

Interview with Juergen Heraeus, B20 Chair



All eyes are on Hamburg where the leaders of the G20 will meet on July 7-8, 2017 to agree on a program to “shape an interconnected world” – the motto of this year’s G20 under the German Presidency. We asked Juergen Heraeus, the chair of the Business 20 (B20) about his expectations for Hamburg.

The motto of the German G20 Presidency is “Shaping an interconnected world: building resilience, improving sustainability, and assuming responsibility”. Its agenda seems extensive and ambitious.

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Juergen Heraeus: The motto of G20 Germany is well chosen. The priorities reflect the challenges of our time. Even though ten years have passed since the onset of the global financial crisis in 2008, global growth is still lagging behind expectations. Trade and investment as drivers of growth and development are increasingly questioned around the world. As a result, the German G20 Presidency has placed trade high on its agenda. It wants to advance the implementation of the Paris Climate Agreement as well as establish a G20 Resource Partnership in order to promote resource-efficient economic practices in the G20. The German G20 Presidency also proposes a new partnership with African countries, the “Compact with Africa”.

The B20 supports these ambitions. We call upon the G20 to support an open and rules-based trading system and would like to see a clear commitment to the Paris Climate Agreement by the G20. Over the last ten months, over 700 companies and business associations from all G20 members and beyond have worked together on actionable recommendations to the G20. Around the globe, businesses are major innovators, tax contributors, employers, and educators. From technological developments to reduce air pollution, to programs for life-long learning, as well as closing the infrastructure gap – businesses are fundamental enablers of sustainability. Therefore, we have the expertise and experience necessary in order to assist the G20 in finding solutions for today’s problems.

What are your expectations for Hamburg?

The G20 is the premier forum for international economic cooperation and is increasingly becoming the central forum for all questions of global governance. It holds the necessary weight and legitimacy: Its members are not only responsible for 85 percent of global gross domestic product (GDP) and three-quarters of global exports (goods and services), but also represent about two-thirds of the world’s population. At the same time, finding compromises seems to have become more difficult, at least regarding international trade and climate policies. While in some areas the German G20 has made considerable progress, for example by initiating a new partnership with Africa – the “Compact with Africa” –, the G20 risks falling behind the consensus of recent years on climate and trade. This would be a huge step backwards. We call upon all members of the G20 to muster their willingness to find a workable compromise. Regardless of the resulting Communiqué, the G20 will remain important. The G20 is much more than the Leader’s Summit and the Communiqué. Its job is to build trust and understanding for pressing problems and their solutions. It does so with countless working groups, meetings, and conferences throughout the entire year. In our politically uncertain times, this is more important than ever.

Protectionist and isolationist sentiments are on the rise in many countries. What can the G20 do to counter this trend?

Germany has the presidency of the G20 at a time of increasing global uncertainty. Recent events, like the decision of the UK to leave the European Union, the change of leadership in the United States, or upcoming national elections in Europe, all signal that globalization itself is increasingly in question. Challenges such as climate

B20 Germany

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IFG Industrie-Förderung
Gesellschaft mbH
Rechnungswesen
Gertraudenstrasse 20
10178 Berlin

b20germany@b20germany.org
T: +493020281711
F: +493020282711

change and migration require more, not less, international cooperation. National efforts to go-it-alone will not achieve significant results.

Recent events have also taught us, however, that growth alone is not enough: we have to work more on inclusiveness. This means that we must engage with those who are critical of globalization and take responsibility, instead of dismissing them out of hand. In this regard, the private sector plays an important role. Together with our respective governments, we have to make our workforce fit for the structural changes that digitalization will entail. We have to invest more in education and life-long learning.

The business community supports the endeavors of the G20: We want to assume responsibility and contribute to finding the best solutions for today's challenges and opportunities such as climate change, digitalization, or sustainable growth. We aim to be responsive to the varying needs and concerns in all sectors and countries of the G20. We want to build resilient, future-oriented economies. As a family entrepreneur, I work under the premise: The economy serves the people – not the other way around. I am convinced this is also true for the bigger picture of the G20 business community.

The 21st century is digital. Digitalization is high on the G20 agenda. Are you happy with the outcomes so far?

Digitalization revolutionizes business models, production, communication, and our everyday lives. It significantly contributes to growth, welfare, and consumer value. However, substantial barriers persist to leveraging its full potential for social and economic inclusion. As the Internet is, and must remain, open, global, and interoperable, governments and business have to intensify their international cooperation in order to make full use of the opportunities offered by digitalization. G20 members should strengthen global connectivity by developing common standards, processes, and procedures in a cybersecurity baseline framework and should commit in bi-, pluri-, and multilateral trade agreements not to engage in forced governmental localization of data or ICT infrastructure. The G20 should also foster and protect innovation and its applications, for instance by supporting knowledge exchange on use cases and demonstration systems, as well as fostering international cooperation for standardization across different economic sectors. Lastly, the G20 should ensure an informed public dialogue on the effects, opportunities, and challenges that the dissemination of artificial intelligence will entail. Digitalization is transforming our societies, economies, and individual lives. The G20 needs to take concrete and ambitious steps to ensure that it will do so in a way that empowers everyone.

Climate change represents one of the largest risks to sustainable development, equitable economic growth, and financial stability. Following the withdrawal of the U.S. administration from the Paris Climate Agreement, what can the G20 do to curtail climate change?

The G20 is now more important than ever and must overcome the challenges of the last few months. The B20 supports the Paris Climate Agreement and encourages the G20 members to send a clear signal in Hamburg, without the United States if necessary, for climate protection and for the implementation of the Paris Climate Agreement. The Paris Climate Agreement is indispensable to limit the increase of global temperatures, to strengthen the ability of developing countries to cope with the impacts of climate change, and to shift investments in those directions. It provides a solid basis to change how we produce and consume energy in all parts of our societies, while providing room to ensure competitiveness, sustainable growth, energy access, and decent jobs in line with the Sustainable Development Goals (SDGs). It is clear that the world economy is heading towards increased use of renewable energies and energy efficiency. We now need a clear signal from the leading economies that this is the unequivocal long-term direction.

Globalization critics are gearing up for Hamburg. Thousands of people are expected to demonstrate on the streets of the port city against the G20. Are their concerns valid?

We need to have a critical discussion on how we want to shape globalization going forward. This is precisely why the German G20 increased the involvement in the G20 process of the G20 Engagement Partners: the business community (Business 20), civil society (Civil 20), labor (Labour 20), the scientific community (Science 20), think tanks (Think 20), women (Women 20), and youth (Youth 20). In order to shape the future of globalization, a constructive debate and exchange is necessary, not a complete blockage of the process. This is why the B20 has continuously sought an active dialogue with the other engagement groups ever since the handover of the B20 presidency from China last September. All representatives from civil society share in the concern over the increase of isolationist tendencies around the world. As a result, we jointly issued a statement calling for open and inclusive societies in February 2017. Additionally, in June 2017, we jointly called for ensuring inclusiveness in a digitalized world, and also issued a joint statement on the withdrawal of the U.S. administration from the Paris Climate Agreement, calling for a clear signal from the G20 on climate protection and international cooperation. Both the B20 and the G20 process benefit from a continuous and lively exchange within the civil society, and the B20 will extend and intensify its efforts beyond the G20 Summit as well. The focus needs to be on having a constructive dialogue. Violent demonstrations and a total rejection of the process will bring us no further.