

# Frame the Future Thought Pieces



## Global Trade and Partnerships

A catalyst to advance innovation, sustainability, resilience and inclusiveness



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The various international organizations that try to make sense of our very complex world had identified sources of disruption long before the COVID-19 pandemic intensified the situation. The emergence of new players, new economic competition, regionalism, and protectionism were upsetting the institutional balance along with the technological advancements that were changing our world in unpredictable ways.

If one thing was made particularly apparent during the pandemic, it was that Western economies depend too much on third countries for their supply of absolutely essential goods.

As we have "transferred" manufacturing of several products to the East, either because they were deemed environmentally challenging or economically non-competitive, we have come to realize, in the most painful way, that we depend too much on others who do not follow the same rules for the environment or freedom of trade.

The European Union (EU), realizing the gravity of the situation, is taking steps to reduce its dependence on key supplies and products. In a unique agreement for the heavily bureaucratic European decision-making, The Recovery and Resilience Facility was announced as the key instrument to help the EU emerge stronger and more resilient from the pandemic.

Beyond mitigating the economic and social impact of the coronavirus pandemic, the aim is to make European

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economies and societies more sustainable, and better prepared for the challenges and opportunities of the green and digital transitions. Competitiveness, innovation, inclusiveness, and sustainability are the key goals of the plan that finances national reforms necessary to achieve a shift to the new paradigm.

While providing the financial instruments to recover from the pandemic and transform our economies, we should continue our efforts to further develop open markets and establish international rules for free trade that will be unilaterally accepted and internationally observed, with exclusion provisions in case the rules are not followed.

## The Global Federation of Competitiveness Councils

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To that respect, treaties like the important Transatlantic Trade and Investment Partnership (TTIP), which was abandoned in the past, should be urgently reintroduced and agreed to, at least between partner economies of the same philosophy and with the same respect for international agreements. Such treaties will serve not only as an accelerator for innovation, data exchange, and advanced digital transformation, but also provide enough motivation for more countries to be included in the all-important Western trade.

The pandemic has also accentuated increasing inequality in income and opportunities. Inequality, closely linked with exclusion, does not benefit a society that has evolved to respect and understand the meaning of social responsibility. At the same time, inequality and consequent discontent provide fertile ground for populism and the disruption of social cohesion. The sooner this realization is permeated in our elites, the sooner we can apply pressure to the legislators to introduce the right measures that will promote social responsibility and an equal-opportunity environment.

Particular attention is required for the green transition. Especially as Europe continues to introduce aggressive goals for environmental protection. The concern focuses on the implications that the carbon taxes might have on lower-income families and the transfer of manufacturing to countries that do not abide by rules. More sensible targets will

allow a smoother transition that will not jeopardize the fragile effort to increase regional manufacturing or threaten further economic inequalities. The urgency to fight climate change, though, remains and should be addressed now.

In a complex world where people, countries, and economies are interconnected and interdependent, and unpredictability tends to become part of the new reality, we need to provide the ground for growing together in a sustainable and inclusive way. We need our economies to be resilient, on a national or regional level, so that we can recover from future disruptions and be able to continue to provide for the welfare of our communities, even when unfortunate events happen.

The defining issue is to provide the framework that allows and guarantees freedom of work and trade with a fair distribution of resources among the people. The instrument to advance this goal is Global Trade and Partnerships. My modest suggestion is to introduce comprehensive and enforceable trade and data transfer treaties, and mobilize global understanding to fight inequalities and climate change.