



INDIAN COUNCIL OF
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VIEWPOINT

The 14th G20 Summit: Managing Expectations

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Abstract

Amidst all the gloom preceding Osaka, the 14th G20 was successful in keeping the agenda of “multilateralism” alive by issuing a communiqué at the end of the meet. While the communiqué lacks critical focus on the current problems facing the global economy, the middle powers worked together to reach a common ground without getting swamped by the great power competition and rivalry.

The growing trade war between China and the United States (US) was the major focus of the 2019 G20 summit at Osaka. After China and U.S. failed to resolve the tariff dispute in the 90 day reprieve period allotted during the last year’s summit in Buenos Aires, there was little hope of a breakthrough.¹ Additionally, there were threats by President Donald Trump to levy new tariffs on Chinese goods. Notwithstanding this pessimistic trend preceding the meeting in Osaka, the summit successfully ended with a communiqué, signaling a compromise on key issues like rising protectionism, growing income inequality, climate change and increasing vulnerabilities in the international financial system, on which reaching a consensus became a difficult task. The language of the communiqué was significant as it clearly marks the absence of any critical take on the current problems facing the global economy except the firmness displayed by the G20 members in reforming the dispute settlement system of the World Trade Organisation (WTO), which has been dysfunctional for quite some time now.²



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G20, a premier forum for the governments from 19 countries and the European Union (EU), came into being in 2008 to address the downturn in the global economy and to discuss issues related to global financial and economic governance.³ Among the initial achievements of the group was its response to the global financial crisis, by forging a consensus on key issues pertaining to international trade and investments. However, as the years passed, the group's cohesion began to fade away and the diverging interests of its members outweighed the idea of collective good. Also the protectionist tendencies among its members increased over the years, which reduced the forum to a “talk-shop”⁴.

Hailed as a “fire-fighter” of the world economy during the 2008 crisis, the G20 currently is struggling to maintain its relevance in the multilateral system. Ever since the Trump administration assumed office, the group's alignment has undergone a major shift. The divide between US on one side and the 18 members plus EU on the other has become apparent. Even America's traditional allies like Japan, EU have expressed frustrations over Trump's trade policy and his dealings.⁵ Besides, the group faces challenges from a range of issues like the US-China trade dispute, Brexit, rising public debts and low growth prospects. This was evident in the 2018 summit, where reaching a minimum common ground on key issues of global economy became a daunting task. In many respect, this year's summit, too has been an extension of the Buenos Aires meet. Analysing key points from the communiqué, what becomes increasingly clear is that the statement is high on promises and pays lip service to the needs of the developing countries.

With regard to the global economy, although the word “protectionism” is deliberately avoided in the communiqué, the members agreed to maintain a “free, fair, non-discriminatory, trade and investment environment” and reaffirmed their support towards reform of the WTO system.⁶ However, on the issue of climate change, divisions between the US and rest of the G20 members were apparent. On the ground of “America first”, Washington reiterated its

decision to withdraw from the Paris Agreement, while reaffirming its strong commitment to promote “economic growth, energy security and access, and environmental protection”.⁷ Innovation, particularly digitalisation has assumed a special attention in the statement as a means to bridge the gap between the North and South. It mentioned Japan as an example of a technologically advanced society which was “human-centered”, sustainable and inclusive.⁸

On the issue of data globalisation, while the Europeans and Americans are in full favour of the free flow of data, BRICS nations have expressed apprehensions “related to privacy, data protection, intellectual property rights, and security”.⁹ India along with South Africa and Indonesia refused to sign the Osaka Track, an initiative promoting plurilateral negotiations on digital trade and urged that the negotiations on e-commerce/digital trade must be conducted within the consensus based decision making process of the WTO. Another major achievement under Japan’s first G20 presidency was the “Osaka Blue Ocean Vision”, which aims to stop plastic leakage into the ocean, a major source of marine pollution in the world.¹⁰

While the G20 summit did not project a space for critical discussion or mulling over the differences among its members, the bilateral and trilateral meetings at the sidelines of the G20 turned out to be crucial. Leaders discussed a range of subjects, including sensitive issues, which have been a source of concern bilaterally as well as globally. On the US-China trade war front, the two sides have not only softened to each other’s demands but have also agreed to resume negotiations, putting a halt to any escalation of tariffs.¹¹ Another conciliatory move by Trump that took the world by surprise was his open invite to the North Korean leader Kim Jong-un at the Demilitarised Zone during his visit to Seoul from Osaka on June 30.¹² In a bilateral meeting with Saudi Arabia, President Trump not only hailed the Crown Prince as a “revolutionary leader”, but also chose to ignore the conclusions of the United Nations (UN) report on the Saudi journalist Jamal Khashoggi’s murder. Trump also announced that the U.S. had decided against imposing sanctions on Turkey for buying Russian-made S-400 missiles.¹³

India took a pragmatic stance on most of the issues in G20. Among all the sideline meetings, the Modi-Trump meeting was the most significant; in the wake of Washington’s withdrawal of preferential trade status on Indian goods owing to New Delhi’s tariff hikes and stringent regulations impeding the access of American goods to Indian markets.¹⁴ A meeting between representatives of both sides has been proposed to discuss these technical issues in detail. The Japan-America-India trilateral also raised prospects for long term cooperation in promoting connectivity, infrastructure, and rules-based order in the Indo-Pacific.¹⁵ ...The Indian Prime Minister has invited the G20 countries to join a global coalition on disaster resilience as an experience and expertise sharing mechanism to provide quick and effective remedial measures to the affected population.¹⁶

These are some of the ways that the G20 states are attempting to uphold the principle of multilateralism and shore up the global liberal order. Reaching an agreement between the major powers like US, China, Russia is not easy and therefore, it is the responsibility of the middle powers to work together without getting swamped by the great power competition or rivalry.

Osaka shows the way for the next two G20 hosts, Saudi Arabia and Italy and the way they can adopt a problem solving approach, if not consensus, for the collective good.

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Disclaimer: The views expressed are that of the Researcher and not of the Council.

Endnotes

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