The Turkish G20 Contributions

Moving forward to China

While terror attacks in Beirut and Paris further the tensions of the refugee crisis, Turkey passes the baton to China with some unified resolve among members on what should be done on these latest challenges as well as the pre-planned agenda.

The G20 has taken place at the coastal city of Antalya and the many issues on the agenda signal the challenges ahead. The economic downturn and the jobs crisis is seeing little improvement and most likely getting worse. But it's the refugee crisis and its impacts on regional security that is towering above these because of its immediate impact and the potential for destabilizing Europe. This has been dramatically worsened by the terror events these past days. Among the big issues at the G20 Energy supply remained important. Commodities and oil prices have crashed and will lead to harder times for executives in these industries. The tears should however be spread around as pointed out at the recent joint press conference by the Secretary General of the UN and the head of the Red Cross who confirmed we are in the worst refugee situation since WW2. What is happening in the Middle East could see further disruption from the collapse of oil prices as the oil producers have falling revenues. I guess the bigger game has to take into account factors not only affecting the gulf region and the OPEC countries but the US and Russia. All of this is very real in Antalya, the G20 venue as it is close to Syria and the conflict going on is of geographic significance to Turkey. We need to understand what this is doing to business confidence and global trade as it is very clear there is a serious slow down everywhere including in China. The shipping giants like Maersk are experiencing as much as a sixty percent drop in profits and are laying off large numbers of workers as well as cancelling orders for new ships. This disruption is affecting the relatively peaceful era that we in the West have enjoyed since WW2. Of course this is only one of the massive disruptive waves that today are impacting developed and developing nations alike. The G20 is a powerful forum perhaps the most powerful, but it remains difficult for member states to achieve true consensus on the actions to be taken.

Our own people attending events in Antalya are concerned with another kind of disruption and what some refer to as the ‘Uberization’ of the economy. This is also a very real threat. It’s far from the thoughts of the refugees whom just need to be safe and have food. However the economy is really changing fast and there's going to be several big fights as only with a long-term thinking and workable policies on matters such as how to successfully integrate displaced people or deal with digital disruption will work to Europe's advantages and the rest of the connected world. It's clear the jobs crisis must remain the priority of governments. The current circumstances of youth unemployment and underemployment cannot continue without causing major social instability - governments greatest fear.

In October I attended several meetings connected with the B&G 20 agenda on Economic and Investment issues and the Digital economy. When arriving in Singapore from Turkey on the morning of October 9 following these events I saw the news of the devastating bomb blast at the railway station in Ankara. This was a very personal and powerful reminder of just how being in the right place at the wrong time can be even more than disruptive, it can be deadly.

Turkey is of course at the critical geographic edge of the conflict zones in Syria and Iraq and also has every reason to be concerned with the threats of social instability. I personally experienced the problems in the streets of Istanbul. My taxi had to stop as the driver in the car in front got out of his vehicle and opened the trunk to take out bags of food and other items - he was within seconds surrounded by children.

They were well prepared for what was a regular delivery exercise. Many children of Syrian parents also approached me on the streets over several days, as they would offer to exchange packets of tissues for a coin or two. This was a very different Istanbul for me than even six months earlier. Having a large tourist economy this situation presents a real problem and the downing of the Russian passenger plane over Egypt with so many deaths a few days earlier adds another nation in the region that will suffer from a massive downturn in its tourism. Paris and Beirut make this situation worse and further erode confidence and as we publish this article the shooting down of a Russian fighter plane by Turkey adds more tension to the region.

The G20 venues had great security including zoned areas for the VIPS and with our own people attending it was a good thing. One must however share growing concerns that one of our most valued economic freedoms - that of travel for business or leisure is being threatened.

On the G20 front with so many inputs and recommendations from the L20, Y20, W20 and the T20 and the business bodies through the B20 it was very doubtful that anymore than the big ticket items such as the crisis in Syria and how it's affecting Europe will get much attention. The Leaders to their credit however remained focused on trade and economic matters and the critical issue of jobs in order to avoid further social disruption. The disruption is coming from so many fronts and all at the same time and it seems the public largely appear oblivious and confused with what's happening.

