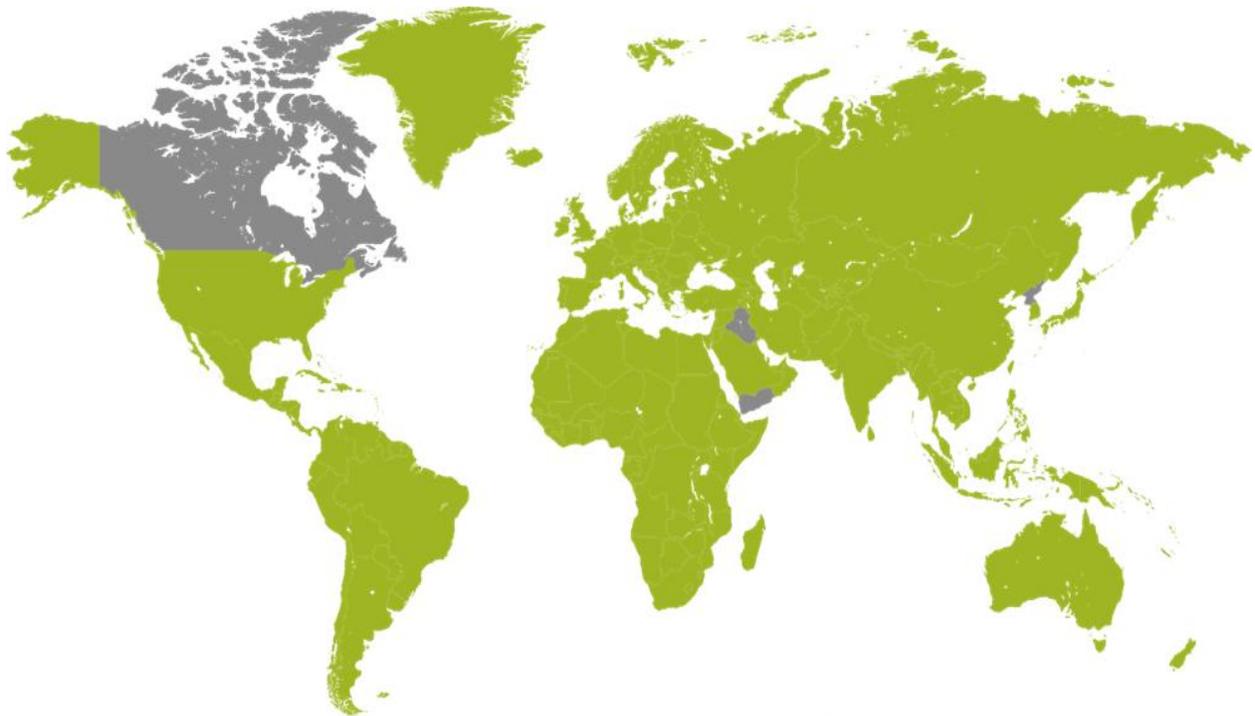


Report on the Global Economic Survey 2019  
With the cooperation of the Global Chamber Platform

June 2019

# Global Economic Survey 2019



Global Chamber Platform

The Global Economic Survey 2019 was conducted during the months of April until June 2019 among Members of the Global Chamber Platform. The Survey intends to gather a qualitative assessment from GCP Members on global economic developments, trade policy and other key policy challenges. Thus, conclusions drawn from the answers reflect the majority opinion of GCP Members, without prejudice to diverging opinions of single members, which are sought to be highlighted in the report where appropriate.

The Global Chamber Platform (GCP) brings together the 16 major national and transnational Chamber organisations from the four corners of the globe. Its key objective is to facilitate trade and market access internationally as well as developing coherent and innovative answers to the challenges of globalisation that the shift in global economic realities brings about for all players involved.

The respondents that participated to the 2019 Global Economic Survey were:

- The **China** Chamber of International Commerce (CCOIC)
- Federation of **Indian** Chambers of Commerce and Industry (FICCI)
- Association of **European** Chambers of Commerce and Industry (EUROCHAMBRES)
- Confederation of **Asia-Pacific** Chambers of Commerce and Industry (CACCI)
- Union of Chambers and Commodity Exchanges of **Turkey** (TOBB)
- **Iran** Chamber of Commerce, Industry and Mines, and Agriculture (ICCIMA)
- The **Canadian** Chamber of Commerce
- Association of **Mediterranean** Chambers of Commerce and Industry (ASCAME)
- **Gulf** Federation of Chambers (FGCCC)
- The National Confederation of Industry of **Brazil** (CNI)

For its responses, EUROCHAMBRES could count on the following 8 contributions from its Members:

- Federation of **Belgian** Chambers of Commerce
- **Bulgarian** Chamber of Commerce and Industry
- **Cyprus** Chamber of Commerce and Industry (CCCI)
- Association of **German** Chambers of Industry and Commerce (DIHK)
- Unioncamere – **Italian** Union of Chamber of Commerce
- **Luxembourg** Chamber of Commerce (CCL)
- **Malta** Chamber of Commerce, Enterprise and Industry
- **Spanish** Chamber of Commerce

## EXECUTIVE SUMMARY & RECOMMENDATIONS

### I. Macroeconomic Outlook of the Global Economy

As global economic growth risks losing steam in 2019, the GCP have for their part equally adjusted their growth expectations, according to this year's global economic survey. The majority of respondents provided growth estimates for their region slightly lower than or equal to those of the World Bank. In this more pessimistic overall outlook, CNI, ASCAME and FGCCC stood out with a more optimistic outlook for their region compared to those of the World Bank, which may be due to improved economic conditions for their area. With regards to business confidence, the majority of respondents predicted it to stay constant for their region, however CCOIC, FICCI, and TOBB expect business confidence to rise in China, India and Turkey, while the Canadian Chamber Commerce expects business confidence to decline this year.

For a second year in a row, **protectionism and insufficient access to foreign markets** has been identified as the most important challenge for the global economy with a significant margin ahead of political instability which ranked second. However, the two may well be linked given the current overall economic and political context that risks taking a toll on growth prospects across the global economy. In this regard, in 2018 alone over 40 restrictive measures have been recorded for the G20 economies alone according to the WTO, despite numerous pledges by G20 Leaders to the contrary. On third place GCP members placed income disparity. It is also noteworthy in this year's survey that the risk of a sovereign debt crisis has been ranked as the fourth most important challenge for the global economy this year, while in years before it has barely been rated as a priority by the GCP. This may well be linked to government debt projected to reach all-time highs across some of the world regions with inherent risks for macroeconomic stability.

Overall the more pessimistic growth outlook by the GCP, together with the key identified macroeconomic challenges for this year indicate that policy makers are well advised to take seriously the risk of a further cooling of global growth and take measures to reverse that trend. To that end the G20 Leaders' Summit in Japan at the end of the month could be a powerful forum to try ease economic tensions, halt the rise of trade restrictive measures, and lay the foundation for more business friendly policies across the world's most important economies in order to stimulate growth.

### II. Financial Services

Against the backdrop of the recent statement by the International Monetary Fund warning that the global financial system remains vulnerable despite gaining resilience, the GCP were asked how policy makers could best strengthen the global financial system. According to most GCP more monitoring and proactive regulation would be the most opportune action in order mitigate risks

in the financial system, while only a limited number of respondents found the global financial stability to be currently sufficient.

Furthermore, in light of the fact that a notable number of GCP respondents to last year's survey warned of worrying prospects of price bubbles building in their economies, this year's edition of the economic survey asked GCP members to identify which sectors were most at risk. According to the GCP, most participants considered **corporate debt** to be most vulnerable area to constituting a price bubble, followed by real estate and the household sector. In recent studies the IMF has similarly recognized the elevated risk of pricing bubble in those sectors<sup>1</sup>.

### III. Climate Change

With the heightened awareness of sustainability and the impact of climate change on the economy, the 2019 global economic survey placed some emphasis on the implementation tools of the Paris Agreement, business opportunities arising from environmental sustainability, as well as circular economy.

In this regard, the top 3 instruments to best implement the Paris Agreement according to the GCP remained identical to 2018. **Investments to substantially increase the share of renewables in the national energy mix** was the top choice, followed by strengthening energy-efficiency performance standards for buildings, infrastructure and transport, and low carbon innovation. However, priorities were also more evenly spread across other options, such as carbon pricing.

