Indian Council of World Affairs

G20 @2023

INDIA'S PRESIDENCY

TWO ESSAYS

Alok Sheel

Manjeev Singh Puri
& Damodar Pujari

INDIAN COUNCIL OF WORLD AFFAIRS

SAPRU HOUSE, NEW DELHI

2022

Disclaimer: The views, analyses, and recommendations in these papers are those of the authors.

CONTENTS

Foreword ... 3

Evolution of the G20 and India's Upcoming Presidency
Alok Sheel ... 5

G20 and Climate Change
Hegemony of Power to Global Support
Manjeev Singh Puri & Damodar Pujari ... 37

About the Contributors ... 51


G20
ARGENTINA
NEW ZEALAND
BRAZIL
CANADA
CHINA
FRANCE
GERMANY
INDIA
INDONESIA
ITALY
JAPAN
MEXICO
RUSSIA
SAUDI ARABIA
SOUTH AFRICA
SOUTH KOREA
TURKEY
UNITED KINGDOM
UNITED STATES
EUROPEAN UNION

FOREWORD

India will hold the G20 Presidency from 1 December 2022 to 30 November 2023 and host the 18th G20 Summit on 9-10 September 2023. This Presidency is a key opportunity for India to showcase its leadership and to make efforts to strengthen multilateral cooperation at a time when the world is increasingly witnessing challenges like debt crisis, looming recession, slowing down of the agenda for Sustainable Development Goals, conflict in Europe and intensifying great power competition.

This Publication comprises two essays that seek to contribute to the ongoing conversations to enhance understanding about the G20, its working, objectives and impact and on what should constitute India's G20 priorities. Dr. Alok Sheel traces the evolution of G20 in the light of India's forthcoming Presidency and projects G20 as a global governance grouping that successfully seeks to bridge the North-South divide. He explores the relationship between G7 and G20 and concludes that G20 has ostensibly replaced the G7 for steering global economic issues. The fact that three consecutive G20 Chairs viz., Indonesia, India and Brazil are developing countries presents a unique opportunity to push the interests of the Global South within G20. He lists healthcare as also reinforcing multilateral economic governance, climate change, trade and investment as key themes of discussion within the G20 during India's Presidency.

Ambassador Manjeev Singh Puri and Damodar Pujari have studied the progress of discussions on climate change within the G20 and traced how the Member States of G20 have collectively navigated the issues of adaptation, mitigation, finance and technology within the grouping. They state that Italy's Presidency of 2021 delivered the most seminal

Declaration on climate change which may have a bearing on the discussions on the issue in forthcoming Presidencies. They also note that India's leadership in pushing the global climate change agenda has been very visible in UNFCCC as also in G20 in recent years.

As a founding Member of the G20, India continues to use the platform to raise issues of vital importance and those that impact on the most vulnerable around the world. Prime Minister Narendra Modi at G20 during Saudi Presidency spoke about 'human centric globalization'. As India sets the agenda for its Presidency, this publication would be useful for scholars and practitioners with an interest in trends in global economic governance and in India's multilateral diplomacy.

Amb Vijay Thakur Singh

Director General

Indian Council of World Affairs

Sapru House

October 2022

EVOLUTION OF THE G20 AND INDIA'S UPCOMING PRESIDENCY

ALOK SHEEL

1

INTRODUCTORY REMARKS

The 18th G20 Summit will be held in India in 2023. This would be, by any measure, the most high-powered Summit ever held in India. Top Leaders of all systemically important countries — including the full complement of G7 and BRICS — are expected to be present. It would be India's place in the sun, chairing an international Summit flanked inter alia by the leaders of the US, the UK, Germany, EU, China, Japan, Russia, with the chiefs of major multilateral bodies like the IMF, World Bank, WTO and the UN in attendance. The leaders are expected to sign up to a document likely to go down in history as the New Delhi Declaration, including a "New Delhi Action Plan".

What exactly is the G20? How and why did it come into being? How does it work? Why is there as much hype over G20 Summits as those of the G 7, and what is the relationship between these two high profile groupings? What has been India's own contributions to the functioning of the G20 so far? What does hosting a G20 Summit entail? What makes for a successful Summit? What might be the issues that could dominate the Indian Presidency and the New Delhi Declaration'? These are the questions that this paper attempts to discuss.

2

THE G20 AND GLOBAL GOVERNANCE

The G20, like the G 7 on which it is broadly patterned, is an informal, self-styled trans-national consultative process comprising systemically important developed and developing economies on an equal footing

What exactly is the G20? How and why did it come into being? How does it work? Why is there as much hype over G20 Summits as those of the G 7, and what is the relationship between these two high profile groupings? What has been India's own contributions to the functioning of the G20 so far? What does hosting a G20 Summit entail? What makes for a successful Summit? What might be the issues that could dominate the Indian Presidency and the New Delhi Declaration'?

The importance of G20 and its international standing derives from the fact that it is a compact organization that bridges the North-South divide and includes the world's biggest and geopolitically most powerful countries.

in terms of voice and representation.[1] It is important to bear in mind that it is not a treaty-based organization like the Bretton Woods institutions, the United Nations or the WTO whose decisions are legally binding on its members. It works through consensus. The importance of G20 and its international standing derives from the fact that it is a compact organization that bridges the North-South divide and includes the world's biggest and geopolitically most powerful countries. The decisions of this forum have the potential to decisively impact the working of the global economy.

The G20 style of global economic governance is however informal. The leaders take up important economic and financial issues and engage in a policy dialogue on an agreed agenda put together by the current Chair. They task Working and Expert groups, with technical inputs from relevant international institutions such as the IMF, World Bank, FSB and the OECD, to study various issues and make recommendations. Unlike in the past, when developing countries were considered the main sources of instability in the global economy, these institutions are now expected to scrutinize the policy frameworks of both developed and developing countries in an even-handed manner. The final policy recommendations are put together by the Chair in the form of the Leaders' Statement, a non-binding consensus document to which G20 countries commit themselves to feed into their domestic policies.

This rather loose and flexible style of governance of the G20 proved surprisingly effective and successful in the matter of coordinated stimulus measures to combat the Global Financial Crisis of 2008.

1 The G20 includes 19 of the biggest developed and developing countries, namely Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, Republic of Korea, Turkey, United Kingdom and the United States of America. The European Union is the twentieth member, represented by the rotating Council Presidency and the European Central Bank. Major International organizations, such as the World Bank, IMF, United Nations, OECD, the WTO and the FSB also assist the G20 process and their chiefs attend the Summit meetings.

The G20 is a major step forward from the old divisive style of global governance divided on North-South lines where there was little communication, and much acrimony, between the G7 and developing country groups like the G 24, G 33 and G 77.

This rather loose and flexible style of governance proved surprisingly effective and successful in the matter of coordinated stimulus measures to combat the Global Financial Crisis of 2008. The G20 leaders arrived at a consensus on what needed to be done collectively. Each country went back and did what was appropriate to its country circumstances. While no specific country commitment was asked for, or given, this consensus nevertheless fed into domestic policy, and all countries used both monetary and fiscal policies on an unprecedented scale and coordinated manner. In this way the G20 may have averted a second Great Depression.

In similar fashion, once the worst was over, G20 Leaders felt encouraged to direct international economic institutions like the IMF, the World Bank, the WTO, IOSCO, FSB etcetera to reform both their internal governance and the global rules they enforced in line with expert recommendations made to, and endorsed by, G20 Leaders. In the matter of raising resources, where commitments are made by G20 countries, these are on a purely voluntary basis and vary according to country circumstances as interpreted by each country itself, and through moral suasion.

Co-ordination and co-operation beyond this, to address long-standing structural problems in the global economy, is more challenging, for countries currently find it difficult to give forward looking policy commitments. The latter need to navigate the domestic legislative, regulatory and judicial processes of the G20 countries. Countries can only commit to what has already been successfully navigated through these processes. Seeking firm, forward-looking commitments, or pointed criticism of policy frameworks of other countries, on the lines of the European Union, or even the OECD, style of functioning, remains both difficult and divisive at this stage. G20 Leaders did try and adopt a 'Mutual Assessment Process' (MAP) during their early summits, where the G20 collectively tried to monitor and assess whether the general direction of each G20-member country policies was heading in a mutually consistent and agreed fashion over the medium to long-term. Commenting on each other's policy frameworks and adherence

to agreed commitments however proved too contentious, and over time the G20 has moved towards each country providing an updated list of their own progress on mutually agreed policies instead. A more ambitious style of global governance would understandably take some time to take shape.

The G20 is nevertheless a major step forward from the old divisive style of global governance divided on North-South lines where there was little communication, and much acrimony, between the G7 and developing country groups like the G 24, G 33 and G 77. This was, and remains the case both within Global treaty-based organizations such as the IMF and World Bank whose shareholding pattern is skewed in favour of the Advanced Economies, and negotiating bodies such as the WTO and UNFCCC. The history of these organizations is a cautionary tale for the G20 to not lapse into this familiar mode.

3

RISE AND EVOLUTION OF THE G20

The Group of Twenty (G20) was established in 1999 in the wake of the East Asian crisis to bring together Finance Ministers and Central Bank Governors (FMCBGs) of systemically important industrialized and developing economies to discuss key issues related to global economic and financial stability. By contributing to the strengthening of the international financial architecture and providing opportunities for dialogue on national policies, international co-operation, and international financial institutions, the G20 helps to support growth, financial stability and development across the globe.

By contributing to the strengthening of the international financial architecture and providing opportunities for dialogue on national policies, international co-operation, and international financial institutions, the G20 helps to support growth, financial stability and development across the globe.

G20 REGIONAL BUCKETS

GROUP 1 (2001, 2006, etc)	GROUP 2 (2002, 2007, etc.)	GROUP 3 (2003, 2008, etc.)	GROUP 4 (2004, 2009, etc.)	GROUP 5 (2005, 2010, etc.)
Australia	India	Argentina	France	China
Canada	Russia	Brazil	Germany	Indonesia
Saudi Arabia	South Africa	Mexico	Italy	Japan
United States	Turkey		United Kingdom	Korea

G20 MEETINGS: FMCBG LEVEL

YEAR	MEETING LOCATION	CHAIR
1999	Berlin, Germany	Canada
2000	Montreal, Canada	Canada
2001	Ottawa, Canada	Canada
2002	New Delhi, India	India
2003	Morelia, Mexico	Mexico
2004	Berlin, Germany	Germany
2005	Xianghe, Hebei, China	China
2006	Melbourne, Australia	Australia
2007	Cape Town, South Africa	South Africa
2008	Salvador, Brazil	Brazil
2008	Sao Paolo, Brazil	Brazil

The rise of the G20 is to be seen as a part of a long-term geopolitical trend. OECD countries have dominated global governance in the post Second World War era through the Bretton Woods institutions set up immediately after World War II, the OECD in 1961 and the G7 in 1975. Over the last few decades, several large Emerging Markets and Developing Economies (EMDEs), particularly the BRICS, started growing at much faster rates than OECD countries whose growth rates started slowing. By the beginning of the twenty first century this growing income convergence made the major EMDEs too systemically important to be excluded from any effective multilateral economic consultative process to manage globalization. Apart from engaging at the Finance Ministers and Central Bank Governors level in the newly formed G20, the G7 countries found

It soon became normal practice for the G20 Finance Ministers and Central Bank Governors to meet once a year ever since the G20 was formed in the wake of the East Asian Crisis in 1997.

