Taskforce members also discussed the need to put a price on carbon.

Facilitating investments in infrastructure and other public utilities is a key component of future growth and curbing global imbalances. Consequently, the Taskforce “Financing Growth and Infrastructure” discussed the need to improve the conditions to create a market for long-term sustainable investments, improving the (tax-related, legal and regulatory) environment for cross-border investments and enhancing a well-calibrated regulatory cooperation between G20 countries that pivots to address inclusive growth and digital innovation.

An overarching theme of the discussions was the need to address increasing levels of uncertainty and the role of International Organizations’ standards, rules and facilitation to private sector investments and SME finance, particularly under the umbrella of the “Compact with Africa”.

In order to maximize the benefits and minimize the risks associated with digitalization, the Taskforce “Digitalization” decided to focus on three key areas: improving global connectivity, enhancing and securing the use of digital technologies for Industrie 4.0 and the Industrial Internet, and artificial intelligence as the next frontier in digitalization. Again, cooperation and coordination remain key demands to the G20, especially in the realm of intelligence sharing for cybersecurity purposes, the standardization of guidelines, as well as fostering safe and secure cross-border data flows.
The members of the “Employment and Education” Taskforce agreed on the need for inclusive, dynamic and open labor markets in order to achieve higher levels of employment. Especially youth unemployment needs to be tackled and vocational training is one effective solution to be promoted. In order to maximize the employment potential of the digital transformation, education systems must provide youth with the necessary technological skills. Finally, the issue of global supply chains was discussed. A sustainable policy to promote global supply chains would be a way to improve working conditions and enforcement of legislation in producing countries.

The Vision Zero Fund created by the G7 under German Presidency is a good example for endorsing sustainable global supply chains. Concerning social partnership, it was agreed that a common statement of B20 and L20 should be issued to the G20.

Business is committed not only to join the fight against corruption but also to make a positive contribution to economic, environmental and social progress. The Cross-thematic Group “Responsible Business Conduct & Anti-Corruption” is dedicated to promote integrity at the business level and members were actively engaged in dialogue on possible action items. Discussions focused on improving transparency on who really owns and controls a company, promoting responsible business conduct in infrastructure projects and encouraging companies to build effective compliance programmes. Members noted that it is essential to tackle both the supply and the demand side of corruption and emphasised the need for collective action between business and government on anti-corruption.

The issues facing small and medium-sized enterprises (SMEs) are diverse and numerous. The Cross-Thematic Group “SMEs” therefore put their focus on three overarching priorities: facilitating cross-border trade by reducing transaction costs, leveraging digitalization efficiently to increase the reach and access for SMEs and ensuring easy access to finance. For the Cross-Thematic Group members, the lowering of entry barriers into global value chains and the monitoring and further implementation of prior G20 actions plans for financial access were especially important.
Panel at B20 Conference Discusses Resilience

One of the panel discussions in the afternoon of the B20 Conference addressed “Resilience” as one of the three main concepts of the B20 motto. Under the title “Risks and Uncertainties – Towards a Resilient Global Economy” experts from the private, public and academic sector discussed the need for resilience.

Andreas Gruber, Chief Investment Officer of one of the world’s largest insurers, Allianz, started with an analysis of the panels’ title. He explained the difference between uncertainty and risk. According to Gruber, investors and insurers in the past were mainly faced with risks. These risks were calculable, as mathematical models exist to predict probabilities of the incidence of risk. Nowadays, however, the economy is challenged by pervasive uncertainty. This uncertainty, which is mainly caused by changing political and regulatory trends, is not predictable, which makes the development of increased resilience difficult: Without being able to anticipate events, it is hard to prepare for them. Gruber’s wish for the German G20 Presidency therefore is the promotion of regulatory and financial stability.