Equally the GCP saw **renewable energy production** as the area with the biggest potential for an economically sustainable agenda followed by digital technologies focusing on environmental practices, while sustainable water technology, bio-economy and low carbon innovation came in third place. This may give an indication to policy makers in which sectors businesses globally might be best incentivized to engage sustainably.

Finally, **GCP members** attributed a moderate positive impact to circular economy, while CNI and CCOIC attributed a significant positive impact for circular economy in China.

### IV. Brexit

The uncertainty surrounding Brexit is increasingly making an impact on investment flows from different world regions to the United Kingdom according to the GCP. In this regard CNI, TOBB, ICCIMA and FGCC have seen decreased investment from their countries/region to the UK, while CCOIC saw increased investment flows into the EU as a result of the continued uncertainty. Yet ASCAME, the Canadian Chamber, and CACCI did not see any significant change in investment flows.

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<sup>1</sup> OECD, 2019. *Sovereign Borrowing Outlook in OECD Countries*, p.6.  
<https://www.oecd.org/finance/Sovereign-Borrowing-Outlook-in-OECD-Countries-2019.pdf>

## V. International Trade and Investment

Given the current volatile environment concerning global trade, GCP members were asked to weigh in on priorities for a WTO reform, ways to counter protectionism, the ongoing US-Chinese trade tensions, as well as effectively bringing the concerns of SMEs to global trade.

On the question on how to effectively fight protectionism, most GCP respondents favoured **a more active engagement in bilateral, plurilateral, and multilateral trade negotiations**, closely followed by a more effective use of dispute settlement procedures at the WTO and/or increased usage of trade defence measures. Equally, a more proactive communication of the advantages of international trade to the broader public was seen as a very effective form to combat protectionism.

This year's survey also revealed that there is strong support for utilizing international business, such as GCP, to facilitate the cooperation among global business and foster mutual understanding between the public and private sector. In a similar fashion, the most popular option to increase inclusion of SMEs in international trade according to the GCP was a **dedicated SME advisory body for stakeholders in order to advise WTO**, followed closely by incentivizing the involvement of intermediary organizations representing SMEs.

With regard to ongoing efforts for a WTO reform, GCP members clearly favoured **shortened time frames in dispute settlement** as the main priority which should be addressed by WTO members, while **Appellate Body reform**, and **improved compliance with WTO notifications commitments** came in second and third place respectively. In light of the fact that all answers received notable levels of priority from different participating GCP respondents, a **holistic approach to the WTO reform** could be most effective way to bring global rules up to speed with the needs of business today.

Finally, in light of ongoing US-China trade dispute, GCP were asked if this had an effect on investment flows from their region to the US or China. In this, the majority of GCP members reported no significant change in investment flows from their region to the concerned states. ICCIMA and TOBB saw an increase in investment towards the EU, while CCOIC saw reduced investment flows to the US. No member reported decreased investment into China as a result of the ongoing tensions.

## VI. Africa

The 2018 Global Economic Survey revealed considerable interest in investments into the African market by the GCP. In this year's survey the GCP members were asked to identify the most attractive sectors to invest in. To that end most GCP respondents identified **infrastructure**, agriculture and investments in raw minerals as most attractive areas for investments from their region into Africa.

## VII. Competitiveness and Internationalization of Companies

To stimulate the internationalization of business, GCP were equally most supportive **two options**: the **creation of a business friendly environment and cutting red tape for investors** as well as **promotion of R&D**, followed by good governance and the rule of law on third place. This shows similarities to the top choices for the question on main challenges for businesses: Here, **access to finance** and **access to foreign markets** were the two top choices and which are also linked to creating an overall better business environment.

### VIII. Digital Skills

Lack of skills is a very important issue for businesses across the world regions. In this regard digital skills are increasingly gaining importance, yet the workforce may not be able to provide enough supply to satisfy the need. In light of this situation, the 2019 Global Economic Survey asked GCP members what measures they would prioritize to close the skills gap in digital skills. A clear majority voted for the **inclusion of digital literacy and skills courses in education**, followed by the exchange of best practices between regions and countries and the facilitation of skilled labour movement on the second and third place respectively.

GCP members were also requested to state which measures had been taken in their respective countries and regions to transmit digital skills. While almost all respondents stated that there was funding for companies with initiatives to improve the digital skill level of their employees, only the EUROCHAMBRES, CCOIC, and ICCIMA indicated that they have implemented digital literacy and skills courses at an education level.

## I. MACROECONOMIC OUTLOOK OF THE GLOBAL ECONOMY

### 1) Growth expectations across the globe

Each year, the Global Chamber Platform opens its survey with a scene-setting question on the economic growth forecast from the region of each GCP participant to determine the overall sentiment towards the economic climate and outlook in comparison to the relevant World Bank's economic outlook. Last year, GCP respondents provided a largely optimistic impression that mostly was in line with World Bank projections or exceeded them.

In 2019, we see a marked shift in responses. While growth is still expected, the majority of respondents have expressed a growth forecast less than or equal to the World Bank figures provided in the survey. EU respondents for the Euro Area had an average forecast of 1.3%, which is 0.3 percentage points below World Bank figures. A strong deviation of 0.5% was indicated for the Asia Pacific by CACCI, which expects 5.5% as opposed to 6% in growth this year.

This does not come as a surprise - the World Bank, titling its 2019 Global Economic Prospects Report *Darkening Skies*, warns that global economic growth will moderate and slow down. Its global growth projection was revised from 3% to 2.9% in January 2019<sup>2</sup>. In a similar fashion, the International Monetary Fund has lowered its expectations for the global economy. Its more optimistic economic outlook was revised downwards from 3.6% to 3.3% in 2019 – and the possibility of further downwards revisions has been deemed high if trade tensions and destabilizing occurrences such as Brexit do not decrease<sup>3</sup>.

On the other hand, ASCAME, CNI and the FGCCC provided more optimistic outlooks for growth in 2019 in their region. For ASCAME and the FGCCC, this may be due to a general improvement of conditions: The World Bank surmises that government-led reforms and increased commodity prices have helped the regions to rebound from its contractions in 2017, and future conditions remain promising.<sup>4</sup>

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<sup>2</sup> World Bank, January 2019. *Global Economic Prospects: Darkening Skies*, p. 3.

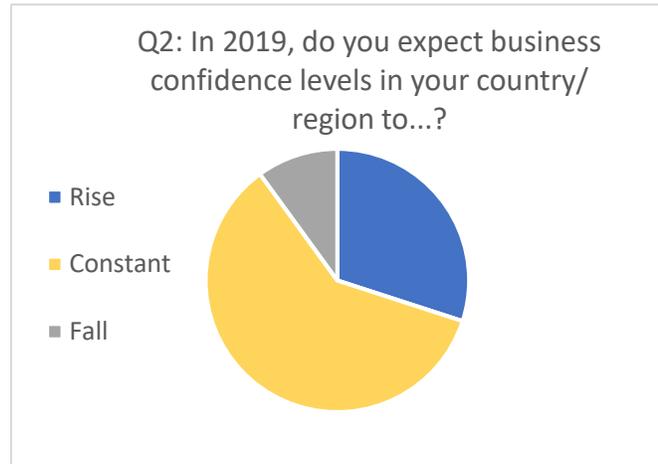
<sup>3</sup> IMF World Economic Outlook, April 2019. *Growth Slowdown, Precarious Recovery*, p.19

<sup>4</sup> World Bank, November 2018, *Growth in Gulf Countries to Rebound in 2018-2019*.

