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## BRIDGING THE DIVIDES: TRUST IN GLOBALISATION

### WEBINAR Victoria Virtual Forum

Bridging divides in the wake of a global pandemic

Thursday, Sept. 3, 2020 (9:00PT, 12:00 EST, 1600GMT)

Rapporteur : Sara Ronco – EMEA Researcher

The panel was moderated by the **Rt Hon Lord Jack McConnell**, Co-Chair of the UK All-Party Parliamentary Group on the UN Global Goals for Sustainable Development, Vice President of UNICEF UK and Chair of the McConnell International Foundation. The speakers were: **Professor Rym Ayadi** Founder and President, Euro-Mediterranean Economists Association (EMEA); **Dr. Yasuyuki Sawada** Chief Economist, Asian Development Bank; **Mr. Erol Yayboke**, Deputy Director, Project on Prosperity and Development, Centre for Strategic and International Studies.

### Introduction

The key theme of this webinar was how do we move forward and capture the benefits of globalisation without its negative corollaries, whilst considering the uncertain consequences of COVID-19 on trade and the movement of people and capital. How can globalisation be reformed to be more equitable across regions and countries, and amongst groups of citizens within a country, as well as being more sustainable for the planet?

### Panelist Presentations

*Mr. Lord Jack McConnell:* After introducing the speakers, Mr. McConnell presented the webinar. He stressed that the COVID-19 global pandemic shocked international economies and travel. He said that global, concrete solutions are critically needed and that this constitutes a big challenge for policymakers, diplomats, academics and policy leaders around the world.

*Prof. Rym Ayadi:* She started by saying that the Covid-19 pandemic put globalisation and anti-globalisation trends in the spotlight. The current global health crisis required a policy response to contain it, which is causing major economic disruptions. The current global forecasts by international organisations on globalisation trends are a cause of concern (a 13-32% decline in merchandise trade -WTO; a 30-40% reduction in FDI -UNCTAD; a 44-80% drop in international airline passenger numbers in 2020 -ICAO; more than a 20% drop in remittance flows in 2020 -WB; a drop in tourism revenues; a dramatic reduction of migration flows; and dramatic job losses). Prof. Ayadi said that these negative data forecasts may not mean a total collapse of international market integration, if the traditional definition of market global integration is revisited through new dimensions (digital solutions, crypto currencies, etc.) She moved to analyse the way forward, mainly: monitor the role of global organisations and how they manage the pandemic, because they will drive the future of globalisation; rethinking regional and GVCs, looking for the appropriate trade-off between redundancy and reshoring (from efficiency to resilience); the global political economy will continue evolving between

frictions and vulnerabilities; tractions and lower flows of people triggered by protectionism and anti-migration movements; technological shift and digitalisation trends (health, conferences.. etc.) will change the way we look at things; the capacity of international organisations to provide a renewed stable, resilient, inclusive and sustainable approach to multilateralism, anchored in global solidarity, that leaves no country and no one behind. EU has shown that regional integration matters and the recovery plan is clear evidence of regional solidarity, whilst the green deal will provide a lifeline out of the crises. The EU also played a crucial role, she said, in smoothing out the tension between China and the US. As for Africa, even if the African Free Trade Agreement and the new EU-Africa partnership I drives regional integration forward, Africa has to benefit from global/regional solidarity in order to recover and invest in digital infrastructure. She concluded by saying that, whilst caring about correcting previous globalisation models that were anchored in extreme capitalist philosophies, we need to deal with inequality and pollution-led growth models respectively, via global social protection schemes that are accessible to all and to have clear plans to comply with the Paris climate targets.

**Dr. Yasuyuki Sawada:** He started by talking about benefits from globalisation. Post World War II, many countries in Asia, China and India more than others, have benefitted from globalisation. Especially by the 1990s, most Asian economies liberalised trade and investment using FDI as a source of capital and new technology. Global and regional trade has entered a new phase since early 2000, when free trade agreements proliferated and when China and other countries joined the WTO, leading to more integration into GVCs for Asian countries. He stressed that, for Asia, the benefits coming from globalisation were very clear: growth grew substantially, and poverty declined significantly. In 1980 in Asia, around 70% of people were living below the poverty line, now it is less than 7%. He said that the major part of this strong income growth and decline in absolute poverty can be attributed to globalisation. Bangladesh became a frontline case of the rapid Asian growth, despite the COVID-19, with certain industries leading the export sector (the apparel industry amongst others) which, furthermore, created a dramatic improvement of women's conditions (since women are largely employed in the sector). Globalisation benefits intensive labour industries (mortality rate declined, education in women increased, etc.). He stressed that Bangladesh represents a case in which labour-intensive industry growth benefitting from globalization has created social improvements. In any case, he added that it is necessary to pay attention to labour standards and safeguards around industrialisation. He then started to mention the costs of globalisation, starting from the increase in income inequality and inequality in opportunities and in access to technology (i.e. large gap between skilled and unskilled labour). He moved on then to globalisation and COVID-19 issues. At the initial phase (March and April) many countries in the world suffered from a shortage of PPEs, whereas now they are largely available and at a low price, representing a big benefit from globalisation. Nevertheless, COVID-19 led to a loss in globalisation benefits and negative impacts persist in some areas, particularly the reduction in tourism and in remittances. He said that, in his opinion, globalisation should return but in

a different form, strongly supporting regional integration and cooperation. He concluded by saying that there are many challenges in the post-Covid era, particularly the digital platform, taxation and public health access.

