

# ICC International Trade & Prosperity Week **RESETTING THE GLOBAL ECONOMY**

**18 - 22 OCTOBER 2021 | VIRTUAL EVENT**

**12 WEBINARS | 5 DAYS | 50+ INTERNATIONAL SPEAKERS**

## **KEY TAKEAWAYS**



**#ICCITPW21**

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CHRIS SOUTHWORTH  
Secretary General  
ICC United Kingdom

A sea change is underway across the private sector. Not just in mindset but also in business models as companies find ways to respond to the climate crisis, Covid and growing inequalities. All year we have been hearing the same message from business all over the world, that now is the time to act and that this is not about continuing the way we always have but instead innovating and doing things better. This year's ICC International Trade and Prosperity Week reflected these sentiments.

The week was a huge success with a rich and inclusive dialogue on the big challenges and opportunities in front of us. It's striking how clear, and consensus based the dialogue is on the need for action and implementation to tackle Covid and climate change. On both issues there was no counter argument on the need to act, simply that we must act and act now or we will not tackle inequality and we will miss the opportunity to set the world on the right trajectory for future generations. There were running themes through the week that came up repetitively – the need for collective action and multi-stakeholder approaches and the need to support and prioritise SMEs if we want to scale solutions, particularly across global value chains.

There was also much support for the digitalisation of trade. Technology and digital trade are key enablers to making the transition to a more inclusive, sustainable, and green economy. This begins with addressing the top two barriers to growth and putting in place the building blocks to a modern digital trade ecosystem: a harmonised legal environment and open, interoperable digital standards.

I'd like to take this opportunity to convey a special thank you to our sponsors for enabling us to host the conference, our speakers for guiding us through the topics, our supporters for ensuring we are being inclusive and finally, our audience for engaging and contributing to the conversation.

- » **1,000+ WORLDWIDE VIEWERS ACROSS THE WEEK**
- » **360,000 GLOBAL SOCIAL MEDIA REACH**
- » **50 PARTICIPATING COUNTRIES**
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- » **5 DAYS | 12 WEBINARS**
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## BOARDROOM TRADE PRIORITIES

Global growth is back to pre-pandemic levels and boardrooms are optimistic about the future but risks still remain for re-setting the global economy with Covid, inflation and climate change and supply chain disruption.

### WE MUST ACCELERATE ACCESS TO COVID VACCINES TO ENABLE EVERYONE TO TRADE

Vaccinated, healthy populations are a necessity to reduce disruption and barriers to trade for continued growth.

### ACTION ON NET ZERO IS NOW A MUST AND PRESENTS A HUGE OPPORTUNITY

Companies that integrate ESG goals into core business activity will be more likely to capitalise on changing consumer behaviours, secure investment and succeed.

### PARTNERSHIPS BETWEEN SCIENCE, RESEARCH AND TECHNOLOGY ARE FUNDAMENTAL TO CREATING ADAPTABLE ECONOMIES

The rapid development and deployment of Covid vaccines has demonstrated the importance of partnerships in building resilient economies for the future.

### DIGITISATION IS AT THE HEART OF CREATING A MORE INCLUSIVE AND SUSTAINABLE FUTURE

Digitalising the trade ecosystem will enable more SMEs to participate in the global economy by cutting costs and inefficiencies and providing access finance to underpin growth.

### COLLABORATION AND COMMUNICATION BETWEEN INDUSTRY, GOVERNMENTS AND WIDER STAKEHOLDERS IS THE ONLY WAY WE SOLVE THE GLOBAL CHALLENGES

Sustainable, long-term solutions require a global approach to building alliances and combatting unilateralism, protectionism, and barriers to trade.

### SMES ARE DRIVING GROWTH AND INNOVATION

Small brands are growing faster than big brands - removing market access barriers and working with SMEs is the way to build back better and ensure SMEs are at the heart of the recovery.

### INVESTING IN THE WORKFORCE WILL DELIVER MORE RESILIENT ECONOMIES

High quality jobs, investment in skills and flexible workplaces are all part of the solution to building a workforce for the future.



