Opinion: As India prepares to take over the G20 presidency, it can learn from Indonesia

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India must work to shed its reputation as a country that seeks explicit bilateral reciprocity and trade-offs, instead of building coalitions

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Geopolitics is becoming more complicated, not less. India will have to speed learn, double its energies to keep the G20 together and achieve an outcome every G20 leader can take home to their own domestic constituencies. (File)

Indonesia has just reached an important milestone of its G20 Presidency – the Think20 Summit that took place in Bali on September 4-6. The Think 20 (T20) is the “ideas bank” for the G20 – a key mechanism through which G20 policymakers engage the pooled resources of the global academic, research and think tank community to solve global problems. As co-chairs of T20 Taskforce 1 on Open Trade and Sustainable Investment, we hope G20 governments will take notice of the many common sense recommendations in the T20 Communique.

The G20 – the Group of 19 countries plus the EU – is a unique grouping, where developed and developing countries share a common platform to discuss proposals for improving global economic governance. 2022 kicks off a first-ever occurrence — a series of developing countries taking on the Presidency for four years consecutively. Indonesia, followed by India, then Brazil, and South Africa. The extended leadership opportunity for the global South is obvious: A chance to bring forward G20 promises on economic equity for developing
countries, and to lead the world out of recession by implementing policies that are inclusive, accessible and adaptable.

India needs to reflect on its own strengths and weaknesses as it readies for its presidency year starting December 2022. **Hosting the G20** should not be seen merely as a giant tourism and investment promotion opportunity. It requires dedicated and consistent policy engagement at every level, including the academic and business community. There is an external perception that India has not invested sufficiently in global multilateral engagement, including the G20 and the WTO. As the world’s fifth largest economy, exhibiting the relatively rare positive rate of growth, India needs to engage more fully.

There are learnings from Indonesia’s experience.

First, Indonesia’s achievements are testimony to the virtues of not going it alone. Irrespective of its own large, expanding domestic market, Indonesia is a trading nation. It participates actively in most of the regional trade and economic cooperation groupings across East Asia and the Pacific: ASEAN and ASEAN’s own embedded network of FTAs, the ASEAN + 6 East Asian Summit, the 15-member mega-regional Regional Comprehensive Economic Partnership (RCEP) and the 21-member economic cooperation grouping under APEC. ASEAN integration, which always comes first, provides a critical test bed for what works, what won’t, and why. Three decades of familiarity with cooperation and capacity-building means that Indonesian institutions are relatively outward turning with strong people-to-people ties across Asia and the Pacific.

Second, intra-Asia relationships are ASEAN-centred but they are book-ended by strong educational linkages with Australia and long-term investment partnerships with Japan. Australia is the top international destination for Indonesian students. Japan is among Indonesia’s largest investment partners after Singapore, with investment increasingly directed at boosting Indonesia’s role in global supply chains.

India, in contrast, is perceived to have less multilateral or regional economic engagement, relatively little interest in opening the domestic economy to global trade, and limited government, academic or corporate expertise on the subject. It has a big web of trade-related agreements, but many of them are comparatively shallow or with limited sectoral coverage. The chambers of commerce lean toward event management and lobbying for their members, with whom the fear of non-defensive engagement is high. Even in the areas where India excels globally – information technology and pharma – there appears to be a reticence to take a leadership role in case the comfort of continuing profits is disrupted.

These fears must be overcome and the moment seized. Like Indonesia, India can use its exemplary diplomacy to build goodwill and consensus. Strong business support can aid New Delhi in the G-20 effort. Indian tech and pharma companies have proven during the Covid-19 pandemic to be globally respected, reliable partners. Deepening these ties will help Indian policy-makers and other stakeholders to be in closer, more direct contact with their Asian counterparts. India can shore up engagement with the Indian Ocean Rim Association (IORA), and members of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) can be exposed, at India’s invitation, to the G20 processes. The signals for change are already apparent. First, G20 policies are notoriously repetitive and driven by the G7. At India’s initiative, the Japan-funded, Jakarta-based Economic Research Institute for ASEAN and East Asia (ERIA) has announced a new four-year G20 Research
Forum to focus on development issues. This open global approach from a trusted common platform for rigorous economic study is India’s opening contribution to the developing countries in the G20. Second, India’s commerce ministry has set an ambitious agenda for increased trade and multilateral engagement, aiming for $2 trillion in exports by 2047. Finally, leadership in digital can be India’s lasting legacy for the global South. The rules for digital trade are being written now. As the world’s top IT and business services outsourcing centre, India has a special interest in how these rules are written and implemented. It will help India shed its negotiating reputation as a country that seeks explicit bilateral reciprocity and trade-offs, rather than seeking to build coalitions. Geopolitics is becoming more complicated, not less. India will have to speed learn, double its energies to keep the G20 together and achieve an outcome every G20 leader can take home to their own domestic constituencies.

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