



How the G20's succession of developing country presidencies could help re-shape the global economy

[Narrator]

Indonesia's Group of 20 (G20) presidency in 2022 marks the start of three successive years in which the annual forum of the world's largest economies will be hosted by developing countries, to be followed by India in 2023 and Brazil in 2024.

In this podcast, Pramod Bhasin, Chair of the Indian Council for Research on International Economic Relations (ICRIER), discusses India's G20 presidency countdown and policy imperatives. He also describes the outlook for Indonesia, India, and Brazil's G20 presidencies and their potential significance for the global economy.

[Interviewer]

Hi Pramod, welcome to Asia's Developing Future. To start things off, can you explain India's most pressing economic recovery and development needs as its 2023 G20 presidency approaches?

[Bhasin]

The world has gone through unprecedented challenges. I don't think that anybody could have forecast that we would go through a global pandemic followed by a war in Europe, which is disrupting supply chains across the world. India has its share of problems as a result.

The geopolitical tensions are creating rising energy prices, and India's dependence on an import of energy, and these energy prices will give us supply-side shocks, which will be difficult for us to

manage. This is in addition to the impact COVID has already had on people on the bottom of the pyramid who have taken the most hits up till now, bearing that cost and the burden of price rises. India is one of the fastest-growing nations, but you know, it's not been inclusive growth and our inequalities have persisted.

[Interviewer]

Can you unpack that a bit more?

[Bhasin]

While we have continued to see an exponential number of startups, huge progress on digitalization, and building digital platforms, our inclusive growth indexes have not improved, they have worsened. And therefore, creating equal opportunities for women, small businesses, and vulnerable sections becomes very important.

[Interviewer]

Okay, so how can India's G20 presidency help to advance COVID-19 exit strategy and what comes next?

[Bhasin]

I hope that India's G20 presidency can come out with really far-reaching ideas to solve some of the most significant issues that COVID has thrown up. There are clear areas where we need to take action. We need to think about the resiliency of our systems and how it works and how we help those who are most vulnerable to these kinds of pandemics in the future.

I hope we will take the lead in showing that we must plan for disaster resiliency in the future, and find a way to work together so that in a time of crisis, the countries can come together far more strongly and far more powerfully together to solve the problem.

Sustainable finance will become a very significant part of the strategy to aid recovery, not just to build a stronger future together for the overall economy, but to solve the inequity that has been thrown up by all the impact of COVID on the bottom of the pyramid people.

[Interviewer]

What policy lessons and ideas can India bring to the G20 table?

[Bhasin]

The first one is the entire startup and entrepreneurship ecosystem. This is where jobs will be created. I hope we can show a path to creating an ecosystem that thrives on helping startups scale, creating jobs, and bringing global investments. Two, I hope the entire digital platforms that we are building across healthcare, financial inclusion, and e-commerce will lead us to a point where we can demonstrate to the world the value of building virtual infrastructure across countries.

[Interviewer]

What's the value for India and other developing countries?

[Bhasin]

India is on the path to building these virtual infrastructures, which can create an enormous number of important opportunities and employment across the country, particularly helping accelerate the participation of MSMEs in global trade. And these are some of the finest platforms in the world of their kind. I hope we can really take them forward in a way that the world hasn't seen before. And we can show other developing countries how to take advantage of these.

[Interviewer]

India will be the second consecutive large developing Asian economy to guide the G20, following Indonesia's 2022 presidency. What is the possible significance of that?

[Bhasin]

It's deeply significant developing countries have to take center stage in the world today. We represent the largest population base in the world. How the developing world works, behaves, or forms are going to be crucial to the next decade.

I think the emphasis has to shift somewhat toward the developing world even more now

because the impact of the entire supply chain breakdown that is happening right now is felt most by the developing world. So, it's absolutely perfect timing that India will take over this from Indonesia, and then will hand it over to Brazil. And I think it's a reflection of the way the world is reshaping itself after these twin disasters that we faced of COVID and now the war in Europe.

[Interviewer]

What are you looking for during Indonesia's G20 presidency this year?

[Bhasin]

I think it's fantastic that we have three developing countries as G20 president. There will be a chance for a significant continuity of the key trust and main areas that the G20 will focus on during this time. To continue to use this global platform to continue to pursue solutions for the key issues, and to forward the urgent issues of global significance and relevance, and those that are also particularly important for developing economies and emerging economies.

Indonesia has already made great strides by selecting global health architecture, sustainable energy transition, and digital transformation as its key pillars. These three are important and pertinent in the current global climate. Indonesia has a very good theme, which it calls "recover together, recover stronger," recognizing the importance of collective action from the global recovery.

[Interviewer]

How could India build on Indonesia's G20 priorities?

[Bhasin]

I hope we can take on some of the work that the Indonesian presidency has done with its focus on urgent global action towards the pandemic and by restructuring global health and infrastructure and adding to it the digital technologies that we will bring to the table. The inclusiveness issues are also issues that affect all of us in emerging market economies. We all have to work together to find solutions that really work and not just wait for the old-fashioned trickle-down economies, etc., which take too long and have been disrupted by the events of the last three years.

[Interviewer]

What more does India need to do to prepare for, and maximize, its G20 leadership role?

[Bhasin]

We need to focus on more resilient, climate-friendly global value chains while fighting what will be the inevitable waves of protectionism that every country is going to go through as they think about their borders as they think about how vulnerable they are to global supply chain disruptions. The G20 was elevated to the leaders level in 2008 when the first summit was held, and next year will complete 15 years. So, for us, it's a perfect chance to rewrite the development consensus and think about these issues through a new lens—the lens of all the lessons we have learned through the problems of the pandemic.

Our growth has to be more inclusive, more equitable. We have to find ways to solve global issues collectively, and not individually as countries because that is so deeply inefficient. And these are the areas where I hope India can work extremely well to show its leadership and show its far-reaching thinking because there are many areas where India has taken a great deal of pride in succeeding. So, its response to the digitalization of payments, of building platforms, which it's doing now on healthcare and e-commerce. These are very major impactful platforms that are being built. I hope using them, we can bring the world together and collectively find solutions to the most pressing needs.