*Extensive policy support, combined with the rapid development of effective vaccines and the accelerating digital transformation of our economies – all contributed to this more optimistic outlook.*

MATHIAS CORMANN  
Secretary General  
OECD



## THE COVID CHALLENGE

Without decisive action to ensure 40% of the world are vaccinated by the end of 2021 and 70% in 2022, global growth will continue to be hampered for years to come. Despite many high-income economies having high rates of vaccination, the world is still in the midst of the pandemic with much of the rest of the world a long way off being safe.

### HIGH INCOME COUNTRIES MUST PRIORITISE GETTING MORE VACCINES TO THE WORLD HEALTH ORGANIZATION COVAX SCHEME

Predictable supply at the right scale is critical for governments to plan effectively and build capability to distribute vaccines efficiently on the ground.

### LOW-INCOME COUNTRIES NEED TO INVEST IN BUILDING SUFFICIENT CAPABILITY TO DISTRIBUTE VACCINES OVER THE 'LAST MILE' ONCE VACCINES ARRIVE IN COUNTRY

Getting vaccines into arms remains a major hurdle to successful vaccination programmes, especially to remote rural communities where electricity supply, skilled health workers and infrastructure may be limited.

### THE WORLD TRADE ORGANIZATION HAS AN IMPORTANT ROLE TO PLAY

Removing protectionist trade barriers on the movement of medical supplies, accelerating the simplification and digitisation of customs and borders all have a critical role to play in ensuring vaccines are delivered at the necessary speed and scale.

### INDUSTRY MUST BE VOCAL IN MAKING THE CASE FOR ACTION

The voice of industry is crucial in making the case for urgent action to end the pandemic and illustrating the cost if this doesn't happen.

### PUTTING HEALTH WORKERS FIRST REMAINS A PRIORITY

Policymakers must remain focused on health and Covid with a central focus on the well-being of health workers as Covid cases continue to rise.

### COMPANIES SHOULD TAKE ADVANTAGE TO INCREASE PRODUCTION, REMOVE INEFFICIENCIES AND PROMOTE BETTER WAYS OF WORKING

Covid has presented a unique opportunity to establish smarter ways of doing business, especially with the use of technology and created an opportunity to provide better quality jobs with more flexible workplaces.

“

*We're not out of this by a long shot. We are still in this pandemic.*

DR BRUCE AYLWARD  
Senior Advisor to the Secretary General  
World Health Organization

“

*If you want to grow the global economy, revitalise trade and advance sustainability you have to bring the pandemic to an end.*

JOHN WH DENTON AO  
Secretary General  
International Chamber of Commerce

## ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

### COLLECTIVE ACTION TO DELIVER NET ZERO

The private sector is leading the way on transitioning to a net zero economy and capitalising on the opportunity to improve productivity and efficiency but requires governments to make ambitious commitments to signal the direction of travel and support shifts in consumer behaviour.

#### GOVERNMENTS MUST PLEDGE THE MINIMUM \$100 BILLION CLIMATE FINANCE REQUIRED TO SUPPORT THE TRANSITION IN EMERGING ECONOMIES

Emerging economies require the most support and will be some of the largest producers of carbon emissions as economies grow. With the right scale of finance, there is a real opportunity to get the infrastructure right for the future and generate private sector growth and investment opportunities to support the transition.

#### GOVERNMENTS MUST RAISE AMBITION AND INCREASE THEIR NATIONAL DETERMINED CONTRIBUTIONS [NDCS]

The current 20% commitment from governments is not enough to make the transition. NDCs are more than just targets – they provide predictability for private sector investment and an indication of the range of measures governments are taking to tackle climate change.

#### IMPLEMENTATION, IMPLEMENTATION, IMPLEMENTATION

Commitments are not enough on their own. Industry needs to see governments follow through on commitments and implement what has been pledged and promised to give them companies the confidence to invest.

#### COLLABORATION IS CRITICAL TO SCALE UP INNOVATION AND DRIVE INVESTMENT

Inclusive engagement and collective action foster the ability to innovate and scale solutions. Innovation centres play a crucial role in bringing together government, industry, research, finance, and technology to scale up solutions and nurture innovation ecosystems.

#### PUT SMES FRONT AND CENTRE OF THE SOLUTION

Large companies will play a leading role in making the large-scale adaptations and investments, but it is SMEs who will make the real difference and where much of the cutting-edge innovation is happening. They also make up the lion share of the global carbon footprint.

