

G20

TURKEY: THE ANTALYA SUMMIT

NOVEMBER 2015

MUNK
SCHOOL
OF
GLOBAL
AFFAIRS

G20 Research Group
UNIVERSITY OF
TORONTO

Recep Tayyip Erdoğan

Turkey's President on inclusiveness

Building stronger economies

Viewpoints on boosting growth and reducing inequality

Transformational policies

Measures for better jobs and sustainable development

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CHANGING THE PATTERN

POLITICAL LEADERS ARE FACING FURTHER DIMINISHING TRUST FROM THE VERY CITIZENS THEY REPRESENT

The majority of our global leaders, that we at times contest, actually do care about the well-being of our society and are vigorously seeking sustainable economic solutions to make the world a better place. However, why aren't they more successful in meeting the economic ambitions of the world's citizens and why is the gap between perception and reality widening?

This is due to many factors including mal-advice, jurisdictional limitations and the political risks associated with applied and affirmative action but above all, the issues faced by the world today are so great they are almost insurmountable using the tools at hand today. The reality is that 'diminishing trust' is not caused by one party or another, it is caused by all of us, therefore we are all part of the problem and our leaders need us all to be part of the solution.

With the available and permissible data we all recognize that the global economic and social situation is in turmoil. Even if we list again some of these economic figures, the reality check is that they are not going to make any difference. In fact, these dire figures today are serving only to animate a conversation with a friend and they may also serve to prove good points in a speech or a lecture.

Mahatma Gandhi said, "*We must be part of the change we would like to see in our world*". The big question for us, all of us, is whether we are really ready to be motivated by those figures and have the will to work together to make a tangible difference in our time and for generations to come.



Captain Samuel Salloum

Founder and Co-Chairman
of the Global Coalition for Efficient Logistics (**GCEL**)
Swiss Based Non-Profit Public Private Partnership

Let's place our will to the test. The innovation described herein will guide us to the desperately needed economic solution. It is validated by public and private sector organizations including NGOs and IGOs from around the world, pan-regional organizations representing more than 150 countries and the world's most prominent firms that service more than 60% of the world's GDP. These organizations have collectively confirmed that it has a large tangible and quantifiable impact, delivering global market expansion and job creation resulting in sustained economic growth. This innovation encompasses an economic roadmap, the required tools for the use on the roadmap, and the necessary global consensus to secure its success.

The test of our will is whether we can truly embrace the 'disruptive change' for the benefit of all rather than repeat the actions of self-interest and protectionism that has locked the world into its current economic state. Stepping out of our comfort zones and taking affirmative action represents the first step towards reversing the diminishing trust in our world through the creation of the next big thing for mankind.

When our positive will prevails, the power of collective action will be realized through participation in a global solution at all levels from ownership, governance, deployment and operational perspectives. Furthermore, if we decide only to maximize on the most innovative tools, they must be free of cost to the end user.

Let us start the test of our will through the following five steps to introduce the "Next Big Thing":

I- Where should we start to make a tangible difference in our economy and in our social life?

II- How can we achieve sustained economic growth in our time and for generations to come?

III- What kind of tools do we need to achieve our economic targets?

IV- Who can we trust to provide and maintain the required tools?

V- How can we ensure that we all continuously have access to the required tools and at no cost to us?

Continued on Page 14

An agenda of inclusiveness

— Turkey has placed inclusiveness at the centre of its G20 presidency, maintaining a focus on the issue throughout 2015 and reaching out to Low Income Developing Countries, writes **Recep Tayyip Erdoğan, President of the Republic of Turkey**

The Group of Twenty (G20), representing 85% of the world's economy, 75% of the world's trade and 65% of the world's population, is an important platform for collaboration at the global level. The measures taken by the G20 at the leaders' level since 2008 have been instrumental in countering the effects of the global financial crisis and especially in enhancing the resilience of the global financial system.

On the occasion of the G20 Turkish Presidency, I am delighted to host the 10th G20 Leaders' Summit in Antalya on 15-16 November 2015.

