

OUTCOME DOCUMENT

**G20'S FUTURE:
ITALY, INDONESIA, INDIA**

14TH JANUARY 2021



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G20'S FUTURE: ITALY, INDONESIA, INDIA

The world is facing extraordinary economic and health challenges due to Covid-19. With vaccines being administered in Europe and US, the future looks hopeful. After the successful completion of Saudi Arabia's G20 Presidency, Italy has assumed the G20 2021 presidency on 1st December 2020.

The G20 with [80% of world GDP, 75% of global trade and 60% of the population](#) of the planet, can play a major role in the post pandemic recovery. Sharp economic contraction can be seen in major economies worldwide. G20's intention to be a major player in the recovery can be seen from Saudi Arabia's Crown Prince Mohammed bin Salman summation of the Riyadh G20 commitments as mentioned below:

- \$21 billion for tools and medicines to fight Covid-19,
- \$11 trillion to support businesses and save jobs globally,
- \$14 billion in debt relief to "the most vulnerable countries" under the G20's flagship programme – the Debt Service Suspension Initiative (DSSI),
- \$300 billion raised by financial institutions to assist emerging and low-income countries.

Taking forward this intention, the Italian Presidency's agenda focusses on three pillars: People, Planet, Prosperity. The Presidency advocates for an international response to the pandemic to provide equitable, worldwide access to diagnostics, therapeutics and vaccines. The [Italian G20 Sherpa, Ambassador Pietro Benassi](#), has stated that the Italian Presidency will continue to promote health as a global public good. A year long series of events will culminate at Rome at The G20 Heads of State and Government Summit to be held on October 30th and 31st 2021.

The G20 will now enter a key phase, with the three 'I's – Italy, a developed country, followed by Indonesia and India, two dynamic developing countries, due to lead the grouping till 2023. In 2022, these countries will be part of the G20 "Troika" - past, present and future presidencies - with a mandate to guide the G20's many efforts. Italy has the job of focusing the G20 on global economic revival, and passing on that baton, to Indonesia and India. The latter will also have to contribute to a broader agenda of reformed multilateralism, and a strengthening of the G20 as the world's "economic steering committee" rather than the "talk-shop" it has often been labelled as.

What role will G20 play to revive global economy? Will G20 sub forums such as Business 20, Think20 play a bigger role? Will antagonisms within member countries such as US-China, West-Russia, India-China impact the functioning of G20? India will enter the troika in 2022 before assuming the presidency in 2023. What can India bring to the table? This webcast will focus on geo-economics, role of technology and the Italian agenda for 2021. It will be moderated by Gateway House, with three experts in discussion.

AGENDA

The webcast will focus on the following issues

GEOECONOMICS

Objective: In times where tariffs and trade instruments have been leveraged for strategic gains, economic diplomacy has become increasingly important. The relevance of international economic cooperation has only risen further due to the ramifications of the pandemic.

The G20 had setup the Digital Economy Task Force in 2016 to support the Ministers of the respective countries on digital economy related issues. The [Italian Presidency](#) will leverage this task force to build new perspectives on digitization and digital governance. The [Finance Track](#) which involves various working groups, the G20 finance ministers and Central bank governors have already started their journey. The first two official working groups have already met on December 3rd. The Finance Minister and Central Governor official meetings is scheduled for 26-27 February.

What role will Finance Ministries and Central bank governors play? What will be India's contribution? How will G20 partner with the industries and businesses? Will the Business 20 engagement group be leveraged?

ROLE OF TECHNOLOGY

Objective: The Riyadh Summit saw the introduction of Space 20. The role of technology is already highlighted with the push for Digital economy. Technology has helped in buffering the impact of the pandemic with remote working solutions. Technology is expected to be a major factor in disrupting global supply chains, labour, communications etc. With 5G implementations planned in the upcoming years, an interconnected world is expected to create new economic dimensions. New tech frontiers such as Artificial Intelligence have already started creating disruptions. G20 can partner with [Global Partnership on Artificial Intelligence \(GPAI\)](#), launched in June 2020, which aims to bring together leading experts from industry, civil society, governments, and academia to collaborate on AI. U.K.'s proposed grouping of democracies - D10 has a focus on 5G. India has successfully leveraged technology with frameworks such as [IndiaStack](#) to bring 338 million citizens under the formal economy. The role of cybersecurity in the financial sector is also expected to increase with such strong digital push from all directions.

How will G20 leverage technology for an inclusive world? Will there be dominance of Big Tech – Facebook, Amazon, Google and Microsoft? How will technology be leveraged to prevent Anti-corruption and terror financing?

THE ITALIAN AGENDA

Objective: Italy has prioritized 'People, Planet, and Prosperity' for its G20 presidency. The 'People' pillar focuses on developing strategies to deal with health and economic crisis both for short-term recovery and long-term resilience. The 'Planet' pillar aims for a transition towards renewable energy, sustainable urbanization, energy efficiency, modern mobility to address global climate challenges. The 'Prosperity' pillar intends to leverage the full potential of the technology revolution, decrease the digital divide, promote infrastructural development, universal internet access and digital literacy.

The first Sherpa level meeting is scheduled for Jan 20-21. Events are planned across major Italian cities throughout the year culminating with the final summit in Rome on Oct 30-31.

How was the G20 transition from the Kingdom of Saudi Arabia to Italy? How is Italy partnering with Indonesia for a successful troika? How will Italy leverage the engagement groups such as Think 20 and Business 20?

