World Trade Symposium
February 2 – 4, 2021

A global Trade Resurgence
EXECUTIVE SUMMARY

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What next for trade?

This year’s World Trade Symposium, hosted by Finastra, took place following an incredibly tumultuous year for global trade, which stretched globalisation and supply chain resilience to its limits. Yet while many participants outlined in detail some of the dire consequences of the covid-19 pandemic, on many topics there was a great sense of lessons learned – and that even the most existential crises can be overcome.

On the first day, looking at the new world order in trade, many discussions sought to set the scene – what were some of the key lessons learned by businesses and governments in the year that was? While trade has been challenged, a renewed focus on multilateralism, as well as a more inclusive trade system, are key focuses.

This laid the groundwork for the following two days, which focused on the future of trade, both in terms of digitalising supply chains, and tackling the climate emergency. For both these key challenges, the lessons learned in the depths of the pandemic have shown key players across the world that they have the ability to move faster than ever expected, when confronted with the scale of the challenge. Many conversations centred on ensuring resilience, the opportunity to rebuild a more inclusive trade system, and treating the environmental challenge with the same urgency as the covid-19 pandemic.
A new world order

An extraordinary year of turmoil caused by the covid-19 pandemic capped a challenging few years for global trade. Yet with a new chief at the WTO, vaccines on the horizon, and a new occupant at the White House, the first day of the World Trade Symposium was characterised by a future-looking outlook on the new world order in global trade.

Collaboration: A new watchword
While the framework for international trade has come under pressure in the Trump era, the world can expect a more collaborative example being set by the Biden administration on the terms of trade, according to Jason Kearns of the USITC. On issues such as data privacy, the climate, and sanitary and phytosanitary (SPS) measures, the importance of international collaboration will be emphasised once more. Not only the US, but the UK too, will do well to use this new opportunity to forge a collaborative path forward, according to Simon Paris of Finastra, with a renewed focus on re-coupling and digitising global trade. “Speaking as a concerned citizen, lack of trade keeps people locked into poverty for so long – so there’s a rising interest in how we can continue to bring people out of poverty, and back into the global trading system.”

Simon Paris, chief executive officer, Finastra

As multilateralism is rebuilt for the modern age, Mukhisa Kituyi of UNCTAD emphasised the importance of incorporating a development mindset, ensuring equitable economic relations – including in relation to the global vaccine rollout, where initially collaborative approaches have fallen prey to ‘vaccine nationalism’.

Collaboration is on the march even amongst unlikely defenders of the international trade order. Zainab Ahmed, the Federal Minister of Finance for Nigeria gave a strong argument for the newly-implemented African Continental Free Trade Agreement as a force for competitiveness. While Nigeria anticipates a period of reduced customs revenue, it is expecting a tectonic shift in its balance of trade by 2025 as a result of its access to this new single market.

Private sector leaders have lauded a collaborative approach as the most effective counterbalance against covid-19’s disruption. Efforts to share knowledge throughout the value chain have been vital both for ABInBev and the Toronto Board of Trade’s preparations for a post-covid world. Toronto has facilitated roundtables to mitigate against ‘duration risk’ for SMEs dependent on its vibrant business district, while ABInBev has accelerated digital platforms throughout its value chain, including allowing smallholder farmers to access its SmartBarley agronomic analytic systems, and bar owners using its Café Courage beverage pre-payment programmes. “It’s no good keeping the
It’s no good keeping the brewery open if our shop owners, bartenders, and the folks in our supply chain weren’t able to - at the very least - survive

John Blood, chief legal and corporate affairs officer, AB InBev

POLL: Will the global economy return to pre-covid 19 growth rates this year?