A 'Troika' comprising the immediate past, current and upcoming Chair was set up to ensure continuity in the G20's work and management across Summits since it was decided not to set up a dedicated permanent secretariat.

it expedient to invite some of the leaders of the bigger emerging economies – the G 5 (Brazil, China, India, Mexico and South Africa) – to their annual Summits in what was termed the Heiligendamm (O5 outreach) process.

It soon became normal practice for the G20 Finance Ministers and Central Bank Governors to meet once a year ever since the G20 was formed in the wake of the East Asian Crisis in 1997. The ministers' and governors' meeting was usually preceded by finance and central bank deputies' meetings and extensive technical work by working groups or experts group among G20 member countries that aimed to provide ministers and governors with contemporary analysis and insights, to better inform their consideration of policy challenges and options. Working Groups and Expert groups published their reports/action plans, which were consensus documents, as was the Statement issued by the FMCBGs at the end of their annual meetings.

Canada chaired the new organization during the first three years, following which the G20 Presidency rotated annually amongst the constituent countries that were placed in five regional 'buckets', comprising four countries each. Group 3 had only three countries because the EU was not placed in any bucket as the rotational G20 Presidency did not devolve on it. A 'Troika' comprising the immediate past, current and upcoming chair was set up to ensure continuity in the G20's work and management across Summits since it was decided not to set up a dedicated permanent secretariat.

The G20 was initially just another addition to several similar multilateral 'G' groupings that existed at the time that debated international economic issues. It was clearly subordinate to the G 7. The global financial crisis however served to further underscore the need to associate leaders of major developing countries in global economic governance on an equal footing on a permanent basis.

4

G20 AS THE PREMIER FORUM FOR GLOBAL ECONOMIC COOPERATION

The G20 was initially just another addition to several similar multilateral 'G' groupings that existed at the time that debated international economic issues. It was clearly subordinate to the G 7. The global financial crisis however served to further underscore the need to associate leaders of major developing countries in global economic governance on an equal footing on a permanent basis. In response to global concerns arising out of the continuing international financial crisis, President Bush of the United States decided to host a Summit of G20 Leaders in Washington D.C. on November 14-15, 2008 to which Heads of State/Government would be invited. President Bush, inter alia, also wrote and spoke to major global leaders, including the Indian PM, in this regard.

The decision to hold the Summit was made following Bush's meeting with President Sarkozy of France and President Barroso, the European Commission President. The immediate provocation of the G20 Summit called by President Bush was possibly to forestall a UN Conference on the subject being envisaged by some European countries as the proximate origins of the 2008 international financial crisis was widely attributed to critical flaws in financial regulation in the US.

The first three Summits – at Washington DC, London and Pittsburgh – were all about firefighting the rampant global financial crisis. The concerted and decisive actions of the G20, made possible by its balanced membership of developed and developing countries that helped bridge the North-South divide in global governance, enabled the world to deal effectively with the financial and economic crisis, and possibly staved off a second Great Depression. After declaring victory in Pittsburgh – "It worked"-- the G20 turned its attention to structural, non-crisis related issues, such as reform of financial regulation, global imbalances, and raising economic growth. Several Working Groups were set up by the Leaders, and other ministerial

> **After declaring victory in Pittsburgh – "It worked"-- the G20 turned its attention to structural, non-crisis related issues, such as reform of financial regulation, global imbalances, and raising economic growth.**

At the third G20 Summit at Pittsburgh, USA, in 2009, the Leaders designated the G20 as the premier forum for international economic cooperation. This designation ostensibly replaced the G7 as the premier forum for steering global economic issues, and was considered a historic milestone in reforming global economic governance. The G 7 however remained the premier forum on geopolitical matters.

processes were also added, such as those of Development Ministers, Environment Ministers, Trade Ministers, Agriculture Ministers etc. All these work streams feed into the G20 Summit Declaration. There are now also a growing number of non-governmental G20 processes, such as the T (Think Tank) 20, W (Women) 20, Y (Youth) 20, etcetera.

As the G20 appeared to have delivered on a number of other significant and concrete outcomes, this encouraged the Leaders to overlay the extant G20 FMCBG process with annual summits. A formal declaration to that effect was made in the Leaders' Statement at the third G20 Summit at Pittsburgh, USA, in 2009, where the Leaders also designated the G20 as the premier forum for international economic cooperation. This designation ostensibly replaced the G7 as the premier forum for steering global economic issues, and was considered a historic milestone in reforming global economic governance. The G 7 however remained the premier forum on geopolitical matters. With the emergence of the G20, as the premier forum, global economic governance was expected to become more inclusive as this forum included the major emerging economies as well as advanced G7 industrialized countries.

Several landmark reforms of the international economic and financial governance were initiated at the behest of the G20 which heightened the expectation

Following the third Summit at Pittsburgh, India was tasked by the Leaders to co-chair, along with Canada, the G20 Working Group on the Framework for Strong Sustainable and Balanced Growth, which is still widely considered to be the 'heart and soul' of G20 Summits.

G20 MEETINGS: SUMMIT LEVEL

Year	Meeting Location	Chair
2008	Washington DC, USA	Brazil
2009	London, UK	UK
2009	Pittsburgh, USA	UK
2010	Toronto, Canada	South Korea
2010	Seoul, South Korea	South Korea
2011	Cannes, France	France
2012	Los Cabos, Mexico	Mexico
2013	St. Petersburg, Russia	Russia
2014	Brisbane, Australia	Australia
2015	Antalya, Turkey	Turkey
2016	Hangzhou, China	China
2017	Hamburg, Germany	Germany
2018	Buenos Aires, Argentina	Argentina
2019	Osaka, Japan	Japan
2020	Riyadh *(virtual)*, Saudi Arabia	Saudi Arabia
2021	Rome, Italy	Italy
2022	Bali, Indonesia	Indonesia
2023	New Delhi, India	India
2024	—	Brazil

for bringing about fundamental changes in the functioning and governance of global financial institutions. As a member of the G20, India has been actively involved in global economic governance and in reshaping the global world order from the very beginning. Following the first G20 Summit in Washington DC in 2008, four Working Groups (on Financial Regulation, International Co-ordination and Transparency, IMF Reform and on Multilateral Development Banks) were set up to address the actionable points. These Working Groups were co-chaired by one representative each from developed and developing countries, and included representatives from all G20 countries as members. India co-chaired the first Working Group on Financial Regulation. Following the third Summit at Pittsburgh, India was tasked by the Leaders to co-chair, along with Canada, the G20 Working Group on the Framework for Strong Sustainable and Balanced Growth, which is still widely considered to be the 'heart and soul' of G20 Summits.

The system of rotational presidency was continued, but significantly modified and made more flexible from the time the G20 was raised to Leaders' Level. Thus, the first G20 Summit was held in USA in 2008 even though the Chair was Brazil, and in the UK and USA in 2009, even though the Chair in 2009 was the UK. In 2010 Summits were held in Canada (June 2010) and Korea (November 2010) under the Korean presidency.

This decoupling of Chairs of the Ministerial process and the Summit was corrected in 2011, when G20 Summits became annual

G20 Sherpas took a conscious decision not to set up its own Secretariat, for fear of the institution becoming captive to an international bureaucracy, such as in the IMF and World Bank. It wanted Leaders to retain control of the agenda and summit process.

events. The election of France (Group 1) as the G20 chair that year however was not in accordance to the G20 FMCBG rotation roster. The South Korean presidency (Group 5) should have been followed by a country in Group 1. The G20 Sherpas however decided to follow the FMCBG bucket system but in backward rotation, with an informal understanding that the Presidency should ideally alternate between developed and developing countries. This practice was followed till the 13th Summit in Buenos Aires. The bucket system however appears to have been done away with following the practice followed till the 13th Summit (with the exception of 2015) under the Argentinian presidency in 2018. Since then, G20 Leaders have followed a flexible but equitable system for appointing the Chair each year. It is interesting to note that although both the US (2) and Canada (1) have hosted G20 summits, they have not officially[2] chaired the G20 since it was elevated to the Leaders level.

The G20 Troika also continued. India joined the Troika in December 2022 and will continue as a member till its exit in December 2024. The Troika system however became effectively defunct as the G20 FMCBG process was now overlaid with a 'Sherpa' channel that coordinated new multiple channels that were set up after the G20 was elevated to Leaders' level. The Sherpa is arguably the most important G20 functionary as the Leader's point person responsible for agreeing the Summit Declaration.

5

ISSUES FOR THE INDIAN PRESIDENCY: LOGISTICS

Hosting a G20 Summit can also be a logistical and security challenge for officials of the host country with all influential global leaders in one location at the same time. All the Leaders, and in particular the US President, have their own security

2 The way the G20 operates the host country nevertheless functions effectively as the Chair between Summits, in consultation with the Chair.

It is the Chair's prerogative to choose 2-3 special invitees to the summit. Although not part of the G20, by convention Spain has attended all G20 Summits. There is also a special invitee from Africa. That still leaves India the discretion of inviting a SAARC country of its choice as part of its outreach.

protocols and details that need to be accommodated and harmonized with the host country's own security protocols. It is understood that the Summit would be held in a new convention centre under construction in Delhi. It is however not essential that the summit be held in Delhi. After the first few Summits these have been mostly held in convenient resorts, such as in Cannes (France) and Los Cabos (Mexico). Apart from an appropriate convention complex, security, air and road traffic control, you need adequate numbers of 5-star rooms to accommodate so many high-powered delegations.

Despite this, G20 Sherpas took a conscious decision not to set up its own Secretariat, for fear of the institution becoming captive to an international bureaucracy, such as in the IMF and World Bank. It wanted Leaders to retain control of the agenda and summit process. The annually rotating Chair is expected to inject fresh energy and new agenda and pilot the Summit. The current practice is for the incumbent chair to set up a temporary secretariat for the duration of its term which co-ordinates the group's work and organises its meetings, including the Summit.

The Secretariat set up in the country hosting the Summit functions as the G20 Secretariat for the Summit, and all other meetings organized by the Chair during the year, in both the Finance Ministers and Sherpa streams, and any other Ministerial that the Chair decides to hold. A Summit where all the major world leaders sign up to a consensus document has a long lead time, normally more than a year. The decision taken by the Indian Government on February 15, 2022[3] to set up a G20 Secretariat is to be seen in this light. A skeletal G20 secretariat functioning in the Ministry of Finance under an Apex Council headed by the Finance Minister that reported to the Prime Minister who represented India at the G20 Summits had become operational in India after the third G20 Summit in Pittsburgh after it became clear that the high-profile G20 Summits would henceforth

3 https://www.mea.gov.in/press-releases.htm?dtl/34866/Cabinet+approves+preparations+for+Indias+G20+Presidency+and+setting+up+and+staffing+of+the+G20+Secretariat

The danger is that if there is no strong buy in from major G20 players, extraneous extant exigencies not on the official agenda could hijack a G20 Summit hosted by a non-G7 country.

be annual events. India's G20 Secretariat has now been upgraded, at least temporarily, with a new Apex Committee now headed by the Prime Minister and the appointment of former Foreign Secretary Harsh Vardhan Shringla as the G20 Chief Coordinator.

The Sherpa representing the Chair that pilots the G20 Summit should ideally be of the stature that can command respect of the G20 peer group, apart from the confidence of, and easy access to, the Leader. For such a high-profile Summit, the Sherpa should ideally be part of the Leader's Office, or enjoy his confidence with 24X7 access. A serving or retired bureaucrat with the necessary experience is desirable but not essential.