FLOW OF WEBCAST

Date: 14 January 2021

Time: 1 hour 10 minutes (4:30pm IST to 5:40pm IST)

OPENING REMARKS

Time: 4:30pm – 4:35pm

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|--|--|
| <p>Welcome remarks & Introduction of Topic by Gateway House (5 mins)</p> | <p>Manjeet Kripalani, Executive Director and Co-founder, Gateway House Ambassador Rajiv Bhatia, Distinguished Fellow, Foreign Policy Studies Programme at Gateway House, Gateway House</p> |
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MODERATED PARTICIPANTS DISCUSSION

Time: 4:35pm – 5:15pm

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|------------------|--|
| <p>Moderator</p> | <p>Ambassador Rajiv Bhatia, Distinguished Fellow, Foreign Policy Studies Programme at Gateway House, Gateway House</p> |
| <p>Panelists</p> | <p>Marco Felisati, B20 Sherpa, Italy Dr. M Chatib Basri, Former Finance Minister, Indonesia Sanjeev Sanyal, Principal Economic Advisor to the Government of India</p> |

AUDIENCE Q&A

Time: 5:15pm – 5:35pm

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|------------------|--|
| <p>Moderator</p> | <p>Ambassador Rajiv Bhatia, Distinguished Fellow, Foreign Policy Studies Programme at Gateway House, Gateway House</p> |
| <p>Panelists</p> | <p>Marco Felisati, B20 Sherpa, Italy Dr. M Chatib Basri, Former Finance Minister, Indonesia Sanjeev Sanyal, Principal Economic Advisor to the Government of India</p> |

CLOSING COMMENTS BY PANELISTS

Time: 5:35pm – 5:37pm

SUMMATION OF DISCUSSION & CLOSING REMARKS

Time: 5:37pm – 5:40pm

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|---------------------------------|---|
| <p>Closing remarks from KAS</p> | <p>Peter Rimmele, Resident Representative to India, Konrad-Adenauer-Stiftung</p> |
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HOUSE RULES AND INTERVENTION GUIDELINES

FLOW OF DISCUSSION

Time: 1 hour 10 minutes

| | | |
|---|---------|---|
| Welcome remarks | 5 mins | Welcome remarks and introduction of topic by Manjeet Kripalani, Gateway House & Rajiv Bhatia, Gateway House Inform participants about flow of the session and house rules. |
| Moderated discussion | 40 mins | Discussion begins; questions asked to each of the experts on the subject by the Chair |
| Q&A | 20 mins | Audience Q&A |
| Closing Comment by each panelist | 2 mins | Panelists |
| Summation of discussion & Closing Remarks | 3 mins | Closing remarks by Peter Rimmele, Resident Representative to India, Konrad-Adenauer-Stiftung |

Note:

- Time will be strictly adhered to.
- No Power Point slides, audio or videos permitted.
- Bios will be shared in advance. There will be no formal introductions.

SPEAKING GUIDELINES

Participants in each session must address the policy question presented for discussion. It helps keep the discussion focused and facilitates documenting specific assessments and policy recommendations.

- Designated speakers: Responsible for giving introductory remarks to launch the discussion
- All session participants and delegates: Encouraged to participate during the roundtable discussion.
- We encourage evidence-based interventions.
- We discourage generalized assessments and repetition of facts that are already well-known.
- Please use the raise hand option on Zoom when seeking the Chair's attention to make an intervention.

INFORMATION DISCLOSURE POLICY

This meeting is open to the public.

PARTICIPANTS

Ambassador Rajiv Bhatia

Distinguished Fellow, Foreign Policy Studies Programme, Gateway House



Ambassador Rajiv Bhatia is a Distinguished Fellow, Foreign Policy Studies Programme at Gateway House. He is a member of CII's two bodies: International Trade Policy Council and Africa Committee. He served as Chair of FICCI's Core Group of Experts on BIMSTEC and continues to head its Task Force on the Blue Economy. He is a founding member of the Kalinga International Foundation. As Director General of the Indian Council of World Affairs (ICWA) from 2012-15, he played a key role in strengthening India's Track-II research and outreach activities. During a 37-year innings in the Indian Foreign Service (IFS), he served as Ambassador to Myanmar and Mexico and as High Commissioner to Kenya and South Africa. He dealt with a part of South Asia, while posted as Joint Secretary in the Ministry of External Affairs. A prolific columnist, who has also written a critically acclaimed book, *India-Myanmar Relations: Changing Contours* (Routledge), he is a frequent speaker on foreign policy issues in India and abroad.

Peter Rimmele

Resident Representative to India, Konrad-Adenauer-Stiftung



Peter Max Rimmele is currently the Resident Representative of Konrad Adenauer-Stiftung Office, India. He has a First Law Degree from Freiburg University, as well as a Second Law Degree from the Ministry of Justice Baden-Württemberg, Germany and a M.A. in Geography. After working as a jurist, judge and lecturer, he took public office as Ministerialrat, Head of Division at the State Ministry of the Interior in Saxony, Germany, from November 1991 on until 2000. There he first served in the Police and Security and later in the Local Government Department. On behalf of the German Foreign Ministry he served in East Timor as Registrar General, Head of Civil Registry and Notary Services (UNTAET), and became later the principal Advisor for Governance Reform for GIZ (German International Cooperation) to the Ministry of Administrative Reform and the Anti-Corruption-Commission of the Republic of Indonesia, where he served for 7 years. He then moved to Rwanda, also as Principal Advisor Good Governance/Justice Program. Earlier he was Resident Representative Lebanon, Director of Rule of Law Program Middle East North Africa, Konrad-Adenauer Stiftung.

Marco Felisati

B20 Sherpa, Italy



Marco Felisati is the Italian B20 Sherpa for the 2021 Italian G20 Presidency. He has dealt with international relations, trade, and trade-related matters for over 25 years. He is Deputy Director for Internationalization and Trade Policy at the Confederation of Italian Industry – Confindustria. B7 and B20 Sherpa to the Global Business Coalition – GBC. Member of the International Relation Committee of the European Union of Employers’ Organisations – Business Europe; National Lead Coordinator and Vice Chairman of the Trade and Investment Committee at Business at the OECD; member of the Executive Committee and of the Presidency Council of The International Chamber of Commerce in Italy – ICC Italy; member of the Consultative Committee for Industrial Mutations at the European Economic and Social Committee – EESC. He previously served at the European Commission – DG External Relations as National Detached Export, and at the Confindustria Brussels Office.

