T20 Indonesia Summit 2022

Plenary Session 1: Bridging Diverse Interests for Greater Global Cooperation

NUSA DUA, BALI, 05 SEPTEMBER 2022. Held as the capstone event of the T20 event series, the T20 Summit finally commenced on September 5 and concluded on September 6. Various world-leading thinkers, policymakers, and experts were gathered at the Hilton Resort, Nusa Dua, Bali—where the event took place. This year’s T20 summit has the main theme of “Strengthening the Role of the G20 to Navigate the Current Global Dynamics,” with three key themes to cover, related to delivering policy options that can be adopted by the G20 leaders on global health architecture, digital transformation, and energy transition.

The T20 Summit 2022 invited more than 80 speakers from prominent institutions and organizations worldwide to share their insights, including [insert names and institutions].

NUSA DUA, BALI, 05 SEPTEMBER 2022. The multilateral policies and institutions established at the end of the Second World War are facing new, unprecedented challenges today. Climate change, industrial restructuring, renewable energy transition, and labour force adjustment trends are only some of the long-term issues currently transforming how trade, finance, and security are being handled by the international order and the various countries participating within it. The post-Covid-19 pandemic recovery agenda is perhaps the most influential of them all, forcing many governments to shift their attention towards the readiness of the health sector, food security, and social security. However, right when it is needed the most, the presence of geopolitical tensions and diverging interests are hindering the international policy coordination and cooperation needed to tackle these issues. Thus, the T20 Summit’s first plenary session and very first event, “Bridging Diverse Interests for Greater Global Cooperation,” serves as an important launching point for the summit’s subsequent discussions. The G20, representing the world’s major economies, will naturally have a role in fostering greater cooperation in the international community, and this plenary session will be discussing how exactly this role can be played to its best given the present situation.
The plenary session is chaired by Shafiah F. Muhibat, Deputy Executive Director for Research of the Centre for Strategic and International Studies (CSIS). The session’s keynote speech was presented by Retno Marsudi, Minister of Foreign Affairs of the Republic of Indonesia. The plenary session’s panelists are Chatib Basri, Former Minister of Finance of the Republic of Indonesia and Lead Co-chair of Task Force 7 of the T20; Fukunari Kimura, Chief Economist of the Economic Research Institute for ASEAN and East Asia (ERIA); Denis Hew, Director at the Asia-Pacific Economic Cooperation (APEC) Policy Support Unit; Peter Drysdale, Emeritus Professor of Economics at the Australian National University (ANU); and Alicia García-Herrero, Chief Economist for Asia Pacific at Natixis and Adjunct Professor at the Hong Kong University of Science and Technology (HKUST) Business School.

In her keynote speech, Minister Marsudi addressed how the global landscape for cooperation changed due to the war. She expressed regret at how the divisions between developed and developing countries are preventing the implementation of coherent approaches to effectively tackle the world’s crisis, how alienation and containment paradigms are heightening tensions, and how there seems to be more eagerness for conflict and the mobilization of arms rather than working together when the world needs it the most. Minister Marsudi then requested that the T20 apply itself to support cooperation within the G20. She hoped that the discussion will focus on (1) how to exit from the world’s current crises, especially the Covid-19 pandemic and climate crises, in a coherent, coordinated manner and (2) how to rebuild the global architecture for international cooperation to create a conducive environment for strategic trust and collaboration, respecting the UN Charter and international law, ensuring that no country is left behind.

Basri elaborated on Minister Marsudi’s introduction. He mentioned that the global situation is akin to the economist’s Prisoner’s Dilemma where the short-term interests of countries are preventing them from collaborating together and achieving greater payoffs. Some of the factors hindering cooperation and driving the short-term actions that he highlighted were increasing geopolitical tensions, rising economic and vaccine nationalism, and the fear of supply chain disruptions. Basri also further elaborated the policy dilemma that countries are facing by giving an example of how the rising energy and food prices caused by the war in Ukraine is forcing countries to reduce fiscal
spending and stimulus even though they are needed to provide the social protection needed in the aftermath of the Covid-19 pandemic. In order to recalibrate the general strategy for the international community, the G20 will need to act as a coordinating forum. He mentions how the adoption of a just and affordable energy transition in the G20 agenda discourse serves as an example of how the different perspectives and needs of developed and developing countries can be combined productively. Basri then ended his remarks by saying how we should not be expecting “big bang solutions” from the G20 to all the world’s issues but instead be expecting piece-meal solutions which will be a starting point for present and future cooperation.