<https://www.worldbank.org/en/news/press-release/2018/11/27/growth-in-gulf-countries-to-rebound-in-2018-2019>

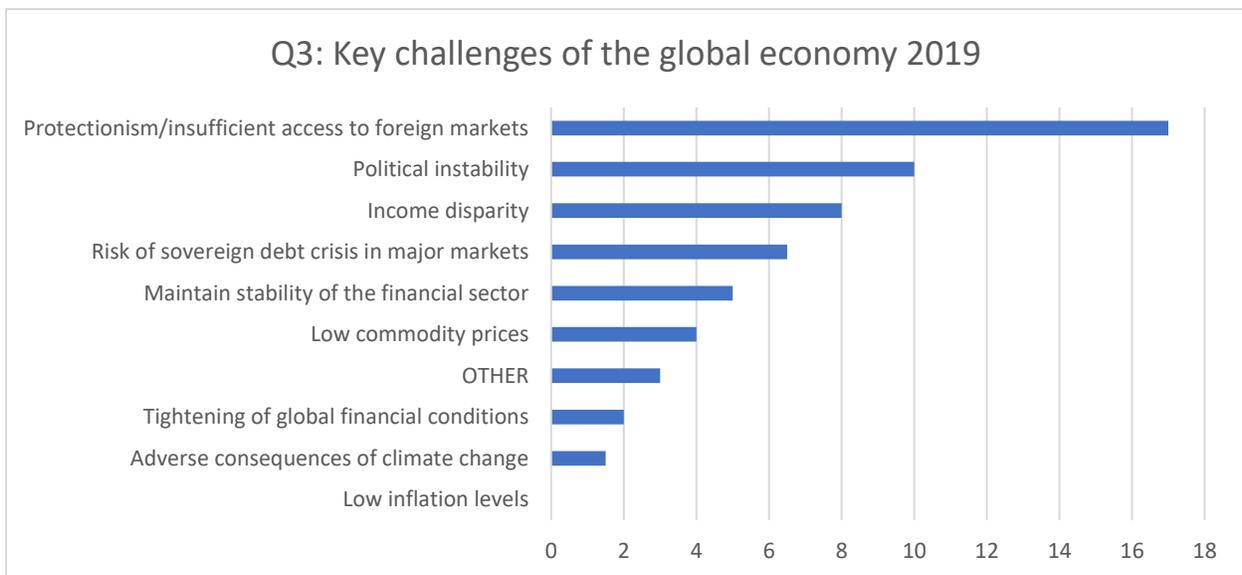
## 2) Business confidence assessment

Business confidence across the globe is predominantly expected to be stable for 2019. Among GCP members, CCOIC, FICCI and TOBB indicated business confidence to rise, while only the Canadian Chamber noted a downfall of business confidence in its region. Compared to 2018, this marks a notable moderation of expectations in line with the dampened growth forecasts given by respondents.



## 3) Identifying Key Challenges of the Global Economy in 2019

One of the core questions for GCP respondents was to identify the key challenges for the global economic community. Here, the threat of protectionism and insufficient access to foreign markets has been identified as single most important challenge to be addressed. This is consistent with the preceding GCP survey and underlines the continuous unease towards rising trade tensions.



This result comes as no surprise - in a year dominated by a rise of protectionist measures among the G20 – 40 protectionist measures undertaken in 2018 by G20 members alone<sup>5</sup> - global players see the predictability of international trade undermined, with on-going tensions having the potential to cloud global economic growth prospects and affect negatively global value chains.

<sup>5</sup> World Trade Organization, November 2018. *Annual Report on G-20 Trade Measures*: [https://www.wto.org/english/news\\_e/news18\\_e/g20\\_wto\\_report\\_november18\\_e.pdf](https://www.wto.org/english/news_e/news18_e/g20_wto_report_november18_e.pdf)

Unless measures are taken to mitigate the rise of trade restrictive measures and trade tensions, it is reasonable to assume that protectionism may become an even larger concern for global business.

Political instability has remained on second place. Considering that this answer had consistently been in first place until 2017, this change in priority stands out. This may be due to the overlap in cause and impact between political instability and protectionism/insufficient access to foreign markets. As protectionism may be in part linked to political instability, and is an increasingly prevalent issue, this may explain the shift in rankings.

Meanwhile income disparity has risen to third place, indicating that since the 2018 Survey, GCP members have gained increasing awareness of this issue as posing a challenge to the global economy in 2019. This may follow recorded trends of rising income disparity across the globe.<sup>6</sup>

Interestingly, the risk of sovereign debt crisis has now moved up to fourth place in the ranking of this year's survey. This result is remarkable as sovereign debt had not been on any participant's priority list in the 2018 survey. A possible explanation is that according to the OECD, government debt among its member countries is projected to reach an all-time high in 2019<sup>7</sup>. Meanwhile income disparity gained in importance, jumping from 6<sup>th</sup> to third place in the ranking.

Furthermore, in a continuous trend from 2018, even fewer GCP members consider the tightening of global financial conditions, as well as the maintenance of stability in the financial sector a priority than before. Two possible explanations could be drawn from this development: One, the global financial system has stabilized enough to provide adequate market conditions, or two, other issues have become so prevalent that they require swift action as soon as possible. The results from question 4, which assesses the current state of the global financial regulation system seem to indicate that the latter is more likely.

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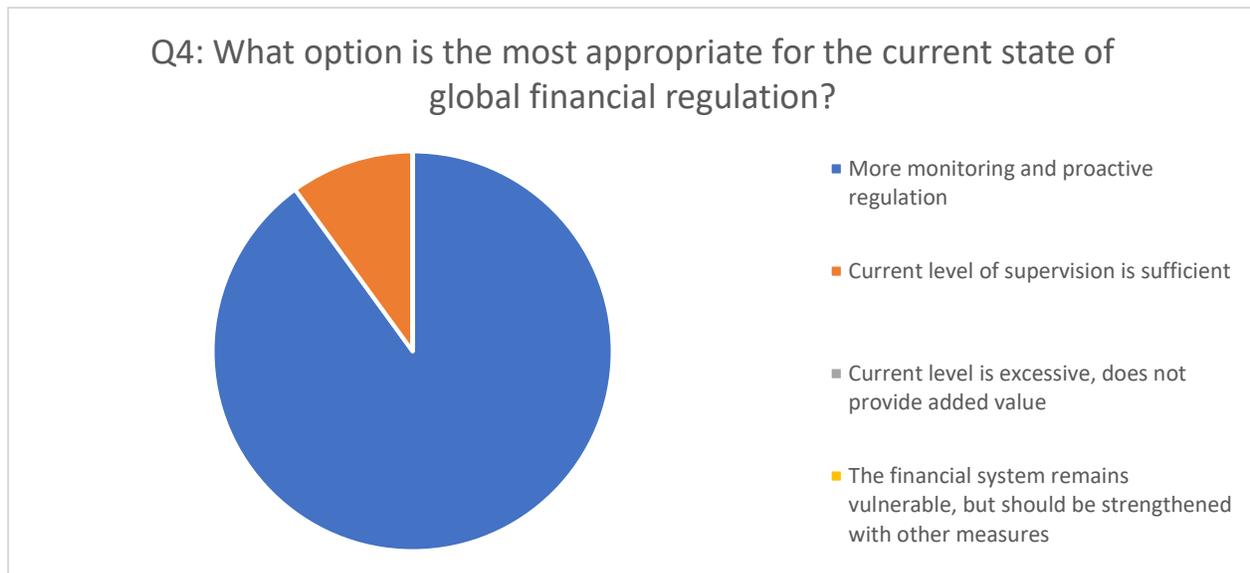
<sup>6</sup> World Inequality Lab, 2018. *World Inequality Report*. Available at: <https://inequality.org/facts/global-inequality/#global-income-inequality>

<sup>7</sup> OECD, 2019. *Sovereign Borrowing Outlook in OECD Countries*, p.6. <https://www.oecd.org/finance/Sovereign-Borrowing-Outlook-in-OECD-Countries-2019.pdf>

## I. FINANCIAL SERVICES

### 4) Assessing the current state of global financial regulation

In the October 2018 Global Financial Stability Report, the International Monetary Fund noted that the global financial system, while having become more resilient since the 2008 global financial crisis, still has potential vulnerabilities that could derail current global economic growth sharply.<sup>8</sup> To assess the regional perspective on this issue, GCP members were asked whether the current level of supervision was sufficient, and if further measures should be taken.



In this year's survey, a strong majority of participants indicated that more monitoring and proactive regulation should be implemented.

This shows that GCP members are aware of this issue. Contrary to last year's result, which showed the majority of respondents to be satisfied with the level of regulation, most respondents agree on the need of more monitoring and proactive regulation. The change in sentiment spanning across developing and developed regions alike is a strong signal that leaders should address the state of global financial regulation more proactively.