The appointment of Amitabh Kant, former CEO of the Niti Ayog and known to enjoy the Indian Prime Minister's confidence, as the full time Sherpa for the Indian G20 Presidency needs to be seen in this light. In a departure from the practice followed by India from the very first G20 Summit, in terms of protocol the rank of the Indian Sherpa has however been downgraded from the level of Cabinet Minister to that of Secretary to Government of India – rather curiously at a time India would be chairing the Summit. He would therefore be on par with India's finance deputy.

The Chair is expected to pilot the multiple work streams that currently drive the G20 through its own Secretariat. This includes, inter alia, drawing up the annual work programme and hosting the meetings, culminating with the Summit. The Indian Government has indicated that "under the Sherpa track, about 100 official meetings are expected to be organized in the areas of employment, health, digital economy, trade, investment & industry, environment & climate, energy, anti-corruption, agriculture, tourism, culture, socio-economic development, education, and women empowerment. In addition, about 50 academic interactions,

The shadows of Ukrainian conflict and the stand-off over Taiwan will no doubt loom large over the Bali Summit scheduled in November 2022.

engagement group meetings and seminars, workshops and side events are expected to be held. Under the Finance track, about 40 meetings are expected to be organized including those in the areas of international financial architecture, financial inclusion and sustainable finance, financing for infrastructure, climate finance and tax matters.” [4] Strong dedicated teams are required in the Prime Minister’s office and MEA (for the Sherpa process) and DEA (for the FMCBG process), and also the line Ministries hosting Ministerial meetings. MEA would need to liaison effectively with the embassies of G20 countries for better communication, and especially for selecting participants for NGO processes in the G20.

It is the Chair’s prerogative to choose 2-3 special invitees to the summit. Although not part of the G20, by convention Spain has attended all G20 Summits. There is also a special invitee from Africa. That still leaves India the discretion of inviting a SAARC country of its choice as part of its outreach.

It is customary for the Chair to set three or four priorities for the year and inject new work streams to leave its own imprint on the G20 process. India would need to ponder what priorities it needs to set, and what Ministerials it wishes to host, under its watch. While these should reflect India’s own domestic interests, a successful Summit also needs buy in from at least the biggest players, namely the US, Germany (on behalf of the European Union) and China.

When a G7 country Chairs the Summit, their priorities are usually included in the year’s agenda by the Chair, as was the case with the Rome Summit. Thus, the three priorities of the current Indonesian presidency are global health infrastructure, inclusive digital transformation and energy transition. The danger is that if there is no strong buy in from major G20 players, extraneous extant exigencies not on the official agenda could

> **These back-to-back Presidencies of developing countries come at a crucial juncture when the war in Ukraine and the stand-off over Taiwan have upended the extant geopolitical order, and along with the Covid-19 pandemic that preceded it, disrupted several facets of modern economies, from healthcare systems to incomes to supply chains, energy and food prices resulting in a stagflationary environment reminiscent of the 1970s.**

4 https://www.mea.gov.in/rajya-sabha.htm?dtl/35171/QUESTION_NO4068_PRESIDENCY_ROLE_OF_INDIA_IN_G20

The question that naturally arises is whether this continuity in back-to-back developing nation G20 Presidencies will translate into actionable agenda that goes beyond the interests of the G7 and further the interests of developing nations.

hijack a G20 Summit hosted by a non-G7 country. The crisis in Syria effectively hijacked the St Petersburg Summit. Brexit, the Khashoggi affair, and bilateral trade issues overshadowed the Buenos Aires Summit. The prospects of a Trump-Xi trade deal dominated the recently concluded Osaka Summit. The Riyadh Summit was not held in person, being a virtual summit on account of the Covid pandemic. The shadows of Ukrainian conflict and the stand-off over Taiwan will no doubt loom large over the Bali Summit scheduled in November 2022.

With the world's top leaders aggregated in one place, bilaterals and 'pull-ins' have always been a feature of G20 Summits. But the world's premier multilateral economic forum never faced the existential threat from bilateralism such as it does today on account of major geopolitical fault lines and globalizing impulses in retreat. The litmus test of India's G20 Summit might well be whether it is remembered for the New Delhi Declaration/Action Plan, or for some high-profile bilateral deal/pull-in between superpowers.

6

ISSUES FOR THE INDIAN PRESIDENCY: POLICY

India has still to announce its priorities for the 17th G20 Summit it will chair in 2023. It is nevertheless possible to speculate on what this agenda could or should be, based on issues already on the G20 table, its own strengths, domestic priorities and the prevailing geopolitical and economic global environment.

Although in the initial stages the understanding amongst G20 Sherpas was that the Presidency should ideally alternate between developed and developing countries, the next three G20 Chairs (Indonesia, India and Brazil) are all developing countries. Since South Africa is the only G20

After several decades of economic co-dependency, the strategic rivalry between the world's two super-powers, namely the US and China, now casts a darkening shadow on all major multilateral institutions, including the G20. Recent controversies surrounding China's growing influence in the World Bank and WHO that extends far beyond its formal voice and representation is illustrative of a growing mistrust in the governance of international organisations.

country that has neither hosted a Summit or chaired it, there is a strong possibility that there could indeed be four back-to-back developing country presidencies.

These back-to-back Presidencies of developing countries come at a crucial juncture when the war in Ukraine and the stand-off over Taiwan have upended the extant geopolitical order, and along with the Covid-19 pandemic that preceded it, disrupted several facets of modern economies, from healthcare systems to incomes to supply chains, energy and food prices resulting in a stagflationary environment reminiscent of the 1970s. Like the Great Financial Crisis of 2008, a crisis originating in the advanced countries is having a disproportionate economic impact on Emerging Markets and poor developing countries outside Europe who are innocent bystanders. Whether the G20 under the three Presidencies can put together a financial package of the kind done at the second Summit in London remains to be seen.

There are also growing concerns over the speed and intensity of climate change in both developed and developing countries. These pressing common threats not only afford a good opportunity to bring the focus of the G20 discourse back to EMDE-related developmental issues, but also to build a consensus as the interests of the G7, G20 and the poorest countries coincide. It is a barometer of how times have changed, and how climate change now tops the global

As a strategic regional partner of both the US and Russia, India is well placed to act as an honest broker during its Presidency, although its antagonistic relationship with China, seen as close to Russia, might make this challenging.

Based on past G7 and G20 Leaders' statements it would appear that Climate Change, Trade and Investment in both goods and services (both traditional and Information Technology Enabled), and reinforcing multilateral economic governance are three core areas of interest for the Big Three as well as developing countries. Health has emerged as a fourth new core area in the wake of the devastating Covid Pandemic.

agenda, that while developing countries were strongly resistant to references to a low carbon recovery in the early G20 Summits that debated recovery from the Global Financial Crisis of 2008, both Developed and Developing countries within the G20 are now on board working towards 'Building Back Better' while picking up the pieces from the Covid 19 pandemic, as building back better would essentially be a low carbon recovery.

The question that naturally arises is whether this continuity in back-to-back developing nation G20 Presidencies will translate into actionable agenda that goes beyond the interests of the G7 and further the interests of developing nations. There are a number of challenges that lie ahead.

First, while such coordination across back-to-back Presidencies is possible through the G20 Troika that comprises the current, preceding and succeeding Chairs, in practice close agenda coordination in the Troika has eluded back-to-back non G7 Presidencies in the past. This has mostly been set by the current Chair whose priorities are driven by domestic debates and political exigencies. Unlike the G 7 that has a long history of working closely together, none of the three countries have a close strategic bilateral relationship with each other that might lead one to expect close coordination between the three Chairs.

Climate Change and Trade and Investment have been mostly defensive agendas of developing countries as they are reluctant to abandon their special carve outs in the UNFCCC and WTO and make new commitments in the G20 Forum. Governance reform in multilateral economic institutions and development aid on the other hand have been their offensive agendas

Second, multilateralism at the highest global stage has frequently come under fire for being a tool in the hands of advanced (G7) countries to primarily further their own commercial and geopolitical interests. The developing countries' limited institutional capacity in the Bretton Woods system has made it historically difficult for smaller nations to affect major policy or aid decisions[5]. The ongoing war in Ukraine has further muddied the waters for multilateral cooperation, making even full attendance at the upcoming Bali Summit a major challenge.

Third, after several decades of economic co-dependency, the strategic rivalry between the world's two super-powers, namely the US and China, now casts a darkening shadow on all major multilateral institutions, including the G20. Recent controversies surrounding China's growing influence in the World Bank and WHO that extends far beyond its formal voice and representation is illustrative of a growing mistrust in the governance of international organisations. Following the war in Ukraine, and the stand-off over Taiwan, this major geopolitical global rivalry has been overlaid with a second one, with most OECD countries lining up against Russia and China. Managing these geopolitical rivalries would be a big challenge for the three upcoming chairs who are relatively junior players in the big power game. The economies of all three countries are closely entwined with that of China, but both Indonesia and India are suspicious of China's geopolitical ambitions in Asia and look to the US for geopolitical support. The three countries are also reluctant in taking sides on the Ukraine issue. It is in the strategic interest of all three countries to get multilateralism back on track. As a strategic regional partner of both the US and Russia, India is well placed to act as an honest broker during its Presidency, although its antagonistic relationship with China, seen as close to Russia, might make this challenging.

Fourth, perhaps the biggest challenge before Indonesia, India and Brazil would be in defining an actionable agenda that is powerful enough to get the Big Three -- the US, China and Germany (representing the EU) -- within the G20 to buy into their agenda. Without a strong buy-in from the Big Three there is the danger of extraneous affairs hijacking the priorities outlined by the Chair at G20 summits, as has happened in the past Summits not chaired by G7 countries. What matters in the end is not genuflecting to the extant Chair's stated

5 Jokela, Juha. (2011). The G20: A Pathway to Effective Multilateralism? Chaillot Papers, European Union Institute for Security Studies. https://www.iss.europa.eu/sites/default/files/EUISSFiles/The_G20_-_a_pathway_to_effective_multilateralism.pdf p. 42. (last accessed on 27 October 2021)

Amongst the three forthcoming Chairs, India is the best placed to push the healthcare agenda. Such an agenda advanced by New Delhi could be especially significant for the international community, given the support India commands among developing nations and its role as a pharmaceutical hub.

priorities or grand homilies in the Leaders' Summit Statement that are regurgitated from summit to summit, but commitment to actionable agendas that can lead to tangible outcomes. Realistically this is only possible if these countries were to put something on the table that would attract the big three. What might these be?

Based on past G7 and G20 Leaders' statements it would appear that Climate Change, Trade and Investment in both goods and services (both traditional and Information Technology Enabled), and reinforcing multilateral economic governance are three core areas of interest for the Big Three as well as developing countries. Health has emerged as a fourth new core area in the wake of the devastating Covid Pandemic, with the threat of new pandemics such as Monkey Pox looming ahead. One could also perhaps add a broad fifth area of some forward-looking issues of common interest relating to the emerging global economy on which both economists and policy makers are struggling to find answers and solutions. In the present circumstances, the macroeconomic fall-out of the war in Ukraine that is leading to a stagflationary environment reminiscent of the 1970s as Ukraine and Russia, the two warring parties are major global suppliers of foodgrain and fuel, is also likely to engage the attention of global leaders at both Bali and New Delhi.

