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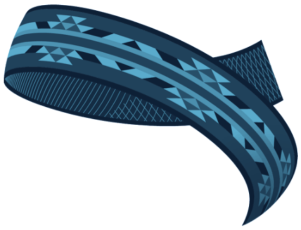

G20

AGENDA: DISCUSSING WAYS OF ECONOMIC CAPACITY BUILDING THROUGH CO-OPERATION IN A POST COVID-19 WORLD

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Mandate of G20

The G20 comprises nineteen countries with some of the world's largest economies, as well as the European Union. The countries are Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, and the United States. Every year, the leaders of G20 members meet to discuss mainly economic and financial matters and coordinate policy on some other matters of mutual interest. Examples include when the G20 discussed how to address a covert Iranian nuclear plant at the 2009 summit and when the forum debated how to administer a partial cease-fire in Syria at the 2017 summit. The G20 is not a permanent institution with a headquarters, offices, or staff. Instead, its leadership rotates on an annual basis among its members, its decisions are made by consensus, and implementation of its agenda depends on the political will of the individual states.

The G20 initially focused largely on broad macroeconomic policy, but it has expanded its ambit. The 2018 summit in Argentina focused on fair and sustainable development, while the previous summit in Germany drilled down on issues including corruption, money laundering, and international tax havens. Some agendas have had even less to do with macroeconomics: the 2016 summit in Hangzhou, China, was where U.S. President Barack Obama and Chinese President Xi Jinping formally announced their countries' accession to the Paris Agreement on climate.

History of G20

The new Group of Twenty (G20) forum of finance ministers and central bank governors was formally created at the September 25, 1999, meeting of the G7 Finance Ministers. It was created "as a new mechanism for informal dialogue in the framework of the Bretton Woods institutional system, to broaden the dialogue on key economic and financial policy issues among systemically significant economies and to promote cooperation to achieve stable and sustainable world growth that benefits all" (G7 1999). To launch the G20 at its first ministerial meeting in Berlin in December 1999, the G7 finance ministers were to invite "counterparts from a number of systemically important countries from regions around the world," as well as representatives of the EU, IMF and World Bank.

The formal birth of the G20 can be traced to the leaders' G7 Statement at their Cologne Summit on June 18, 1999. There they declared, following passages welcoming the creation of the Financial Stability Forum and the IMF's International Financial and Monetary Committee (IFMC), "the commitment to work together to establish an informal mechanism for dialogue among systemically important countries, within the framework of the Bretton Woods institutional system."

The G20, from this initial formulation as the "GX" to its September 1999 birth, was the product of different approaches among G7 members. These will determine in part how the new body evolves. The French, supported by the Italians, were opposed to the very creation of the G20, for fear that it would undermine the authority of the IMF, which their compatriot Michel Camdessus headed, and the new International and Monetary Financial Committee (IMFC) which they preferred. The USA and Japan were very much in favour of the new body. Britain, while supportive, was somewhat reserved, for fear that the G20 might undercut in practice the prominence of the new IFMC, which Britain's finance minister Gordon Brown was chosen to initially chair. Their early emphasis was on restricting the discussions to be held within the new body. Canada was supportive, in part because it wished to see a broader consultative structure that was more formalized, linked to other institutions, and less controlled by the USA and its preferences than it perceived the earlier G22, created at President Clinton's initiative at the November 1997 APEC leaders' meeting, to have been.

The G20 WAS chaired for its first two years by Canadian Finance Minister Paul Martin. As outlined by Martin, the G20 "fulfills the commitment by G7 leaders at the June 1999 Summit at Koln "to establish an informal mechanism for dialogue among systemically important countries within the framework of the Bretton Woods institutional system" (Canada 1999). Its mandate is to "promote discussion and study and review policy issues among industrialized countries and emerging markets with a view to promoting international financial stability." Its initial 18 country members consisted, in addition to the G7, of Argentina, Australia, Brazil, China, India, Mexico, Russia, Saudi Arabia, South Africa, Korea, and Turkey. Canada would host the second meeting in 2000. The chair would rotate among participants with two year terms, and with the initial chairs being chosen from among the G7 countries.