Drysdale expressed agreement at Basri’s remarks. He appreciated how Indonesia continued to advocate for multilateral cooperation in the G20 despite the geopolitical tensions pervading the international community. He also expressed appreciation for Southeast Asia and the ASEAN grouping’s general stance of promoting cooperation by gathering and listening to multiple parties. Drysdale then noted that Indonesia’s chairmanship of the G20 will be the first of a series of G20 conferences led by developing countries such as India, Brazil, and South Africa, and he stated that the Indonesia’s presidency of the G20 will be an important foundation for consensus-building and cooperation in the upcoming G20 conferences, a means to overcome a global trust deficit regarding the prominent international issues and policy agendas. However, Drysdale also reminded everyone that consensus building involves not only giving voice to the developing world’s perspective, one that has indeed been neglected in the past, but also connecting these perspectives with the developed world’s own perspectives which retains an important role in the global economy.

Kimura mentioned how supply chains were surprisingly robust and resilient despite the pandemic, geopolitical tensions, and trade controls or sanctions. This was especially true for sophisticated industries, including the machinery industry’s supply chains. He also mentioned how US and Japanese trade with China rose during 2021 which suggests that efforts towards decoupling may still occur but will be limited in scope. Kimura then discussed how the strengthening of trade controls must be communicated well, applied efficiently, and applied in accordance to international trade agreements in order to reduce market uncertainty and confusion. He also remarked that the
maintenance of the WTO as rules-based trade regime is important, and reforms to the institution, especially its Appellate Body, must not be postponed any longer. Finally, he mentioned that governments and the market must still prepare for the effects of the geopolitical tension not only in terms of economic sanctions or controls but also in terms of security, for example the increased risk of cyber attacks.

Hew discussed how multilateral forums, especially trade and economic ones, continued to function despite the tensions that were present. He mentioned that although member countries can state their formal positions in trade forums, technical working groups are also a major part of these multilateral institutions and function all-year-round regardless of the governments. Hew mentioned that the economic outlook discussed in APEC was pessimistic due to the rising inflation and tightening of monerary policy, but he encouraged governments in the G20, as in APEC, to state their positions and then move forward to take action because there are many issues that still need to be addressed. Some of the issues he mentioned were living with Covid-19, which is still incomplete given the casualties reported by the WHO; cross-border mobility and integration of Covid-19 vaccine travel passes; the return of workers, especially women, to the labour force, accelerated transition towards digital technology, and the reskilling of displaced workers and MSMEs.

Garcia-Herrero remarked that the G20 agenda is not in line with the concerns of the market. While the current G20 agendas are much more long-term in their outlook, market actros and investors are hoping that governments will address current issues such as geopolitical tensions, keeping the peace, and inflation if the governments truly wish to reduce the pervading uncertainty in the market. Moreover, she noted that the world is not showing signs of recovery but, rather, deceleration. The developed countries, including those involved in the conflict in Ukraine, are showing poorer growth prospects than the developing countries, especially those in East and Southeast Asia, and major creditors such as China, South Korea, and Taiwan are located in the developing world rather than the developed world. As such, Garcia-Herrero asked that governments stop engaging in labelling and start looking at the comparative advantages and capabilities of each country and collaborate based on these terms. She gave an example of how China exports 80% of the world’s solar panels even though many believe that
climate change technology is held in the West, and she then listed other issues which need to be revisited such as food security, financial liquidity issues given the US’s tighter monetary policy, and methods to restructure economies quicker with Sri Lanka’s crisis as a vivid illustration of this agenda’s importance.

After these remarks, the chair started a general discussion amongst the speakers. The pandemic has forced developing countries to look at health reforms, post-crisis scarring effects, and other issues as issues that could no longer be ignored, and the G20 offers the opportunity for these countries to voice their perspectives regarding these agendas and find ways to tackle these issues together with others rather than alone. An important bottleneck in G20 cooperation is the inability to moderate the expression of geopolitical tensions in the forums, so while national security is legitimate discretion of sovereign countries, these countries must find better ways of communicating their actions to the world which may be impacted by it. The presence of engagement groups such as the T20, however, are an important means of maintaining free and open dialogue and bypassing the tensions hindering dialogue elsewhere. Another important bottleneck behind G20 cooperation, and international cooperation in general, are the treatment of annual agendas as one-off events rather than long-term ones to be referenced and discussed in subsequent summits, and a troika of past, current, and upcoming summit hosts could be an important means of ensuring past agendas are carried on until their proper conclusion. Finally, governments may need to accept the fact that solutions may not always be present for everyone, and cooperation must move faster, in different groups and different policy circles, in order to address the world’s pressing issues and prevent inertia from taking hold.

To see the full coverage of the summit, please watch our recorded live stream on YouTube: https://www.youtube.com/c/T20Indonesia