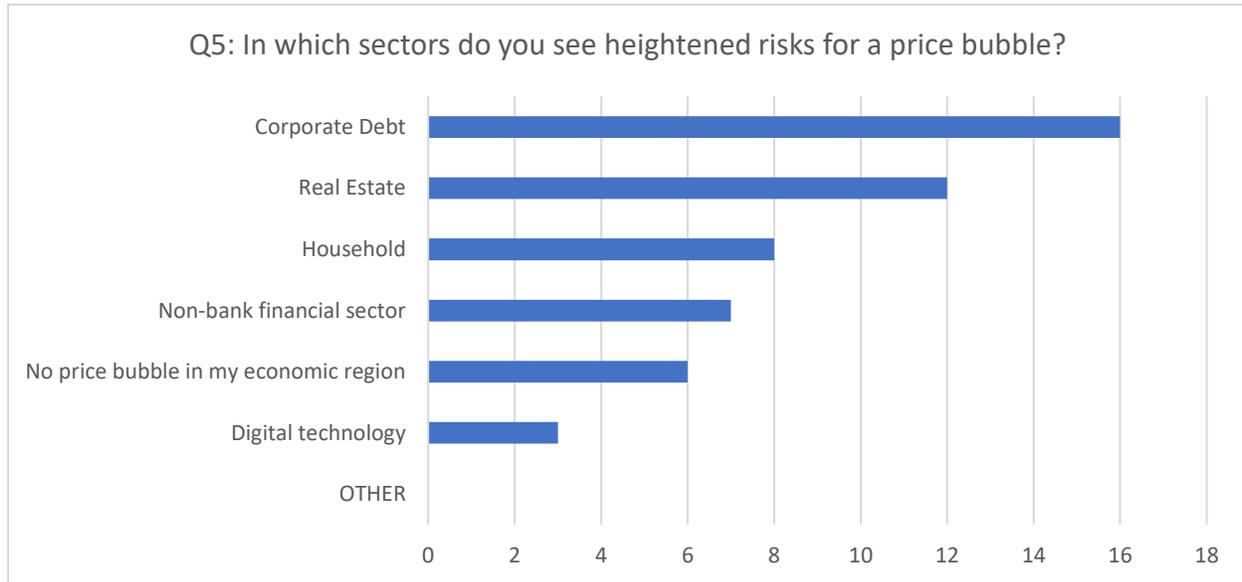
The European Union as a whole was also largely in favour of more monitoring. Within the EU, Germany considered the financial regulation system to be excessive, while Spain expressed that other measures, such as cooperation and coordination of policies and standards would be an alternative approach.

### 5) Determining areas at risk of price bubbles

In the 2018 Global Economic Survey, one of the questions focused on whether members perceive a risk of new price bubbles emerging. The result of that survey revealed that a notable number of

<sup>8</sup> International Monetary Fund, October 2018. *Global Financial Stability Report*.

members considered prospects to be increasingly worrying. To track whether and where members see a risk of price bubbles in different sectors, the 2019 survey included an additional question on the issue to identify the sectors at risk as perceived by the respondents, as well as whether they see risks developing in their particular region.



Corporate debt received the highest priority from members. This is supported by recent reports by the IMF, which recorded high levels of corporate debt across three quarters of the economy, which may amplify economic downturn.<sup>9</sup> Vulnerable companies would be the most affected by an economic slowdown.

In second place we find real estate, which both the IMF and World Bank have perceived renewed risks for. The IMF noted that particularly in emerging market economies the risk of a big drop in housing prices has increased.<sup>10</sup> On third place respondents have placed the household sector, while a notable fourth place is the non-bank financial sector. The Financial Times warns that the non-bank financial sector is opaque and largely unregulated, and some signs of similarity with the subprime crisis in 2008 can be drawn.<sup>11</sup>

The results for this question show that GCP members are aware of potential risks in various sectors. As for whether a risk of a price bubble was not in their region, 4 respondents actively chose to respond accordingly, including the EU. This could be an indication that across different regions, confidence is high that their own markets are developing in a sustainable manner.

<sup>9</sup> Financial Times, April 10<sup>th</sup>, 2019. *Corporate debt levels risk amplifying economic fragility, says IMF.*  
<https://www.ft.com/content/9be23506-5b64-11e9-9dde-7aedca0a081a>

<sup>10</sup> International Monetary Fund, 2019. *Assessing the risk of the next housing bust.*  
<https://blogs.imf.org/2019/04/04/assessing-the-risk-of-the-next-housing-bust/>

<sup>11</sup> Financial Times, February 2019. *Non-Bank lenders thrive in the shadows.*  
<https://www.ft.com/content/4610e820-1b09-11e9-9e64-d150b3105d21>

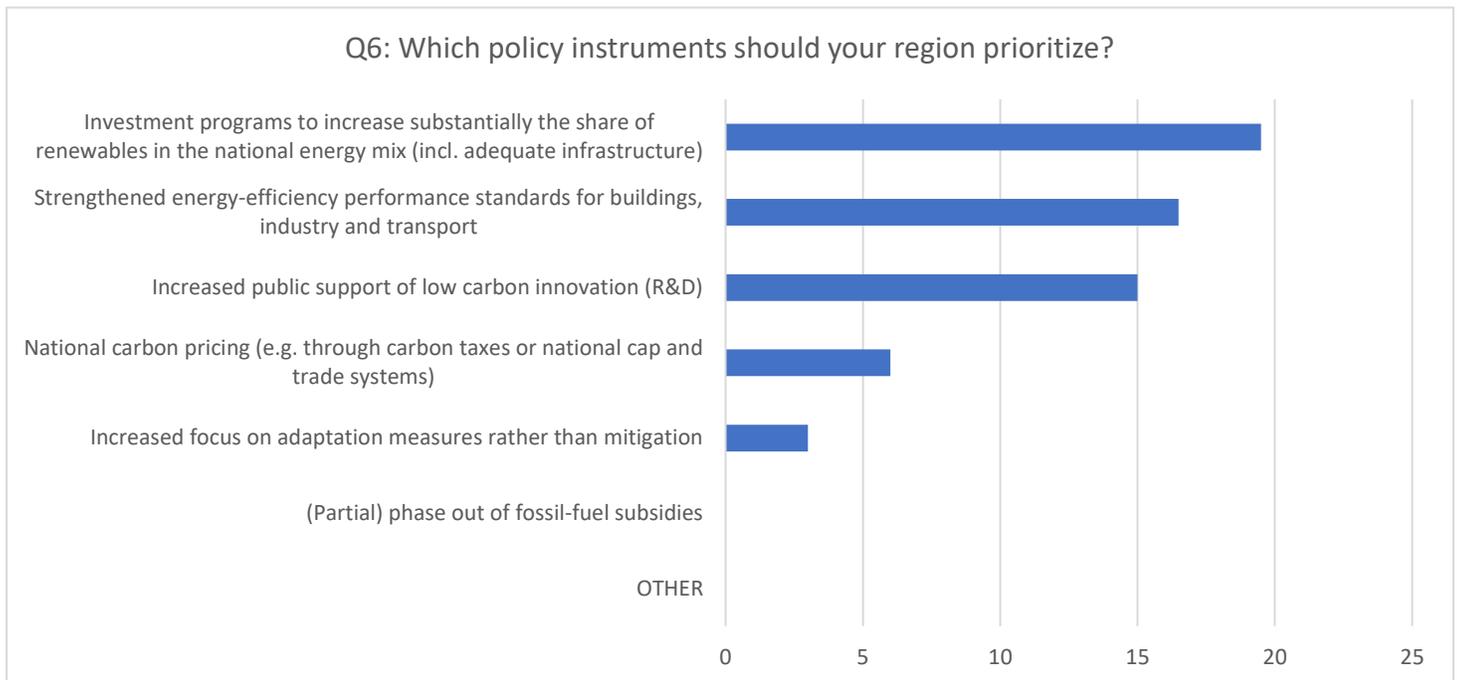
### III. CLIMATE CHANGE

#### 6) Prioritization of policy instruments for the Paris Agreement implementation

The COP 23 conference began the process of establishing effective implementation guidelines for the mitigation efforts of climate change. In response to this, the 2018 edition of this survey gained deeper insight on the preferences of GCP members vis-à-vis said implementation guidelines.

At the COP24, participants developed the rule book for the effective implementation of the Paris Agreement. In light of this rule book, the survey requested its respondents to once more rank the available policy instruments according to their region’s preferences.

The results have shown that there has been no change in ranking for the top three spots. As such, in descending order, we find investment to substantially increase the share of renewables in the national energy mix, then the strengthening energy-efficiency performance standards for buildings, industry and transport, and finally, low carbon innovation. However, the preferences have been distributed more evenly across the answer options.