G20 2020 Saudi Arabia Summit

The Saudi G20 Presidency will start from 1 December 2019 and end on 30 November 2020.
The Leaders' Summit will be held on 21-22 November 2020 in Riyadh. In the run-up to the Summit, the Presidency will host more than 100 meetings and conferences, including ministerial meetings, as well as meetings of officials and representatives from civil society.

"The Saudi G20 Presidency is committed to continuing the work from Osaka and promoting multilateral consensus. Working with our G20 partners, we will strive to deliver concrete actions and realize opportunities to enable us to face the challenges of the future",His Royal Highness Prince Mohammed bin Salman bin Abdulaziz, Crown Prince and Deputy Prime Minister said in December 2019.
His Royal Highness the Crown Prince added: "The Kingdom of Saudi Arabia is at the crossroads of three continents – Asia, Africa and Europe. In hosting the G20, the Kingdom will have an important role to play by sharing the perspective of the Middle East and North Africa region. We believe this will be a unique opportunity to shape consensus on international issues as we welcome the world to the Kingdom."

The Kingdom will guide the work of the G20 under the theme of "Realizing Opportunities of the 21st Century for All" and will focus on three aims:
• Empowering People, by creating the conditions in which all people —especially women and young people—can live, work and thrive.
• Safeguarding the Planet, by fostering collective efforts on food and water security, climate, energy and environment.
• Shaping New Frontiers, by adopting long-term, bold strategies to share the benefits of innovation and technological advancement.

Introduction to the Agenda

COVID-19 is not only a global pandemic and public health crisis; it has also severely affected the global economy and financial markets. Significant reductions in income, a rise in unemployment, and disruptions in the transportation, service, and manufacturing industries are among the consequences of the disease mitigation measures that have been implemented in many countries. It has become clear that most governments in the world underestimated the risks of rapid COVID-19 spread and were mostly reactive in their crisis response. As disease outbreaks are not likely to disappear in the near future, proactive international actions are required to not only save lives but also protect economic prosperity. Significant economic impact has already occurred across the globe due to reduced productivity, loss of life, business closures, trade disruption, and decimation of the tourism industry. COVID-19 may be that a "wake-up" call for global leaders to intensify cooperation on epidemic preparedness and provide the necessary financing for international collective action.
There has been ample information on the expected economic and health costs of infectious disease outbreaks, but the world has failed to adequately invest in preventive and preparedness measures to mitigate the risks of large epidemics.
With globalization, urbanization, and environmental change, infectious disease outbreaks and epidemics have become global threats requiring a collective response. Although the majority of developed countries, predominantly European and North American, have strong real-time surveillance and health systems to manage infectious disease spread, improvements in public health capacity in low-income and high-risk countries—including human and animal surveillance, workforce preparedness, and strengthening laboratory resources—need to be supported by using national resources supplemented with international donor funding.

Impacts of Covid-19 on the Economy

- The pandemic is expected to plunge most countries into recession in 2020, with per capita income contracting in the largest fraction of countries globally since 1870. Advanced economies are projected to shrink 7 percent. That weakness will spill over to the outlook for emerging market and developing economies, who are forecast to contract by 2.5 percent as they cope with their own domestic outbreaks of the virus. This would represent the weakest showing by this group of economies in at least sixty years.
- Emerging market and developing economies will be buffeted by economic headwinds from multiple quarters: pressure on weak health care systems, loss of trade and tourism, dwindling remittances, subdued capital flows, and tight financial conditions amid mounting debt. Exporters of energy or industrial commodities will be particularly hard hit. The pandemic and efforts to contain it have triggered an unprecedented collapse in oil demand and a crash in oil prices.
- Demand for metals and transport-related commodities such as rubber and platinum used for vehicle parts has also tumbled. While agriculture markets are well supplied globally, trade restrictions and supply chain disruptions could yet raise food security issues in some places
- Even this bleak outlook is subject to great uncertainty and significant downside risks. The forecast assumes that the pandemic recedes in such a way that domestic mitigation measures can be lifted by mid-year in advanced economies and later in developing countries, that adverse global spillovers ease during the second half of 2020, and that widespread financial crises are avoided.
- Efforts to contain COVID-19 in emerging and developing economies, including low-income economies with limited health care capacity, could precipitate deeper and longer recessions—exacerbating a multi-decade trend of slowing potential growth and productivity growth. Many emerging and developing economies were already experiencing weaker growth before this crisis; the shock of COVID-19 now makes the challenges these economies face even harder.

