

Statement of the Chairman of the Global Chamber Platform “Towards more resilient and cooperative economies in face of global crises”

Virtual GCP Meeting, July 8th, 2020

In 2019, 90% of advanced economies and 60% of emerging markets were already affected by various degrees of decelerating growth and for 2020, before the onset of the global health crisis, the Global Chamber Platform (GCP) already projected another challenging year ahead for the international business community, with a cautiously optimistic outlook for global growth¹.

Yet, the COVID-19 crisis has upended all previous growth predictions and according to latest estimates, is leading to a predicted up to 5 percent contraction in global GDP in 2020, the deepest global recession in decades, despite the extraordinary efforts of governments to counter the downturn with fiscal and monetary policy support. Equally the decline in global trade is expected to be worse than that of the financial crisis in 2008, with the World Trade Organisation (WTO) expecting a 13-32% decline in world trade, meaning all of the world's regions are likely to suffer a double-digit decline in their trade volumes.

In view of the global nature of the pandemic, it will require global solutions to fully tackle the problem. While it is of course imperative for all governments to care for their people in the way they can, policy makers should also keep the economic well-being in sight.

In this sense, COVID-19 has particularly affected SME's across the global economy, who have less resources to absorb the economic shock than larger companies do, and while having shown exceptional resilience during the crisis, it is of utmost importance that the G20 now place particular emphasis on their needs and priorities in the design of the respective post COVID-19 economic recovery measures.

The G20 also have a crucial role to play in maintaining trade flows running and reining in further trade restrictive measures, as temptations to become more protectionist are working against a swift global economic recovery. In this sense, the G20 should lead by example by preventing the emergence of new trade restrictive measures through for instance a temporary crisis moratorium.

Fair and rules-based trade is the lifeline of millions of businesses across the globe and with a COVID-19 induced unprecedented economic contraction, trade and supply chains must be kept running during the crisis to prevent further far-reaching consequences for businesses and livelihoods.

However, in order to maintain and foster an environment that enables a swift and sustainable recovery, world business and political leaders need to come together to a create predictable global trading environment to help a accelerate the global recovery.

Immediate and long-term response to the economic fallout due to the COVID-19 pandemic

The GCP is welcoming the strong response from political leaders worldwide in support of businesses affected by COVID-19. The commitment of G20 leaders to inject \$5 trillion into the global economy through a targeted fiscal policy, economic measures, and guarantee schemes to counteract the social, economic and financial impacts of the pandemic, is an significant signal that businesses will not be left on their own. Equally, the decision of G20 leaders to impose a debt moratorium for low-income countries is welcome

¹ Report on the [GCP Growth and Sustainability Survey 2020](#), January 2020.

sign, yet more efforts will be needed to further help those in need. It is equally important for central banks, and international financial institutions such as the World Bank Group and the International Monetary Fund to use available instruments to stem against an economic downturn and aid the global economic recovery.

However, as countries slowly emerge from lockdown, many businesses today fear that they will be obliged to make redundancies imminently as a consequence of the economic slowdown. This is why it is essential that financial support measures reach vulnerable businesses and especially SMEs on time to mitigate the immediate economic fallout.

In a spirit of a revitalization of the global economy, it is essential that the global business community reaffirms the urgency of maintaining, fair, open and rules-based trade, and a robust reform of the multilateral system in order to meet business needs. To that end, the GCP has already called on previous occasions for an urgent structural reform of the WTO in order to make its governing functions more effective, preserve a reliable enforcement of rules and ensure an equal playing field for all companies.

Furthermore, the GCP has prioritized the creation of an ambitious SME agenda at the WTO in the context of its modernization. The post-COVID-19 world makes it more crucial than ever to connect political leaders with voices and needs of the business community, in particular of SMEs.

At the same time, the Global Chamber Platform has recognized the undeniable importance of a digitalization of the global economy which will only accelerate further post-Covid. In this regard, global rules on digital trade will need to be agreed, accompanied by an ambitious training scheme for the workforce to give them the relevant digital skills and avoid skills mismatches for businesses worldwide. Business support organizations around the world, such as Chambers of Commerce are uniquely placed in this regard to accompany the increasing digitalization of the workforce with the needed skills set for the employees of tomorrow.

Introduction of lasting measures for a sustainable, global, and circular economy

Following the declaration of intent on Circular Economy by the Chairman of the Global Chamber Platform, the GCP is committed to sustainable economic practices for the protection of the environment. To that end, it will be valuable for political leaders to integrate the aspect of sustainability into the design of their immediate and long-term relief scheme for businesses.

Equally, providing the necessary financial incentives to foster more resource-efficient economic activities, especially in the post-COVID-19 climate will provide a unique opportunity to further adapt global business practices for a greener economy. In particular, in past editions of the GCP annual economic survey, the GCP have strongly supported financial incentive programs that lead to the development of a more efficient waste management and resource-efficient circular economy. In addition, the GCP had expressed their support for the reduction of legislative barriers to cross-border trade of secondary raw materials. Political leaders across the globe should now seize the opportunity to create a conducive environment to simplify the legal and administrative burden on businesses globally, especially SMEs, that seek to go green.



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