Yes - stimulus packages and business resilience will lead the world back to growth 18%

No - public-market confidence is hiding the real state of the economy 47%

Difficult to say - more still needs to be done 35%

In Latin America’s largest economy, Brazil, the recovery strategy has been characterised by direct payments to ordinary Brazilians, while large companies have benefited more from credit programmes. According to its Central Bank Governor, Roberto Campos Neto, reform is desperately needed on public debt and social security, but long-term, the continued displacement of the labour force through technology change, accelerated by the pandemic, necessitates a robust programme of upskilling and training in the country as it plans its recovery. But before then, economic actors are closely tracking its vaccination programme – and while the pandemic response in Brazil has been chaotic so far, there are hopes that Brazil’s experience in vaccination will allow it to vaccinate up to 5m people in one day.

Mary Ng, who is both international trade and small business minister for Canada, contrasted economic nationalism with her own “Team Canada” approach, which facilitates collaboration across Canadian provinces in order to give Canadian businesses access to new international markets to the greatest extent possible. On the global stage, Canada has focused on restoring the multilateral system through the Ottawa group, so that collaboration continues to be embedded into the global trading environment. As the only G7 country with free-trade agreements with the rest of the G7, Canada sees its role as defending the international order, even as others hit bumps in the road.
Strong supply chains: equitable and digital

Supply chains in global trade have been hard-hit by the pandemic, and supply chain resilience was a key theme of the World Trade Symposium’s second day. Discussions crucially focused on the benefits of spreading the benefits of trade throughout the supply chain to ensure resilience, as well as the opportunity that digital trade presents in this regard. The future of trade is digital, but how do we get there faster?

An innovative future for trade

When it comes to tackling ‘black swan’ events as opposed to managing predictable risks, Hau Thai-Tang of Ford outlined a deliberate supply chain strategy centred on risk concentration. By methodically assessing where supply chains are dependent on one supplier or geographic area, Ford could prioritise the nodes in its supply chain with the highest risk concentration or the highest potential profit and loss impact, and develop mitigation actions.

The seriousness of the covid-19 supply chain shock necessitated a cohesive approach, that saw large companies working in tandem with smaller firms in their supply chains. James Fraser of Citi highlighted that while large companies’ liquidity is higher than ever, many Citi clients have focused on how to leverage their own credit strength to benefit the entire supply chain. Digitising the supply chain using fintech solutions has been crucial to bridging the supply chain finance gap, ensuring that not only the big players have access to capital. “There’s a certain dichotomy between the ‘haves’ and the ‘have nots’ – small and medium enterprises haven’t traditionally had access to those superior financing rates” James Fraser, global head of structured solutions, JP Morgan

A resilient and transparent network has stood many in good stead throughout the crisis, and FedEx had critically begun the process of digitisation well ahead of the pandemic, investing in the internet of things and advanced AI in its data analytics function. Much-discussed supply chain diversification has not been observed to any meaningful extent, and Rajesh Subramaniam of FedEx highlighted that deep and strong relationships have been crucial to weathering the crisis – not something companies should forgo without careful deliberation. “Last year I made five years’ worth of decisions in five months” Rajesh Subramaniam, chief operating officer, FedEx
The Pan-American dream has been revitalised in the pandemic age according to Mauricio Claver-Carone of the IADB, and regional economic integration is proving vital to ensuring strong supply chains. Near-shoring 15% of US import production to Latin America from its top 10 source countries represents a potential increase in exported goods of $72bn for the region, while tariff elimination in the region could lead to a 11.6% increase in intra-regional trade.

In Europe, a focus on the green and digital recovery is the name of the game, with the European Commission recently agreeing a landmark budget with digital and green provisions at its heart. When it comes to trade, the European Commission has set its sights on the 85% of global growth that will take place outside the EU over the coming years, and it is working to reform the WTO alongside a newly-energised US administration to fully reap the rewards. Yet the world of trade has changed, and tackling the asymmetry of EU-China trade while also reducing strategic dependencies in the rest of the world is a key challenge. When it comes to digital trade, free movement of data is top of mind for the EU, as ecommerce accelerates, and the rise of digital payments continues.