“*There's an increased need to take into account the carbon impact of the financing that we provide the underlying transaction. This is a data need which can only possibly be met by improved digitisation and increased standardisation of data fields. We're going to need standards sooner rather than later.*”

NATASHA CONDON  
CIB - Wholesale Payments - Global Head  
of Core Trade  
JPMorgan Chase

## NET ZERO AT SCALE – LEVERAGING THE POWER OF SMES

We are seeing an acceleration of commitments from governments and sub-national bodies, but it isn't enough to meet the 2050 Net Zero goal. Achieving the goal means cutting emissions 50% by 2030. Every business has a role to play and the message from industry is that we must act now! SMEs understand the challenge but need more practical help and support to make the right decisions.

### INTEGRATING NET ZERO TARGETS INTO BUSINESS MODELS

Net zero requires a system's change to the way businesses work. Re-designing products, changing suppliers, sourcing greener products, making greener distribution choices and off-setting at the same time as cutting carbon emissions are all practical ways of making a difference in the short to medium term.

### DETAILED ROADMAPS, PLANS AND STRATEGIES ARE NOW NEEDED

Commitments are not enough in of themselves. Governments must work with industry to provide detailed plans on how the transition will be made with clear targets and milestones.

### USING PURCHASING POWER

Large companies can use their leverage to incentivise the transition across global value chains and accelerate SME innovation and infrastructure investment working in partnership with sector associations and using tools and frameworks such as the SME Climate Hub.

### LOCAL AUTHORITIES AND BUSINESS NETWORKS ARE IMPORTANT AMPLIFIERS AT LOCAL LEVEL

Local networks play a fundamentally important role in amplifying messages, sharing best practice, engaging, and providing practical support in local communities, cities and regions.

### STANDARDISING REPORTING FRAMEWORKS IS A TOP PRIORITY

Using common language and standards framework will help ensure industry aligns effectively to investors, buyers, consumers, and governments. There are currently too many different reporting frameworks which add unnecessary cost and complexity when simplicity is needed.



*Time is running out, the risks associated with climate change are existential. We must act now. It's a task that must involve everyone. Every business, no matter size, industry or region, has a role to play.*

GONZALO MUÑOZ  
High Level Climate Champion  
COP25

## UPHOLDING HUMAN RIGHTS

10 years on from the creation of the UN Guiding Principles on Business and Human Rights (UNGPs) much has been learned about what works and doesn't work in tackling human rights abuses, particularly across diverse global value chains. The UNGPs succeeded in setting global norms and expectations and created a space for states, industry, unions, and civil society to work together. However, a patchwork of interventions and varied enforcement has evolved creating uncertainty and an uneven playing field for industry.

### MIXED MANDATORY AND VOLUNTARY REGIME

There is wide support for a more robust mix of hard laws and regulations to provide greater consistency across all jurisdictions coupled with soft law approaches to promote best practice, scrutiny, transparency, and accountability. However, caution should be taken to avoid unintended consequences such as over burdening SMEs, promoting extra territoriality or unintentionally incentivising companies to pull out of markets to reduce risk exposure.

### NEW BUSINESS MODELS EMERGING

To establish real change, the future must look different to the present. Human rights is no longer an issue that impacts the bottom line of companies nor is it about an 'I'm right, you're wrong mindset'. We need to look at human rights from beyond the perspective of risk to the business and balance this with risk to people and brand more broadly. To tackle the issues, it isn't about re-packaging old ways of working but more about fully integrating ESG across the business to ensure we deliver a fair and equitable economic recovery.

### SMART USE OF TECHNOLOGY

Technology has an important role to play in promoting greater transparency and support robust due diligence practices. Technologies such as legal entity identification and track and trace will help provide full visibility throughout the global value chain. The financial sector has a particularly important role to play in ensuring funds and investment follow best practice and don't support abuse.

### A MULTI-STAKEHOLDER APPROACH IS VITAL

Collaboration is key to finding sustainable solutions. No single party can address the issue of human rights abuse. Collaboration is the best way to ensure there is sufficient transparency and accountability on the ground and across the value chain. Open and inclusive dialogue is central to designing good laws and regulations, promoting collective actions, and learning together.