Developing countries and the Advanced economies within the G20 however have in the past sparred over these core areas leading to well calibrated language in the G20 Leaders' Statements from which they have found difficult to deviate across Summits, such as 'common but differentiated responsibilities and respective capabilities', linking developing country emission reduction commitments to

India is well placed to drill deeper on matters relating to vaccine production and distribution, and be an advocate for bridging inequalities in access and availability of vaccines.

the Copenhagen Accord on the Green Climate Fund contributions by Advanced Economies, 'phasing out fossil fuel subsidies while protecting the interests of the poorest/most vulnerable', 'market determined exchange rates.... and refraining from competitive devaluation of currencies', 'a successful, ambitious, comprehensive, and balanced conclusion consistent with the mandate of the Doha Development Round', 'Commitment to the important role of open, fair, equitable, sustainable, non-discriminatory and inclusive rules-based multilateral trade system with the WTO at its core', 'even-handed and effective IMF surveillance and to better identify and address spill-over effects', 'IMF Quota reforms that better reflect the relative weights of IMF members in the world economy,' etcetera. Much of this language has been carried forward from negotiations in pre-existing global forums that preceded the G20 Leaders' Summits.

Climate Change and Trade and Investment have been mostly defensive agendas of developing countries as they are reluctant to abandon their special carve outs in the UNFCCC and WTO and make new commitments in the G20 Forum. Governance reform in multilateral economic institutions and development aid on the other hand have been their offensive agendas where Advanced Economies are continually tested to make more commitments than developing countries have been able to negotiate in the IMF and World Bank on account of limited voice and representation in these bodies.

One way in which these Presidencies can define an agenda that combines the interest of the G7 and developing economies is by their Sherpas playing an active role right from the start of their Presidencies by visiting the national capitals of all G20 countries for an exchange of views before finalizing the summit agenda priorities. This is the manner in which South Korea, the first non-G 7 chair of a G20 Summit, went about incorporating 'Development' as a core G20 agenda that was subsequently carried forward by the next (French) Presidency and beyond.

A. Healthcare

The Covid 19 pandemic has highlighted the ineffectiveness of individual countries, no matter how advanced, in managing extreme health crises that are global in scope. Already the WHO has issued another global health emergency over Monkey Pox[6], close on the heels of the Covid pandemic. Amongst the three forthcoming Chairs, India is the best placed to push

6 https://www.cnbc.com/2022/07/23/who-declares-spreading-monkeypox-outbreak-a-global-health-emergency.html#:~:text=The%20WHO%20declared%20monkeypox%20a%20global%20health%20emergency.,January%202020%20in%20response%20to%20the%20Covid-19%20outbreak.

the healthcare agenda. Such an agenda advanced by New Delhi could be especially significant for the international community, given the support India commands among developing nations and its role as a pharmaceutical hub.

To better appreciate the direction India can take in the future for charting out priorities, one only needs to look back at the country's engagement with the G20 and the international community at large when the pandemic struck through Covid 19 vaccine exports and timely aid extended to both developed and developing countries. India is well placed to drill deeper on matters relating to vaccine production and distribution, and be an advocate for bridging inequalities in access and availability of vaccines. The agenda could include a commitment to waiver of intellectual property barriers restraining production, sharing results of clinical trials, and mutual recognition of vaccine certification during pandemics.

The internal weaknesses of the Big Three, including the US and Europe, exposed through suboptimal management of the pandemic despite their strong health care infrastructure, and global scepticism regarding China's intent and activities surrounding the origin of Covid 19, could give India the high moral ground for global leadership on the issue.

India could also leverage its strength in traditional medicine and ancient healing practices to work towards a protocol for management of endemic diseases, although the lack of standardised trial and testing procedures in traditional medicine might be an issue given the dominance and political clout of global pharma. Be it as it may, the current geopolitical disequilibrium in the world provides India a huge opportunity to fill in this geostrategic void and reinstate the G20's commitment towards ensuring development for all.

B. Governance of Multilateral Economic Institutions

With their reducing share in the global economy, and growing indebtedness that constrained their ability to adequately resource these institutions, the continued

Despite minor adjustments, Advanced Economies seem unwilling to reduce their share in the Bretton Woods institutions commensurate with the shift in economic weights, and developing countries equally unwilling to give up negotiated carve outs.

> **If these Presidencies were simply to push aggressively for increasing the resources of multilateral economic institutions, delinking this from the issue of voice and representation, not only would they improve their standing and soft power with developing countries outside the G20 but the extant shareholders might be unwilling to substantially increase their own contributions without devolving greater shares/quotas to the bigger developing economies.**

dominance of G 7 countries in the aid giving Bretton Woods institutions was questioned by faster growing bigger emerging economies. In the Treaty based multilateral economic institutions, such as the WTO and UNFCCC where each country had one vote, developing countries were able to block the agenda of Advanced Economies and negotiate special carve outs with differential responsibilities for themselves.

As per capita incomes in emerging markets increased however, Advanced Economies wanted to renegotiate these carve outs. The first crisis of post war multilateralism arose from these frictions in the governance of both sets of institutions. The rise of the G20, in a sense a democratization of the G7 on which the G20 itself was patterned, can be seen as an attempt to find a way out of this impasse.[7]

Despite its initial success the G20 appears to be faltering in bridging the North-South divide undermining multilateral cooperation. Despite minor adjustments, Advanced Economies seem unwilling to reduce their share in the Bretton Woods institutions commensurate with the shift in economic weights, and developing countries equally unwilling to give up negotiated carve outs. It did not help that in the period following the Global Financial Crisis, and more so in the wake of the Covid Pandemic, growth in developing countries has declined more sharply than in Advanced Economies.

The three countries have for years worked closely in the G20 forum to increase their voice and representation in the Bretton Woods institutions, and to block the renegotiation in the G20 of the special carve outs for developing countries agreed in the WTO and UNFCCC. Their back-to-back G20 Presidencies is perhaps a good time to ponder whether revisiting their stand might

7 See https://www.icwa.in/guestcolumn/07062021.pdf for a fuller exploration of this theme.

get North-South cooperation in multilateral institutions back on track.

The Bretton Woods institutions are essentially for providing aid to developing countries. The donors' contribution is proportionate to their share/quota in these organizations. As the biggest beneficiaries of this aid, it made eminent sense for them to push aggressively for increasing their voice and representation in the management of these flows. However, the big developing countries in the G20 are now adequately self-insured against balance of payments crises, and the size of their economies has grown to a level where multilateral bank assistance is of marginal importance to their developmental needs as their economies are now too big for the Bretton Woods institutions to provide a meaningful backstop in times of crises. During the Global Financial crisis of 2008 this backstop was provided by the US Federal Reserve, with most of the additional mobilization of resources by the G20 for the IMF going to advanced, but smaller, EU countries. The irrelevance of the recent SDR increase in the IMF came into sharp relief with the realization that it was far more important to reallocate the new issue of $ 650 billion IMF SDRs to poor countries as concessional aid. IMF's ability to borrow from its membership in proportion of their quotas, and using this to provide emergency crisis assistance, now holds far more relevance than countries drawing on the SDRs allocated to them in proportion to the quotas held by them.

Multilateral aid flows are now critical only for smaller and poorer developing economies. The question the three Presidencies need to ask themselves is whether they are prepared to substantially increase their multilateral aid contributions without being recipients of this aid. Multilateral aid presently falls far short of the USD 2.5 Trillion that developing countries require to evade a crisis. In the IMF, the allocation of SDRs is regressive as the maximum aid accrues to developed

Developing countries have been extremely reluctant to agree to emission reduction targets, and in any case link any commitments as part of a global compact on financial and technological transfers from the North to the South. A shift to carbon friendly growth is not only costlier, but much of the technology involved is proprietary to large multinational corporations based in the developed countries.

nations that least require it[8] (BU, 2021). If these Presidencies were simply to push aggressively for increasing the resources of multilateral economic institutions, delinking this from the issue of voice and representation, not only would they improve their standing and soft power with developing countries outside the G20 but the extant shareholders might be unwilling to substantially increase their own contributions without devolving greater shares/quotas to the bigger developing economies.

C. Climate Change and the Environment

The negotiating stand of developing countries within the UNFCCC has so far been based on the principle of 'common but differentiated responsibilities (CBDR)'. As late industrializers they need a growing share of the remaining 'sustainable' carbon space the greater proportion of which has already been used up by the Advanced Economies during the course of their own development. Thus, while the bigger developing countries such as China and India account for a large chunk of incremental emission growth, their per capita emissions are still far lower than those of the advanced economies. Thus in 2018 India, Brazil and Indonesia had the world's third, fifth and sixth largest carbon emissions[9]. Developing countries have been extremely reluctant to agree to emission reduction targets, and in any case link any commitments as part of a global compact on financial and technological transfers from the North to the South. A shift to carbon friendly growth is not only costlier, but much of the technology involved is proprietary to large multinational corporations based in the developed countries.

Most of the emission reduction commitments were consequently initially made by developed countries. Extensive discussions were held in FMCBG meetings in the run up to the second G20 Summit in London to get members to agree to emission reductions, but these were inconclusive and the issue of climate change, including a low carbon recovery, failed to find a place in the Leaders Communique. It was after the creation of the Green Climate Fund at COP 15 in Copenhagen in 2009 that a major breakthrough came through the Paris Accord at COP 21 in 2015 where 196 parties/countries agreed to legally binding 'Nationally Determined Contributions', to be updated every five years, as part of a

8 Boston University (BU) Global Development Policy Centre. (2021). "Re-channeling Special Drawing Rights for a Climate Resilient and Just Transition: Prospects for a Resilience and Sustainability Trust". September 28. Available at: https://www.bu.edu/gdp/2021/09/28/re-channeling-special-drawing-rights-for-a-climate-resilient-and-just-transition-prospects-for-a-resilience-and-sustainability-trust/?utm_source=Online+Subscribers&utm_campaign=e646b030bd-October+Newsletter&utm_medium=email&utm_term=0_9d231ceee7-e646b030bd-171147426 (last accessed on 31 October 2021)

9 https://www.ft.com/content/9dfb0201-ef77-4c05-93cd-1e277c7017cf

Global trade rules are becoming increasingly multi-polar through changing coalitions and regional blocks, marked by new preferential plurilateral trade agreements such as AfCFTA, CPTPP and RCEP.

global compact to limit global temperature rise to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels.[10]

According to the United Nations Environment Programme (UNEP), in its Emission Gap Report 2021 released just before the start of COP26 even after considering the new updated NDCs under the Paris Accord, temperatures are expected to rise by 2.7 degrees by 2100. While this is an improvement over the 4 degrees projection in 2014 on the eve of the Paris Agreement, and 3.2 degrees in the UNEP EGR 2019, this is still very far from the 2015 ambition of 1.5 degrees. Temperatures have already risen 1.1 degrees above pre-industrial levels, and most environmental experts are agreed that any temperature rise beyond 1.5 degrees would be catastrophic, as this would bring even wider-ranging and more destructive climate impacts. The UNEP has estimated that current levels of greenhouse gas emissions need to be halved by 2030 to keep to achieve the 1.5°C target. The war in Ukraine, that has disrupted the supply of cleaner fuels, has made achieving agreed targets more challenging.

These assessments, along with the increasing frequency and likelihood of extreme climate events, such as drought, vapor storms, unseasonal rains, flooding of cities, melting of the permafrost and polar ice, etcetera[11] across the globe in recent years, have injected a sense of urgency in the global climate negotiations and put the subject on top of the global government, Corporate, Civil Society and multilateral agendas.[12] Differences on burden sharing in addressing climate change has moved

It is the Advanced Economies that feel more threatened by globalization and where domestic political sentiment is turning against it. It is for the developing countries who have benefitted more from the gains from trade over the past couple of decades to aggressively take up the cause of keeping trade open.