**Mr. Erol Yayboke:** He started by saying that we need to think about the impact of COVID-19 as an opportunity to rethink globalisation. Particularly, migration is being strongly affected with huge consequences on the overall economy. Related to migration, he stressed some main critical issues and opportunities are emerging from this topic. Populism and anti-migrant sentiments are increasing everywhere. Generally, people are not moving now, including labour migrants, leading to serious economic consequences, since they fill very important gaps in the labour market in the broader economy. Related to that, he raised a concern about the reshuffling of migration destinations, with migrants from poor countries that will have to go to neighbouring ones or stay in their countries but are, in any case, accepting jobs with low labour standards and generally poor conditions. Another huge concern he raised is about the fact that remittance flows are higher than total ODA around the globe, if migrants are not able to move and send money back to their families, remittance flows will fall with serious economic consequences. This is linked with the fact that inequalities in countries and between countries will rise. Because of COVID-19, most people are either not working or working in precarious conditions, whilst there are others, the minority, who are able to work safely from home or have safety nets. A lot of labour migrants don't have safety nets, or any kind of social protection. He concluded by saying that he believes in globalisation, but some of the pre-Covid challenges need to be deeply rethought - inequality in particular - to allow globalisation to benefit more people.

### Closing Remarks

**Prof. Ayadi:** She said that the COVID-19 global pandemic needs a global response through a global solidarity model that must be transparent, resilient and inclusive. In her opinion, this is a great opportunity to improve the image of globalisation.

**Mr. Yayboke:** In his opinion, it is fundamental to rethink migration, to re-trust globalisation and engage, for a better understanding of it.

**Mr. Sawada:** In his opinion, globalization will return after COVID-19 in a different shape, with stronger regional integration and cross-border regional public goods. Globalisation and the digital platform, moving hand in hand, need a framework to correct the digital divide, social protection and a redistribution of policies. He stressed the need for a profit sharing digital economy and a coordinated effort on tax agreements to modernise globalisation.

**Cinzia Alcidi**, Centre for European Policy Research (CEPS) and EMNES, Belgium

Cinzia had some insights into the process and evolution of the EMNES network, whilst being in charge of the EMNES academy. EMNES had achieved several objectives: gathering a group of young and more experienced researchers from the two shores of the Mediterranean, discussing similarities and differences across countries, and providing policy options and recommendations with a practical application.

*Discussion on Policy Roadmaps with Stakeholders (UfM, international organisations, business organisations, civil society and academics)*

**Mohammed Elrazzaz**, Project Analyst, Business Development and Employment Division, Secretariat of the Union for the Mediterranean

The current COVID pandemic has aggravated existing socio-economic inequalities and injustices but also has revealed great potential for more integration in certain sectors, such as trade, digitalisation and the green economy. The UfM priorities are human development and sustainable development by working on three main dimensions: policy, platforms and projects. Some examples of projects conducted by the UfM are Med for jobs and the permanent regional platform.

Mohamed emphasised the relevance and importance of linking academic knowledge and scientific dimension, as carried out in the work of EMNES. The applicability of TRIS, with a multi-stakeholder approach, is fully coherent with the regional and international framework. The UfM and EMNES join together on common priorities and with the priority of strengthening the collaboration.

**Ingrid Schwaiger**, Deputy Head of Unit, Head of Economic Section, DG NEAR, European Commission

On the BTS vision and roadmap, Ingrid agreed that the blue scenario is the closest to reality, whilst in some areas, we are in the red scenario and others the green one. Progress towards a greener scenario has lost a bit of traction during the last decade (Arab Spring, conflicts and Brexit).

On the European Commission side, there is a regional programme to pilot new initiatives, such as innovation start-ups, circular economy projects and the EU initiative for financial inclusion to provide access to finance. At the EU level, the new commission's main priorities are: the green deal, the financial cycle for the upcoming

year and the economic recovery fund, engaging the private sector, whilst ensuring the policy's first principle.

To conclude, the political will is key to the recovery and we need to reflect on the following topics at a regional level: sustainable finance, new dynamics: EU Africa relations, other dynamics influencing the region and the integration of the lessons of COVID 19 for better economic resilience.