Dr. M. Chatib Basri

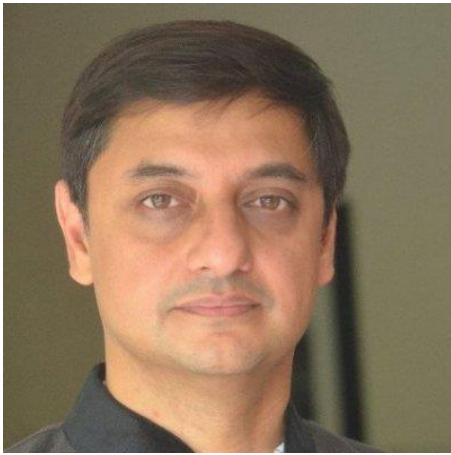
Former Minister of Finance, Indonesia



Muhamad Chatib Basri, is a former Minister of Finance of Indonesia. Previously he was the Chairman of the Indonesian Investment Coordinating Board. His expertise is International Trade, Macroeconomics and Political Economy. He was Ash Centre Senior Fellow at the Harvard Kennedy School, Harvard University (2015-2016); Pacific Leadership Fellow at the Centre on Global Transformation, University of California at San Diego (2016); NTUC Professor of International Economic Relation, RSIS, NTU, Singapore (2016); He was also a Thee Kian Wie Distinguished Visiting Professor at the Australian National University (2016-2017). Dr. Basri is a Chairman of the PT Bank Mandiri Tbk and Chairman of the PT XL-Axiata. He teaches at the Department of Economics University of Indonesia and CO-founded CRECO Research Institute, a Jakarta based economic consulting firm in 2010. Dr. Basri is a member of the World Bank Advisory Council on Gender and Development. He was a member of the Asia Pacific Regional Advisory Group of the International Monetary Fund (IMF) and was a member of the High Level Trade Experts Group co-chaired by Jagdish Bhagwati and Peter Sutherland.

Sanjeev Sanyal

Principal Economic Advisor, Government of India



Sanjeev Sanyal is the Principal Economic Advisor to the Government of India. An internationally acclaimed economist and best-selling author, he spent two decades in the financial sector and was Global Strategist & Managing Director at Deutsche Bank till 2015. He was named Young Global Leader by the World Economic Forum in 2010. He is also a well-known environmentalist and urban theorist. In 2007, he was awarded the Eisenhower Fellowship for his work on urban dynamics. He has been a Visiting Scholar at Oxford University, Adjunct Fellow at the Institute of Policy Studies, Singapore and a Senior Fellow of the World Wide Fund for Nature. He has also served on the Future City Sub-Committee of the Singapore government tasked with building a long-term vision for the city-state. Sanjeev attended Shri Ram College of Commerce, Delhi and Oxford University where he was a Rhodes Scholar (1992-95). His best-selling books include *Land of the Seven Rivers*, *The Indian Renaissance* and *The Ocean of Churn*.

Manjeet Kripalani

Executive Director and Co-founder, Gateway House



Manjeet Kripalani was India bureau chief of *Businessweek* magazine from 1996 to 2009. She holds two bachelor's degrees – in law, and English and history – from Bombay University and a master's degree in international affairs from Columbia University, New York. Her political career includes being deputy press secretary to Steve Forbes during his first run in 1995-1996 as Republican candidate for U.S. President in New Jersey and press secretary for independent candidate Meera Sanyal's Lok Sabha election campaign in 2008 and 2014 in Mumbai. She is currently a member of the Center for American Progress' U.S.-India Task Force, a member of the Asian advisory board of the International Centre for Journalists and the Overseas Press Club, and sits on the executive board of Gateway House, the Indian Liberal Group and Emancipation, all non-profit organisations.

OBSERVERS

- Pankaj Madan, Deputy Head - India Office, Konrad-Adenauer-Stiftung
- Neha Aneja, Executive Assistant to Representative to India, Konrad-Adenauer-Stiftung
- Simran Dhingra, Research Officer, Konrad-Adenauer-Stiftung
- Ashish Gupta, Research Officer, Konrad-Adenauer-Stiftung
- Prableen Kaur, Accounts Officer, Konrad-Adenauer-Stiftung
- Kripal Singh Rawat, Accounts Officer, Konrad-Adenauer-Stiftung
- Manu Emmanuel, Advisor/Team leader Administration, Konrad-Adenauer-Stiftung
- Cdr. Amrut Godbole, Indian Navy Fellow, Gateway House
- Sameer Patil, Fellow, International Security Studies, Gateway House
- Amit Bhandari, Fellow, Energy and Environment Studies, Gateway House
- Chaitanya Giri, Fellow, Space and Ocean Studies, Gateway House
- Sifra Lentin, Bombay History Fellow, Gateway House
- Ambika Khanna, Senior Researcher, International Law Studies, Gateway House
- Sagnik Chakraborty, Researcher, Cybersecurity Studies, Gateway House
- Nazia Altaf, Associate – Website and Publications, Gateway House
- Aliasger Bootwalla, Media and Outreach Associate, Gateway House
- Kunal Thakkar, Research Associate, Gateway House
- Kartik Astha, Intern, Gateway House
- Dakshata A, Intern, Gateway House
- Palak Malhotra, Intern, Gateway House
- Abhimanini Sawhney, Intern, Gateway House

SECTION II

KEY FINDINGS

Building on the strong track record of Gateway House in research and international outreach on G20 through the T20 channel, the virtual Panel Discussion (14 January 2021) on “G20’s Future: Italy, Indonesia, India” was designed to raise awareness about the Italian presidency and its possible synergy with the two subsequent presidencies. It revolved around three key themes: macro view of G20’s role; sectoral questions ranging from health to economy, sustainable development and more; and specific country perspectives of the present and future Chairs.

