

YANN COATANLEM

CEO of DataCore Innovations LLC, President of Club Praxis

Masood Ahmed, President of the Center for Global Development, former Director of the Middle East and Central Asia Department of the IMF

Yann Coatanlem, I want to come to you last, please, for your thoughts.

Yann Coatanlem, CEO of DataCore Innovations LLC, President of Club Praxis

Thank you, Masood. I think we can all dream of a new economic order but, if we really want to build a new vibrant multilateral organization, we need to meet, in my view, two conditions, like frankly in any diplomatic negotiation. One is to define clear mutual benefits, and the second is to have strong, equal, players.

Let me elaborate a little bit on that. How do we achieve mutual benefits? I think part of the problem we are all facing is that, in a way, we are flying blind here. We do not have much information to assess, for instance, how much damage countries and companies are inflicting on each other, and on society as a whole. In other words, we must do a better job at understanding and mitigating externalities.

What I mean by externality, we have all used the word, is anything that disturbs the level playing field between individuals, companies and countries. Let me give you two concrete examples of what I think are achievable goals with hopefully enough consensus.

One is to curb excessive concentration of corporate power pretty much everywhere in the world. We talked a lot about inequalities, but I think that is at the center of the problem. There are reasons to be optimistic. The OECD countries, as you know, have already achieved a minimum corporate tax. I think the challenge now is to tackle the issue of tax optimization and, in particular, of transfer pricing mechanisms.

As you know, the US government is looking very seriously at the issue. Microsoft was given a very significant fine just a week or so ago. To put things in perspective, it is estimated that USD 1 trillion of corporate profits each year are booked in tax havens. It is a considerable amount of money and I think we need to do more on that front. Again, governments should have mutual interests because that is more money for their coffers.

The second point that I would like to make, in the area of climate change, is that deglobalization makes it harder to achieve our decarbonization goals, not easier. To illustrate this point – someone talked about the WTO report that was issued just last week – one interesting statistic is that they looked at solar panels, for instance, over the last 30 years or so and, as you know, there has been a huge decrease in cost, and the WTO economists were able to assess that 40% of the decline for solar panel prices was due to economies of scale that were obtained through international free trade. Therefore, in contrast, if we do not have this kind of economic efficiency, we are even less likely to meet our decarbonization targets.

That is the first point around defining strong mutual interests, and we don't want too many of them, so that we do not get distracted. It is not unlike any diplomatic exercise.



The second condition is to have strong players. We talked about GDP this morning and how the picture looks scary for Europe. In reality, in terms of PPP basis, or in plain English adjusted for cost-of-living, GDP in Europe is only 4% lower than in the US. And if you look at numbers *per capita*, Europe is actually in a better situation now than it was 20 years ago. Therefore, we have to put things in perspective.

However, this is today. Going forward, the future looks very bleak for Europe, because it is essentially missing the technology revolution. Just one statistic that is very revealing: in Europe, private companies invest about USD 50 billion a year in technology R&D; in the US, it is five times this amount, about USD 250 billion; and China, which started from zero 15 years ago, is now well above Europe.

With less economic power, the issue for Europe will be how it can be relevant on the international scene and still influence the world.

The second weak player, for completely different reasons, will be emerging markets. First, we need to be more equitable when assessing externalities (e.g. taking into account the time dimension of carbon emissions). Second, we need a more global capital allocation of climate change investment.

Masood Ahmed

Thank you very much.