10 https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement
11 https://www.ipcc.ch/2021/08/09/ar6-wg1-20210809-pr/
12 https://www.ft.com/content/f3ce7f9e-a987-4ab3-ae4d-ae4bff283635

Trade should now be seen as an offensive rather than defensive agenda by developing countries in the G20.

beyond being a North-South issue. It was abundantly clear at the COP26 negotiations that there are a number of countries in the South, including island economies in danger of being physically wiped out by rising sea levels that are pushing for more ambitious commitments from the G20 developing countries.

India's International Solar Alliance (ISA) initiative[13] along with France at the Paris COP 21, its steep POL taxes, and by virtue of its status as a major developing country, the Indian Chair is well positioned to turn a traditionally defensive developing country agenda into an offensive one by bringing the North and South closer on the issue of Climate Change and going beyond the grand bargains of the Copenhagen and Paris Accords. The Indian Chair could press for higher environment funding and technology transfers by developed nations in return for more concrete emission targets, both short-term and long-term, with more ambitious timelines.

D. Trade and Investment

The increase in global growth in the post war period went hand in hand with the growth in international trade, that had declined sharply from 30% of global GDP on the eve of WWI to 10% within two decades. In the post war period the General Agreement on Tariffs and Trade in 1947, that later folded into the WTO, led to reductions in tariffs, quotas and subsidies on internationally traded merchandise goods over time. As a consequence, Trade/ GDP ratios started rising again, recovering

India's International Solar Alliance (ISA) initiative along with France at the Paris COP 21, its steep POL taxes, and by virtue of its status as a major developing country, the Indian Chair is well positioned to turn a traditionally defensive developing country agenda into an offensive one by bringing the North and South closer on the issue of Climate Change and going beyond the grand bargains of the Copenhagen and Paris Accords.

13 https://www.isolaralliance.org/ The initiative seeks to mobilise investment of nearly USD 1000 Billion by 2030 for the solar energy sector.

to 30% by the mid-1970s and peaking at just above 60% in 2008. [14] The growth rate of the global economy increased in tandem with the growth in international trade, from a little over 3% in the eighties to peak at just under 5% in 2002-2007.

In the post war period the advanced (and former imperial) economies had pushed aggressively for globalization, while the former colonies were reluctant liberalizers. Over time, however, the disproportionate gains from globalization and increasing income convergence in the period after the collapse of Bretton Woods Mark 1 gradually led to a disenchantment with globalization in Advanced Economies. There was a feeling that EMDEs, especially those in Emerging and Developing Asia (and particularly China) had cornered most of the gains, using their special carve outs and the discretionary exchange rate mechanism to enhance their competitiveness under Bretton Woods II and capture western markets, leading to largescale deindustrialization and loss of blue-collar jobs.

This has made Advanced Economies less willing to accept the special carveouts for the more developed EMDEs in both trade and climate change negotiations. Therein lay the genesis of the impasse and gradual breakdown of the WTO and trade multilateralism, with new contentious issues like exchange rates, industrial subsidies, labour relations, climate change, health, intellectual property, and differential economic and political systems being injected into the international trade negotiations once industrial tariffs had been negotiated down to levels that made them irrelevant in the negotiations. The fact that agriculture was practically untouched by WTO agreements, and the structure of international trade started changing with the increasing importance of services – formerly considered non-tradable – digital trade, and global value chains, brought multilateral negotiations almost to a standstill from the Doha round, and its most

> **While the discipline of economics has from the beginning been based on the assumption that resources are scarce, we now seem to be entering an era where returns to capital are rising faster than returns to labour, productivity growth racing ahead of employment growth on account of rapid technological advancement especially in artificial intelligence, and eventually a demand rather than supply constrained world.**

14 (Ortiz-Ospine & Beltekian_U) Ortiz-Ospina, Esteban and Beltekian, Diana, Trade and Globalization, Our World in Data, The Oxford-Martin Programme on Global Development. https://ourworldindata.org/trade-and-globalization.

successful component – dispute resolution – has become dysfunctional. Global trade rules are becoming increasingly multi-polar through changing coalitions and regional blocks, marked by new preferential plurilateral trade agreements such as AfCFTA, CPTPP and RCEP.

These are the challenges that the three chairs need to address. Developing countries are recognizing that while they were on the back foot when Advanced Economies pressured them to open their economies in the post war period, circumstances have changed. It is the Advanced Economies that feel more threatened by globalization and where domestic political sentiment is turning against it. It is for the developing countries who have benefitted more from the gains from trade over the past couple of decades to aggressively take up the cause of keeping trade open. Even India, which has been the most reluctant trade liberalizer amongst the major developing countries, saw its growth accelerate when it opened up from the nineties, and slow down as it turned inwards again over the last half decade.[15]

Trade should now be seen as an offensive rather than defensive agenda by developing countries in the G20. The three chairs are well positioned to work towards a consensus within the G20 to get the WTO back on track. Brazil has a competitive advantage in agriculture, Indonesia is closely integrated with Southeast Asia that has a competitive advantage in industrial goods, while India has strengths in information technology and digitalization. The leaders of the five major blocs in the WTO, namely the US, EU, China, India and South Africa are all members of the G20.

Climate friendly and climate resistant infrastructure investment, especially in transport and power infrastructure, is the other area of mutual interest to all G20 countries. It has been estimated that over $ 40 trillion is needed in infrastructure investment globally[16], including $ 27 billion in Asia alone.[17] Based on current investment trends, the annual investment is expected to be about one third of a trillion dollars till 2030. [18] The G20 began focussing on investment relatively early, right from the time of the fifth Summit in Seoul. However, it never got much traction in the forum, because MDBs were not adequately resourced, and historically private investment has been wary of the low returns and risks in this area. It was China that took the lead in this regard, investing about $ 770 billion in 130 developing countries as part of the (Silk) Belt and Road Initiative (BRI)

---

15 India has been raising customs tariffs over the last few years, and its recent policy announcement of 'Atma Nirbhar Bharat' (self-reliant India) is considered retrograde from the viewpoint of international trade.

16 https://www.whitehouse.gov/briefing-room/statements-releases/2021/06/12/fact-sheet-president-biden-and-g7-leaders-launch-build-back-better-world-b3w-partnership/

17 https://www.adb.org/publications/asia-infrastructure-needs

18 https://www.oecd.org/finance/Chinas-Belt-and-Road-Initiative-in-the-global-trade-investment-and-finance-landscape.pdf

between 2013 and 2020.[19] This is about twice the amount lent by the World Bank ($ 354.2 billion) during the same period.[20]

In view of the growing strategic rivalry the US is trying to counter this through the Build Back Better (BW3) initiative included in the recent G 7 Carbis Bay declaration. The declaration however gave no indication of the additional amount of funding targeted over and above existing levels, and where this would come from. G 7 countries, with the exception of Japan and Germany, have a big Savings-Investment gap, unlike China that is able to recycle its excess savings into BRI. Japan has its own bilateral savings recycling programme through JICA while Germany's excess savings finance deficits in the southern Eurozone countries. It is also difficult to see the US Congress agreeing large overseas investment commitments when its own domestic BW3 legislation ran into rough weather, with the Congress halving the original proposal of $3.55 trillion to $ 1.75 trillion. [21] It is on account of strategic rivalry that India has kept out of BRI, and the three chairs will have to carefully navigate the choppy waters of these conflicting initiatives during their presidencies while addressing investment and infrastructure issues.

Closely linked to investment are issues relating to the growing size and volatility of cross border portfolio capital flows that are the spill overs of new monetary policies in reserve currency area. Developing countries need the policy space needed to respond to such potentially destabilizing flows without being seen as currency manipulators from the trade agenda perspective.

E. Pressing and Emerging Economic Issues

In addition to the ongoing agenda, and in particular the four core areas of Healthcare, Global economic governance, Climate Change, Trade and Investment, the three chairs can be expected to focus on the pressing economic issues prevalent during their Presidencies, as well on addressing emerging economic issues so that they can be seen as baton bearers of a new world economic order in the post-pandemic era.

Reviving economic growth and addressing global food insecurity in the wake of the pandemic, restoring supply chains and cooling energy prices that are creating stagflationary pressures, and addressing the consequential monetary policy spill overs deriving from policy reversals by

19 https://greenfdc.org/investments-in-the-belt-and-road-initiative-bri/ The OECD's estimate is around $ 1 trillion over a ten year period from 2017. https://www.oecd.org/finance/Chinas-Belt-and-Road-Initiative-in-the-global-trade-investment-and-finance-landscape.pdf

20 WBG Finances - IBRD/IDA Summary (worldbank.org)

21 https://www.whitehouse.gov/briefing-room/statements-releases/2021/10/28/president-biden-announces-the-build-back-better-framework/
https://www.msn.com/en-in/news/world/sanders-says-the-white-house-s-1-75-trillion-build-back-better-framework-is-by-far-the-most-significant-piece-of-legislation-ever-passed-in-the-world-to-tackle-the-climate-crisis/ar-AAQ3OaM?ocid=uxbndlbing

G20's ability, under the back-to-back developing country Presidencies, to negotiate the gathering economic and geopolitical storm arising from the War in Ukraine and the growing strategic rivalry between the G 7 and the China-Russia axis will test its resilience and effectiveness.

reserve currency area central banks, in particular the US Federal Reserve, are some of the pressing economic issues that need to be addressed. Action Plans developed by the FMCBG G20 working group on Strong Sustainable and Balanced Growth that India co-chairs with Canada could be leveraged by the three Presidencies for this purpose. The Action Plan could also monitor commitments by G20 countries to provide adequate finance for completion of two doses of Covid 19 vaccines by a targeted date and coordinate country specific actions to try and raise global growth beyond levels currently projected by the IMF, on the lines of the Brisbane Summit.[22]

The Presidencies could also initiate debate within the G20 Finance Ministers and Central Bank Forum on how to build a policy consensus on how to deal with new economic challenges such as rising inequality, jobless growth and in particular youth unemployment alongside plummeting birth rates, and growing old age poverty. While the discipline of economics has from the beginning been based on the assumption that resources are scarce, we now seem to be entering an era where returns to capital are rising faster than returns to labour, productivity growth racing ahead of employment growth on account of rapid technological advancement especially in artificial intelligence, and eventually a demand rather than supply constrained world. The global minimum tax on corporates initiative is a response to these structural changes, as the tax structure might need to shift increasingly from labour to capital. More radical solutions are being debated, such as inheritance taxes and universal basic incomes. The G20 needs to provide global leadership in discussing such cutting-edge economic issues.

Finally, the current crisis of multilateralism is also an opportunity for rethinking multilateralism in response to changes that have seen the rise of new stakeholders and cross border spill overs since the Treaty of Westphalia in 1648 on which the current framework of multilateral cooperation is based.

Neither non-government organizations nor civil society were major players in the

22 http://www.g20.utoronto.ca/2021/211013-finance-annex1.html

Westphalian system dominated by Nation States. However, the reach, resources and influence of some big non-Governmental organizations, foundations and non-state actors now match and exceed those of several Nation States[23]. There are both synergies and contradictions between the growing clout of TNCs and sovereigns in trade, labour, climate change, infrastructure and financial sector policies. Even as TNCs endeavour to disseminate international trade and modern technology seamlessly to every flag on earth, the compulsions of domestic politics periodically impel Nation States to turn inwards and behave nationalistically.