- ❖ **G20’s role:** Faced with a grave crisis created by the pandemic, G20, which held two virtual summits during 2020, performed quite well. Its tangible achievements included G20 Action Plan, Debt Service Suspension Initiative (DSSI) and incremental progress on other important matters. The forum’s contribution may be measured by imagining as to the likely chaos and damage to the world economy *if* there were no G20. What G20 does is to develop a policy framework on global commons and ensure high-level coordination in cross-cutting sectors of economic development. So viewed, the forum performed quite well. It is, therefore, unfair to view it as “a talk shop.”
- ❖ **Multilateralism:** The world needs more, not less, multilateral cooperation to resolve a host of challenges it faces. Multilateralism offers the best and perhaps the only path to international peace, security and prosperity. D10, the British-proposed grouping of democracies (as an expansion of G7), may have a useful role to play, but it cannot replace G20. The latter is free of ideological bias, and the presence of China gives it considerable weight.
- ❖ **Sectoral focus:** G20 has been focussing on economy, health and sustainable development, with a special focus given to MSME by the B20 sub-forum.
 - **Economy - A G20 success:** Credit rating system has developed country bias, with norms created after the 2008 financial crisis. The 2020 pandemic needed different responses. Credit ratings of countries took a hit, forcing banks to set aside more capital to cover for the shock, rather than increase lending to ease the shock. Specialized bodies like the Bank of International Settlements (BIS) and Financial Stability Board (FSB) saw this issue with an academic lens; but the G20, with its cross-functional structure and capacity, took a more practical, realistic view. The G20 members persuaded the BIS and FSB to review and reconsider the norms, and new norms are now in the Action Plan for change.
 - **Health and Sustainable development:** Germany began the Health Track in Hamburg in 2017, and Italy will re-emphasise it this year. The B20 Italy will focus on life science and global emergencies, learnings from the pandemic to prepare for what may come in the future, such as desertification, climate change, water issues. It will develop policy formulations so that business will be more aware and inclusive. The pandemic and the decoupling of the U.S. and China offer a common platform and opportunity for the G20 to be more effective on global macro policy. A prudent fiscal policy is needed to alleviate the immediate crisis relating to health, social assistance and support to small enterprises.
 - **Focus of the B20:** “Level playing field is a chimera. Business wants action, solutions with impact”, stressed Italy’s B20 Sherpa Marco Felisati. Focus will be on the MSME sector, which has contracted. Italy is “the land of the MSME” and will lead efforts in the

G20 to create the policy tools and boost access to export credit and insurance to MSMEs. They must find their ways to international markets, and be innovative in making the best use of stimulus packages. New trade and investment commitments will be discussed at WTO. Regional value chains bring benefit in the short term, but for the long term, global value chains and foreign investment are necessary. Pandemic showed that there is not enough cooperation between customs authorities worldwide.

- ❖ **Country perspectives - Role of the three “I”s in the G20 2021-23:** The three panelists representing Italy, Indonesia and India offered perspectives that largely matched with each other.
- Italian presidency is driven by its guiding mantra of “three Ps” – ‘People, Planet, and Prosperity.’ Italy’s focus will be on a specific set of themes: health and prevention of future pandemics, economic recovery with MSMEs making a decisive contribution, cyber security, access to water, and climate change.
 - Indonesia may accord priority to three goals: combatting inequalities, ensuring sustainability – both financial and environmental, and increasing people’s access to benefits of digital technology.
 - India, sharing the Italian and Indonesian perspectives to a considerable extent, shall continue its intense combat against Covid-19, stabilise and expand economic growth while making it more inclusive, and promote global cooperation and purposeful multilateralism as its chief instrument to assist the world community and assert its global leadership.

SECTION III

WEBCAST TRANSCRIPTS' BRIEF

Introduction:

Manjeet Kripalani: Good Evening. I'm Manjeet Kripalani - Executive Director of Gateway House, a foreign policy think tank in Mumbai. Along with our partner Konrad-Adenauer-Stiftung's India Office, we welcome you to our first meeting of 2021. This decade starting on a positive note with vaccines now being administered everywhere and then a serious reassessment of multilateral groupings. One multilateral grouping that has the strength and the mandate of both is the G20, with 80% of world GDP, 75% of global trade and 60% of the world's population.

The job will fall to a most interesting trio of countries leading the grouping till 2023 – the three 'I's - Italy, a developed country that is chairing the G20 this year, followed by two dynamic developing countries - Indonesia and India, who will chair the group in 2022 and 2023. To discuss these developments, we have an excellent panel, Marco Felisati, the B20 Sherpa of Italy; Dr Basri, a former Finance Minister of Indonesia who has extensive experience in finance and global trade, and Sanjeev Sanyal, the Principal Economic Advisor to the Government of India, a scholar and public servant with extensive private sector experience. He was also the co-chair of the G20's Framework Working Group in 2020. The discussion will be moderated by Ambassador Rajiv Bhatia.

Ambassador Rajiv Bhatia: Indeed, we have a distinguished panel, and I am honoured to be moderating it today. Gateway House has a strong track record of studying G20 issues and organising and deliberating upon G20 issues and T20 participation in recent years. This particular discussion forms an important part of our endeavours to disseminate research and insight on G20. It is also our humble contribution to preparing India for the big year of 2023. G20 represents a vast domain of policy making, inter-sectoral knowledge and a multiplicity of constituencies, ranging from governments of vast and emerging economies and a host of important engagement groups around the world.

The focus today is on three facets- the Macro, the Sectoral and the Country Perspectives of these 3 countries - Italy, Indonesia, and India. We must recognise that India is not a part of the current troika, but this discussion is intended to prepare India for its eventual presidency and august responsibilities.

Panel Discussion:

Ambassador Rajiv Bhatia to Marco Felisati:

- It is said that the G20 is at a crossroads today as is multilateralism, exacerbated by the pandemic. The Saudi presidency with two virtual summits, secured many tangible achievements such as Debt Service Suspension Initiative (DSSI), G20 Action Plan, COVID Strategy etc. How does Italy intend to take this forward, particularly health and on the economy?