So I'm rather impressed after reading the G20 communiqué and even from our own narrow perspective. It is paying relevant attention to digital disruption that we are all about. I feel the leaders may have been jolted into a new reality from the events of the past month. Key points from the Communiqué of direct interest to us and the next G20 presidency in China are:

* The steps to support SMEs and enhance knowledge sharing and better connect the SMEs and entrepreneurs to the Global Value Chains.
* Unemployment, underemployment and the jobs crisis are growing sources of inequality and how this is impacting youth in a new and serious way.
* The continued commitment and actions towards reducing corruption and promoting transparency.
* The clear understanding of the critical importance of the Sustainable Development Goals (SDGs) and the Addis Ababa Action Agenda.
* The digital divide issues, intellectual property and privacy in the digital economy and how Trust and Integrity are crucial.

We see our own work on Trust and Integrity in business and our bottom up approach being of great relevance to the digital economy. Our work on AI research has also focused on technologies that will impact economies and jobs. The urgent need to foster Trust and Integrity goes beyond business and OECD has advocated industry and business must demonstrate leadership and this is becoming crucial. The B&G 20 has touched on these matters but appear to avoid the more controversial issues. The task of:

* SMEs and their increased role in Global Value Chains are loaded with many big questions
* So many jobs will be impacted in the immediate future by AI.
* The solution so far has been re-education (the skills miss match talked about by Ali Koç), but this is not working as there are fewer jobs every decade and no new jobs generated since 2007
* The G20 is probably the only forum to discuss these issues. Government, Banking and Business all seem to be avoiding this discussion and are still avoiding debate on the cause, WHY?
* There is not enough discussion on this big and vital Question

There is further unprecedented change and disruption just ahead and promoting SMEs is a good initiative but the digital world will not address the declining numbers of jobs - digital is not a large employer:

* The economic impacts are going to be serious, as people must have purchasing power to buy goods in the present economic system
* Corporate and business profits are being achieved by cost cutting and efficiencies not by the creation of meaningful new work
* There are advantages of AI but we all need to consider these against the disadvantages and avoiding the Subject is no longer a good idea.
* Technology is learning faster than humans and Smart Software is getting smarter - take for example our project on the GTR this can provide a very critical platform during the Transition phase to the next economic model.
* The idea that SMEs will solve the problem of Jobs doesn't seem to stack up but we agree that this is not a subject to avoid as it is a vital one

From our side we are pleased that the issues of Trust and Integrity are becoming a vital topic these days. The Secretary General of the UN and the OECD policy makers and the business leaders of the B20 are taking notice.

We have great expectations as China takes over the G20 Presidency for two reasons.

Firstly the OECD has identified Trust & Business as a vital subject going forward and has established a project team. Employment and the issues regarding greater SME participation in the global value chains has been recognized by China along with the digital dimensions. Our own Dr. Andy Song had the opportunity to discuss these matters with Ali Koç the Turkish Chair of the B20 employment task force and senior executives of Alibaba and the top officials of the CCPIT. We are continuing our dialogue with leading consultancies such as Accenture and with the ICC and BIAC industry bodies.

Secondly Dr. Song and colleagues have had opportunities to discuss the significance of digital and e-commerce projects that could become game changers during the Chinese G20 presidency. Some of these projects will be ready for testing and China represents a great test bed for what will be significant contributions for the international community.

Restoring growth and ensuring that the global institutions fully recognize that the challenges posed today are serious for economic stability and that these problems are fundamentally different from 2007/8. It is a priority that these fundamental differences are communicated to the G20. There are not only the financial and trade issues to consider but also a whole range of others that are being experienced by governments and their citizens and these go far beyond declining trade activity and global in-balances.

While the UN Sustainable Development Goals (SDGs) will help frame the new big table agenda in 2016, Dr. Song and our team have real expectations that China will continue the leadership shown by Turkey and most likely even exceed it.