

The Italian G20 Presidency: A Post-Summit Assessment

by Ettore Greco

Was Prime Minister Mario Draghi correct in describing the G20 Rome Summit held under the Italian presidency a “success”?¹ Or, rather, was UN Secretary-General António Guterres right to highlight his dissatisfaction with the Summit’s outcome?²

Assessments of the Italian G20 presidency depend on where the bar is set, what terms of reference are adopted and what relevance or urgency is given to each individual dossier.³ At the same time, the evolving international context also has to be taken into consideration.

¹ Italian Government, *G20 Summit, PM Draghi’s Closing Press Conference*, 31 October 2021, <https://www.governo.it/en/node/18487>.

² António Guterres, “While I welcome the #G20’s recommitment to global solutions, I leave Rome with my hopes unfulfilled...”, *Twitter post*, 31 October 2021, <https://twitter.com/antonioguterres/status/1454824213261455360>.

³ “IAIxG20. Lo IAI e la presidenza italiana”, in *Speciali di AffarInternazionali*, <https://www.affarinternazionali.it/?p=85993>.

First of all, it is worth recalling that the starting point of the G20 process in 2021 was not the most favourable. Indeed, Donald Trump’s unilateralism had dealt devastating blows to the G20, as well as other multilateral fora. Finding common ground on issues such as international trade and climate change had become a difficult undertaking, and the US’s announced withdrawal from the World Health Organization (WHO) weighed considerably on the prospects of international cooperation to tackle the pandemic. In Draghi’s own words, the ability of G20 leaders to “work together had diminished”.⁴

Yet, over the last year, Draghi emphasised that “something has changed”. Arguably, this is mostly due to the election of Joe Biden, and the US administration’s revived engagement in several international forums. That

⁴ Italian Government, *G20 Summit, PM Draghi’s Closing Press Conference*, cit.

Ettore Greco is Executive Vice-President of the Istituto Affari Internazionali (IAI) and Head of the IAI’s Multilateralism and Global Governance programme. This article is an English adaptation of a piece published by AffarInternazionali: “Un bilancio della presidenza italiana del G20”, 3 November 2021, <https://www.affarinternazionali.it/?p=90148>. The author would like to thank Yeshe Carta for her valuable translation assistance.

said, credit should also be given to Italy. One should not overlook the Italian government's efforts to leverage the US's renewed multilateral impetus to empower the G20.

Draghi himself acknowledged the challenges that lay ahead, exclaiming during his opening speech at the Rome Summit that "we must rekindle the spirit that led to the creation of this group".⁵ With the Summit now concluded, one can undoubtedly claim that certain cooperation threads have recovered, but others remain to be addressed.

Tensions with Russia and China

The Italian G20 had to deal with multiple economic and political developments which complicated diplomatic action.⁶ Chief among these is the exacerbation of US–China geopolitical competition as well as the growing tensions between Western democracies and authoritarian countries. As demonstrated by the Rome Summit, it is becoming increasingly difficult to pursue global agreements in this climate of mutual mistrust. The absence of Chinese President Xi Jinping and Russia's Vladimir Putin from the Rome Summit arguably reflects the distancing of both countries from the G20 forum.⁷

⁵ Italian Government, *G20 Rome Summit, Prime Minister Draghi's Opening Address*, 30 October 2021, <https://www.governo.it/en/node/18389>.

⁶ Nicolò Miotto, "Covid-19, economia mondiale e multilateralismo: la prospettiva cinese", in *AffarInternazionali*, 18 October 2021, <https://www.affarinternazionali.it/?p=89819>.

⁷ "China's Xi Will Not Attend Rome G20 Summit in Person – Source", in *Reuters*, 26 October 2021, <http://reut.rs/3pM1Mbo>.

That said, and partially as a result of the above, the Summit did represent an opportunity to strengthen transatlantic ties. Biden has fully committed himself in this direction, acknowledging the merits of European allies. Remarkably, the White House also announced its decision to suspend tariffs on steel and aluminium imports from the EU.⁸ Yet, Russian and Chinese leaders did not take kindly to this climate of greater understanding between transatlantic allies. Indeed, they regard it as a US plot to forge a common front against them. Both fear that multilateral fora such as the G20 may become increasingly Western-led.