Marco Felisati:

- I would underline at first the troika you mentioned. If you look at Italy, India and Indonesia you will find complementarities and differences. This troika will be important for the G20.
- Italian industry is heavily based on manufacturing and devoted to export to international exchanges.
- Pandemic has taught a lot and the most relevant learning is that our global governance is intrinsically fragile and fragmented.

- While the international community is confronted with global crises like the pandemic, we need global responses and coordinated action.
- The first reaction in February and March last year was closure of all nations. Governments tried to close down borders and find remedies within their systems. However, we needed more coordination, more decision-making, more sharing, more coordinated governance, and more multilateralism.
- I also detect some encouraging signals. It is very hard to predict what directions we can go in, but 2020 has been an unforgettable year. What will happen to multilateralism with a new administration in the U.S? What will happen at the WTO level? We have seen major preferential trade agreements being approved and ratified.
- Our commitments as the Italian side of the B20 is to health, life sciences, systemic threats and global emergencies.
- 2020 was the pandemic, but who knows what can be around the corner - migration, desertification, massive cyber-attacks, climate change and pollution.
- We are committed to convey policy recommendations in order to be more prepared, more resilient, and more inclusive.

Ambassador Rajiv Bhatia to Dr. Basri: Does divided international leadership and the international tensions give you confidence about G20s capability to navigate the fault lines successfully?

Dr. M Chatib Basri

- Initially, G20 was sort of a club for ministers of finance and governors of central banks. G20 was in the top form during the global financial crisis, because we had a common platform at the time. It was easy to make a coherent concerted effort for all members at the time.
- I was the Sherpa for Indonesia at the time and from India we had Montek Ahluwalia. It was relatively easy as we had to recover from the global financial crisis. The current recovery is uneven and the role of G20 is slowing down and declining as we don't really have a common platform.
- The competition between the US and China, the US positions in the previous G20 in Germany during Trump's administration, were not very supportive to multilateralism.
- I can see one of the potential common platforms to make the G20 more effective exactly like Mr. Felisati mentioned. We are facing a global problem. We now can build a common platform and there is a potential to work together.
- If we are talking about macro policy, finance ministers are concerned about the matter of sustainability and fiscal policy. If you look at funding allocation, it is focused on health, social assistance and support for SMEs, I believe it is similar in India, U.S. and other nations
- The issue at hand is how to manage this common platform and how to bring G20 into this? We should take this opportunity to make the post pandemic recovery about sustainable development and reducing inequalities
- Issue about geopolitical divide exists, but I am optimistic as we have a common problem and the G20 can be more effective like what we had back in 2008.

Ambassador Rajiv Bhatia to Sanjeev Sanyal: Moving to Mr. Sanjeev Sanyal, we know that you've been part of finance track, co-chaired the FWG last year. Share your assessment of G20 today. Famously said by experts that G20 is large enough in economic clout, small enough for effective decision making, flexible enough in agenda and strong enough in terms of expertise available to it. Is G20 a truly premier international forum or a talk shop?

Sanjeev Sanyal:

- In order to judge whether G20 is living up to expectations, we need to understand what it is supposed to do. The G20 provides global coordination and leadership. It provides A framework of governance of the global commons.

- It's right that it's small enough to get things done, flexible enough and large in clout. But quite unfair to call it a talk shop.
- Particularly in last year it has been quite effective in getting a lot done, a lot more than what it gets credit for.
- First consider the counterfactual what would have happened had the G20 not existed. Going back to Feb-March of last year, there was a complete breakdown of information and coordination as far as the health response is concerned. The WHO was floundering, and other organisations were clearly not able to cope with things. There was clearly a breakdown in multilateralism. People grabbed for nation-state solution and there was clearly no international leadership.
- Also, there were real fears of breakdowns in global trade or emerging market crisis happening, financial markets going into a downward spiral and even breaking down.
- A year later we have done rather well. Financial markets have revived. There have been no breakdowns. Although some emerging markets have had problems and slowdowns, but goods trade and online services trade framework is alive. Disruption in movement of goods was expected. There is a lot more coordination and now we're rolling out vaccines.
- Look at how things panned out. We did a lot better and G20 can take credit for this. The basis of the coordination is the Global Action Plan, launched in April 2020, which is the backbone for coordination. It has been a very flexible approach. Each step is negotiated. The idea of having 'do what it takes' is popularised by the plan.
- Very often people do not give credit to this institution. It can't solve every problem, but a fair amount of coordination was showcased by the G20 during the pandemic and we came off rather well.

Ambassador Rajiv Bhatia to Marco Felisati: Italy was hit very hard. It has a strong national recovery plan, with advanced manufacturing at its centre. As B20 Sherpa, how do you think Italy will rope in the SMEs in order to head towards recovery and keeping in mind the changes due to shift in supply chains? Focussing on the business community, we at Gateway House are trying to interest India Inc. with the G20. It would be of interest to know what are you doing to engage with the business community?

Marco Felisati:

- Besides being the B20 Sherpa, I am also the task force manager for trade and investment, The Italian B20 cycle will be operating through seven task forces and one action council. Moreover, we will have cross country initiatives for women empowerment, and we are finalising agenda for the inception meeting.
- I see two figures in the landscape we're talking about: minus ten and minus forty. Minus ten stands for the sharp fall of international exchanges. Minus forty, a worst case scenario, stands for slowdown in FDI. All in all, if these figures are confirmed in the first quarter of 2021, then we know where to intervene to boost economic growth and to favour small and medium companies, especially micro companies. Ninety nine percent of our products are produced by small companies. We focus our attention to that.
- My thoughts on the shrinking of the global value chains is that it is largely debated. Going regional for global value chains may be an option and may bring short term benefits but cannot work in the medium and the longer run. We need global value chains and we need foreign investment to move freely. We will concentrate on providing policy recommendations on issues related to this.
- One of the recommendations is to provide tools to boost the access of small and medium companies to export credit and insurance. Tremendous gap between demand and supply in the pandemic has shown that customs are not a problem. However, the pandemic has revealed that customs can create bottlenecks and so we need coordination between authorities.