The primary objective of the G20 is enabling strong, sustainable and balanced growth. During the G20 Turkish Presidency, we have incorporated inclusive growth into these main goals. This was mainly because of our belief that the G20 should contribute to efforts to address rising inequalities, as well as injustices in various areas.

Upon taking over the G20 Presidency on 1 December 2014, in line with our motto of 'collective action for inclusive and robust growth', we announced our priorities as 'Inclusiveness', 'Implementation', and 'Investment', namely the three 'I's. At approximately 60 meetings we have hosted during this period, special emphasis was placed on inclusiveness.

During our G20 Presidency, we organised outreach activities for non-G20 countries, especially for the Low Income Developing Countries (LIDCs), and have taken steps towards strengthening the interaction between them and the G20.

Having held a meeting of energy ministers for the first time in G20 history, we have raised awareness of the situation facing 620 million people in sub-Saharan Africa who do not have access to electricity. On the margins of this historical meeting held in Istanbul, we also organised the High-Level Conference on Energy Access in Sub-Saharan Africa, which brought together the G20 energy ministers and the African energy ministers, along with private sector representatives. The G20 Energy Action Plan: Voluntary Collaboration

on Energy Access, with a special focus on the sub-Saharan region, was adopted during the G20 Energy Ministers' Meeting. In doing so, we also contributed to the formulation of a collective policy for the region and facilitated collaboration between the sub-Saharan African countries and the G20.

By putting food loss and waste on the G20 agenda, we spearheaded efforts in building a platform for these issues. Taking into consideration that food loss and food waste amount to \$1 trillion annually, we focused on issues such as food security, as well as on developing economically, socially and environmentally sustainable food systems. We hosted the G20 Agriculture Ministers' Meeting for the second time in G20 history and hence have ensured the adoption of the G20 Action Plan on Food Security and Sustainable Food Systems.

In line with our priority of addressing rising inequalities, as well as ensuring that disadvantaged groups such as women and youth receive a greater share from the increasing economic wealth, we have established 'Women 20' (W20) as an official G20 engagement group. W20 aims to contribute to achieving the target adopted in Brisbane last year to reduce the gap between males and females in labour force participation rates by 25% by 2025. In doing so, we have taken an important step towards achieving the target of adding 100 million extra women into the labour force by 2025 and removing the existing barriers confronting them.

Youth integration

Furthermore, we have worked hard this year to ensure a more efficient integration of youth, which make up the most dynamic yet the most unemployed section of our societies, into the labour market. Thanks to these efforts, we were able to reach consensus among G20 members to reduce the share of young people who are at most risk of being permanently left behind in the labour market by 15% by 2025.

We also led efforts to establish the World SME Forum in Istanbul in collaboration with the International Chamber of Commerce in order to ensure the integration of SMEs into the global economy and to provide them with a stronger means to express their views globally.

We have placed our 'Inclusiveness' priority at the centre of all these activities in order to steer the power of the G20 platform towards addressing global and national inequalities, as well as improving the lives of people across the world.

During the G20 Turkish Presidency, we have also carried out efforts to implement progress on the growth target that was adopted during the Australian Presidency. Achieving an additional 2.1% growth by 2018, which will mean an additional \$2 trillion for the global economy, is a highly valuable concrete target in terms of both global economic stability and development. By presenting a report for the leaders at the Antalya Summit that will set a concrete timetable of how these growth strategies will be implemented, we will be able to demonstrate that we are committed to following up on our targets.



Another issue that has emerged as a matter of urgency in this period is the growing need for infrastructure investment. The global infrastructure investment requirements until 2030 are estimated to be \$70 trillion to \$90 trillion. Developing countries need infrastructure investment of up to \$1.5 trillion annually in order to achieve their sustainable development goals. In order to meet these needs, a novel platform for action and collaboration needs to be established.

It is vital for private and public sectors to collaborate in order to meet the financing needs of global infrastructure investments. Our experience in Turkey over the past 12 years has shown that an extremely productive collaboration between public and private sectors is possible. Taking this experience into consideration, we believe that setting up a similar system on a global scale may be beneficial.

In this regard, during the G20 Turkish Presidency, we have asked the G20 members to develop concrete and comprehensive investment strategies. These strategies aim at improving the investment environment as well as increasing the efficiency of public-private partnerships and expanding the financing opportunities.