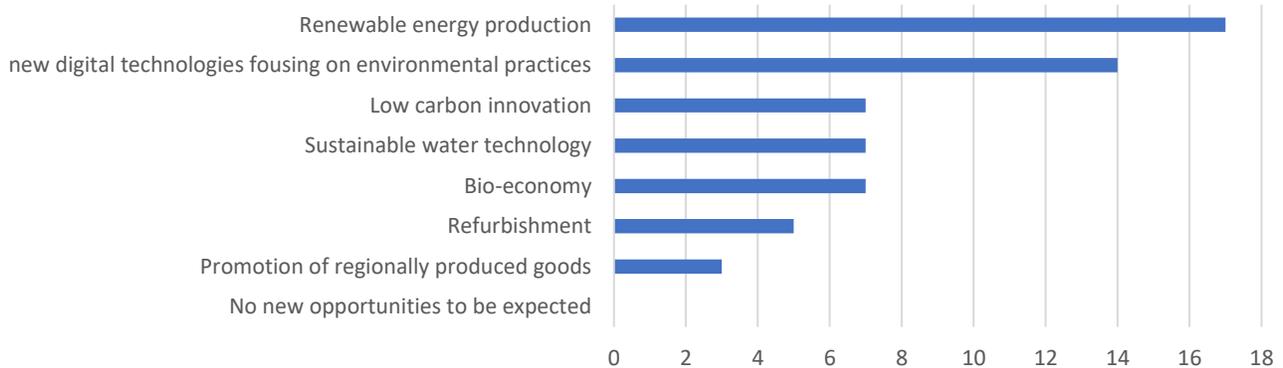


Interesting to note is that carbon pricing has gained support among respondents. This may coincide with a general shift towards national carbon pricing across the globe – as the World Bank notes, carbon pricing initiatives had increased in 2018 and 2019. As such, the rise of such initiatives may be one of the explaining factors for this change.

### 7) Business opportunities in light of a green consumer behaviour shift

Recent movements related to climate change and sustainability have given reason to believe that there is a potential shift in consumer behaviour, which in turn could provide interesting new business opportunities across all regions. As such, this year’s survey dedicated a question to identifying where GCP members could perceive potential benefits with such a probable shift.

#### Q7: In which sectors do you see business opportunities in the shift to sustainable and environmentally conscious practices for your country/region?



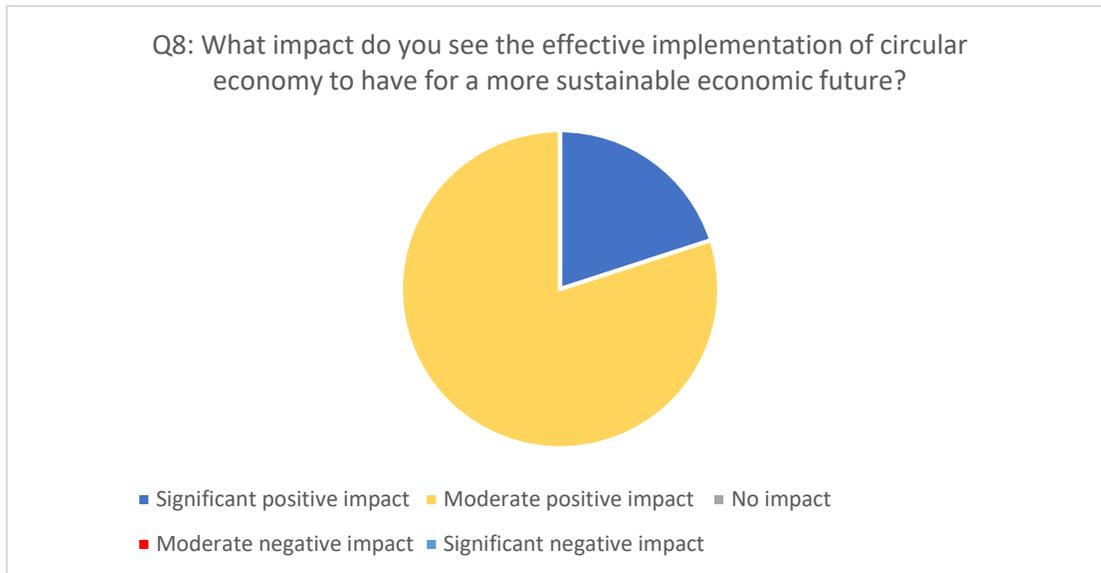
According to respondents, the highest potential could come from the sector of renewable energy production, while in second place, members have placed new digital technologies focusing on environmental practices. **Finally, sustainable water technology, bio-economy and low carbon innovation share the third place in the ranking.**

The results for this question indicate a preference for sectors where there is high potential for innovation and may provide some insight how businesses would prefer to engage with the topic of sustainability.

### 8) Assessing circular economy for a sustainable economic future

As the global community looks to potential avenues for a more sustainable economic future, the concept of circular economy has increasingly gained in traction. To see whether it would be

welcomed by the economic community, the 2019 survey requested its members to provide their assessment on the impact of circular economy.



The response was positive, albeit in moderation. Virtually all GCP respondents chose the option “moderate positive impact”. The CCOIC and CNI even indicated that they would expect a significant positive impact from this model. All in all, one may perceive general support for circular economy across regions.

#### IV. BREXIT

##### 9) Impact of Brexit on investment behaviour

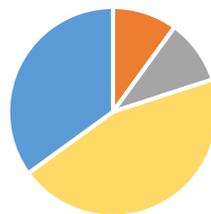
As the prolonged Brexit uncertainty continues, the question on the impacts on investments from different world regions arose. To gauge a better overview as to the perceptions of the GCP, members were requested to provide insight on changes in investment flows from their region into the United Kingdom.

Of the respondents, CNI, TOBB, ICCIMA, and the FGCCC have indicated that the uncertainties about Brexit negotiations have caused investment flows into the UK to decrease. CCOIC answered that due to Brexit, it has seen Chinese investment redirect into the EU27 instead. Finally, ASCAME, Canada, and CACCI did not see any significant change in investment flows.

With this answer, the European Union's answer was split in two between a decrease in investment into the UK and no change at all. The reason for this is that EU respondents were split on those two answers evenly.

Finally, the Federation of Indian Chambers of Commerce and Industry stated that while current investments into the UK were stable, Indian businesses were increasing exposure to mainland Europe as a means to hedge risks in case of a No Deal.

#### Q9: Impact of Brexit on investments into the UK



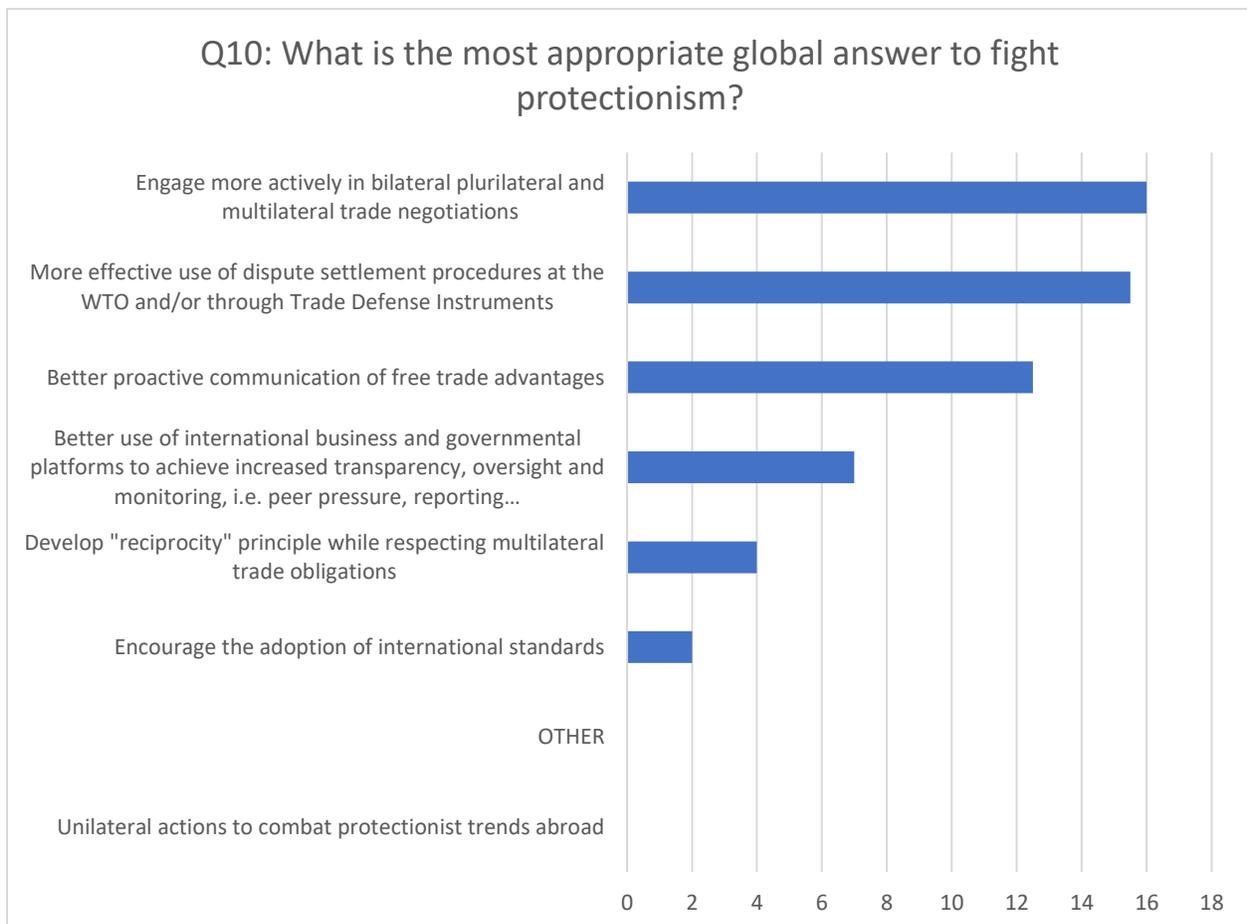
- An increase in other markets (specify)
- An increase in EU 27 investment from your country/region
- OTHER
- A decrease in UK investment from your country/region
- No significant change