**POLL: Which regional trade bloc will continue to grow in importance to global supply chains?**

- Asia: 78%
- Americas: 9%
- Africa: 13%
- Europe: 0%

**POLL: To make digital trade work, stakeholders must first establish principles, standards and rules**

- Strongly agree: 60%
- Somewhat agree: 9%
- Somewhat disagree: 4%
- Strongly disagree: 4%
- Unsure: 4%
Quick-fire presentations: What next for digital trade?

**Embedding data protection in digital trade**

In this primer from the Council of Europe, we heard about the role of the international data protection mechanism, Convention 108, in allowing digital trade to flourish, striking a careful balance that values and protects the individuals behind data and digital trade. “In this convention, the protection of individuals actually coincides with the protection of corporate interests” Sophie Kwasny, head of Data Protection Unit, Council of Europe.

**Digital trade – the time is now**

In this primer, Iain MacLennan of Finastra focused the audience’s minds on the transformative impact of digital trade in a world where 60% of the cost base within trade services and trade operations is spent on compliance and document checking. To enable digital trade, there needs to be a strong technological infrastructure, as well as a robust regulatory environment to support it. Yet regulation lags innovation, and the key challenges for digital trade are still to be tackled – regulation, protectionism, data localisation, and interoperability.

**Nimble supply chains in a time of change**

How has one of the world’s largest logistics companies adapted to digital trade? A significant growth in ecommerce was the headline of 2020 for DHL Supply Chain, with the global B2C ecommerce business growing 40% year on year in the final quarter of 2020. Key to this acceleration of digital trade was transparency, a focus on data analytics to increase predictability, and nimble supply chains that can adapt to huge changes in volumes. These principles afforded DHL Supply Chain the ability to set up new forwarding locations for last-mile delivery within a matter of weeks.

**Playing in the sandbox: state-fostered innovation**

How can countries and companies alike foster innovation in service of the digital trade revolution? One country that is using their presidential hackathon to nurture water efficiency initiatives, national air quality programmes, as well as trade-ready solutions, is Taiwan. Through its AI-powered conversation platform, Taiwan allows people from across the world to contribute to its open innovation platform, in service of the UN’s Sustainable Development Goals. According to Taiwan’s digital minister Audrey Tang, countries would do well to consider democratising innovation in service of lofty goals in trade, too.
Sustainability: for people and climate

Having discussed the covid-19 crisis, the third and final day of the Symposium turned its sights to another existential crisis – the climate crisis. How can the global trade system tackle environmental challenges with a renewed vigour, while at the same time ensuring that the inequality that still pervades the system is eliminated? If lessons can be learned from one crisis to the next, many speakers made the powerful case for sustainable trade as a tool to power growth for the many, not the few.

Trade: the great equaliser?
Kicking off a day of discussions on sustainable trade, eminent trade thinkers from the IMF, OECD, and Global Trade Watch debated the ambition of fair and inclusive trade versus the reality. Lori Wallach of Global Trade Watch highlighted the divergence between trade as a concept, and the reality of the rules themselves – “We can’t just focus on fixing the outcomes for the losers, when the rules simply generate an enormous number of losers”

Lori Wallach, founder, Global Trade Watch. Marion Jansen of the OECD argued the issue is about the rules that are missing rather than those in effect, including the lack of rules for taxation. Ceyla Pazarbasioglu of the IMF, added that technology has driven a great deal of inequality in outcomes in the global trading system, while the rules have not kept apace of technological innovation. Marion Jansen of the OECD made a powerful case for economists innovating on economic models rather than sticking dogmatically to them – “each model is based on assumptions – but they do not give any truth or final answers.” Marion Jansen, director, trade and agriculture, OECD

POLL: Most global companies are fair, ethical, sustainable and responsible

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Lori Wallach, founder, Global Trade Watch
While the architects of the global trading system set the rules, how will a new world order in trade play out on the coalface? Dambisa Moyo likened the current climate to the Gilded Age – a time of globalisation in trade, capital, and migration, coupled with widening income inequality. While this period led to many years of muted growth, the creation of social welfare in many developed countries in the mid-20th century stands as a hopeful ambition for a post-covid world. Professor Jeffrey Sachs struck an optimistic tone, highlighting that the world has all the makings of a strengthened multilateral system for tackling global problems – and as well as a need for it. Multilateral, sustainable, and digital will be the bywords of the coming generation.