Actions Taken by Member States

1. European Union

To help Europe recover from the devastating economic repercussions wrought by the coronavirus pandemic, the European Commission has proposed a €750 billion stimulus plan, coupled with a revised proposal for the EU's next long-term budget (2021-2027). The plan - known as Next Generation EU - sees the Commission borrowing money on financial markets, using its high credit rating to secure low borrowing costs. The Parliament insists that the Green Deal is at the heart of the recovery package and wants to avoid burdening future generations.

EU leaders reached a deal on the budget and recovery plan mid-July. Though MEPs welcomed the agreement on the recovery package, they regretted the decrease in grants. Parliament said the agreement on the long-term budget put EU priorities such as the Green Deal and the Digital Agenda at risk and said it was prepared to withhold its consent unless the deal is improved. Jobs have been hard hit by the pandemic, with unemployment figures rising dramatically. To help workers in the wake of the Covid-19 crisis, the EU's Support mitigating Unemployment Risks in Emergency (Sure) initiative will provide financial assistance of up to €100 billion to member states in the form of loans granted on favourable terms to help cover the costs of national short-time work schemes. Jobs have been hard hit by the pandemic, with unemployment figures rising dramatically. To help workers in the wake of the Covid-19 crisis, the EU's Support mitigating Unemployment Risks in Emergency (Sure) initiative will provide financial assistance of up to €100 billion to member states in the form of loans granted on favourable terms to help cover the costs of national short-time work schemes. Another sector badly affected by the pandemic is tourism. Europe is the world's number one tourist destination and the EU introduced a series of measures designed to help the industry cope during the crisis, as well as a package to reboot Europe's tourism in 2020 and beyond. Relief measures for the transport sector were also introduced, to minimise the effects of the pandemic on airlines, railways, road and shipping companies. To help people travel in Europe as various countries gradually lift lockdown measures, the Re-open EU interactive tool provides travellers with the information they need to confidently plan their travel and holidays in the EU while staying healthy.

2. ASEAN

The ASEAN Economic Ministers Meeting on 4 June adopted the Hanoi Plan of Action on Strengthening ASEAN Economic Cooperation and Supply Chain Connectivity in Response to the COVID-19 pandemic. The plan aims to boost the region's economy and supply chains amid the disruption caused by the pandemic. At the virtual meeting chaired by Viet Nam's Minister of Industry and Trade Tan Tuan Anh, participants agreed to implement the action plan to counter the adverse impact of the pandemic by ensuring that the markets for essential goods remain open and economic cooperation among countries in the bloc is strengthened. The Hanoi Plan of Action will be submitted to the ASEAN Leaders at the Summit this month after it is endorsed by the ASEAN Economic Community Council. At the meeting, the ministers also discussed the prospects of a post-pandemic economic recovery plan including the proposal by the ASEAN Business Advisory Council to establish a high-level special commission in dealing with the current crisis.

3. SAARC

The SAARC countries have rolled out a raft of stimulus packages to boost investments, buffer private businesses and bolster growth in response to the COVID-19 pandemic that has upended life and disrupted economic activity in a region inhabited by over 1.8 billion people. India, a $2.9 trillion economy — the biggest in the 8-member SAARC grouping — responded by unveiling a ₹1.7 lakh crore ($22.6 billion) economic stimulus plan, providing direct cash transfer to poor senior citizens and women and free foodgrain and cooking gas to give relief to millions hit by the lockdown.

