



**DISCUSSION PAPER ON PARTNERING WITH THE PRIVATE SECTOR TO DRIVE
INCLUSIVE GROWTH AND JOB CREATION IN THE WESTERN HEMISPHERE
IN THE IX SUMMIT OF THE AMERICAS**

*SUBMITTED BY THE COUNCIL OF THE AMERICAS AND THE U.S. CHAMBER OF COMMERCE TO THE
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The twin health and economic crises spawned by the COVID-19 pandemic have had profound global effects that will continue to shape the economic wellbeing of the people and countries of the Western Hemisphere for years to come. The pandemic also has accelerated the trend towards digitalization and a truly digital economy. Much of the hard work from the Lima Summit geared toward making the Western Hemisphere more competitive remains to be done. This task is now more urgent than ever. **Leaders should use the IX Summit of the Americas to launch a bold set of collaborative initiatives that leverage the immense power of digitalization, promote trade and integrated resilient supply chains, create strong health economies, and ensure sustainable infrastructure investment.** Facilitating the digital transformation and the data economy will drive growth and productivity across industries and economies, expand financial inclusion, increase transparency, and empower small businesses and entrepreneurs. Working together with the private sector, Leaders can set a course to emerge from the pandemic stronger, more resilient, and democratic, and to build a 21st century Western Hemisphere economy that delivers robust, inclusive economic growth and jobs.

Drive Productivity, Growth and Transparency through Digital Transformation

The pandemic has highlighted the positive, integral role digital technologies play throughout our economies, including in the delivery of public services, healthcare management, financial and social inclusion, and the well-being of small business. To position the hemisphere for the digital era, **Leaders should use the Summit to prioritize actions that encourage digitalization and the integration of digital technologies by the private sector; improve government services through use of digital technologies; and establish new best practices for the data economy.** Closing the “digitalization gap” between sectors is crucial to raising productivity and to building supply chain resilience; nearly 50% of the potential upside from digitization in the coming years is in industrial sectors and agriculture. Digitalization of the public sector will improve efficiency and delivery of services, reduce opportunities for corruption, increase transparency, and strengthen democratic institutions and governance. To effectively compete, the region needs common Artificial Intelligence (AI) and cybersecurity principles, harmonized privacy and data protection rules, support for robust FinTech, and swift and secure movement of data across borders.

Leverage Global Trends through a New Hemispheric Trade Agenda

COVID-19 has caused unprecedented disruptions to global trade, and global supply chain shifts underway pre-pandemic are deepening and accelerating. A recent McKinsey report found that between \$2.9 and \$4.6 trillion in annual trade flows could shift over the next 5 years as companies from diverse sectors invest in supply chain resilience. To capitalize on this trend, **Leaders should use the Summit to launch a hemispheric trade agenda that will allow a truly regional economy to flourish, help the region’s companies compete globally, provide incentives to create Western Hemisphere supply chains, level the playing field for SMEs seeking to expand**



and enter new markets, and **make the Americas a more attractive destination for foreign and domestic investment.** Any regional trade agenda should address longstanding private sector concerns that continue to stifle trade and investment. These concerns include intellectual property protections, good regulatory practices, treatment of state-owned enterprises, removal of trade barriers, and trade facilitation. Region-wide agreements can also be powerful tools to codify common values on transparency, labor and human rights, rule of law, and the environment. Common digital trade provisions, covering issues such as data privacy, storage, transfer, and security as well as good regulatory practices for digital commerce, are critical to creating a regional data economy that functions as a single marketplace and can compete with Europe and Asia.

Ensure Growth and Social Inclusion through Resilient Health Economies

COVID-19 has spotlighted the fragile nature of health care systems and their inability to respond to both pandemic threats and the ongoing chronic illness crisis. Robust “health economies” are vital not only for protecting citizens but for reviving economies. The U.S. health economy accounts for 10% of exports and 16% of jobs; Chile’s health economy is nearly 10% of GDP and supports more jobs than mining and agriculture. Given the extraordinary ongoing health-related challenges, **a Health Ministerial should be part of the Summit process, and Leaders should use the Summit to launch a public-private forum to construct vibrant, resilient health economies that capture a greater portion of global health trade, safeguard against future health threats, harness digital health solutions, and enable people to live healthier, more productive lives.** Innovative financing to invest in health as a means for economic and social development; regulatory harmonization; streamlined, transparent procurement; and the adoption of digital health technologies will be critical to expanding access, improving efficiency, and reducing costs.

