

## G20 in the Spotlight: The Fight Against COVID-19

by Ettore Greco

The human cost of the COVID-19 outbreak is enormous. The pandemic is also pushing countries across the globe into a deep economic recession that is expected to be worse than the financial crisis of 2008,<sup>1</sup> even under relatively optimistic scenarios in which trade rebounds in 2021.<sup>2</sup> A recent UN World Food Programme report also warns that the number of people suffering from acute hunger worldwide could double unless urgent measures are taken.<sup>3</sup>

<sup>1</sup> International Monetary Fund (IMF), *World Economic Outlook: The Great Lockdown*, April 2020, <https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020>.

<sup>2</sup> World Trade Organization (WTO), *Trade Set to Plunge as COVID-19 Pandemic Opens Global Economy*, 8 April 2020, [https://www.wto.org/english/news\\_e/pres20\\_e/pr855\\_e.htm](https://www.wto.org/english/news_e/pres20_e/pr855_e.htm).

<sup>3</sup> Paul Anthem, "Risk of Hunger Pandemic as COVID-19 Set to Almost Double Acute Hunger by End of 2020", in *World Food Programme Insights*, 16 April 2020, [https://insight.wfp.org/covid-19-will-almost-double-people-in-acute-](https://insight.wfp.org/covid-19-will-almost-double-people-in-acute-hunger-by-end-of-2020-59df0c4a8072)

At stake is the international system of multilateral cooperation, which has so far failed to provide an adequate collective response to the outbreak. National governments have enacted similar measures – such as lockdowns, travel bans and social distancing – to cope with the health crisis, but efforts to ensure desperately needed international coordination have been limited.

The Group of Twenty (G20), which includes the world's leading economies, has the potential to play a central role in alleviating this crisis. It could provide the political impetus needed to galvanize global solidarity in the fight against the outbreak and reinforce the mandates and instruments of global governance. Were it to do so, the G20

[hunger-by-end-of-2020-59df0c4a8072](https://insight.wfp.org/covid-19-will-almost-double-people-in-acute-hunger-by-end-of-2020-59df0c4a8072).

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could make a crucial contribution to the preservation, and possibly revitalization, of the global multilateral system.

The COVID-19 emergency has laid bare various adverse aspects of interdependence, and several national leaders have indulged in beggar-thy-neighbour policies. The resulting climate of mistrust has become a serious obstacle to collaborative initiatives, even goals of obvious common interest such as an effective vaccine. The crisis has also exacerbated geopolitical rivalries, especially between the United States and China, whose bilateral relations are critical to global stability.

The COVID-19 outbreak has also exposed structural weaknesses in the global governance system that need to be addressed. Multilateral organizations such as the World Health Organization have come under attack from various quarters for alleged inefficiencies and missteps. However, significant initiatives have aimed at fostering a more concerted and coordinated international response.

One example at the regional level is the substantial package of measures adopted at the 23 April European Union summit.<sup>4</sup> These measures are expected to strengthen the EU's cohesion and solidarity in tackling the far-reaching economic effects of the pandemic and may pave the way for unprecedented forms of EU-wide fiscal integration. In

<sup>4</sup> European Council, *Conclusions of the President of the European Council Following the Video Conference of the Members of the European Council, 23 April 2020*, <https://europa.eu/!YM94jT>.

another significant example of global solidarity, G20 countries agreed during a meeting on 15 April to suspend debt service payments owed by some of the poorest countries through the end of 2020.

More generally, given the global nature of the COVID-19 shock and its economic effects, the G20, whose members contribute about 90 per cent of global economic output, need to play an increasingly prominent and active role in fostering and coordinating international efforts to deal with the outbreak, including providing guidelines for the post-crisis recovery.

One of the body's main responsibilities is ensuring policy coordination and preventing major powers from pursuing disruptive competitive behaviours in times of crisis. This is the essential function it was able to perform at the early stages of the 2008 financial crisis. To some extent, and provided that geopolitical tensions between the most powerful international players do not spiral out of control, the G20 could prove a vital instrument to help fill the leadership vacuum on display at the global level.