- Moreover, the formula of a level playing field has become a chimera if we don't want to listen or talk about level playing fields. We need action. We need enforceable decisions and impactful solutions and we will call on the G20 to undertake concrete action.
- Small and medium companies will have to find their way internationally through stimulus packages. More companies will have the chance and opportunity to undertake a process of upgrading. I also see an issue in the role of states in the management of economic resources and companies. So, G20 leaders will have to be attentive on how to invest money, keeping in mind that public finance is one big concern.
- Market forces should be the pole star when we look forward to a new commitment to governments and hope that the WTO ministerial conference will deliver a shared plan of reform that all countries will commit.

Ambassador Rajiv Bhatia to Sanjeev Sanyal: We know that there are major financial issues that G20 has been trying to address. Help the audience understand two or three key financial issues the G20 is tackling and where you see the Italian presidency leading us into the future.

Sanjeev Sanyal:

- G20 should not be expected to replace other institutions of multilateralism such as the International Monetary Fund (IMF), the Bank for International Settlements (BIS), and the Financial Stability Board (FSB). All G20 countries have representations in these institutions.
- G20 plays a role in finding the big picture framework because of presence of all major leaders. All cross-cutting issues are covered which would be lost in silos had they been left to a single institution.
- Major issues related to credit ratings and sovereign ratings in the last year because of the following problem. Thanks to FSB and BIS, since the last financial crisis, every country has adopted Basel norms in their system.
- Basel-2 was introduced in 2008 and since then Basel 3 has also been implemented. It imposes on the world financial system, a set of rules that we all end up managing in the same way. Though some freedom is allowed, we all end up using the same credit rating agencies to manage risk.
- The Basel norms hardwire this issue by putting weight, capital requirements etc. on what financial institutions can base these credit ratings on. Seems sensible but here is a problem that really comes home when you're hit by a global shock.
- All the credit rating agencies cut their rates at the same times and now you have a hardwired amount of capital that must be put up against assets of various types. You end up with a very procyclical cutting of the financial system just at a time when policy makers want to expand all credit ratings.
- Banks think about their balance sheets and Central Banks want the opposite and lend more. So, effectively you're hardwired into the system by virtue of the Basel norms. You have precluded anti cyclical policy. This is a real problem, there is no diversity in the system for the way you talk about risk.
- From the policy maker's perspective, there is no diversity, and progress with the cycle will have some ups and downs. If there is a bank that wants to take extra risks then they are not allowed to do so, this is something that the IMF and FSB would look at as an academic problem.
- The G20 covering wider issues and cross cutting between sectors was able to take this up in Framework Working Group. It was debated in FSB and BIS; a study was conducted, and a notification went through.
- G20 sensitised the problem before it hit the system. It meant that they would have allowed the system to carry on but instead since we provided pressure through the FSB to reconsider these issues to add language, to allow more freedom, it got included in the action plan about the procyclicality of credit rating. It will be very helpful in mitigating this one issue.

Audience Q&A:

Question

Audience question for Dr. Basri by Dr. Mohan Kumar, RIS: G20 should cover a narrower canvas and try to come up with a declaration that has concrete benchmarks. Given your position I think you would be in a good position to examine this. Also give us your views on WTO reform.

Dr. M Chatib Basri

- We need to focus on several issues which are similar amongst countries, such as health, social assistance, supporting businesses as an entry point.
- I think it is very important to answer the question – ‘what’s in it for me?’ for every country. Once you can answer this question, we can have coordination. My proposal is that we discuss issues of sustainable development and post Covid recovery because all of us will face the same issues due to the rise in inequality.
- Let me try to answer the second question about WTO reform. The lessons are clear from Great depression, and if we learn from our experience in the G20 - the rejection of protectionism, which was the London G20 summit in 2009. But the problem is that, to be very realistic, the prospects of WTO are perhaps not as optimistic as before. I do understand that the WTO has been a bastion against protectionism, but I think the question is how to promote WTO?
- On this question I think all members of G20 should work together in order to ensure that the WTO gets stronger. I can propose maybe one entry point that will be in the interest of all G20 members, and it will guarantee food and energy. One thing that we learned from the pandemic due to lockdowns and social distancing is that every country tried to focus on domestic issues and restrict exports. This will have an impact on global issues. If we can start on something that will be of interest for every country, we can somehow promote the WTO.
- We should focus on open regionalism. We have the RCEP in Asia which can be a starting point. I understand that India is currently not on board, but maybe we can discuss the possibility of using these organisations to offset the dangers of protectionism.

Question

Will India’s governing standards and parameters for a healthy economy be under the radar when it is a part of the G20 troika? In your assessment, will the Biden administration, with his call for the summit of the leading democracies, make a difference for the prospects of G20? Will the Democratic 10 (D10) empower or weaken G20?

Sanjeev Sanyal:

- I can't comment on anything related to short term fiscal policy as we will present the budget shortly. When we are in leadership in 2023, will we come under greater scrutiny? It's possible. If you are the leader, people watch you more closely.
- I think we have managed this crisis well and there is greater appreciation for the approach that India took. We have come under criticism as we took an approach to the crisis that was different from other countries, but I think there is an appreciation that it was the right thing to do.
- On the economic front, many experts suggested a one big bang revival package. Instead we went for several smaller medium sized packages, over a period of time. This approach has turned out to be correct. The economy is reviving much faster than other countries. This can be seen in monthly numbers such as GST, car, etc. Except for travel, tourism, and entertainment, every other indicator has been higher than it was before. The Indian approach of step by step has been appreciated.
- On the health front as well, on infection rates, India has greatly improved its prospects. There is an appreciation for the way we have handled this. India’s importance as a part of the global

solution is rising as we are providing vaccines for others. Therefore, I think that we have stepped up to the challenge reasonably well.