Likewise, major civil society interventions now supplement the efforts of the State in areas as diverse as addressing hunger (such as India's Langar system), climate change and the environment, financing small enterprises (such as the Gramin Bank initiative in Bangladesh) and responding to crises that were formerly squarely within the domain of Sovereign action. Considering the role of non-Governmental and civil society organizations involving recognizing them as stakeholders in multilateral decision-making might well improve the effectiveness of decisions taken by the G20. This is particularly the case in dealing with climate change since much of the financial and technology transfers are likely to come from non-State actors. The G20 would need to evolve a protocol for the participation of new stakeholders in multilateral cooperation. This will not be easy, but the G20 is the right forum for debating the issue.

7

CONCLUDING REMARKS

Since the first G20 Leaders' Summit in Washington DC in 2008, the G20 has notched up some notable successes, such as macroeconomic policy coordination to prevent a second Great Depression, financial regulatory reform, redistribution of voice and representation in the BWIs, keeping markets open, nudging China towards a more market determined exchange rate, tax policy coordination including moving against non-compliant jurisdictions, augmenting the resources of BWIs, a new consensus on dealing with volatile capital flows, FATF compliance by EMDEs (Anti-corruption WG). India has played its role in the Working Group on financial sector reform and as the co-chair of the flagship Working Group on the Framework for Strong Sustainable and Balanced Growth. Raising resources for development and infrastructure in EMDEs and LDCs has remained a major disappointment however.

The credibility and future of the G20 grouping now seems to rest substantially

23 (Mathews 1997) Mathews, J.T, Power Shift. Foreign Affairs, 76(1), 1997. pp. 50-66

on the perception of its ability to deliver on its own ambitious and rapidly expanding agenda that, encouraged by its success in delivering in crisis situations, may presently be racing ahead of the Nation State. G20's ability, under the back-to-back developing country presidencies, to negotiate the gathering economic and geopolitical storm arising from the War in Ukraine and the growing strategic rivalry between the G 7 and the China-Russia axis will test its resilience and effectiveness.

The G20 Leaders Declarations and Working Group recommendations are consensus documents, the product of long, hard-nosed negotiations, whose careful choice of words frequently masks underlying stresses and geopolitical undercurrents. There are clearly divided developed and developing country perspectives on reform of the Bretton Woods Institutions, especially between the Europeans and the bigger Emerging Market Economies. There are also nuanced differences between the Anglo-Saxon model of a relatively lightly regulated market capitalism with low tax rates, and the more Statist, tightly regulated social capitalism based on automatic stabilizers and higher tax rates that has led to differing perceptions on discretionary fiscal stimulus and the extent of regulatory reform required. The regulatory reform priorities in developed countries are pitted against the developmental priorities in developing countries. Most importantly, there is the tension between the United States and China on global imbalances, exchange rates and the global reserve currency. These differences need to be harmonized for the G20 to emerge as the new institutional structure to co-ordinate global macro-economic policies, address structural problems and assume responsibility for global outcomes.

Governance reforms in international financial and regulatory bodies, such as the World Bank, IMF and the Financial Stability Board, have been made under the direction of the G20 to accommodate major fast growing developing countries as equal partners in the post war multilateral economic institutions dominated by the G7 and OECD countries. However, until these countries are adequately accommodated in important institutions of global governance in a manner resembling the G20 itself it is difficult to see G20 countries ceding sovereign space on the lines of the EU, or even the OECD. The voice and participation reforms in the World Bank and IMF recently done under the aegis of the G20 have been too modest, and inadequate, so far to induce major developing countries to assume equal or significantly greater responsibility for global outcomes.

G20 AND CLIMATE CHANGE

HEGEMONY OF POWER TO GLOBAL SUPPORT

MANJEEV SINGH PURI & DAMODAR PUJARI

Summits of leaders from the twenty largest economies of the world, G-20, began their journey in 2008. Their principal objective then was to tackle the economic recession gripping the world and to have a mechanism to address such challenges for the future. Climate Change had, by then, also been clearly recognized as a major global challenge with huge economic implications and one that even had an existentialist dimension for humankind. Urgent action was the need of the hour, yet all that the first G-20 Summit, held in 2008 in Washington DC, had to say on climate change and a host of critical issues for the globe in its Declaration was:

"We remain committed to addressing other critical challenges such as energy security and climate change, food security, the rule of law, and the fight against terrorism, poverty and disease".

President George Bush was the US President at that time and for many this very limited reference to climate change was understandable given that the US's main efforts at that time was to rope in the major emerging economies into taking mitigation (reducing GHG emissions) actions, no matter the impact of this on their development imperatives. The US had not joined the Kyoto Protocol under which developed countries took quantified emission reduction targets and all effort were directed to dilute, if not jettison, the guiding UNFCCC (United Nations Framework Convention on Climate Change) principle of *common but differentiated responsibilities (CBDR)*. This would also do away with the scientifically proven responsibility of the developed world for their emissions since industrialisation.

In action, rather than words, the direction was to maintain the hegemony of the developed world even in climate action. This has continued to remain.

In the G-20, the developed world also sought to rope in the leading emerging economies to share in the global burden. In brief, with the by then apparent rise of China, a US-China concert, with some help from Europe (read Germany) was set in

Urgent action was the need of the hour, yet all that the first G-20 Summit, held in 2008 in Washington DC, had to say on climate change and a host of critical issues for the globe in its Declaration was: "We remain committed to addressing other critical challenges such as energy security and climate change, food security, the rule of law, and the fight against terrorism, poverty and disease".

The US-China concert has also continued to play in the climate change auditorium.

motion. There were, of course, checks and balances, including the inclusion of the next set of emerging economies like India, Brazil, Russia, South Africa and others in the grouping to make it more 'inclusive'. The US-China concert has also continued to play in the climate change auditorium.

In 2009, President Barack Obama was inaugurated and a Democratic administration with an avowed commitment to multilateralism and tackling climate change came into place. CBDR now found its way into the simple declaration of the 2nd G-20 held in London in early 2009:

"We reaffirm our commitment to address the threat of irreversible climate change, based on the principle of common but differentiated responsibilities, and to reach agreement at the UN Climate Change conference in Copenhagen in December 2009".

This was, in realty, lip service.

The next G-20 Summit was held in Pittsburgh USA in late 2009 just prior to the United Nations Convention on Climate Change (UNFCCC) Conference of Parties (CoP) in Copenhagen. Articulating a strong resolve on climate change, the Summit declared the G-20's "*resolve to take strong action to address the threat of dangerous climate change. We reaffirm the objective, provisions, and principles of the United Nations Framework Convention on Climate Change (UNFCCC), including common but differentiated responsibilities ...... We will intensify our efforts, in cooperation with other parties, to reach agreement in Copenhagen through the UNFCCC negotiation. An agreement must include mitigation, adaptation, technology, and financing*". Finance Ministers were tasked to report back with "*a range of possible options for climate change financing to be provided as a resource to be considered in the UNFCCC negotiations at Copenhagen*" and climate and

The Pittsburgh G-20 Declaration basically set the tenet for the G-20 position on climate change, which nominally acknowledged the developing countries on differentiation but demanded action by ALL countries. Underplaying the providing of climate finance and collaboration on innovation have also been a hallmark though again in well couched language.

The story regarding finance is equally interesting where developing countries were presented a figure of US$ 30 billion as commitment by developed countries for finance for the years 2010-2012 and US$ 100 billion a year for the coming decade till 2020.

green financing underscored as important for the World Bank's agenda."

The Pittsburgh G-20 Declaration basically set the tenet for the G-20 position on climate change, which nominally acknowledged the developing countries on differentiation but demanded action by ALL countries. Underplaying the providing of climate finance and collaboration on innovation have also been a hallmark though again in well couched language.

Another push by the developed world at the G-20 which was concretised at a working lunch at the environment friendly facility of Phipps Conservatory at Pittsburgh was "*to phase out and rationalize over the medium-term inefficient fossil fuel subsidies while providing targeted support for the poorest. Inefficient fossil fuel subsidies encourage wasteful consumption, reduce our energy security, impede investment in clean energy sources and undermine efforts to deal with the threat of climate change*".

Since then, this has been one of the recurring themes driving the G-20 against fossil fuel subsidies. The narrative pushed is that these subsidies distort markets, widen fiscal deficits across economies and slower the adoption of cleaner fuels thus making fossil fuel subsidies an unfavourable global policy choice. All this, even while the developed world continues to ply its own fuel subsidies in various forms.

Let us see how things moved on climate change at the G-20 from 2009, the pivotal year in so far as global climate negotiations with world leaders attending the CoP at Copenhagen and even participating in the negotiations.

No matter the change in administration in the US, the country, with able support from the rest of the developed world, continued to be strong in dismantling differentiation. Indeed, President Obama himself negotiated with leaders of the BASIC group [India, China, Brazil and South Africa] on the issue of all countries agreeing to have their climate actions "verified" internationally, no matter this not being in consonance with the UNFCCC and its Kyoto Protocol, which was now in force. Despite strong opposition from the Chinese, he finally relented only when Prime Minister Dr Manmohan Singh told him that the Indian Parliament would not countenance such infringement of sovereignty. The leaders settled on the expression “consultation” in so far as developing countries were concerned and at the next CoP, in 2010 at Cancun, a process of International Consultations and Analysis was agreed for them as against an International Assessment and Review for developed countries.

The story regarding finance is equally interesting where developing countries were presented a figure of US$ 30 billion as commitment by developed countries for finance for the years 2010-2012 and US$ 100 billion a year for the coming decade till 2020. However, just as the hammer was to go down, an advisor whispered something in his ear and a visibly embarrassed President Obama had to block the proposal on the ground that specific money matters were a Congressional prerogative and not in his remit. The expression “approaching US$ 30 billion” then crept into the Copenhagen Accord and ‘approaching’ has been the guiding principle on climate financing to be provided by developed countries ever since. Indeed, the long-term promise of US$ 100 billion a year is still nowhere on the horizon with the Glasgow Climate Pact (UNFCCC COP in 2021), more than a decade later, noting the *“regret”* of the developed countries in keeping their commitment!

The next two G20 meetings, both held in 2010, at Toronto and Seoul, did precious little on climate change but heard special briefings from President Felipe Calderón of Mexico and Prime Minister Meles Zenawi of Ethiopia on climate change financing. The next G-20 Summit in Cannes (France) in 2011 saw the grouping return to the issue of fossil fuel subsidies with decisions on bettering data to tackle this issue.

Things changed at the G-20 as the Mexicans took the Presidency in 2012. The Los Cabos Summit moved to provide some substance to the climate finance agenda creating a group on climate finance and for finding ways to mobilize resources. Further, green recovery and sustainable finance mechanisms were also discussed in greater detail. Also, by 2012 the need for restructuring and refinancing the multilateral development bodies to support green growth was very well established and the G-20 action at Los Cabos sought taking measured steps to restructure the global financial architecture to deliver finance for green growth and tackling climate change.

The Los Cabos Summit moved to provide some substance to the climate finance agenda creating a group on climate finance and for finding ways to mobilize resources.

India, under Prime Minister Modi, played a major role at Paris in giving a huge fillip to renewable energy by establishing the International Solar Alliance in collaboration with France.

The Los Cabos Summit, as indeed other Summits, clearly showed the interest of the hosts in guiding the declaratory thrust of the grouping. This was best noticed at the next G-20 Summit in 2013 in St. Petersburg where the Russians ensured that the declaration limited itself to a very narrow set of issues pertaining to the climate change and support to developing a legal instrument under UNFCCC to deal with climate challenge. Russia, whose ratification in 2004, had brought the Kyoto Protocol in force had now sown the seed for the jettisoning of the principle of differentiation with the support for a new legal instrument under the UNFCCC.