**Carlos Conde**, Head of Division, Middle East and Africa Division, Global Relations Secretariat, OECD and Member of the Advisory Committee of EMNES

The BTS and TRIS model are in line with the vision of the OECD that is being implemented on inclusive growth and a fair redistribution policy, on digitalisation and climate change and on more transparent governance. The OECD, however, puts more emphasis on the role of women's empowerment and gender equality. On implementation, data analysis plays a key role alongside the institutional landscape, the adoption of OECD and international standards and tools and policy convergence and policy harmonisation. Collaboration with the OECD can be on the monitoring of regional integration along with the UfM, the existing competitiveness programme (to increase competitiveness by supporting the private sector, technology and digitalisation, etc) with an inclusive orientation.

**Ekkehard Ernst**, Chief Macroeconomist, International Labour Organisation, Pantelis Capros, National Technical University of Athens and Member of the Executive Board of EMEA

Ekkehard focussed on youth unemployment, with the destruction of millions of jobs due to the COVID 19 pandemic which has mainly affected young people. Millennials are particularly hit, with 2 crises within less than 15 years. One particular aspect underlined is the precariousness of and the increase in informal jobs. For Arab states, the gender gap is severe on employment, with low education for women. Also, the NEET level (the Not in Education, Employment, or Training) for higher educated people is the highest in the world in the region. It shows a skill mismatch between education and the needs of the labour market, whilst the public education system does not provide the necessary skills for the market. In the region, the risk of automation is the highest amongst jobs held by young people.



The policy implications of digitalisation on the labour market are: the need for improvement of education and delivery, with skill matching, the urgency of enhancing public employment services and the modernisation of administration and social security systems to reduce informality.

**Pantelis Capros**, Professor at the National Technical University of Athens.

The current progress of NDCs is not very satisfactory for the region (except for Morocco) whilst there is a great potential for the region, with investment prospects. The key barriers are the lack of high-level support for climate policy and the unstable political and economic conditions. On the recommendations, strategically, low carbon system energy is now feasible and affordable and the transformation has to combine electrification (higher access to modern energy services), renewables (including decentralised systems, autonomous and intelligent grids) and highly efficient appliance equipment and vehicles. Transition is highly capital intensive and reduces operating costs. To conclude, finance is key to implementing this transition with preconditions that have not yet been met (transparency, political stability, etc.).

**Carlo Sessa**, Euro-Mediterranean Economists Association (EMEA), Spain

Carlo commented on the interventions. The issue of eliminating fuel subsidies and how to restore policy making gradually is problematic. Also, how to support platforms for open dialogue with citizens in the Mediterranean in order to connect real policies and public opinion via a participatory process.

**Jihen Boutiba**, Union of Mediterranean Confederations of Enterprises (BUSINESSMED), Tunisia

BUSINESSMED is implementing a business country desk platform to provide digital services to SMEs via partnerships, business helpdesks and matching tools. They aim to enable SMEs and investors to access potential markets, and to trade in goods and services. But there is a need for concrete action on the ground, such as developing a social business model integrating all stakeholders. Before starting the TRIS in the region, we need to breakdown protectionism and to reduce tariffs and non tariff barriers. We also need to shift from an efficiency framework to a framework of resilience and transparency. Jihen underlined the importance of the role of social dialogue and capacity building and the empowerment of stakeholders, rather than mainstreaming the social business model.

**Claudia Girardone**, Director of the Essex Finance Centre, and Member of EMNES Scientific Committee

She commented on the role of the financial sector in the policy roadmap, which is playing a key role with a focus on digitalisation. The key challenges in the region are: the cost of borrowing, information asymmetries, lack of access to banks, financial illiteracy and reliance on the informal cash sector.

During the pandemic, digitalisation has played a key role in financial inclusion due to the limit of human interaction, mobility and business operations and closed bank branches. And it is important to capitalise on cost saving digital technologies and information technology as the drivers for financial inclusion. The key players in the region providing basic financial services are: digital payment services, ATMs and Post offices. The banks/insurers need to make an effort to provide basic digital financial services. Also, there is a need for sustainable, affordable, financial literacy initiatives. And more work should be done on the potential risks of digital FI (consumer protection, money laundering, market power, cyber risks)

**Roger Albinyana**, European Institute of the Mediterranean (IEMed), Spain, and Member of EMEA Advisory Board

The Mediterranean region ranks amongst the worst in SDG indicators related to the environment, and there are major challenges surrounding social integration and inequality. THE BTS presents a key way to respond to the SDGs. We have an opportunity for the region to change the current status quo, using the TRIS imbedded within the BTS.

## Conclusions and Next Steps

**Rym Ayadi**, EMEA and EMNES, Spain

To conclude, we have observed in some cases a shift towards BTS and sometimes a GTS (Green Transition Scenario) that is encouraging for the future. And what we have seen is the possibility to apply the TRIS model at a country level. The next activities will concentrate on: keeping the dialogue going with different stakeholders, monitoring the status on the BTS, developing the BTS outlook to continue monitoring the BTS within TRIS and to go further in adaptations of the TRIS model.