- Another way in which we have been different from the rest of the world's approach is that we have put a lot of emphasis on supply side and structural reforms. We have done politically difficult reforms such as farm, labour, and electricity. I think the government's response is getting appreciated and success will be even clearer in the next six months. So, if the question was that if we will face greater scrutiny when we take the chairmanship, the answer is yes, and that's great, as it will allow us to show the government is able to respond strongly and responsibly to challenges thrown at us.
- About D10, one has to be very clear about the role that these things play. G20 serves to basically manage the global commons and allows a degree of coordination between countries for things we cannot do ourselves.
- By virtue of the fact that it's a D10, we are leaving others out, particularly other important countries and not just China. In this context, the D10 will not be able to do what the G20 can, because the G20 doesn't take an ideological position on something. It provides the functional perspective on how to get things done. When you bring in a preconception of how a country runs itself internally, the forum opens itself to other debates. Those debates are important, but not the same as the G20 debates. The two are different things with different purposes. There is a place for D10, but debates and discussions that happen in G20 can't be what happens in D10.

Question

G20 is entering a key phase, with the three 'I's - Italy a developed country, followed by two dynamic countries - Indonesia and India. What contribution can India and Indonesia achieve in their presidency years with their unique world views in the economic steering committee?

Dr. M Chatib Basri

- We have a lot of similar interests being Asian countries and vibrant democracies. When I was the Finance Minister, I was faced with similar problems and was asked to solve them. While I cannot talk on behalf of India, these issues will become big issues in the future.
- The GDP growth for this year will be minus 1.5 - minus 2. The worst was in the second quarter - minus 5.3%. The recovery curve is shaped like the Nike brand logo.
- My concern is that if you are talking about sectoral and inter-income groups, there is a risk of a k-shaped system because some groups of people who have savings can survive this crisis in a better way than middle and lower income groups. Those who have access to digital services can survive this crisis in a better way. There is a risk of a k-shaped recovery. During Italy's presidency and later on as well, this will become a very big issue. How do we feel this can address inequality?
- I may propose to every government including my government in Indonesia and even to the government in India that it is very important from the beginning to design fiscal policy that is focusing on social protection, access to health, training, scaling to address the issue of the digital divide.
- Post Covid recovery should be sustainable and environment friendly. As interest rates are down now, we have a chance to discuss sustainable development.
- I think for some countries it is very important to eliminate subsidies while the oil price is low. If we eliminate the subsidies when the oil prices are low, it allows for proper change as it reduces the demand for fossil fuels which is good for the environment. We can also use this money for financing health issues and to protect people by giving them direct cash transfers. It is good for the environment, good for people and good for the macro issues.
- We also need to discuss digital transformation. One thing that we have learnt from the pandemic is that it can expedite the transformation process. Everyone does not have the same

access to the digital infrastructure, and as the digital divide increases, we see the problem of digital disruption. It will have an impact on employment, inequalities etc.

Ambassador Rajiv Bhatia: I think emphasis on these three elements of equality, sustainability, and digital transformation - these are striking common features between India and Indonesia, coming from you it carries conviction.

Question

How sustainable is the debt relief package of the G20? In your example of the credit rating system there are developed country biases in them. How to address these with efforts from countries like India and Indonesia?

Sanjeev Sanyal:

- So, let me answer the second one first. There are biases in the Credit Rating System. One of the reasons India particularly raised this issue in the initial phase of the crisis with the FSB and in the G20 platforms is that you know when you have this sort of a crisis with this procyclicality built into it, sovereign ratings get downgraded. This has a spiralling effect on the crisis and worsens it.
- There are biases in the system and most people don't realise it. For example, one of the criteria for sovereign ratings is per capita income. India, which is a poor country, will get a lower rating than an identical country that may have a much worse record on repaying external debt. Just because we are poorer, we will be treated worse. This is something that we have raised many times but it, sort of, comes to roost in these situations.
- The G20, by bringing up this issue and pushing against it has sort of sensitised people against it. The Framework Working Group has taken up this issue, and we will keep it up as it is an integral part of the Global Action Plan. Ultimately what we need is an overhaul of the rating agencies. What we need is a greater diversity of rating agencies. Basically, it's an oligopoly of three companies and all three companies are western and North Atlantic companies.
- As for the other question, the fact of the matter is that given the huge amounts of spending, we have all done, we have all racked up substantial amounts of debt. In the particular case of India, though we have been careful in the spending, our overall Debt-to-GDP ratio will rise. Even when our GDP begins growing and revenues flow back, we will be taking on a certain amount of load that we will pay back over time. Other countries particularly in the west have the additional problem that they grow slower, so their Debt-to-GDP ratio is not only affected by the numerator but also the denominator grows much slower.
- The reason this is sustainable right now is because capital is currently cheap. All of this is being funded at very low interest rates, effectively zero interest rates. The problem will become serious when the interest rates will be increased, and the debt then has to be rolled over at higher interest rates.
- So now let's say that at some point in the future, if inflation comes back strongly, we will be burning up the debt by inflating it away, but it will cause tricky problems as all countries won't be able to increase interest rates and manage inflation in conjunction. Now, India does not have zero interest rates, so we are in a slightly better position. However, we should be wary because the money that is sloshing around will begin to inflate.
- There is a very fine balance. We need to manage when the world is sloshing with money and the interest rates then begin to rise. Then the dynamics of debt will begin to play in a completely different direction

Ambassador Rajiv Bhatia: As we near the end of this discussion, I want to request our panelists to take a minute each and convey the information that nobody may have covered. In this instance, you could also highlight what according to you was the biggest achievement of G20 in 2020?

Dr. M Chatib Basri

- Since I'm no longer in the G20, I cannot give the exact answer for this question, but as someone outside the G20 forum who gains information from the newspaper and the media, I think, based on the communique of the G20, they asked for African trade and pandemic management. I also think that Africans are looking for this.
- I can't answer this question about 2020, but I can share my experience from my time. The policy changes and discussions can be used to help the global economy during the pandemic as well.