## V. INTERNATIONAL TRADE AND INVESTMENT

### 10) Identification of the most appropriate global answer to protectionism

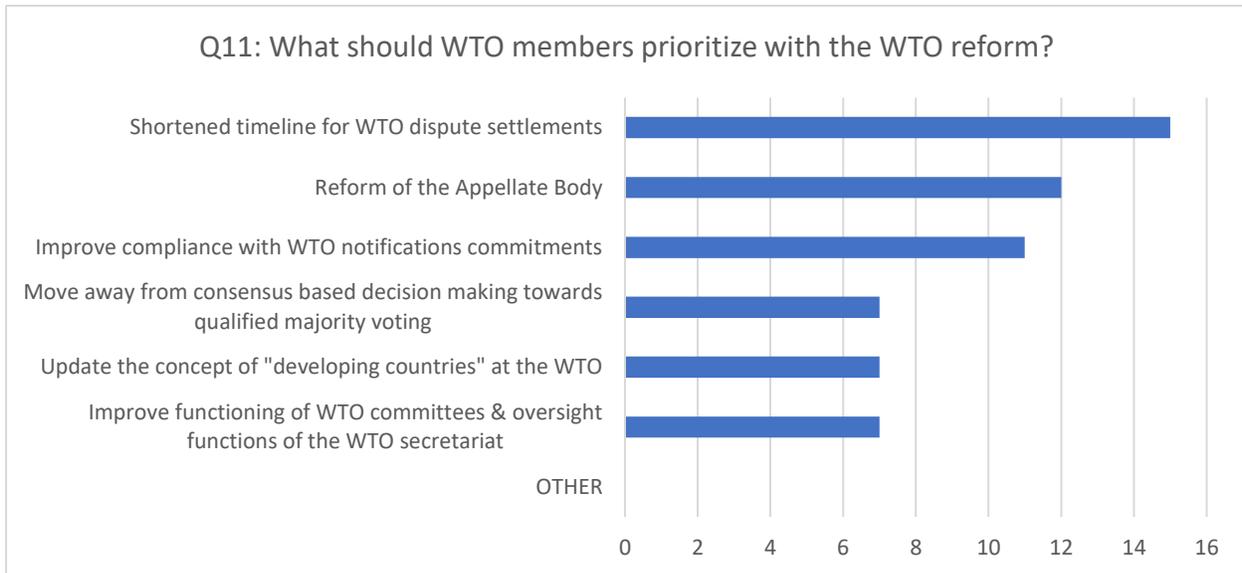
On the question how to combat protectionism on a global level, GCP respondents replied that the most appropriate answer is **consistent with the previous year: active engagement in bilateral, plurilateral and multilateral trade negotiations. However, it is closely followed by** more effective use of dispute settlement procedures at the WTO and/or through trade defence instruments. This marks a noteworthy shift in priorities – previously, this option was only fifth in the ranking. It is followed by better and proactive communication of free trade advantages to the broader public.

Compared to 2018, it is interesting to note that surprisingly the adoption of international standards has lost in support. Meanwhile, the idea of using international business and governmental platforms has gained popularity this year. This in particular is indicative of increased support for business platforms such as the Global Chamber Platform, which can facilitate the cooperation and mutual understanding between the public and private sector.



## 11) Prioritization in WTO reform

A WTO reform is globally debated, identifying multiple areas that could require an update. In the 2019 survey GCP members could indicate their priorities for such a WTO reform.



A clear favourite among respondents is shortening the timeline for WTO dispute settlements, while the Appellate Body reform comes second. In third place, GCP members have voted to have improved compliance with WTO notifications commitments.

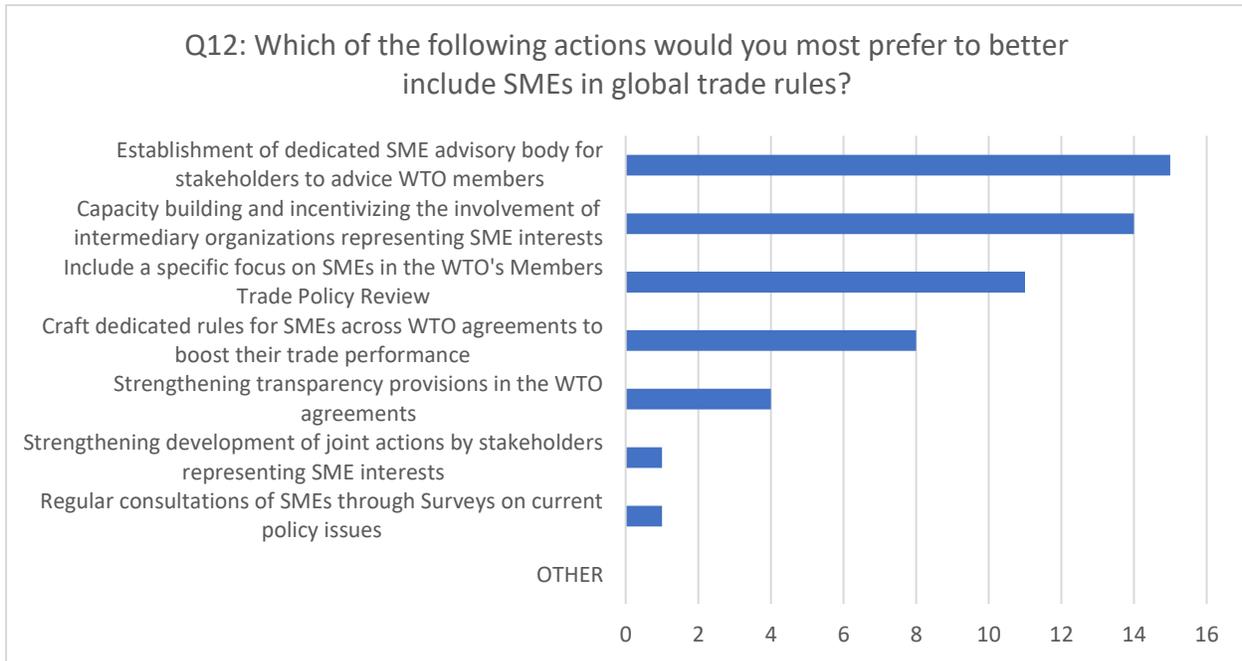
It is interesting to note that the remaining given answers have received moderately high levels of priority as well. This may be an indication of the complexity and broad need for a holistic reform of the WTO.

## 12) Better inclusion of SMEs in global trade rules

SMEs are the backbone of the economy, but in light of their importance they could be much better represented in global trade fora. For this purpose, GCP members were asked what measures should be prioritized for that matter.

Bringing the voice of SMEs directly to decision-makers is clearly regarded as highly effective among members: According to GCP respondents, a dedicated SME advisory body for stakeholders in order to advice WTO is the most appropriate manner in which the concerns of small businesses can be brought to the global table. As a close second, respondents advocated for members capacity building and incentivizing the involvement of intermediary organizations representing SMEs.

