



## SUMMARY



Minister Wally Schumann engages in a dialogue at the forum.

As many business sectors undergo shifts in their operating environments, their leaders and other stakeholders are being forced to adjust their planning and management strategies.

At WESTAC, we've been talking about disruptors for a while. But the 2017 Fall Forum focused on significant evolving conditions whose implications for the freight transportation sector are less often discussed. For example, we heard about:

- a major structural change in the shipping industry and the resulting power shift between shipper and shipping line;
- an ambitious mega-project that could change patterns of global trade;
- developments in automation and artificial intelligence that could change the structure of our society forever; and
- corporations responding to nonmarket forces by taking on roles that have traditionally been the domain of government.

## THE GLOBAL SHIPPING INDUSTRY

A massive consolidation in the \$500 billion global shipping industry has been underway for a few years, and the impact is being felt. In that short time, we have seen super-sized shipping companies begin to wield much more power over manufacturers and retailers. The five biggest container lines now control 75% to 80% of the global container market. Shipping rates are climbing; cargo rates on major routes from Asia are about 22% higher than a year earlier. For the western Canadian transportation network, the implications could be wide-ranging: not just in the cost of shipping goods, but in service frequency, loss of service, and stress on terminals as vessels get larger and services have peaks and valleys.

## CHINA'S BELT AND ROAD INITIATIVE

The Belt and Road Initiative (BRI) is a global mega-project unlike any other in scale and scope. Its ambition is enormous—yet we know very little of substance about how it will unfold. There are also long-term challenges for China in balancing conflicting political and economic objectives. WESTAC members need to watch this initiative carefully to see whether it represents an opportunity or a risk—that is, whether it could be the gateway to new prospects or the destabilization of financial and geopolitical order.

## ARTIFICIAL INTELLIGENCE AND SOCIAL DISRUPTION

One of the most compelling forces discussed at the Forum was how, in contrast to the mass industrialization that created the working class, the artificial intelligence revolution will create what historian Yuval Noah Harari has called the “unworking” class. If the future is dominated by thinking, learning, adapting machines that can take over the work of humans, what will we as a society do with all the superfluous people?

We heard that generally, we can expect society to call on government, business and labour to respond to the

potential societal disruption. We also heard that in the near term, to make a successful transition to this new economy, we will need to enhance the social safety net; and in the longer term, we will need to decouple jobs from incomes and consider guaranteed or basic annual income and prepare for higher taxes on business.

## CHANGING EXPECTATIONS FOR CORPORATIONS

The final force explored at the Forum was the growing expectation that business leaders move outside their traditional roles to speak out and even act on social, political and environmental issues. This would represent a significant shift in corporate practice. For generations, the business world largely adhered to Milton Friedman’s notion that “the business of business is business.” But increasingly, we expect businesses to use their networks, capital, people and technology to benefit society in general.

The notion that the role of business is to improve the lives of people and society at large is a paradigm shift. Importantly, it is just one of several major shifts that are poised to change what most of us think we know about business.



Brant Randles discussing corporate values during David Bach’s presentation.