Ambassador Rajiv Bhatia: Sanjeev ji, while you cover whatever you would like to round up, please also answer the question on what you think would be the biggest challenge to the G20 in the three years we are talking about - 2021-23?

Sanjeev Sanyal:

- We need to be very clear about what we expect of the G20. It's about coordination of the global commons and not about individual country policies, that is not what the G20 is there to do. In that context, the G20 did a reasonable job.
- Financial flows are flowing. Trade may have shrunk but that's because of an economic slowdown. Goods are going back and forth and there is no breakdown of the mechanism per se. Supply chains are still functioning. They have been occasionally disrupted but they are still functioning. The G20 deserves credit for that.
- Similarly, I think that after the initial hiccups and with the problems that other institutions like WTO had, the global health response has also improved and has caught up. The rollout of the vaccines is happening. So, I think the G20 has kept things going, much better than it would have, if it did not exist. We have not yet had an emerging market crisis or any other things that people may have feared.
- Global Action plan did what it was supposed to do, and we updated it in October to make it more tailored to the situation. We are also updating it again in April, and the updated one will focus on reconstruction and rebuilding. By that time presumably, enough of the vaccine will have been rolled out and the big issues will be rebuilding and will happen in a context where you have very impaired balanced sheets.
- How to rebuild when you have basically spent all you could and have run up all the debts? Here the issues I had discussed earlier come into play. The way to get out is with global cooperation. Even if individual countries do tighten their monetary policies, they should not do it too suddenly. The U.S. in particular must do this very smoothly.
- When there are countries that need help, that help must be provided from outside. There are various kinds of moratoria that are still there in terms of debt repayments within countries and externally. Things need to be discussed at the Paris club and other forums. All these unwinding coming out of the crisis mode will happen in 3-4 months' time and G20 will play an important role in this and over the next three years.
- Even when we take up the presidency, we will find that the rebuilding is still going on. This is the biggest shock that the world has seen in 100 years and we will still be facing the aftermath of this even in 3-4 years. In this context, the foundations that we have laid as far as G20 coordination goes are quite good. Too much cynicism and too much shop talk is not fair. G20 has stepped up to the challenge. Which other organisation would have done it?

Ambassador Rajiv Bhatia: Thank you very much for that very calibrated assessment that is unfolded with optimism. Noted that through a variety of questions, we have been able to cover a vast range of aspects of G20 and in need of much more to know to create a wider awareness. At this point, without really taking any more time in terms of summation, I would like to invite Mr Peter Rimmele,

Resident Representative of KAS to India who has been a steady partner and collaborator, to deliver the closing comments.

Closing remarks: Peter Rimmele

- Thank you Dr. Basri, Mr. Marco Felisati in absentia, Mr. Sanyal, Manjeet, friends, ladies and gentlemen. I stand very enlightened about what the G20 will bring in the next crucial three years. Therefore, I would like to thank our guest speakers and everyone who made this event possible. We are living through times where what we call the 'new' is being redefined every day due to the fast paced dynamics of change, particularly in the multilateral platforms. This includes the G20, which we have been privileged to hear about from our distinguished panelists of the three 'I's.
- For over a year we have seen nations assiduously try to combat the pandemic, which has proven to be not only health but also social, economic, and human crisis that has hit us all hard and has severely impacted life and livelihoods. We have seen that local problems have swiftly become global challenges. In my opinion, multilateralism is one of, if not the key to solving this.
- Closure of countries, as Mr. Felisati mentioned at the beginning of the pandemic, was not the right answer. The G20 comprising much of the world's population and economy, as a crucial economic coordination platform due to its size and strategic heft must play a critical role.
- With an underlying objective of strength and cooperation and to build lasting partnerships, the G20 will play an important role in revitalising global governance and fostering crucial connections with the focus being on three Ps of People, Planet and Prosperity. These three need to be collaborated with Partnerships, Priorities and Policies.
- Three interconnected pillars of people, planet and prosperity are synonymous to life. In order to have a balance between livelihood and growth, we need to ensure proper partnerships, targeted policies and we must get our priorities right. Talking about priorities, obviously focusing on good health of our citizens requires unprecedented attention from the government across the globe.
- I feel Germany is a staunch advocate of this. It was the Hamburg G20 meeting that was the first to include a health track in its discussion. With the pandemic, it is becoming all the more imperative to focus on these issues and to put health on the agenda. A happy fact is that the European Commission and the Italian presidency will jointly host the Global Health Summit this year, and will enable us to respond to the major challenges linked to the health crisis and the thinking that vaccines are not a national identity but also possibly the source of a new commons.
- To seek refuge in dreams of national self-dependence as an answer to this crisis, even drifting to stone-age nationalism is the wrong way. Multilateralism is the only road that can allow us to address the needs of the planet. It is an absolute necessity for international security and for our stronger, long-term survival on the earth.
- I am of the firm belief that multilateralism has emerged stronger, more entrenched than ever before from this crucible of Covid-19, even though we cannot deny that the world order will change.
- There are several countries that uphold a value based multilateral order and we have to stand strong and stand together. Upholding the beliefs of Konrad Adenauer, modern Germany's first chancellor, we believe that it is absolutely important that - and we include the Gateway House in this - to find out if G20 remains a good route. If G20 is living up to its expectations, we will find out, and our event clearly did. Thank you.

Ambassador Rajiv Bhatia: Thanks very much Mr. Rimmele. A final word of thanks from Manjeet

Manjeet Kripalani: Thank you all very much for coming to this extremely enlightening meeting. Sanjeev and Dr. Basri and Marco, this has been a fantastic discussion that is also a kick-off for India's preparations for 2023. You have all explained things in a simple manner, about why India should participate in the G20. Dr. Basri, we look forward to Indonesia and India holding hands with Italy to bring forward an agenda that's more balanced; that takes the presence and positions of developing countries and emerging economies into account when economic standards are being set in the world. Thank you.