Meanwhile, including a specific focus on SMEs in the WTO Members Trade Policy Review was in third place.



### 13) Impact of ongoing US-China trade tensions

With the ongoing US-China trade dispute, there is potential for investment flows to be affected by the uncertain state of the current economic relationship. As such, GCP respondents were asked to indicate the most appropriate answer for describing their investment flows in light of those trade tensions.



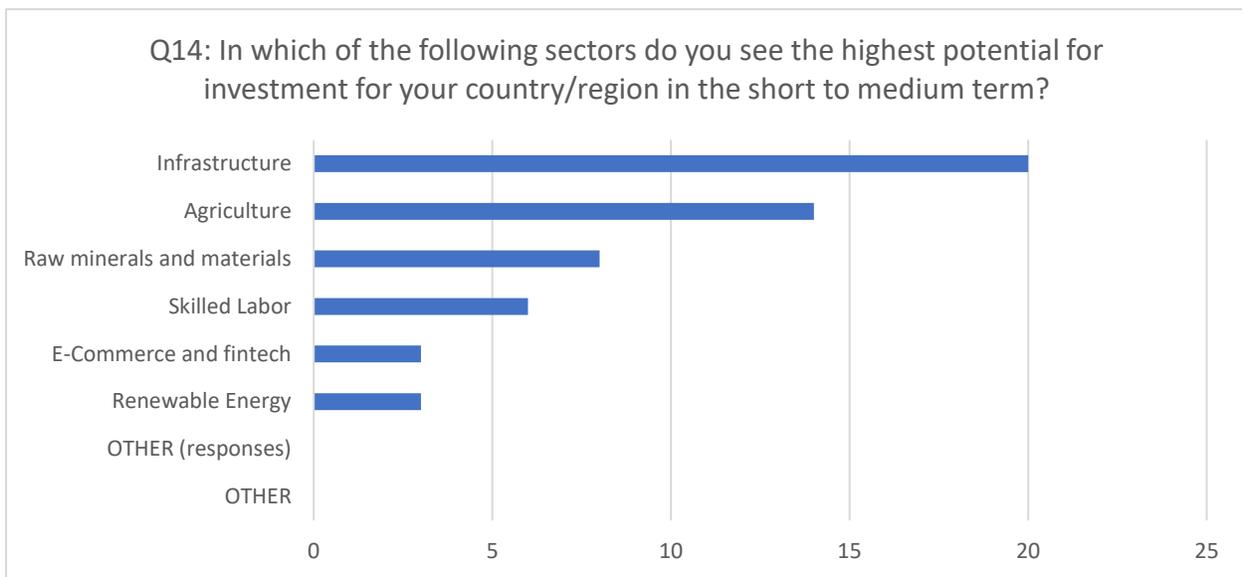
For the majority of respondents, investment behaviour did not change due to the ongoing dispute. Another notable reaction is that two regions increased their investment into the EU as a result. CCOIC and ICCIMA indicated that investments into the US had fallen. ICCIMA additionally noted that investments into China as well as other markets had increased instead. Interestingly, none of the respondents indicated a drop in their region's investment into China.

## VI. AFRICA

### 14) Most attractive sectors in the African economy for investment

In 2018, the G20 prioritized enhanced cooperation with Africa. This prompted a dedicated question to GCP members about their expectations regarding trade and investment relations between their region and Africa. As a result, the survey established that there was a highly positive reaction among respondents towards investments in Africa.

Due to this positive attitude, the 2019 edition of the survey inquired which sectors were the most interesting for investments from their region.



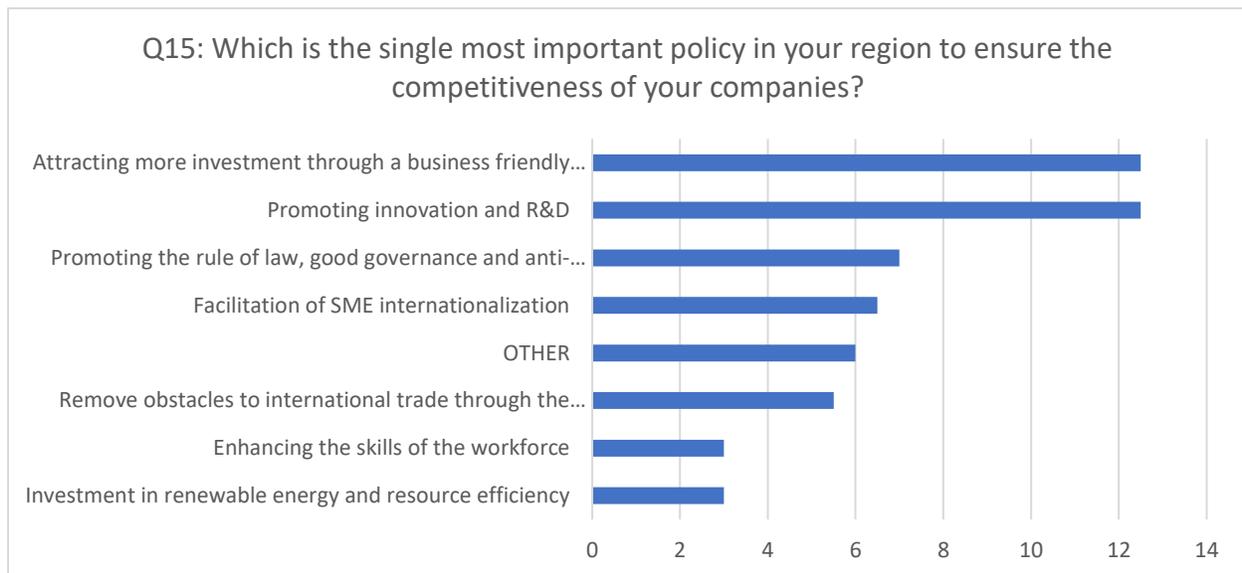
The clear favourite among respondents was infrastructure. In second place members see agriculture, followed by raw mineral investments in the region.

The Asia-Pacific regions showed more interest in Infrastructure, raw minerals and agriculture. Meanwhile, EUROCHAMBRES saw also a priority in renewable energy and skilled labour. Finally, the Canadian Chamber did not provide any indication as to its priorities for African investments.

## VII. COMPETITIVENESS AND INTERNATIONALIZATION OF COMPANIES

### 15) Policy priorities to ensure the competitiveness of local companies

GCP members voted which policies are the most important to ensure the competitiveness of their region's companies. Here, the leading choice is the creation of a business-friendly environment with less red tape for investors. In second place we find R&D and innovation promotion, with a close third being the promotion of good governance, rule of law, and anti-corruption measures. FGCCC, FICCI, and TOBB expressed interest in the latter.

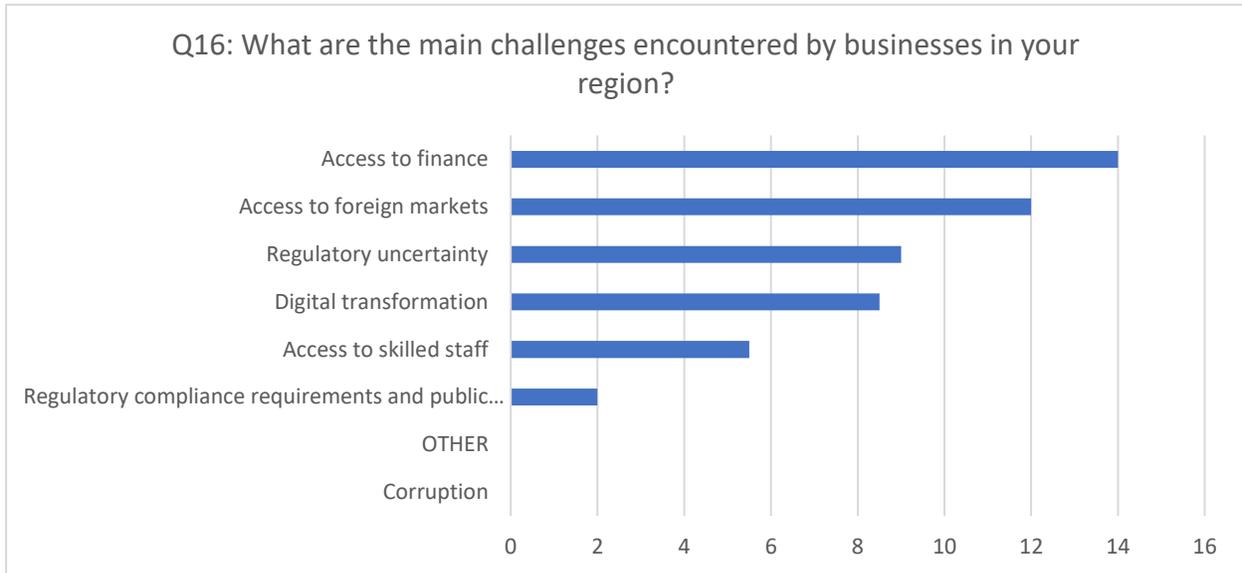


This marks an interesting change in priorities: While last year R&D and innovation promotion was the top choice, it has lost in priority for GCP respondents. At the same time, creating a business-friendly environment and cutting red tape was merged into one answer for this year, taking the top spot in the ranking. It is interesting to see that the promotion of rule of law and good governance has gained in support – which may be a response to the current unpredictability of the global economic trade system.

