Multilateralism and Indonesia’s Role in G20

The 2022 World Inequality Report states that the world's welfare inequality is extremely high in all countries. Data shows that 1 percent of the world’s population has controlled 38 percent of the total accumulated wealth since the 1990s. The crisis caused by the Covid-19 pandemic has further exacerbated the gap between high-income and low-income countries.

With its position as a middle-income country, Indonesia's G-20 presidency has an important role in setting agendas that can bridge interests and rediscover global cooperation. However, this is not an easy thing to achieve.

The International Monetary Fund (IMF) projects a significant negative impact of the pandemic until 2025, particularly on the economies of developing countries. The unprecedented effects of the Covid-19 pandemic—such as the global health crisis, disrupted teaching and learning activities, and rising unemployment—have erased some of the economic and social development progress that has been made in recent decades.

The potential for uneven economic recovery is also a challenge, particularly with regard to production, distribution and vaccination rates, and macroeconomic stability, especially in developing and poor countries. If there is no appropriate policy response, this will be one source of broader inequality in the future.

In addition, there is a deficit of trust that has the potential to weaken global cooperation and multilateralism, which in turn can create uncertainty in the global economy. Therefore, Indonesia's G-20 presidency in 2022 needs to deliver some concrete coordinated policy actions to achieve a strong economic recovery and a more sustainable, inclusive, and resilient recovery.

Indonesia's presidential challenge

Two significant challenges in Indonesia’s G-20 presidency need to be taken quite seriously. The first is the relevance and focus of the G-20, which has become increasingly blurred as a crisis-solving group in the last ten years. The unique combination of high-level political authority and flexibility in decision-making is one of the keys to the success of the G-20 in executing a joint global policy response during the global financial crisis in 2008-2009.

However, in the last decade, the G-20 has evolved into an agenda-setting forum that is structural in nature and has a broader scope of global governance cooperation within the framework of forward-looking issues, such as issues of international financial architecture, reform of the multilateral trading system, digitalization, social and inclusiveness, to climate change. Consequently, the larger and fatter structure of the G-20 has further reduced the G-20's agility in responding to current issues, especially the economic crisis that occurred due to the Covid-19 pandemic.
Second, the differences in interests among the G-20 member countries are also getting sharper, coupled with geopolitical and geoeconomic tensions that make the polarization more real. The issues that develop seem to be inseparable from the perspective of rivalry between countries, making it difficult to find common interests among the members of the G-20.

In recent years, the G-20 has not achieved actual output, and this failure is due to the declining support for multilateralism. Tensions between the two powers, namely the United States and China, in almost all aspects, make consensus and commitment to global cooperation challenging to achieve, especially in issues of international trade, climate change policies, and coordination of financing the global health system in handling the pandemic.

The political influence of the G-20 seems to be fading as a result of this. And at the same time, the G-7, which consists of developed countries, is getting stronger by bringing aligned and strategic interests.

Therefore, Indonesia's G-20 presidency must be able to face these two problems to produce concrete outputs to increase global cooperation. Currently, Indonesia raises three priority issues: strengthening the global health architecture, digital transformation, and a sustainable energy transition. Priority issues are important to direct the focus of discussion and can be said to have covered urgent problems at the current global level.

The next challenge is how to bring this issue to a concrete agreement, which will be difficult to achieve without fundamentally improving multilateral cooperation.

For example, in the area of global health issues—such as the plan to establish a Global Health Fund under the G20 Joint Finance Health Task Force, which requires the funding of around US$15 billion annually—there is a risk that many member countries will not agree upon this.

In other aspects, for the energy transition, for example, the emphasis on funding issues will also be considered to be a burden on certain groups of countries. In fact, this commitment is important to increase the scale of strategic cooperation and investment to close the funding gap for something that is considered a global public good and will benefit both developed and developing countries.

Without the spirit of togetherness, good, transparent, and accountable policy decisions will likely not be achieved. As one of the engagement groups in the G-20, Think-20 (T20) has a strategic role to become an idea bank in providing research-based policy options to the G-20 from researchers, academics, and experts in their respective fields.

With the focus of a comprehensive task force, thorough curation, and members spread throughout the world, the T20 is expected to produce policy proposals that are more inclusive, practical, and solution-oriented to the G-20 in responding to global challenges.

Therefore, T20 is an important partner for policymakers and the G-20 process in providing a platform for exchanging ideas and ideas in an intellectual, independent, and inclusive
manner and communicating with the wider public on global policy issues. This, of course, aims to strengthen the support of stakeholders in multilateralism and global cooperation.

Shared vision

In the end, strengthening commitment to multilateralism will require great political support, especially to deliver concrete results to Indonesia's G-20 presidency in 2022.

The issue of substance is important, but rediscovering a shared vision that puts forward multilateralism is the main essence of the G-20 forum.

Therefore, Indonesia's ability as a bridge in building trust, understanding, and strengthening common goals is a determining factor for the G-20 to contribute to economic recovery and face crises in the future.

Commentary by Bambang P.S. Brodjonegoro, Lead Co-chair T20 Indonesia

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