Despite the progress we have made so far, we currently face a considerable challenge that threatens the steps we take as the Group of Twenty, as well as our efforts to enhance global economic stability. Today,

the humanitarian plight unfolding in Syria before the eyes of the global political and economic community is affecting global stability and security. This war, which needs to end immediately, has caused more than 12 million people to be internally displaced and forced almost five million people – 2.5 million of whom are in Turkey – to seek refuge in neighbouring countries. Turkey, having opened its borders to Syrian refugees from the onset of the crisis, has spent \$8.2 billion taking care of them, thus demonstrating a humanitarian and moral stance. Unfortunately, the innocent Syrian people who are being targeted by the barrel bombs and chemical weapons of the regime, as well as by the ruthless terror organisations, are the ones who are having to pay the price for the gridlock in the international system. In this context, at the Antalya Summit we will address both the refugee crisis and the issue of terrorism, which threatens global peace and stability.

At the end of the year, we will hand over the G20 Presidency, which we took over from Australia, to China. I would like to extend my best wishes to China for the success of its G20 Presidency and express that, during Turkey's G20 Troika membership, we will maintain close cooperation with China throughout 2016.

I would also like to take this opportunity to extend my appreciation to the G20 Research Group for preparing this special edition on Turkey's G20 Presidency. ■

President Recep Tayyip Erdoğan says the war in Syria needs to end immediately

I- Where should we start to make a tangible difference in our economy and in our social life?

From a macro perspective experts from around the world agree that we have two primary economic environments; Financial Engineering and the Real Economy. While Financial Engineering is important, it mainly benefits a specific category that is driven by short-term objectives and does not provide a solid foundation for long-term economic sustainability. Former Federal Reserve Chairman Paul Volker said in 2009 that financial engineering was a code word for risky securities and that it brought no benefits to society. Can we afford another global financial crisis like that of 2008?

The emphasis on the Real Economy promotes the production of goods and services to create viable demand, resulting in solid sustainable economic growth and jobs for all. By the Real Economy we mean those things that are tangible and for which we have a real and recurring need: the food that we eat, the clothes that we wear, the materials we need for building our cities. Hence, the world's economic experts agree that the Real Economy must be the driving force for global well-being.

II- How can we achieve sustained economic growth in our time and for generations to come?

The truth is that we have ignored the powerful new demographic trends that command a new economic order. In high-income countries where 15% of the world's population lives, birth rates are low, the population is aging, yet salaries remain high. This is an efficient and productive community challenged by low market demand.

“The test is whether we can truly step out of our comfort zones to embrace the disruptive change for the benefit of all.”

Meanwhile in mid and low-income countries, birth rates are high, population is young and strong, but salaries are

merely 20% of those in high-income countries. This is a highly populated community challenged by low purchasing power.

The high-income countries cannot clone people and it is challenging to open their borders wider. The only and the strongest choice for the high-income countries is to build the buying power of the mid and low-income countries, thus creating a vast new market for their products and services.

The only and strongest choice for the mid and low-income countries to create sustained economic growth is to commit to business



excellence thus achieving efficient and transparent operations. This leads to attracting national and international investment resulting in increased buying power.

We must enlarge the global economy instead of competing on the same one that we have today. The first step has already begun, by expanding the G8 to the G20. This move illustrates the interdependence of our global economy and underscores the need for high, mid and low-income countries to connect in a smarter way to sustain economic growth for all.

III- What kind of tools do we need to achieve our economic targets?

The policy makers and the Real Economy participants together must identify the tools needed to achieve the economic ambitions of the world's citizens. While the public sector has a horizontal view, the Real Economy participants know best what kind of tools they need to do a better job. Give entrepreneurs the right tools and they will create productive communities committed to business excellence, setting the foundation for a secure and prosperous future.