### 16) What are the main challenges encountered by businesses in your region?

In order to establish what kind of challenges are the most pressing across regions for their businesses, GCP members could provide insight on top three issues for businesses in their area.

As with last year's survey, the single most important challenge for respondents is access to finance. This coincides with question 15's top choice, as a business-friendly environment for investors would facilitate access to funds in the region.



The second most popular choice – access to foreign markets – attests to the importance of maintaining the international climate towards open trade. International cooperation is a key component to move further towards this goal.

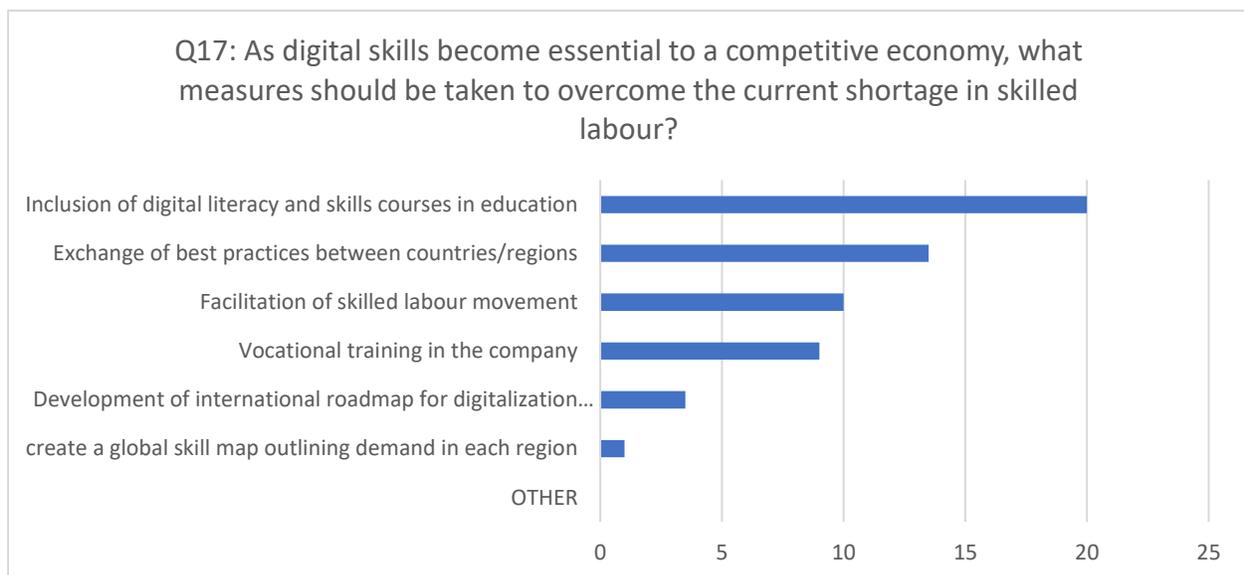
Finally, regulatory uncertainty is in third place. This could tie into the wider picture of the concerns expressed by GCP participants on the overarching concerns of protectionism and political instability on growth prospects.

## VIII. DIGITAL SKILLS

As an increasing number of businesses are looking for labour equipped with digital skills, the GCP members were asked whether skilled labour and digital skills were important to their region in the 2018 Global Economic Survey. The GCP members responded to last year's survey with a resounding yes. As such, the GCP decided to focus actively on this issue with a new segment on digital skills.

### **17) Overcoming the shortage in skilled labour with digital skills**

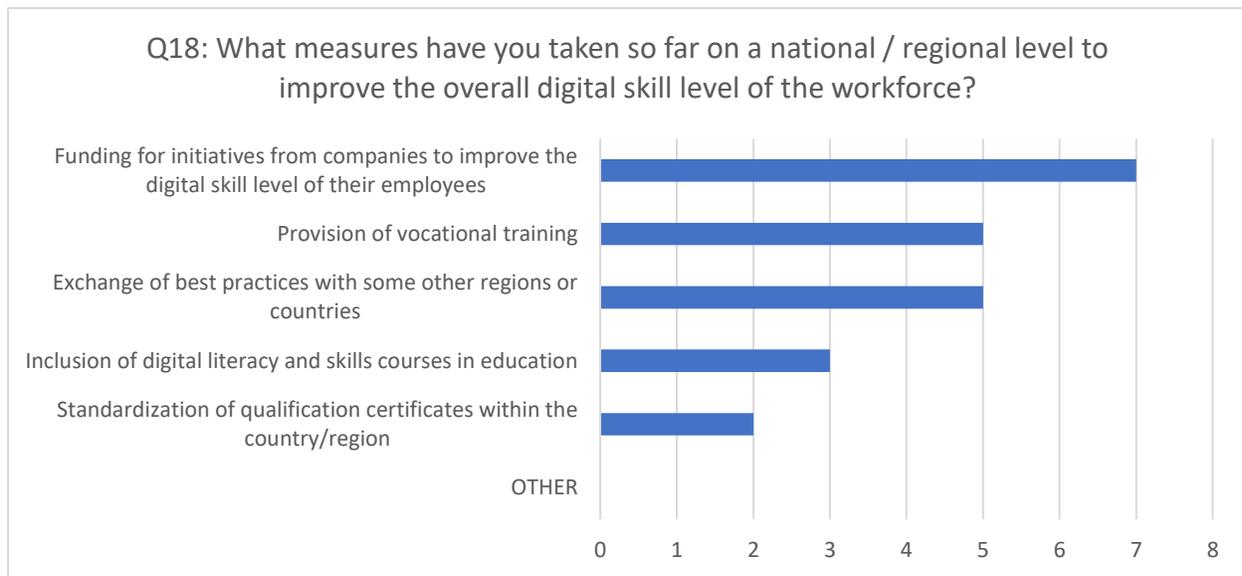
GCP respondents were asked to rank which measures they would prioritize in order to combat the ongoing shortage of digital skills. By a notable margin most GCP members put the inclusion of digital literacy and skills courses in education as the most important measure to achieve a long-term change. This could be a strong indicator for policymakers that the according promotion and the development of action plans for their respective countries would be highly beneficial to its businesses.



To facilitate this, best practices could be exchanged between regions and countries to encourage the creation of skilled labour needed across the globe – and this seems to be supported by GCP members as well, putting best practice exchange as the second highest priority in their voting. On a business level, GCP members regarded the facilitation of skilled labour movement as third top priority. This is especially important for CNI, CACCI, CCOIC and ICCIMA. Further noteworthy is that vocational training in the company is a close fourth place in this survey.

### 18) Existing and implemented measures by GCP members

Finally, in order to see what measures have already been taken by GCP members, respondents were asked to provide insight on their existing initiatives. Most GCP respondents confirm that they have provided funding to companies for initiatives to improve the digital skill level of their employees. Many of the GCP members also provide vocational training, and exchange practices with some other regions or countries.



EUROCHAMBRES is the only respondent for which all answers apply. This is due to the fact that each option was implemented by one or more of the respondents for the EU. As for the other respondents, the Chinese Chamber of Commerce indicated to have implemented all measures except providing funding for initiatives.

Noteworthy is that for most of the GCP members that responded to the previous question that inclusion of digital literacy and skills courses in education is a priority, their regions have yet to implement a measure to do so.

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*EUROCHAMBRES – The Association of European Chambers of Commerce and Industry represents over 20 million enterprises in Europe – 93% of which are SMEs – through members in 44 countries and a European network of 2000 regional and local Chambers.*