While inequality remains a global challenge, major transformation is still possible, as demonstrated by China’s recently-concluded 40-year effort to end extreme poverty in the country. As Professor Sachs outlined, advances in digital trade, and investments in health, education, and technology, can allow for tremendous acceleration in such efforts. “The tools we have to address poverty are more powerful in 2021 than they’ve ever been before” Professor Jeffrey Sachs, director, center for global development, Columbia University

Don’t expect signature multilateral trade agreements in Biden’s first term, was the message from David Rubenstein of Carlyle. While many have questioned the seemingly nativist messaging of President Biden’s “Buy American” push, Rubenstein argued that the policy reflects the Biden team’s focus on American jobs, and less about international trade. On the international front, Biden’s priorities should be resetting relations with Europe, revitalising the climate agenda, leading a new relationship with China, and tackling the coronavirus crisis.

**POLL: How should Joe Biden’s administration approach the ongoing trade war with China?**

- He will look to mend ties and uncover win-win scenarios for both: 24%
- He will take a more diplomatic approach but remain tough on trade: 56%
- He will remain antagonistic and continue Donald Trump’s legacy: 2%
- It’s too soon to tell: 17%
While the pandemic has got the African century off to a rocky start, when it comes to sustainability, the opportunity to build necessary infrastructure from scratch is a blessing rather than a curse, according to Vera Songwe of the UN Economic Commission for Africa. Sustainable trade is key to the development of the African continent, with millions of jobs in forestry, farming, and fisheries that depend on a healthy environment, and a burgeoning renewables sector.

In consumer goods, customer feedback is driving the adoption of sustainable packaging, a trend that hasn’t slowed during the pandemic period, despite expectations. For Colgate-Palmolive, consumer education and increasing regulation go hand in hand, extending the benefits of ‘going green’ throughout society and the supply chain.

Margrethe Vestager, the European Commissioner for the digital age, characterised Europe as ‘righting the ship’ of multilateralism after a rudderless few years. Reforming the WTO, and improving the conditions of trade will be critical to restoring trust in the global trading system. The rise of the digital economy makes this ever more urgent, ensuring that digital gatekeepers act with responsibility on content issues as well as taxation. Ending the World Trade Symposium, Vestager argued for the future of globalisation, saying “the human curiosity to engage with other people, to see new things, to be innovative, to create prosperity – that is part of being human. Globalisation will change – it changed over the last 1,000 years, and it will change again.”

Capping off another year’s World Trade Symposium, Simon Paris of Finastra highlighted the opportunity that pervaded the event’s discussions – the opportunity to remake and redesign the global economic architecture. Despite the challenging trade landscape, there also remains a great deal of optimism for the future of trade, and there is building momentum to ensure sustainability and inclusivity in global trade are prioritised in the years to come. “I sense a great deal of optimism – around private and public collaboration, a return towards multilateralism, and more and more countries, societies, and businesses embracing the sustainable development goals, including addressing the climate challenge, and focusing on social, gender, and race injustice.”
Future-focused case studies

**Agile trade**

From shoes to bedding, and from farm to shelf, the Welspun Group delivers a number of product lines throughout the value chain. While repurposing factories to assist the mask manufacturing effort, Welspun Group also benefited first-hand from a growth in data analytics. Their vertically-integrated supply chain allowed them to better communicate retail demands at the warehouse level, minimising supply chain disruption along the way.