The high-level politics of G20 diplomacy could provide opportunities even for leaders who make no mystery of their scepticism about – if not outright aversion to – multilateral cooperation, such as US President Donald J. Trump, to strike deals that advance vital national interests. This is evident in the recent G20 oil supply agreement that aims to stabilize an energy market deeply shaken by an unprecedented demand collapse.

In the current circumstances, and taking into consideration the G20's record, the organization should focus on six main tasks:

*Promoting new, badly needed international measures in the fight against COVID-19.* The body could, in particular, facilitate data and information sharing on both the evolution of the pandemic in various regions and the health measures enacted or being developed. By doing so, it would play a fundamental confidence-building role. It should also coordinate efforts to provide funds to enhance healthcare structures and capacities in developing countries, including setting up a special taskforce, as former UK Prime Minister Gordon Brown proposed.<sup>5</sup>

*Promoting cooperation to preserve supply chains.* Little hope exists for the G20 to resume its traditional promotion of a free-trade agenda anytime soon given the profound disagreements among member states and persistent trade tensions. Reform of the World Trade Organization also appears a more remote perspective than ever. However, the group should promote cooperation to preserve essential supply chains and prevent the erection of new disruptive barriers. Ensuring a smooth flow of medical equipment – a critical component of the anti-pandemic strategy – would also contribute to restoring mutual confidence.

<sup>5</sup> Erik Berglöf, Gordon Brown and Jeremy Farrar, "A Letter to G20 Governments", in *Project Syndicate*, 6 April 2020, <https://prosyn.org/ZrNriMf>.

*Going beyond its current debt relief efforts.* The G20-endorsed debt relief initiative for the poorest countries should be considered as only a first step. Given that the financial situation of the targeted countries is widely expected to deteriorate in the coming months, other much more incisive debt-relief measures, including outright debt cancellation, will need to be taken. The G20 could play a crucial role in building consensus among leading economies around such objectives and in inducing private lenders to take analogous steps.

*Continuing its role of maintaining global financial stability.* The International Monetary Fund (IMF) and other international financial institutions have repeatedly warned of a new global financial crisis. New vulnerabilities are likely to emerge in the wake of the pandemic. The G20 has a unique responsibility in maintaining global financial stability by exercising the monitoring, supervisory and regulatory functions of the Financial Stability Board. It would also be a critical player should the need emerge for new rules to stabilize the financial system. Other long-lasting goals on the G20 agenda, such as reform of IMF governance, including its quota system, and coordination between development financial institutions have acquired even greater relevance since the outbreak of the pandemic.

*Helping promote the stability of global commodity prices.* As mentioned, the G20 has been involved in the efforts to deal with the recent oil price shock. Those efforts, which have a critical monetary policy component, seem to have had a relatively limited effect on

energy markets, which could remain highly volatile for a prolonged period. More broadly, the fall in commodity prices may undermine the economic and social systems of several developing countries. The stability of global commodity markets will therefore need to remain high on the G20 agenda.

*Serving as a forum in which to discuss issues that have been at the centre of ongoing US–China disputes.* Some US–China disputes are strictly bilateral and can be addressed only through bilateral diplomacy. Others, however, could find multilateral resolutions or at least be alleviated by multilateral agreements. This applies to several policy sectors, including trade, finance and technological competition, all fields in which the G20 has tried to develop a distinctively prominent global role. In this respect, G20 diplomacy should also be seen as an instrument to facilitate a rapprochement between Washington and Beijing. A case in point is the flurry of allegations between the two countries about the respective responsibilities in dealing with – or even in triggering – the pandemic.

Success by the G20 in promoting common stances and initiatives to address the COVID-19 challenge along the lines sketched out above would contribute to lessening tensions between the two powers, reducing the global risks associated with the possible further aggravation of their geopolitical rivalry.

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