

Klaus Schwab – Keynote Speech at the 6th Belt and Road Summit (1-2 September, 2021, Hong Kong)

Dear Participants,

It is a real pleasure for me to deliver the keynote speech of the 6th Belt and Road Summit to such a distinguished and influential group of people from around the world.

We are gathered here today to reflect on how we can “**Drive Growth Through Fostering Regional and International Trade**”, and I am happy to share my thoughts on this important topic.

Let me start, by reminding everyone of the importance of trade and cooperation. If we look back at the economic progress the world has made in the past 75 years, economic cooperation has played a decisive role, and lifted hundreds if millions of people out of poverty.

For example, in Western Europe, where I grew up, countries were able to rebound from the Second World War thanks to the creation of the common market, and the increased trade and investment ties with the United States

In Asia, countries like Japan, the so-called Asian Tigers, and finally of course China, got ahead as they went from economic self-sufficiency, to reforming and opening-up their economies to the world.

And in Central and Eastern Europe, as well as ASEAN, a similar evolution occurred more recently. These countries created economic ties with their neighbours, and caught up in terms of development

It is easy to forget these benefits, at a time when we are all more pre-occupied again with the challenges we face domestically, and foreign investment and globalization has slowed. Globally, investment flows slumped by 35% in 2020, with emerging Asia the only region to see a small growth.

The World Economic Forum also surveyed this Summer people in 25 countries and this survey produced very interesting insights. Overall, not even 50% still believe globalization is a “good thing” for their country, the survey found. That percentage has dropped almost everywhere in the world in recent years.

But a vast majority of 75% of those surveyed did say that “expanding trade is a good thing”, and almost two thirds welcomed investment by global

companies in their country. That is an excellent basis to start from, to build future economic cooperation and trade.

It is interesting to note, also, that many of the people who remain most favourable to trade, are those in emerging markets in Asia and Latin America, including Malaysia, South Korea, Turkey, and Brazil. The same is true for China, which has been the driver of global and regional trade in recent years.

Their sentiments also demonstrate that many still feel that we are all part of a global community with a “shared destiny”, as President Xi mentioned in his speeches to the World Economic Forum in 2017, and emphasized again in January of this year.

To strengthen globalization, we now have to strengthen regional cooperation. We should promote intra-regional and inter-regional cooperation, especially in the fields of the economy, trade, science and technology.

I am glad that all of us gathered here today are united in this goal. One Belt and One Road, as well as the recently concluded Regional Comprehensive Economic Partnership, are excellent examples of how to strengthen cooperation in this part of the world.

Today, as we face the pandemic and its economic fallout, and we experience the transformative impact of the Fourth Industrial Revolution, I believe we need more regional and global cooperation mainly in four areas:

First, **we need more cooperation in digital trade and governance.**

As the Fourth Industrial Revolution advances, many of the international trade and technological advances are digital in nature. That is fundamentally a good thing, as it can lead to win-win exchanges. But as these digital exchanges expand, so too must their global governance.

Indeed, if we do not cooperate on technology and digital governance, the digital world may become another source of global risk and turbulence. We must ensure that technological progress benefits all, and that the level playing field is equal, and supported by all.

It is the reason why the World Economic Forum has established a network of Centres for the Fourth Industrial Revolution around the world. We want to provide a global platform for working together. We want to help make new technologies such as Artificial Intelligence, blockchain, Internet of

Things human-centred, and society-serving.

And, in addition, we must invest substantially in digital infrastructure, and ensure there is connectivity and inter-operability between different systems, for instance for data transfers and payments. Digital trade can only succeed if there is no fragmentation of the internet.

Second, **we need more cooperation in tackling the COVID pandemic.**

Any pandemic is by definition a global problem, and it cannot get solved without global cooperation. Today, the first priority must be to provide global access to the vaccines that are available. Vaccines are our best weapon against the pandemic, and we must ensure everyone has access to them.

To strengthen our resilience against COVID and other viruses that may be forthcoming, we should also continue to work together in other fields, such as the development of new vaccines and treatments, the distribution of medical devices and supplies, and the production of personal protective equipment.

Third, **we should invest more in green infrastructure.**

As we all know, the fight against climate change and environmental degradation is more urgent than ever. The latest IPCC report shows that we have to immediately start the green transition, or risk doing permanent damage to our climate and natural environment.

To achieve this transition, investments in green infrastructure are critical. The legacy of the 20th century is one of heavily polluting industries and transport. Going forward, we have to invest in a greener global economy. Infrastructure has always been the foundation of *sustained* growth. Now it also needs to be the foundation of *sustainable* growth.

In this perspective, the Forum has helped developed green investment principles for infrastructure, which could be also applied to One Belt and One Road.

It is very reassuring that China has committed to be net-zero in 2060. To achieve this objective, action will be required on many fronts. We need to decarbonize industries and search for innovative solutions, for example in carbon sequestration. But we also need to make changes in our lifestyle, and move towards a more shared and circular economy.

Nature-based solutions are also important, like our One Trillion Trees initiative. With this initiative, we have committed together with governments and businesses around the world, to conserve, restore and plant one trillion trees. And I'm proud to say a China chapter has opened this year, in cooperation with the Ministry of Forestry and Agriculture.

Fourth, **we need cooperation on global supply chains.**

One recent development we saw was the decoupling of supply chains, and the reshoring of manufacturing. The stated objective often is to create stronger resilience against certain risks that occurred recently. The pandemic also created disruptions and bottlenecks in supply chains and in major trade routes, such as the Suez Canal.

But the biggest driver for homeshoring may be the fear of diverging regulatory systems, particularly related to new Fourth Industrial Revolution technologies.

Therefore, a key condition for a functioning, integrated world economy, built on multilateral cooperation is the capability to rely on shared - or at least inter-operational - systems. They can help counterbalance the erosion of global sourcing.

Ultimately, the goal of increased economic trade and cooperation today is clear: it should help provide a more prosperous outlook for all people involved, and ensure we can continue to benefit from a healthy planet for many generations to come. That is what we should strive for.

One Belt and One Road is the most ambitious template for inter-regional trade and development ever. And, if its future expansion is built on these pillars, it may also be greatest contributor to economic development ever.

By connecting a large part of the world, it allows for cooperation between countries with economic complementarity. That creates excellent scope for win-win commercial exchange, and helps lift broad swathe of economies up at once.

History also shows that economies that are more integrated are less likely to have violent conflict, as damaging others' interests means damaging one's own interests. I know this from my own experience: the creation of the European Union during my lifetime was precisely done for this reason. One Belt and One Road can also promote such stability and peace.

Of course, globalization remains a challenge for all of us, and the pandemic

and ongoing climate crisis have not made cooperation easier. But I hope that as more countries cooperate more with one another, a new pathway toward globalization emerges that is open, inclusive, balanced, sustainable and beneficial to all.

I wish the 6th Belt and Road Summit a great success.