The central bank cut the key interest rate by 75 basis points to make loans cheaper and provided ₹1 lakh crore liquidity to the market. Also, a moratorium on repayment of loans for three months has been provided.

The government has suspended the Insolvency and Bankruptcy Code for 6 to 12 months to give breathing space to companies trying to secure the necessary financing, renegotiating loans, and attempting to secure other reliefs from banks.

In Pakistan, when Prime Minister Imran Khan announced the lockdown last month, there was little resistance initially from the private sector. But, as it prolonged, unrest slowly started brewing among small businesses and shopkeepers who feared that they may not sustain the prolonged closure.
To pacify their concerns, the government announced a ₹1.2 lakh crore rescue package to help businesses and vulnerable people. Separately, the government has decided to allocate ₹7,500 crore for small and medium enterprises.

Sri Lanka's economy, hit by the COVID-19, is struggling to overcome the crisis. On March 31, the central bank announced a $250 million refinancing facility for banks, enabling them to expand their lending capacity by ₹40,000 crores to businesses, offer loan repayment moratoriums and provide working capital at 4% interest.
Sri Lanka is also planning to enter into an agreement with the Reserve Bank of India for a currency swap worth $400 million to boost the foreign reserves and ensure financial stability.

Nepal's business sector is expected to suffer a loss of around $1.25 billion due to the halting of economic activities during the lockdown, says Umesh Lal Shrestha, Vice President Associate, Federation of Nepalese Chamber of Commerce and Industries.

4. BRICS

With respect to the financial crisis, the BRICs are pursuing a four-pronged approach: decisive regulation of global financial markets; an orderly move away from the existing global monetary system based solely on the dollar; reorganization of the IMF, including a more important role for Special Drawing Rights as a transitional instrument in international reserve facilities; and the longer-term creation of a new multipolar monetary system based on a basket of currencies.

5. United States of America

The containment measures still in place vary by state and county, reflecting the heterogenous progress in containing the spread of COVID-19. As of early October, in some states (e.g. California, Texas), bars, theme parks and convention centers remain closed and large-group gatherings are banned either in the whole state or in some regions. Schools have reopened in most states with varying approaches (in-person instruction, virtual or hybrid). However, some schools had to shut down in-person learning after some students and teachers tested positive for COVID-19. Due to rise in new cases, New York City closed schools in some areas just one week after reopening.
On August 8, President Trump issued executive orders mostly to address the expirations of certain Coronavirus reliefs provided by previous legislations. These included i) using $44 billion from the Disaster Relief Fund to provide extra unemployment benefits; ii) continuing student loan payment relief; iii) deferring collections of employee social security payroll taxes; and iv) identifying options to help renters and homeowners avoid evictions and foreclosures.

Partnerships

The United Nations Sustainable Development Group has recently launched a coherent framework for UN's urgent socio-economic support to countries and societies in the face of COVID-19, putting in practice the Secretary-General's report on "Shared responsibility, global solidarity: Responding to the socio-economic impacts of COVID-19 ". Moving beyond the initial response phase, the UN Secretary-General underlines the need for the world to "recover better" and that any recovery strategy should ensure that we collectively remain on track towards the longer-term objectives outlined in the 2030 Agenda for Sustainable Development. The report also underlines the importance of mobilizing partnerships with all stakeholders to accelerate the global response to COVID-19 and recovery from its impact.

In 2019, the United Nations Department of Economic and Social Affairs (UN DESA), United Nations Office for Partnerships, United Nations Development Coordination Office, Global Compact, and The Partnering Initiative launched the 2030 Agenda Partnership Accelerator - a project aimed at significantly accelerating effective partnerships in support of the 2030 Agenda.

To advise the work of the 2030 Agenda Partnership Accelerator and ensure that it can be impactful in the recovery phase of the COVID-19 pandemic, the side event will explore how partnerships can help assist in particular developing countries to address the COVID-19 crisis and its aftermath and promote synergies between key sectors, including the scientific and technological community and the private sector.

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