*If you are not reorientating to think more about external impacts of your operations and supply chain, you are not going in the direction you need to be going in.*

SAMANTHA ROWE  
Partner  
Debevoise & Plimpton LLP



## ENABLING GROWTH

### CONNECTING THE DIGITAL TRADE ECOSYSTEM

Leadership, cooperation, and timing are crucial to establishing the rules for trade. Post WWI, ICC brought industry together to establish the rules-based framework for international trade to kickstart the world economy and promote peace through trade. We need leadership on the same scale to establish digital rules and standards for the modern era of trade to promote resilient supply chains, inclusivity, sustainability, and tackle inequality.

### LEGAL REFORM AND DIGITAL STANDARDS REMAIN THE TOP TWO BARRIERS TO GROWTH

Establishing the right legal environment to allow trade documentation to be handled in digital form across borders remains a top industry priority as does establish open, interoperable standards to connect systems and processes. Reforming laws and aligning them to the UNCITRAL Model Law on Electronic Transferrable Records is a pre-requisite to implementing standards for digital documentation.

### DIGITALISATION IS A LOW-COST SOLUTION TO CUTTING TRADE COSTS AND DRIVING GROWTH

With economies under intense fiscal pressure from the pandemic, legal reform and harmonisation provides a low-cost solution to governments seeking to cut trade costs and inefficiencies and enable SMEs to drive the recovery. The ICC G7 report estimates that legal harmonisation is worth \$9 trillion in growth with 80%+ cuts in trade transaction times.

### SYSTEMS NEED TO INCORPORATE OPEN, INTEROPERABLE STANDARDS

The ICC Digital Standards Initiative [DSI] has begun setting open, interoperable standards for the handling of documentation, legal entity identification and bulk commodities. These can be used by industry and governments to ensure systems and processes talk to each other and for trade data and information to flow between stakeholders unhindered. These standards can be found on the DSI website [www.dsi.iccwbo.org](http://www.dsi.iccwbo.org)

### START THE DIGITAL TRANSFORMATION NOW!

The digital transformation is a journey for all businesses with choices to be made but the direction of travel is both clear and accelerating in the wake of the pandemic. Putting the business case together for company investment, adopting technology or incorporating digital standards into existing systems are all important steps to getting started on the journey and ensuring companies have a competitive edge as the trading system becomes increasingly digitalised.

“Best digital adopters are companies willing to be anchors and bring ecosystem to work together.”

CARL WEGNER  
CEO  
Contour

## REMOVING BARRIERS TO ACCESSING SHORT TERM WORKING CAPITAL

The Asia Development Bank estimate the global trade finance gap at \$1.7 trillion with SMEs again disproportionately impacted. Despite trade finance being a proven form of low-risk working capital, SME rejection rates remain high at 40%, particularly in the emerging markets. Since 2008, 20% of correspondence banking has also been lost meaning banks in high growth and emerging markets do not have the same access to capital as they once had.

### SOLUTION 1 - DIGITALISE ALL TRADE DOCUMENTS

ICC has called on governments to reform laws to handle all trade documentation in digital form and align legal frameworks to the UN Commission on International Trade Law Model Law on Electronic Transferrable Records [MLETR]. The prize is significant. ICC United Kingdom's 'Creating a Modern Digital Trade Ecosystem - G7' states that digitalising the trade ecosystem could increase trade by nearly \$9 trillion by 2026, cut the number of days associated with border compliance from an average of 25 days to less than one day and reducing time spent on cross-border trade transactions by 81%.

### SOLUTION 2 - FIND SMARTER WAYS TO MANAGE ANTI-MONEY LAUNDERING/KNOW YOUR CUSTOMER BUREAUCRACY

The volume of red tape and compliance requirements covering anti-money laundering, Know Your Customer and now 'Know Your Customer's Customer' has driven up the cost of onboarding SMEs or worse, made them uneconomic to deal with. Governments and regulators should work with industry to implement digital identities, beneficial ownership registers, shared data systems more widely and make wider use of technology to find smarter, more intelligent ways to meet regulatory requirements using modern technology.

### SOLUTION 3 - ADDRESS THE BASEL III FRAMEWORK

Evidence gathered by ICC over an extended period shows that trade finance is a low-risk activity which justifies a more proportionate regulatory regime than other forms of higher risk finance. The Basel III framework has made steps in the right direction but more can be done to treat trade finance as a separate asset class, with consideration given as to what further measures or flexibilities can be introduced to support enhanced economic growth post pandemic.