**Going paperless**

In the last year, essDocs has seen paperless trade rapidly move up the agenda, a necessity in an industry where one cargo shipment moving from A to B can produce up to 250 pieces of paper. Some elements of doing trade have been successfully digitised, and Bahrain and Singapore are amongst the first countries to start adopting model laws to encourage digital trade. But without a number of countries taking legislative action, the pace of change will remain sluggish.

**Seeing green**

One sector at the intersection of sustainability and trade is the agtech sector, and ensuring profitability in this space is doubly crucial to maintaining food security in a warming world. By identifying inefficiencies in global agriculture – namely, food wastage – and technology platforms to source opportunities to reduce inefficiency at scale, FullHarvest is an example of how industry can be both sustainable and profitable. Trust is key, and increasing consumer demands about sustainability must be met with robust third-party verification, which is essential for progress towards sustainability targets.
Roundtable insights: Meet the World Trade Board

“To businesses - I would urge you to talk to your governments and represent your views. When I talk to governments, on the one hand I say - stop doing bad things. Walk away from export restrictions, and if you think that reshoring your essential supply chain is going to make everything more affordable and more stable, you’re wrong. And on the other hand, governments can do good - you do need to spend money today, you do need to support vulnerable populations, you do need to fix the fragmentation in digital regulations, you do need to do more on labour and the environment. There is a whole bunch of things that you can usefully do - there’s a really big agenda. What would you in your sectors like to see happen? That is information that governments would like to be more aware of.” – professor, international trade institute

“Governments have more or less understood that there is a lot to value potential in data, and they have a simplistic understanding that if we control data we will be able to control whatever value somebody can take out of that. Of course, most data specialists will tell you that this doesn’t really make any sense, except in a very precise data localisation sense. But I think that this is a mark of the times, and it will take a bit of time before governments realise that in reality, digitalisation is the next big engine of globalisation.” – former director-general, multilateral organisation

In the commercial context, one of the things we’ve observed is that the pace of digitisation and the pace of digitalisation, and the response of banks, corporates, policymakers and other stakeholders, has been nothing short of astounding, in terms of the speed and decisiveness with which this has progressed. We have seen 5 years of digitisation in the space of 18 months – president, trade advisory consultancy

When it comes to the 1.5 or some even say 5 trillion dollar funding gap that we see globally, SMEs struggle with their relationship with banks, which they need to get supply chain finance. A marketplace can be an answer for that. So in the context of digital trade, we are working to find a way to make SME financing much more efficient, and allow them to get access to more funding, as the basis for helping people in the recovery. It’s all about building a digital ecosystem with various partners – nobody can do this on their own, so bringing other parties to the table will allow that efficient marketplace that we believe is needed for SMEs. – general manager, fintech software firm

Time and again you will see initiatives which look to improve the carbon or climate efficiency of a company, or a set of supply chains, without looking at the economic and social pillar which underpin it - the social aspect. We still have a very long way to go to make the benefits of global trade work for the poorest engaged in trade - it’s a well-known fact, but we have not tackled it - we have not been successful. We also know that global inequality is on the increase, which brings about social political and economic risks for all of us - so it’s a big problem that we haven’t tackled this 3rd social pillar. Why haven’t we? Because it’s the hardest. – chief executive, sustainable trade foundation
About Finastra:
Finastra is building an open platform that accelerates collaboration and innovation in financial services, creating better experiences for people, businesses and communities. Supported by the broadest and deepest portfolio of financial services software, Finastra delivers this vitally important technology to financial institutions of all sizes across the globe, including 90 of the world’s top 100 banks.

About The World Trade Board
The World Trade Board, initiated by Finastra, is made up of global leaders, innovative thinkers, industry influencers and subject matter experts from the different corners of trade, finance and commerce. The members are the co-creators of an organisation that has the objective of shaping the future and of being an enabling force for global trade, inclusion and prosperity.