This is also why, as world leaders gathered in Rome for the G20 Summit, Russia and China once again stressed the role of the UN Security Council, where they can exercise their full influence. Whilst embracing a firm line vis-à-vis authoritarian regimes, Draghi has done his uttermost to mitigate these tensions in the G20, reiterating his conviction that "confrontational diplomacy" rarely helps resolve international challenges.⁹

⁸ White House, *Joint US-EU Statement on Trade in Steel and Aluminium*, 31 October 2021, <https://ustr.gov/node/11265>; European Commission, *EU and US Agree to Start Discussions on a Global Arrangement on Sustainable Steel and Aluminium and Suspend Steel and Aluminium Trade Disputes*, 31 October 2021, https://ec.europa.eu/commission/presscorner/detail/en/ip_21_5721.

⁹ Italian Government, *COP26, Prime Minister Draghi's Press Conference with Minister Cingolani*, 1 November 2021, <https://www.governo.it/en/node/18480>.

Global supply chain bottlenecks

The Italian presidency also had to cope with economic challenges. Over the last year, certain vulnerabilities in the international economy, mainly caused by the pandemic, have become increasingly clear, casting a shadow over the prospect of a fair and sustainable post-Covid recovery.

The most striking phenomena is the disruption of the global supply chains, which is having wide-ranging effects, complicating the achievement of international agreements in the fields of trade and technology.¹⁰ In addition, some of the structural problems characterising the green transition – previously underestimated, and now further exacerbated by the energy crisis – have come to light.

These new factors of uncertainty have affected the G20 negotiations. The Italian presidency could not afford to overlook these issues and it has indeed made considerable efforts to review and update the Group's agenda in light of them.

Global governance reform

Throughout the G20 presidency, Draghi repeatedly underscored the virtues of multilateralism, which he defined as the "best answer to the problems we face today".¹¹ Yet, what concrete steps have

¹⁰ Stefano Rebaudo, "Supply Chain Disruption: Is the Worst Over?", in *Reuters*, 3 November 2021, <https://www.reuters.com/business/global-markets-supply-pix-2021-11-03>.

¹¹ Italian Government, *G20 Rome Summit, Prime Minister Draghi's Opening Address*, cit.; Katie Rogers, Jim Tankersley and Marc

been taken to strengthen multilateral governance?

The achievement Draghi has most often referred to is the global minimum corporate tax for multinational corporations,¹² which was emphatically presented as a reform of the international taxation system. The decision undoubtedly carries much symbolic value as it concerns taxation, one of the pillars of national sovereignty, but also because it constitutes a concrete attempt at managing one of the perverse effects of globalisation.

The 15 per cent global minimum tax on multinationals was the result of concerted international cooperation and has become something of a flagship of the Italian G20 presidency. The agreement built upon previous negotiations that had been ongoing for some time in the OECD and on a preliminary transatlantic deal agreed to within the G7, later transplanted to the G20.

No progress, however, was made on efforts to reform of the World Trade Organization (WTO). Nonetheless, Draghi spoke of positive momentum, stressing, rather optimistically, that

Santora, "At G20, Climate Change and Vaccine Access Confront Leaders", in *The New York Times*, 30 October 2021, <https://www.nytimes.com/live/2021/10/30/world/g20-summit-2021-biden/going-it-alone-is-simply-not-an-option-italys-leader-says-at-the-summits-start>.

¹² "G20 Leaders Endorse Global Minimum Corporate Tax Deal for 2023 Start", in *Reuters*, 30 October 2021, <https://www.reuters.com/business/g20-leaders-endorse-global-minimum-corporate-tax-deal-2023-start-2021-10-30>.

the tensions of the Trump era have now been overcome. The G20 leaders reiterated their general intention to review the quota system and the governance of the International Monetary Fund (IMF).