The Digital Economy is increasingly growing in global importance and providing new and innovative ways for populations to support themselves and for legislators to set and implement the framework for innovation. In

fact, ***the 2015 Turkey B2O Task Forces have identified the Digital Economy as the common theme to their policy recommendations with 17 out of 25 key policy recommendations to G20 leaders being directly and indirectly impacted by the Digital Economy.***

Furthermore, 76% of the G20 citizens represented by 36 government ministries, industry associations and academia have committed to take the first step towards defining the Digital Economy, including the tools they need to do a better job. Comprehensive diagnostic surveys through the G20 Nations Case Study covering nearly 40% of G20 citizens have been completed and the results are staggering: Nearly 80% do not have an integrated system and 90% agree on the form of the digital tools they need to increase their global competitiveness.

By providing the above-defined Digital Economy tools demanded by real economy participants, we will be able to achieve greater efficiency and transparency as a prerequisite for proper planning when connecting the strengths of the high, mid and low-income countries. This will achieve the real economic integration required to kick-start global growth, starting from a dynamic ecosystem that permits global integration of products and service offerings with intelligent proficiency matching the buyers and sellers. At the same time the Digital Economy tools



will connect financial institutions with their customers providing the banking industry with the real time visibility and validation of trade transactions, thereby allowing them to de-risk their loan portfolios and reduce the burden of regulatory compliance. This in turn will stimulate more financial lending to expand the Real Economy.

“We must enlarge the global economy instead of competing on the same one that we have today.”

IV- Who can we trust to provide and maintain the required tools?

Having the Real Economy participants define what the Digital Economy tools should look like is important. However, it is equally important to ensure that the Digital Economy is deployed globally in a consistent manner offsetting geopolitical and monopolistic concerns, providing continuous, sustainable access at no cost to the end user.

It is impossible for one country or one technology company, no matter how big they are, to deploy the Digital Economy on a global scale and maintain continuous and sustainable access, while assuaging monopolistic and geopolitical concerns. Here lies the main reasons why the Digital Economy has never been realized, until today.

Since the Digital Economy falls under the category of a Nations' Security Solution (NSS), the only option is for the industry as a whole to be involved in the construction and ongoing maintenance of the architecture and infrastructure required. The NSS is developed for comprehensive adoption, addressing nations' interdependent needs that require a global response. ***Who better than the technology industry as a whole, working in concert and in a collaborative manner to deploy and maintain a Global Digital Economy platform, thereby delivering what the Real Economy participants need without falling foul of monopolistic or geopolitical concerns?***

To date, 26 of the world's top technology companies, who normally compete with each other every day and who service 60% of the world's GDP, for the first time in history have executed exclusive agreements as a first step to be selected under a transparent equal opportunity process to deploy and maintain the Digital Economy globally.

V- How can we ensure that we all continuously have access to the required tools and at no cost to us?

For the Digital Economy Platform (DEP) to be rapidly deployed, it must secure end-users' confidence. This can only be achieved by delivering the DEP through the world's most trusted technology providers, governed in a manner that offsets monopolistic and geopolitical concerns. The DEP must be sustainable and at the same time provided at no cost to the end user. Finally, users around the world must have continuous access to the DEP under any circumstances.

The required architecture, to be known as the "E-Hub of the World", must be protected by the international community, thus allowing the best and brightest minds from the world's top technology firms to combine their talents under one roof and continuously delivering what technology can make possible to the real economy participants.

The time has come for a new paradigm shift that combines these innovations and deploys them for the benefit of all. The E-Hub of the World's shared ownership and governance among public, private, academic, and semi-government organizations from across the globe ensures that all of the above requirements are met thus securing end-user confidence.



Now that innovation is a “must” to integrate our economies more efficiently, leading us to a new era of economic prosperity, the world is wondering what this innovation is going to look like.

Historically, innovation has been introduced to the world by someone or by a group of people that have discovered a new idea by coincidence or through a research and development process. Then business teams took over and transformed the innovation to profitable business ventures. Today we are addressing something completely different; the digitization of the global economy. This is the largest and the most influential innovation that will impact all of our lives.

Global experts believe this innovative approach to global economic development defines a vital turning point in the world’s economic history. It represents a call for action to those who want to make a tangible difference for the common good.

The change is now, and the future begins with us... all of us. In the present era the famous question has now changed **“Ask not what today’s global economy can do for you, ask what you can do for the global economy”**.