The directional shift of action by ALL was clearly noticeable in the declaration of the 2014 G-20 Summit in Brisbane (Australia) which noted "*We will work together to adopt successfully a protocol, another legal instrument or an agreed outcome with legal force under the UNFCCC that is applicable to all parties at the 21st Conference of the Parties (CoP21) in Paris in 2015. We encourage parties that are ready to communicate their intended nationally determined contributions to do so well in advance of CoP21* (to be held in Paris in 2015).

This was reinforced at Antalya, Turkey in 2015 though there the CBDR principle was at-least paid lip-service: "*We underscore our commitment to reaching an ambitious agreement in Paris that reflects the principle of common but differentiated responsibilities and respective capabilities, in light of different national circumstances. We reaffirm that UNFCCC is the primary international intergovernmental body for negotiating climate change. We welcome that over 160 Parties including all G20 countries have submitted their Intended Nationally Determined Contributions (INDCs) to the UNFCCC, and encourage others to do so in advance of the Paris Conference*".

The UNFCCC CoP at Paris in 2015 was a game-changing conference that saw a jettisoning, in real effect, of differentiation and committed ALL countries to *nationally determined commitments (NDCs)*. The US, and the developed world, appeared to have prevailed with the Chinese as willing partners. Indeed, the game appeared set after the US and China announced a climate partnership in 2014. This was again to be witnessed in 2021.

India, under Prime Minister Modi, played a major role at Paris in giving a huge fillip to renewable energy by establishing the

International Solar Alliance in collaboration with France.

But the ironies of the twists of history continued.

Presidential elections in the US brought President Donald Trump to power in 2016 and one of his first acts was to pull the US out of the Paris Agreement. From then onward, for the next four years, the G-20 was basically a divided grouping on climate change with the US, perhaps, elaborating disdain for the Paris Agreement [best captured in the G-20 declaration from Hamburg (2019): "*The United States reiterates its decision to withdraw from the Paris Agreement because it disadvantages American workers and taxpayers*." The real reason, it can be surmised, was not only its unwillingness to cap growth but to commit to cut down on fossil fuel usage.

Interestingly, but not unexpectedly, the US response of 2019 elicited a strong counter-response from the others under German leadership: "*The Leaders of the other G20 members state that the Paris Agreement is irreversible ..... We reaffirm our strong commitment to the Paris Agreement, moving swiftly towards its full implementation in accordance with the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances and, to this end, we agree to the G20 Hamburg Climate and Energy Action Plan for Growth*"

The G-20 Summit after the UNFCCC CoP in Paris was held in 2016 in Hangzhou and, with the US out, provided the Chinese an opportunity to try and take a moral high ground on climate change and push for the Paris Agreement. They also launched the Green Finance Study Group to identify institutional and market barriers to green finance and options to enhance the mobilisation of private capital for green investment.

The Osaka (2019) G-20 Summit tried to refocus matters on finance "*we strive to foster inclusive finance for sustainable development, including public and private financing mobilization and alignment between them, as well as innovation in a wide range of areas for low emissions and resilient development........We emphasize the importance of providing financial resources to assist developing countries with respect to both mitigation and adaptation in accordance with the Paris Agreement*"

Thereafter, Riyadh (2020), a virtual Summit given the COVID-19 pandemic, had a non-

Of all the G-20 Summits, Italy's G20 Presidency of 2021 delivered the most seminal Declaration on climate change.

negotiated declaration on climate change and an endorsement for a Circular Carbon Economy (CCE).

But the twists of history continued and in 2020, President Joe Biden assumed the Presidency of the US and brought it back into the Paris Agreement. There was, of course, no change in the pursuit of hegemony of power. Once again, no heed was paid to differentiation and accepting responsibility for past emissions, but the call was for ALL countries to achieve Net Zero GHG emissions by 2050. The G-20 Summit in Rome, Italy, was held in this backdrop and preceded the UNFCCC CoP at Glasgow which once again saw global leaders converging at a CoP.

Of all the G-20 Summits, Italy's G20 presidency of 2021 delivered the most seminal declaration on climate change. The declaration touched upon various important issues including, climate mitigation, circular economy, fossil fuel subsidies and using tax instruments for climate finance. The G20 climate finance study group constituted in 2018, under the Argentinian Presidency, was expanded in terms of its mandate and now tasked to consider additional aspects of sustainable development. The group was, therefore, renamed Sustainable Finance Study Group (SFSG). The Group was also mandated to developing, climate focused G20 sustainable finance roadmap, improving sustainability reporting, identifying sustainable investments, and aligning International Financial Institutions' efforts with the Paris Agreement.

Italian presidency also witnessed introduction of a new pillar dedicated to protecting the planet in the G20 action plan. Climate change was no longer being viewed as one of global challenges, rather its macro-economic and fiscal impacts were being assessed for safeguarding the global economic architecture.

The relevant text from Rome thus demands full reproduction, even though it is lengthy, to capture its full import:

By the end of 2021, it was almost clear that the developed world couldn't mobilize committed climate finance of $ 100 bn per year. The climate delivery plan submitted at the Glasgow presidency of Conference of Parties to the UNFCCC acknowledged that the target agreed at time of the Paris agreement, can only be achieved

by 2023. Therefore, the G20 needed to step up its efforts in mobilizing and safeguarding the financial resources for climate action.

The declaration reaffirmed the G-20's "*commitment to the full and effective implementation of the UNFCCC and of the Paris Agreement, taking action across mitigation, adaptation and finance during this critical decade, on the basis of the best available scientific knowledge, reflecting the principle of common but differentiated responsibilities and respective capabilities, in light of different national circumstances. We remain committed to the Paris Agreement goal to hold the global average temperature increase well below 2°C and to pursue efforts to limit it to 1.5°C above pre-industrial levels, also as a means to enable the achievement of the 2030 Agenda.*

We recognize that the impacts of climate change at 1.5°C are much lower than at 2°C. Keeping 1.5°C within reach will require meaningful and effective actions and commitment by all countries, taking into account different approaches, through the development of clear national pathways that align long-term ambition with short- and medium-term goals, and with international cooperation and support, including finance and technology, sustainable and responsible consumption and production as critical enablers, in the context of sustainable development. We look forward to a successful CoP26.

In this endeavour, informed by the IPCC assessments, we will accelerate our actions across mitigation, adaptation and finance, acknowledging the key relevance of achieving global net zero greenhouse gas emissions or carbon neutrality by or around mid-century and the need to strengthen global efforts required to reach the goals of the Paris Agreement. Accordingly, recognizing that G20 members can significantly contribute to the reduction of global greenhouse gas emissions, we commit, in line with the latest scientific developments and with national circumstances, to take further action this decade and to formulate, implement, update and enhance, where necessary, our 2030 NDCs, and to formulate Long-Term Strategies that set out clear and predictable pathways consistent with the achievement of a balance between anthropogenic emissions and removal by sinks by or around mid century, taking into account different approaches, including the Circular Carbon Economy, socioeconomic, economic, technological, and market developments, and promoting the most efficient solutions. We acknowledge the efforts made to date, including net zero and carbon neutrality commitments *and new and ambitious NDCs and LTSs by G20 members, and those to come by or at COP26.*

Impacts of climate change are being experienced worldwide, particularly by the poorest and most vulnerable. We stress the importance of the effective implementation of the global goal on adaptation and will submit adaptation communications. We also commit to scale up adaptation finance, with a view to achieving a balance with the provision of finance for mitigation to address the needs of developing countries including by facilitating mechanisms, conditions and procedures to access available funds, taking national strategies, priorities and needs into account. We recall and reaffirm the commitment made by developed countries, to the goal of mobilizing jointly USD 100 billion per year by 2020 and annually through 2025 to address the needs of developing countries, in the context of meaningful mitigation actions and transparency on implementation and stress the importance of meeting that goal fully as soon as possible. In this regard, we welcome the new commitments made by some of the members of the G20 to each increase and improve their overall international public climate finance contributions through to 2025 and look forward to new commitments from others. We note the Climate Finance Delivery Plan, which shows, based on OECD estimates, that the goal is expected to be met no later than 2023. We also recall the Paris Agreement aim to strengthen the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty, and that one of its goals is to make finance flows consistent with a pathway towards low GHG emissions and climate-resilient development. We encourage International Financial Institutions, including MDBs, to step up their efforts to pursue alignment with the Paris Agreement within ambitious timeframes, to support sustainable recovery and transition strategies, NDCs and long-term low greenhouse gas emission development strategies in emerging markets and developing economies, and to set out plans to mobilize private finance, in line with their mandates and internal approval procedures, while continuing to support the achievement of the UN 2030 Agenda.

We commit to significantly reduce our collective greenhouse gas emissions, taking into account national circumstances and respecting our NDCs. We acknowledge that methane emissions represent a significant contribution to climate change and recognize, according to national circumstances, that its reduction can be one of the quickest, most feasible and most cost-effective ways to limit climate change and its impacts. We welcome the contribution of various institutions, in this regard, and take note of specific initiatives on methane, including the establishment of the International Methane Emissions Observatory (IMEO). We will further promote cooperation, to improve data collection, verification, and measurement in support of GHG inventories and to provide high quality scientific data.

We will increase our efforts to implement the commitment made in 2009 in Pittsburgh to *phase out and rationalize, over the medium term, inefficient fossil fuel subsidies that encourage wasteful consumption and commit to achieve this objective, while providing targeted support for the poorest and the most vulnerable.*

We acknowledge the close link between climate and energy and commit to reduce emission intensity, as part of mitigation efforts, in the energy sector to meet timeframes aligned with the Paris temperature goal. We will cooperate on deployment and dissemination of zero or low carbon emission and renewable technologies, including sustainable bioenergy, to enable a transition towards low emission power systems. This will also enable those countries that commit to phasing out investment in new unabated coal power generation capacity to do so as soon as possible. We commit to mobilize international public and private finance to support green, inclusive and sustainable energy development and we will put an end to the provision of international public finance for new unabated coal power generation abroad by the end of 2021.

As we are recovering from the crisis, we are committed to maintain energy security, while addressing climate change, and guaranteeing just and orderly transitions of our energy systems that ensures affordability, including for the most vulnerable households and businesses.

In this endeavour, we will remain vigilant of the evolution of energy markets, taking into account trends over the years, and promote an intensive dialogue. Accordingly, the G20 in collaboration with the International Energy Forum (IEF) will facilitate a dialogue between producers and consumers to bolster the efficiency, transparency and stability of the energy markets. We emphasize the importance of maintaining undisrupted flows of energy from various sources, suppliers and routes, exploring paths to enhanced energy security and markets stability, while promoting open, competitive and free international energy markets. We recognize the role of digitalization in enhancing energy security and market stability through improved energy planning, while ensuring the security of energy systems against risks of attacks, including through malicious use of ICT. In addition to continuing to address traditional energy security challenges, we are mindful that clean energy transitions require an enhanced understanding of energy security, integrating aspects such as the evolving share of intermittent energy sources; the growing demand for energy storage, system flexibility changing climate patterns; the increase in extreme weather events; responsible development of energy types and sources; reliable, responsible and sustainable supply chains

Allocating a longer space to climate change in the official G-20 Declaration has raised the bar for acting on climate change. However, the geopolitical and economic challenges persist.