Whilst the panelists agreed that rising uncertainty made global resilience an increasingly difficult task, they presented different views on possible problem-solving approaches. Joerg Stephan, Deputy Director General for G20 Policy of the German Federal Ministry of Finance, stated: “Economies must be able to respond to exogenous shocks (such as crises) and endogenous developments (for example demographical developments) at the same time”. He especially identified debt as one of the main dangers for resilience.

Deputy Chief Executive Officer of German Chamber of Commerce (DIHK) Volker Treier, on the other hand, called for a level-playing field especially with regard to non-tariff barriers. He stressed that global trade strengthens economies and their resilience but that non-tariff barriers have actually increased in G20 countries over the past years. Moreover, these NTBs especially harm SMEs, which form the backbone of most G20 economy’s growth and resilience.

Dennis Snower, President of the Kiel Institute for the World Economy and Chairman of the Think 20 (T20), stressed that global governance systems, such as the G20 needed to be more self-organising and adaptive. New mental frameworks are needed to understand reality, which has fundamentally changed over the past years. With regard to anti-globalization movements, OECD G20 Sherpa Gabriela Ramos suggested to focus on measures of subjective well-being to promote inclusive growth and address social inequality through a holistic framework. Moreover, she stressed the need that policymakers reintroduce fiscal policies in their response to economic shifts, as Ms. Ramos stated: “Our policy-mix is clearly not working.”

The panel discussion moderated by B20 Sherpa Stormy-Annika Mildner gave an insight into the variety of challenges and proposed solutions for improved global economic resilience. The work in the thematic Taskforces and Cross-thematic groups offer opportunities to discuss these diverse approaches in more detail.
Panel at B20 Conference Discusses Future-Orientation and Sustainability

The second Panel discussion of the evening on Friday, December 2, 2016, discussed issues surrounding “Innovation and Future Orientation: Stepping Stones for Sustainable Economic Growth.” The panelists included representatives from leading business associations, the private sector, civil society and international organizations.

John Danilovich, Secretary General of International Chamber of Commerce and Chair of the panel, started the discussion by stressing the exemplary nature of the ICC as a private sector entity fostering international standards.

Similarly, Klaus Helmrich, Board Member of Siemens AG and Chair of the “Digitalization” Taskforce stressed the impact of Digitalization, especially for SMEs and emerging markets that will see immense efficiency-gains and a lowering of cost of production. According to Mr. Helmrich, constantly being globally connected is comparable to “access to power or access to water.” Consequently, the private sector has a responsibility to ensure that data flows remain both open and safe.

Gerhard Braun, Vice-President of the BDA, underlined the importance of international harmonization and coordination of social policies. Even though these issue areas have formerly been reserved for the nation-states, the degree of cooperation exemplified by the G20 is insensible in a shrinking, globalized world. Mr. Braun highlighted the “Global Apprenticeship Network”, launched in 2014 and designed to combat unemployment through vocational training, as an example of the power of the private sector to positively influence G20 decision-making.

Juliane Rosin, official Sherpa of the Women-20 (W20) working group of the G20, stressed the necessity to advance the inclusion of women across all-fields in order to facilitate problem-solving for the whole range of issues touched upon by the B20 and G20, respectively. Consequently, innovation and sustainability require a true pluralism of approaches that only the further inclusion of women and their empowerment can provide. As Juliane Rosin stressed, in a climate of uncertainty and risk, the empowerment of women “is not a challenge, but a tool.”

This sentiment was echoed by James Zhan, Director of Investment and Enterprise of UNCTAD, who proposed a six-step action plan for the G20 “Compact for Africa”, entailing investment facilitation, investment promotion, capital market development, skills and entrepreneurship development, e-commerce and impact investment. According to Mr. Zhan, what is holding back meaningful progress is a lack of further cooperation and sharing of best practices to leverage the institutional capacities that are already in place.

In their concluding remarks, the panelists underscored the importance of more global cooperation, especially featuring the business sector, to which BDA Vice-President Gerhard Braun ascribed “the key role when it comes to reducing poverty around the world.”
Imprint

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