Yet, focus was mostly directed towards the new allocation of the IMF's Special Drawing Rights (SDRs), amounting to 650 billion US dollars. Draghi emphasised that these global assets should be used as an instrument to support the lowest-income countries, but such usage depends on voluntary arrangements.¹³ More generally, and beyond the SDRs, the Italian G20 placed much emphasis on the need to build a new framework for development financing, an objective that will presumably figure high on the agenda of the next G20 presidencies.¹⁴

Another important issue relates to the Debt Service Suspension Initiative, adopted in May 2020, and directed at low-income and lower middle-income countries. The final declaration of the summit put the emphasis on ongoing negotiations for a common framework, which would ensure a more transparent and coordinated debt management.¹⁵

¹³ See, International Monetary Fund, *Questions and Answers on Special Drawing Rights (SDRs)*, 23 August 2021, <https://www.imf.org/en/About/FAQ/special-drawing-right>.

¹⁴ G20, *Financing for Sustainable Development: G20 Framework for Voluntary Support to INFFs, G20 High-Level Principles on Sustainability-Related Financial Instruments and G20 Common Vision on SDG Alignment*, 31 October 2021, <https://www.g20.org/wp-content/uploads/2021/11/Financing-for-Sustainable-Development.pdf>.

¹⁵ G20, *G20 Rome Leaders' Declaration*, 31 October 2021, <http://www.g20.utoronto.ca/2021/211031-declaration.html>.

With regards to the energy field, despite the seemingly convergent interest in ensuring market stability, no significant initiative for the creation of effective multilateral cooperation mechanisms has emerged from the G20 deliberations.

Significant progress has been made in identifying new parameters to evaluate the implementation of the Sustainable Development Goals (SDGs) at the national level. The Italian presidency also promoted a closer convergence of efforts between the G20 Development Working Group, which has been reinforced, and the G20's so-called "financial track" which involves the finance ministries of member states. The Italian presidency also organised, for the first time, an ad hoc G20 ministerial meeting on development cooperation. It chose Africa as the G20 annual "regional focus" and undertook specific initiatives to ensure a greater involvement of representatives of African states in various activities of the G20 process.

Finally, and in light of the still ongoing pandemic, one must also highlight the lack of substantial plans for global health governance reform, in particular the WTO. That said, the final declaration of the G20 Summit did put forward the possibility of establishing a facility to ensure adequate financial assistance for the prevention and management of pandemics.

In addition, the Italian presidency has encouraged closer coordination between health and financial policies; and among other things, a joint task force between finance and health

ministers has been set up. While serious shortcomings in the distribution of vaccines to low-income countries are undeniable, Draghi welcomed a confirmation by G20 leaders of pre-established vaccine donation goals, as stated in the final G20 declaration.¹⁶ Worth mentioning is also the progress made under the Italian presidency in the promotion of the “One Health” approach that emphasises the interlinkages between the impact of climate change on ecosystems and the newly emerging epidemic threats.

The climate emergency

With regards to the fight against climate change, Draghi claimed that the G20 Summit laid a “solid foundation” for the subsequent talks held at the Cop26 in Glasgow.¹⁷ This statement has been contested by several actors.

Indeed, key global emitters such as China, Russia and India have refused to commit to achieving carbon neutrality by 2050 and strong resistance continues from many other countries. Nevertheless, Draghi pointed to the novelty represented by the unanimous recognition of the Paris Agreement’s goal of limiting global warming to 1.5°C in the final G20 declaration,¹⁸ billing such an inclusion a success.

While acknowledging the difficulties associated with the green transition, Draghi argued that it is impossible to

define the objectives of each phase now, instead claiming that it is necessary to proceed one step at a time. Such a pragmatic vision appeared at odds with the apocalyptic scenarios evoked by UK Prime Minister Boris Johnson ahead of the Cop26 Summit in Glasgow.

Draghi, echoing the Italian Minister for the Ecological Transition, Roberto Cingolani, also highlighted the role that new technologies can play in the fight against climate change. Whilst his statement that “money is not a problem”¹⁹ generated debate, he clearly intended to stress the role of private capital injections in supporting the green transition.

In this regard, it should be recalled that under the Italian presidency, the G20 enhanced its work on setting standards to evaluate the performance of investors in environmental matters through a reporting system. It remains to be seen whether developed countries will finally be able to meet the commitment to allocate 100 billion a year to help states mitigate the most adverse effects of climate change.

That said, the Italian presidency has shown that the G20 remains an important forum to intensify dialogue on crucial global issues and to maintain momentum for a prospective reform of global governance. The results obtained

¹⁶ Ibid.