### SOLUTION 4 - PROMOTE INNOVATION AND NURTURE FINTECH COMMUNITIES

Fintechs are now a central component of the trade finance market, providing smart technology solutions and more accessible platforms for SMEs to access the capital they need. While banks remain the single largest source of regulated capital, fintechs have shown themselves to be nimbler and more innovative, so the combination works well.

Sharing experience and best practice more widely in terms of regulatory policies and concessions that help fintechs scale into markets has to be part of the solution to further innovation in trade finance support. Trade finance is ideally suited to digitalisation but this needs to be done in a coordinated way globally to ensure interoperability and so reduce trade finance friction and costs.



*The enemy of trade finance right now is paper.*

JESSE CHENARD  
CEO  
**MonetaGo**



*Access to finance is not uniform across markets, its more exacerbated in emerging markets.*

BHAVNA SARAF  
Product Head - Commercial Business  
Transformation (Bank of the Future)  
**Lloyds Banking Group**  
Chair (Advisory Board)  
**Swift UK Tag**

## ESTABLISHING A SECURE CYBER ENVIRONMENT

The annual cost of serious cyber-attacks on critical national infrastructure has reached unsustainable proportions, equivalent to the GDP of Japan, with the long-term trend upward unless governments intervene. Such a scale of cross border attacks would not be tolerated if they were happening in the physical environment. As we rapidly move into an era of modern, digital trade establishing a safe, trustworthy digital environment is crucial to success.

### TREAT THE DIGITAL ENVIRONMENT AS WE DO THE PHYSICAL ENVIRONMENT

A culture and mindset change are required if we are to tackle the scale of the cyber challenge. This begins with treating the digital environment in the same way we do the physical environment to ensure it is clean and safe to operate in, well governed and accountable to international law. This includes urgently getting to grips with cross border cyber-attacks on critical infrastructure.

### LEAD BY EXAMPLE

Governments play a vital role guiding stakeholders and defending national integrity. Leading by example and emphasising the importance of cyber hygiene practices such as use of authentication, being transparent on attacks and holding criminals to account is an important and required step forward. There is much that can be done on the basics of good digital economy and systems management that will put in place the foundations to better prevent serious attacks.

### IMPLEMENT UN NORMS OF RESPONSIBLE STATE BEHAVIOUR

The UN Norms are an agreed international framework for all stakeholders to adhere to. They have been thoroughly negotiated by all parties with all UN members as signatories. To provide the necessary confidence and certainty for industry to continue investing and growing the digital economy, the framework must be fully implemented without delay.

### MOVING FROM STATE-CENTRIC TO INCLUSIVE SOLUTIONS

Approximately 80% of critical infrastructure and 90% of the internet operate in the hands of the private sector and consumers. Cyber-attacks can cause havoc to both public and private sector systems, so it is vital that all stakeholders are at the table in designing solutions and that solutions are being targeted effectively. This will require moving beyond silos of work to a culture of collective action as well as drawing from best practice in other policy areas where collective action has succeeded in tackling complex challenges.



*It goes beyond better state collaboration. We do need that of course, but we have to collaborate across the board - private sector, public sector, nation states etc must come together to tackle what is unfortunately a common problem.*

CRAIG MCEWEN  
Chief Information Security Officer  
Anglo American

*"Congratulations on another successful ITPW!"*

*The sessions have been very insightful and meaningful. Thank you very much for giving us an opportunity to share our views during this remarkable and reputable event. We greatly appreciate the support from ICC and look forward to continuing collaborating with you in the future."*

ANA VELJKOVIC  
International Affairs Director  
Corporate Affairs  
JT International SA

*"Thank you for the arrangement and the enriching discussion yesterday."*

*"It was a well-run event! I enjoyed the experience; and we look forward to collaborating more in future engagements. It was very insightful and interesting"*

VERA CHIN DA SILVA  
Head of Trade Finance  
Vale

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# INTERNATIONAL CHAMBER OF COMMERCE

ICC is the world's largest business organisation representing 45 million companies and 1 billion employees in over 100 countries.

ICC is the only business organisation with UN Observer Status and acts as a leading voice for business at the UN, G20, World Trade Organization and other major international institutions. ICC has three central roles:

- 1 Promote inclusive, sustainable, greener trade
- 2 Provide the rules and standards that self-regulate international business
- 3 Help companies and states settle international disputes

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