Catalyze Inclusive Growth through Infrastructure Transformation

The Western Hemisphere faces a massive infrastructure deficit that impedes inclusive and sustainable economic growth, yet countries face increasing debt levels that hamper governments’ ability to invest. According to the IDB, an infrastructure “transformation” through efficiency gains, digitalization, and a focus on the quality/affordability of consumer services would contribute to the region’s post-pandemic recovery and reduce inequality. Necessary advances can only be achieved through private sector investment—both direct and portfolio—that benefits from the rule of law and forward-looking investment regimes, along with official finance that ensures less developed countries and underserved populations benefit as well.

Leaders should use the Summit to advance public-private partnerships and infrastructure procurement reforms that will expand infrastructure financing and promote high-quality, sustainable infrastructure investment, especially in sectors essential to creating a high-performing regional digital economy. The infrastructure required to provide high-quality connectivity throughout the region extends across a range of industries, from energy, transportation and telecommunications infrastructure to software development and artificial intelligence. Digitized tendering and permitting processes, sustainability certification schemes and the professionalization of procurement officials, would increase transparency, reduce delays and better incorporate private sector and civil society input.

Unleash the Power of Investing for Sustainable Development



Regulatory fragmentation, practical complexities and other barriers to sustainable investing currently impede investors' ability to measure material risks and returns. Together with the private sector and development partners, **Leaders should use the Summit to begin forging a coordinated approach to sustainability that will give greater clarity to investors. This should include establishing a roadmap for the standardization and implementation of sustainable management protocols that incorporate meaningful and measurable criteria aligned with global standards.** Such frameworks, which should have a long-term perspective, can be used as guiding tools to align public and private sector investment priorities to achieve sustainable and inclusive growth. This will allow the global financial system, including both international financial institutions and asset managers, to support international and domestic business communities in addressing challenges such as climate change, gender and racial equality and environmental conservation, by factoring voluntary, science-based and flexible Environmental, Social and Governance principles into investment decisions.

Prepare Workers to Thrive in the Digitalized Future

The knowledge and skills needed for the digital future are keys to success for all students and workers in the 21st century economy and are especially important to encourage innovation and entrepreneurship. The necessary skills must be developed from a young age and include continuing education in STEM and vocational training relevant to the use of digital technologies. **Leaders should use the Summit to launch an initiative that brings governments and educators together with the private sector to develop digital economy curricula and training programs and promote use of digital technologies in education, to ensure workers across the region can thrive** in the fast-paced global data economy.

Partner with the Private Sector to Transform the Hemispheric Economy

A successful effort to promote private sector-led investment and trade in the region will be the principal factor ensuring economic growth and jobs post-pandemic. According to the World Bank, official development assistance to Latin America and the Caribbean in 2018 was just above \$10 billion, representing approximately 0.2% of the region's gross national income. Foreign direct investment to the region in 2018 was \$276 billion, over 25 times higher.

Leaders should use the Summit to deepen collaboration with the private sector by transforming the Summit process itself to provide space for Leaders and CEOs to collectively chart a course to leverage emergent, cross-cutting trends. The Americas Business Dialogue has been the principal forum for the regional private sector to provide input to the Summit process. More sustained collaboration is needed, however, if we are to transform our hemisphere's economy. Formal, action-oriented sectoral consultations that bring the public and private sectors together on an ongoing basis at the Leader-CEO, ministerial, senior official, and even regulator levels will ensure a unified, broad-based, mutually supportive approach to creating sustainable and inclusive growth and jobs in the Americas. In the wake of the COVID-19 pandemic, the U.S.-hosted IX Summit offers a unique opportunity for Heads of State and Government to join with business leaders to reshape the hemispheric economy and put it firmly on the path toward a robust and inclusive economic recovery.