¹⁷ Italian Government, *G20 Rome Summit, la conferenza stampa conclusiva del Presidente Draghi*, 31 October 2021, <https://www.governo.it/it/node/18429>.

¹⁸ G20, *G20 Rome Leaders’ Declaration*, cit.

¹⁹ Italian Government, *G20 Rome Summit, la conferenza stampa conclusiva del Presidente Draghi*, cit.; Marco Galluzzo, “Draghi sul clima: «I soldi non sono un problema. E le rinnovabili non bastano, troviamo alternative»”, in *Corriere della Sera*, 2 November 2021, https://www.corriere.it/esteri/21_novembre_02/draghi-clima-soldi-rinnovabili-cop26-33e1b15c-3b4f-11ec-b785-0d6e92ed304d.shtml.

over the last year show that, despite persistent tensions, prudent leadership can foster a climate of cooperation. Even if ad hoc, this can provide a platform to identify and promote solutions that can advance the goal of a gradual reform of multilateral governance.

The Italian G20 presidency's labelling on various dossiers have born significant fruits in three main respects. It has contributed to advancing the debate on key issues such as the new instruments to finance development, the establishment of updated parameters for SDGs implementation and the One Health concept. It has also promoted new G20 instruments to ensure closer synergies between the various policy sectors on the Group's agenda. Finally, it has been instrumental in making the G20 process more inclusive by expanding the dialogue with African states, private sector actors and civil society organisations.

If considered in this light and against the backdrop of broader international constraints preventing more decisive multilateral agreement on key global challenges, a level-headed analysis of the Italian G20 presidency should lean towards a glass half-full assessment. This acknowledges the much work that remains to be done but at the same time underscores the important efforts brought to bear by Italy in seeking to make the most of small openings for reform and improvement of multilateral governance.

24 November 2021

Istituto Affari Internazionali (IAI)

The Istituto Affari Internazionali (IAI) is a private, independent non-profit think tank, founded in 1965 on the initiative of Altiero Spinelli. IAI seeks to promote awareness of international politics and to contribute to the advancement of European integration and multilateral cooperation. Its focus embraces topics of strategic relevance such as European integration, security and defence, international economics and global governance, energy, climate and Italian foreign policy; as well as the dynamics of cooperation and conflict in key geographical regions such as the Mediterranean and Middle East, Asia, Eurasia, Africa and the Americas. IAI publishes an English-language quarterly (*The International Spectator*), an online webzine (*Affarinternazionali*), three book series (*Global Politics and Security*, *Quaderni IAI* and *IAI Research Studies*) and some papers' series related to IAI research projects (*Documenti IAI*, *IAI Papers*, etc.).

Via dei Montecatini, 17

I-00186 Rome, Italy

Tel. +39 066976831

iai@iai.it

www.iai.it

Latest IAI COMMENTARIES

Director: Andrea Dessì (a.dessi@iai.it)

- 21 | 55 Ettore Greco, *The Italian G20 Presidency: A Post-Summit Assessment*
- 21 | 54 Silvia Colombo and Giulia Gozzini, *Diaspora Mobilisation and the Arab Uprisings: Opportunities and Limits of the "Back Home Effect"*
- 21 | 53 Gabriele Abbondanza, *The AUKUS Partnership: A Wake-up Call for Europe*
- 21 | 52 Rafael D. Ramírez, *The Venezuelan Oil Industry Collapse: Economic, Social and Political Implications*
- 21 | 51 Rafael Lindemann Taborga, *Crowdsourcing for Climate-Smart Agriculture: Insights from the Bolivian Andes*
- 21 | 50 Riccardo Perissich, *Europe's Polish Question*
- 21 | 49 Margherita Bianchi and Giulia Gozzini, *G20, COP26 and the Climate Emergency: Insights from Italian Public Opinion*
- 21 | 48 Roberto Baccharini, *Covid-19 and the Multilateral System: What Role for the EU?*
- 21 | 47 Chiara Andreazza, *Europe and Covid-19: Never Waste a Good Crisis*
- 21 | 46 Irene Paviotti, *Covid-19 and the International Liberal Order: Goodbye "Global", Hello "Regional"?*