Prime Minister Modi announced India's commitment to Net Zero by 2070 at Glasgow along with a host of other significant measures to step up induction of renewables in India even by as early as 2030. India's leadership in pushing the global climate agenda was very visible.

of critical minerals and materials, as well as semiconductors and related technologies.

We welcome the introduction of a Pillar dedicated to Protecting the Planet in the G20 Action Plan. We agree on the importance of a more systematic analysis of macroeconomic risks stemming from climate change and of the costs and benefits of different transitions, as well as of the macroeconomic and distributional impact of risk prevention strategies and mitigation and adaptation policies, including by drawing on well-established methodologies.

Sustainable finance is crucial for promoting orderly and just transitions towards green and more sustainable economies and inclusive societies, in line with the 2030 Agenda for Sustainable Development and the Paris Agreement. We welcome the establishment of the G20 Sustainable Finance Working Group (SFWG) and we endorse the G20 Sustainable Finance Roadmap and the Synthesis Report. "

Allocating a longer space to climate change in the official G-20 declaration has raised the bar for acting on climate change. However, the geopolitical and economic challenges persist. The issue of limiting global temperature rise to 1.50 C or 20 C has also become another pressure point on large developing countries as the former would even further limit the available carbon budget for humanity with every possibility of restricting them in their pursuance of development and growth. This, more-so, as the developed world was also giving itself space for growth till 2050 and really not moving on an urgent basis to cut down on their GHG emissions.

The UNFCCC CoP at Glasgow in November 2021 once again saw a galaxy of world leaders attending. These included President Biden, Prime Minister Modi and a host of Europeans – notably the Chinese and Russians were absent. Agenda of Net Zero by ALL by 2050 and a concerted effort at phasing out coal was strongly pushed.

The Glasgow Climate Pact adopted at this CoP has energized the climate change negotiations though the shadow of the Russia-Ukraine conflict could diminish action on mitigation even across Europe, the climate action leaders, given rising energy prices faced as a result of sanctions on Russia, including its gas supplies. Again, not

Prime Minister Modi had called for US$ 1 trillion for climate finance at Glasgow. This needs to be realised and the G-20 Summit in India is a major opportunity to push this agenda in the interests of humankind.

unexpectedly, the US-China climate concert was once again visible in Glasgow with a Joint Declaration that saw China commit to *phasing down* its use of coal in the coming decades. This phrase later found its way into the Glasgow Climate Pact. Prior to Glasgow, China had announced its commitment to Net Zero by 2060.

Prime Minister Modi announced India's commitment to Net Zero by 2070 at Glasgow along with a host of other significant measures to step up induction of renewables in India even by as early as 2030. India's leadership in pushing the global climate agenda was very visible.

India will host the 18th G-20 Summit in 2023. That will also be the time of the global stocktake under the 2015 Paris Agreement of the UNFCCC and the COP, likely in UAE, could be another keystone on the road of climate change negotiations. Financing will be a key challenge. Ukraine conflict and recent developments involving Taiwan strait has created a significant challenge in getting the world to agree on even some of the critical issues as climate change. No resolution coming from the environment ministers meeting under Indonesian presidency (2022) and China withdrawing from its cooperation with USA on climate action are the fresh examples of the magnitude of the hurdles that India will encounter in its G20 presidency, if it hopes to provide substance to the discussions.

It is generally accepted that the need for sustainable finance is huge and there are suggestions for such funding being anchored, perhaps, multilaterally. Such a fund or mechanism should also help accrete low-cost funds from other sources to developing countries. This is also an imperative for an exit from fossil-fuels after taking on board the need for development with equity in countries further down the development ladder and a just transition.

Furthermore, developing countries face fundamental financing barriers for investing in new green technologies and scaling up their climate actions. First, green technologies have higher capital cost in comparison to conventional technologies, primarily due to their unproven status on the impact of the operational efficiency of production, often making it prohibitive to invest in these. Secondly, developing countries lack capacities even towards the development of bankable projects beyond the renewables sector.

But, perhaps, the most critical is that the cost of capital is significantly higher in developed countries, making green investments more costly. This is projected to further increase due to the impact of climate vulnerability on a country's sovereign credit rating, worsening their financial burden and economic challenges. Moreover, they face rather high costs of hedging. This makes de-risking another priority need, particularly on lowering the currency risk.

Additionally, looking at green financing only from the lens of mitigation measures will not be enough and equal attention needs to be paid to adaptation. Indeed, as extreme weather events propel large scale loss of physical assets and loss of agricultural productivity, their handling is likely to be beyond the abilities of insurance companies and, maybe, even Governments.

Three developing countries presiding over G-20 in succession is a perfect opportunity to structure global climate action in favour of the needs of developing countries and vulnerable communities. With the next three G-20 Summits taking place in Indonesia, India and Brazil, this is an opportunity to move the needle on climate finance and the G-20 from a grouping focussing on retaining hegemony on power to being a global support mechanism. Prime Minister Modi had called for US$ 1 trillion for climate finance at Glasgow. This needs to be realised and the G-20 Summit in India is a major opportunity to push this agenda in the interests of humankind.

ABOUT THE CONTRIBUTORS

Dr. Alok Sheel

Former RBI Chair Professor of Macroeconomics, ICRIER, New Delhi

Alok Sheel was a member of the Indian Administrative Service (IAS) for thirty four years (1982-2016), his last position equivalent to Secretary to Government of India. Subsequently he was RBI Chair Professor in Macroeconomics at the Indian Council of Research in International Economic Relations (ICRIER from January 2019 to January 2022. He held several important assignments under both the Union and State (Kerala) governments, including multiple stints in the treasury departments where he was responsible for budget formulation and management, interface with multilateral financial institutions such as the World Bank, IMF and UNDP, and international financial markets. He has Diplomatic experience as Counselor Economic in the Indian Embassy in Washington DC, and later Chaired the SAARC Development Fund in Bhutan. He has several years of experience at the senior level in macro-economic policy as Secretary, Prime Minister's Economic Advisory Council, and as a multilateral interlocutor in the G 20 in both the finance and Sherpa channels. He was a member of the Indian PM delegation for the first seven G 20 Summits at the height of the Global Financial Crisis. He is widely travelled and resourced for international conferences and workshops on the global economy, the G 20, economic governance and the international monetary system. He did his schooling from Sherwood College, Nainital, BA History (Hons) from St. Stephen's College, New Delhi, MSc (with distinction) in Macro-economic Policy from University of Bradford, U.K., and M.A & PhD in History from Jawaharlal Nehru University, New Delhi, India. His other interests include running, English poetry, history, writing, crossword puzzles, and postage Stamps of British India. He has published several full length articles in books and journals, including a full length book ‘Rethinking Macro-economics 101: A Ringside View of the Global Financial Crisis from Asia in Real Time’ (Academic Foundation 2015) http: // academicfoundation.org / index. php? route=product/product&product_id=570 He has been a regular commentator on economic issues for over 20 years in Economic and Political Weekly (EPW), The India Forum and the East Asia Forum, and has contributed over 200 opinion pieces in The Economic Times, Financial Express, Business Standard, Mint, Indian Express, and Financial Times (London). His publications can be accessed and downloaded from his homepage at http:// www.aloksheel.com/pap_pub.htm

Manjeev Singh Puri

Former Ambassador and Lead Negotiator for India at Climate Change negotiations

Manjeev Singh Puri is a former Indian Ambassador. He joined the Indian Foreign Service in 1982 and served as Ambassador of India to the European Union, Belgium, Luxembourg (2013-2017) and Nepal (2017-2019). He has also served as Ambassador/Deputy Permanent Representative of India to the UN from 2009-2012, a period during which India was on the Security Council. Prior to that, from 2005-2009, he headed the division in the Ministry of External Affairs dealing with UN issues on the social and economic side. In addition, he has served twice in Germany (in Bonn and Berlin), in Cape Town, Muscat, Bangkok and Caracas. He retired on 31 December 2019 in the rank of Secretary, Government of India.

Major areas of Ambassador Puri's professional focus relate to the environment, particularly climate change and sustainable development. He was a lead negotiator for India at the UN on issues relating to the post 2015 development agenda, Sustainable Development Goals (SDGs) and at the UN Conference on Sustainable Development held in Rio de Janeiro, Brazil in June 2012. He was a lead member of India's delegation at various Climate Change negotiations, including the Conference of Parties of the UNFCCC in Copenhagen in December 2009 and before that at Montreal, Bali, Bonn and Poznan. Furthermore, he was involved with India's participation in the G8-G5 Summits from 2005 and was the point-person for the Major Economies Forum. Even while in the IFS, he was on the Advisory Board of India's premier energy and environment institution, TERI (The Energy and Resources Institute. New Delhi) and after retirement is a Distinguished Fellow at TERI. Among other activities, he co-chairs a track-II India-EU dialogue on climate change issues.

Other than the environment, Ambassador Puri is highly experienced in matters pertaining to multilateralism, in particular the UN and its various agencies. He also has a deep knowledge of working at the IMF/World Bank and on issues pertaining to global economic issues, including energy. He has led the Indian representation at several global meetings dealing with UN reform, human rights and migration issues, among others.

Having served several times in Europe, including as Ambassador to the EU, he is very conversant with the EU and India-EU matters, including economic issues. And, having served as Ambassador to Nepal, his professional knowledge and competence includes both India-Nepal issues but also regional matters of interest in South Asia and India’s neighbourhood.

Ambassador Puri has a Masters’ degree in Management and did his BA (Honours) in Economics from St. Stephen's College, Delhi. He is presently Distinguished Fellow at The Energy and Resources Institute (TERI), Distinguished Visiting Fellow with the Ananta Centre and Adjunct Distinguished Fellow at Gateway House.

Damodar Pujari

Fellow, Climate Change

Gateway House, Indian Council on Global Relations

Damodar has over a decade of experience working in the domain of environmental sustainability, natural resource management, climate change, and circular economy. His professional footprint lies at the intersection of equitable distribution of natural resources, climate justice, and livelihood development of communities from climate-stressed regions. Damodar has supported the development of the National Wildlife Action Plan (2017-31), Government of India, and the committee on Empowering the Office of Ombudsman, Government of Maharashtra. He has developed a roadmap for a group of Members of Parliament, Government of India, on reducing the distress migration of vulnerable groups from tribal areas. His past affiliations include positions at Observer Research Foundation (ORF), United Nations Development Programme (UNDP), and Aga Khan Agency for Habitat. During his professional stints, he led partnerships with the World Bank Group, Stockholm Environment Institute, Jal Jeevan Mission, and the Office of the Chief Minister, Government of Maharashtra. He holds a Master's in Environmental Science and is currently working towards his Ph.D. at the Indian Institute of Technology (IIT), Bombay, focusing on River Governance through a Public Policy approach. He tweets at @D_Pujari.

The **Indian Council of World Affairs (ICWA)** was established in 1943 by a group of eminent intellectuals led by Sir Tej Bahadur Sapru and Dr. H.N. Kunzru. Its principal objective was to create an Indian perspective on international relations and act as a repository of knowledge and thinking on foreign policy issues. The Council today conducts policy research through an in-house faculty as well as through external experts. It regularly organizes an array of intellectual activities including conferences, seminars, roundtable discussions, lectures and brings out a range of publications. It has a well-stocked library, an active website, and publishes the journal India Quarterly. ICWA has over 50 MoUs with international think tanks and research institutions to promote better understanding on international issues and develop areas of mutual cooperation. The Council also has partnerships with leading research institutions, think tanks and universities in India.

Indian Council
of World Affairs

Sapru House, New Delhi